

INNOVATION



WORK

NEWS FOR HUMAN CAPITAL STRATEGISTS

Why Bellevue University



John B. Muller, Ph.D.
President
Bellevue University

The mission of the Human Capital Lab is critical to the long-term economic success of the country. Understanding Bellevue University's vision and commitment to this mission starts with a broad understanding of markets.

Clayton Christensen, Professor of Business Administration at the Harvard Business School, and others analyze how market leaders protect their market share. A key component of this is creating barriers to competition by constantly adding new features and benefits.

The new features add costs that progressively take the market leader away from the core value proposition. Eventually new competitors offer simplified products that more effectively address the core value proposition, and cause market share shifts.

An even more significant process affecting markets is what Clayton Christensen calls "disruptive technology." New technologies arise in markets that define new sets of benefits and price structures. A dramatic example is the impact of information technology on markets. Heavy investment occurred for many years before the results flowed to the bottom line, but by the time the effects were truly evident, it had fundamentally changed the nature of our economy.

So, what has this to do with Bellevue University?

Education is a "market" subject to the same forces as any other industry. Institutions, to remain viable, must attract more resources than they expend whether these come from tuition, taxes, or donations. They also increasingly invest in producing new knowledge and become less efficient transmitters of existing knowledge. Into this realm of inefficient markets have come two new disruptive technologies: the digitizing of information, and broadband transmission on the internet.

Starting in the mid 1990's Bellevue University recognized that the *genie had escaped the bottle*. Knowledge generation and transmission were no longer going to be limited to a university campus, but would occur anywhere, everywhere, and at any time. It also saw that ideas and learning skills had great economic value and were becoming the primary engine of business value creation.

These insights led the University to seek strategic partnerships with major corporations to develop synergies between both worlds of intellectual value creation. This in turn has led to a marvelous decade of learning for the University and to developing the necessary expertise to create the Human Capital Lab.

Corporations face enormous challenges competing in an age where human capital, relatively unconstrained by time and place, determines the lion's share of value. Winning will take enormous investment to guide and manage learning, but currently the management tools available are not really up to the task.

Bellevue University launched the Human Capital Lab, and with its new Ph.D. degree in Human Capital Management looks forward to being a partner in meeting this exciting challenge. It is a crucial challenge for the very viability of our nation. Bellevue University has the vision, commitment, and human resources to meet this challenge and we look forward to being a national leader in this endeavor.

The mission of Bellevue University's Human Capital Lab is to develop innovative and valuable approaches to unlocking the long-term potential of human capital investments.

IN THIS ISSUE

- Chrysler Measures the Business Impact of Learning Interventions
- Generational Human Capital – Knowledge Transfer Beyond Boomers
- Know-how makes its way from Bellevue University's Human Capital Lab to Organizations in the Form of Education Programs

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www.HumanCapitalLab.org

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Maximizing the Business Impact of Learning Investment:

The Use of Strategic Alignment, Disciplined Business Planning, and Meaningful Measurement (including Net Dollar Benefits) to Ensure Expected Results.



David Vance
President/Consultant – Manage Learning, LLC
Retired President - Caterpillar University

Tuesday, April 22, 2008
7:30 AM to 10:00 AM

David Vance is the recipient of a Corporate University Best in Class (CUBIC) Award for Corporate University Leader of the Year. He received this honor while President of Caterpillar University, an organization which won several CUBIC Awards at the time as well. For the Spring Colloquium, David will share his astute insights on how to maximize the impact of your corporate learning investments. He will discuss the importance of starting with strategic alignment and a written business plan for learning, and cover measurement strategies to ensure the expected results. David also will focus on the use of net dollar benefits as a tool to produce a better plan, manage performance, aggregate results, and evaluate success.

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If you missed the last Colloquium, you can view the video and download the presentations at www.HumanCapitalLab.org

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The Network of Partners

and How Bellevue University's Human Capital Lab Gets Its Message Out to Key Influencers in the Learning Industry



By **Michael E. Echols, Ph.D.**
Director, Bellevue University's
Human Capital Lab

Developing new know-how and creating educational programs is only a part of the total solution to help organizations with their human capital management challenges.

In the absence of "uptake" by the organizations, the actual use of know-how and the deployment of educational programs is just an academic exercise. People have to actually use the knowledge and enroll in the education programs to have a real impact.



Getting senior leaders to listen is a major challenge.

The very notion that expenditures to create human capital are *investments* vs. expenses reported to Wall Street security analysts is foreign to most top-level executives in the executive suites of American corporations. On top of that, those same executives have little or no direct experience with adult online learning, the education that can be rapidly deployed in the face of the pending baby boomer exodus.

For the Bellevue University Human Capital Lab and Bellevue University degree programs to have impact, managers in organizations need to hear the messages and consider the options the University offers. The alliances the University has developed are proving to be key to getting the word out. We will have a regular column that shares how Bellevue University is impacting this conversation in organizations.

I write a bimonthly column for *Chief Learning Officer (CLO)* magazine on the subject of measuring the business impact of learning. The following are some excerpts from the first issue of that column:

For several years now, Bob Lee of WebEX, Dennis Brown of SkillSoft, and Mike Echols of Bellevue University have traveled the country interacting with learning leaders at the MediaTec Breakfast Clubs. Individual Breakfast Club meetings lasted more than two hours and involved

literally thousands of learning leaders in over a dozen American cities. We heard a lot about the real measurement challenges facing learning leaders.

Measurement of the business impact of learning is a topic widely discussed in the learning industry. Pick up any learning publication and what you see is the statement that measuring impact is critical. Unfortunately, surveys that track how many organizations are actually measuring impact show very low (5% - 20%) results. The very first question that emerges from these market results is the following:

"If measurement of impact is held as such a high priority, what is stopping organizations from actually doing the work?"

*In a survey of 900 organization leaders in a study released October, 2007, titled: **Measuring Success, Aligning Learning Success with Business Success**, The eLearning Guild provided some valuable insight into the challenges learning leaders face. The study shows that while 20% of the respondents stated they were able to measure what they wanted, only 10.9% have data that shows that the measurement approach provides value to the organization – the primary topic of this column.*

That same eLearning Guild study further revealed what is blocking the measurements the vast majority of leaders say are so important to business. Two responses of greatest importance to our discussion here were:

1. *Other priorities are more important – 40.4%,*
2. *Lack of know-how, expertise – 31.2%*

So how can there be such a wide gulf between what is almost universally agreed to be a high learning industry priority and the actual "state of the industry" as reflected in many learning surveys, including the eLearning Guild data?

The challenges to actually measuring business impact from learning and development are real and substantive. For now it is a reasonable goal to address the barriers that block the measurement of business impact. As we wrap up this month's column, I will leave you with this assertion:

There are very few things in our global economy today more important than measuring the impact of learning and development expenditures, what I call Human Capital Investments.

The priority is especially important to the global competitiveness of the American economy.

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Join innovative companies from around the globe who are taking the lead in defining the new science of Human Capital management and measurement.

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Human Capital Lab in the News



Michael E. Echols, Ph.D.
Director, Bellevue University's
Human Capital Lab

Mike Echols pens new column in *Chief Learning Officer (CLO)* magazine.

Mike Echols, Ph.D., writes a bi-monthly column on measuring the business impact of learning and development in *Chief Learning Officer (CLO)* magazine. He writes the column from the C-suite perspective, and the point-of-view that acknowledges the accountant's role in keeping score on executive performance.

A former profit and loss manager at the General Electric Company, a physicist, and the Director of the Human Capital Lab, Mike will focus on where leading companies are going with their vision and insight on corporate learning.

Check out these upcoming issues for more:

April – FIRST PRINCIPLES: What is Business Impact? Mike gives simple to understand, broadly applicable terms.

June – CHALLENGES TO ACTUALLY MEASURING BUSINESS IMPACT: Mike defines the business parameters to be measured, tells how to get top management "buy-in," what to do about messy or missing data, and how to isolate the impact of other influences.

Do you have a column idea, or subject you want to know more about? Email Mike Echols today at mike.echols@bellevue.edu

Linking Corporate Tuition Assistance Programs to Business Strategy

By **Elizabeth Hibner**, Senior Product Manager, CAEL, and **Jennifer Murnane**, Assistant Director, Human Capital Lab

One strategy often overlooked by HR and Learning and Development professionals to address the increasing workforce shortage, is the use of an effectively constructed tuition assistance program.

Where companies do employ this strategy, it demonstrates that they understand the importance of cultivating internal talent to meet future workforce needs.

Approximately \$20 billion was spent on tuition assistance programs in 2005 according to estimates by Eduventures, yet there is a disconnect between generalizations and the specific actions required to create and deploy policies, practices, and procedures that effectively use and measure the impact of tuition reimbursement to support the overall strategy of the organization.

In a 2004 study conducted by the Council for Adult & Experiential Learning (CAEL), 70% of companies report the reason they provide tuition assistance is that it is an effective employee retention aid. Forty-eight percent say it gives them a competitive edge in recruitment.

In a 2007 study by Corporate University Xchange among 180 companies, the overwhelming majority of respondents reported they were not measuring the program's impact on employee recruiting or retention (approximately 31% and 38%, respectively), and were not planning to measure recruiting or retention in the future (approximately 48% and 39% of respondents, respectively).

The conclusion from these studies is that the majority of companies are missing the opportunity to align their tuition assistance programs with stated company goals and therefore failing to put any measurements in place to demonstrate the value of their program to senior leadership and employees.

The impact of tuition assistance on employee turnover has been shown to improve employee retention at companies such as Verizon Wireless, which showed a 50% reduction in turnover among employees utilizing its tuition reimbursement plan.

Companies also believe they are better able to effectively recruit talent by offering this enticement to prospective employees. Tuition assistance is an especially beneficial tool in recruiting the younger worker, particularly in small and mid-sized companies. In a 2007 survey of 6,169 employees,



Careerbuilder.com found that 31% of those surveyed planned on changing jobs in the next two years. Reasons for looking for another job included pay, career advancement, work/life balance, and training and learning opportunities, with 33% of the employees dissatisfied with the training and learning opportunities provided by their current employers.

It is important to make an explicit connection between the value of the employee's learning experience and the value to the company.

If an employee is going to spend considerable time off hours in pursuit of a degree, he/she

should have a clear understanding of how the company views that commitment and the potential for advancement within the organization.

In research on 73 companies in the CAEL database, the Human Capital Lab found that the majority of tuition assistance policy purpose statements are directed at personal career development. Predominant phrases are "support the pursuit of higher education," "learn more," and "support personal and professional development." The purpose statements that tied into a more strategic view of retention are "contribute talents to achieve business objectives and company vision," "retain and develop the overall knowledge of the company workforce," and "contribute to the long- and short-term business success of the company."

The database study also showed that approximately 56% of the policies did not have a stated waiting period prior to employees enrolling in the program. Waiting periods have been found to be inconsistent with recruitment goals as they delay the new employee from taking advantage of the educational assistance immediately.

The recommendation is for companies to consider how to shift the view of tuition assistance from merely a benefit to an investment creating strategic value.

The first step in this shift is to link measurement of business impact, particularly recruitment and retention, to funds spent on tuition assistance.

Research projects in the Bellevue University Human Capital Lab, as well as specific recommendations presented in the book "Creating Value with Human Capital Investment" by Michael E. Echols, Ph.D., are directed at helping companies measure the impact of these programs.

How Bellevue University Creates Know-How in the Human Capital Lab and Delivers that Know-How to Organizations in the Form of Education Programs

One of the unique resources that Bellevue University has at its disposal is the fact that it is an **accredited** university. It also gives the University a critically valuable vehicle to deploy the objective research from the Human Capital Lab into organizations through education programs. This is exactly what is going on.

In 2007 and 2008, the University created three unique education programs in the area of human capital management. The regional accrediting body, the Higher Learning Commission of the North Central Association of Colleges and Schools, voted in February, 2008, to approve the University's application to offer a Ph.D. program in Human Capital Management. This is a research degree, the first in the 40+ year history of the University.

The advanced degree is focused on advancing the body of knowledge required to help organizations make better human capital investment decisions. It, and the Ph.D. program at the University of Pennsylvania, are the only programs with this focus in the nation.

As a building block for the Human Capital Management Ph.D., the University is offering a master's degree in the same discipline. The masters program covers the applied aspects of human capital management, while the Ph.D. program focuses on the research and development of new knowledge.

A third offering being launched in the spring of 2008 is the CLO Certification from the CLO Institute. This certification consists of seven courses, a considerably shorter offering than the accredited masters and Ph.D. programs. The Bellevue University role with this offering is as a strategy partner to the CLO Institute. The courses are delivered by Bellevue University's exclusive Cyber-Active® Learning Platform. Michael E. Echols, Ph.D., is the designer of the Applied Practical Project, the "Capstone" for the certification.

These programs give Bellevue University access to current learning executives in organizations who want to implement the measurements and methods developed in the Bellevue University Human Capital Lab. The goal is to help these organizations make better human capital investment decisions.

The combination of research and the educational program development fits perfectly into the operational portion of the Human Capital Lab's Mission, which is to:

Manage a network of researchers, fund Bellevue University graduate student research, conduct seminars, publish results, and consult with organizations on human capital investment issues.

Fulfillment of this Mission is well underway at Bellevue University on both the research and the degree program levels. See **HumanCapitalLab.org**, and **CorporateLearning.com** respectively.



BELLEVUE UNIVERSITY'S
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Inside the Lab



The last few months have provided many opportunities for companies to share their challenges in measuring the outcomes of learning. Although many organizations we work with have a strong willingness to measure the business outcomes of learning and education, some are somewhat leery about doing so because of complexities within the organization. These complexities, often numerous, make it difficult to determine whether the learning program implemented had an impact on the business outcome or if it was other factors impacting that outcome. The good news is that research projects just like this are sponsored by the Bellevue University Human Capital Lab where the sophisticated statistical methods of Capital Analytics can successfully separate the impact of the differentiating factors from the learning intervention, allowing company executives to conclude decisively whether or not the learning intervention had a significant and important impact on the desired business outcomes.

When in recent discussions with a company focusing on its sales training, the company's senior management cited the complexities of reviewing the outcomes from this program on individual sales volumes. The composition of each salesperson's territory was such that it alone could have an impact on the person's sales volume. A seasoned veteran with one of the company's longstanding, key accounts in its territory would clearly have an advantage over a salesperson who is not as experienced, with newer accounts and documented fewer sales. Following the sales training program, it was difficult for the company to determine if the business outcomes were simply due to the training program or these known differentiating factors.

Every organization has its own set of factors that make measurement difficult; however, designing the right assessment and using appropriate statistical analysis tools can actually help isolate the impact of the learning program. The Lab's focus is to assist organizations in identifying these complexities with training or learning interventions to determine their impact. Sometimes seeing the forest through the trees is easier than you think. Visit our website at www.HumanCapitalLab.org and join us to see how the Human Capital Lab can help your organization with this and other human capital investment issues.

Learning Intervention: Chrysler Dealership Sales Consultant Training

Background

Chrysler Academy is the organization responsible for the training and professional development of more than 100,000 auto dealership personnel across the United States. In collaboration with its training partner, BBDO Detroit, Chrysler Academy formed a Measurement Task Force to tackle the increasingly urgent question: Is our training having a positive impact on business results?

In 2005, the Task Force found that the certification of Chrysler's dealership sales consultants, (which requires training completion and attainment of high customer satisfaction scores), was linked to the organization's success as measured by individual salesperson's sales. In 2007, Chrysler Academy and BBDO wanted to further quantify the specific impact the revised Sales Consultant curriculum had on the organization.

Learning Intervention

Significant revisions to the Sales Consultant Curriculum (SCC) began in 2005 with expanding training from primarily product knowledge to include more skills-based training as a result of a gap analysis revealing this need. This curriculum focuses on the annual certification of Chrysler sales consultants to ultimately help the organization achieve its strategic goals of customer loyalty. The SCC was a natural "business impact study" for the joint Measurement Task Force to undertake as sales consultants represent their largest training audience and could have the most direct impact on business goals.

Business Impact

Chrysler was interested in determining the impact that the SCC had on its Sales Consultants' sales volume, Sales Satisfaction Index scores (a customer satisfaction metric), and retention of sales consultants.

In addition to analyzing the impact of the SCC curriculum on its business outcomes, prior training of individual sales consultants and dealership descriptors were evaluated.

To determine if the impact on the business outcomes was attributed to the SCC curriculum and not to these other characteristics, statistically significant analyses were conducted by Capital Analytics as follows:

Data was collected from 33,867 sales consultants with 25% wholly trained, 34% partially trained, and 41% untrained. The statistical

models used in this particular analysis had confidence levels between 99 and 99.9%, which represents the level of certainty to which the results are accurate.

Key Findings

The research discovered that the SCC training indeed was having a positive business impact:

- Sales volume per sales consultant increased by a statistically significant amount.
- Sales Satisfaction Index (SSI) increased by a minor amount.
- Turnover rates for trained sales consultants were significantly lower than those for untrained sales consultants.

Implications

The significance of this work is that it provides Chrysler senior management with concrete evidence as to what their investment in training is doing to meet the organization's business goals. This type of work is important for Chrysler and other organizations because it documents, at a statistically significant level, that the expenditures in sales training represent a good investment of the company's financial resources.

Additionally, through optimization, the company is able to find out the circumstances under which the training benefits employees. Such knowledge allows training to be more carefully targeted at the audience who will most benefit, and for new training to be developed to address the needs of a particular group. Optimization also involves an understanding of trade-offs between different key performance indicators and the different phases or aspects of the training.

With this "hard" data, Chrysler had proof of the positive business impact that sales training was having. Further, the work done here forms a solid platform for guiding future changes in the content of the curriculum and for measuring the business impact of those changes.

For more detail on this study and the outcomes see www.HumanCapitalLab.org