

 WHITE PAPER

How Learning Drives Talent Development and Growth: Creating the Talent You Need In-House



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Executive Summary

Developing talent internally is no longer an elective for businesses today. Historic unemployment lows, coupled with the growing skills gap of the digital economy, mandates the need to upskill and promote from within. Formerly touted as “added benefits” of employee learning, increased engagement and retention of your workforce are imperatives in the current talent market. But to succeed in creating the talent you need in-house, organizations must meet two requirements: First, make learning a strategic priority for employees. Second, ensure that learning and development programs deliver results that directly support achievement of business goals defined by top management.

None of this is easy. But the most progressive organizations are mastering a handful of best practices to overcome talent development challenges. And they're reaping organization-wide rewards and strengthening in-house talent as a result.

Introduction: The War on Talent

In organizations across an array of industries and sectors, managing talent effectively is a top priority. But finding employees who have the skills and knowledge an organization needs to stay ahead of competitors isn't easy, and is critical factor for business sustainability in today's market. Either such talent doesn't yet exist out there in the labor market, or the individuals who do possess the right capabilities and know-how are so few and far between that they're out of reach. Indeed, results from one recent hiring survey suggest that good employees are the hardest to find in a decade.¹ Read on to understand how coordinated learning and talent strategies can enable companies to succeed in the emerging workplace.

Internal Talent Development: Benefits That Go Straight to the Bottom Line

Companies facing talent challenges may be tempted to merely fight harder to find and attract talent from the outside. That's costly as well as time-consuming, and it's likely to yield undesirable results. But organizations don't have to take this route. Instead, they can use training to equip their existing employees with the competencies and expertise required to excel on the job—not only today but also in the future, as business conditions change. Giving employees opportunities to continually advance their proficiencies is a company's most precious resource for staying ahead of the competition.

Internal talent development delivers additional important advantages as well. For instance, it helps organizations retain their best talent. A wealth of research has shown that many employees want to work for companies that support their professional growth and career progression. Training enhances workforce engagement by satisfying human beings' innate need to grow, learn and take on new challenges. Internal development can thus help organizations avoid the heavy toll that attrition

¹ "Open Jobs, Few Takers: Good Help Hardest to Find in a Decade," Jeffrey Bartash, www.marketwatch.com, April 23, 2018.

and disengagement take. One report maintains that it costs companies 33% of a worker's annual salary to hire a replacement if that employee leaves, plus indirect costs such as lost productivity, lost knowledge, and time required to find a replacement, which can be lengthy.²

As employees strengthen their skills and knowledge, they become more productive on the job—accomplishing higher quality work more efficiently and safely. They can also grow in their role, so they're ready to take on the challenges that come with the next steps in their career path and build capabilities and expertise that the organization needs to adapt to changes in its business environment. And as it turns out, organizations that build a reputation for investing in their employees' professional growth ultimately end up being able to attract and retain that difficult-to-reach, desirable talent from outside.

What's more, businesses that actively train and educate their existing employees have the unique opportunity to meet their exact skills shortages. Recent research by Deloitte shows that internal employees can develop the same skills as an external hire in 9-12 months at one-sixth of the cost. Businesses are able to save resources, increase engagement, and preserve company culture and knowledge with strong in-house talent expansion strategies.³

Investing in talent counts among the most critical moves an organization can make in the wake of a tight labor market. Retaining and promoting valued employees from within is less costly than hiring new, and it boosts productivity, retention and engagement—catalyzing combined benefits that go straight to the bottom line. Top-performing companies know this, and they proactively take steps to foster a culture of learning within the organization by giving employees the tools needed to easily learn from each other and by focusing on bringing in new employees who have a penchant for learning.⁴

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² "Study: Turnover Costs Employers \$15,000 per Worker," Valerie Bolden-Barrett, *HRDive*, August 11, 2017.

³ "Keynote speech –2018 Skillsoft Perspectives Conference." Josh Bersin, April 12, 2018.

⁴ "6 Guidelines for Building a Learning Culture." Holly Burkett, *HR Certification Institute*, May 1, 2018.

Putting Principles into Practice: Not an Easy Feat

Most C-suite executives acknowledge the advantages that come with developing talent from within. Yet organizations still face several difficulties in striving to put this principle into practice so it delivers the hoped-for results.

First, in many companies, while managers and employees know that learning is a strategic priority, it all too easily falls to the bottom of their priority lists. That's because participating in development opportunities can take away from time needed to tackle everyday job responsibilities and tasks. Moreover, if an organization lacks a structured talent and performance management program, employees may question whether learning is worth the effort in the short run, even if they think it could deliver longer-term gains.

Second, while many executives maintain that learning strategy should be firmly aligned with business goals, such alignment may be weak or even missing entirely. The fact is organizations have been pushed to redesign themselves in response to rapid technology changes and the focus on team-centered business models, and learning initiatives haven't been set up to support these efforts. Thus, the learning initiatives are unable to deliver the business value the enterprise seeks to generate—such as greater profitability through increased revenues and decreased costs, enhanced innovativeness or the ability to execute digital transformation programs. When organizations do link talent development efforts tightly to their strategic objectives, the outcomes can prove impressive indeed. By aligning development opportunities to strategic objectives, Skillsoft and SumTotal have seen customers elevate sales by more than 8% and enhance workforce productivity by 14%, while also outperforming their peers by 30%-50% on employee engagement and talent retention and boosting job satisfaction by 11%.⁵

⁵ "eLearning: Grow Your Employees, Grow Your Business," Skillsoft infographic; "The Skillsoft Effect: Showing the Value of eLearning Is not Optional," Skillsoft infographic.

Yet many organizations are unsure of how to align talent development initiatives with the enterprise's strategic aims. Such misalignment has several tell-tale symptoms. For example, a company evaluates its learning strategy's effectiveness solely by metrics—such as number of course completions or scores on check-your-knowledge tests given at the conclusion of a course, versus participants' ability to help create measurable forms of new value for the business.

Such misalignment is disturbingly common. In one study, for example, just 6% of participants from companies that had a defined learning strategy said that those strategies were successful. And only 39% of the respondents from the same study reported that their organization's learning strategy was linked to the business.⁶

Overcoming Talent Development Challenges

How can companies surmount the dual challenges of making learning a strategic priority and aligning learning behind business goals? We turn to this subject in the sections below.

Make Learning a Strategic Priority

To help managers and employees put learning at the top of their strategic priority lists, organizations can deploy the following practices:

- **Ensure that learning is relevant.** Tie developmental opportunities directly to employees' goals and preferred learning approaches. For instance, Jorge wants to take on an active project management role, so the organization provides him with access to courses, reading materials and stretch assignments that teach him how to excel in that role. Marie, an enterprise technology professional, wants to advance in her career to handle more specialized assignments, so the company provides her with access to training that helps her study to pass a certification needed to reach her goal.



Only **39% of the respondents** from a recent study reported that their organization's learning strategy was linked to the business.

⁶ "Line 'Em Up: Linking Learning Strategy to Business Realities," Brandon Hall Group, March 13, 2018.

Jorge's and Marie's employer also provides them with tools that enable them to search for learning activities in the company's learning management system based on whether an activity requires them to watch, read, listen to or interact with a piece of learning content (such as taking part in a simulation activity). They can therefore seek out activities that match how they learn best. Using the same platform, employees can review the skills requirements for their current job, and can identify and select one or more jobs they're interested in exploring. They can also assess how well their current skills match the requirements for the new jobs, and determine which developmental experiences can best help them close skill gaps.

- **Integrate learning into employees' work day and work space.** Make it easy for employees to learn at any point in their day, on the job. When learning is readily accessible, employees are more likely to seize opportunities to master new skills and acquire new knowledge. For example, Jorge's and Marie's company has an intranet with single-sign-on functionality that employees regularly visit to find answers as they encounter challenges and as they make decisions in the course of their work.
- **Support micro-learning.** Content channels such as YouTube, blogs and Twitter have primed people for learning in bite-sized chunks as they go about their day. To enable micro-learning on demand for employees, deliver learning in curated, bite-sized formats, much like what employees are accustomed to in their consumer lives. And help them apply what they've learned by delivering timely, topically relevant content that addresses challenges on the job.
- **Enable self-directed learning.** Many employees today want control over their own careers and professional development. Self-directed learning, valued particularly by millennials, differs from the process currently in use in many organizations, whereby HR directs training out to employees in a prescriptive way. To support self-directed learning, make it easy for employees to see what skills and knowledge they must build to close performance gaps in their current job. Give them feedback on how they're doing as they advance toward their goals. Equally important,

help them identify what's next along their career path—what kinds of work they want to do next and what they must do to get there.

Additionally, give them access to tools they can use to manage their own learning. For instance, if they take a course, determine whether they're interested in learning more, then guide them to relevant new learning content. HR's role thus becomes more about helping employees to identify what training they should take to attain their goals and to understand how they can benefit by completing the training.

For instance, Jorge's and Marie's company created a Netflix-style digitized learning experience featuring an online dashboard that puts learning at employees' fingertips and that personalizes it to each individual. In addition to recommending learning activities to users, the dashboard offers features such as Search, My Learning, Resume Learning and My Favorites.

- **Provide guidance.** There's a wealth of potential learning content available out in the world, much of it accessible on the Internet, as well as within every organization. This plethora of content is a double-edged sword: It gives employees a huge degree of choice—but it can also prove overwhelming. Technology can be a powerful ally in guiding learners through this complex landscape. In particular, the right learning management system can help organizations take the guesswork out of professional development for employees. The system can also enable organizations to deliver learning content that's the most credible and relevant for employees, allowing them to extract the most practical insights.
- **Foster accountability.** When employees find learning content and training that resides outside the organization, make sure that their learning is accounted for in the organization's talent development system, and that their achievements are tracked. These practices foster accountability for progress on the part of learners, by enabling them to see where they are in their learning plan. Such practices can also motivate learners to stay with the company and seek out future opportunities for growth.



Align Learning with Business Goals

Learning must be connected to business impact. A clear connection between learning and training initiatives and enterprise value is the expectation going forward. The following practices can help ensure that learning initiatives directly support achievement of important business goals the organization has articulated:

- **Integrate learning with talent management.** Identify the competencies needed to achieve business success as defined by the organization—such as skills needed to minimize specific forms of corporate risk or to execute a newly defined competitive strategy. Then design learning initiatives that will enable employees to acquire or strengthen those competencies.

To incentivize employees to embrace these learning opportunities, develop gamified experiences, such as badge notifications or points to completion. Additionally, tie learning activities to employees' time and attendance schedules to ensure that only trained and certified employees are scheduled to work. You'll thereby reduce liability and risk for the company. Also, boost learners' productivity (and return on investment in internal talent development) by providing an easy way for them to collaborate and to share knowledge and insights gained from their developmental experiences. Reward those who share the most.

- **Quantify training ROI.** Track job performance against the right metrics to show returns on investments in training and development. For example, suppose an organization defines a strategy centered on improving sales performance by training call-center employees to identify unmet customer needs and satisfy those needs more effectively. The company articulates the skills that employees must possess to achieve this objective (such as up-selling and presentation skills) by assessing which skills affect sales performance most. The company then defines quantitative metrics (such as percentage of sales that have come from up-selling) and qualitative metrics (for instance, customer satisfaction levels) for assessing how well employees who have completed training are deploying the identified skills. If ROI in such training is shown to deliver

business results that support specific strategic objectives, the company will be more likely to continue investing in such training.⁷

- **Monitor progress, and course-correct as needed.** Monitor employees' progress in mastering the skills needed to help attain business goals. Provide them with continuous feedback to pinpoint skills that require strengthening through additional learning or through changes in current approaches to learning. And regularly check how well each employee's on-the-job performance meets requirements for his or her current role. If performance shortfalls are revealed, identify development activities that could be offered to the individual to close the gaps.

Next Steps for Learning and Development Professionals

Finding and attracting the best talent from outside will only grow more difficult as the forces fueling this challenge continue to build momentum. Agreed upon near-universally, 90% of CHROs say the next twelve months will bring a more challenging competition for critical talent than currently faced.⁸ Organizations that excel at internal talent development will stand the best chance of equipping their workforce with the skills and expertise they need to achieve—and sustain—success. In this scenario, everyone wins. Organizations will also be more likely execute their strategies as well as maximize workforce productivity, engagement and retention. When employees have the opportunity to grow their capabilities and build satisfying careers that present ongoing avenues for further professional development, customers and clients benefit from the high-quality services and products that can come only from a workforce that's at the top of its game.

But to score successes on all of these fronts, organizations must overcome two hurdles: making learning a strategic priority throughout their workforce, and aligning every learning and development initiative behind clearly articulated business objectives. The best practices described above can



⁷ "Drive Engagement and Impact by Aligning Learning to Business Objectives." Suzanne Hyatt, *Forbes*, March 9, 2018.

⁸ "Priorities for CEO-CHRO collaboration in the Digital Age." Sharon George, *Gartner*, April 2, 2018.

help—as can smart use of innovative learning and talent management technologies paired with the highest-quality learning content.

That's where SumTotal comes in.

How SumTotal's HCM Solution Drives Talent Agility Throughout the Employee Lifecycle

SumTotal's Complete Talent Acquisition Solution streamlines the hiring life cycle with tools to deliver an engaging candidate experience, and an immersive onboarding process. It's all designed to find the right candidate and ensure they are productive even before day one.

SumTotal helps enterprises overcome the hurdles of a tight labor market through a comprehensive and flexible way to approach talent acquisition, talent management, learning and workforce management. SumTotal leads the way with innovations aimed at:

- Finding and attracting top talent with a state-of-the art recruiting tool that keeps prospects in the loop throughout the process.
- Welcoming new employees with a unified way to connect to company culture, critical resources and dashboards that help them chart their way to success.
- Balancing and aligning the goals of individuals and the organization to with configurable tools to plan and monitor progress and performance: including cascading goals, recommended learning content, 360 degree feedback, succession planning and more.
- Enabling learning-centric employee development.
- Reducing the burden for employees to use and manage learning content and tools.

- Providing content anytime and anywhere learners need it (including through mobile devices).

At the heart of our solution sits a market-leading learning experience platform that supports lifecycle development and career planning, along with exceptional learning experiences and personalized tools providing a clear path for employees' growth.

We continually invest in content and platform innovation to help organizations surmount the challenges of attracting, retaining, developing and engaging today's employees. Indeed, our learning management system is the first to fully enable content aggregation across third-party and custom learning content as well as unified access to the largest corporate-learning library of immersive, multi-modal content from Skillsoft.

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Meet The Author

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SumTotal Systems is the most comprehensive and flexible HCM solution. Built on decades of providing solutions to the most complex and regulated industries including airlines, financial services and pharmaceuticals. SumTotal incorporates four key components – Talent Acquisition, Learning, Talent Management and Workforce Management. SumTotal continuously invests in platform innovation to address the challenges of attracting, retaining, developing and engaging today's multi-generational workforce. SumTotal is the first LMS to fully enable content aggregation across xAPI, CMI5, third party and custom content as well as unified access to the largest corporate learning library from Skillsoft. SumTotal integrates Skillsoft's market-leading, immersive, multi-modal content, enabling organizations to develop talent through a knowledge-centric employee lifecycle. www.sumtotalsystems.com

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