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Greater Expectations: How Corporate Education can Boost Company Performance

To achieve growth and innovation, and to retain the best people, learning is an essential engine of productivity and competitive advantage. Here's how successful organizations are making it happen.

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We all know that corporate education can boost individual job performance. But can it boost organizational performance as well? Consider this: Most of us will spend three times as many years learning during our working lives as we spent preparing for them. And with some researchers estimating as many as 11 job changes in a typical adult working life, training has become the currency of job advancement in both the public and private sectors.

But something else must explain the explosion in corporate education. At the current growth rate, corporate learning organizations, now numbering more than 2,000, will exceed the number of traditional universities by 2010. Today's business and government leaders know that to achieve growth and innovation, and to attract and retain the best people learning is an essential engine of productivity and competitive advantage.

However, with this growth comes higher expectations for corporate education. And here, frankly, the news is mixed. Certainly, expectations about what learning can accomplish are higher than they've ever been. The 2004 Accenture High-Performance Workforce Study, for example, tells us that one in five CEOs and COOs rate training and development as one of the top three functions in their entire organizations.

Yet that same study indicates that these high expectations are not always being met. Only 17 percent of executives surveyed report that they are "very satisfied" with the performance of their training organizations.

What's going on? Accenture Learning, a division of Accenture that provides comprehensive corporate education services recently surveyed 285 executives currently responsible for training. Analysis of the findings indicates that learning organizations are being held to a much higher standard these days. In most businesses and government agencies, senior management is saying, in effect, "We know how many people took your courses. Now tell us how you've improved our performance." For a variety of reasons, providing a satisfactory answer to that question is proving to be a major challenge for almost all learning organizations.

The good news is that the Accenture Survey of Learning Executives also shows that about 10 percent of participating organizations are rising to the challenge, achieving results that can contribute directly to high performance. An analysis of survey results, coupled with additional financial data from publicly available sources, shows strong correlations between the activities of these training leaders and excellence in business performance. Specifically, the companies with the most educational organizations reported significantly better revenue and profit growth, as well as higher rates of productivity. There is much to be learned from these organizations.

Impact on Performance

A number of the significant findings from the survey confirm that learning organizations need to improve their ability to have an impact on business performance. For example:

Measurement of Learning Effectiveness is the No. 1 Challenge

Most executives surveyed measure effectiveness in terms of inputs to the learning function (course completion rates, budget spent on training, satisfaction scores and so on) rather than in terms that can be translated into business results such as increases in revenue or decreases in costs or employee turnover. Another startling statistic: One in four of the organizations in our survey fails to measure the financial return of corporate education in any way.

Underlying Business Processes do not Adequately Support the Alignment of Learning with Business Goals

For example, only 2 percent of executives in our study are measured or evaluated according to how successfully they align the learning function to the larger goals of their company or agency.

The Scope of the Learning Organization is Expanding

Managing the training function is now much more complex than it once was. Corporate education is reaching beyond the company's four walls to customers and channel partners. Knowledge management and collaboration are increasingly within the learning domain. Alliances and outsourcing partners are now part of the overall training ecosystem. New skills are necessary to coordinate the work of dispersed and varied teams. Overall, our research shows that many executives are struggling with processes, metrics and techniques that were fine for an approach to learning a decade or two ago but that are no longer adequate.

Learning and High Performance: Seven Key Characteristics

Perhaps the most important finding from the Accenture Survey of Learning Executives, however, is that training organizations exhibiting certain characteristics appear to strongly contribute to better business performance measured in three different ways:

- Productivity (as measured by sales per employee) was 27 percent greater.
- Revenue growth was 40 percent higher.
- Net income growth was 50 percent greater.

These learning organizations—about 10 percent of all companies and agencies surveyed—show mastery in seven key areas.

1. Alignment of Learning Initiatives to the Business or Strategic Goals of the Organization

According to Joanne Kincer of Halliburton University—the learning and development organization of Halliburton, the global service provider to the oil and gas industry—“Aligning training and development to the business isn't rocket science. It's just a matter of figuring out what the business drivers are and focusing on the same metrics that the revenue-generating parts of the business are being measured on.”

Yet Kincer is being overly modest. She and her team aggressively pursue those drivers in a way that helps shape strategy, not just support it. They met with the major stakeholders in each of the company's main divisions, and from those discussions emerged a validated list of the fixed priorities that were common among those divisions. Halliburton U. then aligned its programs to those priorities. Kincer also works to maintain this alignment by assigning people from the learning organization to each of Halliburton's main divisions, as well as to the support functions and the company's geographic regions.

“The result,” says Kincer, “has been a change in how we perceive and measure the business impact of what we do. When I came on board, we constantly got questions about whether the company was getting value for the learning investment. I don't get as many of those questions anymore.”

Another key to business alignment: Make sure your learning programs support the business objectives. The best training organizations are far more likely than their peers to offer programs to address key strategic priorities such as top-line growth, revenue generation and improving productivity.

Maintaining visibility with top leadership also is vital to business alignment. BD University—the learning function at Becton, Dickinson and Company, the medical technology company—has realized great success in this area through its “leaders as teachers” initiative. More than 90 percent of the company's internally delivered programming is taught by BD professionals and executives, including every member of the corporate leadership team. Approximately 570 of these “faculty” members have been certified to teach one or more programs, out of a company of 25,000.

2. Measurement of the Overall Business Impact of the Learning Function

Effective learning organizations excel at finding the right metrics to assess the business impact of corporate education. For example, they are much more likely than their peers to measure this impact in terms of hard business concepts such as improved satisfaction and retention of customers and employees, or improved safety.

A good example is Avaya, the communications systems, applications and services company. Notes Dan Gorski, director of Avaya's global learning, “We have moved beyond defining our value as ‘amount of training delivered.’ Now we have broad acceptance throughout Avaya University—and throughout Avaya itself—that value will be defined as ‘results enabled through effective training.’ We develop solid business cases, we identify the anticipated ROI and then we selectively measure investment versus value delivered.”

The key to effective metrics is balance. Kevin Wilde, vice president and chief learning officer of General Mills Institute, has been resolute in getting his training organization to, as he says, “speak the language of the business,” which in the consumer products industry is heavily survey-oriented. “All members of my team are charged with monitoring the follow-through and impact of their programs,” says Wilde. At the same time, however, he cautions that measurement should be seen as the means of understanding the impact and effectiveness of the learning effort, and not primarily to prove the “worth” of learning. “Proving value means linking what you do with strategy, and then establishing credibility through strong relationships. Measurement is simply the pro's way of doing the job well. Through relationships, you build credibility with senior leaders, and then you link what you are doing to the strategy. Then senior management just gets it.”

3. Movement of Learning Outside the Organization to Include Other Members of the Overall Value Chain Such as Customers and Channel Partners

About 50 percent of the organizations in our sample are expanding training beyond their four walls to customers and

channel partners. And even greater numbers of high-performance learning organizations are pursuing customer and channel partner education.

What's behind this trend? First, companies are looking to differentiate themselves and establish brand awareness through excellent customer service (see "[Turning Service into a Growth Engine](http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Subject/Service_Mgmt/ThereSold.htm)" (http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Subject/Service_Mgmt/ThereSold.htm)," *Outlook*, May 2003). Second, large numbers of companies are now using channel partners to increase sales. To make this work, however, companies need to differentiate their products in the minds of the partners doing the selling—and education is the best way to accomplish this.

Consider the new channel partner education programs being developed by Hitachi Data Systems. According to Nick Howe, vice president for worldwide education and training, 95 percent of the company's channel partners are also selling products from Hitachi's competitors. Therefore, "the relationship these partners have with our educational programs is a fundamental part of their entire relationship with HDS." The company has been proactive in surveying its partners to develop a business case to transform its channel partner education programs.

4. A Focus on Competency Development of the Organization's Most Critical Job Families

Part of making the right learning investments is focusing on the particular strategic workforces whose performance is most directly linked to overall company performance. Take Tennessee Valley Authority, where workforces can range from the agency's own law enforcement personnel to its custodians. "If you look at the critical path for what TVA produces," notes Lane Fitzgerald, manager of solutions support for TVA's learning organization, "the most important job families can be classified in four major buckets: our trades and labor employee population, our engineers, our clerical administration people and our management. Each one of those has its own profession-specific learning team, which performs the needs assessment and the curriculum design for its job classification."

The best performers in our survey also make use of a competency development framework to further focus on the right skills to develop within those workforces. Competency modeling, in fact, constitutes a significant difference between top-performing learning organizations and their peers. Ninety-two percent of high performers are exploring competency models and competency-driven training, compared with 68 percent of their peers.

5. Integration of Learning with Other Human Performance Systems and Functions Such as Knowledge Management, Performance Support and Talent Management

The old divisions between training-related functions are breaking down. As executives look for ways to grow and innovate, they don't care much whether a particular initiative is called "learning" or "knowledge management" or "collaboration."

This is, in part, an evolution in organizational structures: More learning organizations are coming to see knowledge sharing as part of their mission and charter. For example, Frank Anderson, president of Defense Acquisition University—the learning organization for the US Department of Defense and its acquisition, technology and logistics workforce—has been overseeing a wide range of initiatives to provide easy-to-access information and performance support tools to its workforce.

Says Anderson, "A central issue for enterprise learning organizations is how to capture and deliver relevant knowledge and experience to the workforce at the point of need, and you can't do that with a classroom-type structure alone. It is crucial to build an environment that encourages and rewards knowledge sharing." Knowledge sharing thus figures prominently now in what DAU calls its technological "road map" for e-learning success.

Yet this blending of learning, knowledge sharing and collaboration goes deeper than just organizational structure. The development of all forms of content is beginning to be detached from the different ways content is delivered.

Traditionally, content reflected the needs of a particular function within an organization. The training function developed its own content, for instance, as did product development engineers, the help desk and others. Increasingly, companies are realizing that this is not only highly inefficient but can also result in content being out of sync: An employee taking a course about selling new products might not have the same information as the help desk employee responding to inquiries about those products.

So what happens when content development is centralized, and then dispatched to wherever it is needed—to a training course, for example, a website or a customer service representative application? A fundamental change occurs: Learning organizations will need to adjust to no longer being the "kings of content."

6. Blended Delivery Approaches that Include Classroom as Well as Electronic Learning

Two-thirds of all training for the organizations in our survey occurs in a classroom. However, learning organizations that are making a greater impact on performance are trending toward the increased delivery of education through technology. Executives in our survey believe that over the next three years, the percentage of programs they deliver through technology will double.

For leaders in learning, it's the right blend of technology that counts, not technology for its own sake. Vince Eugenio, chief learning officer at Randstad North America, part of the international staffing company Randstad Holding, notes that "our intent is to begin with the problem, then match technology to the need. For us, a technology must either effectively supplement classroom technology, or it must reduce or eliminate time in class while also supporting the learning goals." Eugenio considers e-learning, web-based collaboration and teleconferences as part of the mix.

Technology is also being used in more targeted ways. At The Federal Reserve Bank of St. Louis, for example, employees come into the organization with a range of skills and experience. "We are finding that we can effectively use technology to offer training that addresses specific needs," says Sue Gerker, director of the bank's Center for Online Learning, "rather than sending everyone through the same curriculum, which can be inefficient and costly."

7. Mature Design and Delivery of Leadership Development Courses

Today, most learning organizations are offering content related to leadership development. The most effective content uses leadership development to serve the needs of the company as a whole, and to increase awareness of the value of the training function. Ninety-two percent of high-performance learning organizations offer leadership development content, compared with 78 percent of their peers.

For example, the School of Leadership within the Johnson & Johnson eUniversity is dedicated exclusively to leadership development. The school is structured to support the critical developmental points of leadership change and growth. New managers receive a tailored curriculum, and then other tailored offerings are made available as a person moves up to take on more challenging positions. The school combines technology-delivered learning for the fundamentals with interactive experiences and coaching as the leadership challenges become intensified.

On the other hand, the best learning organizations also take care to ensure that leadership is integrated into their offerings, and not just offered in a stand-alone manner.

At the National Defense University, the center for joint professional military education in the United States, leadership is one of the core competencies at the heart of the organization's mission. Says Elizabeth McDaniel, dean of faculty and academic programs for the Information Resources Management College of NDU, "We have become increasingly explicit about our responsibility to incorporate leadership development in everything we do. Specific course content always changes and even grows obsolete over time. But what remains constant is the need to teach our people how to learn, how to find information, how to make executive decisions, how to be good problem solvers and how to communicate well."

More than ever, senior management in both business and government is aware that corporate education can be a source of differentiation and make a significant contribution to achieving high performance. Now that growth is once again at the top of the corporate agenda, executives are turning expectantly to their training organizations to help them become more innovative, to help them serve customers better, to help them deliver products to the market faster than their competitors. Investments in learning, and in learning technologies, are vital to enhancing revenue and increasing shareholder value.

Looking at the distinctive features of the best learning organizations, it's clear that these leaders are way out in front when it comes to training that is deeply integrated into the fabric of the company, delivering measurable value, helping companies meet vital strategic needs today and preparing them for the demands of tomorrow.

About the Authors

As president of [Accenture Learning](#)

(http://www.accenture.com/Global/Services/By_Subject/Business_Process_Outourcing/Accenture_Learning/default.htm), one of the world's largest providers of learning services and outsourced solutions, **Harry H. Brakeley** is responsible for developing Accenture's capabilities in employee training, customer education, learning administration, content development, learning strategy, learning infrastructure, operations and governance, and other learning-related activities. With more than 20 years' experience in consulting, Mr. Brakeley has been involved extensively in technology and market-driven organizational change projects for Fortune 100 clients across a wide range of industries. He has also created new e-learning ventures and alliances, and has launched several new businesses for Accenture. Based in Boston, he speaks frequently to international audiences on topics including learning trends and issues.

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