

Position Paper

CORPORATE EDUCATION

Corporate Digital Learning

How to Get It "Right"



Preface



Prof Dr Dr hc Dr hc Jörg Becker

Learning and teaching undergo changes. Colleges and universities have been confronted with changing requirements in structuring their teaching for quite some time now. The ever present networking and the permanent access to almost all information lead to changing learning processes and student expectations. One way of fulfilling these demands is to use e-learning methods. These enable a learning which is more individual and independent of time and place. Therefore, today there are hardly any courses at colleges and universities in Germany which cannot be digitally supported in one way or another. This ranges from the simple availability of teaching materials via the internet up to online lectures in which the students can participate at any time in any place with an internet connection. It's foreseeable that this trend will become even stronger in future.

It's no secret that continuing education is also becoming increasingly important outside the classical educational system. The concept of lifelong learning and an extensive range of advanced training and continuing education programs are part of everyday working life. Therefore, digital approaches to teaching and learning are also gaining more significance in the business environment. They promise a more individual and thus potentially more effective teaching. In addition profit-minded companies have to consider the cost aspect. Despite partly high investment costs in new technologies, e-learning can ultimately lead to cost reductions. In future e-learning and its possibilities will prove indispensable for companies. Therefore, it is important that companies already now lay the foundation stone for a successful transformation of their training today and further training programs, and also ensure the demand-based qualification of the staff in the long run.

The choice of a suitable teaching and learning strategy for the companies is essential for a profitable implementation. It requires an effective combination of classical and digital teaching methods, the structuring of which constitutes a major challenge. The present position paper of Dr Jeanny Wildi-Yune and Carlos Cordero provides companies with a good tool to successfully respond to the above challenges.

A handwritten signature in black ink, appearing to be 'JWB', written in a cursive style.

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Foreword

What started off as casual conversation turned into a year-long exploration of how our clients are managing digital learning in their organizations. In the process, we decided to share our thoughts and findings with other learning professionals, clients, and anyone else interested in how technology will change the way we learn.

Digital learning is an exciting and extremely dynamic sector of the learning industry. And exactly therein lie the limitations and the merits of this paper. Even since writing the final draft, instructional technologies have continued to develop. Yet we observe that certain phenomena continue to persist: the need to embed digital learning in the overall business strategy, the need to engage all stakeholders in the design and development of new learning opportunities, and most urgently, the need to make digital learning methods more effective.

This position paper is a collection of our grounded observations, and although the paper uses graphs for the visual depiction, it does not claim to be an empirical or academic study. It is a snapshot of 68 multinational corporations who have a vested interest in talent development. More than anything, we hope the paper will simply spark dialogue and serve as a basis for reflection of a more effective L&D strategy.

Finally, we thank all the clients, business partners and colleagues for the vast qualitative data that could not be explicitly reported here but were essential to formulating our conclusions.



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A handwritten signature in blue ink that reads "J. Wildi-Yune".

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1

Introduction

1.1 Developments in learning technology

Gone are the days when we took classroom learning for granted as the standard method of delivering learning and development. While this traditional form remains irreplaceable in many learning situations, blended learning, which uses both classroom and digital methodologies, is quickly becoming the norm. According to 2012 industry statistics, for US corporate training alone, e-learning amounted to \$52.6 billion of a total corporate training volume of \$200 billion,¹ and this was predicted to more than double by 2015.² In 2011 an estimated 77 percent of American corporations were using e-learning compared to a mere 4 percent in 1995.³ The US and Europe dominated the e-learning industry (70 percent), but e-learning revenues were expected to grow 20 percent per annum in Asia. Digital learning is the fastest growing market in the education industry: since 2000 the global e-learning market has grown by 900 percent.⁴

Due to the widespread availability of digital learning, the teaching and learning process is taking a quantum leap toward global accessibility. The emergence of massive open online courses (MOOCs) is breaking down time and geographic barriers. The courses are available 24/7 to any willing learner practically anywhere on the planet, as long as he or she has access to the internet. These trends tend to enforce the belief that learning should be similarly ubiquitous in companies. Yet, just as MOOCs are clearly not the right solution for everyone, many e-learning programs fall short of their company's L&D goals. This is particularly the case when they are implemented as a cost-cutting measure rather than as targeted and precisely fitted programs.

As far as learners themselves are concerned, these advancements in learning technology have led to increased responsibility. More than ever, employer attitudes are that employees should take the learning initiative and be willing to co-invest in their future. This requires a different motivation and discipline, which may not yet be well served by the daily work environment or the available e-learning options. Similarly, greater demands are being made in terms of the instructors' capabilities than ever before. A radical shift in teaching skills to a "flipped classroom" model⁵ remains uncharted territory for many.

Whether at the corporate academy level, where entire curricula are concerned, or at the program module level, the digital transformation is inescapable. Failing to be adept at digital learning would be the equivalent of continuing to carve on tablets of stone for fear of the printing press. In this paper, we want to create awareness of the changing shape of education and to support companies to go beyond the status quo. It is time to break out of the box (the classroom box) and embrace the digital learning tsunami while avoiding the dangers of a fragmented approach.

1 znanja.com: The eLearning Revolution, YouTube-Video, published on 19.01.2012, <https://www.youtube.com/watch?v=dUJshzOvZcw>, last access: 02.06.2015

2 PRWEB: Global E-Learning Market to Reach US\$107 Billion by 2015, According to New Report by Global Industry Analysts, Inc., published on 15.02.2012, http://www.prweb.com/releases/distance_learning/e_learning/prweb9198652.htm, last access: 02.06.2015

3 Cultus: 20 facts about elearning programs, published on 19.12.2012, <http://www.onlinecultus.com/20-facts-about-e-learning/>, last access: 02.06.2015

4 znanja.com (see footnote 1)

5 Holland, B.: The Flipped Mobile Classroom: Learning "Upside Down", published on edutopia on 30.10.2013, <http://www.edutopia.org/blog/flipped-classroom-learning-upside-down-beth-holland>, last access: 02.06.2015. In a flipped classroom, the face-to-face time with the instructor is used for students to demonstrate, apply or experiment with the knowledge gained through content learned outside the classroom, not through traditional lectures.

2

Methodology

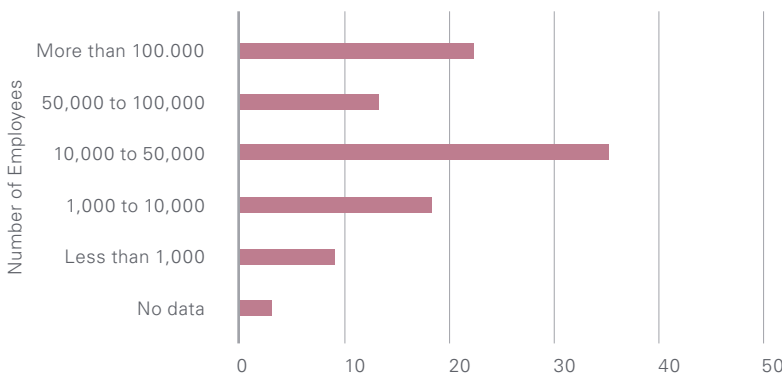
2.1 Target audience and profile of survey respondents

We conducted a survey among a number of IMD's and KPMG's corporate education clients. IMD is an international market leader in executive education, offering leadership programs for mid-management upwards. KPMG is a market leader in Germany for international company programs, mostly on strategy and operations for all levels of staff. The survey was conducted separately and the quantitative data was consolidated for the analysis. Qualitative data was also generated through the survey and was complemented by interviews with selected clients and stakeholders. This, along with general desk research, enabled us to validate our findings.

We received responses from 68 different companies, all of which are top industry leaders in their respective sectors. They were mostly large international corporations, although smaller companies were not excluded. Of the total 132 client contacts invited, 76 executives – mostly from HR and L&D, but also from other functions – participated in the online survey, representing a response rate of 58 percent. In some cases more than one stakeholder from the same company chose to participate.

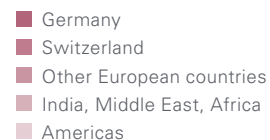
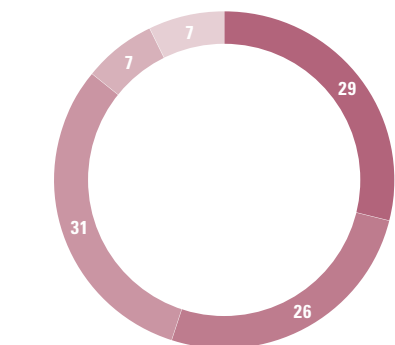
Of the survey respondents, 22 percent represented companies with over 100,000 employees, 13 percent had 50,000 to 100,000 employees, 35 percent had 10,000 to 50,000 employees and 27 percent had fewer than 10,000 employees (see figure 1).

01 Company size (in percent; n = 76)



Source: KPMG, IMD, 2015

02 Company location (in percent; n = 76)



Source: KPMG, IMD, 2015

The respondents were mostly HR (55 percent) and L&D (27 percent) directors, i.e. chief learning officers, and 16 percent were from functional positions. The participating organizations were primarily large European companies that are global players (86 percent) (see figure 2). Of all the participating companies, 88 percent had business activities of extensive international scope with a presence on all continents.

The respondents also represented diverse industry sectors. The largest was industrial manufacturing, which accounted for 20 percent of respondents, followed by chemicals and pharmaceuticals with 16 percent and finance and private equity with 11 percent (see figure 3).

2.2 Interviews

In addition to the survey, qualitative data was collected through semi-structured interviews with L&D and training managers, including KPMG's L&D and Semigator, an online training search portal for both classroom training and e-learning. The interviews not only helped to validate data but also revealed some insights about the state of the industry, which we summarize in the following sections.

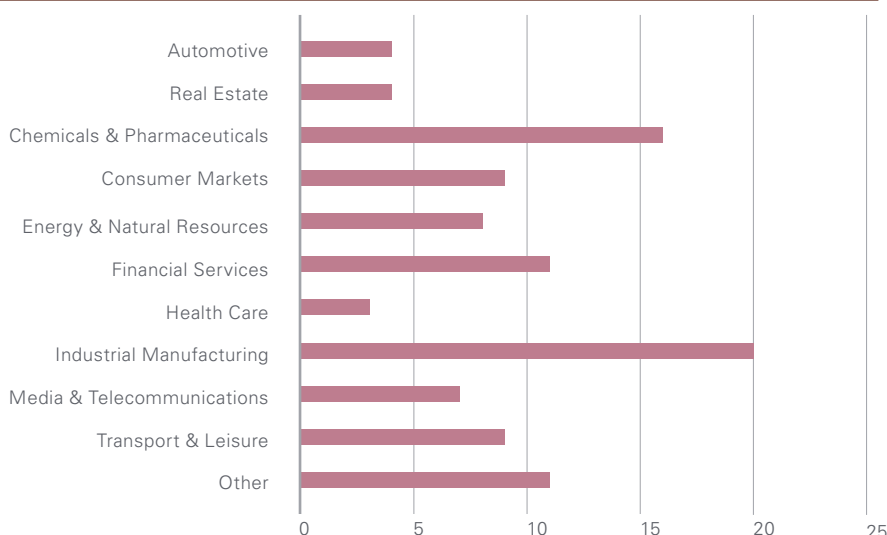
2.3 Key questions

Based on the data collected, we tried to address three fundamental questions:

1. What is the unique proposition of digital learning?
2. What is the right digital learning solution for your organization?
3. How do you implement digital learning in your overall L&D strategy?



03 Industry sectors (in percent; n = 76)



Source: KPMG, IMD, 2015

3

What is the unique proposition of digital learning?

3.1 Advantages of digital learning

There are several good reasons to use digital learning in place of or in addition to traditional classroom learning. Most of them are self-evident, but not all. According to the survey, the main reason for using digital learning is its “reach,” rated as important by 32 percent of respondents. As mentioned, some of the companies have businesses on every continent, and face-to-face training could not match the global reach offered by digital learning. Several respondents commented that what makes digital learning preferable is not only a question of reach but also of the consistency of content, such as WBT or videos that need to carry the same message across the world. However, our experience indicates that content needs to be glocalized and open for social discourse, so consistency is a double-edged sword.

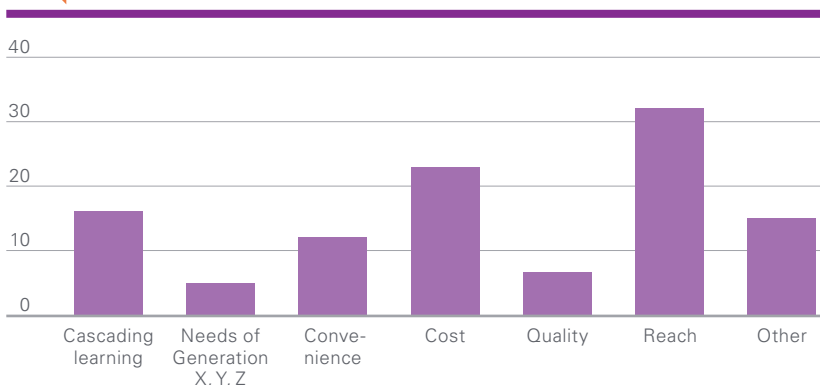
In addition, worldwide access enables a higher level of homogenization among target participants. Gathering country business unit managers together in a webcast is easier than in a classroom, even though time zones are still a hindrance. The reduction in travel costs as well as in the time and effort required to organize a physical location are considered attractive. In some organizations, up to 60 percent of total training costs can be attributed to travel costs alone. Not surprisingly, then, the second reason for using digital learning was “cost” (23 percent of respondents). Opportunity cost – reduction in absenteeism – was another aspect of “cost” often given in the comments.

In third place was “cascading learning” (see figure 4). Digital learning makes it easier to train the trainers, for which a certain degree of consistency is indeed important.

This was a single choice question, and comments under “other” were that “reach” and “cost” combined were the key reasons.

Some respondents pointed out that their preference is for blended learning rather than pure digital learning. For them, digital learning supports the classroom experience, where they can concentrate on exchange and application, for example, rather than on teaching content. Another pertinent comment about digital learning in a blended context was that it improves learning sustainability and transfers to the workplace, since it can be continuously available over an extended period of time.

04 Main reasons for using digital learning
(in percent; n = 76)

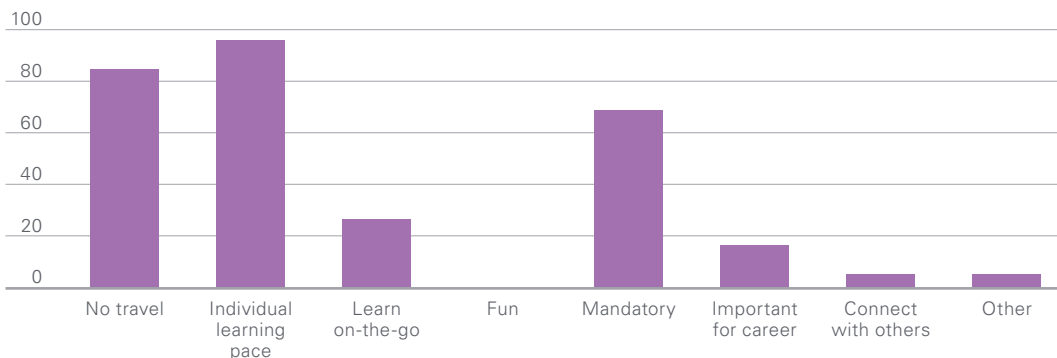


Source: KPMG, IMD, 2015

05

Motivation for e-learning

(in percent; n = 23; KPMG clients only)



Source: KPMG, IMD, 2015

But what about the learners' side of the story? What advantages does digital learning hold for them? A wide variety of e-learning is available, or training that can easily be converted to digital learning. Depending on the type of learner, the digital approach can be more effective than the classroom approach. The most apparent advantage is that the learner can take control of the speed of learning. For example, an employee can replay instructions that are in a foreign language in an online video as many times as necessary. Or sometimes an employee has the option to repeat an online examination in the privacy of his office or home until he is comfortable that he has attained the learning goals. The results of our survey confirm that "individual learning pace" is what motivates learners most (95 percent). In second place was "no travel" (84 percent). The third most common motivator was that e-learning was "mandatory" (68 percent). No respondents described it as "fun" (see figure 5).

It is evident that digital learning has its merits, and employers as well as employees appreciate the flexibility and convenience it offers. But is digital learning right for everyone? We know from adult learning theory and neuroscience that not everyone learns the same way. Beyond being individually paced, how can digital learning address the diverse needs of a heterogeneous employee population?





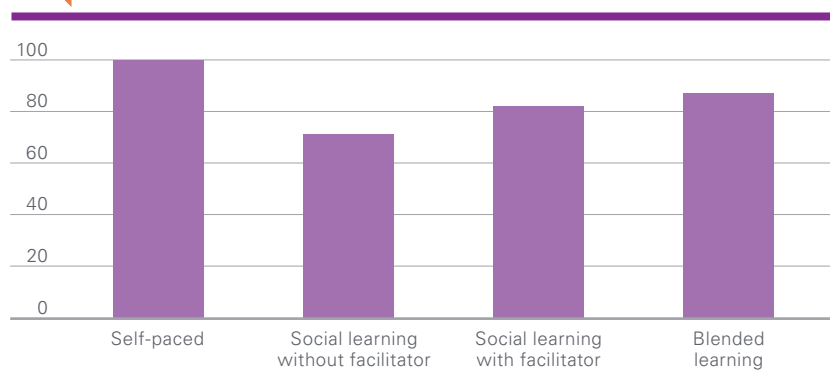
3.2 Types of digital learning

It is natural that companies resort to technology to meet the talent management challenges of their diverse, international, multigenerational employees: Some learners are visually inclined, others are audio or kinesthetically oriented; some learners are highly experienced in the job, others are less so; some have grown up in a digitized world, others have severe techno-aversion. According to Personnel Today, the top learning technology options used in 2011 were:

- E-learning courses – 80 percent
- Live online learning, including virtual meetings, virtual classrooms and video conferencing – 77 percent
- Online assessment – 68 percent
- Video-based content – 61 percent
- Open education resources – 54 percent⁹

Our survey took a slightly different perspective. First, we asked in a multiple choice question about the type of digital learning used (self-paced, social learning without a facilitator, social learning with a facilitator, blended learning). According to the results, the prevalent modus operandi seems to be that HR provides a portfolio of digital learning, mostly self-paced e-learning, which can be used as needed. In some cases, digital learning is used to supplement classroom training. When used in this form, it tends to be pre-work rather than learning during the course or post-work. Most respondents commented that they are either at the beginning stages of incorporating digital elements or that they intend to move toward blended learning. Social digital learning, both with and without a facilitator, is also in use but remains largely experimental (see figure 6).

06 Types of digital learning used
(in percent; n = 76)



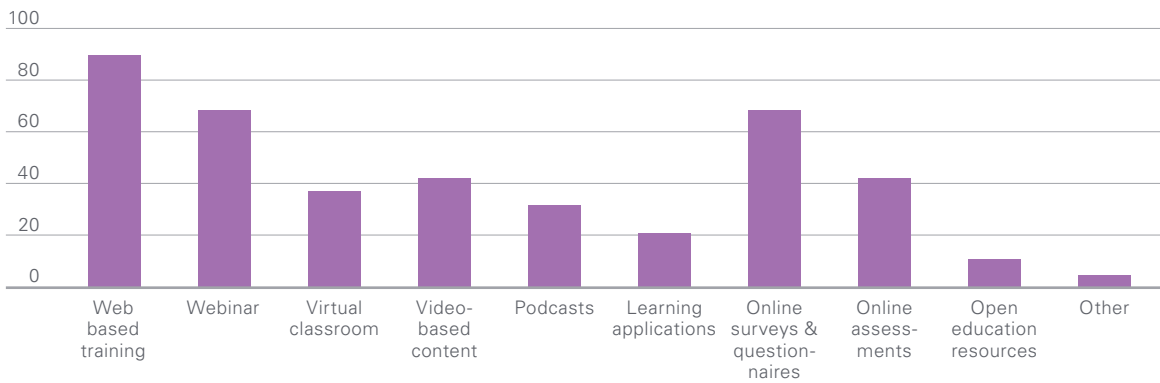
Source: KPMG, IMD, 2015

⁹ Chamberlain, L.: Virtual learning used by three quarters of employers, published on Personnel Today on 17.11.2011, <http://www.personneltoday.com/hr/virtual-learning-used-by-three-quarters-of-employers/>, last access: 02.06.2015. Only options for learning, not assessment or learning management systems/portals, are mentioned in the text above.

07

Types of digital tools used

(in percent; n = 23; KPMG clients only)

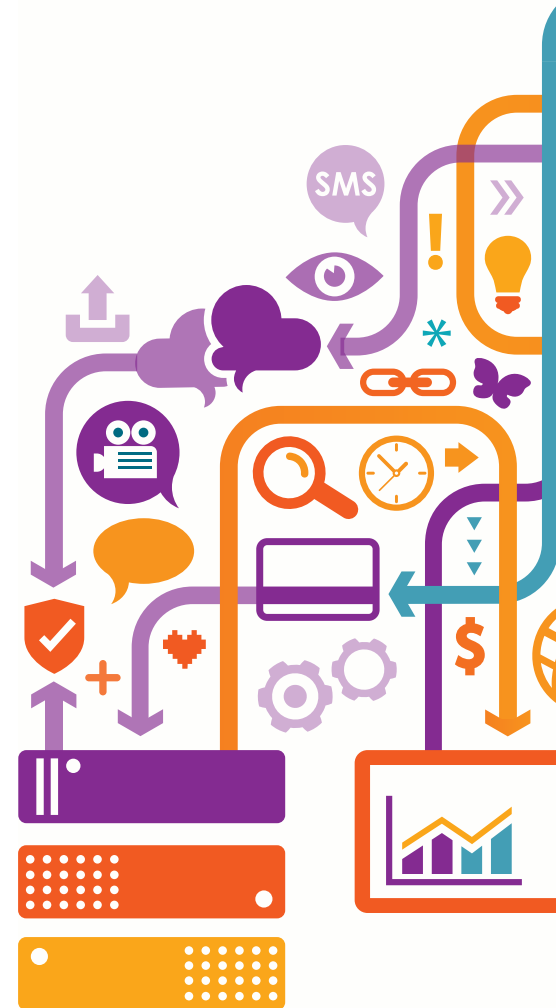


Source: KPMG, IMD, 2015

The predominance of self-paced learning is reflected in the digital tools in use – mostly WBT, followed by webinars and online surveys and questionnaires. We did not ask to what extent the WBT and webinars are information push rather than truly interactive, dynamic learning offerings, but as we will see later, the reaction to e-learning is marked by “indifference.”

Today, technology-based learning options have multiplied and evolved: wikis, mobile “TED” podcasts, e-fora, digital labs, serious games played by avatars in virtual classrooms on a headset – the choices continue to

expand (see figure 7). Yet the real art to creating learning impact is not just in using technology but in incorporating the appropriate options effectively; “... to be effective, the relative benefits and limitations of each must be understood. Only then can they be successfully blended.”¹⁰



¹⁰ Impact International: Trend Report 2014, Integrating Technology, n.d., <http://www.impactinternational.com/integrating-technology>, last access: 02.06.2015

Behind the scenes: Basic Blue IBM

An early example of a successful blended learning program is Basic Blue, IBM's training program for new managers, which was launched in 1999. Through this blended approach, more than 5,000 new managers were trained annually. Previously the new managers were brought together for five days to learn about the firm's culture, strategy and management practices, but this proved to be ineffective because of information overload.¹⁶ So IBM transformed the program using a mix of classroom and digital technologies and extended it to one year. Basic Blue is a combination of four

"blended approaches"¹⁷ defined by IBM as 1) learning from information, 2) learning from interaction, 3) collaborative learning and 4) classroom learning. The program is divided into three phases. The first phase uses self-paced e-learning, simulations, in-field experiences and "second-line coaching" to convey critical management information over a five-month period. The simulation modules use videos of fictional colleagues and customers to replicate real-life scenarios. The second phase is a five day face-to-face interactive workshop building on phase one information. After this experiential event, the managers continue with e-learning, online group simulations and mentor one another on the job for another seven months for the final, collaborative phase.¹⁸

This blended approach enabled the managers to learn five times more content at one-third of the cost of a classroom-only program, according to Harvard Business School. Furthermore, although the managers originally said they would rather have face-to-face training, after Basic Blue, they preferred to have some of the training delivered electronically in a blended format.¹⁹



¹⁶ Mullich, J.: A Second Act for E-Learning, published on Workforce on 30.01.2004, <http://www.workforce.com/articles/a-second-act-for-e-learning>, last access: 03.06.2015

¹⁷ The "blended approaches" are also referred to as "tiers of learning delivery". See Hall, B./LeCavalier, J.: E-learning across the enterprise: The benchmarking study of best practices, Sunnyvale CA 2000. An excerpt referring to Basic Blue is available at <http://jacquesle-cavalier.com/wp-content/uploads/2014/05/Blended-learning-and-Basic-Blue-excerpt.pdf>, last access: 03.06.2015.

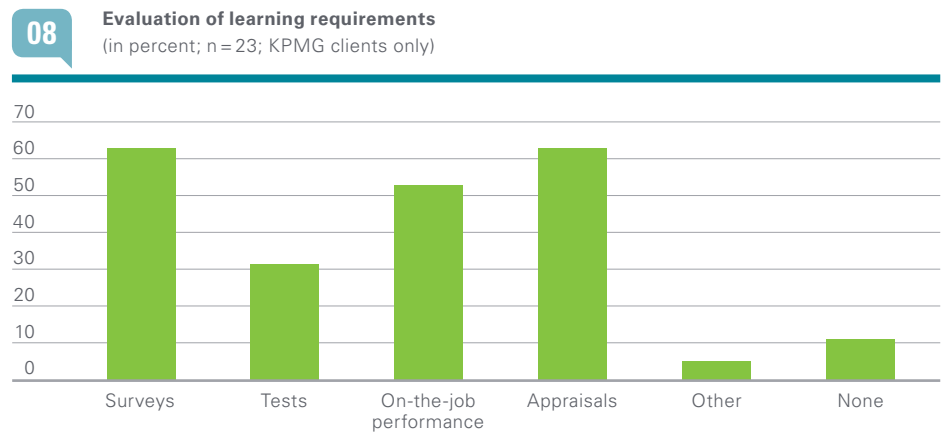
¹⁸ IBM Learning Solutions: IBM's learning transformation story, June 2004, <https://www-304.ibm.com/easyaccess/files/serve?contentid=183268>, last access: 03.06.2015

¹⁹ Mullich, J. (see footnote 16)

The lesson here is that the learning outcome, not the cost or convenience or content, must determine the methodology. Learning outcomes are concerned with the personal achievements of individual learners and must be related to the type of knowledge to be acquired. Simply put, the method is dependent on the intended outcome, which is dependent on the type of knowledge and skills (cognitive, affective or psychomotor).²⁰ If the intended outcome is to learn company policies (explicit knowledge requiring cognitive skills), e-learning that is engaging might do the job. If the intended outcome is to give a great speech (tacit knowledge requiring all skills), digital learning would be limiting. For employers to arrive at the desired learning outcomes, they need professional insight into the exact learning requirements of employees and the right calibration of content and methods. A good place to begin is to draw up a knowledge map of the company, upon which you can build a roadmap to close the competency gaps.

4.1 Do you know what your employees know?

Assuming that you have a clear set of desired learning outcomes, you then need to establish who needs to learn what, which job profiles require which competencies and skills. How do companies evaluate their learning requirements? Our survey revealed that both surveys (63 percent) and appraisals



Source: KPMG, IMD, 2015

(63 percent) are more widely used than on-the-job performance and tests to evaluate learning requirements. This was a multiple choice question. So even though evaluation methods could be used together, job performance accounted for only 53 percent and tests for 32 percent in identifying competency gaps (see figure 8). While it could be argued that an individual's abilities are also reflected in appraisals, they can be more directly, objectively and amply assessed through tests or job performance.

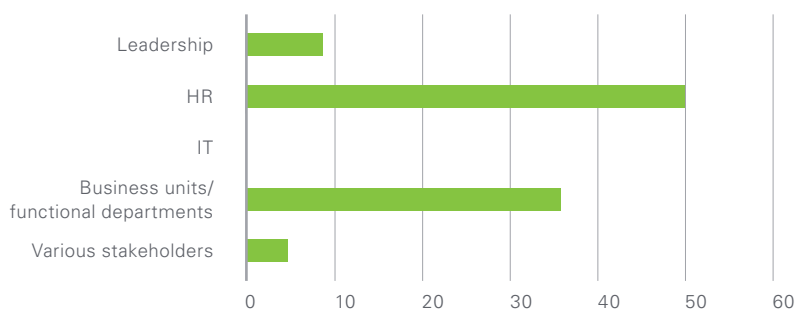
²⁰ Bloom, B. S. et al.: Taxonomy of educational objectives: The classification of educational goals, Handbook I: Cognitive domain, New York 1956

Also notable is that 11 percent of companies in our survey conduct no evaluation of learning requirements at all. When no evaluation of requirements takes place, one could imagine that “learning” might imply merely information dissemination, such as the introduction of new guidelines or changes in processes. One comment was quite frank – it was simply up to the boss. In the best case scenario, the boss might take a stab in the dark and his or her gut feeling might be right. In the worst case, it would imply that a certain amount of learning was random and perhaps not even necessary.

The lack of systematic evaluation made us curious about whether current knowledge maps exist in organizations. There is no sense in delivering courses that fit the competency needs of the business five years ago. All companies are organic entities that evolve. Staff and job profiles change, and learning goals must adapt to developments in the economic environment. It would be helpful to assess not only knowledge about the subject area but also technological competence. The former is necessary to identify what to learn, the latter for how to learn it.

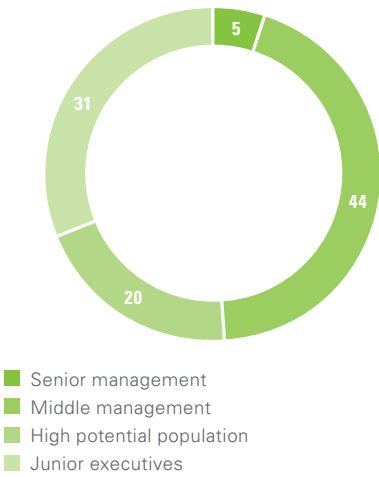
Further results indicate that the decision to use digital learning is largely taken by HR (50 percent) and thereafter by the business unit or the functional department (36 percent). Leadership accounts for 9 percent; although the decision is sometimes taken jointly between HR and leadership (5 percent “various stakeholders”). IT is not involved in the decision making at all (see figure 9), which is curious considering the litany of technical challenges cited by survey respondents. Technological readiness, not just of individual learners – as mentioned above – but also of the organization’s systems seem to be unknown variables.

09 Decision makers for digital learning
(in percent; n = 23; KPMG clients only)



Source: KPMG, IMD, 2015

10 Target population
(in percent; n = 76)



Source: KPMG, IMD, 2015

What do these results tell us about the level of staff and use of digital learning? Do they mean that the physical presence factor with real-time networking is considered irreplaceable for the development of senior management and high potentials? Do well-functioning programs exist for these target groups that the companies do not want to tamper with? They might want to leave well enough alone because significant investments have already been made for senior management and high potentials, whereas other training still needs to be rolled out across middle management and junior executives. Another possibility is that it is just a matter of demographics: the more junior staff and middle management there are, i.e. the more job profiles, the more digital learning is available for them. These reasons do not need to be mutually exclusive.

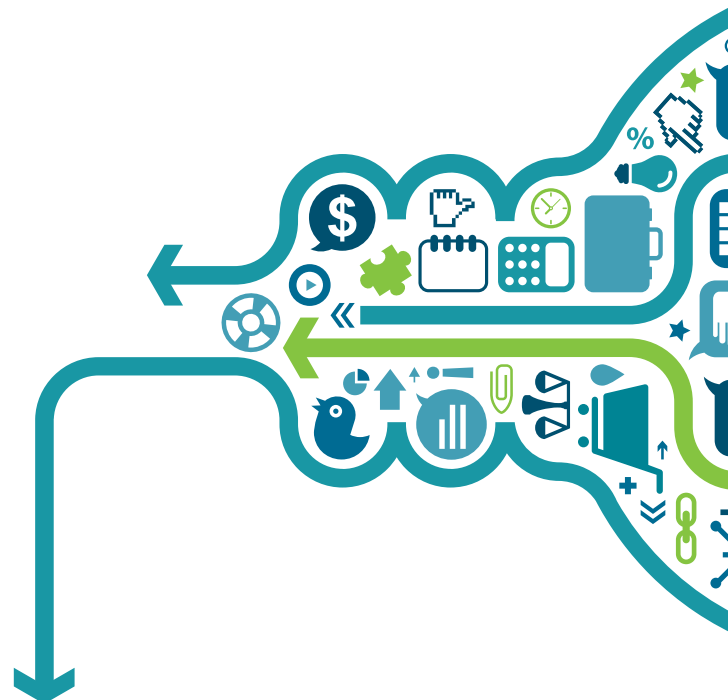
We also asked about the target population for digital learning. This was a single choice question, and a few comments indicated that it is used across the board or throughout the hierarchy. Thus we assume that the differences in the distribution must be more or less the same as the answers received, namely that digital learning is mostly geared to middle management (44 percent) or below. Junior executives also receive a large proportion (31 percent), which exceeds the amount dedicated to the high potential group (20 percent). Only 5 percent is targeted at senior management (see figure 10).



audience will be, what the business drivers are, and how they will combine e-learning with other forms of training. “When I hear numbers thrown out without business arguments other than ‘we’ll save money,’ I’m skeptical,” he states.²¹ His point underlines the importance of not only having an outcome, but the right outcome, to drive the decision.

Yet the job is not accomplished simply by pairing the appropriate types of knowledge with the suitable learning technologies. There is obviously a motivation problem. It is impossible to fill a mind that is not receptive – even when spoon-feeding the mouth has to be open. With professional expertise, even the dullest of subjects can become fascinating when the didactic approach taps into the right learner motivation. There are two forms of motivation: extrinsic and intrinsic.²² Clearly most of our survey participants are driven by extrinsic motivation – there is a business obligation to do the training, and the benefit of doing it by e-learning is that they do not have to stress themselves doing group work or have the hassle of travel. There is a good chance that much of their learning rapidly dissipates until the next time training becomes mandatory. Learning only truly happens when the motivation is intrinsic – when we want to learn because we enjoy it.

In sum, digital learning needs to be nested in a global L&D strategy that addresses the competency gaps of individuals in the organization. Digital learning needs to be suitably matched to the type of knowledge to be transferred and the intended business outcomes. Digital learning – in fact, all learning – needs to be fun! Even more, an effective L&D strategy must anticipate the knowledge base required to establish the company’s competitive advantage in the future and the technology to build that base. All this must be glued together with widespread awareness and acceptance of the corporate strategy and a tight social culture.



²¹ Mullich, J.: A Second Act for E-Learning, published on Workforce on 30.01.2004, <http://www.workforce.com/articles/a-second-act-for-e-learning>, last access: 03.06.2015

²² Csikszentmihalyi, M.: Flow: The Psychology of Optimal Experience, New York 1990

Behind the scenes: Digital learning in KPMG's L&D



KPMG's L&D addresses KPMG internal corporate education as opposed to KPMG's Education Unit, which caters to external corporate clients. KPMG-L&D's curriculum includes focused learning and development interventions based on individual and corporate requirements. KPMG uses a broad spectrum of learning tools, methods and channels and is currently championing the implementation of new digital learning formats in addition to more traditional classroom-based sessions.

While cost reduction might seem like an obvious argument for using digital learning, it is not the most relevant. The implementation of digital learning requires investment, and the cost benefits typically only materialize in the medium to long term. Thus other advantages like increased reach and speed as well as improved flexibility for the learner and the company can be more important drivers and ultimately lead to competitive advantage.

KPMG's learning journey has moved from a traditional classroom-centric approach to a culture in which working and learning go hand in hand and in which the learner should be able to learn "just in time and just enough." Digital learning formats, tools and techniques are key elements in this approach. Maria Süß and Magdalena Kretschmer from the German KPMG L&D team share some lessons learned when implementing digital learning, which could be useful for other organizations as well:

- Prior to any decision on a formal learning concept, whether digital or face-to-face, key questions, such as the learning objectives, target audiences and corporate goals take center stage. Ideally L&D should take the role of a learner and ask, "Where am I as employee and how can learning help me to better contribute to corporate objectives?" Answering these questions is essential to determine the strategy and the content, objectives, methods, tools and technologies to meet training needs.
- Learning objectives have to be clearly defined. Attempts to simply replace seemingly more onerous face-to-face learning with a digital format will fail. Instead, the decision and approach have to be based on learning objectives, e.g. whether the aim is primarily to provide content knowledge or achieve a change in behaviors or even attitudes. Even simple aspects like these help guide the decision on the right training format.



- Digital, and in particular modular, learning formats that enable the learner to select learning “nuggets” based on their individual knowledge and allow them to decide when and where to access the learning prove to be particularly popular. They receive highly positive feedback.
- A wide range of know-how and capabilities is needed to develop successful digital learning. Face-to-face elements can rarely be translated into digital formats – rather, close collaboration between technical experts, L&D leaders and design experts as well as external agencies is essential.
- In addition to getting the content and format right, stakeholder management and marketing within the organization are critical. Ideally, decision makers within the HR function work together with other stakeholders, such as business area leads and work councils, to develop a digital learning strategy and charter across the organization. This improves acceptance and supports the business areas in implementing new learning styles and formats. “At KPMG we also had highly positive experiences by engaging the MfE (Managing for Excellence) partners early on and exchanging ideas and supporting HR strategies.”²³
- Alongside all of the above, a change management approach has to be agreed upon and implemented. Sometimes this can be even more important than providing the digital learning itself and has to be part of the resource planning process when contemplating digital learning. “From our experience, it’s also important not only to focus on standard questions such as ‘Which software should be used?’ or ‘Will the learning be produced internally or via external agencies?’ but also on more sensitive topics like company politics and supporting marketing campaigns.”²⁴
- Finally, managing expectations has proved to be a key success factor. Stakeholders might expect digital learning to resolve many unspoken HR or talent management challenges “en passant,” such as improved learning effectiveness, faster turnaround or development times, increased motivation to learn as well as reduced investment costs. To avoid frustration, it is essential to discuss expectations early on and to agree on realistic goals and objectives in terms of what the digital learning will achieve.

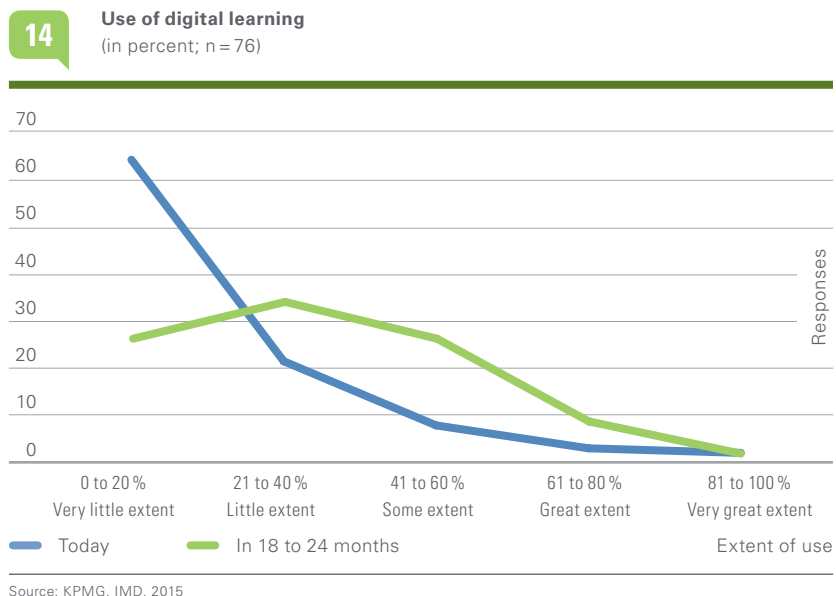
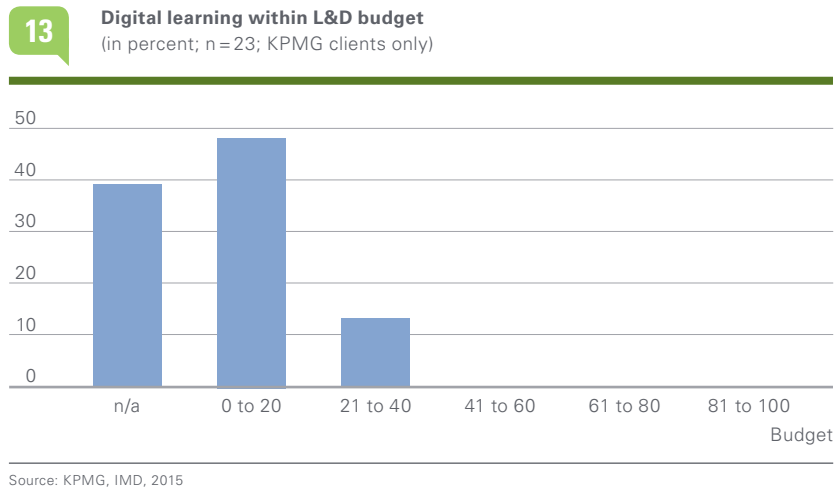
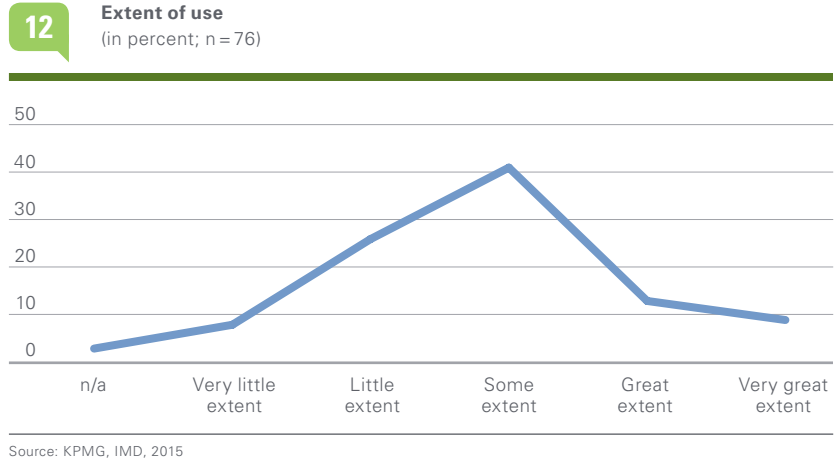
The biggest takeaway here is, “Cheaper is not better, only better is better!”



²³ Kretschmer, M.: Interview, 25.11.2014
²⁴ Süß, M.: Interview, 15.01.2015

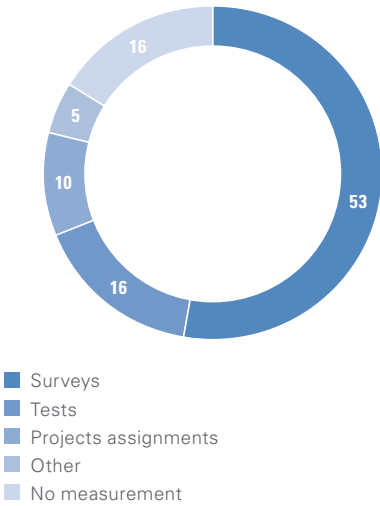
In addition, approximately half the respondents (48 percent) indicated that their organization invests 20 percent or less of its L&D budget in digital learning; 39 percent chose n/a (see figure 13). It was not clear whether those respondents did not know the amount invested or did not wish to divulge the information.

Respondents agreed that digital learning is expected to grow in the near future. Although it is currently used 20 percent or less in two-thirds of companies surveyed, a shift from 20 percent to 60 percent is foreseeable within the next 18 to 24 months (see figure 14). Yet many companies do not have a full-blown LMS.



15

Method of impact measurement
(in percent; n = 23; KPMG clients only)



Source: KPMG, IMD, 2015

5.1 The difficulty with learning impact

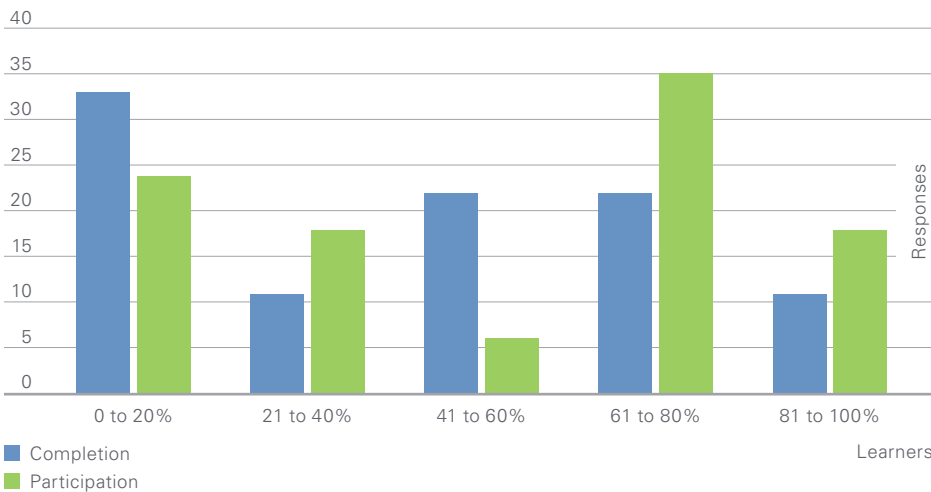
By far the most commonly cited challenge associated with digital learning was the impact – defining, creating, delivering and measuring it; 58 percent of respondents agreed on this point. Impact cannot be achieved when there are implementation issues. There was equal distribution of around 20 percent each for implementation challenges arising from accessibility, integration in current systems, completion, and relevance, while keeping materials up to date was slightly higher (32 percent). Other challenges mentioned included the acceptance by the learners and their motivation and discipline.

The majority of respondents felt that less than 40 percent of learning is transferred back to the job. The most widely used method of impact measurement is surveys. We hope these surveys are 360° or at least sent to more than one party who can observe the change in performance or behavior. One of the most powerful measurements is projects, but only 10 percent of the companies surveyed implement them; 16 percent did not measure impact at all (see figure 15).

Although a third of respondents estimated that the e-learning participation rate is between 61 percent and 80 percent, the completion rate was felt to be much lower. Two-thirds believed that 60 percent or less finish the courses. In fact, a third of respondents believed that only 20 percent or less actually complete their courses (see figure 16). This disparity could imply several things. The courses might not be sufficiently relevant or engaging to retain participants' interest. It could also mean that participants lack the discipline or competence necessary to complete a course. In line with this, there may be no consequences associated with either finishing or not finishing the course. Finally, technical difficulties may hamper participants' ability to finish.

16

E-learning participation versus completion
(in percent; n = 23; KPMG clients only)



Source: KPMG, IMD, 2015

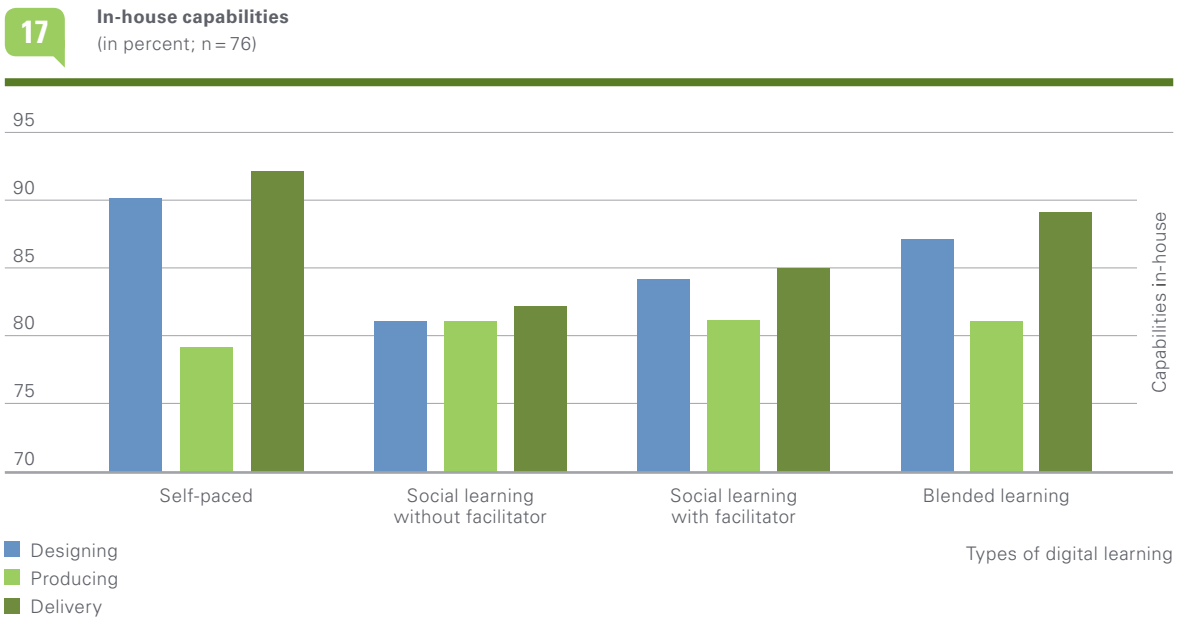


5.2 Challenges with rollout and sustainability

CCBS is not alone in the technical challenges it faces. Many of our survey respondents have been using digital learning for several years and are capable of designing, producing and delivering the courses themselves in-house. Results showed that while in-house capabilities for design and delivery are both very high, production capabilities lag behind. Self-paced digital learning is the dominant format, with production supplemented by outside providers. The blended learning format comes next – here, production capabilities are slightly higher than for self-paced learning. Respondents felt that in-house capabilities in designing and delivering social learning are greater with a facilitator than without (see figure 17).

Semigator’s experience validates some of the hype around digital learning. Semigator is a German online search portal, which acts as an intermediary. It aggregates training and facilitates a virtual training marketplace. Manja Hellmann, senior marketing manager of Semigator, observed that demand is concentrated on digital management of traditional training rather than on e-learning itself. She commented that most large companies do not have the foundations in place for digital learning. Around 80 percent do not have a true LMS and tend to use an intranet solution for their talent and personnel management.²⁷

Over a third of the respondent companies use internally built learning platforms. Others use both internal and external. Those who use external providers pointed out some positive aspects, most of which are generic such as having a single landing platform for a wide range of offerings, availability around the clock and not being tied to a specific location. However, respondents also shared a number of concerns:



Source: KPMG, IMD, 2015

27 Hellmann, M.: Interview, 14.12.2014

- **Administration challenges**

The most common remark was about the inflexibility of the systems as well as difficulties associated with the administration, which can be so demanding or complex that a dedicated administrator is recommended. In addition, the technical support offered with an LMS is often not satisfactory.

- **Technical aspects**

A challenge for many in setting up an LMS is not only the customization and integration into existing systems but also the integration of other learning solutions. The general lack of compatibility with existing systems and new access devices such as iPads means that it is not possible to take full advantage of the functionalities. International companies have problems with different IT standards and bandwidth across many countries. Also, IT security is a growing issue.

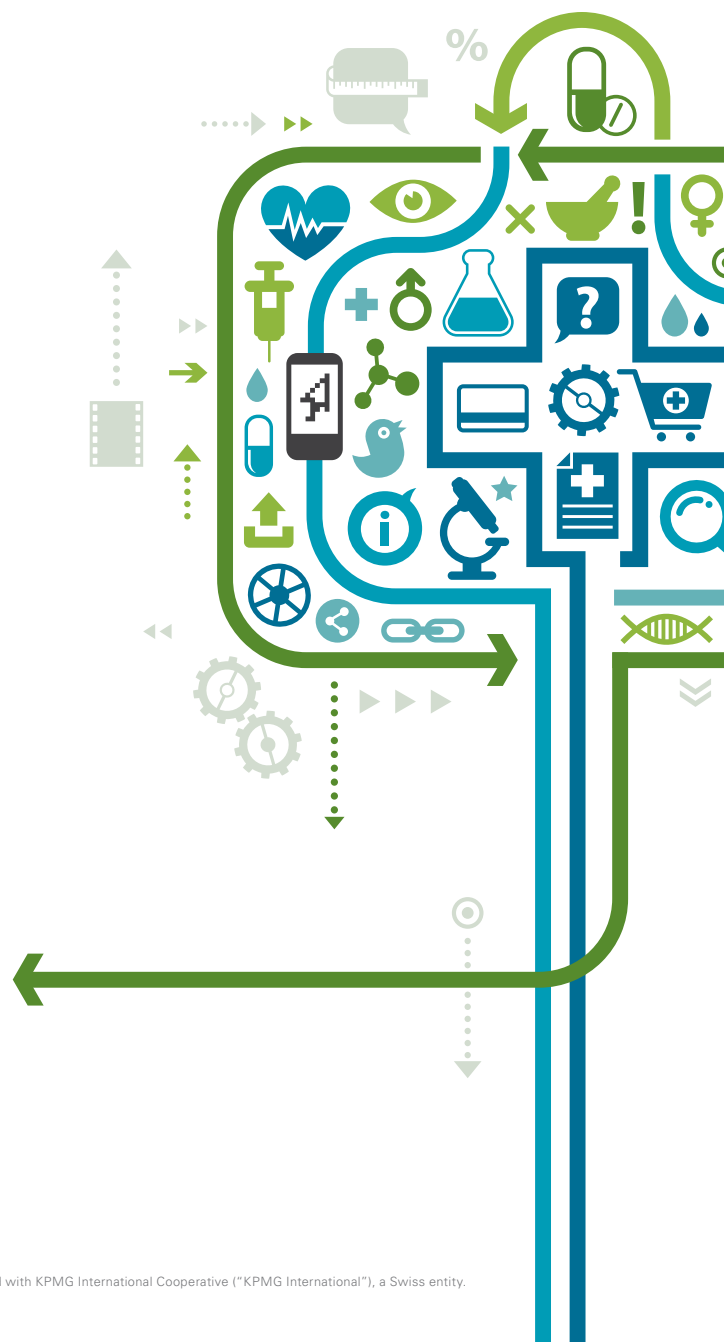
- **Cost and quality**

Content development takes a long time and content hosting remains expensive. Often the modules are too long. In addition, the quality of modules is not consistent. The platforms themselves are not visually appealing; some respondents commented that they resemble a throwback to older applications or their university days (approximately 20 years back)!

- **Lack of engagement**

Many said they feel they have to drive their staff to use the platforms. Engagement from the business side is not forthcoming. This could be attributed to the lack of user-friendliness since the platforms are perceived to be more technology-focused than user-focused.

For effective rollout and sustainability of learning, we invite companies to ask themselves if they are technologically ready. Without a good understanding of the current capabilities and technical expertise in-house, it is difficult to integrate digital learning in an effective way. HR expectations might be dashed by IT disappointments when the fit between legacy systems and a new improved LMS is not there, no matter how sophisticated and expensive the new solution is.



Walton's tips for creating a positive buzz for digital learning include:

- Offer relevant, short and interesting modules to build a positive reputation for e-learning.
- When using WBTs, a short video or audio clip from the content owner at HQ helps to create a personal touch. Participants feel a connection and can relate to the material. They will be less hesitant about contacting the content owner or HQ with queries.
- Do a sales pitch to promote e-learning on Yammer or in an intranet article or newsletter to let employees know that the courses are available and to make them want to take them.
- Give employees a roadmap. For example, if there are over 40 courses, let them know which are compulsory and which are not to avoid the risk of them getting lost in e-learning overload.
- Follow up with KPIs (at the business and country levels). At ABB, SCM leadership is directly involved in talent development, and monthly KPIs on the penetration of training activities are part of the management reports.

These tips bring home the message that most learners have been educated all their lives to be knowledge consumers, and they need support to readapt. Help desks, learning roadmaps, KPIs and various other measures all help to smooth the rollout. Of course, not all e-learning is so exciting that it fires up great enthusiasm among learners, and in that case, internal marketing can boost participation and improve the returns.



6

Conclusion



The L&D industry is “in the middle of a renaissance”³⁰ because new technologies are pushing the knowledge (and learning) envelope to new frontiers. Just as knowledge is changing, so also is the learning process. The unique proposition of digital learning is that knowledge can be brought to the learner at the point of need – to remote locations, in real time, at any time. The power of digital learning is not so much in the cost savings, but rather in its almost infinite scale and scope. E-learning brings together reach, cost efficiency and consistency in a way that was not possible previously. Historically, learning was more or less a one-way process. Since the advent of the internet, learning has become an interconnected process in which feedback can be given and received immediately through multiple points of contact. This can actively shape knowledge as it travels throughout a company. Ideally, capability-building would become a dynamic, almost organic process, whose direction is defined by organizational strategy. Today, most of the L&D industry is just getting over the honeymoon phase and seeking to settle down into a sustainable relationship with digital learning, with all the advantages and disadvantages it has to offer. One piece of advice that keeps re-emerging is not to do it the old way. Don’t be “either or.” Instead, use blended learning to flip the classroom. This way, face-to-face time becomes quality time and deep learning can occur. New knowledge, competencies and skills can be sealed into your knowledge landscape through multiple learning methodologies.

A good starting point for establishing a relevant and sustainable digital learning portfolio is at the end – the outcome(s). The method is dependent on the learning outcome, not the budget outcome, as well as on the type of knowledge and skills to be transferred. Ensuring the “right” digital learning solution depends on the learning population, the method and the content. Make sure you identify the right target groups and evaluate their learning needs in a systematic manner with a structured and focused approach, for example with a knowledge map. Even if appraisal processes are already in place, a more robust knowledge map reflects direct assessments through tests and on-the-job performance. To determine the right method, establishing the technological readiness of both staff and systems can set clear boundaries as to the kind of digital learning that can or cannot be deployed. Engaging the CIO in the overall decision making for technology solutions is advisable to avoid technical headaches later. Finally, there is the question of right content. Digital learning must be relevant, otherwise the demotivation triggered by a series of boring WBTs will create a negative spiral and kill the digital learning potential. A frequently neglected element in e-learning is the fun factor – there is no excuse for learning not to be enjoyable!

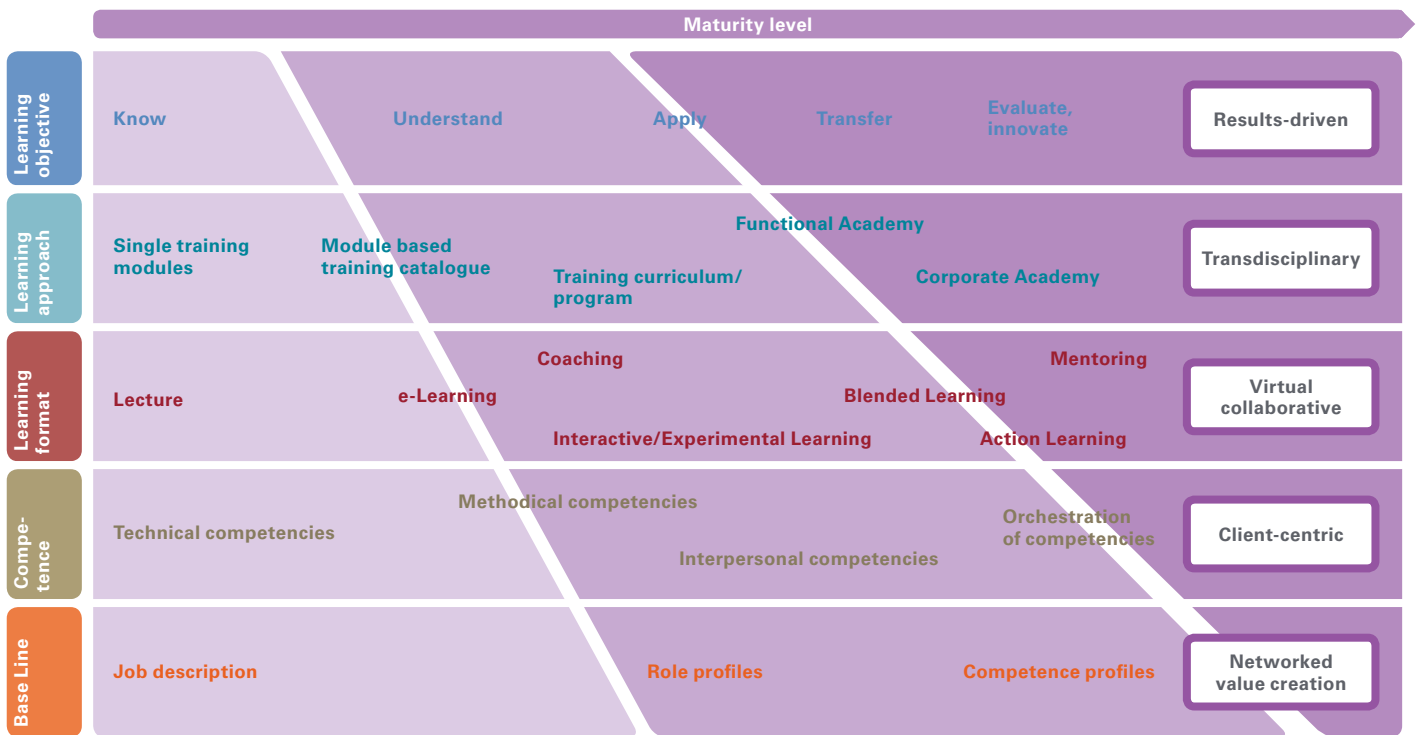
³⁰ Bersin, J.: Growing Gap Between What Business Needs and What Education Provides, published on Forbes on 12.10.2012, <http://www.forbes.com/sites/joshbersin/2012/12/10/growing-gap-between-what-business-needs-and-what-education-provides/>, last access: 03.06.2015

KPMG’s Education Unit believes that sophisticated corporate education aligns the learning maturity profile across five dimensions: the learning objective, learning approach, learning format, client-specific competencies derived from a client-defined learning baseline (see figure 18).

KPMG augments this with research on relevant megatrends to boost performance and development for the future. It is not enough to be current; knowledge needs to stay ahead of the curve. With good calibration, a learning roadmap based on a forward thinking L&D strategy and an accurate knowledge map of individual competencies helps to create and measure impact.

18

Learning design matrix



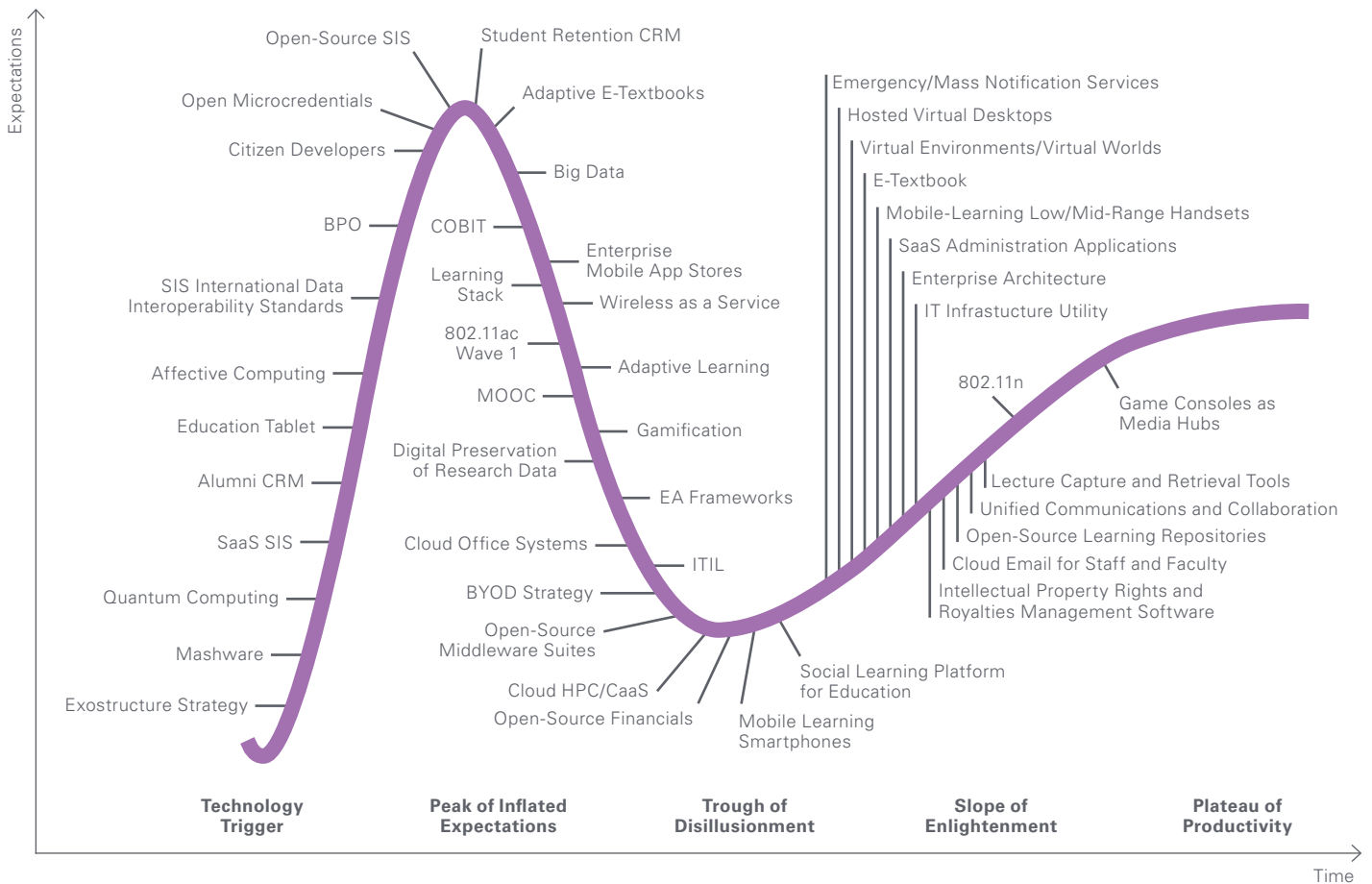
Source: KPMG Education Unit, 2013

Assuming you have the solution, how will you implement it when only 20 percent or less of your budget is dedicated to digital learning, you do not have a proper (or up-to-date) LMS, and you are revving up for significant growth in technology-driven L&D? To start with, it would be helpful to quantify the hidden costs of the internal resources that go into designing, producing or delivering internally produced digital learning to obtain a better understanding of the real investment cost. Then, budgets can be loosened with an attractive ROI, but keeping in mind that cheaper is not always better, there are other ways to justify the need for greater investment – with evi-

dence of strong impact. The challenge is how to measure learning impact. Of course, some types of learning such as soft skills based on tacit knowledge are difficult to measure, but even so there are possibilities. Although a survey is the most common method for measuring impact, depending on how it is constructed, it is not always a reliable performance indicator. A time-tested method would be to use projects that represent actual business cases. The CCBS story suggests taking this a step further and making business goals attainable only through learning. That would be a foolproof way to generate real-world learning as well as some clear KPIs.

19

Hype cycle for education³¹



Source: KPMG, IMD, 2015

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Some points about implementation to take into account are administration challenges, technical aspects, cost, quality and lack of engagement. Digital learning and digital management go hand in hand, and this amplifies the administration and technical difficulties – so much so that most users do not realize how many resources digital learning can consume. To avoid the nightmares of expensive, inflexible, complicated and incompatible systems, companies must ask themselves three key questions:

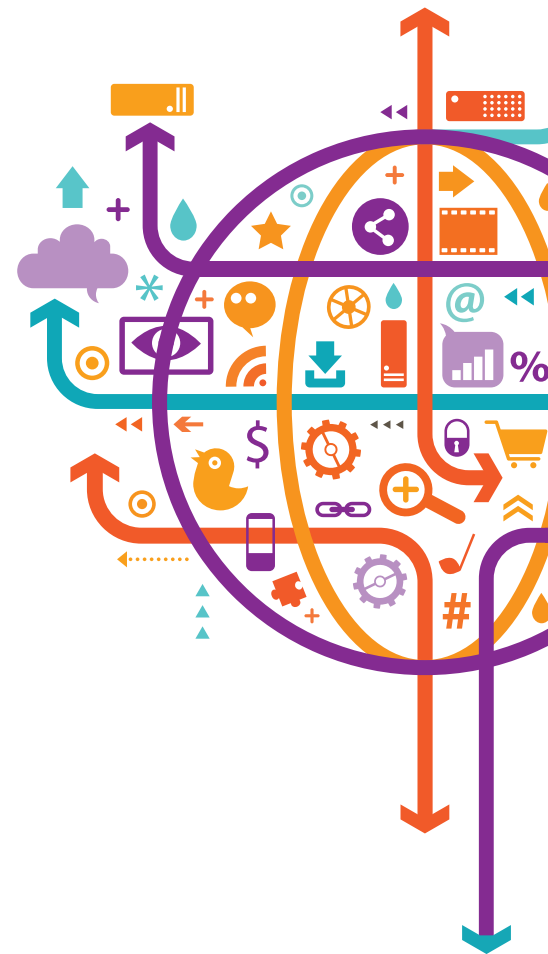
1. What are my company's current capabilities in terms of digital learning?
2. How mature is the technical expertise required to integrate digital learning elements?
3. What should I expect from a service provider/LMS?

Also, including IT in technological readiness discussions could spare a lot of headaches in launching digital learning on a broad scale. The Hype Cycle is one possible tool to help CIOs improve strategic decision making on technology investments. Here the Hype Cycle for Education (see figure 19) illustrates the trough that follows the initial digital learning honeymoon and suggests potential didactic options to meet maturing expectations.

The last consideration is about getting traction. Engagement not only from learners but also from other stakeholders is critical for sustainability. KPMG's L&D emphasized the crucial role of the change management process, getting all the parties around the table to promote the digital learning agenda from all sides. Another way to address motivation is internal marketing: creating awareness and enthusiasm, introducing, explaining and inspiring everyone to get on board. A WBT just sitting on the learning platform is not going to promote itself and the indifference of staff will also not dissipate with the next mandatory e-learning. Insights from ABB underlined this, as well as the importance of appealing to intrinsic

motivators. An effective way to generate positive reaction to new learning opportunities is to make digital learning personal and authentic. By doing so, it can lead to meaningful conversation with others, including the content owner, and become a springboard to cultivate self-organizing learning networks.

In closing, we recognize that the current talent shortage is enormous and digital learning will inevitably be part of the solution. Universities and other educational institutions lag far behind the talent recruitment needs of the corporate world.³² Increasingly, corporate universities will need to step in to fill the knowledge gap: in some cases to keep the firm competitively staffed; in other cases to develop outstanding leaders. In this journey, L&D will loom ever larger on the economic horizon, and technology-powered learning ecologies will emerge more frequently. It is an exciting period in the history of knowledge transformation. In this adventure, let us not forget that learning is not just about acquiring knowledge. It is a journey that includes its application, development and, finally, evolution. Through digital learning, you have the power to innovate the learning process and co-create knowledge in your company. We hope you take full advantage of this enormous lever, because it will ultimately shape our industries in the future.



³¹ Figure based on analysis by Lowendahl, J.-M.: Hype Cycle for Education, published on Gartner on 23.07.2014, <https://www.gartner.com/doc/2806424/hype-cycle-education->, last access: 03.06.2015

³² Bersin, J.: Growing Gap Between What Business Needs and What Education Provides, published on Forbes on 12.10.2012, <http://www.forbes.com/sites/joshbersin/2012/12/10/growing-gap-between-what-business-needs-and-what-education-provides/>, last access: 03.06.2015

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KPMG is a network of professional firms with more than 162,000 employees in 155 countries. In Germany too, KPMG is one of the leading auditing and advisory firms and has around 9,600 employees at over 20 locations.

KPMG Education Unit: knowledge and skills as economic resources

In an ever changing world, be it technically, digitally or globally, KPMG's Education Unit supports companies in changing accordingly. If companies crave success they have to embrace change. Thereby we focus on strengthening the performance of individual members of staff using specialised, methodical and interpersonal qualifications. We offer a profound and future-focused learning strategy with qualification programs which are especially tailored to meet the needs of the respective companies.

Our long experience and an education platform established in various branches for ten years as well as proven tools and processes make us a high-performance and results driven organisational unit for the practical implementation of qualification programs.

About IMD

Origins

IMD – International Institute for Management Development was established in January 1990, as the successor to two previously independent business schools: IMI, founded in Geneva by Alcan in 1946, and IMEDE, founded in Lausanne in 1957 by Nestlé.

The IMD Difference

IMD is a top-ranked business school. We are the experts in developing global leaders through high-impact executive education.

- We are 100 percent focused on real-world executive development
- We offer Swiss excellence with a global perspective
- We have a flexible, customized and effective approach

We are 100 percent focused on real-world executive development

All IMD programs and services focus on real-world challenges faced by executives. We work with our clients – individuals, teams and organizations – to resolve their issues, build capabilities and prepare for the future.

We attract outstanding Faculty members who combine thought leadership and practical experience. Run like a business, not only as an academic institution, we adopt a relentlessly problem-solving approach to create lasting value and impact.

We offer Swiss excellence with a global perspective

Based in Switzerland and also operating out of key locations worldwide, IMD shares its host nation's commitment to excellence while offering a unique global experience.

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