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Corporate What Works

Jeanne C. Meister

Strengthening their human capital is one of the top issues facing chief executive officers, according to a recent survey of 500 CEOs conducted by The Economist Intelligence unit. In fact, as one senior executive from a large financial services firm said, “We need to out-learn our competition in order to attract, retain and excite the best talent in the industry.” Why has human capital management become such a central issue for senior executives?

One potential driver for this increased emphasis on human capital management is the aging workforce. According to consultancy RHR International, the country’s 500 biggest companies anticipate losing half of their senior executives in the next five to six years. What’s more, there are simply too few workers to replace them. As the 77 million U.S. baby boomers begin to retire, there are only 46 million Generation Xers, now 24 to 40 years old, to replace them. This demographic bubble is compounded by the efficiency purges of the early 1990s, which wiped out several layers of middle management. The result: a looming talent management crisis, where an enterprise-wide view of human capital management is more important than ever. But more than anything else, CEOs are starting to see a connection between human capital management and improved workforce performance and productivity. This expanded mission of human capital management is now part of the agenda for corporate universities, and many are reinventing themselves in order to deliver the necessary business outcomes.

Growth in Number vs. Growth in Stature

The oldest corporate university dates back to 1956 when General Electric opened its first “management school.” In fact, the Jack Welch Management Development Institute is now a top leadership academy supplying numerous CEOs for Boeing, Home Depot and elsewhere. In the past 50 years, scores of corporate universities have been launched. By 2010, the number of global corporate universities could surpass the number of accredited for-profit and non-profit universities in United States, now totaling more than 4,200.

However, as corporate universities grow in numbers, one question looms: Are they also providing the types of business results senior executives demand? Today’s business leaders are no longer content to fund the learning budget passively. Instead, they demand that learning investments drive business improvements such as increased revenue, increased speed of new product rollouts and faster time to competency.

A Tale of Transformation

IKON, a provider of integrated document solutions, launched IKON University in 1999 and is an example of how one corporate university evolved to meet business needs. The 1999 IKON Annual Report to shareholders states, “IKON University is a comprehensive training program offering a diverse curriculum in sales, leadership, customer service and technical skills structured to optimize the IKON employee’s talents and experience in ways that enhance IKON’s competitive position.”

IKON hired a seasoned sales and marketing executive from IBM to lead this effort and develop a world-class training program. By all measures, IKON University became the preferred branding tool to unify the IKON culture and provide world-class training for IKON employees and partners. The design, development and delivery of all training for IKON employees and partners was centralized under the IKON University umbrella. IKON University went on to win numerous awards and grew to 200 full-time employees.

Over time, as IKON continued to professionalize key areas of its business, including sales, operations and services, IKON University needed to align to each of these areas.

Universities: and What Doesn't



“While our centralized model had worked well for IKON in the past, we began to realize that we could have an even greater impact on the organization by aligning our learning resources functionally,” said Kim Castagnetta, former head of IKON University and now vice president of outsourcing solutions.

In October 2005, IKON University evolved back to a decentralized model, where training and development is aligned functionally under directors of workforce development. “Training is now fully owned by each business unit, and the IKON University design, development and delivery talent is fully embedded in the business units,” Castagnetta said. “This is already driving stronger accountability for learning and development at the line-manager level. The original team at IKON University was split into three areas. Some were assigned to business units, some are continuing to manage the shared-services infrastructure and some are assigned a new role—business development manager—which provides needs assessment services prior to the development of training. This role helps to ensure IKON uses the right learning resources to address the most important business needs.”

This new model forces a shared accountability for the investments IKON makes in learning and its expected return to the business. Although IKON University reconfigured itself to meet the challenges of the business better, some questions remain: Will the new decentralized model lead to fragmentation in the learning budget? Can the corporate human capital investment be ade-

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quately measured if it is disbursed within each business unit? Will the increased ownership by the business units of learning lead to improved business results? These questions need to be addressed as this new decentralized learning model becomes operational, but the mandate is clear—IKON will continue to use learning to improve business results.

The Evolving Corporate University Model

A growing number of corporate universities have strategically outsourced all or select parts of their operation into a shared services model to drive greater value while reducing costs. International Truck and Engine University (ITEU), launched in 1999, realized after six years of operation that in order to expand its services to meet the needs of a global workforce and ultimately the dealer chain, outsourcing was the next step in its evolution. “The corporate university did a fabulous job of designing a catalog of courses, but it never really designed a process to align the learning investment to what was needed for the business to be successful,” said Ken Driscoll, director of ITEU.

Against this backdrop, ITEU management realized it needed a partner to create a tighter linkage of learning to business goals, while providing faster, more effective learning solutions to the business. In addition, it was becoming apparent that ITEU needed to have access to a broader range of products and services beyond the scope of the current corporate university, especially since it anticipated expanding its operation into dealer education, product training and skills assessment.

With this broader vision, ITEU decided to outsource its operation to Accenture Learning. Under this partnership, ITEU would focus on developing deeper relationships with the business units and Accenture Learning would transform the learning operation by creating a business alignment model and a shared services model of operation. The goal was to better align learning to business goals while efficiently managing the infrastructure of ITEU, including LMS, call center operation and vendor management. The outsourcing partnership also forced ITEU management to identify specific metrics for success, such as the design, development and delivery of “quick win” business-relevant learning programs, access to expertise in learning innovations provided by the partner and a business alignment process to link learning to business goals continuously. “The goal of the outsourcing partnership is to increase the business

impact and relevance of ITEU while leveraging the economies of scale,” Driscoll said.

The Emerging Corporate University Model

At its core, the emerging corporate university model assumes that CLOs and their teams have a deep understanding of the business issues with which the organization is grappling. (See Figure 1.) This emerging shared services model of corporate university operation encompasses four areas: learning transformation to drive business results, strategic alignment to business priorities, shared services infrastructure and innovation in learning services and delivery.

Learning Transformation to Drive Business Results

Transforming the learning organization starts with an annual learning plan that summarizes the key business strategies. This provides input to the development of a detailed learning blueprint identifying how learning can be used to drive business outcomes. The elements of this annual learning plan can include:

- Vision or charter for the learning organization.
- Strategic outsourcing recommendation.
- Business alignment methodology.
- Scope of workflow learning.
 - Technology plan to offer 24x7 accessibility.
 - Competency plans for key strategic workforces.
 - Processes to engage learners and faculty.
 - Learning dashboard—focusing on measuring business results.
 - Strategy for extending learning throughout the value chain.
 - Branding the learning function.
 - Partnerships with higher educational institutions to add value.
 - Partnerships with key C-level stakeholders inside and outside organization.

When the learning transformation is “working,” business units pull their requirements to the learning function, as opposed to learning pushing its wares to the business units, and the blueprint identifies learning solutions and their corresponding business results.

Strategic Alignment to Business Priorities

Close collaboration between those who develop and deliver learning and the company’s senior management who

environment

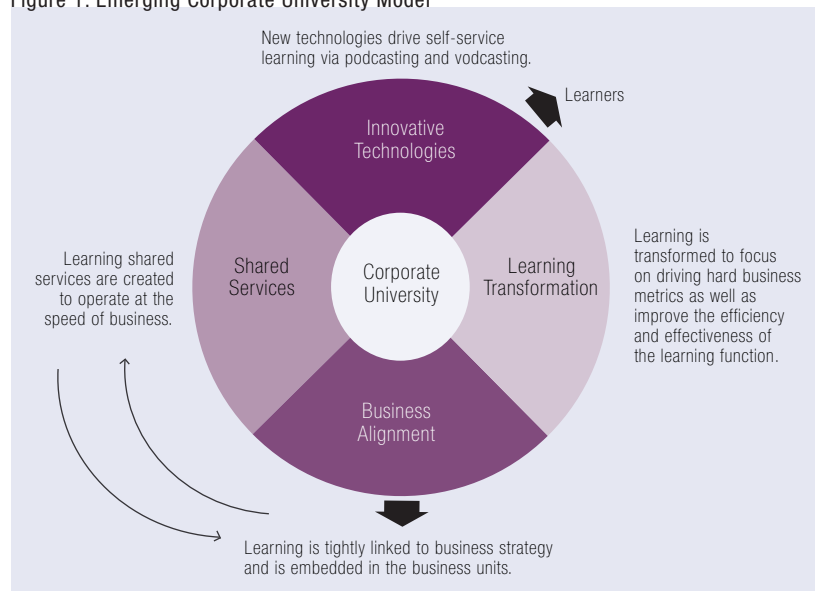
establish the business strategy is too important to be left to chance or to be confined to quarterly governance meetings, as is often the case. Instead, what is needed is a formal system of alignment to ensure that business strategy and workforce development are created in lockstep. This means the corporate learning function must understand the business dynamics and propose how learning can drive significant improvements in revenue, share and speed to market. This is often the role of the learning account manager who proactively partners with the business unit presidents to prioritize learning requests against capacity and affordability and identifies opportunities for learning investments to drive hard business outcomes.

Shared Services Infrastructure

Creating a shared services infrastructure is the key to realizing economies of scale across the business. The shared services model leverages a third party's learning services infrastructure to achieve economies of scale and speed of operation to meet the fast-changing demands of the business units. Key capabilities include:

- Enterprise-wide LMS and LCMS infrastructure.

Figure 1: Emerging Corporate University Model



- Curriculum definition and instructional design.
- Content development across all media.
- Documentation fulfillment.
- Instructor training and delivery (both face-to-face and virtual).
- Learning administration and 24x7 help desk.
- Sourcing and vendor management.

The shared services model transfers the responsibility for designing, developing and delivering learning to a third party governed by a tight set of business impact measures. These measures evaluate the performance of the partner, report where improvements to service can be made with the goal of operating the learning organization in the most efficient and effective manner and more importantly, identify the business outcomes of learning solutions. Managing the corporate university according to “business impact measures” is really what separates a high-performing learning organization from one focusing on providing a catalog of courses “pushed” to businesses.

Innovation in Learning Services and Delivery

Finally, the corporate university must establish a process to drive innovation in learning design, development and delivery that meets strategic business priorities. The Economist Intelligence Unit survey found that fostering inno-

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in practice:

Cerner: Providing a Hub for Learning

Jeanne C. Meister

In an industry as complex as health-care IT, associate and client training is crucial to a company's success. Cerner committed itself to investing in learning and development with the launch in 1996 of Cerner Virtual University. Robert Campbell, a learning and development professional who worked for other large firms, was brought in to guide and shape this new learning function. The initial focus of Cerner Virtual University was to address the orientation, cultural and job-specific competency needs of Cerner's exploding workforce. During the late 1990s, Cerner was doubling its workforce organically every two to three years. In addition to this growth, Cerner was moving outside the scope of internal associate learning and development to meet client learning needs related to Cerner's software, and in 2005, into pure clinical education, which improved the capabilities of nurses and physicians in core, role-specific competency areas.

Since its inception, Cerner Virtual University has grown in scope and target audience to move from a cost center to contributing more than \$17 million a year to Cerner's top line through learning services offered directly to clients. Over the same time period, Cerner's number-one challenge was how to optimize the intellectual capital of the firm. The new mantra for Cerner in this space is "What we learn today is used tomorrow." This means streamlining the creation and distribution of all intellectual capital and moving it rapidly through both formal learning events and knowledge access points (portals, communities, etc.) to the Cerner associates and clients who need it.

The result has been the creation of a new business unit named Cerner KnowledgeWorks, which combines Cerner Virtual University with content creation, distribution and management. In addition to Cerner Virtual University learning professionals, this new business unit has expanded to include business strategists, system implementation professionals, knowledge managers, content specialists and documentation developers. "KnowledgeWorks' success depends heavily on its ability to align with what matters most to the business and to integrate into core processes, from software development through the successful client implementation of that software," Campbell said. "The new entity is responsible for the timely creation, maintenance and delivery of intellectual capital and to dramatically improve the human performance of Cerner associates, clients and business partners."

At the heart of this new organization is Cerner's one-to-many model for capturing knowledge. Cerner operates on a shared services infrastructure with the goal of capturing, creating and delivering intellectual capital in a myriad of delivery forms to a broad audience of employees, customers and other stakeholders.

"Cerner's intellectual capital can now be created by Cerner KnowledgeWorks once and then distributed into numerous forms such as a training module, face-to-face instructor-led classes, performance support for the help desk, documentation/publications, mentor training or even a 15-minute Podcast," said Bill Klco, learning services director. In essence, Cerner KnowledgeWorks becomes the hub for all learning, performance support, documentation and content management for the firm.

The overarching goal of Cerner KnowledgeWorks is to move intellectual capital through the organization faster and to get it to the people who need it when they need it and in a form that is most easily consumed. Cerner has transformed its Virtual University from a catalog of learning programs to a business unit responsible for enabling a much broader mandate encompassing formal learning as well as real-time knowledge support for the company's associates and clients, with a robust intellectual capital syndication from which many types of learning assets can be created on demand.

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vation in all parts of the organization will be the key to growth over the next two to three years. In the words of the CEO of Enovia Corp., a division of French industrial conglomerate Dassault Systemes, "Cutting costs is important in all parts of the organization, but if you do a really good job managing innovation this is what gives you an order of magnitude increase over cost savings." Establishing this mindset is critical to running a corporate university. In "Blue Ocean Strategy," authors W. Chan Kim and Renee Mauborgne challenge businesses to ask themselves four questions to create a new value model for the organization. These same questions can be a starting point to think about transforming a corporate university:

- What can be created that the industry has never offered before?
- Which factors or services should be raised above industry standards?
- Which factors does the industry take for granted and should be eliminated?
- Which factors should be reduced below industry standards?

Think about pulling your team together and focusing on these four questions as you begin to transform your corporate university into a high-performing learning organization—delivering innovative solutions that are accountable to the business.

What's Next?

What can we look forward to in the next two years as corporate universities evolve?

- **Greater use of learning outsourcing:** A recent study from IDC estimated the U.S. learning outsourcing marketplace was approximately \$1.3 billion in 2005, representing roughly 7 percent of the entire learning marketplace. This number is expected to increase over the next four years to \$3.3 billion or about 13 percent of the total learning marketplace. Increasing the efficiency and effectiveness of learning across the enterprise will be a prime focus.
- **Professionalizing the chief learning officer role:** CLOs will be asked to tackle the tough issues surrounding human capital management, such as increasing the scale and reach of the learning function globally to meet the needs of a far-flung operation; increasing the speed to market for new products, decreasing the time to competency for new hires and using learning as a strategic weapon to enter new markets and geographies; and improving the productivity and performance level of the most strategic workforces.

- **Innovation in managing the business of learning:** The learning organization will increasingly be challenged to engage learners and weave learning into their personal and professional lives. The lines will blur between learning, working, communicating and entertaining, with learning being creatively embedded into all the devices we now use in our daily lives.

Without question, the corporate university is moving into the next phase of operation—one where accountability for business results and a drive for innovative learning solutions will be critical for how learning leaders are measured in their jobs. Our goal is for the CLO to be on par in stature, pay and expectations for results with other C-level executives on the CEO's leadership team. ■

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