Governing the Learning Organization in an Era Of Strategic Human Capital Development and Management

by Grant Ricketts (Saba) and Brook Manville (United Way)

"For many organizations, governance represents the next 'learning gap' to close."

INTRODUCTION

Global competition, the knowledge revolution and the growing expectations for performance drive every organization to achieve more effective and efficient learning, and drive the development and management of its human capital. A major focus for corporations in recent years has been to reduce costs on a program or unit basis (e.g. through technology—enhanced automation and delivery) and tighter alignment between skill-building programs and business objectives (e.g. via competency modeling, certification programs) managed via learning management systems.

The next horizon of opportunity that emerges is all about managing such elements at a higher level—that is, creating the mechanisms and protocols for systematic planning and decision-making about learning on an enterprise-wide basis. It's called the "governance challenge."

For many organizations, governance represents the next "learning gap" to close. Done well, the governance of learning involves more than reducing costs and increasing strategic alignment. Governance improves the impact of human capital on business results at a high level of effectiveness. But doing it well is not just for the asking. It takes thought, design and superb execution. And, it likely involves more people than have been previously engaged in many recent learning programs.

What's the right way to address these challenges for your organization? This paper lays out some basic perspectives to help organizations do that. It is organized in the following sections, and with reference to the following questions:

- What is "governance of the learning organization" and why does it matter today?
- What is the relationship between learning management, learning management systems, and governance?
- What's the current state-of-play in most organizations? What are the approaches leading organizations have taken in governing learning?
- What are the conditions and opportunities to build and/or enhance governance?
- What does a good working example look like?
- How do I/we get started-key questions to consider.

GOVERNANCE OF THE LEARNING ORGANIZATION

Governance in general is a system of structures, processes, practices and values that enable an organization to make good and actionable decisions. That system enables well thought-through and actionable decision-making:

- Preparing plans and managing implementations
- Overseeing continuing operations
- Surfacing and resolving problems
- Resolving conflicts
- Assigning responsibility and ensuring accountable actions

In essence, it's about how organizations get things done—systematically and completely across the organization.

Over the last several years, as human capital development and management (HCDM) has become more strategic—organizations' human capital processes are more systematically governed. Leading

organizations increasingly pursue recruiting and performance management on a well-planned and monitored global basis, coordinating (often, but not necessarily always centralizing) processes for hiring, retention and assessing and rewarding performance of employees. By contrast, training/learning tends to lag behind. Historically this function has been fragmented, often decentralized, and even when centralized, this function rarely encompasses all aspects of training and learning across the enterprise. Large organizations, with different business units, departments and functional groups operating in different regions of the country or world, often have different training and development teams scattered throughout them.

The need—and potential pay-off—has grown for learning to be treated more strategically. Learning should be more closely linked to business objectives and integrated into an overall imperative for higher performance across the enterprise. A big part of capturing the impact and ROI of this opportunity is through governing learning more effectively, thereby increasing the impact of all kinds of learning on business goals and needs. This is more efficient, lowering costs (through scale economies and reducing redundancy), and more aligned (incorporating business unit responsibility and accountability), and it increases overall quality and productivity.

LEARNING GOVERNANCE SYSTEMS

A learning governance system is organized on an enterprise-wide basis to achieve the highest scale of impact. It addresses a range of related and relevant topics and issues:

- Developing strategy and budgets and plans to support the learning strategy
- Identifying, developing and/or procuring programs, content and other sources of knowledge
- Designing and overseeing operations of learning delivery and tracking, as well as ongoing infrastructure requirements (tools, resources, information sources, databases, facilities, etc.)
- Establishing standards, both technical and learning related
- Organizing and aligning staff and ensuring they're accountable for their performance

Ultimately, learning governance crosses boundaries, touches every business unit, and links tightly with the overall governance of the organization. Governance of learning is important because it contributes directly to every organization's imperatives in the global competitive economy. These edicts include:

- Increase performance and reduce inefficiency
- Achieve economies of scale by streamline training and learning programs that are redundant, inconsistent, or hew to conflicting standards across the enterprise; these cost extra money and may confuse learners
- Align operating groups – when operations are too complex, top corporate goals may be dissipated or missed through ineffective or unaligned training
- Resolve turf battles and conflicts among training groups that otherwise go unresolved and burn more money and time
- Improve the investment focus – investments in different and often incompatible infrastructures across the enterprise increase maintenance costs and undermine the ability to analyze and report on business impact of investments

For many large organizations, the annual cost of these inefficiencies is in the millions, not thousands, of dollars. And, the performance improvement that can result has yet to be realized.

LEARNING MANAGEMENT, LEARNING MANAGEMENT SYSTEMS AND GOVERNANCE

In the last few years, many organizations have recognized the need for better management of learning, and have invested in learning management systems (LMS). These systems provide the technological tools and infrastructure that bring together and automate many of the key learning resources and processes, and integrate and standardize such things as learning assessments, course registration and delivery, content integration, record keeping, etc. across all boundaries of the enterprise.

But the LMS is only part of the governance system—as a tool it helps enable or implement decisions, and certainly contributes to lowering the cost structure of learning across the enterprise. LMS's are often a stimulus for an organization to create a model of governance; deploying it enterprise-wide raises a host of

issues about standards, authority, and information access rights. On the other hand, an LMS might also be an outcome of establishing a governance model. Once an organization decides on and takes steps to create structures, processes, and values for enterprise-wide decision-making about learning, it will see an even greater need for the tools and infrastructure to manage and track the results of those decisions. Thus, the LMS is both a stimulus for and "next step needed" for systems of learning governance.

CURRENT STATE OF PLAY AND LEADING APPROACHES

Many organizations today have little or no system of learning governance on an enterprise-wide basis. There may be a central training group with little or no coordination with training groups in different functions or business units. Or training might be purely decentralized and managed completely locally, each unit with its own systems, tools, standards and programs. In addition, there's an overall fragmentation of HR and other related functions—organizational development, knowledge management, and executive development. In most organizations such functions and processes are relatively independent and largely disconnected from the learning function(s).

That said, more and more organizations are taking steps to unify the management of human capital overall. Part of that process is establishing an overall system of governance for learning. In Saba's experiences working with companies, we have identified four basic approaches, which are discussed further below:

1. Total Centralization
2. Central Coordination
3. Multilateral Coordination
4. Cooperative "Soft Integration"

Total Centralization
This is a traditional and obvious approach to achieving scale: End the autonomy and fragmentation of training groups and units across an enterprise and make them all "hard line" report into a central "chief learning officer" or similar executive. The central group sets standards, budgets, performance targets, etc., and manages through accountable subsidiary executives across the enterprise.

The advantages of this are those ascribed to classical hierarchical management: Tight accountability, line of sight budget and program control, and close alignment with centrally established goals of the corporation.

The disadvantages of such systems are similarly classic: Difficulty in a large enterprise of keeping close to local business needs; disconnect between decision-makers and implementers on the front line; lack of flexibility due to the inevitable "one-size fits all" thinking, etc.

It is a trade-off, however, that many organizations today are willing to make. As one chief learning officer of an industrial supply company explained:

> *"We have tried various coordination models and councils, but it doesn't fit either the culture of this company or the current economic climate. We need rigorous cost control right now, and the rest of the organization manages tightly through hierarchy. Learning follows the same model here and everybody understands that."*

The CLO went on to note that centralization doesn't mean that everything related to learning all belongs to the same organization.

> *"We actually keep our LMS out of this organization; that belongs to our CIO."*

Central Coordination
Many organizations have adopted a more blended approach, creating some kind of enterprise-wide coordination through councils and/or steering committees either managed or chartered centrally. Most of these models involve overlapping committees or councils linking decisions of business executives to decisions of learning leaders. For example, one industrial manufacturer has set up an executive council— for the purpose of setting strategy and planning—comprised of business leaders, head of HR and head of Learning. Accountable to that council (through the chairperson, head of HR) is a more operational

learning council—with members representing training and learning leaders from business units, organizational development leaders, and business representatives (customers). Their responsibilities include strategy implementation and surfacing issues that need resolution. To do that, they charter specific "learning teams" who are tasked to implement particular projects, programs or other initiatives.

Similar models can be seen in other organizations. A specialty manufacturer in the medical product business established a comparable council approach. Their coordinating body reflected the matrix organization of the overall company, which was segmented "vertically" by specific markets it served (six disease areas addressed by its products), and "horizontally" by functions (manufacturing, sales, corporate, etc). The central Shared Services group brought together training representatives from each of the functions that were aligned with the disease group businesses. Through their own horizontal and vertical matrix council, framed and took decisions about learning strategy, content development and procurement, and operations. The council was ultimately accountable to the overall head of Shared Services, the functional equivalent of a COO.

Multilateral Coordination
In this model of governance, a council or committee comprised of training and learning representatives from operating or functional units across the enterprise meets and takes decisions in some kind of democratic or parliamentary fashion. Its only real difference from the centrally coordinated model is that there is no standing chairperson or central leadership, such as a chief learning officer. Instead, chair responsibilities rotate or are pursued more informally through collaborative leadership. Some organizations that have multiple corporate universities—for example, one in each geographical business unit or functional group, and each with its own "dean"—have used this model. The council of operating unit leaders likely also charters project or program teams to drive specific initiatives.

Cooperative "Soft Integration"
The intended sense of this phrase—"soft integration"—is to suggest a less formal or structurally rigid model of governance. In many cases it is effective in earlier phases of system development, or might be a more culturally acceptable approach. Its success will ultimately depend on values, relationships and shared understandings to make up for what is not managed through lines of reporting.

The most familiar version of soft integration is the account management model. In this version, a central learning group appoints internal customer service managers—to work with, understand needs, and help create overall alignment between corporate goals and business unit imperatives. The account management model can be found in many organizations with historically separate central groups and business unit learning groups, and in situations where company headquarters are trying—usually without explicit support from senior management—to create more alignment in overall strategy and programs.

Another version of soft integration is the community of practice model, in which learning leaders and practitioners come together periodically to share best practices, benchmark activities, and generally learn from one another informally. Here there is no explicit set of structures and processes for coordinated decision-making; overall governance of learning activities, insofar as it happens at all, is episodic and based on relationships and informal problem solving, usually on a case-by-case basis.

A major bank that was historically very decentralized and grew rapidly through acquisitions applied this model. Due to skepticism in the field, and no framework for integration of training and learning, several members of the training community across the bank decided to create quarterly events that brought together fellow practitioners primarily for best practice exchange.

> *"It's about as much as we can expect right now, given our situation," one leader explained. "But you would be surprised how many collective decisions we can make through informal discussion, once the trust and values start being built."*

Regardless of how formal or informal; central or decentralized; coordinated or collaborative a model is, each shares some common elements. These include processes and best practices for strategic decision-making, operational guidelines, business unit alignment, and technology integration (including system/administrative and content development/procurement and delivery). And, how the organization engages in each of these areas is something that distinguishes these notions of learning governance from some of the learning maturity frameworks that have been written about recently. How the two concepts are related is discussed in more detail in the next section.

CONDITIONS AND OPPORTUNITIES FOR BUILDING GOVERNANCE SYSTEMS

As stated at the outset of this paper, a governance system is comprised of structures, processes, practices and values, and may leverage technology as an enabler. This definition has several implications for the development of any such governance system. First, governance is much more than just an organizational design—it's not just a particular council or hierarchical organizational chart.

Second, as a system, governance requires much coordination and alignment among its several components, and also an appropriate fit with the overall culture, structures, and processes of the organization in question. Third, as a system with multiple layers and dimensions requiring coordination, the development of governance takes time. It can't simply be drawn on a whiteboard, or implemented and integrated into an organization quickly.

There are conditions that help support the development of a governance system—these conditions are often required before such a development can begin. They include:

- A clear and wide understanding of the business value of governing learning more strategically and at an enterprise level.
- Support of business leadership for the value to be derived, and investment to be made in, developing such a system.
- A sufficient critical mass of relevant business leaders who will participate in the development, and can create organizational momentum around its design and implementation.

Another and related view of an organization's readiness to develop a governance system is its relative learning maturity. Much thinking has been done in recent years about the evolution of learning in an organization as it becomes more strategic, and the phases through which it passes to achieve higher and higher alignment and impact on business goals. Not surprisingly, governance of learning tracks closely to such models.

BLENDING LEARNING MATURITY AND GOVERNANCE

In a learning maturity model there are five phases of overall learning development.

Phase One	Learning and training is largely reactive and locally fragmented. Its chief goal is to reduce risk and drive off needs identified on a case-by-case basis.
Phase Two	Learning starts to be managed; it is more planned and aimed to enable skills and knowledge to be proactively available. Costs are managed through automation and content integration and economies of scale are achieved.
Phase Three	The organization becomes competency-driven. Specific skills and knowledge are understood to be more critical than others; competency models are mapped to particular jobs and roles, and there is a determined focus on achieving better results, faster across the enterprise. Fuller scale economies are achieved.
Phase Four	Learning and performance are tightly integrated, and become part of the overall business planning process; human capital strategy is generally part of overall strategy; the learning culture is driven both by leadership and individual workers, who take an active hand in their own development. Knowledge management, performance management, and learning processes are increasingly integrated.
Phase Five	The organization is continuously reinventing itself and learning processes are dynamic, networked, and continuously improving. Talent management joins learning, performance and knowledge management in an overall human capital development culture. Learning becomes more anticipatory and predictive about the skills and knowledge needed for emerging strategy.

In phase one, there is little or no governance system in place; in phase two, basic governance is needed in order to create the economies of scale and automate processes of managed learning. Whether councils, committees or lines of reporting, there are clear and actionable mechanisms of decision-making about the learning strategy and operations. Many e-learning pilots fail to grow due to the lack of appropriate governance and sponsorship structures around them.

In phase three and beyond, governance systems will likely reflect blends of multiple overlapping sub-systems—"councils of councils," combinations of account managers and coordinating committees, senior executive team alignment, and likely even direct participation in governance by the population of knowledge workers themselves.

Phases three and beyond require more sophisticated governance mechanisms—more developed processes and shared values, more engaged participation (and broader participation of more functions), deeper and more flexible problem-solving, and tighter accountabilities and feedback from the business about what's working and not working—and in phases four and five, real-time understanding of emerging trends and needs for future strategy.

HOW TO GET STARTED; KEY QUESTIONS TO CONSIDER

Whether you are beginning to devise a learning governance system, or improve what you currently have in place, you must identify what you are trying to accomplish and why, and determine your organization's readiness and fit for the change. You have to understand the overall business strategy of learning within your organization, as well as understand the culture and openness to transformation. A new system of governance always involves some transformation, and you want these commitments in order to deliver to task.

As you reflect upon choices and ways to move forward, consider these questions:

- What are the business drivers and key needs for learning in the organization? Saving money? Increasing effectiveness? Increasing readiness at the front line for a new product launch? Reducing compliance risk? What are the opportunities that would come from improved governance of learning? How much would they be worth?
- What are the kinds of decisions and accountabilities that need to be handled by the governance system? How are they being handled now? What would be the barriers to overcome in making them better, faster?
- At what stage of "learning maturity" is my organization? What's the appropriate level of investment and focus for a system of governance that reflects this stage?
- What's the culture of my company? What are the assumptions, biases, or predispositions that will be brought to a system of governance? Do colleagues expect more hierarchical decision-making, or collaborative problem solving? Can it be done face-to-face, or is a virtual model more appropriate? How much and in what ways do stakeholders need to be involved?
- Is there any team alignment that has emerged that can become part of an overall governance system? Planning, system and resource teams? Content planning, integration, tools, templates and frameworks? Collaboration with business unit stakeholders and drivers?
- Are there decisions or aspects of overall governance that you can get involved in? Are there some "must-do" issues that must be handled by a new governance model that can start up the process? How can you ensure success, so that you can build future momentum?
- Do you have a critical mass of stakeholders and/or allies to work with in developing the governance system?

CONCLUSION

In summary, one can expand the scope and strategic importance of learning through organizational governance.

- Put a "managed learning" strategy in place that spans the organization and/or extended enterprise
- Expand local e-learning pilots or near-term business initiatives to a more complete enterprise rollout
- Extend LMS and managed learning to the rest of the enterprise, in order to realize the full value of the vision, capture economies of scale, build and retain executive sponsorship, and achieve standardization for efficiency, effectiveness, repurposing and integrating content, learner and performance analysis, and provide more business value.

Governance is a continuous process for improvement that involves greater alignment, commitment to change and stewardship. Initial challenges may include:

- How to articulate the "goal state"—for each and all involved
- Align key stakeholders
- Decompose the "goal state" into incremental execution steps or operating tasks
- Understand the barriers or costs of change
- Understand sources and "levers for change"
- Funnel the flow of decision-making and authority, keeping tactical decisions at the tactical level, operating decisions at an operational level, and strategic decisions at a strategic level

Governance principles cover the following:

- **Strategic**: how to align, on an ongoing basis, business objectives and how to measure impact
- **Organizational**: how to structure and integrate the "learning application organization" with the broader learning and/or lines of business organizations
- **Operational**: how to manage and/or adapt the processes run or touched by the learning application (e.g., content creation or procurement, integration, management, learner profiling and tracking, certification, etc.) and how to make decisions affecting the same
- **Financial**: how to decide and allocate costs of owning and maintaining the learning organization.

Ultimately, putting together appropriate teams with the right resources, skills, franchises and mandates to drive the program and secure the ongoing investment and commitment will enable you to drive learning governance across your enterprise.