

Executive Summary

Our ability to measure and improve the impact on our Talent Development programs falls into three primary categories; efficiency, effectiveness, and business outcomes.

Effectiveness measures are indicators of how impactful the learning programs are and whether they are likely to improve business performance. There are five categories of overall effectiveness; delivery quality, knowledge gain, application to job, business impact, and value.

Efficiency data are indicators of activity and investment in learning and development. Examples of this include the number of participants, the number of programs delivered, utilization rates, and cost per participant.

Business Outcome data are the KPIs linked to the desired outcomes of investing in L & D. Examples include revenue, productivity, and employee profit contribution.

L & D Impact	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Effectiveness Rating	76%	80%	77%	75%	76%
Efficiency Rating	<u>79%</u>	78%	76%	78%	<u>79%</u>
Business Outcome Rating	74%	74%	70%	70%	71%

Legend: **Red =Below Goal / Benchmark**

Green = Above Goal /Benchmark

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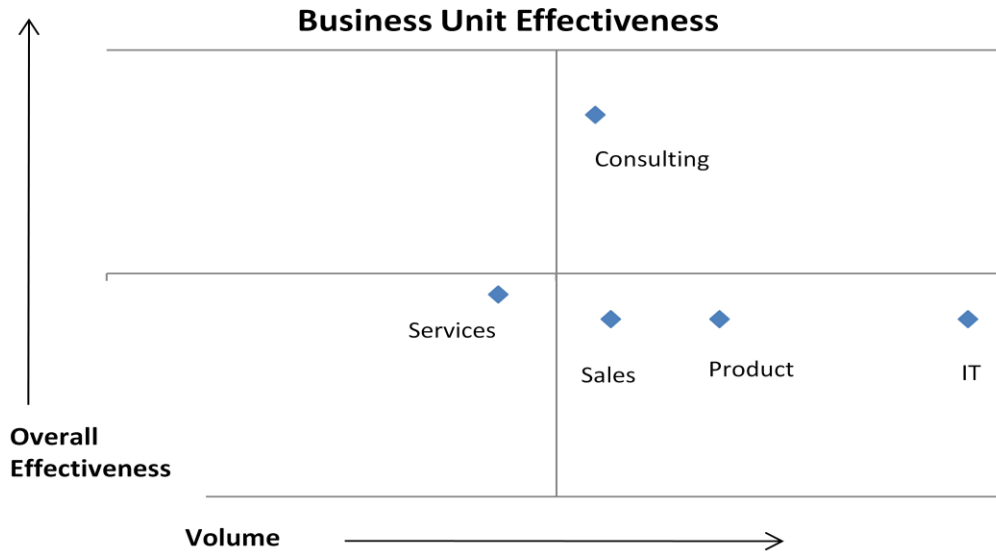
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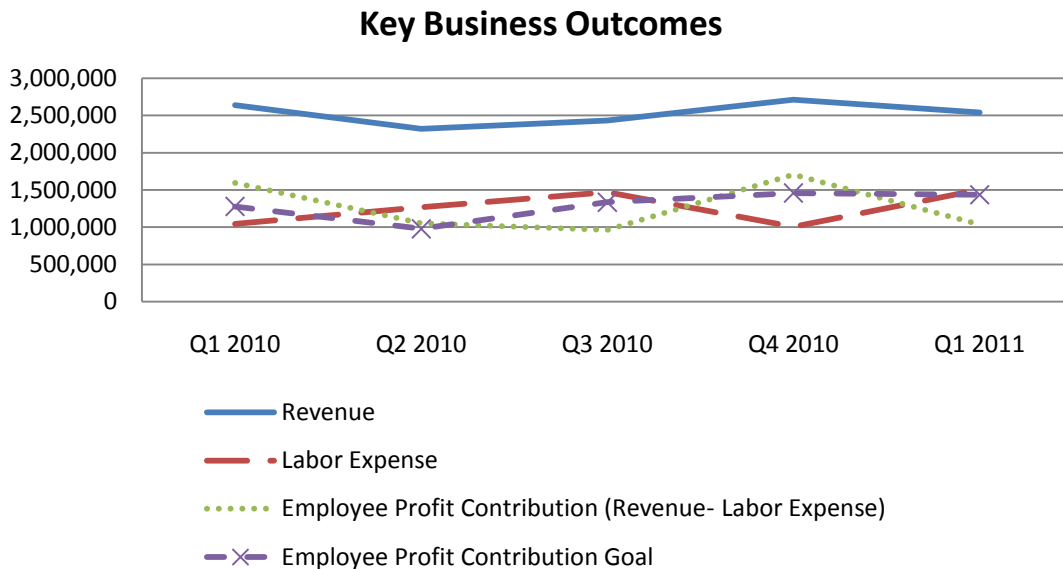
The Effectiveness Rating above is based on overall effectiveness. To identify opportunities for improvement, review the details in the effectiveness section of this report.

The Efficiency Rating above is based on how quickly participants are applying what they learned to the job. There are a variety of additional efficiency measures that are included in this report. Finding the right balance between efficiency and effectiveness will lead to optimal impact.

The Business Outcome Rating is a statistical link between the participants' collective opinion of the value of the program and the predictive impact on job performance. Other business outcome measures are included in this report. By analyzing measures such as revenue, productivity, and employee profit contribution, one can gain a better understanding of the real business impact of learning.



By comparing effectiveness and volume across the organization, you can identify where L & D is having the largest impact and where opportunities for improvement exist.



Ultimately, L & D should impact top-line and bottom-line performance. If the organization is not achieving its employee profit contribution goals, all factors should be analyzed including on-boarding, talent levels, leadership, and employee engagement. L & D initiatives should be adjusted to address gaps and ensure employee contributions are at acceptable levels.



Effectiveness

Effectiveness measures focus on the impact of Learning & Development programs. Effectiveness measures largely come from survey data. The scores enable L & D to ensure that learning content and delivery meet acceptable standards of quality, knowledge gain, application to job, business alignment, and value.

Effectiveness Ratings	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Delivery Quality	<u>78%</u>	<u>79%</u>	<u>78%</u>	76%	<u>78%</u>
Knowledge Gain	69%	73%	72%	70%	71%
Application to Job	65%	68%	67%	66%	67%
Business Alignment	51%	56%	56%	54%	55%
Value	68%	70%	69%	67%	69%
Overall Effectiveness	69%	72%	71%	70%	71%

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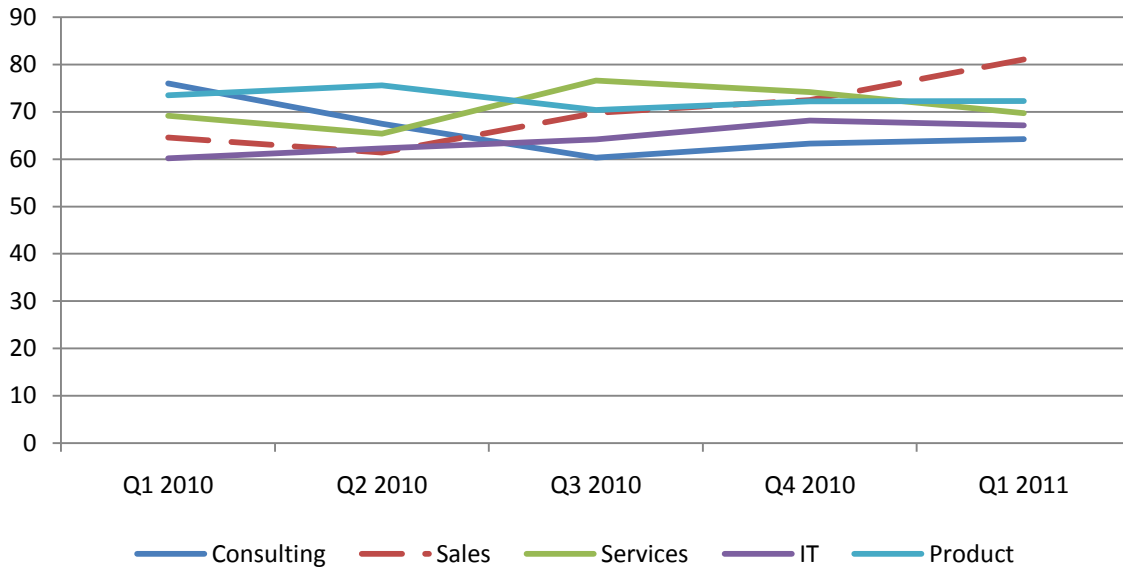
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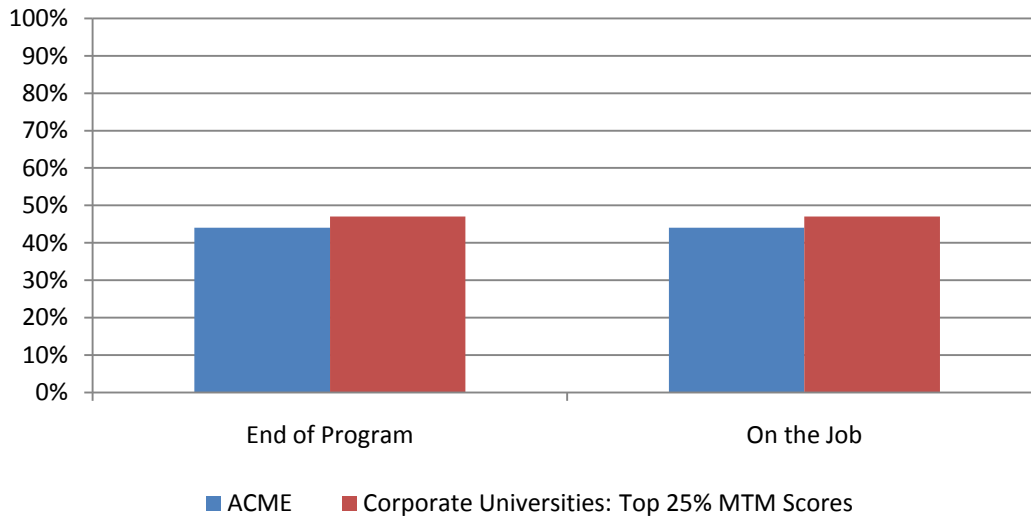
The quality of the content, instructor, and environment can have a significant impact on the job performance of the participants. Conversely, the participant and their managers need to ensure that what they learn will be applied to the job. Analysis of the above indicators will provide insight on where opportunities for improvement exist.

Business Unit Effectiveness



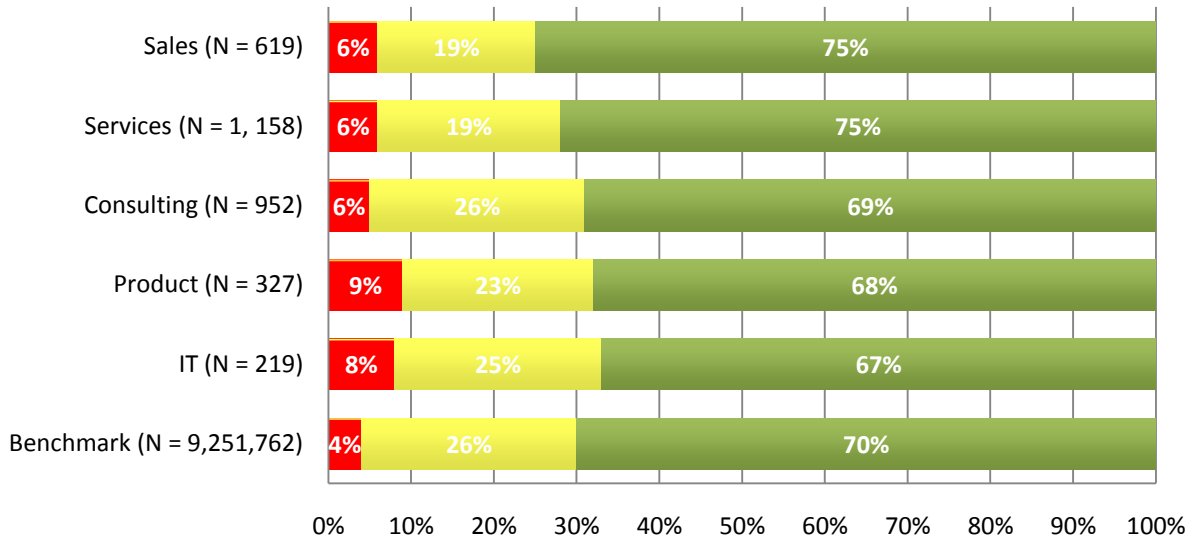
Talent Development is a very strategic business process, consequently, ensuring that L & D programs consistently meet effectiveness standards is critical. If effectiveness standards are not met, analysis of the core issues needs to be conducted.

Training's Contribution to Job Performance



It is important to ensure that training is having an impact and being applied to the job. If training is not contributing to job performance at an acceptable level, then root cause issues need to be identified.

Job Impact by Business Unit



One of the best ways to improve the effectiveness and impact of L & D is to identify if participants are not applying what they learn. “Getting the red out” in the above chart will help improve future impact.

Efficiency

Efficiency KPIs bring together the activity and cost elements necessary to judge how efficiently learning was provided. Efficiency measures come primarily from the learning management system (LMS) and financial system.

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
# of Participants	<u>54</u>	66	55	69	63
% Employees Trained	<u>45%</u>	53%	48%	54%	47%
Total L & D Investment	<u>175,000</u>	187,000	225,000	<u>175,000</u>	<u>125,000</u>
Average Investment per Participant	3,241	2,833	4,091	2,536	<u>1,984</u>
Courses Utilized	675	599	519	604	631
Classes Conducted	818	752	499	625	717
Instructors Utilized	24	19	19	27	29
Locations Used	13	15	19	21	19

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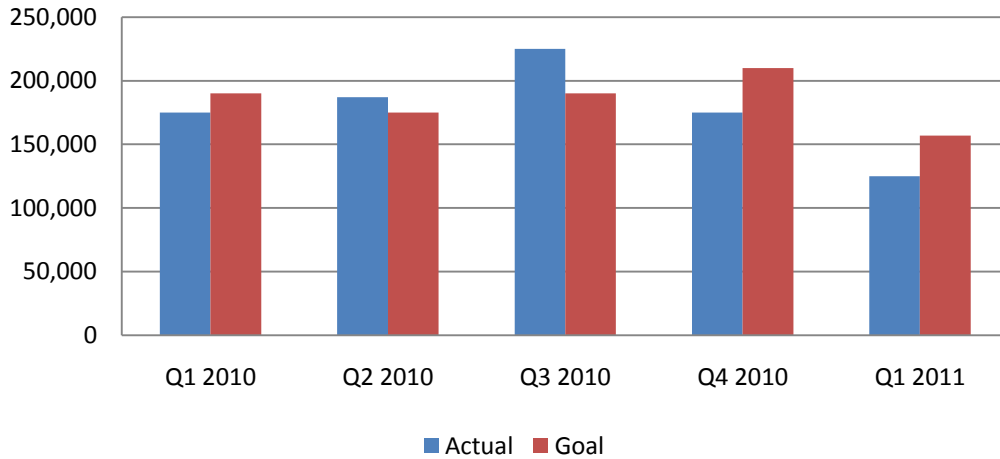
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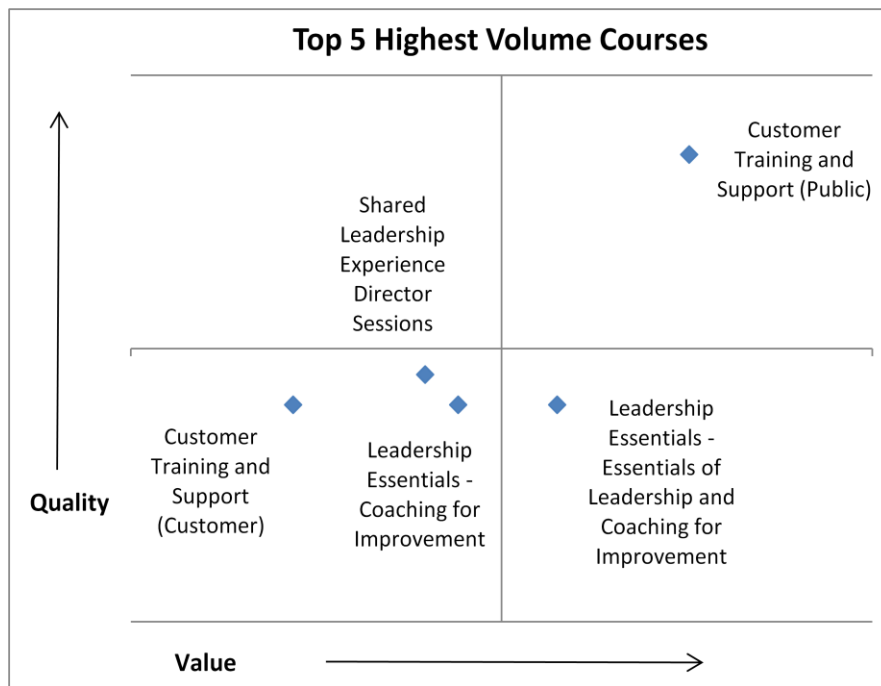
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Understanding how much is being invested in learning and whether it is being spent efficiently and effectively is critical. The data above can provide insight on the balance between investment, reach, and utilization.

Total L & D Investment



Like investments in other strategic initiatives, spending too much or too little in L & D can negatively impact financial performance. To determine the optimal investment level, analysis of effectiveness and outcome measures is required.



Statistical analysis suggests that if participants don't perceive value from a course, it likely will not improve job performance. Ensuring that high volume courses are generating high value ratings will increase the ROI on learning.



Business Outcomes

Business outcome KPIs bring together the key goals or desired outcomes (results) of the organization along with the impact L & D is expected to have on achieving those outcomes. Goals might include revenue, cost, profit, employee engagement, and retention.

The following are a core set of Talent Development business outcomes:

Business Result	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Revenue	<u>2,637,105</u>	2,321,221	2,434,112	2,709,778	<u>2,539,122</u>
Profit	<u>1,493,898</u>	1,151,761	1,263,075	1,503,523	<u>1,435,666</u>
Labor Expense	1,143,207	1,169,460	1,171,037	1,206,255	<u>1,103,456</u>
Employee Profit Contribution	1,493,898	1,151,761	1,263,076	1,503,523	<u>1,435,666</u>
Employee Profit Margin	<u>57%</u>	50%	52%	56%	<u>58%</u>
Headcount (FTE)	120	125	115	127	<u>133</u>
Productivity	21,975	<u>18,569</u>	<u>21,166</u>	<u>21,337</u>	19,091
Customer Satisfaction Score	<u>80%</u>	77%	76%	<u>79%</u>	<u>81%</u>
Employee Engagement Score	77%	75%	71%	77%	<u>79%</u>
Employee Retention Rate	<u>85%</u>	<u>83%</u>	77%	81%	<u>84%</u>

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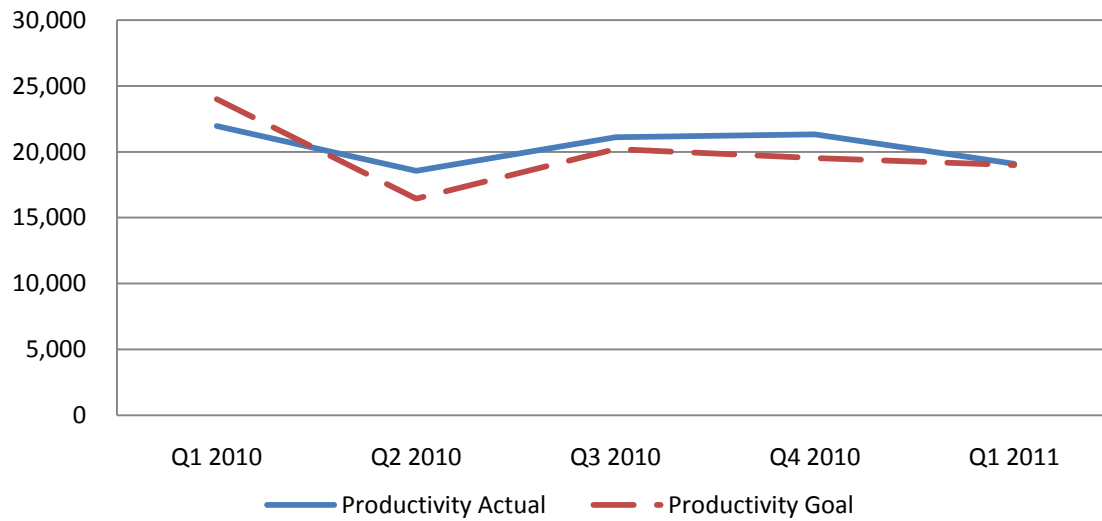
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Recognizing that there is a lag effect between when learning events occur and when business outcomes are impacted, the element of time needs to be factored into impact analysis. It is important to analyze a comprehensive set of business outcomes to see if unintended consequences occur.



Employee Productivity



Note: Based on revenue per employee.

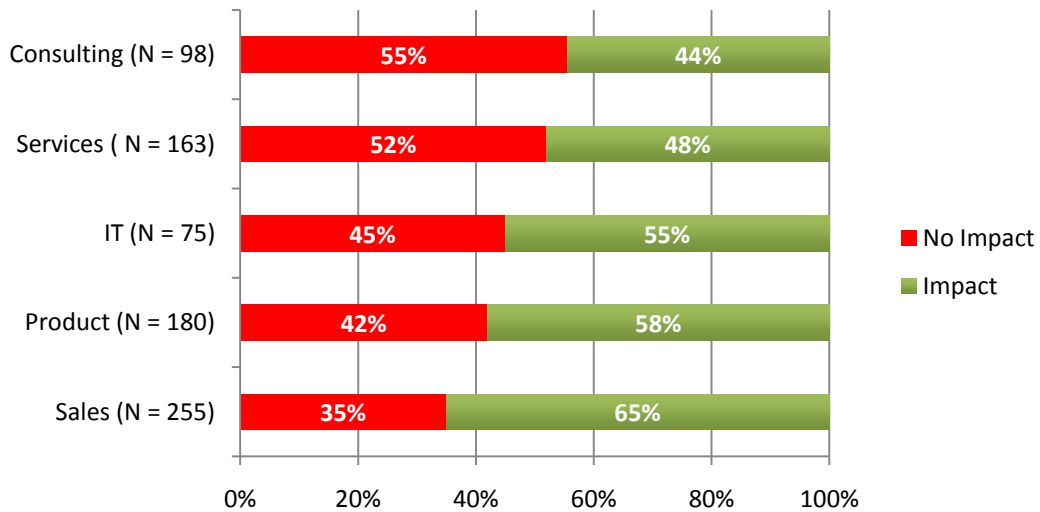
Revenue per employee is a high-level KPI for productivity. Analysis of this measure with other related KPIs such as employee profit margin will help determine if employees are truly more productive. If productivity goals are not being achieved, it is important to understand the core reasons why and for L & D to play a role in making the right adjustments.

L & D Business Alignment



The chart above indicates where L & D programs are having the biggest impact. Ideally, the highest scores are in line with corporate objectives. If that is not the case, it warrants further analysis to ensure that L & D programs are strategically aligned.

Projected Productivity Impact



Certain L & D programs, such as compliance, are not intended to increase productivity. However, providing a sufficient number of programs that will increase productivity is essential to driving shareholder value.

