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# Looking for ROI? You're Missing the IOB™

Why **Impact On Business™** Is the New Measure  
of Corporate Learning

*A Blackboard White Paper*



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# Executive Summary

## Without the Right Metrics, Corporate Learning is a 'Gray' Area

ROI has long been the primary measure for determining the value of corporate and organizational investment. It is an appropriate metric in many areas, especially when the investment can be allocated properly and quantifiable results can be directly related to that expenditure. For example, productivity improvements derived from new machinery or increased sales resulting from new call center software can be easily ascertained. Costs can be amortized over time and benefits can clearly be attributed directly to the capital expenditure.

The results of corporate learning, on the other hand, are much more difficult to quantify and attribute to the original investment. How can you be sure which course led to an innovative idea? Two groups took the same classroom training, so why did one post better job performance? You've cut costs using online training, but is the resulting instruction having the desired impact on the plant floor?

Such "gray areas" present an obvious challenge, since learning organizations must be able to prove their relevance by demonstrating improvements in employee skills, competence and knowledge over time. Savvy Chief Learning Officers (CLOs) are now realizing that instead of relying on a standardized metric (like ROI) to indicate results, they should measure and be able to demonstrate their *Impact on Business* (IOB).



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**The results of corporate learning are difficult to quantify and attribute to the original investment.**

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**It's difficult to accurately measure ROI that's derived from corporate learning because it is hard to pair specific costs with the exact benefits attributable to those costs. That's why Impact on Business is a better measure.**

# ROI Works For Reducing Learning Costs — But That's Not Where Impact on Business Happens

As mentioned, ROI provides an accurate measure of project success in terms of hard costs, such as budgets for learning events, the time and money saved as the result of online training, or the cost of instructional software. However, neither ROI nor any other related calculation can easily provide a true measure of *learning*.

That hasn't stopped learning organizations from attempting to adopt the ROI model and other metrics for assessing their learning activities. This is particularly true when it comes to events such as regulatory compliance, skills, or new employee training. These types of programs can be easily quantified to show number of participants and number of completions, which provides an obvious appeal. The problem is that the resulting tallies cannot quantify learning. And while there may be a certain quantifiable ROI that comes from organizational certification and compliance, these are generally "activity-based" metrics, not true indicators of learning or business impact. Risk mitigation is important, but it doesn't move the business forward.

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**Risk mitigation is important, but it doesn't move the business forward.**

## What Exactly Is Impact On Business?

Mike E. Echols, Director of Bellevue University's Human Capital Lab and Executive Vice President of Strategic Initiatives for Bellevue University, describes business impact as "the specific measurable performance indicators that relate to the strategy and goals of the enterprise." He goes on to say, "The key is that they are specific, not universal."

From a learning perspective, this means that the appropriate performance measures for one department or organization will be different from another. CLOs, therefore, must determine if their efforts are affecting the priorities of their internal clients *in ways that are meaningful to those clients*. Kevin Wilde, chief learning officer for General Mills, notes that when he set out to find the right ways to measure the impact of learning on the performance of General Mills, he drew on what was distinctive about the company. Early on, said

Wilde, “I realized that, to build the credibility and relationships with senior executives in the company, I needed to speak their language.” Realizing that data is a key lever in the company, Wilde set out to determine the best data to show that learning programs were having an impact on employee commitment and performance.\*

At Blackboard, we call this IOB<sup>3</sup><sup>TM</sup>: the ability to positively impact the

- behavior,
- business goals, and
- bottom line

of your clients.

Once you know the answer to this question, you will be able to develop strategies, programs and measurements that demonstrate your value in helping internal stakeholders successfully reach their goals—and that is what IOB is all about.



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**You can measure the impact of corporate learning on your organization by how it impacts three areas: behavior you want to develop or replicate, business goals and bottom line financial results.**

\* Meister, Jeanne C. “Measuring the Relevant Business Impact.” Posted to New Learning Playbook A Featured Blog of Workforce Management

# What Gets Measured Gets Improved (And Better Supported)

Being able to demonstrate IOB presents benefits to both learners and businesses, as well as to learning organizations themselves... and the better you align learning activities to the enterprise's performance and business priorities, the greater the associated benefits will be.

- By addressing their specific needs, you enable learners to experience improved engagement and content retention
- Cooperative links between CLOs and internal customers are strengthened
- Demonstrating the connection between improved performance metrics and learning activities proves the relevance and value of learning organizations
- IOB facilitates learning organizations' further involvement in strategic initiatives and shows the importance of their involvement in developing and executing business strategy
- The ability to demonstrate IOB increases CEO support and garners resource allocation for continued learning activities

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## Organizations That Achieve IOB With Blackboard Learn+

### #1 Watson Pharmaceuticals

Instead of flying sales representatives to its New Jersey headquarters to train for a new product launch, Watson Pharmaceuticals Inc. created an online portal with Blackboard Learn+. The site offered continuous access to sample presentations, product details and the ability for reps to upload self-recorded video sales presentations for critique and coaching from managers and mentors. These features all addressed Watson's priority that its sales force be as prepared as possible for introducing new products.

#### IOB Results:

- Sales rep preparation and presentation practice increased tremendously (Some salespeople practiced presentations 70 times before posting their video for critique)
- Sales force credibility and confidence increased significantly
- Senior management became more engaged in the training process
- During the first week after launch, the new product doubled the number of prescriptions written compared to a competing brand during its first week on the market. Even more impressive, the competition had a sales force twice as large as Watson's.
- Time and costs for training were reduced

# Four Steps To Achieving IOB

Recognizing the importance of IOB as an effective tool for measuring the success of learning organizations' activities is just the beginning. There are several steps required in order to affect real impact.

## 1. Understand Your Customers

The first step is to understand the business goals and metrics of your internal customers. To do this, CLOs must continuously review the priorities of those customers (which may be department heads or even the CEO) to accurately determine if existing programs are addressing their needs. You don't need new metrics. They already exist with your internal customers.

## 2. Re-engineer Learning Strategies

Once you have a thorough grasp of the appropriate priorities, you can customize learning strategies and objectives to address them. This is accomplished by collaborating with department heads and other stakeholders to define the specific skills and knowledge employees need to achieve the desired results. This will, in turn, determine the appropriate approach for each group. For instance, interactive online study might be most effective for engineers learning a new software package, while role-playing exercises would be more helpful for sales staff practicing responses to client objections.

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**CLOs must continuously review the priorities of customers to accurately determine if existing programs are addressing their needs.**

## Organizations That Achieve IOB With Blackboard Learn+

### #2 Saint Elizabeth Health Care

Saint Elizabeth Health Care (SEHC) supports home health professionals across 1.3 million square miles in Canada with training, consultations and other clinical resources. Through *@YourSide Colleague*, an online portal built on Blackboard Learn+ technology, the company has created a community site providing virtual consultations, discussion and knowledge sharing. These learning opportunities are perfectly aligned with SEHC's focus on patient care, staff training and disseminating information as quickly as possible. The system also enables the learning organization to track key metrics that are used to appropriately customize ongoing training.

#### IOB Results:

- Improved training and clinical diagnoses
- Faster access to specialists and specialized knowledge
- Improved patient outcomes
- Improved confidence and performance of field staff
- Reduction in cost, travel and lost clinical time due to training

### 3. Create Continuous and Informal Learning

An environment in which learners continue to acquire knowledge and hone their skills even after formal learning events are completed is tremendously important in creating IOB. This type of setting increases learner engagement with the material and exponentially improves content retention. This is accomplished by capitalizing on “teachable moments” whenever and wherever they occur.

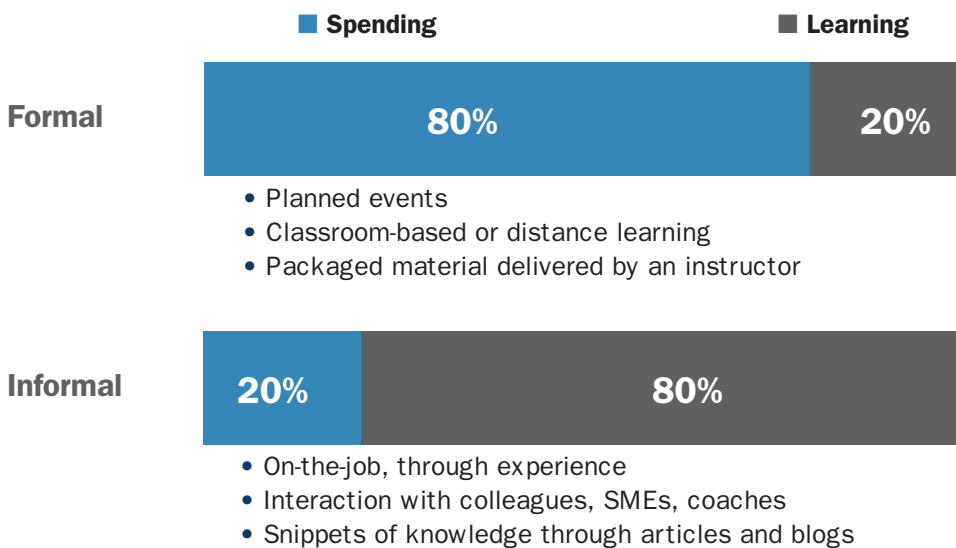
For example, consider an employee who is on deadline for a presentation, but isn’t clear on how to integrate a particular set of data in light of a newly announced corporate initiative. When the employee reaches out for help, *that* is a teachable moment—when information is needed in a “real-life” situation in which success is at stake. Therefore, providing access to mentors and facilitating best practices and knowledge exchanges between peers and subject matter experts all reinforce newly acquired content and, in turn, increase the impact of your efforts.

The irony (as described by Jay Cross in his book, *Informal Learning*) is that organizations devote 80 percent of their budgets to formal learning (i.e., scheduled classroom events) in which a mere 20 percent of employees’ actual learning occurs. Only a fraction of that time is spent on continuous, informal and collaborative learning, through which a full 80 percent of an organization’s knowledge is exchanged and retained.

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**Capitalizing on  
"teachable moments"  
increases learner  
engagement and improves  
content retention.**

#### The Spending/Learning Paradox



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**A wildly disproportionate  
share of learning budgets  
is spent on formal  
learning compared to  
the amount of ‘true’  
learning that occurs  
in informal settings.**

#### 4. Measure the Results

After learning strategies have been developed and implemented, measure the results by tracking the key metrics that are most important to the various stakeholders. Aside from customizing learning strategies, this is where understanding internal client priorities is most important, since it allows you to report results that are aligned with their specific goals and objectives.

Mike Echols provides good examples of how the appropriate performance indicators vary from one enterprise to another in his article “Why Is Business Impact Important?” in the April 2008 issue of *Chief Learning Officer*:

- Chrysler measured unit sales increases along with unit profitability and employee retention to show the business impact of sales training
- Haliburton focused on employee engagement as their key business parameter

Each of these performance indicators are appropriate measures for the respective company because they reflect the corporate values, culture and business strategies of the enterprise.

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**Understanding internal client priorities is most important, since it allows you to report results that are aligned with their specific goals and objectives.**

#### Organizations That Achieve IOB With Blackboard Learn+

##### #3 Westinghouse

Among its many products, Westinghouse Electric Company manufactures state-of-the-art equipment and operating systems for nearly 50 percent of the world’s commercial nuclear power plants. With increasing demands for energy around the world, a key concern for Westinghouse is training new employees, educating commercial customers and preparing subject matter experts who provide that education. Because much of the training process requires hands-on classroom demonstrations, Westinghouse turned to Blackboard Learn+ to create hybrid courses to help streamline the process.

##### IOB Results:

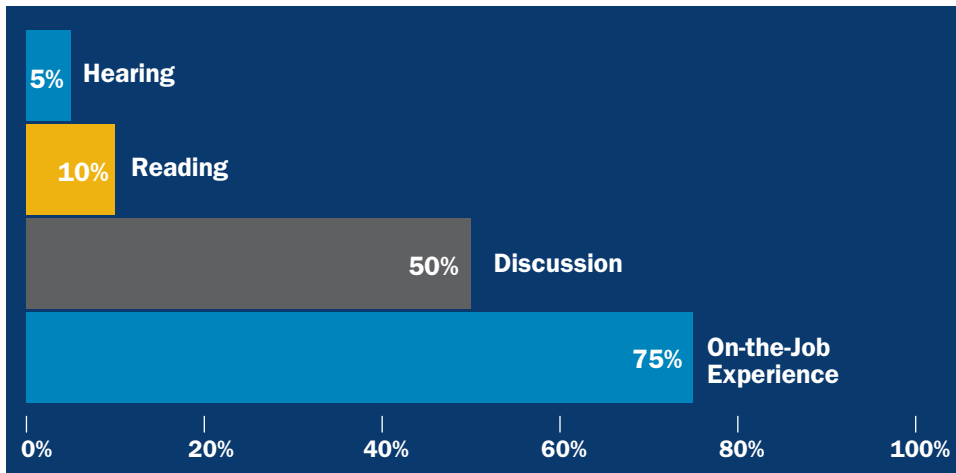
- Online preparation saved classroom time for additional hands-on learning
- Additional hands-on learning improved training effectiveness
- After training, customers were able to diagnose and repair problems faster
- Content retention was reinforced through discussion boards
- Customization allowed training to keep pace with industry developments
- Savings made possible by hybrid courses allowed for more efficient allocation of other available training resources

# Blackboard Learn+™ Helps Drive IOB

Creating a continuous learning environment that provides opportunities for collaborative learning (through mentoring, peer exchanges, online social networking, etc.) is vitally important to clearly establishing and identifying IOB. That is because the ability to leverage teachable moments increases content retention, learner engagement and demonstrates the practical application of whatever is being learned at that particular point in time.

Research from Bersin & Associates has shown that the greater the sensory involvement, the more learners retain. Their findings indicate, for example, that employees retain only five and ten percent of what they hear and read, respectively. However, the figures jump to approximately 50 percent for material gained through discussion and interaction and to more than 75 percent for learning that takes place through on-the-job experience. It follows, then, that collaborative learning also heightens the experience because of the engagement that occurs when learners interact with one another.

## Learning Retention



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**The greater the sensory involvement, the more content learners retain.**

These characteristics of learning are what make Blackboard Learn's features such a powerful engine for driving IOB.

- Multimodal capabilities increase learners' sensory engagement with content
- Simple, intuitive navigation allows learners to focus on content and learning, while keeping technology in the background
- The ease with which content can be created facilitates customizing material to address customers' priorities
- "Social" learning connections provide student access to instructors, peers, mentors, coaches and subject matter experts before, during and after learning events:
  - + Discussion boards
  - + Email groups and instant messaging
  - + Group project portal
  - + File exchange areas

## Blackboard Is Your IOB Partner

This brief overview just scratches the surface of how Blackboard Learn+ can enhance your efforts to address the specific learning needs of your organization. To find out more about how Blackboard solutions can help increase and highlight your impact on business, visit our Web site at [www.Blackboard.com/ProEd](http://www.Blackboard.com/ProEd) or call (888) 719-6123.

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