Pfeiffer

Essential resources for training and HR professionals

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Foreword by Dr. David Norton

THE TRAINER'S BALANCED SCORECARD

A Complete Resource for Linking LEARNING to ORGANIZATIONAL STRATEGY

About This Book

Why is this topic important?

Without a strategy, organizations are directionless and have no true purpose. Eventually, such organizations fade away and die. Consultants can play an important role in saving them by using the balanced scorecard (and other strategic scorecards) to help organizations determine and follow their strategic objectives.

There is a great need for all learning professionals to be able to show the impact that training has on an organization. We are proud to say that the *Trainer's Balanced Scorecard* is the first book to tackle this need. We have tried to address management expectations for employee performance and ways for learning professionals to know more about business issues in order to help those employees be accountable for results and be able to contribute to an organization's strategic plans.

What can you achieve with this book?

This book answers the critical need for workplace learning professionals and consultants to become more strategically oriented and to be able to connect their leaning and performance initiatives to organizational goals.

This book will help you to communicate learning results to decision-makers and senior management; earn a seat at the "management table"; connect learning strategies to organizational objectives; move past trying to calculate the monetary return of your learning initiatives; start strategically aligning learning with real issues; create proactive partnerships both internally and externally; possibly make your training department more profitable; transform T&D from a cost center to a strategic resource center; reporting results to executive management to demonstrate the worth of employee development; become accountable for T&D rather than being reactive and waiting for the results to occur; and link learning and performance to the balanced scorecard.

This book is not just for those responsible for employee development and performance. It is essential reading for managers who recognize that an organization's economic survival is determined by its soft assets, specifically knowledge, information, and people.

How is this book organized?

This helpful resource is organized into two major sections:

> **Section 1** guides you through the why's and what's of building a trainer's BSC and addresses strategy mapping, developing key partnerships, defining financial and non-financial performance measures, communicating learning results, and developing cascading scorecards. It also features real-world case studies of how several companies integrated learning strategies into their corporate balanced scorecards.
>
> **Section 2** is more practical and provides you with the how's—the actual design and development of the Learning and Growth balanced scorecard. This section features dozens of customizable tools: forms, worksheets, templates, sample scorecards, training exercises, assessments, and reviews.

There is a **web-based section** to support those who want additional resources. We will post new tools and success stories for you to learn from. You also will have an opportunity to chat with peers, read blogs written by the authors, and gain access to the knowledge of your peers. Visit www.centralknowledge.com to learn more.

We hope you use this book to its fullest potential and that you are able to leverage *your* fullest potential after reading it.

Wishing you much success in your strategic efforts,
Ajay M. Pangarkar and Teresa Kirkwood

About Pfeiffer

Pfeiffer serves the professional development and hands-on resource needs of training and human resource practitioners and gives them products to do their jobs better. We deliver proven ideas and solutions from experts in HR development and HR management, and we offer effective and customizable tools to improve workplace performance. From novice to seasoned professional, Pfeiffer is the source you can trust to make yourself and your organization more successful.

Essential Knowledge Pfeiffer produces insightful, practical, and comprehensive materials on topics that matter the most to training and HR professionals. Our Essential Knowledge resources translate the expertise of seasoned professionals into practical, how-to guidance on critical workplace issues and problems. These resources are supported by case studies, worksheets, and job aids and are frequently supplemented with CD-ROMs, websites, and other means of making the content easier to read, understand, and use.

Essential Tools Pfeiffer's Essential Tools resources save time and expense by offering proven, ready-to-use materials—including exercises, activities, games, instruments, and assessments—for use during a training or-team-learning event. These resources are frequently offered in looseleaf or CD-ROM format to facilitate copying and customization of the material.

Pfeiffer also recognizes the remarkable power of new technologies in expanding the reach and effectiveness of training. While e-hype has often created whizbang solutions in search of a problem, we are dedicated to bringing convenience and enhancements to proven training solutions. All our e-tools comply with rigorous functionality standards. The most appropriate technology wrapped around essential content yields the perfect solution for today's on-the-go trainers and human resource professionals.

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www.pfeiffer.com

Essential resources for training and HR professionals

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The materials are available FREE with the purchase of this book at
www.wiley.com/go/pangarkar

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FOREWORD

by David P. Norton

When Bob Kaplan and I developed the concept of a Balanced Scorecard in the 1990s, we had a very simple message to improve performance:

1. Understand your organization strategy
2. Translate your strategy to measures and target (a "Balanced Scorecard")
3. Align your people (their competencies, goals and incentives) to the measures and, hence, to the strategy.

While the message may have been simple, the realization was anything but. We found that there was no generally accepted way to describe an organization's strategy. If you can't describe a phenomenon, you certainly can't *measure* it and without measures, you can't *align* the organization.

We had two important breakthroughs in our thinking as the Balanced Scorecard evolved from a measurement technique to a performance management system. The first was the development of the "Strategy Map." The map provided a visual way to show the relationship among desired outcomes (financial success and customer satisfaction) and the strategic drivers (internal business processes and human capital).

The second breakthrough was the role of *alignment* as a creator of value. The Strategy Map defined the strategic priorities of the organization. These priorities became the targets for all organization investments including training, development, technology, reengineering, etc. With the strategy map as the target, all organization activity could be aligned to the strategy.

One of the most important activities in this alignment process is the training and development of the work force. Human assets that are trained to meet the requirements of the strategy are worth more than those that are not. Conversely, the ROI of investments in workplace learning will be greater if the investments develop the competencies required by the strategy than if they are focused elsewhere. In other words, alignment is a source of value.

It was the recognition of this need and opportunity that caused the authors, Ajay Pangarkar and Teresa Kirkwood, to develop this excellent work, "The Trainer's Balanced Scorecard." They begin with a call for members of the Training and Development community to "be strategic." Being strategic is a state of mind–a way of looking at the big picture of the business and creating a context for your individual actions. This is not a remedy that is limited to TD professionals–strategy is everyone's job. But the leverage and impact that Human Capital has on the organization is unique.

From this starting point, the authors do an excellent job of tailoring the Balanced Scorecard approach that has been used successfully around the world to the needs of training and development community.

I applaud the work of the authors and urge you to develop the competencies defined here and to apply them in your organizations. And remember, you are not alone. There are thousands of professionals like you going through this experience in their own organizations. Reach out and join them through communities and your professional organizations. Based on my own experience, I can tell you that if you succeed, the results for both you and your organizations will be profound.

Good luck,
David P. Norton
Founder, The Balanced Scorecard Collaborative
Director, The Palladium Group
Boston, MA
November 2008

PREFACE

We hope that this book inspires you to develop effective learning initiatives and strategies that deliver a tangible contribution toward the success of your organization. It is a pleasure to have the unique opportunity of writing this book and helping you, our colleagues, to truly make learning relevant in a strategic context.

For many years, we have struggled to make workplace learning relevant to management, to gain credibility in the workplace, and to be held accountable for its intangible results in a tangible business world. Our story began over fifteen years ago as we both held management roles within our respective organizations. We did not have responsibility over training, but were accountable for our employees' and departments' performance. Regularly, our bosses would come to us and mandate that we send our staff to the "flavor of the month" training course. These were the days when "bums in seats" was the measure of a successful training program, and so everyone, without question, was expected to attend and hopefully participate in the training program proudly acclaimed by senior management. Most of you can relate to this, since each time a new business trend comes along the management bandwagon begins to roll and everyone is expected to learn and apply the new skills. What usually happens, as it did in our cases, is that very little learning took place, as it was not necessarily relevant to the participants or, as in the words all learning professionals today recognize: telling participants what they need to know isn't the same as them actually learning the topic. For lower-level managers like ourselves at the time, it also meant that our staff had to take valuable time away from their jobs, our budgets were reduced, and our performance objectives rose. All in all, it was a recipe for failure and blame. And that is exactly what happened.

Even though management pushed the training onto everyone in the company, training took the blame when it didn't work. Go figure how that happened.

Being young and on the fast track for management, we asked ourselves why we couldn't obtain the training that would help our staffs to maximize their abilities. Why did everyone in the company have to attend training on a specific topic that was not relevant to their responsibilities? And why would we not be allowed to determine the needs of our departments' performance and maximize the business investment we made in our employees? These all seem to be common sense questions, but as we all know, these questions were rarely, if ever, asked. And if you were courageous enough to question senior management as we did then, it was closely equivalent to career-ascension suicide.

Much has changed in the last decade as a result of three specific drivers: (1) economic factors and competitive environments require management to change and adapt much faster than ever before (a primary driver for the need for learning); (2) as a result of limited resources, every business investment incurred, including workplace learning, must be held accountable for its contribution to meeting organizational goals; and (3) learning, like every other business activity, must be held to the same standards and prove that their intangible outcomes produce in some way tangible results.

Some of you will equate "results" with the common term "return on investment." This is not appropriate. As we will demonstrate, what senior management believes to be more relevant is how investments in learning contribute to longer-term organizational objectives. Both Dr. Kaplan and Dr. Norton recognized that strategy was the primary preoccupation of senior managers. They also recognized that within a knowledge-driven environment, return on investment, albeit valuable, is an event-based measure. Traditionally, ROI is a financial measure of tangible outcomes. It is also viewed as a lagging measure or indicator of performance. Senior management may be skeptical of learning ROI measures and may find more from using the balanced scorecard, which has connections to the strategic goal, the organization's mission, and what needs to be accomplished to achieve it. The balanced scorecard also clearly demonstrates how intangible efforts such as organizational learning contribute to the organization's goals. Before you begin reading this book, clear your head of any pre-concepts about learning ROI and look toward leading thinking solutions rather than lagging financial measures.

As you read through this book, we hope that you will see our passion for the topic of learning and its relationship with organizational strategy. We believe this is what many of the people who have supported us and contributed to the book see. We attempted to provide you with a way to align every learning effort with your organization's business needs and seamlessly incorporate them with the organization's balanced scorecard.

INTENDED AUDIENCE FOR THE BOOK

Essentially, anyone who is involved with workplace learning should read this book. *The Trainer's Balanced Scorecard* is a resource for your own professional development and continuous learning. Ideally, all internal learning professionals responsible for managing learning and employee development as well as chief learning officers and directors for learning and training would read this book. It is also a must read for all learning and performance consultants. Others who could benefit from this book include senior managers, specifically those responsible for strategic planning, change management staff, human resource professionals, and all lower-level managers within these organizations.