CORPORATE LEARNING PRIORITIES SURVEY 2015

USING LEARNING AND DEVELOPMENT TO ACHIEVE STRATEGIC BUSINESS AIMS
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Welcome to the 2015 Henley Corporate Learning Survey

Now in its sixth year, the Henley Corporate Learning Survey surveyed 368 executives from 39 countries, the largest ever group of respondents, for their views on organisational learning priorities and challenges. This year, we asked even more in-depth questions to really understand in detail what our client organisations and executives are trying to achieve in learning and development as we begin 2015.

The survey results confirm what we have become increasingly aware of in recent years, that leadership development at all levels in the organisation has never been more important, but that respondents have to be able to achieve this development within a broader organisational context of significant time and cost-control pressures. This means that Henley and other providers must work with clients to demonstrate the ROI of learning and development initiatives and place even more emphasis on aligning programme content and learning processes with organisational objectives.

Thanks go to everyone who took the time to complete the questionnaire and to Henley faculty and experts for their analysis of the results. We hope that you will find the results helpful in comparing your own thoughts on organisational leadership, learning and development with the broader set of experiences of almost 400 others.

Steve Ludlow
Head of Executive Education
Executive summary

Organisational and management challenges in 2015 and beyond:

- The challenges facing most respondent organisations in the next three years will be the development of organisation-wide leadership capabilities, with the issue of controlling costs equally dominant.
- This organisational landscape translates into the most reported development priorities for senior management being the development of leadership capabilities and, in particular, leading in a volatile, uncertain and complex environment.
- For high potentials, the emphasis is on driving the organisation forward through the development of leadership capabilities alongside commercial acumen and customer engagement.

Learning and development plans and spending:

- As in 2014, coaching is the dominant learning and development activity planned, with 85% of respondents planning to use this approach. Coaching is also most likely to be identified as the ‘preferred’ learning method for senior executives and for high potentials.
- Constraints on learning and development activities relate to time as well as cost. For example, 42% of respondents thought that the optimal time spent on development for senior management was only up to five days per year, which poses the challenge of how best to support senior executives in their learning as they do their job of leading. Regarding financial considerations, almost as many respondents thought learning and development budgets would fall in 2015 as predicted a rise (21% and 23%, respectively), with the remaining 56% predicting a budget standstill.
- Blended learning (part online, part face-to-face) is a planned activity by over half of respondent organisations during 2015, as is individual online learning. Despite online learning now having entered the mainstream for organisations, the purely online learning option is the least preferred activity type by every group within the organisation from first-line to senior management.

Executive development – the focus on organisational impact:

- Two-thirds of respondents feel that executive development helps them to achieve their organisation’s operational objectives, but there is no consensus among the majority of respondents on how best to measure the return on this investment.
- The challenge for organisations in 2015, according to both respondent comments and quantitative feedback, is to achieve the required executive development within budget constraints and to be able to measure, understand and demonstrate the impact of that investment. People and talent management objectives are also more likely to be focused on assisting the drive for growth and competitive advantage than in recent years.
- According to the survey results, the challenge for business school partners is to work closely with organisations to help them achieve this understanding, and to ensure that executive development interventions are client-centred with a focus on the ability to impact business performance.
Key findings

1 Organisational and development priorities

1.1 Organisational challenges in the next three years

The survey not only examines the learning and development priorities of organisations, but also addresses the broader organisational context in which learning and development plays its part. For two years now, the survey has asked respondents to tell us which are the most pressing organisational challenges they will face in the next three years. The following chart outlines the top ten in 2015 and the corresponding percentages from 2014.

In 2015, the development of organisation-wide leadership capability is the challenge most often selected by respondents, as in 2014; although, this is now exactly equalled by the challenge of managing costs. The focus on cost control is echoed by comments of respondents that show the pressures being felt in some organisations: ‘substantial funding shortfall and rising demands’, and ‘sustaining growth and a healthy work environment to enable people to manage the challenges of less resource with more responsibility’.

Elsewhere, many of the challenges have elicited similar levels of response year-on-year but the challenges of addressing technological advances and domestic competition have seen slight drops since 2014. The wording of the option for ‘organisation-wide leadership capability’ is a slight alteration from ‘developing leadership capability’ in 2014, which may account for the significant difference in the number of respondents choosing this option, though it is still
the most popular choice. The fact that close to 60% of participants sign up to this quite stretching ambition signals a potential shift in our understanding of where leadership capability has to sit in modern organisations – leadership is becoming seen as an organisation-wide capability that includes the many, not just the few at the top.

The survey also asked respondents to describe their own learning and development challenges in particular. The following sample of responses shows that in learning and development cost control and resource issues are also dominant themes in going into 2015, while the need to develop managers and leaders is still vital:

- Retaining adequate time and focus on development when work pressures increasing whilst workforce at all levels reduces – abstraction from the workplace is bigger issue than L&D provision
- Objective: to develop leadership capacity to drive forward changes and remain competitive
- To stretch our learning/development of key business leaders but do it for less money
- Getting the right balance between meeting the immediate needs of the business and investing in developing the talent for the future
- Financial constraints are our major challenge
- Drop off of business and redundancies can make it difficult to gain budgetary sign off
- Training budgets are being cut and the company are focusing on operational efficiencies. The driver for L&D in 2015 will be to show value for money.

In the current business landscape of discontinuous change, the smart companies will try to get extra competitive advantage by harnessing the human factor. Talent development is the answer to the fault lines that exist within organisations, and within the current system as a whole. This makes the development of new talent, who can make the needed repairs, crucial for the future. This development of talent does not mean just attending courses but an intricate engagement by senior executives with the top talent within their organisation. How many CEO’s currently have quarterly or even annual meetings with their high potentials, for instance? That is also why tailored programmes focused on individual organisational needs and challenges are needed more than ever. In turn, organisations in this climate are looking for that extra level of customer focus from business schools that can really understand the needs of their top talent and take organisations away from a functional and myopic view by providing global insights from research and access to a global network.

Andrew Kakabadse, Professor of Governance and Leadership, Henley Business School

1.2 Development priorities for key staff groups

Translating organisational needs into development plans is a key priority for both HR and non-HR leaders and managers. We asked about the development priorities for two key groups of employees in 2015: senior managers and high potentials.
While the development of leadership capabilities is key for both, the two groups have very different development needs. In addition to leadership capabilities, high potentials are most likely to be expected to develop key skills in the areas of customer engagement and commercial acumen. The development priorities for senior management are leading within a volatile, uncertain and complex environment, a focus on the development of coaching skills, as well as both formulating and executing strategy.

On average, senior managers have a greater number of development priorities in comparison to high potentials, for whom more focused plans are in place. The least reported priorities for senior managers are developing entrepreneurial thinking and commercial acumen.

I was interested to see the focus on ‘VUCA’ (volatility, uncertainty, complexity and ambiguity) skills in leadership development. As the organisational context becomes ever more complicated – internally and externally – leaders are increasingly faced with dilemmas that have no obvious answer, and for which more traditional leadership development approaches have left them unequipped. Through my work at Henley, I see this time after time resulting in issues in strategy development and deployment in organisations, as leaders struggle to know what to do when they don’t know what to do. Capabilities such as judgement therefore become much more relevant. The challenge for HR is to find the means to develop the capabilities that allow current and future leaders to thrive in these VUCA situations, while managing their own dilemma – that of needing to manage costs. This may require them to fundamentally review some established practices. Business schools must be able to work with both leaders and HR functions to support the development of these capabilities and approaches, since the need for them is only going to increase with time, and organisations that have not adequately recognised their importance will likely fall behind.

Professor Nick Kemsley, Co-Director of the Henley Centre for HR Excellence, Henley Business School
1.3 Priority staff groups for executive development in 2015

Respondents were asked about the likelihood of four different staff groups being included in executive development plans for 2015. The options ranged from ‘very likely’ (scoring 5), to ‘very unlikely’ (scoring 1).

Likelihood of inclusion in 2015 development plans by staff group

“...The findings of the 6th Annual Henley Corporate Learning Survey represent the other side of the coin showing the characteristics of successful organisations highlighted by the recent All Party Parliamentary Group report examining the future of management and leadership in the UK entitled ‘Management 2020: Leadership to Unlock Long-term Growth’. It concluded that successful organisations had three distinctive features. Purpose and values - including clear articulation of social benefits and leadership accountability. People - how the organisation prepares managers and leaders at all levels. Potential - how does the organisation support the next generation of managers and leaders. These success factors closely chime with the challenges highlighted by this survey including that of ‘overall leadership capability’, ‘effectiveness of management teams’, ‘speed of change’, ‘growth’ and ‘cultural change’. Successful organisations invest in development of their people at all levels. They succeed because they have outstanding people, hence, better equipped to deal with environmental turbulence, managing change and securing growth.”

Professor Abby Ghobadian, Head of School of Leadership, Organisations & Behaviour

In 2015, as in 2014, development plans focus on senior management, followed by high potentials and then middle management. There is a slight drop in the likelihood of all of these groups being included in development plans year-on-year though, which may be a result of the reported cost-control challenges in 2015. The new group to be included in 2015, first-line managers, are the group least likely to be included in plans.

1.4 People and talent management objectives and trends

We now have enough data to see how organisations’ people and talent management objectives have developed over the last three years. Every year we ask respondents to report on their objectives in the previous year and then
to predict which objectives would feature in the following 12 months. Since 2012, the order
of priority has not changed with talent retention and employee engagement being the most
frequently selected objectives.

Supporting the drive for growth and competitive advantage has seen a 7 percentage point
increase since 2012, and attracting new leaders into the business has seen a 9 percentage point
increase in that time. The priorities for 2015 show that objectives will form a similar pattern to
2014 though, as usual with this survey, respondents give higher predictions for future objectives
than reporting what the focus has been in the previous year. In particular, the drive for growth
and competitive advantage is predicted to be as much a priority as talent retention and
employee engagement.

### People and talent management objectives: reports and predictions

<table>
<thead>
<tr>
<th>People and talent management objectives: reports and predictions</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015 predictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain talent in the business</td>
<td>80</td>
<td>75</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>Maintain and build employee engagement</td>
<td>78</td>
<td>79</td>
<td>73</td>
<td>80</td>
</tr>
<tr>
<td>Support your organisation’s drive for growth and competitive advantages</td>
<td>60</td>
<td>61</td>
<td>67</td>
<td>73</td>
</tr>
<tr>
<td>Attract new talent into the business</td>
<td>57</td>
<td>60</td>
<td>67</td>
<td>78</td>
</tr>
<tr>
<td>Equip leaders to deliver change</td>
<td>54</td>
<td>52</td>
<td>54</td>
<td>73</td>
</tr>
<tr>
<td>Aid succession planning – particularly at a senior level</td>
<td>43</td>
<td>41</td>
<td>39</td>
<td>64</td>
</tr>
<tr>
<td>Enable growth in international markets</td>
<td>29</td>
<td>25</td>
<td>30</td>
<td>45</td>
</tr>
</tbody>
</table>

The fact that talent retention is once again the most selected objective by our survey
respondents shows the importance of continuous investment in the learning and development of
managers because the quality of leadership that people experience is a crucial reason for them
to stay with an organisation. Moreover, the more senior the executive being developed, the more
this investment in both money and time should be focused on their capability to develop others
within the organisation. To turn it around: for every senior executive who doesn’t currently
prioritise their own leadership development, their key people and their key people’s staff will be
getting a poor deal and this might affect retention.

Time away from the office should not be the issue, if senior executive development is given the
priority it needs to help organisations address the challenges they report in this survey. Also,
managing complexity might be something that is very difficult to replicate, for instance, in
a purely online environment. So companies are facing a dilemma that they want to control
time spent away by their senior people and the costs of executive programmes, but leadership
of complex decisions can’t be taken on board in five minutes on the go. Nevertheless for our
part, we also need to understand better how executives learn within their day-to-day working
environments and how executive development interventions can even better harness and
interact with that on-the-job development.

Dr Bernd Vogel, Associate Professor of Leadership and Organisational Behaviour; Director,
Henley Centre for Engaging Leadership; Henley Business School
2 Learning and development activities and trends

2.1 Learning and development spending

Almost 80% of respondents predict that their budgets will be the same or larger in 2015 than 2014, with only one in five predicting a budget cut. However, after a jump in 2014, predictions of budget growth have decreased since last year with confidence levels back in line with those in 2013 and fewer than one in four predicting a budget increase.

<table>
<thead>
<tr>
<th>Will your next learning budget be...</th>
<th>2013 %</th>
<th>2014 %</th>
<th>2015 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larger than the previous year?</td>
<td>21</td>
<td>31</td>
<td>23</td>
</tr>
<tr>
<td>The same as the previous year?</td>
<td>57</td>
<td>54</td>
<td>56</td>
</tr>
<tr>
<td>Smaller than the previous year?</td>
<td>22</td>
<td>15</td>
<td>21</td>
</tr>
</tbody>
</table>

2.2 Annual external learning and development budgets

The annual spend on external learning and development of our respondents’ organisations varies, reflecting the diversity of organisations that completed the survey in terms of size and type. A third of respondent organisations have budgets exceeding £250,000, another third between £50,000 and £250,000, and 40% have budgets of up to £50,000.

2.3 Planned development activities in 2015

In 2015, individual coaching will be the most used learning and development activity, with 85% of respondent organisations planning to use this approach. Peer-to-peer activities are next, followed closely by blended learning, which will be used by over half of respondents. Team coaching and individual online learning are also planned activities for over half of respondent organisations in 2015.
We are noticing how buyers of senior management programmes are looking for much more integration of methodologies to create a richer learning experience and a better chance of embedding the learning. Providers who can engender learning through cleverly related media will design the most powerful solutions for their clients. The need for online delivery has increased as part of a blended programme – where we really have to make the facilitated face-to-face experiences of every variety count and deliver more, as organisations want to reduce travel time and costs.

Claire Hewitt, Head of Learning Design, Executive Education, Henley Business School

2.4 Time investment in development activities by employee group

We asked respondents how much time they considered to be optimal for different groups of employees to spend on learning and development activities per year. Despite the priority placed elsewhere in the survey to the development of senior management, this does not translate itself into the investment of significant time to dedicate to these activities. This is the group with the least amount of time considered optimal for their development, with over 40% of respondents choosing the 0–5 days per year option for senior managers. It is not clear whether this is driven by the senior executives themselves or by others, but one respondent commented that their organisational development challenge was, ‘getting senior managers to do any!’

This contrasts with high potentials for whom nearly half of respondents felt that at least 11 days per year was the optimal time to be spent on development.
The issue of time away from work is brought up again in the responses to the question about current learning and development challenges:

- Making the time available due to business targets
- Time available for training with challenge of client requirements and deadlines
- Challenge: Availability of middle managers and front-line managers away from day-to-day management

### 2.5 Preferred learning methods by employee group

The following charts show the contrasting preferences of employee groups to different learning formats, as reported by our survey respondents. Respondents feel that first-line managers prefer classroom-based learning, in contrast to high potentials, who are reported to prefer coaching followed by experiential learning.

Despite the fact that individual online learning is planned by 52% of respondents for 2015, it appears to be the least attractive option for all of the employee groups suggesting that it is seen as cost- and time-efficient but not necessarily an attractive option for the individuals themselves. The challenge of finding the right learning format mix was reported by two respondents in response to the question about their learning and development challenges, ‘finding a good blend of online/faceto-face/experiential learning’ and ‘finding the right quality MOOCs for online learning’.
Among most senior management, group coaching is reported as the preferred option, by over two thirds of respondents, Middle managers are reported as having more diverse preferences with no single method standing out.
Coaching has become a core element of Henley’s Executive Education programmes, because organisations and delegates clearly recognise its value in supporting individuals to ‘up their game’. Its key benefit is in developing confidence and emotional resilience in leaders who are pressured to deliver ever more with less – improved confidence increases competence and delivery of outcomes. Feedback from a recent programme focussing on change leadership, where coaching played an essential underpinning role, was that many of the change projects being run by delegates were delivered ahead of schedule, and used fewer resources than originally planned. This was a demonstrable return on investment in terms of both financial cost-saving and increased organisational effectiveness.

Claire Hewitt, Head of Learning Design, Executive Education, Henley Business School

2.6 Learning and development support and evaluation

Respondents told us which methods they feel are important before and after executive development activities to help embed an executive’s learning and to measure the return on investment. It is clear the measurement of return on investment (ROI) is a question that has not yet been answered satisfactorily by the majority of respondents.

Respondents are more positive about the importance of a broad range of initiatives that help to embed an executive’s learning, with almost three-quarters selecting ongoing coaching as important, along with 360-degree reviews and reviewing the executive’s development plans.

The most likely activities to be undertaken regularly by organisations are to ask executives themselves to give formal feedback, the review of development plans and KPIs, and 360-degree reviews. Ongoing coaching is regularly provided in a quarter of cases.

<table>
<thead>
<tr>
<th>Important initiatives before and after executive development activities</th>
<th>Important to embed learning</th>
<th>Important to measure ROI</th>
<th>Respondents ‘regularly’ undertaking this activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide ongoing coaching</td>
<td>74</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>360-degree feedback reviews</td>
<td>72</td>
<td>39</td>
<td>30</td>
</tr>
<tr>
<td>Review executive’s development plans</td>
<td>70</td>
<td>30</td>
<td>37</td>
</tr>
<tr>
<td>Post-programme follow-up provided by programme provider</td>
<td>62</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>Ask executive to give formal feedback</td>
<td>55</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>Review impact of executive’s business project if part of an executive programme</td>
<td>51</td>
<td>48</td>
<td>25</td>
</tr>
<tr>
<td>Provision of additional online resources</td>
<td>49</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Review executive’s KPIs</td>
<td>44</td>
<td>52</td>
<td>32</td>
</tr>
<tr>
<td>Review KPIs of executive’s team/s</td>
<td>36</td>
<td>52</td>
<td>27</td>
</tr>
</tbody>
</table>
One respondent highlighted the difficulty they encountered with embedding and measuring the impact of learning in their organisation, ‘Our challenge remains developing leaders and impacting the business at the pace the business leaders expect. They see clear developments with the leadership style of the participants, but they are less convinced about impact on business achieving their goals. More work in 2015 on this!’ though others are more advanced, and feel that the link between executive education and organisational objectives can be made, ‘Embedding the learning objectives of the participants has resulted in clear connections to business results’.
3 Working with business schools

Business schools offer many, and in some cases all, of the services that respondents plan to utilise in 2015. The survey measured what organisations consider to be important factors when choosing a business school partner or programme. The three charts below show the factors rated as ‘very important’ by respondents when choosing a business school to work with in the provision of executive development. Results have been compared with the previous year to see how the changing landscape of organisational challenges and focus may be altering what is desirable in a business school partner.

3.1 Choosing a business school and the perceived benefits of executive education

In 2015, compared to the previous year, respondents are even more concerned with the quality of faculty, client-centred approach and positive feedback from trusted sources when choosing to work with a business school. The provision of virtual learning is becoming more important from a small base, and now 28% of respondents feel that this is very important when choosing a business school, which is more in line with the popularity of blended learning activity for 2015.

Two-thirds of respondents agree that executive education does help the organisation to achieve its operational objectives. Below are some examples of how respondents describe the impact of executive education in their organisations:

- Developing talent to lead the business, innovate and develop client services
- By propagating knowledge and innovation methodologies first internally, and then outside to clients in professional services environment
• With executive education, leaders are making decisions and choices with greater knowledge, tools and expertise to draw on
• Ensuring capability and knowledge in key strategic areas
• Providing leading-edge thinking and focus
• Inspiring and kick starts people into thinking about new ways and innovations to push the business on
• Produced an understanding of leadership rather than management and helped the large cultural shift required towards proactive change in this organisation
• We need our executives to have access to the thought leaders in their fields and executive education helps achieve this
• Focussing on current issues that are most likely to affect organisational success
• Development needs are identified as part of action planning in relation to performance management measures – which are in turn linked to delivery of strategic outcomes
• Increases performance, reduces cost (cheaper to grow our own than buy in), brings in fresh thinking, challenges the status quo
• Taking time out of the dynamic workplace is vital for executives to reflect and consider how they can be better equipped to meet their personal and corporate challenges
• In particular, in developing strategy and managing change.
3.2 Choosing customised executive education

In 2015, the ability of customised executive education programmes to impact on performance and business issues is even more important than previously – this is selected by almost four out of five respondents as ‘very important’. Given the lack of a majority view of the best way to measure ROI from our previous section, this is clearly an unresolved, but important, issue for organisations and their business school partners to address. This message is just underlined by the fact that there is a 9 percentage point increase in respondents reporting that the ability to demonstrate a return on investment is a ‘very important factor’ for them in 2015.

Respondent comments reflect the challenges we see reflected in the ‘very important’ factors for business schools:

- **Connection with the real world, applicability**
- **Creative and future-looking solutions**
- **Relevance of course to development objectives**
- **Good understanding of business imperatives**
- **Outcome-focused learning**
- **Business focused based in reality – ability to demonstrate how concepts work in real life**
- **Collating and gaining agreement for key needs across the business in a timely way; helping leaders consider the issue to be solved/addressed rather than just identifying a course to attend.**
3.3 Choosing open executive education

"Very important" factors when choosing open programmes

For open programmes, the priority areas are similar in 2015 to 2014, with the quality of teaching faculty, use of practitioners and industry experts and competitive programme fees being most often cited as very important. There is a 9 percentage point increase in respondents selecting the provision of experiential learning since 2014, which is also reflected in the relatively high levels of respondents choosing this method as preferential among high potential and senior management groups.
4 Methodology

The survey was completed online in November and December 2014 by corporate client and non-client contacts of Henley Business School. A link to the questionnaire was sent to respondents via email and posted on LinkedIn. The online questionnaire was completed anonymously with a prize draw incentive of an iPad Air, which was drawn at random. The anonymous online questionnaire was designed with the help of Henley Business School programme directors and faculty, with particular help from Dr Bernd Vogel, Director of the Henley Centre for Engaging Leadership.

The sample

Respondents were a mix of executive and senior HR and non-HR directors and managers from a broad range of organisations – SMEs to major corporations – across all sectors, both in the UK and overseas. We received 368 responses – the highest response since we began this survey in 2009. Respondents came from 39 countries and 70% were from the UK, with a third from HR roles and over half at director level or above.