Linking Learning to Business Goals: *Closing the Gap*

Research Brief

Brandon Hall Group Research Team

Brandon Hall
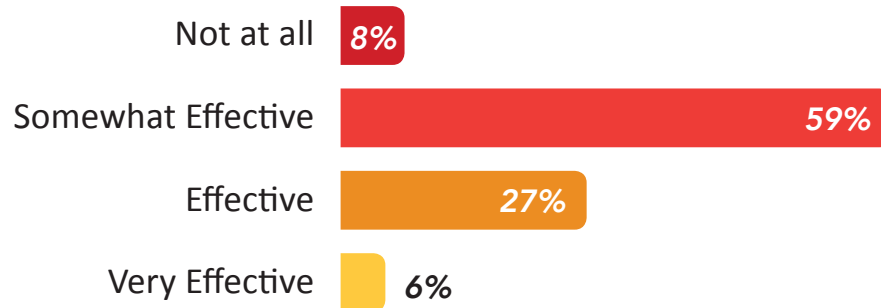GROUP

Table of Contents

Introduction

Organizations continue to struggle with developing a solid learning and development strategy that makes a genuine impact on the business. This challenge leaves many companies without the guidance necessary to design, develop and deliver effective learning programs to boost individual and organizational performance. According to Brandon Hall Group's Learning Strategy Survey, 17% of companies overall say they have no L&D strategy whatsoever.

However, even among companies with a strategy in place, the majority don't believe their strategy is effective in helping achieve business goals.

Effectiveness of Learning Strategy in Achieving Business Goals

Category	Percentage
Not at all	8%
Somewhat Effective	59%
Effective	27%
Very Effective	6%

Source: Brandon Hall Group, Learning Strategy Study (n=333)

Only 6% of companies say their L&D strategy is very effective in helping achieve business goals. That's less than the amount saying their strategy is completely ineffective. This becomes less surprising when we see that only 41% of companies report their learning strategy is linked to the business, or we what we consider to be Levels 3 and 4 of our Learning Strategy Impact Model.
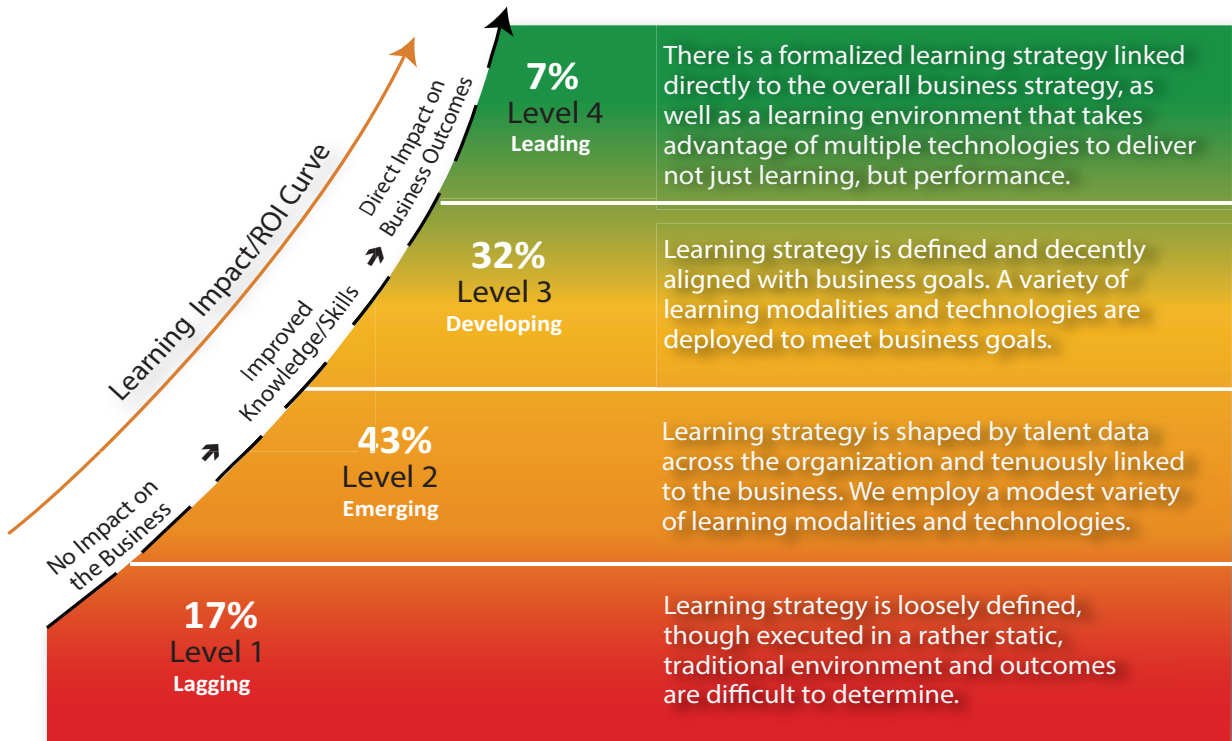
Learning Strategy Maturity Model

7%
Level 4
Leading

There is a formalized learning strategy linked directly to the overall business strategy, as well as a learning environment that takes advantage of multiple technologies to deliver not just learning, but performance.

32%
Level 3
Developing

Learning strategy is defined and decently aligned with business goals. A variety of learning modalities and technologies are deployed to meet business goals.

43%
Level 2
Emerging

Learning strategy is shaped by talent data across the organization and tenuously linked to the business. We employ a modest variety of learning modalities and technologies.

17%
Level 1
Lagging

Learning strategy is loosely defined, though executed in a rather static, traditional environment and outcomes are difficult to determine.

Learning Impact/ROI Curve

Direct Impact on Business Outcomes

Improved Knowledge/Skills

No Impact on the Business

Source: Brandon Hall Group, Learning Strategy Study (n=333)

Tackling Alignment

This lack of alignment does not mean organizations fail to see the value in having learning aligned with the business. In fact, 78% of companies say it is either important or critical that the learning strategy is connected to business goals.

Importance of Aligning Learning to Business Goals

Not at all	6%
Somewhat Important	16%
Important	34%
Critical	44%
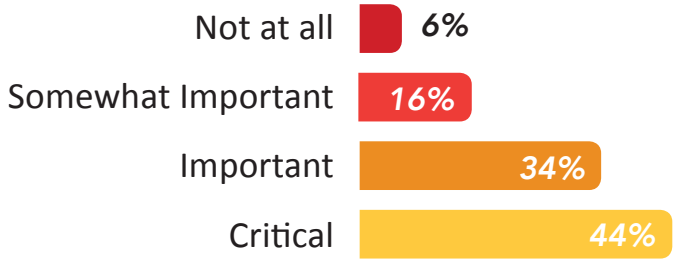
Source: Brandon Hall Group, Learning Strategy Study (n=333)

Why is there such a huge disconnect? If most companies know it is important to their success, why are so few able to achieve it? To start, most companies just aren't ready to tackle alignment. In fact, as shown in the graphic below, only about one in five organizations are ready to take action to improve alignment between learning and the business within the next 18-24 months.

Readiness to Align Learning to Business Goals

Not at all	12%
Somewhat Prepared	41%
Prepared to address	29%
Ready to take action	18%
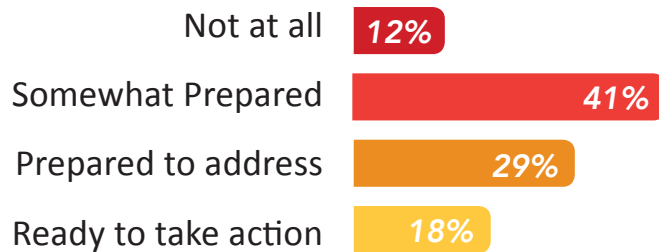
Source: Brandon Hall Group, Learning Strategy Study (n=333)

This highlights the heart of the problem. Companies know they must align learning with business goals and understand they are not very good at it, but they simply do not know where or how to start. It can be exceptionally challenging to retroactively align a strategy. It makes far more sense to create alignment when the strategy is developed. But for many companies, business tends to move faster than learning. Whatever alignment may have existed can easily become obsolete as business goals change.

The challenge is to move forward and not fall victim to a couple of common pitfalls:

1 *Do nothing new because "this is how it has always been done."*

2 *Do nothing for fear that the business will keep changing and the learning strategy will never keep up.*

The research shows that in those companies with stronger alignment, learning has a much bigger impact on outcomes. Without the alignment, learning starts to exist in a vacuum, impacting nothing but the learning itself.

Getting Started

We can use the results of the survey to glean insights into best practices for aligning learning to the business. We start by breaking the respondent companies into two groups. Group A says their learning strategy is either effective or very effective in helping achieve business goals, and group B says theirs is either somewhat or not at all effective. Right away, we can see there is a significant difference in how important identifying critical skills and competencies can be.

Importance of identifying Critical Skills and Competencies

	Group A	Group B
Identify our critical skill and or competencies	96%	79%
Define the capabilities required for each critical skill/competency	92%	76%
Define the learning content required to satisfy each critical skill/competency	84%	67%

Source: Brandon Hall Group, Learning Strategy Study (n=333)

While almost all of Group A says identifying these skills and competencies are important, just more than three-quarters of Group B says the same. The story is much the same for defining the capabilities and content required for these skills. The differences become even more stark when we look at how effective the two groups are at accomplishing these things.

Effectiveness in Identifying Critical Skills and Competencies

	Group A	Group B
We have identified our critical skill and or competencies	78%	43%
We have defined the capabilities required for each critical skill/competency	75%	33%
We have defined the learning content required to satisfy each critical skill/competency	59%	25%

Source: Brandon Hall Group, Learning Strategy Study (n=333)

Group A outshines Group B by a huge margin. By being better at identifying the skills and competencies required for business success and providing learning that improves the capabilities required to master them, the companies in Group A can say their learning is doing a far better job of moving the needle on business objectives. Rather than looking at the learning strategy as some giant contract etched in granite that would take heroic efforts to revise, it makes more sense to take a smaller, more precise look at things that can be changed. Bottom-up planning makes it easier to create a learning strategy based on desired performance outcomes.

Brandon Hall Group's Learning Measurement Survey also uncovers strategies for creating alignment. When we look at companies with mature learning measurement strategies — ones where companies are actually measuring learning's impact on the business — we see that they are more likely to employ a variety of methods than companies with less mature measurement strategies.

Methods for Linking Learning to Performance

We use a Balanced Scorecard System
- More mature: 24%
- Less mature: 15%

We link L&D objectives to departmental goals
- More mature: 43%
- Less mature: 34%

We link L&D objectives to individual performance reviews
- More mature: 42%
- Less mature: 31%

We align L&D objectives with needs of key business stakeholders
- More mature: 51%
- Less mature: 43%

We use a cascading set of goals that link corporate objectives to L&D objectives
- More mature: 35%
- Less mature: 27%

We target competency and skill gaps and align L&D objectives to closing gaps
- More mature: 60%
- Less mature: 43%

● More mature
● Less mature

Source: Brandon Hall Group, Learning Strategy Study (n=483)

While some methods are clearly more popular than others, in every case companies with mature measurement strategies are using all of them more frequently.

Measurement

Measurement plays a key role in the alignment of learning and business goals, yet less than two-thirds (62%) of companies say that trying to create a stronger link to organizational performance is a primary driver for measuring learning.

If companies are not properly measuring learning, they will never know if their learning is having an impact and therefore can't actually check their alignment. It's one thing to declare your learning strategy is in line with the business when it is developed, but if the results do not bear that out, it's back to square one.

By again using the data from the Learning Measurement Survey, we can see that companies with mature measurement strategies are doing a better job at measuring learning by how it impacts the business, and not just seeing how many people finished and liked it.

Methods for Linking Learning to Performance

Method	More mature	Less mature
Meeting Corporate Objectives	67%	40%
Increased Productivity	58%	25%
Ability To Perform New Task/Assignment	55%	38%
Managerial Observations	52%	35%
Coach/Mentor Observations	48%	27%
Time To Effectiveness In New Role	47%	22%
Team Effectiveness	47%	23%
Organizational Assessment	46%	17%
Ability To Be Promoted	38%	20%
Reduction In Regulatory Citations	37%	18%
Reduction In Turnover	35%	19%
Reduction In Errors/Accidents On The Job	34%	26%
Behavioral Analysis	33%	11%
Reduction In Lawsuits	31%	10%
Peer Observations	25%	14%

● More mature
● Less mature

Source: Brandon Hall Group, Learning Strategy Study (n=483)

We immediately see that two-thirds of the mature group use corporate objectives as a measurement of learning, while only about 40% of the rest do. That means that 60% of the latter group are not even checking to see if their learning is moving the needle on corporate objectives. Mature measurement companies are more than twice as likely to look at increased productivity, something that clearly impacts the business. In each case, the more mature companies are using actual business outcomes to measure their learning.

Key Take-Aways

- **Get started**. If there is not currently alignment, redevelop your learning strategy.

- **Be agile**. Do not set the strategy in stone. It must be fluid and dynamic to keep up with the needs of the business.

- **Identify and include key business stakeholders.** Do not assume learners understands all the objectives of the business.

- **Understand the individual skills and competencies necessary for the business to succeed**. Target learning there, and it will naturally help the business.

- **Measure learning's effectiveness by looking at business-related outcomes**. If the strategy is strong, those outcomes will already be linked. Measurement will confirm whether or not it is working.

Do not get hung up on completion rates, grades and smile sheets. While these are good data points, alone they have no relation to how the business is performing.

About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and almost 25 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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PHASE 01

PHASE 02

PHASE 03

PHASE 04

PHASE 05

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PLAN	ATTRACT	DEVELOP	PERFORM	RETAIN	OPTIMIZE

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