

The Future of Learning and Performance

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At the ROI Institute, we work with over 4,000 organizations to help them show the value of learning and development and connect it to performance measures in the organization. Through our network of one hundred consultants, we have the opportunity to see 400-500 impact and ROI studies for learning and development. In the last twenty years, we have learned much about learning, performance and the role of learning in an organization. We have seen training evolve from a necessary expense to acquire critical job skills, to an investment in the organization through employee capability, growth, and development. Based on what we know from the past and what we now observe at the present, here is a summary of what we see for the future of learning in the next decades, particularly as it relates to performance of organizations.

1. Learning will continue to be a critical topic.

The best way to gauge the importance of a process is to track the level of investment in the process. Organizations will invest more in learning in the future than they have in the past. The number of hours involved and the number of people touched by the learning process will also increase. Investment in learning and the extent of change occurring in organizations often go hand-in-hand. All organizations are experiencing rapid change in organizing and performing work. Most organizations are experiencing growth, which creates demand for new skills, information, and competencies. Investment in these areas continues to grow in all developed countries and will grow faster in underdeveloped countries. Most reliable reports of training investments show this happening on a routine basis now. Although learning investments take a dip during recessions, they ultimately come out of the recession with greater investment.

2. The way in which learning is delivered will continue to change rapidly.

Three critical forces drive this change in delivery. First, the continued development of technology to support and assist learning has mushroomed, making it easier and more convenient to offer learning to large numbers of individuals at a low cost. The second force is the need to have job-related learning conveniently available at the time individuals need it. The concept of “just for me, just in time, and just enough” drives more on-the-job learning, assisted by technology. The third force is the continued pressure to control costs in organizations, sometimes prohibiting significant amounts of travel for learning. On a per person basis, travel budgets for learning are less than they were ten years ago, even when adjusted for inflation. This trend will continue. Executives will constantly look for ways to have the training nearby, either delivered onsite via international resources or remotely via technology.

3. Traditional classroom learning will continue to exist. There are limitations of what e-learning, mobile learning, and blended learning can deliver. E-learning will occupy most training in the knowledge or information needs in the future, and blended learning will support many programs involving skills and competencies. However, there is and will remain a need for face-to-face interaction in groups, although at a much lower investment level than in the past.

4. The connection between learning and performance will be more clearly defined.

Decisions about investing in learning are based on a program's connection to performance and that usually connects learning to important work unit measures of productivity, cost, quality, and time. The measures roll up into important impact measures in the organization such as sales, production, quality, cycle times, efficiency, customer satisfaction, job engagement, and many others. This linkage is being made now, and will continue to be an important focus for learning and development providers in the future.

5. More than any time in the past, internal and external learning providers must show the value of this investment. As the learning investment grows, so does the need for accountability. Executives now know that business alignment is possible and some expect it from their learning and development teams. In large organizations, the investment in employee learning and development surpasses \$1 billion US. With that level of investment, it is hard to imagine being unable to show the connection of that investment to the business with CFO-friendly data.

6. The chief financial officer will become more involved in the employee learning and development.

While this may seem like an oddity, it is occurring now in some organizations. Three forces are behind this trend. First, the absolute investment in learning is attracting attention at the very top of the organization. Learning and development is considered a non-capital investment in an organization. For over 200 years, organizations have used ROI to show the value of the capital expenditure, such as buildings, equipment, and tools. Because the non-capital investments have grown so much and now overshadow the capital investments, the CFO has been called in to help top executives calculate the value of those non-capital investments. For most organizations, the largest single expenditure is people. The second force is the lack of accountability for the learning and development expenditure. Usually at budget approval time, various business units and functional heads have to present the value of their budget, showing what the organization is getting in return for this investment. Most directors of learning and development or Chief Learning Officers have been unable to show the ROI with any credible data. This lack of measurement and lack of connection to the business often brings in some help, either wanted or unwanted, to address the issue. Usually the help is the chief financial officer, or his or her team. The third force is the importance of learning. CFOs and other top executives clearly realize the importance of critical talent, employee engagement, and employee loyalty. They see this as a huge advantage for an organization, although it does not appear on the balance sheet. Many of the accounting regulatory boards are tackling this issue, showing the connection between investing in employee skills and competencies and the corresponding impact.

These three forces are causing some very important changes. According to Gartner research, in a growing number of organizations, the HR functions are reporting to the CFO. Gartner explains that this trend is primarily caused by the growth in the investment and the lack of accountability for this function.

7. More leaders of learning and development will have operations and business backgrounds.

Because of the issues described above, learning leaders (Directors and CLOs) are required to connect learning to the business as they assume executive responsibilities. Ideally they must understand the operations and the processes used in some detail and know where to find the information they need. They have to be connected to—and familiar with—the organization, respected by the senior executives, and know how to navigate the organization. This is difficult for someone who has had a career in only the learning and development function. Assuming the title of CLO brings even more need for accountability for this function. The “Chief Officer” position assumes a certain level of business acumen and alignment exists in the function. Evidence of such is required for the CLO to be an important executive.

8. Classic needs assessment will be replaced by performance analysis and assessment. Assessing learning needs is not enough in most organizations. The number one reason why a learning and development program fails to provide business value is because it was not connected to a business measure in the beginning. The process should start with understanding the business needs, working into performance needs, and then to the learning needs. Too often, an organization’s starting point in the learning and development function is an executive request to implement a learning program. This approach requires the executives to sort out the situation and make the decision of what learning is needed, making the connection to the performance and business measures. Learning and development professionals must change some of the dysfunctional habits developed over time. These changes include probing the requester and analyzing the situation more thoroughly to ensure that the program is connected to the business in the beginning. Although this approach has been advocated for years, it is still not followed for most learning professionals. This will change dramatically in the future and will have a major effect on the upfront analysis team, who must now look at business measures first and learning solutions only if they are needed to drive the business results. Organizations will invest from a current average of 5% of the learning and development budget, upfront assessment and analysis, to an average of 10-15% in ten years.

9. Informal learning will continue to grow and be significant. Many studies now show that as much as 70% of learning occurs in informal settings through on-the-job learning, job aids, mentoring, and social networking, electronic and face-to-face. Informal learning, though convenient, inexpensive, and exciting to use, will face some challenges. The first challenge is to manage the process in any logical, structured way. If it is managed too much, it is no longer informal and it becomes structured. The key is to keep it informal, easy, convenient, and an intriguing way to learn. The second challenge is to show effectiveness and business value of informal learning, particularly the value of social media. Fortunately, some progress is being made, as it is possible to show the ROI of investing in social media, for example. The metrics, systems, and processes are in place to do it now, but few organizations are taking the time to do this. Because of the investment and use, this will change and be a routine effort in the future.

10. More learning and development will be decentralized. Organizations have gone through cycles, from centralized learning to decentralized. In some organizations, centralization capped with a corporate university setting. In the future, learning will be more decentralized. The corporate learning team will be very small, providing policies, standards, processes, and accountability, while the learning

takes place in plants, divisions, stores, and regions—away from corporate. This approach is not only important for cost savings, but for the relevance of the content, connecting it directly to the needs in that location with the different twists, turns, and cultures that are very important. Large, centralized learning facilities, which were at their best at the introduction of the corporate university concept, will not be the common plans in the future. The most successful ones will have a decentralized model, with little centralized learning.

11. Outsourcing will dominate the learning and development field.

Although outsourcing has grown considerably in all functions—especially with facilitators, in the future, analysis, design, development, delivery, and evaluation will enjoy more outsourcing. This is primarily driven by cost savings as it is cheaper for major organizations to use external sources. It is also driven by the need to tap into talent and expertise available on the freelance market. For example, freelance developers and content specialists have developed web sites to promote and sell their services. Evaluation will be outsourced more to maintain objective impact assessments of major programs.

12. The investment in measurement and evaluation will increase.

Investments in measurement and evaluation have grown in recent years, but very slowly. Measurement and evaluation are linked, but are separate processes. Measurement is the act of identifying and collecting the data. Evaluation makes sense out of the data and translates results into important information to make decisions. The global average spent on measurement and evaluation is about 1% of the learning and development budget. For best practice organizations, it is 3-5%. In the future, this number will migrate to about 4-5% of the learning and development budget. This increased investment focuses on connecting learning to the business, addressing the higher levels of application (Level 3), impact (Level 4), and ROI (Level 5), as described in the ROI Methodology process.

13. More of the classic intangibles will be converted to tangible measures in the future.

The good news is that every business issue connected to any type of learning process can be measured. Some are hard to measure, such as image, reputation, teamwork, and stress, but they can be measured. The difficulty is converting them to money so that executives can see the value of these measures. The intangibles are defined as those measures that cannot be converted to money credibly with a reasonable amount of resources. In the future, these two issues will be tackled by more organizations, and they will be converting data sets to money. This conversion is already happening with customer satisfaction, job satisfaction, brand awareness, and job engagement. Others such as stress, image, reputation, teamwork, cooperation, and communication will be converted to monetary value credibly with a reasonable amount of resources.

14. The job titles of performance improvement specialist, analyst, and coordinator will be common.

These titles often replace some of the classic learning and development titles. In some cases, the learning and development function will become a performance improvement function. This has occurred to a certain extent, principally driven by the human performance technology movement, and in particular the work of the International Society for Performance Improvement

(ISPI). Performance improvement is universal across all functions, and it is critical to ensure that organizations are effective, efficient, and productive. To do so will require specialists who understand issues and can develop proper solutions, which may or may not be learning solutions. The good news is that, although a solution to a performance improvement dilemma, problem, or opportunity may not be a learning solution, whatever solution is implemented will have a learning component. Learning will be an important part of these performance improvement initiatives and will be driven by people who have the performance improvement focus throughout the process.

Conclusion So there you have it. This is our view of the future in the next ten years. There are many challenges in this area, but we are confident that the profession will step up to the challenges and continue to make improvements. If you have comments that you would like to provide around these trends, please send them to our email addresses, jack@roiinstitute.net and patti@roiinstitute.net.