

Perspectives on the State of Governance

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By Grant Ricketts

Over the last decade, increasing pressure to deliver shareholder value and highly publicized epic management failures at companies such as Enron and AIG have generated a virtual tsunami of interest in corporate governance. A recent search for the term on Amazon.com yielded 15,390 books on the subject—with over 100 released in just the last 90 days.

Ironically, despite increasing recognition that learning development and talent management are critical factors in long term growth and profitability, there has been no corresponding tidal wave of attention on issues surrounding “learning governance,” or governing the training function across the enterprise. To start to address this gap, we recently conducted a survey of 130 learning organizations to get a snapshot of the state of learning governance today. Like its big brother corporate governance, learning governance is about:

- Establishing objectives and priorities
- Allocating and managing resources to assure achievement of these objectives
- Aligning organizational efforts to maximize effectiveness and increase operational efficiency and scalability
- Building consensus and balancing stakeholder interests
- Holding leaders and individual groups accountable
- Managing risk

Organizational Perspective

The survey was designed to get a sense of where organizations are making progress on learning governance issues and where they are struggling. In this context, the surveys sought to address factors ‘organizational’ in nature – to explore the extent to which an organization was being well served by learning – rather than research particular tools or training techniques. Questions explored areas like the following:

How well is your learning organization able to cross organizational boundaries and serve multiple learning interests? Are different learning stakeholders aligned in your organization? Do they agree on learning priorities, how outcomes are evaluated and the way resources are deployed in order to best serve their needs?

Key Findings

Not unsurprising, the findings suggest that governance is still a ‘work in progress’ for most organizations and that there are still several ‘gaps’ to close. Some of the most notable are:

- Most organizations (>80%) **do not have an enterprise-wide plan for learning that spans the organization**. Most planning activities get fragmented in different business units, divisions, or regional operating groups. .

- While most organizations (~70%) had established a **'shared services'** role for learning (an emerging 'best practice' in recent years), more than two-thirds said that **learning roles and responsibilities were not optimally aligned across the organization.**
- Over 80% reported only **low to moderate consensus on how to evaluate the learning function and its contribution to organizational results**, suggesting that there are still 'gaps' in expectations about what types of metrics and reports are needed to evaluate the impact of learning on business outcomes.

We were surprised by the first finding. It was certainly higher than expected. The notion of enterprise learning has been around for several years, yet most organizations do not have an enterprise-wide plan. This seems rather incongruent with the importance most organizations place on developing and motivating its people. Likewise, with the need to improve efficiency and achieve economies of scale.

If learning groups are truly in more reactive mode, then how does it contribute to the talent-aligned enterprise where HR, learning and business units cooperate seamlessly around a common set of objectives, processes and systems to achieve measurable and agreed to business outcomes? The 'promised land' Peter Senge speaks to in his vision of the future 'learning organization' – companies that are more nimble, flexible and competitively adaptive in times of change will win – begs the question, "Are we there yet? "

The 'less than 20%' companies with enterprise learning plans have usually started at the divisional level as well. But, they've also established processes to roll up plans, provide a total business enterprise learning perspective and match resources required to meet the needs. By mapping demand with the ability to deliver (resource supply), priorities are synchronized with strategic initiatives and any 'gaps' uncovered become more visible for further investment consideration.

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We'll return to more findings in a few moments. But, first let's look a little further into the nature of the survey itself.

About the Surveys

The surveys were distributed to three different learning leadership peer-level organizations (e.g., directors, senior managers and/or CLOs who were members of these groups). There was strong representation among larger organizations with over half (55%) coming from companies serving more than 20,000 learners. A wide range of industries, both commercial and public sector were represented.

The survey was kept deliberately short – 11 key questions – and grouped into three general sections – learning operations, organizational alignment, and measurement and evaluation. There were also 4 questions to capture company profile and industry information.

Behind the Survey Design

The framework for developing the survey, and ultimately influencing how the questions were designed, relied on three underlying factors that affect governance.

1. ***Stakeholder perspectives.*** As learning crosses organizational boundaries more stakeholders are impacted. They may represent business unit interests, regional or geographical interests, HR, IT, executive sponsors, and even the learners themselves. They are the 'customers' of learning. Their perspectives represent a 'customer satisfaction index' of sorts for how well the organization is being served. Without

stakeholder buy-in, governance won't go very far. Survey questions, therefore asked about stakeholder perspectives more than the learning practitioner's role.

2. **Organizational capability maturity.** 'Maturity' models help define levels of 'new capability' established in organizations through process refinement and change management. Think of it as 'depth.' Such models have been developed in both industry and academic settings and have been applied to six sigma initiatives, supply chain management, ERP implementations and other change initiatives. A popular one, developed at Carnegie Mellon University identifies five stages (see sidebar?). The survey responses were designed to capture feedback on the degree to which organization-wide capability had been established, as defined in some of these models.
3. **Learning lifecycle model.** The third perspective was to incorporate stakeholder perspectives across a 'lifecycle' of learning processes needed to plan, develop or purchase, deploy, deliver and evaluate learning. Think of this as 'scope.' Since different stakeholders may be more or less engaged at various junctures in this lifecycle, the 'hand-offs' between these lifecycle stages represent stress points where processes can breakdown. Questions were designed to capture stakeholder perspectives across various lifecycle stages to explore where learning functions and stakeholder expectations were more, or less aligned.

So a combination of stakeholder perspectives, capability depth and lifecycle scope provided a basis for studying the state of governance. Let's return to some of the other key findings...

Other Key Findings

An exception to the 'bell curve' appeared in the area of learning administration. Learning administrative functions were more coordinated than other learning processes. Over two-thirds of the respondents indicated that these activities are 'highly coordinated' among regional or divisional administrators (40%) or 'mostly centralized' either in HR/Training or IT (50%). This may be due to it's linkage with systems for scheduling – systems frequently being an initial step in establishing a shared services capability. However, many cited in consistent use of naming conventions and other metadata in 'upstream' lifecycle processes, making program administration, updates and maintenance more challenging.

Regarding organizational alignment, most respondents (two-thirds) felt that the **roles and responsibilities** for learning were not optimally aligned across the organization. More than half of the respondents saw roles and responsibilities as too decentralized, fragmented or otherwise distributed across the company with many decisions being made on an *ad hoc* basis.

Likewise, about one-third said their budget processes were highly fragmented, which can put some programs at risk due to lack of planning or visibility into resource availability or readiness, planning, or other budget dependencies. Only a few (<20%) indicated a highly coordinated budgeting process with substantial oversight and a feeling of lower risk with program delays, disruptions or cancellations. This result correlates closely with the planning process as well.

Questions regarding **evaluation and measurement practices** revealed the quintessential challenge facing most learning organizations – that of capturing and measuring true business value. Less than half of the organizations surveyed were capturing **real business metrics** and **sharing this data with executives**. Most were measuring training metrics and sharing it amongst themselves.

A few responses were received from different people within the same company and it was interesting to note how some of these responses varied. The fact that views on how the organization is doing on governance may vary, even among learning leaders, is in and of itself

symptomatic of a lack of governance. Visibility, transparency, consistency and consensus are central stewardship principles for effective governance.

Lastly, a question solicited open ended feedback, asking, “If you could change one thing about how your company organizes training that would enable it to deliver more effective learning, what would you change?” The top three responses are highlighted below:

- Incorporate more ‘Web 2.0’ type tools and other processes to facilitate more informal and peer-to-peer learning – 56%.
- Share best practices more effectively so we aren’t always reinventing the wheel – 47%
- Create a better partnering relationship with lines of business so we understand their needs better – 45%

The responses with regard to Web 2.0 adoption are interesting as they reflect the ongoing interest in using new training technologies. However, without an effective governance framework in place to support new technology adoption, and without IT being an engaged stakeholder (they are usually perceived as a ‘blocker’), it’s difficult to see how organizations can quickly apply new ‘best practices’ with these promising new capabilities.

In sum, it’s clear that there are many well intended efforts in the industry and some organizations are making true progress towards implementing an effective governance model. However, it’s equally clear that some organizations are treading water, and not getting beyond the state of basic administrative coordination.

The findings suggest that organizations who want to further their governance efforts consider the following:

- Adopt a more proactive planning model for learning
- Engage more stakeholders in the discussion about learning processes and governance
- Seek to close ‘upstream’ and ‘downstream’ process gaps
- Identify more business outcomes and metrics, track, measure and correlate them with learning
- Document and publish operating guidelines to help make learning processes more consistent, visible and transparent

Remember, governance is not about the ‘heroic’ efforts of a few; rather, it’s about repeatability and scale, which can then lead to greater innovation. Ultimately, governance crosses boundaries, touches every business unit, and links tightly with the overall governance of the organization.

If key individuals change, others should be able to step in and not need to start over. Done well, it involves more than reducing costs and increasing strategic alignment. Governance improves the impact of talent on business results at a high level of effectiveness. But doing it well is not just for the asking. It takes thought, design and execution with a wide range of stakeholders involved.

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Sidebar: About the Capability Maturity Model

Table 1 is a 'generic' Capability Maturity Model that has been used a lot to assess the impact of change management initiatives – frequently associated with software implementations, but also other business process change such as supply chain processes, channel processes, etc. This example comes from Carnegie Mellon University as one of their institutes has a center of expertise in change management. But, the pattern for building organizational capability becomes clear as one reviews the 'characteristics' and 'success dependency' that typifies each stage.

Table 1. Capability Maturity Model (CMM)

Levels of CMM	Organizational Characteristics	Success Dependency
1. Initial	<ul style="list-style-type: none"> • <i>Ad hoc</i> processes; not repeatable or scalable • Unstable environment over time 	Heroic efforts of a few key people
2. Repeatable	<ul style="list-style-type: none"> • Signs of repeatable processes • Project and Engagement management disciplines • <i>Stress tests</i>: process breakdowns in times of change 	Project management helps track cost, schedule and functionality
3. Defined	<ul style="list-style-type: none"> • Processes are 'road tested' • Documented standards, procedures, tools and methods span programs and organizational units 	Management interaction based on established organizational practices
4. Managed	<ul style="list-style-type: none"> • Management dashboards and measurements • Adaptable processes and 'best practices' 	Predictability of process performance, consensus among stakeholder units
5. Optimizing	<ul style="list-style-type: none"> • Continuous improvement and innovation • Quantitative process improvement objectives 	Adaptability to new process performance

As the survey results suggest, most learning organizations are somewhere in Level 2 or 3 in this model. Only a few (about 15 – 20%) reflected Organizational Characteristics at Level 4 or 5. Most organizations have identified some common practices, show signs of repeatable processes, have designed some standards and guidelines, (e.g., see the first finding in the Executive Summary re 'shared services,' etc.).

But many haven't scaled this capability to operate more broadly or consistently across organizational boundaries. This was evidenced in many of the survey responses or comments that indicated 'low or moderate consensus', 'somewhat effective' processes, or 'lack of stakeholder engagement,' etc.

The governance challenge is how to get 'repeatability' and 'predictability' into the practice so the team can extend reach and continually improve and innovate with new tools, systems or processes. Building consensus and commitment with other stakeholders to help drive this process is one of the critical ways learning becomes a more strategic driver helping the organization become more adaptable, flexible and innovative.

Figure 1. Learning Lifecycle.

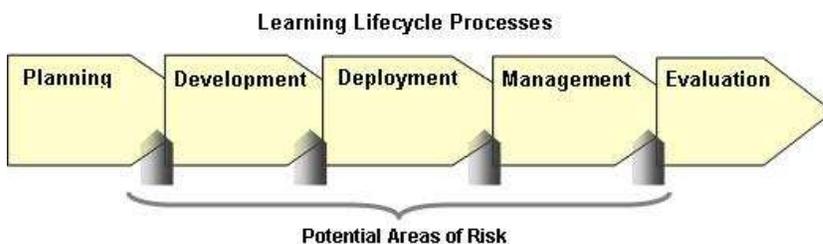


Figure 1 represents a simplified "start-to-finish" process for learning. There are many ways to illustrate these process flows – they can go deeper, wider, be more extensive – but there are some pretty common process flows throughout that are captured in the model above; business requirements planning and program management; curriculum planning, content design, development or procurement; resource planning, deployment and integration; scheduling, management and maintenance; measurement and evaluation, etc. There may be feedback loops, tough points with technology (such as the LMS and/or other tools), entry points for outside third parties, etc. But, beneath the model is the need for several enabling process flows that help make different learning functions repeatable, scalable, and to some extent more predictable. When such processes are not seen in this way, expectations can break down.