



The Business Benefits of e-Learning in High-Growth Companies

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Introduction

ANALYSIS

High-growth companies use learning and development as a strategic tool to help their organizations grow, beat the competition, and maintain their competitive edge in the marketplace.

Research on high-growth companies provides a valuable window through which to view successful strategies for dealing with one of the fundamental challenges that faces learning and development (L&D) leaders today – how to be both fast *and* effective.

Although this challenge can be described in different ways, it is about simultaneously increasing speed, keeping control of resources and having a significant impact on the business. High-growth companies use learning and development as a strategic tool to help their organizations grow, beat the competition, and maintain their competitive edge in the marketplace.

This research report looks at learning strategies and the use of e-learning technologies in high-growth companies – by focusing on the experiences of six such organizations. In addition, we include data from Bersin & Associate's *Corporate Learning Factbook*¹, our annual benchmarking study on trends in corporate learning practices.

Research Methodology

For the purpose of this research, we define “high-growth companies” as those organizations “... with annual revenue growth of 10 percent or greater for the past year or over the course of three consecutive years.” We further narrowed the focus to large national or global enterprises, the workforces of which have grown at a double-digit rate each year for the past three years.

The objective of this research was to explore the following questions.

- Which specific learning technologies are high-growth companies utilizing?
- How are high-growth companies using e-learning to address their business issues? Which business issues are the most challenging?
- At high-growth companies, what e-learning practices do learning executives see as important with regard to their ability to deal with growth-related issues?

¹ For more information, *The Corporate Learning Factbook*®, Bersin & Associates / Karen O'Leonard. These annual reports are available to research members at www.elearningresearch.com or for purchase at www.bersin.com/factbook.

- What other training practice and investment trends occur in high-growth companies?

These six high-growth companies (see Figure 1) include organizations that are clearly at different stages in implementing and using learning technologies. While the research participants provided snapshots of companies with different levels of e-learning experience, all were aggressively integrating e-learning more deeply into their businesses. (For more information on the participating companies, please see Appendices I through IV.)

Figure 1: Profiles of Participating High-Growth Companies

Company	Industry	Size	Growth Profile
Apotex	Pharmaceuticals	5,000 employees	10 percent growth in both revenues and number of employees.
CGI	Business services / consulting	<ul style="list-style-type: none"> • CDN\$3.8 billion in revenues • 27,000 employees 	<ul style="list-style-type: none"> • 20 percent revenue growth during a three-year period.
Global Engineering Services Firm	Construction (engineering and construction services)	<ul style="list-style-type: none"> • \$1 billion in revenues • 20,000 employees 	<ul style="list-style-type: none"> • 20 percent revenue and employee growth during a three-year period.
Kao Brands	Consumer products	<ul style="list-style-type: none"> • \$750 million in revenues • 700 employees 	<ul style="list-style-type: none"> • 10 percent employee growth.
Kohl's	Retail (department store)	<ul style="list-style-type: none"> • \$15 billion in revenues • 140,000 employees 	<ul style="list-style-type: none"> • 50 percent revenue growth during a three-year period. • 10 percent employee growth.
Zaxby's	Retail (restaurants)	<ul style="list-style-type: none"> • \$500 million in revenues • 15,000 employees 	<ul style="list-style-type: none"> • 20 percent revenue and employee growth during a three-year period.

Source: Bersin & Associates, 2008.

L&D Strategies of High-Growth Companies: What We Can Learn

High-growth companies offer the opportunity to observe an environment that requires agility – the ability to adapt to rapid and continuous change. Companies that achieve success in becoming more agile generally see themselves as having more capacity to effectively deal with change, view the pace of change as accelerating but predictable, and recognize change as providing new opportunities.²



KEY POINT

Learning and development leaders in high-growth companies pay close attention to utilizing and leveraging technology as part of an overall learning strategy that includes how they organize the L&D function and align activities with business goals.

Within companies that are growing rapidly, L&D leaders have adopted this “agile mindset” to meet the challenge of being both fast *and* effective in their learning and development operations. As previously cited, this is about simultaneously increasing speed, keeping control of resources and having a significant impact on the business. Successful high-growth companies can show us how to deal effectively with this L&D management balancing act.

L&D leaders in high-growth companies pay close attention to utilizing and leveraging technology as part of an overall learning strategy that includes how they organize the L&D function and align activities with business goals. But, while high-growth companies are extremely active users of learning technology, the effectiveness of their L&D organizations is based on following the same best practices that we have observed across many companies.

The following sections discuss the four key findings from this research, along with the experiences of our high-growth research subject companies. From these experiences, we gain valuable insights into how organizations that are undergoing significant change can still focus on making progress in implementing effective learning strategies and practices.

Based on our interviews with the subject companies and data from our *Corporate Learning Factbook* research³, we have developed the following four key findings. From this research, our key findings support what we have often observed – technology is a powerful enabler, but it does not (by itself) provide a shortcut to learning effectiveness.

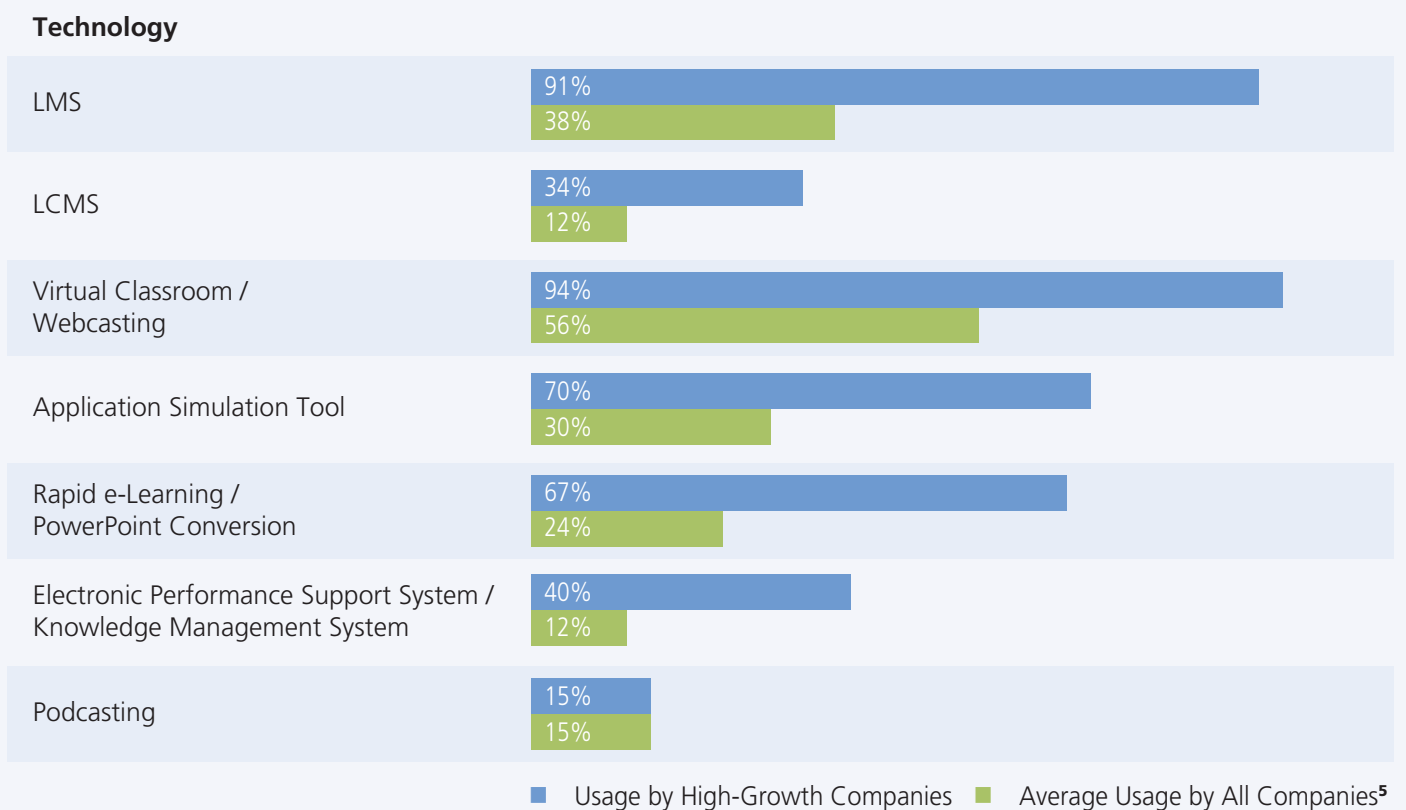
² Source: *The Impact of Work Force Agility on Business Performance*, Books24x7 / John Ambrose.

³ For more information, *The Corporate Learning Factbook*®, Bersin & Associates / Karen O’Leonard. These annual reports are available to research members at www.elearningresearch.com or for purchase at www.bersin.com/factbook.

Key Finding 1: Learning Technology Enables Growth

The data on technology utilization among high-growth companies from our *Corporate Learning Factbook* database⁴ shows that learning technology usage is significantly higher when compared against companies across all industries and organizational sizes. This trend held true for each of the learning technologies tracked (see Figure 2).

Figure 2: Usage of Learning Technologies (high-growth companies versus all companies)



Source: Bersin & Associates, 2008.

⁴ For more information, *The Corporate Learning Factbook® 2008: Statistics, Benchmarks and Analysis of the U.S. Corporate Training Market*, Bersin & Associates / Karen O'Leonard, January 2008. Available to research members at www.elearningresearch.com or for purchase at www.bersin.com/factbook.

⁵ We identified 33 companies in our *Corporate Learning Factbook* database that operated in high-growth industries and which had greater than 10 percent annual revenue growth (most were significantly higher, on a scale similar to the companies included in this research report).

Technology usage among our research participants was also very high, as noted in the following.

- **LMS** – Three of the companies have a stand-alone learning management system in place. The remaining participating companies are leveraging portal or learning management technology provided by an e-learning vendor.
- **Virtual Classroom** – All but one of the research participants are using virtual classrooms or webinars for L&D activities. The lone exception has webinar technology planned as part of the next phase for learning and development.
- **Rapid e-Learning / PowerPoint Conversion Tools** – Half of the participating companies are using rapid e-learning tools (including PowerPoint conversion) to generate subject matter expert (SME) content.
- **Application Simulation Tools** – Half of the research participants are supporting IT systems training with application simulation.
- **Electronic Performance Support Systems (EPSS) / Knowledge Management Systems (KMS)** – One participating company is integrating knowledge management as part of its L&D efforts.
- **Podcasts⁶** – Four of the participants are experimenting with podcasts or have short-term plans to do so.

High-growth companies clearly need e-learning technology to grow. LMSs are required for the management of increasing scale and more complex learning challenges. Virtual classroom technology becomes an important tool in reaching employees in widely distributed locations. But the high-rate of usage of the remaining technologies – LCMS, application simulation tools, rapid e-learning, EPSS / knowledge management systems and podcasts – means high-growth companies are leveraging multiple types of learning technologies to address the continuing pressure to scale up.

⁶ For more information, please see these reports: (1) *New Technologies for Corporate Learning: Part 1 – Podcasts, Blogs, and Wikis*, Bersin & Associates / Karen O'Leonard, May 2006; and, (2) *Podcasting: A New Technology for Learning*, Bersin & Associates / Karen O'Leonard, November 29, 2006. Available to research members at www.elearningresearch.com.

In our interviews with the participating companies, several described scenarios in which e-learning technologies (or combinations of technologies) were used in creative ways to meet demanding business requirements. Kohl's, for example, uses customized, self-paced e-learning programs to address training needs for store personnel working in various departments (e.g., shoes, jewelry, et al). The company also uses webcast training events to simultaneously reach personnel in hundreds of stores to support new sales promotions or product offerings. In addition, Kohl's combines instructor-led classroom, e-learning courses and experiential events in a blended-learning program to develop the skills of new employees who may be new to the retail industry.

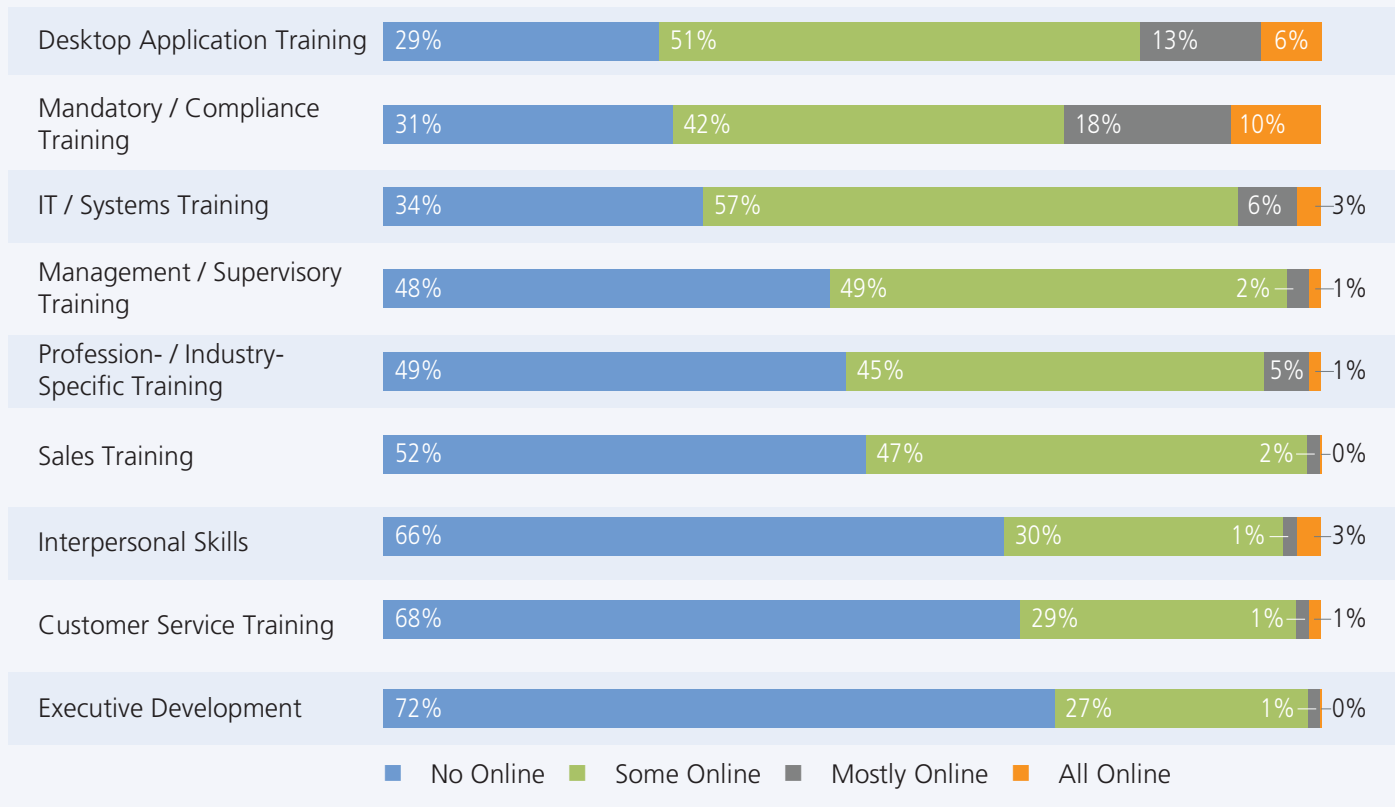
As another example, the global engineering services firm combines online training programs with virtual classroom-based discussion sessions to create common leadership development activities across its decentralized businesses. It also uses rapid e-learning tools to share the knowledge of SMEs in a variety of engineering disciplines.

Key Finding 2: Leadership Development Is a Key Business Investment

For these participating companies, the learning program areas that are benefiting from the use of online learning (self-paced and virtual classroom) are similar to the research data from the general population of companies in the *Corporate Learning Factbook*⁷ (Figure 3). The companies we interviewed all use off-the-shelf content to support

Figure 3: Usage of Online Methods (by program area)*

* Numbers may not total 100% due to rounding.



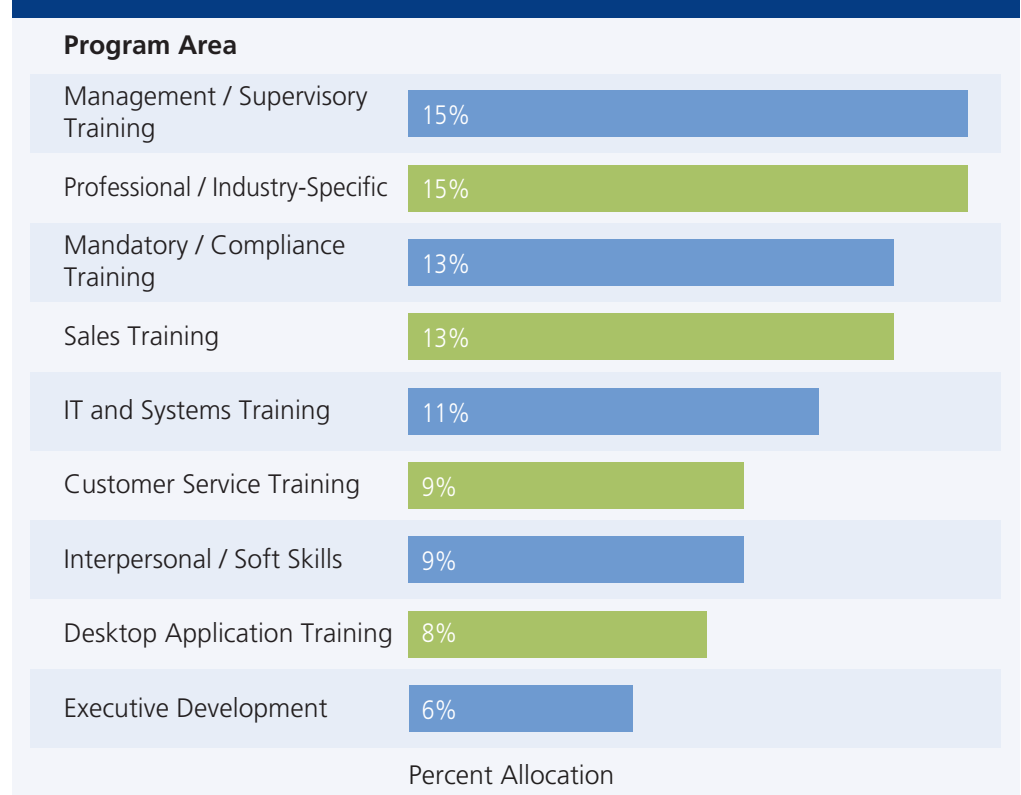
Source: Bersin & Associates, February 2008.

⁷ For more information, *The Corporate Learning Factbook® 2008: Statistics, Benchmarks and Analysis of the U.S. Corporate Training Market*, Bersin & Associates / Karen O'Leonard, January 2008.

management / supervisory training, desktop application and IT skills development, as well as for general business and professional skills. Custom self-paced e-learning content is used to address industry-specific skills and knowledge. Virtual classrooms support leadership and management development, and industry-specific programs (e.g., product knowledge in retail sales).

From the *Corporate Learning Factbook* research, however, we find a growing trend that points toward the importance of investments made in developing new management talent (see Figure 4). Management / supervisory training tied (with “professional or industry-specific training”) as the highest priority for funding, due in part to the aging workforce and the anticipation of a marked increase in retirements over the next 10 years.⁸ The combined leadership development category (including both management / supervisory training and executive development)

Figure 4: Spending Allocation (by program area)



Source: Bersin & Associates, 2008.

⁸ For more information, *High-Impact Talent Management: Trends, Best Practices and Industry Solutions*, Bersin & Associates / Josh Bersin, May 2007. Available to research members at www.elearningresearch.com or for purchase at www.bersin.com/hitm.

captures 21 percent of training dollars – the single largest category. This underscores the critical nature of this program area, as organizations realize they must invest heavily to fuel their leadership pipelines.⁹

Through “profession or industry-specific training” (which refers to a particular industry or job category), organizations strive to update employee skills, certifications and degrees. As most skilled workers need continual training on their specific profession or industry, a large amount of money is spent in this area.¹⁰

From our interviews with L&D leaders in high-growth companies, a much deeper sense of urgency emerged regarding the challenge of developing both management and key professional talent.

Consider the impact of rapid growth in retail environments. Kohl’s and Zaxby’s both described the challenges involved with the opening of new locations. Every new store or restaurant opening depends on staffing the operation with new employees, and running it effectively through a new management team. Regional- and corporate-level talent requirements also grow as local store operations increase. As a result, Kohl’s and Zaxby’s see investments in management and professional development as strategically important to the continued growth and operational success of their businesses.

ANALYSIS

A key driver for continued business growth is the capability to fill critical talent gaps.

The urgency of the situation is similar outside of the retail industry. Apotex and CGI lamented the shortage of skilled technical and professional talent required to meet the requirements of their businesses’ growth. Kao Brands and the global engineering services firm were concerned about their individual abilities to develop competent new managers and professionals with key industry expertise – both essential to the continued growth and success of their businesses. Without exception, when we asked L&D executives to name their top two focus areas for learning programs, the answer was “management / supervisory” and “professional / industry-specific.”

A key driver for continued business growth is the capability to *fill critical talent gaps*. The L&D function plays a key role in executing

⁹ For more information, *The Corporate Learning Factbook® 2008: Statistics, Benchmarks and Analysis of the U.S. Corporate Training Market*, Bersin & Associates / Karen O’Leonard, January 2008.

¹⁰ Ibid.

this aspect of enterprise talent management by not only investing in leadership, management and industry-specific professional training, but by establishing the programs and practices that develop this talent more quickly. e-Learning and learning technologies are essential tools in building that capability.

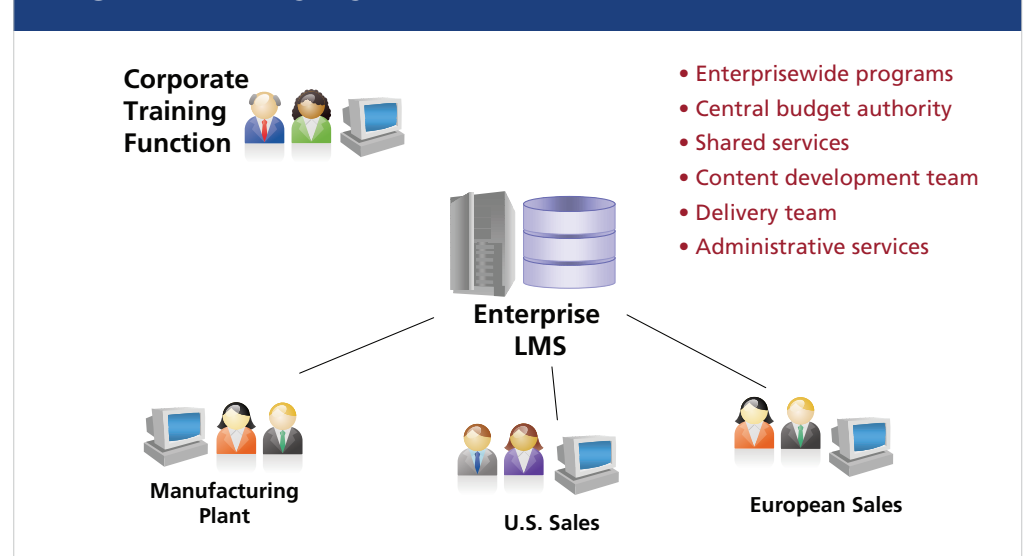
Key Finding 3: Governance Drives Alignment with Business Goals

Our research across a wide range of industries and organization sizes shows that high-impact learning organizations¹¹ leverage an effective governance structure for decision-making, as well as for alignment between the business and training functions. The high-growth companies participating in our research followed this critical practice. In spite of a rapidly growing and changing business environment, high-growth companies do pay attention to governance structure – and avoid chaos and anarchy.

Among learning organizations, the following three forms of governance exist.¹²

- **Centralized** – With strong central budget control and decision-making (see Figure 5).

Figure 5: Learning Organization – Centralized Model



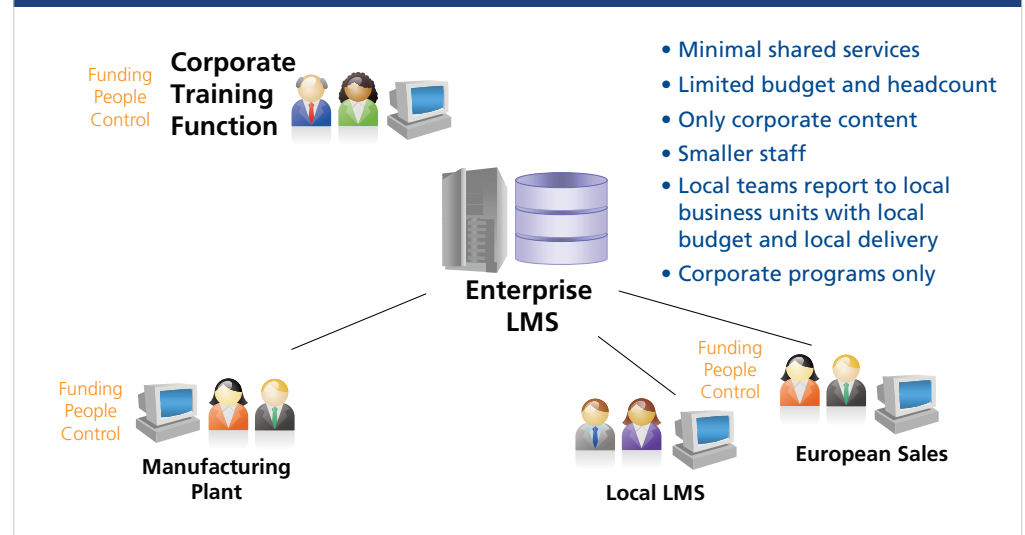
Source: Bersin & Associates, 2007.

¹¹ This information is based on our industry report, *High-Impact Learning Organization*, the report for which is available now – with a new edition coming in 2008. For more information, please visit www.bersin.com/hilo.

¹² Ibid.

- **Federated** – In which decision-making and budget management involves a combination of a central organization and several decentralized groups (see Figure 6).

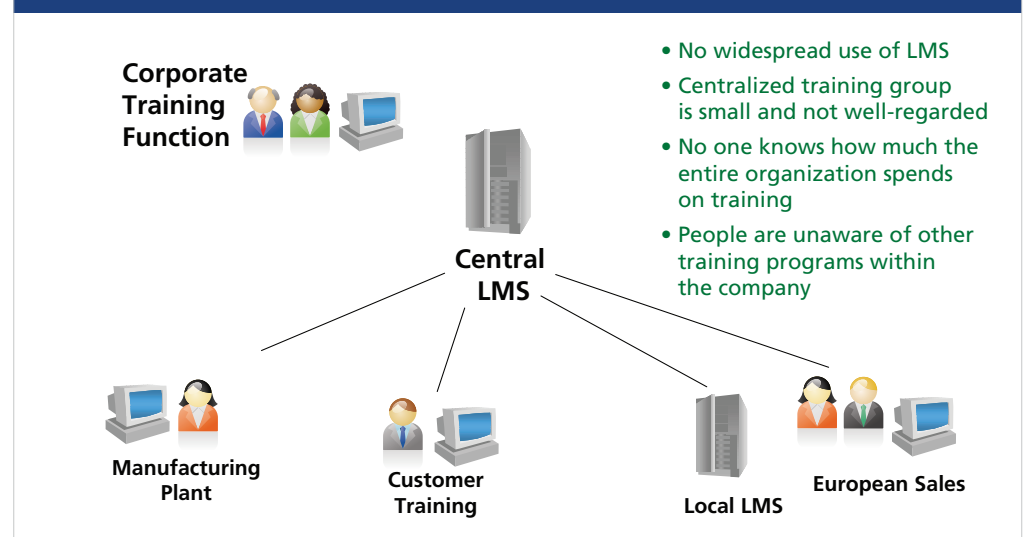
Figure 6: Learning Organization – Federated Model



Source: Bersin & Associates, 2007.

- **Anarchy** – In which multiple organizations make their own independent decisions on their own terms (see Figure 7).

Figure 7: Learning Organization – Anarchy Model



Source: Bersin & Associates, 2007.

While the anarchy model should clearly be avoided, both the centralized and federated models can be effective, depending on the specific organizational setting. Companies tend to select a structure that is based on their individual businesses are managed.

As an example, although Zaxby's business is, in one way, highly decentralized (with independent franchise owners running their own operations), it also depends heavily on a very centralized approach to operations and brand image. Restaurant operating practices, systems and brand image are tightly managed by the corporate organization. L&D governance follows this same centralized model. A corporate learning and development organization manages the enterprise learning budget which, in part, is supported through franchise fees. Technology investments, program priorities, content development and instructional strategies – all are defined and managed centrally; however, the organization does not depend entirely on internal staff to support its learning function. Sophisticated content development activities, for instance, are outsourced. As the organization grows and its learning strategies evolve, additional staff is brought into the organization to provide new L&D skills and capabilities.

ANALYSIS

The test of any governance model is in how effectively it helps the organization translate business strategy and priorities into the learning function's activities and investments – aligning all of the stakeholders involved in the process.

The test of any governance model is in how effectively it helps the organization translate business strategy and priorities into the learning function's activities and investments – aligning all of the stakeholders involved in the process. During our interviews with the participating high-growth companies, we noted two general governance approaches to maintaining close, effective communications between business leaders and the learning function. Each approach is based on the business's specific structure, as well as whether business growth was purely organic or relied in part on acquisitions. For instance, retail companies (that are growing organically by adding new stores and / or franchisees) use a centralized model as an engine to build standardized e-learning programs that can easily be replicated as new stores come online. Companies with decentralized business units (that are growing organically and through acquisitions) use a federated model – centralizing some technology investments, as well as program management in areas to drive consistent practices that are critical to the business.

The global engineering services firm provides a good example of establishing a federated structure and practices to support alignment with decentralized business units. The company's engineering and

construction services business relies in part on critical enterprisewide capabilities (e.g., leadership, management and project management), as well as a drive toward more of a matrix-management structure under which cross-disciplinary organizations come together to deliver client projects. To address these enterprisewide issues, a central L&D function:

- Manages budget and learning program strategies for leadership and management development;
- Develops capabilities related to moving projects through the business development cycle and final delivery;
- Uses technology to create new solutions for clients; and,
- Manages workforce performance management.

To ensure alignment with its decentralized business units, the governance structure for the global engineering services firm also incorporates an enterprise learning steering committee, comprised of representatives from each of the 12 business units, plus three key regionally focused organizations. The committee meets quarterly to help establish the central training group's budget and program priorities.

Key Finding 4: Leveraging Best Practices to Progress through e-Learning Maturity Stages

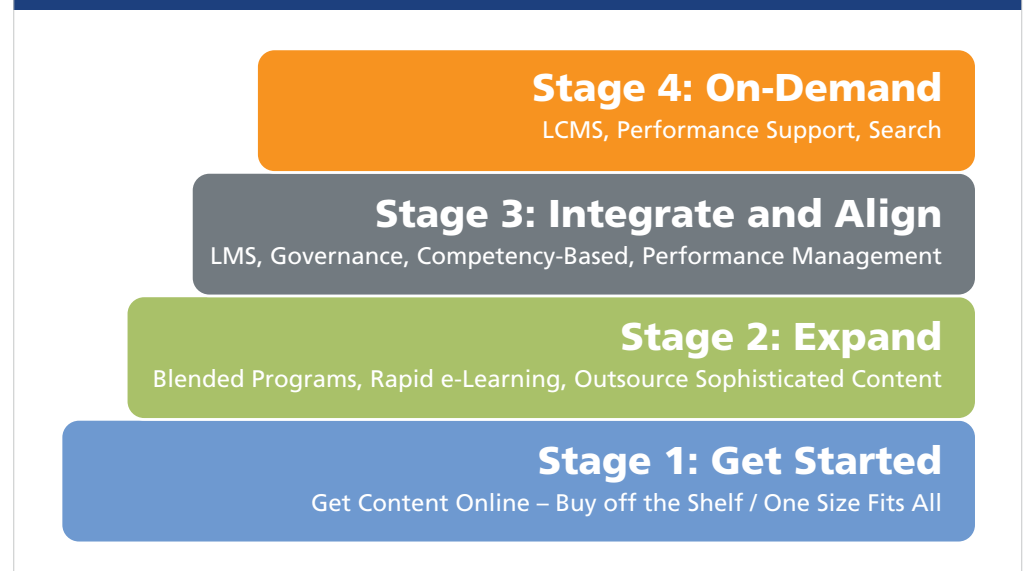


KEY POINT

One of the consistent themes in our research is how organizations go through similar stages in their development of e-learning capabilities.

One of the consistent themes in our research is how organizations go through similar stages in their development of e-learning capabilities. This holds equally true for the high-growth companies interviewed for this research report. Think of the four stages (see Figure 8) as evolutionary phases, each with its own business drivers and organizational challenges. At any one point in time, an organization may show characteristics of being in more than one stage. For organizations to most successfully leverage the full potential of e-learning, however, they must ultimately figure out how to move toward “Stage 4 – On Demand.” Stage 4 requires broadening the view of “e”-based learning tools to include online books, podcasts, blogs, directories of experts, advanced search capabilities, et al – and integrating these into an employee learning environment that incorporates all modes of learning. *Getting* to Stage 4 requires organizational capability and expertise that must be built through experience.

Figure 8: The Four Stages of e-Learning



Source: Bersin & Associates, 2005.

In our research for this report, we found examples of organizations with characteristics typical of Stages 2 and 3. Many of the organizations we spoke with had a “line of sight” on Stage 4, driven both by business needs and the rising number of younger workers entering the organizations with a more “on-demand” mindset about learning. More important than what stage these companies are at, however, is how they are leveraging key best practices in clear anticipation of addressing the complex challenges of Stages 3 and 4. During these interviews, we noted three best practices (consistent with those identified in other research reports) that are helping these high-growth organizations prepare for success in Stage 3. These practices include:

- Effective governance (see section, “Key Finding 3: Governance Drives Alignment with Business Goals”);
- Performance consulting¹³; and,
- Shared services.

Before looking at how high-growth companies are employing performance consulting and shared services, we will briefly review each of the Four Stages in the e-Learning Maturity Model and their challenges.

Stage 1: Getting Started

The entry point to online learning is usually driven by one or more program areas in which e-learning provides some advantage (such as cost-savings, greater reach and / or greater range of offerings). Today, an organization can quickly get started by tapping into the large library of quality offerings from the major e-learning providers. From our high-growth research participants, we discovered that online learning efforts are often initially driven by the need to quickly provide a broad range of programs in foundational management skills or IT training. The off-the-shelf content libraries offered by leading e-learning providers allowed these companies to quickly begin meeting a broad range of skill-building needs across their growing management ranks. “Getting started”

¹³ “Performance consulting” is a needs assessment process that must be completed to identify the root cause of the business problem. Working with the line of business, performance consultants diagnose the business problem and assess the needs, and then work with instructional designers to develop, launch, manage and assess the training solution. Performance consulting does not presume that the solution is training.

among these high-growth companies also often meant leveraging the technology infrastructure of these providers – alleviating the need for a stand-alone LMS or other technology investments.

Stage 2: Expand

The “expand” stage can drive focus on a number of different issues – from ensuring access to content across all parts of the organization, to branding and stabilizing a portal or learning management platform, to using custom-built programs and rapid e-learning to address learning issues specific to the business.

For some of the high-growth companies, a direct relationship exists between business expansion and e-learning expansion. At Zaxby’s, for example, custom e-learning programs provide a training platform to meet the demanding requirements of rapid growth in the number of franchisees (and new employees and managers to operate the franchise stores). Kohl’s and the global engineering services firm have looked to blended-learning approaches (another characteristic of Stage 2) to leverage training staff or SMEs for business-critical learning activities. The global engineering services firm has also expanded its use of e-learning by using rapid e-learning tools to share highly technical content authored by SMEs. This approach has helped meet a critical business need of continuous professional development in a rapidly changing and competitive technical field.

Stage 3: Integrate and Align

Stage 3 organizations face the challenge of two types of integration (technology integration and business-practice integration), as well as ensuring alignment between e-learning activities and an increasingly complex set of stakeholder needs (e.g., business operations, HR and disparate training organizations). e-Learning is no longer a stand-alone solution at this stage – it consists of self-paced content, blended-learning programs, virtual classroom activities and other new forms of e-based learning. With this Maturity Stage comes the increasing demands for integration with business practices (e.g., customer support, sales, project management, et al), HR practices (e.g., performance management, career planning and talent management) and IT systems (HRIS, intranets, et al).

Kohls and the global engineering services firm are both dealing with the challenges of integration and alignment. These companies are keenly focused on organizational structure and practices to ensure alignment with critical business priorities – but there is clearly a lot of work ahead.

Stage 4: On-Demand

Our research shows that very few organizations have successfully matured to the stage at which learning content is “unlocked” from courses and a variety of advanced learning technologies are used in support of a true “learning-on-demand” environment¹⁴. Seventy-four percent of respondents to a recent survey we conducted rate their performance in implementing on-demand learning as “poor or non-existent.”¹⁵ None of the high-growth companies we interviewed are currently immersed in Stage 4, but several are experimenting or beginning to experiment with on-demand technologies, such as podcasting. These efforts were driven, in part, by their interest in leveraging new technologies to solve a range of training and knowledge-sharing issues. However, the L&D leaders at CGI, Kohl’s, the global engineering services firm and Zaxby’s spoke with some concern about their ability to meet the on-demand learning preferences of younger workers – known as the “Generation X” and “Millennials” (see Figure 9) – who are growing in number as part of their workforces. Retail companies are particularly struck by the need to effectively train younger workers who make up a large segment of their workforces. These workforce demographic considerations are motivating high-growth companies to more actively engage in practices that will move them into Stage 4.

¹⁴ For more information, *Integrating Learning into the Enterprise: A Look at the IBM Enterprise Learning Portal*, Bersin & Associates / Chris Howard, January 2008. Available to research members at www.elearningresearch.com.

¹⁵ For more information, *Integrating Learning into the Enterprise Portal*, Bersin & Associates / Josh Bersin and Chris Howard, 2007. Available to research members at www.elearningresearch.com.

Figure 9: Generational Differences

Demographic Group	Year Born	Traits and Values	Leader Qualities
Traditionalists (also referred to as Veterans or WWII)	1928 – 1945 (63+ years old)	<ul style="list-style-type: none"> • Hierarchical • Loyal to institutions • Motivated by financial rewards and security • Respectful of authority • Rule-makers 	<ul style="list-style-type: none"> • Fair and consistent • Respectful of others • Rational and reasonable • Authoritative
Baby Boomers	1946 – 1964 (44 – 62 years old)	<ul style="list-style-type: none"> • Idealistic • Competitive • Striving to achieve 	<ul style="list-style-type: none"> • Friendly • Relationships • Consensual • Democratic / equal
Generation X	1965 – 1980 (28 – 43 years old)	<ul style="list-style-type: none"> • Self-reliant • Willing to change rules • Tribal and community-oriented • Information and data-rich 	<ul style="list-style-type: none"> • Experience-driven • Results-oriented • Adaptable • Mentor / advisor • Authentic
Generation Y (also know as Millenials)	1980 – 2000 (8 – 28 years old)	<ul style="list-style-type: none"> • Confident • Impatient • Socially conscious • Family-centric • Technologically savvy • Values education 	<ul style="list-style-type: none"> • Goal-oriented • Motivational • Two-way

Source: Bersin & Associates, 2007.

Best-Practice Use: Performance Consulting

Establishing formal performance consultant roles within the learning function (sometimes also referred to as the “learning consultant” or “business analyst” role) is a practice that our research has shown to be effective in driving high-performance in learning organizations. For high-growth companies, performance consulting is also a method for effectively aligning training programs and practices with business goals – an important capability of Stage 3 organizations.

Generally, a performance consultant is responsible for:

- Needs analysis and solution prescription;
- Working with instructional designers and / or vendors to design a solution;
- Being a business unit liaison (and understanding the unit's business issues);
- Managing the measurement process for solutions (both with lines of business and within the learning organization); and,
- Program management.

The performance consultant is usually someone with broad experience in L&D, along with the ability to assess when and how learning programs are effective solutions to business performance issues. With e-learning providing a wide range of potential tools to use in a solution, a performance consultant can be critical in selecting the right tool or mix of tools to solve a problem.

- Should it be a blended-learning approach?
- Does the situation call for rapid e-learning content?
- How could off-the-shelf content be leveraged in combination with custom content or virtual classroom sessions?

CGI took a unique approach to establishing a performance consulting capability – the company leveraged its partnership with SkillSoft to outsource the role. A dedicated SkillSoft program manager is responsible for working directly with each of CGI's 23 business units on specific performance issues, which the units wish to address. More than 30 different customized learning solutions have resulted from these interactions, each addressing a different business need. The SkillSoft program manager also runs a monthly meeting of educational specialists across the CGI enterprise to review issues and strategies. CGI's corporate vice president of HR points to this role as being instrumental in encouraging the growth and adoption of e-learning and blended-learning programs across the business (Stage 2 expansion), as well as beginning to establish common practices in designing solutions to meet business unit-specific needs (Stage 3 alignment).

Best-Practice Use: Shared Services

Shared services for enterprise learning organizations is a group that performs a single function for multiple internal clients. Shared services are “insourcing” – using internal resources to provide some centralized services in the same manner as an organization might use outsourcing. High-impact learning organizations utilize shared services in a number of areas including:

- LMS administration;
- e-Learning content development;
- e-Learning content integration and architecture;
- Performance consulting;
- Training measurement;
- Vendor management and research;
- Skills and competency management;
- Management and leadership training;
- New hire training; and,
- Some regulatory programs.

In a federated governance model, shared services are part of the central organization and support the decentralized business-unit learning teams. In a centralize governance model, shared services support the central team.



KEY POINT

A shared services group provides a formal organization structure for establishing and maintaining standards across all of the services it provides.

For high-growth companies, establishing shared services is an effective strategy for building Stage 3 capabilities. Success in integration and alignment efforts depends, in part, on clearly defined and widely utilized standards. These can be technical or design standards, or standard practices and processes. A shared services group provides a formal organization structure for establishing and maintaining standards across all of the services it provides.

Kohl’s implementation of a shared services organization is a good example. The company created a learning operations shared services group, which centralizes learning technology support, administrative operations, vendor management and e-learning content development.

Learning operations is led by a manager who reports to the corporate vice president of L&D, whose organization also includes teams that focus on developing curricula for specific audiences (e.g., executive, management and individual contributor). The curricula teams – as well as other business-unit training teams – leverage the learning operations shared services as a partner in developing and delivering e-learning programs.

By establishing this shared services operation, Kohl's is effectively setting up a single point for managing key standards and practices for content development, deployment and program administration. Setting clear standards in these areas is critical in addressing the challenge of integrating practices in Stage 3.

Summary

To summarize, our research into the learning strategies and technologies used by high-growth companies spotlights four key findings.

- 1. Learning Technology Enables Growth** – High-growth companies show a significantly greater utilization of learning technologies when compared to all other companies. The underlying factor is clear – these companies would simply not be able to meet the requirements to scale up operations quickly without a productive mix of e-learning technologies in place.
- 2. Learning and Development Is a Key Business Investment** – We heard consistently that high-growth companies see investing in resources to develop new management and professional talent as a top priority. The capability to fill critical talent gaps and develop talent quickly is critical to the success of the business.
- 3. Governance Drives Alignment with Business Goals** – Paying attention to governance is not a luxury – even for high-growth companies. It is essential for keeping close to the business and making effective decisions in a fast-paced environment.
- 4. Leveraging Best Practices to Progress through e-Learning Maturity Stages** – Training leaders must anticipate the challenges they will face as e-learning becomes more deeply integrated into the organization and leverage best practices to make continuous progress. Training leaders in the high-growth companies we interviewed were keenly aware of which best practices were helping them improve organizational capabilities.

Although these lessons learned come from companies that have successfully navigated through periods of high growth, they highlight important strategies and practices that can be applied by companies of any size in any industry. The best practices should be considered by L&D leaders whose companies are facing any period of change or growth.



**Appendices:
Cases in Point**

Appendix I: Case in Point

CGI

CGI is an IT services firm that has grown through acquisitions and new business development from a workforce of 2,000 consultants 10 years ago to approximately 27,000 today. Its business of providing consulting, systems integration and outsourced IT services for corporate and government clients is delivered through a decentralized business structure (23 separate business units around the world). While this model helps differentiate the company in its ability to provide adaptable and accountable service, there are inherent challenges associated with centralizing learning management within this structure. The company is headquartered in Montreal and has offices in 16 countries.

Figure 10: CGI At a Glance

- **Industry:** Business Services / Consulting
- **Revenue Category:** CDN\$3.8 billion
- **Workforce Size Category:** 27,000
- **One-Year Growth Profile:** 5 percent (revenue)
- **Three-Year Growth Profile:** 20 percent (revenue)

Source: Bersin & Associates, 2008.

Four Stages of e-Learning

CGI faces both the challenges of continued growth in the use of e-learning and related technologies (Stage 2), as well as integration and alignment issues (Stage 3) stemming from its highly decentralized business structure. It employs a federated governance model but with a very limited central role that focuses on new leader programs (primarily instructor-led), project management skills (primarily instructor-led) and IT technology knowledge (primarily e-learning).

Off-the-shelf e-learning content still dominates CGI's e-learning offering, primarily because of the need to support a very diverse range of

technology training, as well as core management programs. The central learning organization supports off-the-shelf content availability via enterprisewide access to a library of SkillSoft e-learning content. Each business unit contracts with the central organization for access to the library as required. CGI is finding that SkillSoft's Books24x7 offering (which allows users to drill down into specific content within an online book) provides value in an environment in which technical professionals are constantly looking for methods to answer questions or to quickly get up to speed on a wide range of topics.

Governance

CGI employs a federated governance structure with a modest centralized organization to manage enterprisewide e-learning content and a focused set of program areas (e.g., new leaders, project management skills and IT technology knowledge).

Performance Consulting Role

CGI took a unique approach to establishing a performance consulting capability by leveraging its partnership with SkillSoft to outsource this role. A dedicated SkillSoft program manager is responsible for working directly with each of CGI's 23 business units on specific performance issues they wish to address. More than 30 different customized learning solutions have resulted from these interactions, each addressing a different business need. The SkillSoft program manager also runs a monthly meeting of educational specialists across the CGI enterprise to review issues and strategies. CGI's corporate vice president of HR points to the role as being instrumental in encouraging the growth and adoption of e-learning and blended-learning programs across the business, and in designing solutions to meet business unit-specific needs.

*"It really doesn't matter whether the individual
in the role is internal or external.
The important thing is that
they understand the business."*

– Corporate Vice President of HR

Appendix II: Case in Point

Global Engineering Services

The global engineering services company incorporates engineering consulting, project services and construction businesses into a full-service engineering and construction enterprise. The company is based out of Englewood, Colorado, but maintains offices and operations around the world. Growth has been both organic and through acquisitions, the most recent being an Alaskan oil and gas company that added some 4,000 employees to the enterprise. The company's business centers on:

- A diversity of specialized engineering disciplines and expertise;
- The capability to effectively manage large projects and business development; and,
- Management capabilities designed to integrate multiple services to provide new conception-to-completion offerings on construction projects.

Figure 11: Global Engineering Services at a Glance

- **Industry:** Construction (engineering and construction services)
- **Revenue Category:** \$1 billion
- **Workforce Size Category:** 20,000
- **One-Year Growth Profile:** 20 percent (revenue and employees)
- **Three-Year Growth Profile:** 20 percent (revenue and employees)

Source: Bersin & Associates, 2008.

Four Stages of e-Learning

This company is beginning to face some Stage 3 challenges of integration and alignment as it continues to steadily expand its use of e-learning. In 2001, the global engineering services company began using off-the-shelf content from SkillSoft to address management, interpersonal and desktop application capabilities. Off-the-shelf program offerings

(currently about 175 titles) and utilization expanded to include offerings in several languages, along with addressing more business and management issues. The organization is also utilizing rapid e-learning tools to share some of its deep engineering expertise more broadly. A key challenge is the current move to a new enterprisewide HR platform (that includes an LMS) to replace a homegrown training tracking application and disparate HR systems spread across the company's decentralized business units.

Governance

Learning governance at the global engineering services company fits into a federated model, with both an enterprise-level learning function and a business unit-based organization. The company's business structure is built on 12 decentralized business units that focus on vertical markets, while much of its learning governance structure fits into this same model. Business unit-based learning organizations manage their own budgets and learning strategies. This is a particularly effective model when a business unit relies on unique technical expertise to deliver its services to clients; in the case of this company, this includes a variety of engineering disciplines that require continuous professional development and knowledge-sharing among practitioners.

The company's business also relies on critical enterprisewide capabilities (e.g., leadership, management and project management) and a drive toward more of a matrix-management structure under which cross-disciplinary organizations come together to deliver client projects. To address these enterprisewide issues, a central learning and development function:

- Manages the budget and learning program strategy for leadership and management development;
- Develops capabilities related to moving projects through the business development cycle and to final delivery;
- Uses technology to create new solutions for clients; and,
- Oversees workforce performance management.

To ensure alignment between the central group's activities and the needs of the decentralized business units, the company has developed an enterprise learning steering committee – which is comprised of

representatives from each of the 12 business units, plus three key regionally focused organizations. The committee meets quarterly to establish the central group's budget and program priorities. This steering committee structure has been in place for about six years, although it has changed its form slightly to align with changes in the company's business structure. The manager of enterprise learning programs foresees a shift to a more centralized management of budgets and resources as the organization continues to evolve its enterprisewide learning technology infrastructure and program development.

Appendix III: Case in Point

Kohl's

The company is a rapidly growing national department store chain based outside of Milwaukee, Wisconsin, operating more than 900 stores across the U.S. It has been adding about 100 stores per year over the past few years and is headed toward a strategic target of 1,200 stores by 2010. The growth rate for this company results in several challenges:

- Building the technology infrastructure to support a larger enterprise;
- Managing policies and procedures; and,
- Finding and developing the talent required to meet the growth requirements in a competitive retail field.

Figure 12: Kohl's at a Glance

- **Industry:** Retail
- **Revenue Category:** \$15 billion
- **Workforce Size Category:** 140,000
- **One-Year Growth Profile:** 15 percent (revenue)
6 percent (employees)
- **Three-Year Growth Profile:** 50 percent (revenue)
10 percent (employees)

Source: Bersin & Associates, 2008.

Four Stages of e-Learning

As with other companies interviewed for this research, this national retailer is simultaneously dealing with the growth challenges of a Stage 2 organization, while at the same time working on the integration and alignment issues of Stage 3.

Governance

The learning organization is structured in a federated model but with a very strong central component – very much in-line with the business structure. The central organization holds the budget for and manages programs in the areas of:

- Leadership development;
- Management and supervisory skills;
- Individual contributors;
- Enterprisewide regulatory training; and,
- An onboarding program (called “Lead-off”) that covers an employee’s first six months on the job.

Outside the central group are business divisions (such as a buyer’s group and IT) that provide learning programs to develop skills and expertise in their specific functional areas.

Shared Services

A key resource within the central organization is the learning operations group – a shared services unit that is responsible for learning technology support and operations, as well as vendor management. Learning operations is led by a manager who reports to the corporate vice president of L&D, whose organization also includes teams that focus on developing curricula for specific audiences (e.g., executive, management and individual contributor). The curricula teams (as well as the business-unit training teams) leverage learning operations shared services as a partner in developing and delivering e-learning programs.

The learning operations shared services provides key benefits, given Kohl’s current growth and integration requirements for e-learning use. In mid-2007, Kohl’s consolidated multiple LMSs into a single enterprisewide platform, with operations now managed by learning operations. The group also centrally manages the off-the-shelf content library (including SkillSoft’s Books24x7), custom content development and delivery, and virtual classroom technology.

All of these elements are put into play in unique combinations to address the firm's learning requirements. Virtual classroom technology is used frequently to quickly bring store-based personnel up to speed on new product offerings and sales activities (a typical session may reach 100 stores, and 200 or more staff members). Employees in distribution centers across the country access off-the-shelf content to meet a diverse set of career development needs. A "virtual book club" of more than 500 employees uses networking tools to meet and share insights on books. In addition, a new program to address the needs of employees without a deep retail background ("Discover Retail") is based on a sophisticated blended-learning design that includes e-learning, traditional classroom training and experiential activities.

By creating this shared services operation, the company gains both by using centralized expertise in developing and delivering innovative learning programs, as well as by ensuring that both general-topic and retail-specific e-learning content work effectively within the technology environment of the enterprise.

Appendix IV: Case in Point

Zaxby's

Zaxby's is a successful restaurant franchising operation based in Athens, Georgia, with more than 400 restaurants in 10 states and dozens more opening each year. As a franchise operation, one of its most critical business issues is training new franchise owners and managers in the operating practices and systems required to successfully maintain a consistent customer experience. In addition to franchising, Zaxby's also manages company-owned stores. Together with a growing corporate staff, the company-owned stores require Zaxby's L&D team to address a growing number of management development and professional skills issues.

Figure 13: Zaxby's at a Glance

- **Industry:** Hospitality (restaurant)
- **Revenue Category:** \$500 million
- **Workforce Size Category:** 15,000
- **One-Year Growth Profile:** 15 percent (revenue and employees)
- **Three-Year Growth Profile:** 20 percent (revenue and employees)

Source: Bersin & Associates, 2008.

Four Stages of e-Learning

Zaxby's is a Stage 2 (expand) e-learning organization – and its L&D leadership can clearly see an aggressive advance into Stage 3 (integrate and align). The company experienced a similarly aggressive startup with e-learning, partnering with SkillSoft to provide a broad library of management and general business content for its corporate and company-owned store staff and managers. It then quickly followed this effort with outsourced custom-content development and internally developed rapid e-learning activities to more effectively leverage its core instructor-led programs in restaurant systems and operations.

Governance

Although Zaxby's business is in one way highly decentralized (with independent franchise owners running their own operations), it also depends heavily on a very centralized approach to operations and brand image. Restaurant operating practices, systems and brand image are tightly managed by the corporate organization.

L&D governance follows this same centralized model. A corporate learning and development organization manages the enterprise learning budget which, in part, is supported through franchise fees. Technology investments, program priorities, content development and instructional strategies are defined and managed centrally. The organization does not depend entirely on internal staff to support its learning function. Sophisticated content development activities, for example, are outsourced. As the organization grows and its learning strategies evolve, additional staff is brought into the organization to provide new learning function skills and capabilities.

The head of Zaxby's L&D organization said the advantages of this centralized structure include the ability to stay very close to business operations (corporate and franchise), to make quick decisions and to remain flexible in addressing new learning challenges (e.g., outsourcing as needed).

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Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks*® research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

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