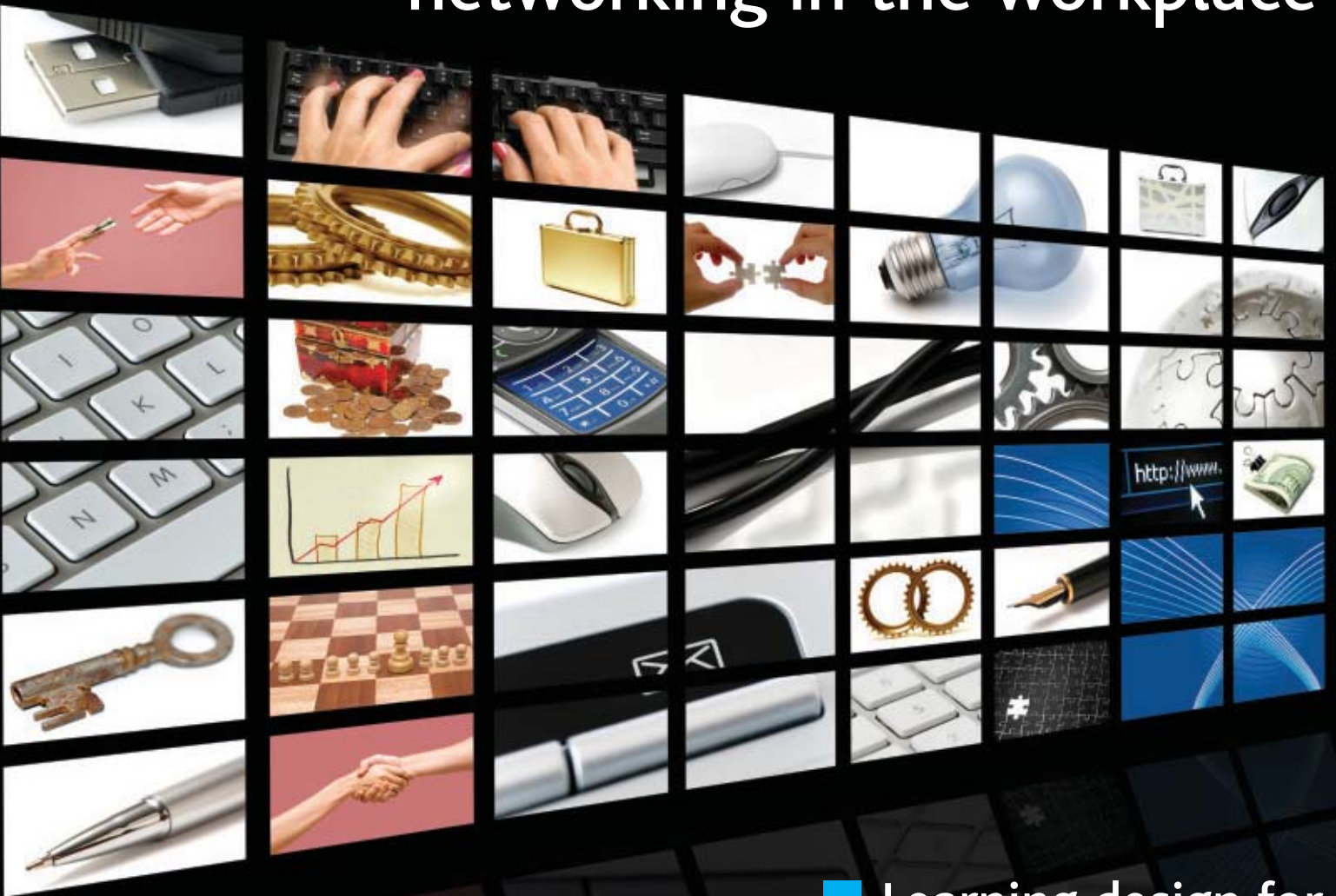


INSIDE LEARNING TECHNOLOGIES

DECEMBER 2009

The threats and benefits of social networking in the workplace



■ How to create a live online learning event

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MAKING BUSINESS DECISIONS: THE HEART AND THE HEAD

Jay Cross examines decision making on learning at work, and gives the lie to some myths about the use of business metrics.

In my last article, I argued that to “earn a seat at the table” where the business managers sit, you must:

- Speak the language of business
- Behave like an officer of the corporation
- Think like a business person
- Act like a business person

This applies to any corporation, in the public or private sector. It is vital to understand how a business person makes decisions – and in particular the weight they give (or not) to numbers and facts when doing so. It is equally vital to understand that different officers of your corporation will approach decisions about learning in very different ways depending on their circumstances.

Business is about making sound decisions. Every business decision is a trade-off. (If there’s no trade-off, it’s a no-brainer.) An important corollary: There is no free lunch. List the pro’s of doing something and the con’s of doing something else. Be aware of what you’re trading off when making a decision. Every trade-off is a risk. That doesn’t mean you should shy away from risk. Quite the contrary, for no risk means no reward. A decision-maker who disregards risk is a fool, a pauper, or both.

Fortune favours the bold. An astute business person seeks the most lucrative balance of risk and reward.

Every business decision is made with less than perfect information, and every decision entails taking a risk. Most investment decisions trade off risk and reward. The way to make sound decisions is to judge when you have enough information to move ahead and when the level of risk is acceptable. Saying "We don't have enough information" is not an acceptable excuse. If the timing is not right, it would be better to say, "The downside is losing \$500,000, and we can't identify the range of probability around that occurring any finer than 25% to 75%."

When you talk about the bottom line, you damn well better know what it is. I don't mean to insult your intelligence, so permit me to explain that I didn't understand the difference between profit and revenue until I took a correspondence course in accounting five years after graduating from college. If you are not fully fluent with terms like revenue, earnings, cost, cash flow, margin, and value, find out or get a friend to explain the workings of the basic business model.

THE ENVIRONMENT OF BUSINESS

Everything is relative, including evidence and 'hard numbers'. An executive, a manager, a training director, and a worker each have different but valid ways of evaluating the effectiveness of learning.

People see what they focus on; they don't see what's really there. An alcoholic sees the liquor stores other people breeze by. A foodie always remembers whether or not she has eaten at a particular restaurant. A top executive sees long-term trends; a factory labourer sees the clock. (Training directors see learners; everyone else sees workers or employees.)

Let's walk in the shoes of different people and see what they notice.

Knowledge workers

The knowledge worker's objective is to learn what it takes to do the best she can. The learned worker enjoys the fulfilment of a job well done, the rewards that go with high performance, and the accumulation of marketable skills.

Today's workers are out for themselves. Not selfishly but realistically. Free agents. They recognise that their careers will last many times longer than their employer. Our market driven world drives people to increase their personal marketability.

Incoming workers are more demanding than previous generations. They have no



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patience for irrelevant exercises, be they useless curriculum or teaching what they already know. Their watchwords are "Don't waste my time" and "Less is more".

A great industrial worker might be half again as productive as his middle-of-the-road peer. A great knowledge worker can be several hundred times as productive as his peer. These people need the room to excel. They want their organisations to give them the dots but they want to connect the dots for themselves. Workers want learning that is 'pull', i.e. they find and use what they feel they need, instead of 'push', i.e. someone else decides the subject matter for them.

The incoming generation of knowledge workers demand opportunities to learn through their work; otherwise, they will pick up and go elsewhere.

Training directors

In the industrial age, the worker was told she was not paid to think. In the knowledge era, workers are paid to think. And they need to keep current with a buzz of things racing by. Workers expect to learn things in small chunks. Learning has shifted from something outside of work to something embedded in work. Stand-up instruction is giving way to peer learning.

The training director's objective is to help his sponsors achieve their goals. Sponsors?

Usually these are the people with the authority and wherewithal to sign the checks. Training cannot rate itself; it doesn't own the yardstick.

Business managers set objectives; training directors help achieve them. 'Proof' that training is working is when sponsors believe it is.

Pity the training director. There's more and more to learn. The old approach to training they're accustomed to doesn't work well any more. They must interpret business needs into learning opportunities. And even as knowledge workers take responsibility for their own learning, the training director is likely to be held accountable when learners' performance is underwhelming.

Typical assessment measures – the four or five levels – are at best pieces of a much larger puzzle. "Level Four" will always be out of reach because the instruments of measurement belong to another level in the organisation.

The shift from training (we tell you what to learn) to learning (you decide what to learn) increases the scope of the director's job from classes, workshops, and tests to the broad array of networks, communities, meta-learning, and learning culture.

You live your life as if everything is a miracle or nothing's a miracle; for the



DECISIONS

training director, the sky's the limit or the job is untenable.

Today's training director must gain control by giving control. Here are some things one might add to any training director's job description:

- Supporting the informal learning process
- Creating useful, peer-rated FAQs and knowledge bases
- Supplementing self-directed learning with mentors and experts
- Using smart tech to make it easier for workers to collaborate and network
- Encouraging cross-functional gatherings
- Helping workers learn how to improve their learning skills
- Explicitly teaching workers how to learn
- Enlisting learning coaches to encourage reflection
- Calculating life-time value of a learning 'customer'
- Explaining the know-who, know-how framework
- Creating a supportive organisational culture
- Setting up a budget for informal learning (There's no free lunch.)
- Positioning learning as a growth experience
- Conduct a learning culture audit
- Adding learning and teaching goals to job descriptions
- Encouraging learning relationships
- Supporting participation in professional communities of practice

Managers

Getting things done is the role of managers. Meeting this quarter's numbers is the number one priority. 'Long-term' means one year. Great execution merits a great bonus and more rapid promotion. Execution is judged by relative success in meeting planned objectives.

Common measures are: gain in market share, increased revenue, customer satisfaction, and other business metrics. The manager does not necessarily care what it takes to hit the numbers. If people could gain new skills by popping smart pills instead of training, pharmaceuticals would push training aside. Sometimes the numbers are even manufactured.

A couple of hundred years ago, the factory system kicked off the industrial revolution. The need for coordinated action led to

working hours, the urban workforce, specialisation of jobs, the quest for efficiency, and the separation of management and workers. In the West, the educational system adopted German methods of schooling soldiers to convert feisty farmers and hunters into obedient factory workers.

Great ideas have a lifecycle. They grow from obscurity among enthusiasts and fanatics to nearly universal acceptance and eventually to decline, as the world passes them by. Business managers cling to ROI and conventional training because they are known entities, not because they are right. These conceptual blinders retard the pace of progress.

We recently toured a corporate headquarters where staying late at work was prized by managers. Time on the job was thought to be correlated with output when the job is tending an assembly line. In knowledge work, overwork leads to stress and a reduction in cognitive acumen. It's better to have a team that leaves on time to exercise than one that is chained to its desks.

Executive management

Top management is led by what creates value for stakeholders. This generally involves innovation, staying power, adherence to corporate values, and sufficient organisational flexibility to keep ahead of the speed of change. Shareholder confidence along these dimensions fuels

market capitalisation. When investors judge that the firm can innovate, improve, and grow, the value of its shares increases, as does the take-home pay of the executive.

All learning, informal or formal and anything inbetween, should be evaluated with the same metric: whether people who participate in it are doing the job.

Executives realise that competing successfully in business requires teams of inspired employees – mentally equipped to make sound decisions on the fly; able to execute good ideas in a snap; and proactive when it comes to taking initiatives and bringing innovation.

Being on the front line dealing with customers, these employees don't have time to run every idea up the management flagpole. Leaders want to field a team that's in the game and ahead of the crowd. They want to pile on innovation that meshes smoothly with what people already know. They want organisations that make bold moves and respond to change as if by instinct. The overall goal: an environment where people learn faster and better than the competition.

Getting there takes more than a lavish investment in training. Time is frequently more important than money. "We are moving from a world in which the big eat the small to a world in which the fast eat the slow," says Klaus Schwab, director of the World Economic Forum.

Let's look at how senior decisions are really made. The staff has shopped various projects around, gathered the figures, done due diligence on suppliers, run the numbers, assessed the impact of changes in the marketplace, and prepared terse summaries for each scenario. Six business cases for new investments, bound with a clear sheet up front, rest in a pile on the coffee table at the executive vice president's weekend cabin. (This is going on simultaneously at the CEO's place by the lake, the COO's condo, and a few other spots.)

A couple of projects are no-brainers; these are so integral to the organisation's mission, giving a go-ahead is a mere formality.

Projects that enter new territory, e-learning for example, warrant more detailed consideration. If you were to eavesdrop on the executive's internal thought processes, you'd hear something like this:

[Inner dialog] "Good Heavens, this effort is going to cost us \$8 million and change. But our people are our hope for the future. The analysis shows that we're already spending nearly that much on training. I wonder what

Mikey thinks. The ROI is better than building another fab plant but some of the underlying numbers are soft. Of course there's no guarantee that the fab plant wouldn't be another white elephant when it comes on stream in three years. The breeze is picking up outside. I bet it rains tonight. Without e-Learning, we'll never become an eBusiness. Some of our systems are pretty creaky right now and would benefit from streamlining. We need to shrink cycle times throughout our organisation. This e-Learning infrastructure would give Charlie a platform for broadcasting and reinforcing his message about transforming our organisation. The Net Discounted Cash Flow is \$2 million better than if we took this on ourselves. And the real problem there is that our IT staff would be swamped. And this would wait in line behind the other mission-critical projects they're working on. Keeping up with e-Learning is not a core activity for us; we should outsource as much of it as we can. I wonder what Charlie thinks. The ballgame comes on in about ten minutes. Where do I come out on this one? I'm optimistic about the potential. It feels right. I'll back it at the Executive Committee Meeting on Monday. I better call the wife to

let her know I arrived safely. I could use a slug of single malt about now...."

Don't believe it? Most senior executives have more faith in gut feel than numbers. The numbers are input. The decision is broader than that.

Five years ago, an Information Week survey revealed that "more companies are justifying their ventures not in terms of ROI but in terms of strategic goals... Creating or maintaining a competitive edge was cited most often as the reason for deploying a business application."

Decision making at work is as much about what the heart says (based on experience and values) as the head (dictated by the numbers). To give yourself a chance to lead on learning in your organisation you need to understand and appeal to both – at all levels.

Jay Cross leads the Internet Time Group (<http://intertime.pbworks.com/>). This article is an extract from his book *What Would Andrew Do?* available as an e-book from Lulu, at <http://www.lulu.com/content/7196453>

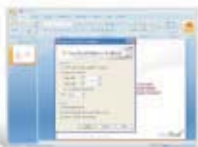
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