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Investing in eLearning: a chorus of voices in the company

What is ROL (return on learning) and how to use it to clarify the benefits of corporate training.

Investment in training involves all the functions of a company. While ROI is a shared concept, agreeing on the method of calculation is more complex. Measuring return on learning (ROL) is one way to clarify the benefits of training.

ROI: many voices in the company

Companies that want to face competition at their best must take care to preserve and develop their skills base. Staff at all levels must be prepared for the tasks they are normally called upon to perform and be able to cope with new tasks as they become necessary. While much of the knowledge and skills enter the company at the time of recruitment, it is also true that managing internal development processes allows the company's organisation to remain viable and competitive. In short, **training is at least as valuable as selection**. Even more so, if we consider the time a new recruit will remain with the company: considering an employee as a static figure is simply a waste of resources.

Of course, **business decisions follow complex dynamics**. Anyone who works in a company knows this: even when there is a shared understanding of objectives, how to achieve them is a source of conflict and negotiation. Is it better to increase sales, increase marketing expenditure, revise the product or the pricing policy? Probably a mix of these choices. Which the various departments must negotiate to secure their share of the budget. Not without difficulty, as each speaks a different language.

One word common to all business functions is **ROI**, the ratio between the return on an investment and its value. As long as you look at the company as a whole, the question is simple: the relationship between profit and investment gives a precise answer. This can be refined if instead of profit we use operating income, the difference between turnover and cost of production, to get more information on production efficiency.

When, on the other hand, it is an individual function that has to evaluate one of its investments, each has its own reasons for choosing its own specific **calculation criteria**: evaluating the benefits of spending on marketing or research and development will require considering different forms of return. Measuring both on the same value - the number of new customers, for example - can be misleading. Not everything can be measured in detail. Training providers know this well: **measuring the ROI of a course** is something to think about. The risk is that at management level the opportunity of certain investments is not fully grasped.

ROL, a method for clarification

If using a single criterion does not avoid misunderstandings, it is better to use an ad hoc one. In order to measure the management of competence assets, ROI can be defined according to the four levels of **Kirkpatrick's model** for evaluating training, up to the concept of Return on Learning (ROL). The model evaluates in sequence:

1. The reaction
2. Learning
3. Behaviour
4. The results

The first group of metrics measures the involvement of the user during the lesson. With the second one the retention of the transmitted competences is evaluated. The third one focuses on the changes in the employee's operational capacity after attending the courses. Finally, the last group considers the impact of training on overall company performance: this is the level at which the relevant HR metrics involve other functions, such as sales or marketing. In eLearning software, this connection between different metrics is enabled by the experience API, or **xAPI**, thanks to which direct links can be made between **people's learning experiences and their performance in the workplace**.

In order for a company to give the right importance to ROL as a method of evaluation, it must adopt a vision of itself as a **Learning Organisation**, i.e. it must have a clear understanding of the importance of continuous training as a tool for its continuous adaptation to market changes. Managing training becomes a major element of the strategy to remain competitive.

The key to putting this concept into practice is to establish the figure of the **CLO**, the Chief Learning Officer, who is responsible for implementing a programme of continuous integration between learning and strategy (CILS). Because of his or her proximity to the CEO, a CLO is well placed to bring the HR vision to bear as a contributor to the company's direction: close enough to the bridge as it is to those who set the sails and manage the lines.

In Jason Winghard's book " Learning to Succeed: Rethinking Corporate Education in a World of Unrelenting Change" two different approaches to assessing the success of a CILS programme are distinguished. At the macro level, one considers the benefits that the whole company has obtained by comparing its performance before and after the adoption of the whole programme. At the micro level, we assess the contribution of a CILS programme adopted for some specific objective: digital transformation, occupational safety, etc. Each measured according to the specific benefits it has brought.

Both evaluation criteria are important: at the macro level you assess whether the integration of learning and business strategy is best implemented; at the micro level, you compare the adopted programmes and decide which ones to focus on and which ones to modify. For both criteria, Winghard considers the following four metrics to measure ROL:

- Financial performance
- Increased productivity
- Development of target competencies
- Growth catalysts.

The last point is worth thinking about: a **growth catalyst** can be an employee who, after training, is able to find an unexpected solution for a product development, or a sales manager who discovers a new profitable market niche. From the action of an individual, benefits can accrue to the whole company: if no man is an island, no corporate function is separate from the others.

CLOs, CFOs and managers: many tools for a concert

It is clear that the role of **HR** is the pivot on which the business philosophy revolves. A frontline manager can consider what skills would improve the performance of his or her team, just as a CEO can choose the best strategy for seizing market opportunities. Both actions risk not actively involving all functions in the company if they are not translated into a corporate philosophy that considers competencies as the most valuable intangible asset. The contribution of Human Resources and its **CLO** can be summarised as follows:

- Assess what necessary skills are lacking in the company
- Define how to acquire them: personnel selection and/or training
- Choose which training methods to provide to new or existing staff
- Measure the progress of training
- Provide useful reports for the overall evaluation of the CILS programme.

In order to be effective, it is necessary that this procedure receives input and feedback from those who will use these competences. It is the managers who manage the teams - sales as well as design; customer care as well as marketing - who can confirm the HR assessments, as well as point out some gaps. It is in the field that you can see whether the planning has been far-sighted. Team leaders are no exception. **Well-defined skills** are required for team management itself:

- Communication skills
- Emotional intelligence
- Organisational skills
- Delegation skills
- Open-mindedness
- Problem-Solving skills
- Aptitude for Decision-Making

The requirements of a good team leader must also be considered and developed, so that his or her team can be managed at its best.

Finally, with CLOs and managers understanding which competencies to develop and which to prioritise, the question of investment remains. How to evaluate it, when to make it and how to classify it is the domain of the CFO and his office. Especially if - as it should be in a Learning Organisation -, disbursements and revenues exceed the budget of the individual manager. Here the decisions are about:

- Investment
- Financing
- Dividends

For financial managers, it is not only the actual amount of the investment that matters, but also its duration: all other things being equal, a capital investment, i.e. one that is capable of producing benefits, is more likely to receive more funds than a working capital investment, whose effects will be exhausted in the short term. This is as important as it is intuitive: it is like the story of the man who is better taught how to fish than given a fish every day.
However, it is financing decisions that tip the balance: a company that has to resort to **financing** may be more cautious about investing in training. Although investment remains a good choice: if I barely have the fishing gear to myself, I will be more reluctant to teach someone how to fish.

Ultimately, it remains to decide what to do when the investment pays off. Of course, this is a happy problem that all companies would like to have: we have skilled fishermen, plenty of fish and we have to decide how to cook them. What is important is that the other functions are aware of this aspect too: how to **distribute the profits** among the stakeholders? Similarly, how should the benefits of a training programme be shared? A proposal that brings together HR, team leaders, CFO and CEO sounds like a flawlessly executed symphony.

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