Confronting Scrap Learning

METRICS THAT MATTER™

How to address the pervasive waste in talent development

Situation ▶

Despite constrained resources, corporate learning & development functions are delivering more content through more channels than ever before.

Insight ▶

A substantial portion of the learning that is delivered is never applied back on the job and ultimately results in a waste of time and resources.

Potential ▶

By adopting new metrics and analytic techniques, organizations can not only recapture that waste, but also double or even triple the performance improvement due to learning.

Situation > Insight > Potential > Action

More Learning, Less Appreciation

Learning & Development functions are striving to provide a range of talent development options to meet the rising demands of the business, despite resource constraints of both time and budget.

Promoting Learning Participation

To build a culture of learning, Heads of L&D are prioritizing driving learning participation across formal and informal learning. The effort is succeeding—compared to two years ago, there is more learning participation across the board:

- 64% of employees participate in more formal learning
- 59% of employees use more social learning technology
- 65% of employees access more channels for information and learning[1]

This increasing of learning throughput has been accomplished in spite of largely flat or declining L&D budgets and intensified pressure from the business to provide learning solutions more rapidly and with more customization. As a result, 93% of Heads of L&D report increased complexity in L&D solutions.[2]

Despite these efforts, there remains a disconnect between L&D and the business. 88% of business line leaders believe that employee development is critical to achieve their business outcomes,[2] but less than 1 in 4 of them are satisfied with the overall effectiveness of the L&D function.[3] This relegates L&D to an order-taker position and blocks aspirations to become as strategic business partner.

About Metrics that Matter™ from CEB

A new standard in talent development analytics, Metrics That Matter™ from CEB enables more precision in strategic talent decisions, moving beyond big data to optimizing your workforce learning investments against the most business-critical skills and competencies. Our cloud-based talent analytics software and proven methodology enable organizations to run learning and talent like a business by establishing the right metrics, comparing against external benchmarks, and leveraging automated insights. Over 500 organizations utilize Metrics that Matter™, including the most widely recognized organizations for talent development.

Line Leaders Not Satisfied with Effectiveness of L&D
Line Leaders Reporting Satisfaction with the Overall Effectiveness of the L&D Function[3]

23% Agree or Strongly Agree
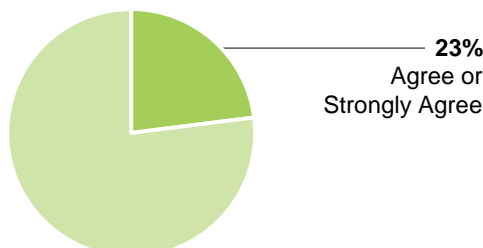
Significant L&D Waste

As learning participation increases, employees devote a higher percentage of work time to learning activities. This temporary lowered productivity is a worthwhile tradeoff when the new knowledge and skills can be applied on the job and increase performance. But when employees spend time in learning activities that do not directly translate to increased performance, this results in wasted employee time and L&D budget. This is referred to as **Scrap Learning**, defined as any learning that is delivered but not applied back on the job.

There are a wide variety of causes for this. Some are within L&D's direct span of control, others relate to the learners themselves, and some of the causes relate to the business environment:

Root Causes of Scrap Learning

Ineffective delivery	Content not directly relevant	Low learner motivation
Content quality issues	Wrong learners attend	No opportunity to apply
Examples don't connect	Misalignment with priorities	Low organizational support
Insufficient practice	Delivered at wrong time	Insufficient time to apply
Inadequate support materials	Learners already know info	Lack of manager support

The learning measurement processes of most L&D organizations are ill-equipped to identify the root causes of scrap learning for a given program, let alone prescribe recommendations for addressing the causes. As a result, the average organization has a scrap learning rate of 45%, which translates to nearly half of L&D investments and nearly half of the time employees spend in formal learning programs producing no value for the organization and ultimately going to waste.[4]

A large part of the reason for the disconnect between L&D and the business is that the increase in learning participation has not translated into an increase in performance gains due to learning. The high level of scrap learning that is occurring is the primary barrier to seeing the performance gains that are needed.

Reduce Scrap, Increase Performance

By starting to measure scrap learning and making continuous improvements to programs based on the analysis, the typical organization is able to reduce the average rate of scrap learning from 45% to 33%. With the typical L&D spend per employee at $1,195, the annual savings represented by this 12% drop in scrap learning would be over $1.5 million for an organization of 10,000 employees.[5]

The more significant opportunity, though, comes with transforming the scrap learning into impactful learning. As organizations systemize the approach of identifying and reducing the waste in their learning and development programs, they see the performance gains due to learning programs increase significantly. The L&D programs of the average organization increase performance of employees by 6% annually, whereas those organizations that actively measure scrap learning see annual employee performance gains of 10%. This 4% difference in performance improvement represents $24 million in opportunity costs for every 10,000 employees in organizations that do not take a proactive approach to reducing scrap learning.

Scrap Learning

Learning that is delivered but not applied back on the job.

For the average organization, 45% of learning investments are scrap learning.

Financial Impact

L&D functions that do not actively measure and reduce scrap learning lose $2.1 million per month for every 10,000 employees.

As organizations become more adept at addressing both L&D and business environment causes of scrap learning, they realize even greater gains. The top quartile of organizations measuring scrap learning manage to reduce it to only 18% and achieve annual performance gains due to learning that are more than triple that of the typical organization.

Performance Gain Due to Learning
Annual Increase in Employee Performance
Attributable to L&D Programs

Category	Value
Average Organization	6%
Average Organization Measuring Scrap Learning	10%
Top Quartile of Organizations Measuring Scrap Learning	20%
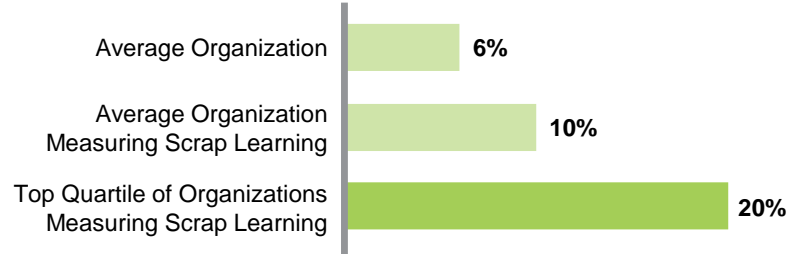
Situation > Insight > Potential > Action

Drive Impact with Analytics

Reducing scrap learning and improving performance impact requires a fundamentally different approach to measurement that pinpoints what is working, what is not working, and why. There are 5 key areas that differentiate high performing organizations:

- **Metrics:** To gain a complete picture of learning impact, the metrics that L&D tracks and reports will need to shift from volume, cost, and satisfaction to a comprehensive set of metrics that include learning efficiency, effectiveness, and business outcomes.

- **Sources:** In order to uncover all root causes of scrap learning, the sources for these metrics will need to expand from just the LMS and learner feedback to include instructor and manager feedback, as well as business data.

- **Timing**: To identify the gaps that occur outside of the learning intervention, the measurement approach needs to incorporate both post-learning and on-the-job data.

- **Benchmarks**: In order to optimally prioritize the improvements needed, benchmarks need to include external comparisons of learning impact to competitor organizations.

- **Process**: The 4 changes above are not possible with a manually intensive measurement process, so high performing organizations leverage learning analytics software to automate and scale measurement to be consistent and have significant impact across the enterprise.

L&D functions that aspire to be more than order-takers, that desire to have a seat at the table, recognize the first step is to demonstrate true stewardship and accountability for talent development investments. By proactively tackling scrap learning and systematically driving up performance gains, L&D functions establish the right foundation to become true strategic business partners.

Sources:

[1]CEB 2014 Learning Culture Survey
[2]CEB 2012 L&D Team Capabilities Survey
[3]CEB 2011 L&D Team Capabilities Survey
[4]CEB 2014 Training Effectiveness Dashboard
[5]ATD 2013 State of the Industry Report

About CEB

CEB is the leading member-based advisory company. By combining the best practices of thousands of member companies with our advanced research methodologies and human capital analytics, we equip senior leaders and their teams with insight and actionable solutions to transform operations. This distinctive approach, pioneered by CEB, enables executives to harness peer perspectives and tap into breakthrough innovation without costly consulting or reinvention. The CEB member network includes more than 16,000 executives and the majority of top companies globally.

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