Appendix C—Analysis of Survey Results

Rationale

They appear unapproachable, often unreachable, and getting CEOs to admit what they really think seems utterly impossible. Attempting to do just this, this survey obtained direct feedback from a significant number of CEOs in large organizations. This appendix describes the analysis of the survey data from these CEOs. To our knowledge, no significant amount of data has been collected from this elusive group, although many one-on-one interviews are presented as profiles in magazines. These interviews rarely discuss specifics on results. Usually, surveys of this nature are often directed to heads of learning and development, where they are asked about their impression of the results their executives want, instead of obtaining this information directly from them. A few surveys have attempted to target the executive level, but, unfortunately, the survey is instead passed down to the CLO.

To obtain the executives' views on learning and development, we composed a letter with instructions that asked the CEO not to forward our survey to the learning and development department, in hopes that we could hear directly from this person. Brief and easy-to-complete with a self-addressed, stamped envelope, the survey was formatted for the most optimal response rate possible, which for us, was a realistic 10 percent and an optimistic 30 percent.

Techniques to Achieve a Higher-Response Rate

In our work at the ROI Institute, we teach our participants how to achieve a high response rate, and in a well-executed ROI study, it is not unusual to have 70 to 90 percent return rate. We applied the same discipline, determination, and structure to this project, as this demographic was particularly difficult to reach. Their exclusivity is in part, as a result of their "gatekeepers" (assistants, vice presidents, and more), who protect them from tasks that may be deemed time-consuming or not essential to their role. In many large organizations, dozens of gatekeepers are assigned to filter merely one executive's requests and demands. Consequently, we knew that our approach for the survey results from them for this survey had to be creative. The following details our strategy.

1. The letter explained the importance of this issue and why the information is needed.
2. The survey was easy-to-complete and paper-based. At a minimum, the CEO could take ten minutes to complete it; but by writing comments and any additional information, the survey may take no more than fifteen minutes, at a maximum.
3. Electronic responses were also considered, but discarded because most CEOs do not have their direct email published, or they do not answer their emails directly.
4. A promise of the results was provided and a summary was offered for those wanting to benchmark these data sets.
5. A copy of our book, *Show Me, the Money: How to Determine ROI in People, Projects, and Programs*, was enclosed as a small token of appreciation for participation in the survey. Top executives, even CEOS, have historically reacted

positively to this book. The title speaks to them, as they have been demanding, "show me the money" for years. Even if they did not choose to take the book themselves, we were confidant that they would pass along to someone else.

6. We used the most accurate CEO database we could find, directly from *Fortune Magazine*. This choice would ensure that we had the right individual and the current business address. This data was collected from October 2008-February 2009.
7. We discarded any companies on the list who were currently facing economic turmoil. It would have been futile to send this survey to companies such as Lehman Brothers, Wachovia, General Motors, Ford, Merrill Lynch, Morgan Stanley, Chrysler or, any company reporting a significant loss. Eliminating these companies should increase our response rate. At the same time, the data from these companies during this time may be a little distorted. Incidentally, this exercise trimmed 99 companies out of Fortune 500, leaving 401 for this survey.
8. We selected 50 large, private sector employers, using Hoover's website as a guide. Essentially, these companies would be listed in The Fortune 500 if they were publicly held companies. These 50 provided a total of 451 in the large company sector to receive this survey.
9. We wrote personal notes on almost all of the letters, based on the relationships we had with that organization. For many of them, we are actually shareholders and wrote a plea for results as an act of accountability. In other cases, we are customers and wrote that we were interested from a customer viewpoint. We used this angle whenever it made sense, such as for Charles Schwab, but not for

Proctor and Gamble. Sometimes we would mention our current relationship, with phrases such as “We have projects ongoing,” “We serve as a regular consultant,” or, as in the case of IBM Services, “We act as an official subcontractor.” Other notes revolved around our love for the company and their products, when it was appropriate. Various excerpts from our notes were “We love FedEx Kinko’s, a reliable partner in our business.” “We love Starbucks,” “Whole Foods,” and “OfficeMax,”—all who are a part of our everyday lives. Our rationale: a personal approach might get the survey past the gatekeepers.

10. Perhaps our most powerful act was to use someone else in the company, who was not in the learning and development area. When considering the Fortune 500 list, we knew someone employed at approximately 20 percent of the companies listed. In many cases, it was a middle manager, who we asked to deliver the book and study directly to the CEO. Of course, we provided incentives, such as additional books or a great bottle of wine. These personal touches were deliberately designed to get our survey beyond the CEO’s gatekeeper, who usually keeps this kind of request away from the CEO.
11. Once in the CEO’s hands, we explained the dilemma of obtaining data directly from them, and how it will help the entire learning and development profession to provide input from their unique point of view.
12. To show our sincerity, we provided a logical sequence of activities with particular deadlines, such as when the summary would be sent to them and when the results would be provided to various audiences in the profession of development.

Response Rate

Ninety-six individuals responded, representing a 21.3 percent of the total. Because we left the name and company optional on the survey, most executives chose to remain anonymous, and therefore, we do not know which ones who are part of the Fortune 500 or this large private group. However, because they are very similar in their sizes, we saw very little difference in putting these together.

While ninety-six returned them, some did not answer particular points, and others did not provide comments. A few executives gave us extensive comments and seemed to take a great interest in doing so. Some sent us thank you notes for the book; others said they were not able to accept the book based on ethical reasons and returned it; and a few passed it along to others and let us know who received it.

By and large, we were impressed in the manner with which they responded. This response is especially significant when considering the difficult economic circumstances during which the survey was conducted. Taking a few minutes for a survey addressing learning and development is not at the top of the agenda for most executives during this time frame. To our knowledge, all of those returned were actually filled out by the CEOS, which was our request. We suspect that if a CLO had completed it instead, that he or she would have acknowledged that effort.

Results

Investment

Investments of these companies range from a low 10 million to a high of 640 million. Sometimes executives scribbled notes about how they were not sure of the exact amount. The average number was 138 million. Regarding the strategies for setting the investment level, Table C-1 showed the responses from this particular question (which was Question 3 on the analysis). These results confirmed what we expected to a certain extent, but had its surprises. Only 4 percent acknowledged that they try to avoid these investments, but we suspect that this number may be a little higher, as 20 percent states that they invest only the minimum. This may be due, in part, to the current economic times, where executives have had to trim unnecessary activities. As expected, using benchmarking data was rated the highest (39 percent), and because we asked that only one answer be applied, we suspect that there's a combination of benchmarking and other possibilities. We want to see dominant approach for setting the investment level.

Surprisingly, a significant number indicated that they over-invest in learning and development (10 percent), perhaps because we worded this question so that they would feel comfortable admitting this. From our own experience, we see this routinely, and some executives are proud that they can invest in practically any type of learning.

Finally, it's quite refreshing to see that a significant number invest when they see value (18 percent). We assume, however, that there are many different definitions of the term, "value," and it is not necessarily safe to conclude that these percent of executives are requiring ROI calculations, but it could very well be the case.

Reporting Relationships

An important factor in this experiment is how close the CLO, the head of learning and development, is to the CEO. We all have our assumptions, but knowing the relationship in a larger number, is often difficult. In this study, a “1” indicates they report directly to them. A “2” means that there is two levels between them, and a “3” means that there are three levels between them. The average was 3.2, which is a little disturbing, considering so much effort was expanded in pushing this function to a higher level of position within the company. The results in this sample indicate that those in the learning and development profession still have work to do in positioning itself among the top decision-makers of an organization.

Satisfaction with the Current Measures of Success

For this issue, we asked the executives a very general question regarding their level of satisfaction with their learning and development department. We created a four-point scale to force the executives to take a stand. On a four-point scale, a “1” would be very dissatisfied, and a “4” would be very satisfied. We were hoping to see a “3,” unfortunately the results were 2.52, indicating some dissatisfaction.

We also offered three open-ended questions for executives to respond. Only slightly less than a third of executives gave us comments on these, and only 10 percent offered comments on all three of them. The lack of feedback may be attributed to the executives’ lack of time in being able to devote more to this collection. On all three of these questions, we integrated some of the comments in the appropriate section of the text

as it related to certain issues. In general, Question 6's comments focused on they were impressed with the volume, pleased with the efforts to connect learning to the business, or pleased with the team and the progress they are making. Question 7 had the most comments, which essentially involved not connecting to the business, not showing contribution, not being entirely relevant, and focusing too much on things that don't matter. Question 8 was mirrored these feelings in more detail, including venturing out on what they'd like to have. In summary, it seems that the previous section perhaps triggered their thinking to wanting more data on impact and ROI and less on awards and inputs.

Specific Metrics

We knew it was easiest to have executives respond to particular checklists, and deciding which metrics to use was very critical. We provided eight categories and mapped them into the levels of evaluation. The first two categories were Inputs and Efficiencies, which are process measures or inputs to the process, including volume, costs, and speed. The next category was Reaction and Learning, which is easy to relate to, as it is the core of what executives measure. The final category was Application, which is using the skills and impact, which are the business measures. Knowing we would capture some interest when we got to these levels, we also included ROI because of the abundance of information and material about its use. Finally, we included awards, which many CLOs are currently pursuing and reporting to the executives, particularly in this large group category.

Obviously, these map into the levels described in Chapter 1, as the first of category of data is Level 0, Reaction is Level 1, Learning is Level 2, Application is Level 3, Impact and Awards are Level 4, and ROI is Level 5. Although other specific measures may be identified, they all should fit into one of these eight categories, which, in turn, develop an exhaustive list of possibilities.

Given this list, we wanted to know three things. First, “What metrics are being reported to you now?,” second, “What should be reported that isn’t being reported now?,” and “How would rank these in terms of value to you?” The Table C-2 shows the responses. The first percentage column is the percent who checked this as a metric being reported, the second is the number indicating that that should reported, and finally, the last column is the average ranking number for the group, recognizing that the lower the number, the higher the ranking. An “8” score would indicate a number 8 on the list, and a “1” score would indicate a number 1 on the list. We were somewhat surprised that the lowest ranking was not the Input, although it almost tied for the second spot. The Inputs and Efficiencies were actually ranked 6 and 7, respectfully, and Reaction was ranked 8. We suspect that this is because the Input shows scope and volume, something executives need to know, and for some, this kind of data is such has always been reported. They’re used to it and they want and need it, but many of them will very quickly recognize that the value is limited. The fact that Reaction is the lowest ranking comes as no surprise, although it’s the number 1 outcome measure reported to executives. Obviously, this particular measure could be improved in both its use and image significantly, as discussed in Chapter 6.

The rest of the rankings may not generate much shock either. The Awards was rated higher than the authors thought it would be, but both pessimists and optimists wrote its comments. The optimists were proud of their awards and thought they reflected on the quality and significance of the team. Others said that the awards mean very little and are a factor when considering how much they're willing to spend on the application for the money.

The highest two areas were Impact and ROI, which should come with little surprise, because the CEOs always want to see this kind of data, especially during these tough economic times. This report creates a very important dilemma that is fully addressed in the book: These are the least reported data sets, but yet, are of the most value to executives. Therein lies the challenge and the opportunity for learning and development success.

Overall, there were a few comments about the data in the ROI section. A few asked if it were really possible to have a credible ROI. Some indicated that they were making progress with ROI. Others wrote several cynical comments on the Reaction data, and even on the learning side, stating "it's not what they learn, but what they do that's important." Many comments accompanied Level 3, and even better comments for Impact. The key issue of the Impact is "How do we know it's caused by the learning?" This important question speaks to the isolation issue covered in the book.

Learning Scorecard

Question 9 probed the use of the learning and development scorecard. Only 36 percent of the CEOs said that they had a learning and development scorecard, which is surprising, given the work to develop balanced scorecards in these types of organizations. Of course, a scorecard very well could be in place, but it does not make its way all the way to the CEO.

On the positive side, this result indicates some executives are reviewing scorecards on some kind of routine basis. For the most part, the comments in the scorecard were either negative or constructive. Only one indicated that he or she was pleased with the scorecard that is in use. The other comments were referred to as "inadequate," "incomplete," "doesn't have all the data," and "doesn't really connect to the business." We think this leaves some great opportunities to make improvement in this area and cover this in great detail in Chapter 10.

Executive Involvement

A critical issue for learning and development departments is the extent of the executive involvement. Most would argue that executives are taking a more active role or are more involved with the investment, and thus, more results will be achieved. This cyclical process is described in Chapter 11. Table C-3 shows the responses to the CEOs regarding their level of involvement. The CEOs could check all that apply to multiple activities were checked in the surveys. As expected, the top area that the CEO personally approves is the learning and development budget, which was indicated by 78 percent. Second on the list, indicated by 73 percent, was that they review requests for major

programs, while, coming in at third on the list, 72 percent review the results of those programs. Fourth on the list was that 34 percent use a learning scorecard in order to monitor the progress of making adjustments. Next, 29 percent opened and closed major programs, while 22 percent host or conduct periodic review meetings, and only 18 percent actually teach segments of major programs. Disappointingly, the two lowest ones, which were holding periodic review meetings and being involved by teaching segments, can have the most impact on learning and development success. Periodic review meetings represent an opportunity to review progress, make adjustments, and check results. This is a great way to stay connected and provide feedback to see the results in order to boost funding in the future. Getting involved in teaching is a powerful way to connect learning and development to the organization and deliver value. Jack Welch (GE) and Andy Grove (Intel) are two examples of where this is extremely effective.

Summary

In summary, while the results are based only on 96 executives, the amount of information is significant. To our knowledge, the results may be the highest level of CEO involvement in measuring the success of learning and development ever assimilated. Obtaining them was a challenge, as it took a lot of effort and time, but the discipline of the structure and process paid off in terms of more responses in the hopes of continuing to progress the learning and development function in an organization.