

2003 Excellence in Practice Citation

Organizational Learning



IBM Corporation

Armonk, New York

Industry Value Project Learning Initiative

SUMMARY

Tactical training enhances selling. But how do you effect a behavioral sea change that aligns sales with a radically new corporate vision? Or that achieves results such as:

- ☑ overwhelming participant support for the transformation (80+%)?
- ☑ substantial potential sales (\$2.5+B) & actual closes (\$40M)
- ☑ higher win rates by participants (50%) over non-participants?
- ☑ astounding revenue-to-learning ROI of 4,344%; profit-to-learning ROI of 433% in year one - not including opportunities still in the pipeline?

You do it by partnering with business to create the *Industry Value Project/Learning Initiative (IVP/LI)*.

In 2002 our organization reorganized business around vertical industries. IVP/LI was created to align sales with this model and shift selling from point-offers to industry-relevant solutions. IVP/LI develops confident salespeople able to:

- ☑ recognize opportunities formerly left on the table
- ☑ bridge features/functions with latent, non-obvious business uses
- ☑ communicate better in teams and with all levels of a prospect's organization

Shifting the sales center of gravity closer to industry means transforming executives, technical sales, and sales perspectives. IVP/LI does this through:

- ☑ *Solutions Techtrack* – targeting technical sales & facilitated by SMEs, focusing on industry trends, technical components, delivery requirements, etc.
- ☑ *Solutions Fastrack* – targeting sales teams & focusing on customer benefits, resources, qualification, etc.
- ☑ *C-Suite Success* – targeting 250 sales executives & focusing on C-level styles, values, consultative methods, etc.
- ☑ *Industry Learning Centers* – a single-point intranet site for accessing industry learning modules, collaboration tools, etc.

And you rigorously evaluate to determine your contribution to business results.

BACKGROUND

- What was the original purpose of this practice? Changing goals? How?

The Industry Value Program/Learning Initiative (IVP/LI) was created to transform the corporate sales culture and bring it into line with the corporation's reorganization of sales around vertical industries. Specifically, industry vertical knowledge, industry-specific solution familiarity, and industry-oriented sales sensibilities were now expected of a sales force formerly comfortable with positioning corporate solutions in terms of their inherent features and functions. The new business strategy (IVP) brings selling closer to the customer. The leaning initiative (LI) enables the sales force to implement this directive.

IVP/LI has evolved in response to implementation requirements. Two examples:

- ☑ *Development of Solutions Techtrack* -- The Fastrack program originally embraced technical as well as sales audiences. However, early feedback indicated that the technical depth required by each varied. The Solutions Techtrack was developed to meet the technical needs of solution architects, principals, IT Consultants, etc.
- ☑ *Development of C-Suite Success Program* -- After deployment, requirements were raised for a shorter, more cost-effective and less time-consuming version C-Suite. Two tailored versions were developed to address additional requirements.

- Implementation stage, status and revision plans with rationale?

IVP/LI is mature with proven effectiveness, but will continue to evolve in pace with business development. Three important evolution points are currently envisioned:

1. *IVP/LI Expansion* – as additional industries are targeted for focused sales activities, IVP will expand to create supporting planning and selling capabilities
2. *IVP/LI Linkage to Other Programs* -- we are currently strengthening IVP integration with other programs and corporate account planning processes. Programmatic weaving will eliminate gaps or contradictions and reinforce shared ideas and common approaches
3. *New Product Introductions* -- as corporate products evolve, the content of the Fastrack and Techtrack programs will be updated to maintain relevance.

- Where is the practice implemented?

IVP/LI has been widely implemented to world-wide corporate audiences. Classes have been conducted in the US, Canada, Latin America, EU and Asia, and involved sellers, technical consultants, architects in Sales, Business Consulting, S/W and other service groups. Workshops are videotaped for global access on the IVP/Industry Learning Center intranet site. Table 1 identifies C-Suite & Fastrack / Techtrack audiences to date.

* These are strategic learning plan owners from industries + Industry participation for both design/development & delivery was <5%

IVP 2002 total cost was \$ 5.3M, including \$2.2M for design & development and \$3.1M for delivery

For 2003 projected total cost is \$10.6M (i.e., \$4.1M and \$6.5M respectively for development and deployment, based on expansion to additional industries and full-year implementation)

- If this practice is submitted in the Electronic Learning Technologies category <n/a>
- How does practice add to state of the art, excellence in application, etc. ...

IVP/LI is a robust application of the systems approach to performance, in that it:

- ☑ Views business planning/change holistically in two ways:
 - ✓ focuses on total behavioral change – value as well as skill/knowledge development
 - ✓ in execution, establishes consistency for sales, management and technical support
- ☑ Treats learning as a strategic enabler for actualizing business vision
- ☑ Systemically integrates the IVP/LI with other learning initiatives to create synergy and strategic results. For example, the IVP/LI Solutions Fastrack Program is now integrating content from two other key learning initiatives (*e-Business on Demand* and *Customer Business Value Initiative*) to enhance audience collaboration.
- ☑ Integrates learning with work activity / processes for greater workforce efficiency & effectiveness. *FasTrack* is an integral part of the corporation's *Industry Solutions Deployment and Opportunity Planning* processes, and brings learning to sellers and consultants just-in-time, as they engage in opportunity planning.
- ☑ Team selling is reflected in team learning -- all face-to-face IVP/LI classes are purposively designed to bring together a mixed audience of Sellers and Consultants with the specific objective of strengthening cross-group teamwork.

Rigorous & Comparative Evaluation –control groups ensure that the results claimed for IVP can be made with confidence, a practice we recommend for all ROI evaluation.

DOCUMENTATION

Needs Identification

1. *Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

The IVP needs assessment strategy involved three levels of needs identification that, in effect, provided cascading information and direction to each successive level in waterfall fashion. This process included (in dominance and chronology):

- 1) Business Level – Implemented in 2000, this business-oriented assessment focused on issues of sustained growth and account retention in a soft technology market. Given highly competitive offerings, the need to better bridge products/services with the customer base was identified as critical. Three strategic decisions that launched the Industry Value Program resulted:
 - ☑ align product/service solutions with industries, assess fit and differentiate/prioritize core from peripheral offerings on an industry basis (i.e., and these in terms of both business and IT infrastructure dimensions)
 - ☑ reorganize product/service-centric marketing and sales organizations to get sales closer to customers, i.e., align sales and sales expertise with key vertical industries
 - ☑ acknowledge that purchasing decision-making in customer businesses has shifted from CIOs to LoB managers and that a gap exists in the ability of corporate sales to effectively sell at this management level

- 2) Operational Level – Implemented in late 2000/early 2001, this assessment focused on organizational readiness to execute the Industry Value Program business vision. Specifically, to what extent are sales executives, the sales force, and sales technicians prepared to sell into customer LoBs? Assessment results indicated that:
 - ☑ corporate sales executives lacked requisite C-level understandings and competencies necessary for working comfortably at this level
 - ☑ sales and sales technicians were unfamiliar with the industries they would be selling into and support in terms of such things as key industry challenges, drivers, and the ability to build or position solutions that resonated with customers

The decision was made to build the learning initiative component of the Industry Value Program to ensure that sales would have the right knowledge and know-how to discuss business issues with a client and to sell effectively at any level in vertical industry markets.

- 3) Execution Level – Implemented as each industry is targeted and comes on line, this assessment brings industry subject-matter experts, initiative leaders, organizational plan owners, and learning consultants together to collaboratively assess and address associated learning challenges. Specifically, these assessments worked with employees and industry experts to:
 - ☑ Identify the specific learning requirements for the target industry (e.g., executive, sales and technical audience mix; solution mix; industry-specific challenges/drivers; competitive presence, etc.)
 - ☑ Determine the right mix of IVP/Learning Initiative interventions required (i.e., C-Suite Success, Solutions Fastrack and Solutions Techtrack)
 - ☑ Determine the final, tailored design of learning interventions, appropriate content, and learning strategy for target audiences

In this way, each iteration of the IVP/Learning Initiative builds on and is enriched by the experience of preceding workshops. This strategy also

maintains the spirit of context-relevance identified as a governing principal at the business level assessment. Result: leveraged experience and specific workshop and solution designs that are tailored to context-specific sales roles and training requirements.

Design Values

2. *Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

As a guiding principal, the Industry Value Program/Learning Initiative (IVP/LI) weaves the interests of the organization and its employees together in a collaborative, mutually beneficial partnership that includes customers. Rather than mere recipients of business decisions made elsewhere, employees, through assessment participation and program feedback, act as shapers and drivers of this vision and planning.

IT selling in the current market is daunting – highly competitive, low margins, shifting account loyalties, etc. To survive, the business must keep pace with developments in its customer base, must realign its value chain and rearticulate its value-add as required by shifts in the locus of customer purchasing decision-making. A change in perspective is required – one that is substantively cultural -- as well as the acquisition of new skills. Yet the promise of this business/organizational redesign cannot be realized in the absence of management and employees who truly “get it”.

Employees understand the need for change because, frankly, their survival depends on it. The IVP/Learning Initiative aligns new capabilities with the corporation’s business strategy in a formula that benefits everyone – the organization, employees, customers, investors. In short, employees “get it”. This is best indicated by operational level needs assessment data that clearly showed that prospective learners wanted learning that they could directly apply on the job. In turn, IVP/Learning Initiative audience feedback strongly confirms that learning is valued and perceived to directly transfer to work without the need for translation or further processing (see *Results*, below).

Given this larger context, specific IVP/Learning Initiative design values and associated organizational and employee benefits are identified in table 3.

Table 3. IVP/LI Design Values & Benefits

Design Value	Description	Benefit
<i>Value & Behavioral Re-orientation</i>	Make industry-relevant needs the organizing principle for sales rather than product/service features & functions. For sales executives, differentiate CIO-IT perspective from LoB-C-level business orientation.	Creates a more effective sales culture able to bridge corporate offerings with customer needs, thereby ensuring corporate health and employee livelihood.
<i>Collaborative Design/Rapid Prototyping</i>	Build multiple cross-functional teams (described in H, above) to evolve learning solutions quickly from needs assessment → conceptualization/design → implementation/delivery.	<ul style="list-style-type: none"> ☑ Wisdom is leveraged across other development teams ☑ Stakeholder buy-in maximized
<i>Targeted Yet Shared Learning Solutions</i>	<p>Workshops tailor activities, content and action-planning accordingly:</p> <ul style="list-style-type: none"> ☑ Sales executives are taught by C-level Executives from the Industry and include role-play, feedback and post-workshop consultative support ☑ Sales personnel are oriented to the industries and skills required for successful account development, call planning and selling ☑ Technical sales personnel are oriented to specific industry drivers and challenges, and to how IT is used to solve business issues in each sector. 	<p>Acknowledges that “one size does not fit all” and that target audiences represent different perspectives, different levels of account penetration, and unique skill sets.</p> <p>However, within these learning tracts, sales teams engage in developing coordinated application of skills and strategies. Balancing role-specific with role-shared learning benefits the organization with well-skilled yet agile employees.</p>
<i>Practice Community Development</i>	<p>Web-based industry learning centers are used to:</p> <ul style="list-style-type: none"> ☑ reinforce realignment messages and provide refresher content ☑ capture/share success stories and best-practices ☑ encourage peer-to-peer collaboration and information sharing ☑ present re-purposed for the web workshops for broader audiences ☑ provide customer call resources <p>“Graduates” are encouraged & expected to support the IVP/LI program</p>	<p>Nurtures the development of applied communities of practice and supports performance with essential collateral to facilitate success in the field. Novices are supported by the community and, in turn, develop into seasoned practitioners well-able to benefit the organization through mentoring, contributions to site collateral, and continuous improvement feedback</p>

Alignment

3. How is this practice in alignment with the performance identified, as described in your answer to question 1?

Table 4 identifies how the IVP/Learning Initiative specifically aligns with the challenges identified by the business, operational and execution level needs assessments.

Table 4. IVP/LI Alignment with Performance Challenges

Performance Challenge	IVP/LI Response
<i>Infuse the sales funnel with opportunities as soon as possible</i>	<ul style="list-style-type: none"> ☑ Ensure that all workshops include robust skill application practice opportunities to facilitate rapid skill transfer and business results ☑ Build a 4 level evaluation strategy with control groups to ensure that: a) IVP/LI is meeting its objectives; b) valid, defensible claims for IVP/LI can be made to justify investment
<i>Corporate Sales Executives lack C-level competencies and confidence for working at this level</i>	<ul style="list-style-type: none"> ☑ Bring in practicing or recently retired LoB target industry executives to facilitate C-Suite Success workshops, mirror expected behaviors and ensure source credibility ☑ Conduct intense role-plays and realty-based application exercises where concepts and tactics are applied, coaching provided and feedback integrated into subsequent practice ☑ Provide continuous executive mentoring and resources following participation in C-Suite Success workshop
<i>Sales teams lack the skill to sell confidently into industries</i>	<ul style="list-style-type: none"> ☑ Bring in industry-specific solutions SMEs (prepared in advance by IDs) to facilitate workshops and drive home key messages, tactics and information ☑ Develop industry-specific, case-based exercises to flex new skills and provide relevant application contexts ☑ Devote a portion of workshop time to action planning to ensure successful launch of skills at exit from workshop

<p><i>Sales technical support and designers lack skill & confidence for selling into industries</i></p>	<ul style="list-style-type: none"> ☑ Ensure technical skill/knowledge differentiation in industry-specific content analysis exercises when developing Techtrack workshops; ensure elevation of technical knowledge over sales/marketing content ☑ Bring in <u>technically deep</u> industry-specific solutions SMEs (prepared in advance by IDs) to facilitate workshops and drive home key technology messages, methods and information ☑ Develop solution-oriented, realistic technical scenarios and problems to exercise design skills ☑ As with sales workshops, devote portion of workshop time to action planning to ensure successful launch of skills at exit from workshop
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<p><i>Sales and technical sales need an adaptive but common frame of reference to collaborate effectively as teams</i></p>	<ul style="list-style-type: none"> ☑ Use the corporate step-wise selling methodology to organize both sales and technical content such that methodology becomes the common integrator for the sales team of role-specific contributions. This also facilitates direct linkage – and quick skill transfer -- to the job. ☑ Modularize Fastrack and Techtrack so that, wherever possible, sales, technical consultants and other team members can attend together, practicing skills as teams while differentially attending only those modules targeted to their respective roles. ☑ Build on existing sales team relationships by conducting industry-specific Fastrack workshops for teams at locations near team operations. ☑ Build more flexible implementation options to accommodate limited participant time or availability
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<p><i>Existing sales culture needs sustained transformation to ensure solid acquisition and maintenance of new skills</i></p>	<p>Build follow up, continuous support for participants, including:</p> <ul style="list-style-type: none"> ☑ Ongoing executive level industry SME support for C-Suite Success participants ☑ Industry Learning Centers – an intranet site to easily access industry learning modules, collaboration tools, etc – for Fastrack and Techtrack participants
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4. *Please describe how this practice integrates other training, learning, and performance improvement practices, and aligns itself with organizational goals to achieve the desired outcomes.*

The Industry Value Project/Learning Initiative (IVP/LI) does not operate in a vacuum. In its conception and implementation, IVP/LI is linked and integrated with other corporate initiatives. These instances include:

Integration with e-business on demand -- The corporation's major overall business strategy (e-business on demand) was being taught to account teams through an independent face-to-face workshop. It was determined that the message would be more easily understood and effective if put into a selling context. We created a plan and are now implementing in a way that merges and integrates the on demand content within the Solutions Fastrack design. Both programs' objectives are strengthened by this integration.

Integration with a key customer-oriented value initiative -- Another major initiative to strengthen the Sales Teams' understanding of customer business processes and financials was launched in early 2003. As the program has progressed, we have again seen an ideal integration opportunity with Solutions Fastrack program component. The current plan is to deliver the fundamentals of the customer business value initiative content through web-based pre-work and mastery testing. The application of the content will be integrated into the Solutions Fastrack design.

Sales account planning -- Work is currently underway to more formally integrate the Solutions Fastrack program and other account planning programs with the corporation's overall account planning process. Solutions Fastrack is already informally linked and considered very complimentary to account planning.

Informal cross-business teamwork -- All face-to-face IVP Learning programs promote the corporation's key focus on cross-business team work by assuring that class enrollment brings a mix of the selling, consulting and software practitioners. Feedback indicates that this practice has been effective in enhancing ongoing teamwork.

5. *What evidence is there of partnerships within and outside the organization (e.g. with senior management, frontline supervisors, unions, external training suppliers, consortia)?*

IVP/LI is itself essentially a partnership as evidenced by the following:

- ☑ *Organization* -- Common goals, not organizational hierarchy and formal reporting structures, are the basis of Industry Value Program/Learning Initiative (IVP/LI) team cooperation.
- ☑ *Team Composition* -- At least ten different organizations and four external groups participate on the Learning Team for this initiative. This does not include numerous representatives from the sixteen organizations we support. Matrix management and teamwork are the rules for programs like IVP/LI, which addresses a global, cross-business audience. We rely on solid team skills and consensus decision-making to move us forward.
- ☑ *Customer Collaboration* -- Our internal customers are our teammates with whom we partner to identify needs and develop/deploy learning solutions. For example, the nature of much of the learning requires that the business group SMEs contribute content and even tutor team members. Together we work through competing priorities and demands on SME time.

- ☑ *Senior Management Participation* -- We use a strategic instructional planning process to assure that senior management sets the learning priorities for their world-wide audience. Once agreed to by these executives, the learning team and plan owners work together to execute the plan.
- ☑ *Partnership with Learners* – Workshops provide an opportunity to enlist participant leadership in diffusing skills within the workplace. For example, the more senior workshop participants are often tasked with implementing workshop skills and reinforcing learned behaviors with their teams.

It can safely be asserted that only with horizontal and vertical partnering can a program as ambitious in its transformation goals as IVP/LI be possible!

Evaluation Strategy

6. *How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost phone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*

Given the substantial investment and strategic nature of the IVP/LI, robust evaluation was called for as major component of this initiative.

Formative Evaluation: Certainly formative evaluation was used to ensure that each iteration of C-Suite Success, Solution Fastrack and Solution Techtrack was launch-ready in terms of:

- ☑ solid briefing and preparation of experts (industry executives for C-Suite, solution experts for Fastrack and Techtrack)
- ☑ well-targeted goals and objectives appropriate for each audience and each industry
- ☑ industry-relevant, realistic exercises (e.g., role-play scenarios, case-based problems, group break-out instructions)

Formative evaluation readiness audits and piloting are built into the development process for each workshop as the program expands to new industries.

Impact Evaluation: Impact evaluation focused on two important goals:

- ☑ identification of IVP/LI results – to determine the program’s impact along Kirkpatrick’s 4 level value chain (i.e., receptiveness, learning, transfer, business results)
- ☑ continuous improvement – to provide feedback to program developers as roll-out continues

Strategy

Though evaluation goals were shared by all IVP/LI workshops, evaluation strategies differed. Specifically, Solution Fastrack and Techtrack were grouped

together while C-Suite Success was broken out. Treating C-Suite Success separately was necessary because:

- ☑ the target population for C-Suite was smaller (250 executives) vs. extensive numbers for Solution Fastrack and Techtrack
- ☑ C-Suite learning activities focused on more relational than transactional sales objectives
- ☑ level 4 results for executives suggested a more distant sales impact based on long-term planning than the immediate results envisioned for sales teams.

NOTE: Most importantly, the Corporate Data Warehouse provided a robust database for capturing and tracking corporate sales that our evaluation capitalized on. As opportunities go through the sales cycle, various progress data is collected and associated with the opportunity owner. This rich, objective database was used to do performance comparisons between workshop participants and non-participants 3months prior to and 9 months after on a monthly basis throughout the evaluation. To identify the financial impact of program, we selected only opportunities closed during the evaluation period, not those in the pipeline. However, this strategy is highly conservative; pipeline opportunities represent significant contributions to true business impact.

The evaluation strategy is identified and differentiated for both IVP/LI groups in table 5.

Table 5. IVP/LI Evaluation Strategy

Strategy Component	<i>Fastrack and Techtrack</i>	<i>C-Suite</i>
Data Collection		
Data Sources	<ul style="list-style-type: none"> ☑ Participant self-report ☑ Corporate Data Warehouse ☑ Cost tracking programs 	<ul style="list-style-type: none"> ☑ Anonymous participant self-report of the \$ value of the proposals submitted and closed ☑ Cost tracking programs
Sampling	<ul style="list-style-type: none"> ☑ Stratified random sampling (i.e., based on geography, industry affiliation, functional sales team role for two industries) 	<ul style="list-style-type: none"> ☑ N/A – total target audience solicited for participation over implementation cycle

Design	<input checked="" type="checkbox"/> Split half study with control group (pre-/post-intervention level 4 data collected for target and control groups) <input checked="" type="checkbox"/> Variation of Kirkpatrick phased implementation of 4 levels	<input checked="" type="checkbox"/> Variation of Kirkpatrick phased implementation of 4 levels
Methods/ Instrumentation	<input checked="" type="checkbox"/> Quantitative (e.g., post-workshop questionnaires, business data) <input checked="" type="checkbox"/> Qualitative (e.g., guided interviews)	
Data Analysis Methods (based on data type)		
Level 1 (receptivity)	<input checked="" type="checkbox"/> Statistical analysis of post-workshop questionnaire assessing participant perceived value and perceived learning	
Level 2 (learning)		
Level 3 (transfer)	<input checked="" type="checkbox"/> Individual and team analysis and interview data structuring	
Level 4 (impact)	<input checked="" type="checkbox"/> Statistical analysis of pre-/post-intervention target and control group data of: <ul style="list-style-type: none"> ✓ Opportunities currently pursued and in the sales pipeline ✓ Opportunities delivered on/closed ✓ Participant win-rate 	<input checked="" type="checkbox"/> Individual and team analysis and interview data structuring of: <ul style="list-style-type: none"> ✓ Opportunities currently pursued/in pipeline ✓ Opportunities delivered/closed on ✓ Perceived improvement in personal impact

This robust yet differentiated evaluation approach allowed the team to tailor activities to requirements and unique characteristics of program participants, while at the same time work within a common evaluation framework based on Kirkpatrick's model.

Results

7. *What specific participant behaviors are observed as a result of this practice, and how do these behaviors contribute to the goals of the practice? Are the impacts of these behaviors short-term or long-term? How do these behaviors differ from the results of previous practices?*

8. *What was the impact of the practice on your organization? Are the impacts of these behaviors short-term or long-term? Wherever possible please include actual figures related to the practice.*

In keeping with our two mutually reinforcing evaluation goals, results were collected for both continuous improvement and business impact.

Continuous Improvement: As noted above, evaluation worked hand-in-hand with delivery to ensure that lessons learned or emerging requirements were addressed just-in-time. For example, balancing delivery requirements with the Solution SME schedules was deemed essential for ensuring Solution Fastrack and Techtrack participant access to the best talent. Similarly, in recognition of limited C-Suite participant availability, an abbreviated version of this workshop was created to increase the opportunity to attend. Evaluation provided the critical feedback loop that leveraged experience for the benefit of each IVP/LI iteration.

Impact: In short, impact results are nothing short of spectacular (see table 6).

Table 6. IVP/LI Results (by level)

Impact Level	Techtrack	Fastrack	C-Suite
L1 (receptivity) & L2 (learning)	90+% of sample is satisfied with relevance and learning value	80% satisfied with relevance and learning value	90+% participating satisfied with relevance and learning value
L3 (transfer)	69% of sample currently practicing/ taking action	42% of sample practicing/taking action	80% taking action
L4 (business impact)	<ul style="list-style-type: none"> ☑ \$15M in opportunities pursued (vs. \$1.2M for control group) ☑ both participant and control group achieve the same revenue of closes (\$2M) ☑ higher participant win rate (100%) vs. control group (50%) 	<ul style="list-style-type: none"> ☑ \$57M in opportunities pursued (vs. \$0.0M for control group) ☑ \$15M in closes for participants (vs. \$.5M for control group) ☑ lower participant win rate (68%) vs. control group (100%) but more opportunities in sales funnel (44 vs. 1 respectively) 	<ul style="list-style-type: none"> ☑ \$2.5+B in opportunities pursued ☑ \$23M in closes ☑ Perceived improvement: <ul style="list-style-type: none"> ✓ Preparation ✓ C-level interaction ✓ C-level networking & contacts ✓ Industry-oriented discussions ✓ Overall confidence

ROI: In 2002 C-Suite Success, Techtrack, and Fastrack focused on three industries. Impressive results here led to expansion of the program. In 2002, the IVP/LI cost of \$5.3M was considerable (see H. Background, above for specifics). The cost forecast for 2003 is \$10.6M. The rise in costs can be attributed to the program's expansion to additional industries, but this expansion, in turn, attests to the program's achievement of significant returns.

As shown in table 6, IVP/LI during 2002 acted as a catalyst to help participants generate \$40M of actual revenue (closed deals) (i.e., \$23M, \$15M, and \$2M respectively for C-Suite, Fastrack, and Techtrack). This revenue was generated from only a sample of 5 out of 47 IVP/LI programs deployed in 2002 and the total cost of these 5 programs (including a proportional share of the design & development investment and start-up costs) was \$900,000. This revenue estimate and the substantial initial investment in the five programs generated a net return of \$39M. The conservative revenue to learning cost ROI for these programs was therefore 4,344%. Considering that the identified revenue would drive an estimated profit of 10% or \$4M in profit, the net immediate profit to learning costs ROI was 433%.

The programs assessed for business impact during 2002 were among early offerings of IVP/LI and were probably not as strong as those programs revised and deployed more recently. We have been using results of level 1 through 3 evaluation to continuously improve the offerings. Also, being early offerings, they included some elements of start-up investment which increased their costs when compared with more recent offerings. Clearly the business impact stated here is highly conservative; it does not include the impact of the additional 42 classes delivered in 2002 nor does it consider the substantial amount of potential revenue in the sales pipeline at the time the impact assessment was made, a figure exceeding \$2.5B.

At this point in the program's lifecycle, IVP/LI represents a considerable yet overwhelmingly worthwhile investment. We are confident that sales has been transformed, that our industry-oriented sales culture has taken firm root and is producing unprecedented results. As one consultant stated in astonishment: "There doesn't seem to even be a learning curve here- things have taken off that dramatically!".

Shared Learning

9. *What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and external to your organization.*

In the current climate it is easy to feel a victim to economic forces beyond one's control. Yet through our work on the Industry Value Program/Learning Initiative, we have learned the power of a compelling vision, the strength of focused teamwork and the value of a shared agenda in the face of a common challenge.

More to the heart of development, we have learned the critical importance of defining and connecting clear and unambiguous learning objectives, the desired behaviors expected back on the job, and the expected bottom line business impact. This is the beauty of the performance value chain in which new skills contribute to desired behavior change which in turn contributes to concrete, positive business value impact. The performance value chain represents a

guiding framework for our initiative that ensured well-targeted learning interventions and a clear evaluation strategy.

This effort reinforced the importance of bringing learning as close to work as possible in order to facilitate seamless skill transfer. Culture (and new culture) is created in action, in achieving tangible results based on new skills and the execution of new strategies. Change is not brought about by idle speculation or the imposition of new expectations on passive participants.

Finally, we learned that evaluation, correctly envisioned, is not a driver or an empty ritual, but a valuable tool for tracking results and improving impact in real time. Designing effective evaluation is a challenge, but the effort to create such designs pays large dividends in establishing clear rules of engagement and objective criteria for determining success.

One thing we have not needed to learn: how to recognize – and celebrate – success.

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