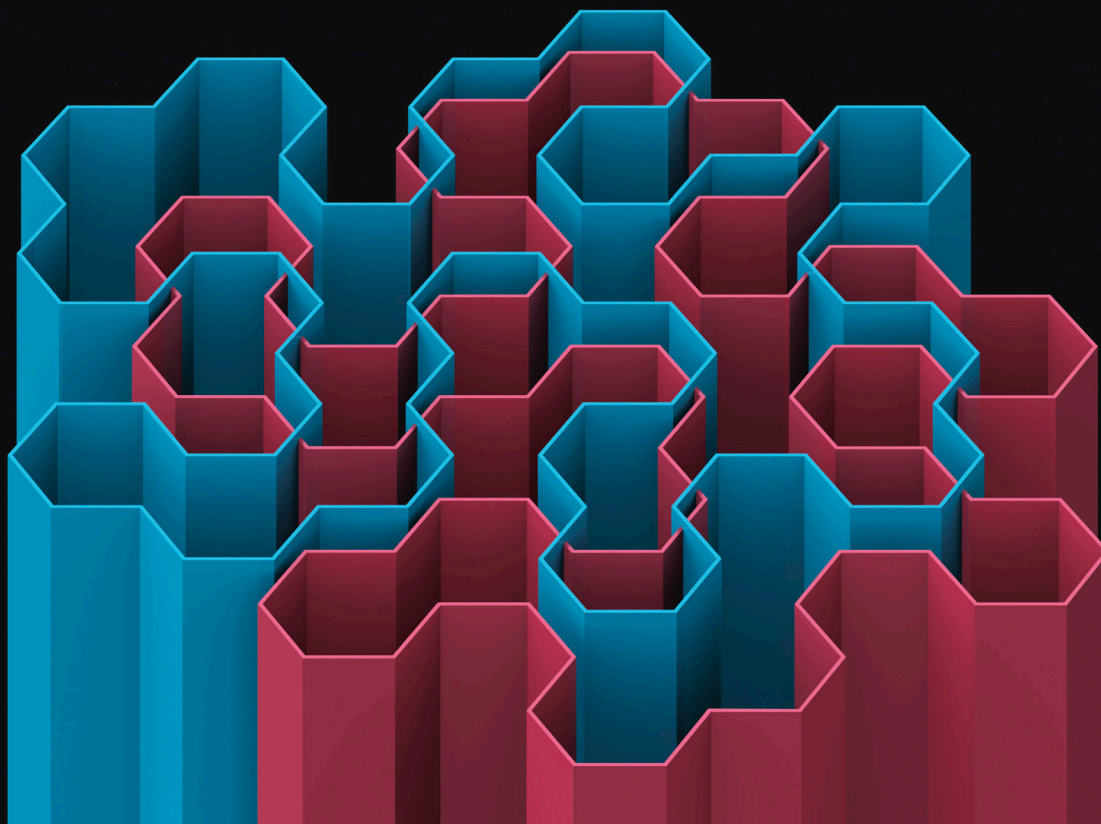


McKinsey Accelerate

A transformation of the learning function: Why it should learn new ways

Companies rely on their learning-and-development functions to help workforces learn fast. But often, the function itself needs a transformation.

by Nicolai Chen Nielsen, Faridun Dotiwala, and Matthew Murray



Organizations are acutely aware of the importance of learning in today's business environment. They understand that technology is changing the nature of work and the roles within it. They also understand that the ability of the workforce to learn new skills, model new behaviors, and adapt continuously is key to sustained success. Hence the elevated role of the learning-and-development (L&D) function, which must work together with business leaders to enable an organization to learn effectively, at speed, and at scale.

Learning needs to be deeply integrated with an organization's strategy and core talent processes, such as performance management. Yet many companies feel their functions are ill equipped to play such a role. Rather than being regarded as one of the most forward-thinking functions in an organization, leading it through a learning transformation, many feel that their L&D functions struggle to keep up with the needs of their businesses.¹

Not so the L&D function of a US healthcare company that played a pivotal role in helping the organization respond to the COVID-19 crisis. When 90 percent of the 55,000-strong workforce suddenly began working remotely, within 24 hours, the function produced and posted online videos and learning modules to help workers set up equipment at home and log on securely (relieving a severely overstretched IT department that was already taking thousands of daily inquiries). And it curated new "playlists" of learning modules for employees on its digital platform, tailoring them to help workers find the information they needed quickly and navigate the crisis more effectively.

That burst of activity did not divert the function from continuing to support the company in achieving its strategic goals. The company's hiring program went ahead, thanks in part to the L&D function helping onboard 200 new recruits virtually. The function also converted critical leadership-development programs into digitally enabled sessions, facilitated calls for 1,400 leaders to help them build the behaviors required to manage teams remotely and

ensure that productivity did not drop, and helped business teams learn about the latest technologies required to serve their clients in new, digitized ways.

"It all came together," said the global head of the organization's corporate university. "The online learning platform, the L&D operating model, and the function's capabilities—all of which we have been building since 2017—allowed us to meet the needs of the business in real time." That key observation helps explain why few L&D functions excel in their new roles. It is because most focus on the learning programs and how to deliver them on a digital platform, overlooking how the function is organized and its capabilities.

Good learning programs are, of course, critical. But the utility of even the best will be limited if not based upon an intimate understanding of an organization's needs and an ability to forecast and respond to them rapidly—just as the US healthcare company did. And for that to happen, the L&D function must itself undergo a transformation and adopt an agile operating model.

The learning function of the future

Organizations and functions that have undergone agile transformations have been shown to outperform in fast-changing operating environments, delivering higher customer and employee satisfaction, lower costs, and quicker times to market.² Such a transformation entails adopting an operating model whereby every element of an organization or function—its strategy, structure, people, processes, and technology—becomes more dynamic, with support from a stable backbone that ensures efficiency and consistency where needed.

In our experience, most L&D functions today are overly stable—to the point of rigidity. Staff in course-design, content-management, program-delivery, and digital-platform support often work in different departments that have their own key performance indicators, which are not necessarily

¹ For an example, see Nick van Dam ed., *Elevating L&D: Insights and Practical Guidance from the Field*, Morrisville, NC: Lulu Press, 2018, p. 23.

² Wouter Aghina, Christopher Handscomb, Jesper Ludolph, Daniel Rona, and Dave West, "Enterprise agility: Buzz or business impact?," March 20, 2020, McKinsey.com.

linked to overall business goals. For example, the performance of those in design and development is typically judged by the velocity at which they can produce error-free content and the number of training hours undertaken by learners, not necessarily the quality of the training and its impact. In the delivery of a learning program, the key metrics are typically efficiency (the numbers in a classroom), faculty utilization, and feedback from participants rather than any measure of the degree of learning or behavioral change. And content management is evaluated by how quickly material is updated rather than its relevance to business needs.

Those factors mean that L&D staff struggle to collaborate well as they focus on what is meaningful to them rather than on broader organizational goals and associated key performance indicators, such as whether programs help people improve in their jobs and provide a positive business impact. L&D employees can also be reluctant to change systems that worked well in the past but that do not support next-generation learning. Protracted, linear project life cycles; extensive template catalogs with standard operating procedures; and cumbersome legacy platforms and systems slow down the response rate to changing business needs.

The antidote to those challenges is not complete laissez-faire. An L&D function would be directionless without a long-term strategy, learners confused if design principles were inconsistently applied, and a company's finances at risk in the absence of disciplined guidelines for expenditure and vendor relationships.³ Rather, an L&D function needs to strike the right balance between stability and dynamism, assembling the components that will create a stable backbone as well as the dynamism needed for the function to keep pace with an organization's learning needs.

Stability and dynamism

The exhibit shows how organizations can build both stability and dynamism into all elements of an L&D function: its strategy, structure, people, processes,

and tech and systems. For instance, stability comes with a clear mandate, strategy, and budget linked to strategic priorities to guide the function's work, but the function must also assess the learning needs of the business regularly so it can keep realigning resources. And for that, it needs a more dynamic governance structure whereby its steering committee meets regularly—perhaps quarterly—to review budget allocation.

Similarly, an L&D function needs a solid bench of experts in fields such as experience design, multichannel delivery, curation, and analytics. Those areas will add significant value to the work of the function and the organization. But there should also be a “flow to work” pool of resources that can staff priorities rapidly as required—for example, a group of instructional designers who can work across different content areas and support different business units as needed.

Importantly, L&D team members will often work as part of cross-functional project teams that have end-to-end ownership and decision-making authority, which are key elements of an agile operation that strives to deliver fast. To stay relevant, the function will also need to keep updating its skill profile.

When it comes to technology and systems, the L&D team has to set high cybersecurity and user-experience standards for stability. But for dynamism, it should also build partnerships so that its delivery capabilities are always cutting edge.

How to get there

The time it takes to transform an L&D function and the actions required will vary by organization. A 12- to 24-month journey is not uncommon, depending on the starting point, complexity, desired speed, and boldness of an organization. Most transformations, however, require the following groundwork:

- *Set the learning vision.* Establishing an L&D “North Star” linked to an organization's broader

³ Wouter Aghina, Aaron De Smet, and Kirsten Weerda, “Agility: It rhymes with stability,” *McKinsey Quarterly*, December 1, 2015, McKinsey.com; Olli Salo, “How to create an agile organization,” October 2, 2017, McKinsey.com.

Exhibit

The learning and development function must strike a balance between stability and dynamism.

	Dynamism	Stability
Strategy	<ul style="list-style-type: none"> ● Continually assess the capability needs of the organization; align learning priorities accordingly ● Regularly shift budgets and people to address priority needs, based on value ● Measure and review key performance indicators daily and weekly; take action where needed 	<ul style="list-style-type: none"> ● Articulate a clear vision and mandate for the learning function ● Develop an integrated learning strategy that includes a budget and digital-learning road map ● Ensure standardized and transparent metrics—some should be jointly owned with the businesses and focused on value creation
Structure	<ul style="list-style-type: none"> ● Establish an internally shared pool of resources that can “flow to work” ● Cultivate internal and external learning networks and partners in key areas (eg, design, content, delivery, technology) ● Facilitate mobility within the learning organization to encourage continuous development and knowledge sharing 	<ul style="list-style-type: none"> ● Establish multilevel governance on business imperatives, not business units ● Ensure a simple organizational structure that has clearly delineated accountabilities (eg, by function, business unit, or content area/learning journey) ● Formulate clear and transparent roles and responsibilities
People	<ul style="list-style-type: none"> ● Plan resources and reserve capacity for irregular demand cycles ● Cultivate a culture of continuous improvement ● Integrate agile coaches to support new ways of working 	<ul style="list-style-type: none"> ● Develop internal capabilities in value-adding specializations (eg, strong functional design expertise) ● Ensure knowledge sharing; reduce unwanted attrition by recognizing employees’ contributions ● Build trust, accountability, and professionalism in the learning function
Processes	<ul style="list-style-type: none"> ● Establish cross-functional project teams that have end-to-end ownership and decision-making authority ● Work in iterative sprints with rapid learning and improvement cycles, focusing on modularized content ● Regularly review the efficiency and effectiveness of processes; adapt when required 	<ul style="list-style-type: none"> ● Automate data-gathering and administrative tasks ● Standardize handovers across teams and departments ● Adopt consistent templates for learning design and curriculum
Tech/systems	<ul style="list-style-type: none"> ● Build Learning Record Store capabilities to support algorithmic and artificial-intelligence-based recommendations and decisions ● Leverage partnerships with learning providers to ensure cutting-edge delivery capabilities (immersive, adaptive, and multimodal) ● Adopt an innovation/R&D agenda that promotes continuous product improvement 	<ul style="list-style-type: none"> ● Maintain a dashboard that gives a clear overview of resource allocation and project intake ● Enforce a standardized content-management system to avoid duplication and overlap ● Integrate learning-and-development systems with others in the organization; avoid manual work-arounds

strategic priorities (that is, making clear the goal both in efficiency—the time it takes to create a learning asset, for example—and in improved business performance) is a hallmark

of a successful agile transformation. Everyone knows what success will look like. The goal should be ambitious, so it is important to understand what leading-edge practices can

achieve (see sidebar, “The art of the possible”). But it is important that business leaders help set the goal so that L&D stays anchored to unlocking value.

- *Assess the point of departure.* An honest assessment of an L&D function’s current capabilities and readiness for change will help determine the appropriate interventions and priorities. The assessment should include input from learning professionals, end users, and business leaders and cover the five elements previously outlined. “Performance grids” can help organizations gauge how their L&D functions measure up against

best practices and thus help identify goals and priorities.

- *Design the operating model and the way ahead.* With a clear understanding of a starting point, an organization can plan its L&D function’s structure, processes, and required capabilities; set a budget; and decide on initiatives and their sequencing. It is important to begin with initiatives that will capture significant business value—perhaps large-scale reskilling if a company is transforming in response to automation and new market opportunities—while incorporating quick wins to maintain momentum. Those

The art of the possible

A European bank with around 90,000 employees recognized that its learning-and-development (L&D) function was unable to keep up with the demand for fast, flexible learning to meet business needs. So the bank embarked on an ambitious transformation of the function.

In the first four months, a cross-functional team developed a future vision whereby a rich library of content would be available on a digital platform, tailored to individuals’ needs. It would be the Netflix of learning. The team also designed an L&D operating model and technology road map to support that vision.

Over the next six months, working in cross-functional teams that included learners, business leaders, and subject-matter, digital, and legal experts, the L&D function selected a cloud-based-technology vendor and designed its user interface, all while test-

ing and learning. It then began rolling out a pilot consisting of 20 bite-size learning modules for 20,000 users. Previously, digital training programs were two- to three-hours long, which discouraged people from signing up for them—especially if they feared much of the content would be irrelevant. With the content broken into much smaller, three- to five-minute modules, users could pick exactly what they needed.

Within another 12 months, the L&D function had created 2,000 modules that reached 50,000 employees. The use of artificial intelligence to take account of user preferences, user feedback, performance-management feedback, and even real-time performance on the job helped personalize the modules.

Within the first two years of the transformation, the following had been achieved:

- The proportion of training delivered digitally reached 85 percent.
- User-satisfaction scores rose by 17 percentage points.
- The cost of training-hours consumed fell by 50 percent in aggregate.
- The training budget was able to be reduced by 10 percent.
- The time people had to wait to receive training decreased by an average of 75 percent.

Within four years, the L&D function had generated more than 4,000 learning modules and had the technology infrastructure, talent, and working practices in place to allow it to keep pace with the bank’s learning needs, no matter how rapidly they shifted.

could be pilots to shift to a digital customer-service model within certain business areas or ongoing programs, such as for onboarding and leadership development.

As in any agile transformation, implementation is an iterative process. Some companies might choose to change the way their entire L&D functions work from day one, willing to bear the short-term disruptions that will likely cause in return for a faster transformation. Most, however, start with one or more pilots and learn from them before further extending the new ways of working. Either way, continuous improvement is critical. As business and external environments change, so must L&D functions, their strategies, and their operating models.

L&D functions have unparalleled access to data and research that reveal how workers grow and improve, and they have long experience helping workers to do exactly that. If they can combine that knowledge and experience with an ability to understand and stay ahead of the changing needs of their organizations, they can deliver learning programs accordingly. That will help lead organizations forward at a time when talent is so critical to success. For many L&D functions, however, that goal will mean transforming the ways they operate.

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