

Measuring the ROI of Informal Learning

Research Brief



Brandon Hall Group Research Team
December 2015

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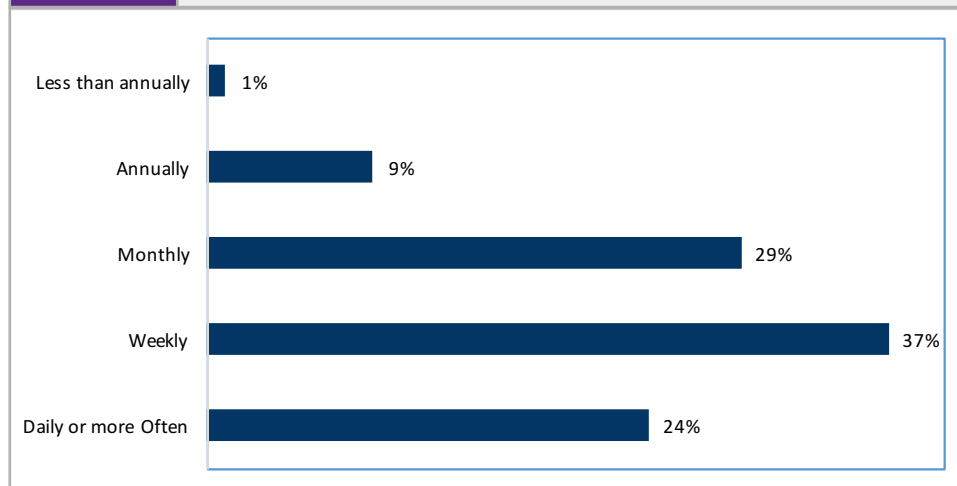
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The vast majority of the learning delivered within organizations is through formal classrooms and e-learning courses, which only accounts for about 10% of the learning that occurs.

Introduction

Organizations are finally realizing that people learn more of what they need to be effective at their job through informal channels, on-the-job experiences and coaching than they do through more formal means. When it comes to developing and executing the learning strategy, however, companies continue to look at things completely upside-down. The vast majority of the learning delivered within organizations is through formal classrooms and e-learning courses, which only accounts for about 10% of the learning that occurs. Even within that 10%, retention rates for single, formal learning events are abysmal, with most learners forgetting close to 90% of what they learned over time. What opportunities are companies missing to help people retain more of what they are learning and discover new knowledge through other, more informal channels?

Figure 1 Expected Frequency of Learning Interactions



Source: 2014 Brandon Hall Group, Social and Collaborative Learning Study (n=254)



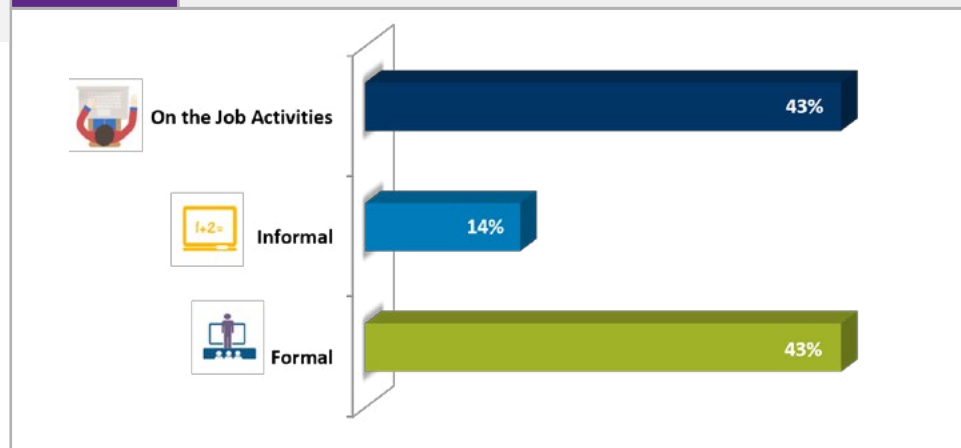
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The 70/20/10 model It isn't necessarily a prescription that mandates companies keep formal learning to 10% of their entire scope of learning programs. Instead, the model lays out a reality of how people learn on the job, no matter what the learning function does.

Understanding the Framework

The 70/20/10 model has been discussed for more than two decades, yet companies are just now beginning to realize the realities of the model and what it means for them. It isn't necessarily a prescription that mandates companies keep formal learning to 10% of their entire scope of learning programs. Instead, the model lays out a reality of how people learn on the job, no matter what the learning function does. This means companies need to realign their learning strategy to leverage, promote and facilitate the informal and experiential learning that is occurring within the organization. When we look at the actual mix of learning that occurs within organizations that have fully adopted the framework, we can see that it is not a one to one ratio:

Figure 2 Mix of Learning in 70/20/10 Organizations



Source: 2015 Brandon Hall Group 70/20/10 Study (n=248)

As you can see, learning efforts are split pretty evenly between formal and on-the-job learning, with a smaller mix of informal learning. Companies can and should expect to devote more than 10% of their efforts on formal learning. This is the type of learning and content that requires this kind of guidance and vision from the organization. But organizations should also plan to enable the other types of



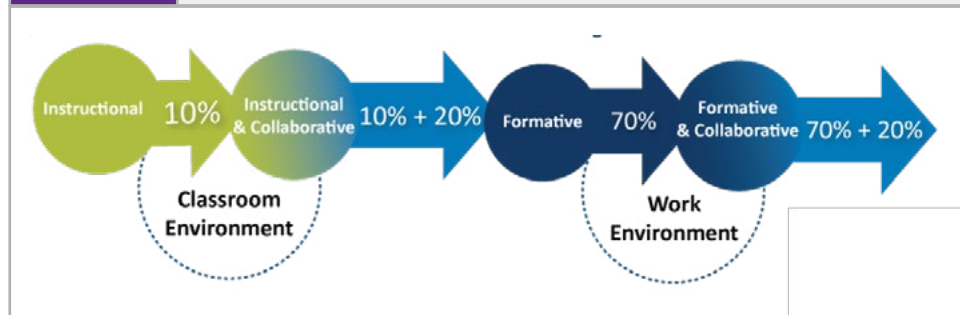
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The 70/20/10 framework is not something designed to be a sequential roll out, where the formal class is delivered, some informal learning occurs, then the learner fills in the gaps on the job as they go.

learning rather than letting them occur on their own and hope for the best. By approaching the blend this way, organizations can begin to measure the informal and experiential learning that occurs.

The other key consideration in adopting the framework is its execution. It is not something designed to be a sequential rollout, where the formal class is delivered, some informal learning occurs, then the learner fills in the gaps on the job as they go. Instead, it is a blended, cyclical rollout where parts of the classroom or course experience are collaborative and informal, then the work environment (where the new skills and behaviors are demonstrated) includes collaborative elements such as coaching and formative, on-the-job learning.

Figure 3 Blended 70/20/10 Rollout



Source: Brandon Hall Group 2015

A great example of this in practice is the “flipped classroom,” where learners do pre-work such as watching videos or reading resource material before to the formal classroom event. They can also communicate and discuss the content ahead of time in collaborative workspaces. When they arrive to the event, they already have an understanding of the material and can begin collaborating on scenarios and problem solving, with the instructor acting more as a facilitator. When the event is over, learners have a much better understanding of the material and how to apply it than if they had simply attended



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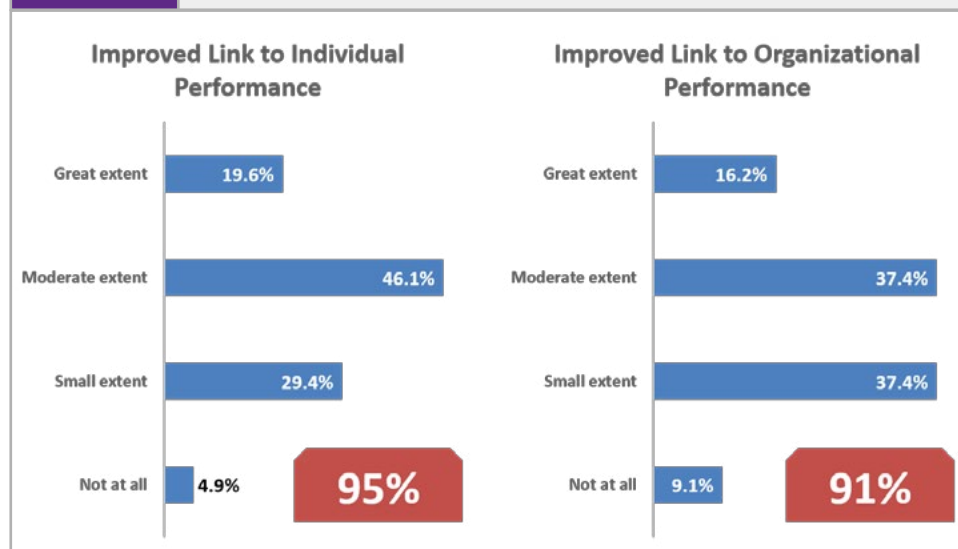
By incorporating more informal learning, companies say they are better able to make that crucial link between learning and how well their people perform and how well the organization performs.

a class. After the class, they can continue to discuss and share perspectives as they put the skills and behaviors to use on the job.

Putting it into Practice

According to Brandon Hall Group’s 2015 Learning & Development Strategies Study, the number one driver for developing a learning strategy is to align L&D goals with the goals of the business. In other words, the outcome of learning needs to be performance and not simply learning itself. Impacting the business is the biggest ROI learning can have. As it turns out, organizations that have adopted the 70/20/10 framework into their learning strategies are indeed seeing returns in that area.

Figure 4 Benefits of the 70/20/10 Framework



Source: 2015 Brandon Hall Group 70/20/10 Study (n=248)

By incorporating more informal learning, companies say they are better able to make that crucial link between learning and how well their people perform and how well the organization performs. Other tangible benefits companies say they have reaped from the framework include accelerated leadership development, increased use of in



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Remember, the framework is not about eliminating formal learning, but rather making the most of it.

formal learning, improved team performance, and optimized use of learning technologies.

Brandon Hall Group research has found that there are a few key learning characteristics that are correlated with high-performing organizations. When we look at organizations that have annually improved KPIs such as revenue, market share and customer satisfaction, we see that they:

- **Support proactive learners** -- employees who take responsibility for their own development and seek out learning.
- **Provide easy-to-use tools** that present employees with opportunities to connect to formal and informal knowledge sources throughout the organization.
- **Present each and every employee with opportunities** for development based on personal strengths, weaknesses, job roles, or interest from sources that go beyond their immediate leaders.

These characteristics are indicative of organizations where informal learning is embraced, facilitated and leveraged. These findings add to the mountain of research that says that organizations that focus more on the 70 and the 20 tend to perform better.

There are obviously many elements to the framework that have varying degrees of effectiveness. Not surprisingly, one of the most effective elements of the framework is instructor-led classroom training. Remember, the framework is not about eliminating formal learning, but rather making the most of it. Some of the other more effective elements include:



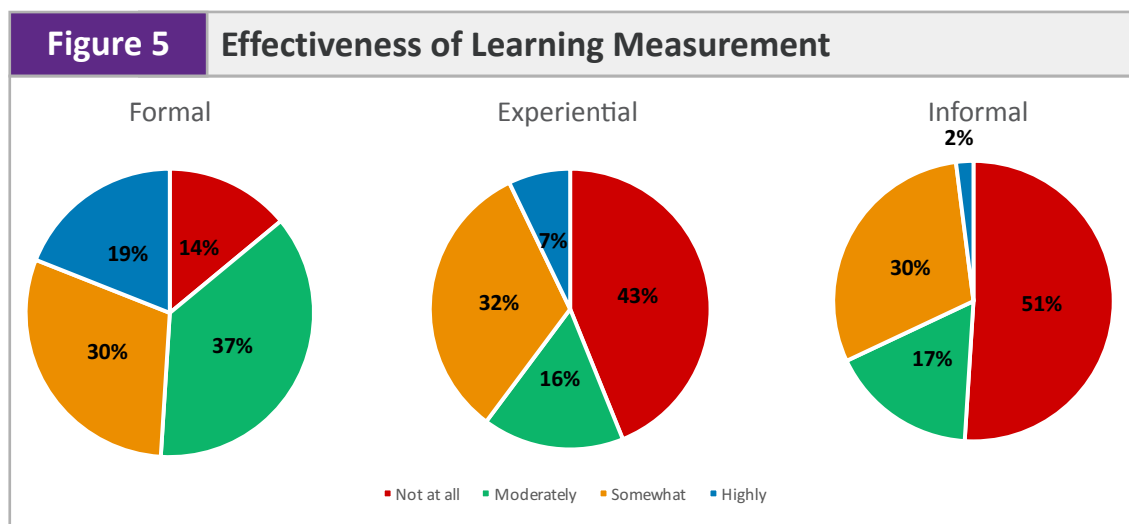
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The fact that companies are having such a hard time measuring informal learning may be a major factor in why they aren't delivering as much of it as they could or should.

- On-the-job assignments
- Peer-to-peer learning
- Coaching/mentoring
- Short-term projects
- Exposure to managers

Measuring the Informal

Overall, organizations are not great at measuring learning. Once you get beyond completion rates and smile sheets, measurement gets somewhat complex. Because it can be difficult to understand the impact that a learning program has had on the organization or determine the ROI, companies simply don't do it. In fact, only half of organizations measure more than 75% of their programs at Kirkpatrick Level 1 -- learner reaction. The best practice recommendation from Kirkpatrick for Level 1 is 100%. So, we are not even doing the easy stuff very well. The story gets worse when we look at measuring beyond formal learning.



Source: 2015 Brandon Hall Group Learning Strategies Study (n=302)

Just 2% of organizations say they are highly effective at measuring informal learning, and half say they aren't at all effective. The fact that companies are having such a



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The first step in measuring the ROI of informal learning is to get a strategy in place for measuring learning in general. The measurement strategy should be an extension of a learning strategy focused on performance as an outcome.

hard time measuring informal learning may be a major factor in why they aren't delivering as much of it as they could or should.

A big reason why there isn't a lot of measurement of the informal is that companies just don't have the tools at their disposal to do it. When we asked organizations what aspects of their LMS platform they liked least, the third least-liked was reporting features, and the fourth was a lack of analytics features to determine ROI. In fact, ROI analytics scored an average of 2.7 on a satisfaction scale of 1 to 5.

If companies cannot measure the formal learning they are doing, which has systems, standards and platforms dedicated to measurement, how can they hope to measure the learning that is taking place outside of the confines of the formal learning machine? The first step in measuring the ROI of informal learning is to get a strategy in place for measuring learning in general.

The measurement strategy should be an extension of a learning strategy focused on performance as an outcome. If this link is established, measurement becomes clear. In fact, for the most part, measuring informal learning is not that different than measuring more traditional types of learning. There are the basics:

- How many people participated in the program?
- Did they like it?
- How did they do on the assessments after participating?

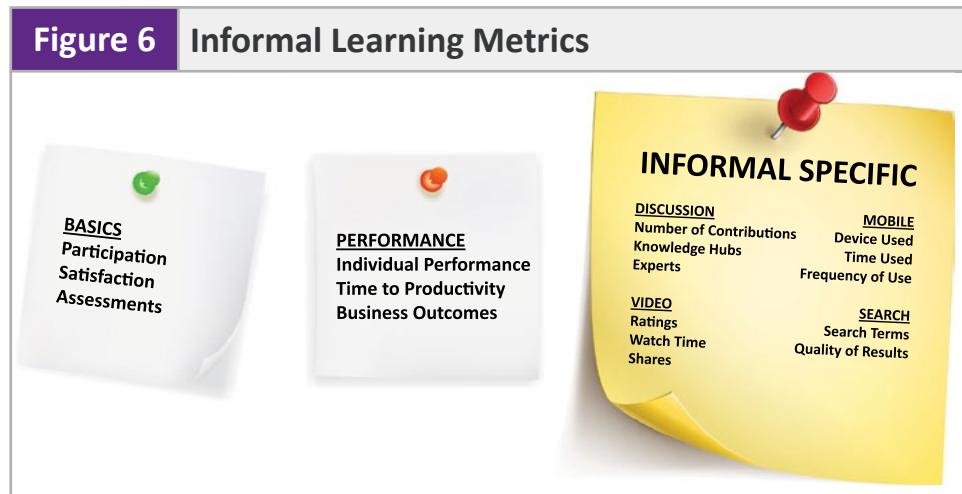
Then, the performance measurements:

- Are people better at their jobs after participating?
- Are learners getting to competency or optimal productivity faster since the informal learning program was initiated?

While measurement of the informal needs to follow the same principles as more traditional learning measurement, there are also informal-specific measurements as well:

- Which learners are participating the most?
- Who do people turn to most often for information?
- What content is getting shared the most?
- What are people searching for?

These metrics give an organization insight into how learners are using the informal tools as well as how effective they are. In fact, when learners are able to rate and comment on content, you get instant Level 1 feedback that is not only useful to the learners, but can be used to shape content in the future.



Source: Brandon Hall Group 2015

Ideally, you need to determine the benefits derived from informal learning (either one type or several used together) and assign a value to each. That is, of course, the most difficult part. It can be just as difficult to determine the costs of these informal learning endeavors. But if an organization ever wants to seriously calculate the ROI of informal learning, it must be done. The truth is, if


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The truth is, if organizations are already calculating the ROI of learning in general, they know to make these cost/benefit determinations. If they are not, then they shouldn't be worried about the ROI of informal learning, either.

organizations are already calculating the ROI of learning in general, they know to make these cost/benefit determinations. If they are not, then they shouldn't be worried about the ROI of informal learning, either.

Once these cost and benefit values are determined, ROI becomes (relatively) simple math:

- There is the cost-benefit analysis where $ROI = (Benefits/Costs) \times 100$.
- Or, one can use the alternative where $ROI = (Benefits - Costs)/Costs \times 100$.
- There's also a forecasted calculation where $ROI = (Benefits - Costs)/Costs \times 100 \times (\%A) \times (\%P)$, where %A is the percentage of learners expected to participate and %P is the percentage of learners who do participate.

In the end, making an informal tool or experience available to learners should impact their learning. If they are learning better, faster, or more, that is reflected not only in learning outcomes, but in performance outcomes as well.

Key Takeaways

- **Re-examine your organization's learning strategy through the lens of 70/20/10.** Are you providing opportunities for learners to engage in informal, collaborative and experiential learning? If not, it's time to think about how to incorporate some new learning environments.
- **Find the blend that works for your organization.** Don't get wrapped up in getting down to 10% formal learning. Just make sure that the material you are delivering in these classes and courses might not be better served via multiple delivery types. It is what modern learners expect and what they need to retain and execute on newly learned skills and behaviors.
- **Make sure you have a sound overall measurement strategy before you get too worried about informal measurement.** Then you can explore what unique measurements informal learning offers, as well as technologies like Tin Can API (xAPI) that can track informal learning the way an LMS can track formal events.

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About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.



Assessing the ROI of Social and Informal Learning

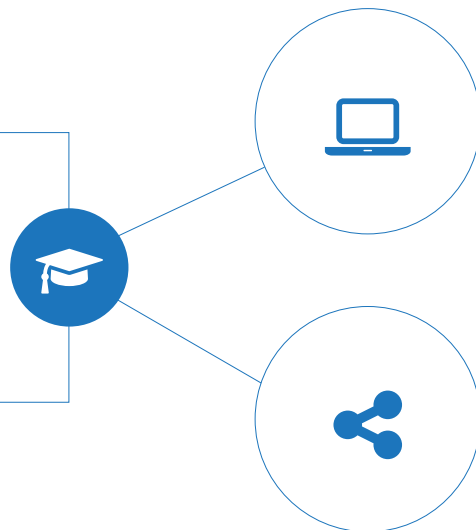
This document provides guidelines for measuring the ROI of learning in any organization, including all learning modalities: formal, social and experiential. These guidelines have been developed by Docebo and are based on research conducted by **Docebo** and **Brandon Hall Group**.

How it works

- By answering a basic series of questions, you can get an assessment of how effective your organization is when attempting to measure ROI of learning.
- Answers are compared against research and industry benchmarks.
- Specific suggestions are provided to improve your ability to measure the most important indicators for ROI measurement.

WHAT'S YOUR FORMAL, SOCIAL AND EXPERIENTIAL LEARNING MIX?

Goal: Assess your formal, social and experiential learning modality breakdown and compare with market standards



How does learning happen in the following three categories? (If possible, estimate the distribution of formal, experiential and social learning.)

- A1** Formal, structured learning. Classroom, courses, curricula etc, regardless on how they are delivered [%]
- A2** Experiential Learning. Learning that primarily happens through direct experience, on the job [%]
- A3** Social Learning, or learning that primarily happens by working with others [%]

ASSESSMENT 1: FORMAL LEARNING

Goal: Assess Formal Learning in your company and compare it to top performing organizations

How do you measure Formal Learning? Here are three key questions to ask:

- F1** What is your average training completion rate? (% of students that have completed the courses) [Ratio, %]
- F2** How many training hours does each employee receive per year? [number]
- F3** What is your ratio between traditional classroom training and technology-based training? (eLearning, mobile learning etc.) [%]

ASSESSMENT 2: SOCIAL LEARNING (COACHING)

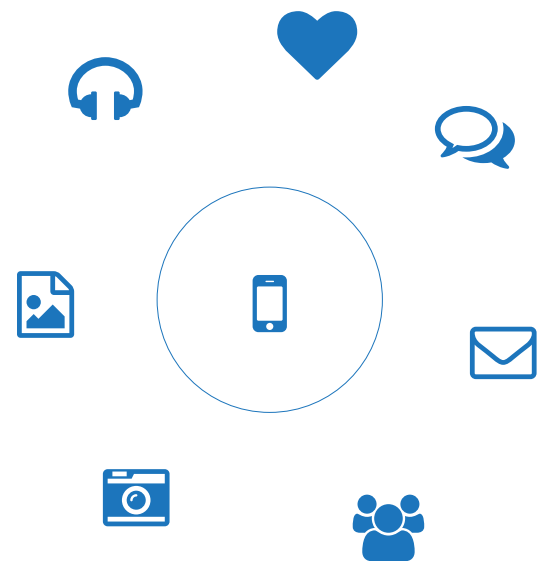
Goal: Determine how well are you able to measure your Social/Experiential learning along key indicators.

How well do you measure Social Learning?

A *learning asset* is any piece of learning content that is made available to the learner by his organization, through experts, coaches and collaboration. A learning asset can be a series of questions and answers, a video, a recording, a document or a discussion thread initiated by on-the-job activities.

Below are 3 key questions you can ask yourself about learner engagement.

- S1** Can you measure the ratio between how much a learning asset is viewed by a learner and all the content available to that learner? [%]
- S2** Can you measure the time a learner spends viewing the learning asset? [number]
- S3** On average, how do your learners score your learning assets? (e.g. measured by number of thumbs up/down, answers marked by "Best Answers" etc.) [number]



ASSESSMENT 3: EXPERIENTIAL LEARNING

Goal: Determine how well are you able to measure Experiential learning along key indicators

How well do you measure Informal Learning?

How well do you measure Informal learning? Here are 3 key questions:

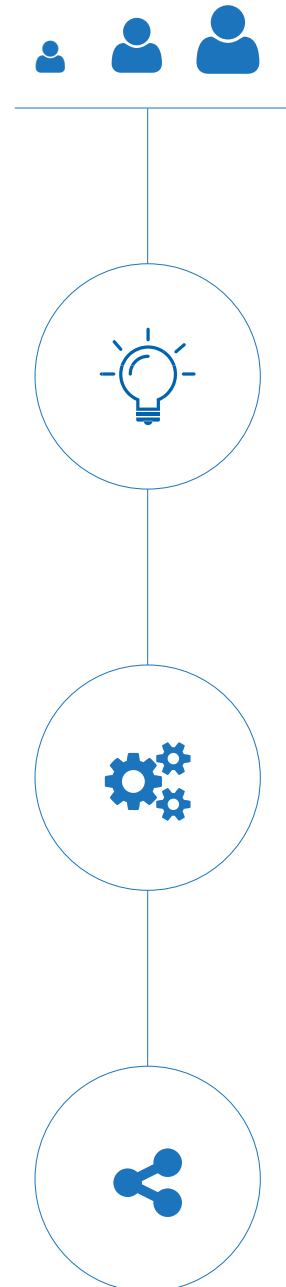
- E1** A subject matter expert's spontaneous learning asset contribution vs. answers provided vs. contributions from other SMEs [%]
- E2** Of all questions asked of an SME, how many responses did that SME provide? [%]
- E3** On average, how well do your learners rate your SMEs? [Number]

ASSESSMENT 4: IMPACT OF SOCIAL AND EXPERIENTIAL LEARNING

Goal: Assess your ability to link informal learning activities and their impact on business outcomes

Can you connect learning initiatives with business outcomes?

- S1** Do you use any indicators to connect learning to increased individual performance? [Yes, Somewhat, No]
- S2** Do you use any indicators to connect learning to time to productivity? [Yes, Somewhat, No]
- S3** Do you use any indicators to connect learning to business outcomes? [Yes, Somewhat, No]

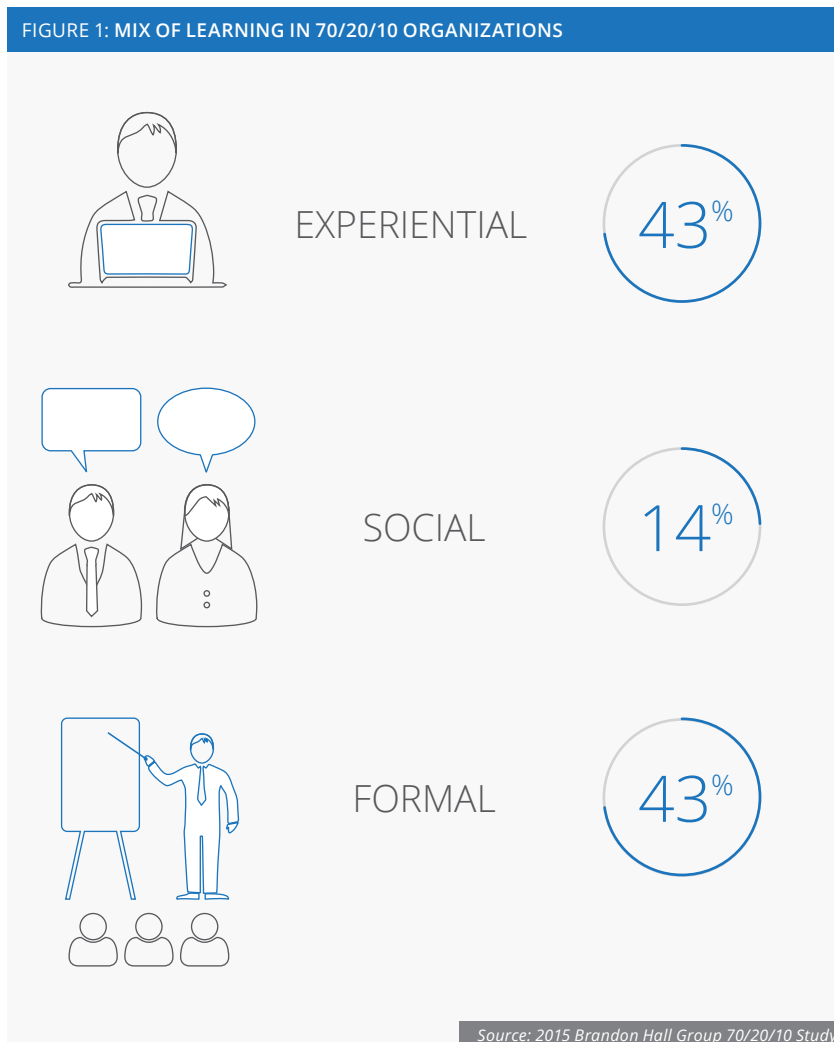


Measuring Learning Effectiveness and ROI

ASSESSMENT 0: **SPLIT**

Could you segment the learning modalities that happen in your organization?

Research conducted by Docebo and Brandon Hall Group illustrates the most common split



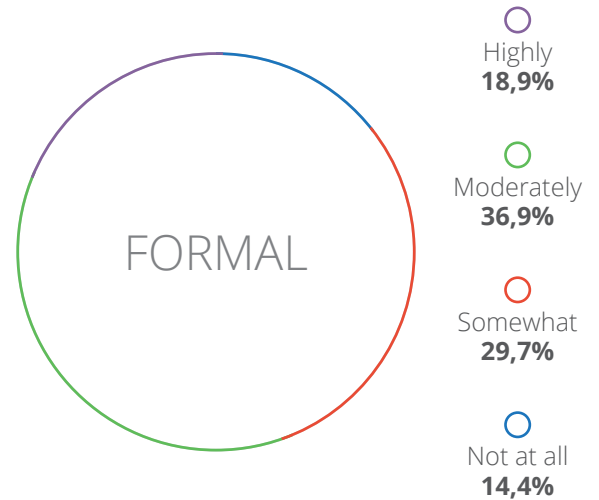
ASSESSMENT 1: **FORMAL**

How do you measure formal learning?

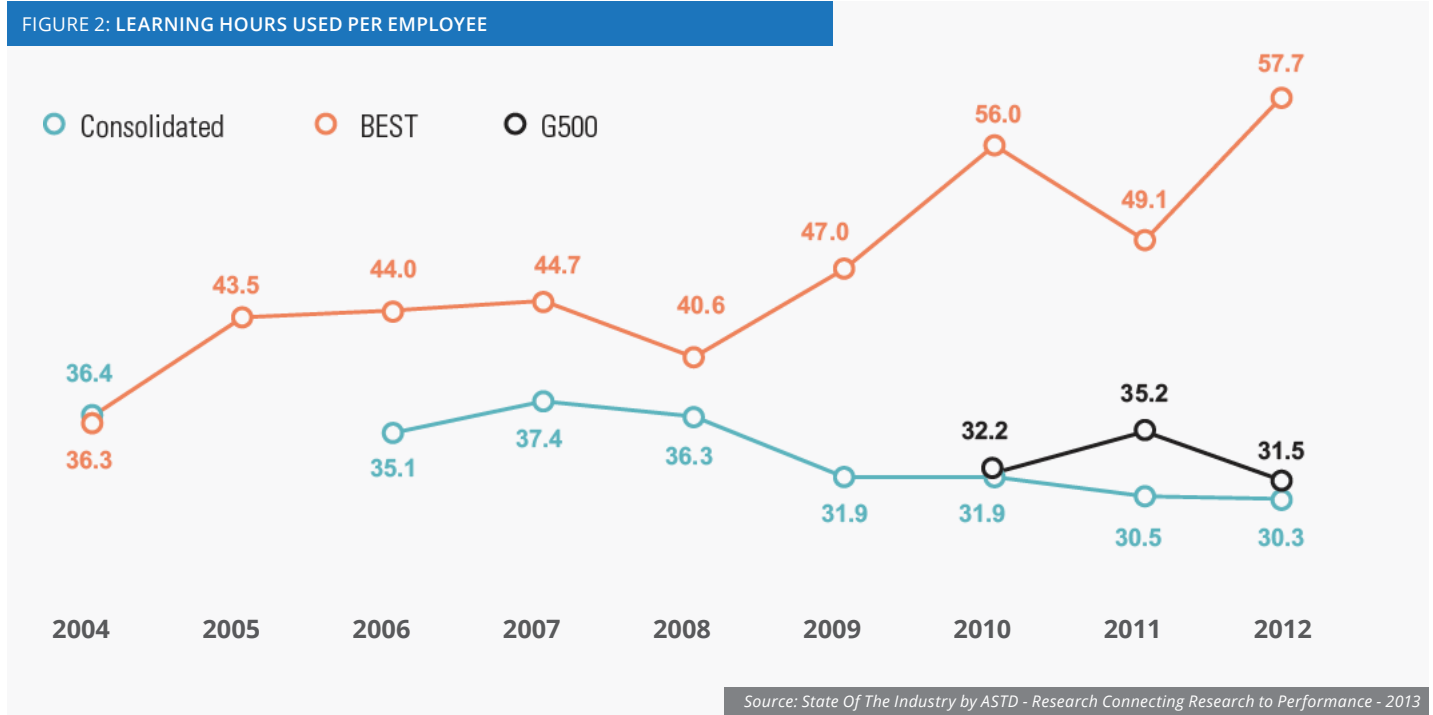
- HIGH** You have answered all 3 questions
- MODERATE** You have answered 2 out of 3 questions
- SOMEWHAT** You have answered 1 out of 3 questions
- NOT AT ALL** You could not answer any question

For comparison, see what research says on how well organizations do in measuring learning effectiveness of Formal Learning

If you got a HIGH, **congratulations!** You are doing a great job in assessing effectiveness of formal learning

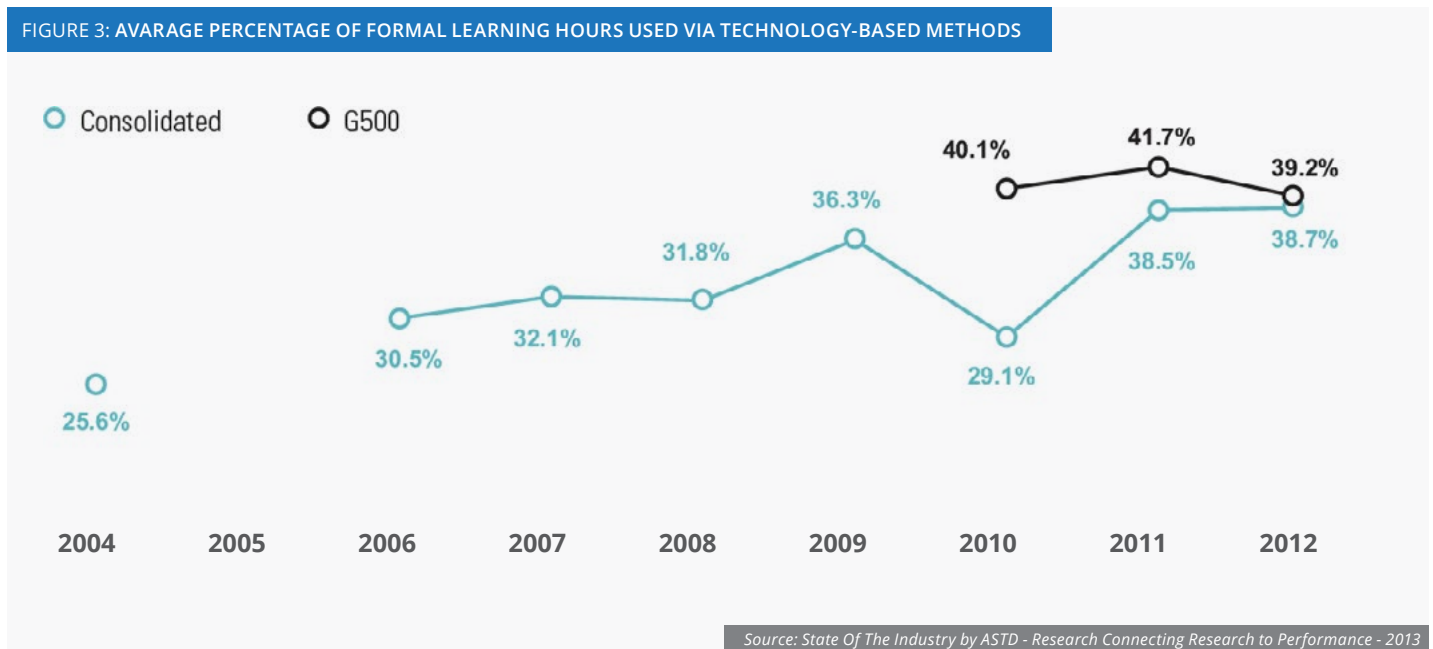


- F1** Can you consistently measure your average training completion rate? (% of students that have completed the courses)
- F2** How many training hours does each employee receive per year? See how you stack up against the chart here :



F3 What is your Ratio between traditional classroom training and technology-based training? (eLearning, mobile learning etc.)

See how you compare against the chart here :



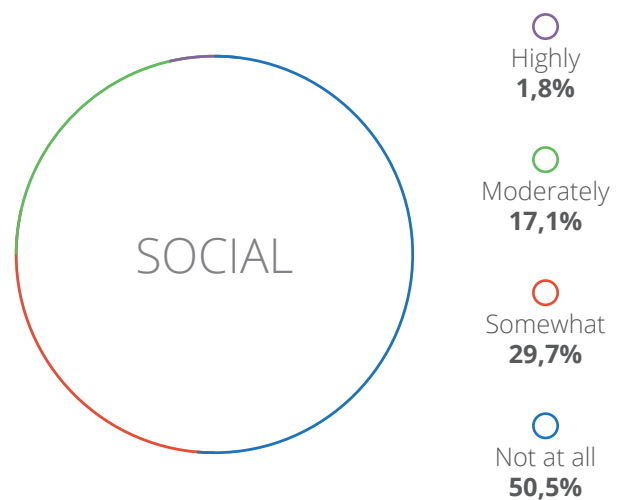
ASSESSMENT 2: SOCIAL LEARNING

How do you measure formal learning?

- HIGH** You have answered all 3 questions
- MODERATE** You have answered 2 out of 3 questions
- SOMEWHAT** You have answered 1 out of 3 questions
- NOT AT ALL** You could not answer any question

For comparison, see what research says on how well organizations do in measuring learning effectiveness of Informal

If you scored HIGH, **congratulations!** You're doing a great job assessing the effectiveness of Informal Learning



How to improve your ROI Measurement

If you missed any of the above data points, here are some recommendations to get a higher score:

S1 Can you measure the ratio between how much a learning asset is viewed by a learner and all the content available to that learner?

User engagement is paramount in social learning. You need to find a way to measure how many social learning assets are accessed by your user population compared to all of your social learning assets.

S2 Can you measure the time a learner spends viewing the learning asset?

Any way to measure how much time is being spent on social learning activities by your learners population is a good KPI.

S3 On average, how do your learners score your learning assets? (e.g. measured by number of thumbs up/down, answers marked by “Best Answers” etc.)

Find easy ways for learners to let the best content emerge from the rest to get the highest satisfaction ratings.

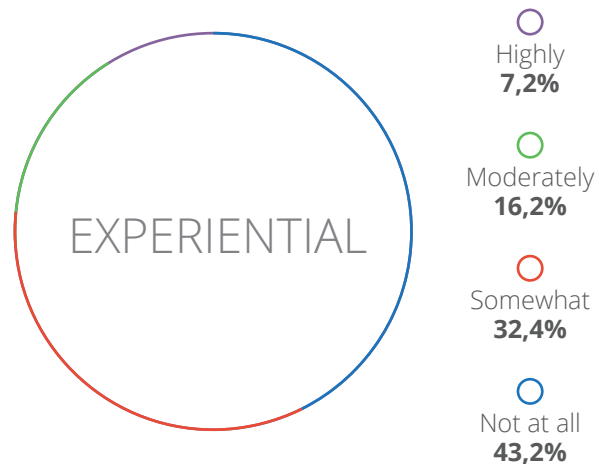
ASSESSMENT 3: EXPERIENTIAL

How do you measure formal learning?

- HIGH** You have answered all 3 questions
- MODERATE** You have answered 2 out of 3 questions
- SOMEWHAT** You have answered 1 out of 3 questions
- NOT AT ALL** You could not answer any question

For comparison, see what research says about how well organizations do in measuring the effectiveness of experiential learning

If you scored HIGH, **congratulations!** You’re doing a great job assessing the effectiveness of Informal Learning



How to improve your ROI Measurement

If you missed any of those, here are some recommendations to get a higher score:

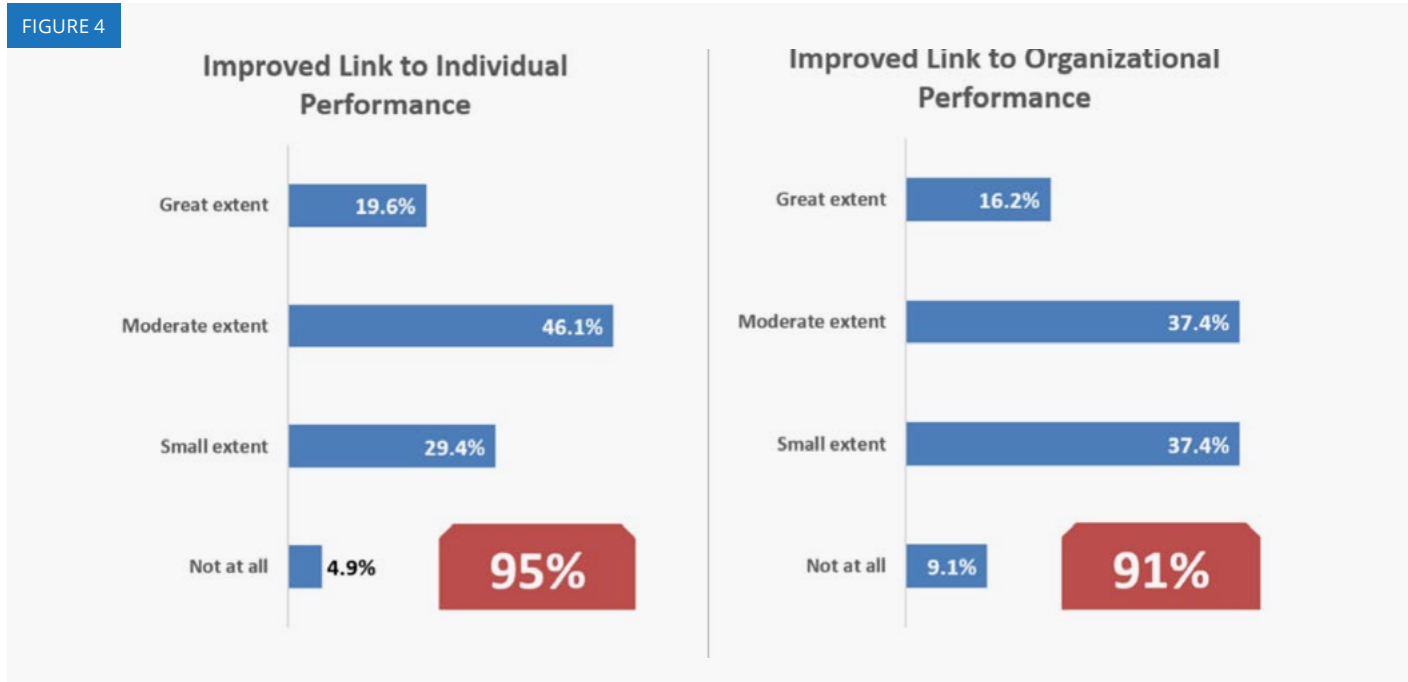
- E1** A subject matter expert's spontaneous learning asset contribution vs. answers provided vs. contributions from other SMEs.
How many content contributions has a coach, mentor or SME spontaneously provided?
- E2** Of all questions asked of an SME, how many responses did that SME provide?
Find a way to assess the answer rate for a coach, mentor or SME for questions that have been asked by learners
- E3** On average, how well do your learners rate your SMEs?
The social score of a coach, mentor or SME is a good indicator of the "quality" of their contributions.

ASSESSMENT 4: IMPACT OF SOCIAL AND EXPERIENTIAL LEARNING

If you were able to answer all of the questions, **congratulations!** You're doing a great job measuring the ROI of Social/Experiential and Informal learning.

If you were unable to answer any of the questions, you have a few options.

First of all, in the charts below, you can see that by running Social/Experiential and Informal learning initiatives, companies report a stronger link to business outcomes, both from an individual and an organizational performance standpoint.



Those improvements occur to varying degrees. Once you are able to establish that link, you can see from the charts how you score compared to industry benchmarks.

If you don't have data for your entire organization, start small, and run new learning initiatives at the department or team level. The outcome of these new initiatives can be tied to outcomes.

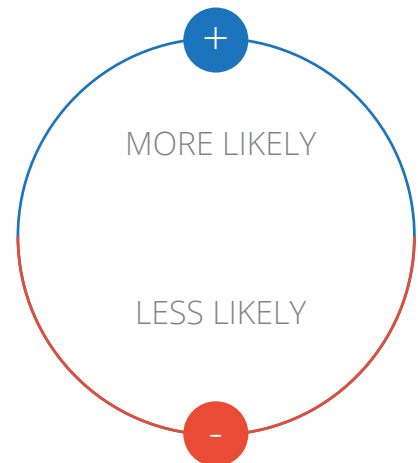
How accurate is your ROI assessment?

The likelihood of getting an accurate calculation of ROI entirely depends on how did you perform along the various questions presented in this document.

We anticipate that measuring ROI for your entire organization will be challenging given the multitude of factors that are involved. The process can be easier by following a couple of simple steps:

- 1 Start from the departments or areas where you are more likely to establish a solid link between learning and performance of business outcomes.
- 2 Conduct each of the 5 assessments we have presented, one at a time, so you have fewer variables to account for in the equation.

ALL QUESTIONS HAVE BEEN ANSWERED AND MEASUREMENTS HAVE BEEN PROVIDED
YOUR LIKELIHOOD OF GETTING AN ACCURATE ROI CALCULATION IS 100%



NO QUESTIONS HAVE BEEN ANSWERED
YOUR LIKELIHOOD OF GETTING AN ACCURATE ROI CALCULATION IS 0%

Example of ROI Calculation

Company ABZ decides to invest in its customer success team's training, and sets a goal to achieve a 3-month increase in the average customer lifetime value. If they meet this goal, Company ABZ can expect to see a \$300,000 increase in recurring revenue.

This new Social Learning initiative costs about \$20,000

We will use a correction factor of 0.75. Therefore, the ROI is:

$$\text{ROI} = (\text{Monetary Benefit/Cost}) * 100 * 0.75 = 1125$$

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