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Case study

Transforming the L&D Business Model



Creating Value-based Learning at a Global Dairy Company

Client Situation

This is one of the world's largest dairy companies with over €12 billion in annual revenue. It produces and sells consumer products such as dairy-based beverages, infant nutrition, cheese and desserts in many European countries, in Asia and in Africa via its own subsidiaries. Dairy products are also exported worldwide to over 100 countries. The company has branch offices in 32 countries and employs over 20,000 people.

Providing the growing global population with the right nutrients is a major challenge for the coming decades. By distributing reliable, relevant and healthy dairy products, the organization contributes to food and nutrient security.

In the organization's strategy, choices have been made to use capital, means of production and employees in such a way as to create sustainable long-term value for dairy farmers and for society. The strategy focuses on optimising sales processes to win in the market and implementing process and work efficiencies to streamline the business. To achieve this, the organization has strong involvement from effective, capable and motivated employees. They are at the heart of its success. L&D and HR embody the organization's strategic policy of enabling employees to deal proactively with the challenges of a changing society and markets. To continue to win, it is important to **improve continuously**, increase labour productivity and respond to opportunities.

The Challenge

Before 2015, L&D within this company was decentralized. Some of its 32 global locations had their own learning advisors. Most of the L&D budget and time was spent on maintaining the LMS and developing a small group of high potentials in the organization. There was no over-arching L&D strategy that informed the work of the various dispersed groups within the company.

Even though L&D was decentralized, its reach was not very large, and it faced many challenges including:

- A disconnection between formal learning delivery and job performance;
- No measurable business impact reported from any program;
- An L&D business model that was an order taker providing formal learning solutions;
- Insufficient capabilities to respond to the organization's rapidly changing business environment including large new investments in technology, major improvement projects in the supply chain process with impact on the blue-collar workers, and changes in laws and regulations.



For many years, L&D had been trying to demonstrate the value of learning to its stakeholders. It had modernized the services it provided, reorganized its distribution methods for greater efficiency, and professionalized its measurement processes. But it was still failing.

This raised important questions: should L&D continue to focus on learning value? Or was this the time to redefine the future of L&D and focus on business value? There was a clear need for this transition to take place to ensure that the company leaders and employees are prepared to meet the future challenges of the business.

The Solution

The L&D team launched a process of redefining the near future of learning at the organization to make it into a Value Creator rather than an Order Taker. This transition is derived from the four L&D Business Models of the 70:20:10 Institute (Arets, J. et al., in press).

This will be a three-year process. After the first one and a half years, the L&D team has demonstrated business impact:

- Within L&D internally (with a new shared vision and plans for not wasting money on ineffective formal training)
- Within the core business (with 24 projects demonstrating measurable business impact).

The L&D department is now working as a Value Creator and using the 70:20:10 roadmap to go beyond formal learning and expand their services. With 70:20:10 they have a practical metaphor to address the need for connecting working (the 70), social learning (the 20) and formal learning (the 10). This is all about L&D demonstrating business value in all that they do for the company.

The L&D team's Performance Detective work was conducted with its core business groups and HR partners. The analysis revealed several significant business and performance issues including:

- 95% of L&D resources were used for the administration of the LMS and delivering formal programs.
- L&D services were not sufficiently aimed at improving business results and delivered no visible impact.
- L&D acted as an order taker, whereas the core business needed proactive L&D business partners to achieve its goals.
- More than 70% of costs were spent on a small group of high potentials.
- Blue-collar workers did not receive their required certificates, and this had an impact on compliance risk.



The analysis also revealed the L&D organization's influence and effectiveness within the company were diminished by:

- Unclear L&D vision and strategy that didn't support the organisation's new 2020 strategy.
- L&D measurement dashboards that were not complete or not in place.
- The decentralized structure of L&D did not support its goal of being a business partner.
- The spaces between the processes of HR, quality, safety, continuous improvement, technical projects and L&D were not managed.
- Roles were focused on delivery and organization of formal learning activities.
- L&D professionals lacked skills in consulting, project management and performance-based working.

Once the performance analysis phase was completed, the team embarked on a redesign process that included 18 members of the global L&D organization. At a high level the process involved:

1. Preparing and conducting the design sessions
2. Generating ideas in a design lab
3. Choosing usable ideas and sketches
4. Presenting the new business model to stakeholders (topics summarized below):
 - a. Strategy (desired state -- Value Creator);
 - b. Organizational design;
 - c. Management;
 - d. New roles for professionals (70:20:10 Expert roles);
 - e. New 70:20:10 services and consulting to be developed;
 - f. Evaluation: using business cases to demonstrate business impact.

After the new business model was validated with stakeholders, each L&D business partner embarked on a project with his/her internal clients with a goal of completing one project per year for each partner. The business partners used the Five New L&D Performance Roles (Detective, Architect, Master Builder, Game Changer and Tracker) taught in the 70:20:10 Expert Program in their consulting process.

Business Results

The L&D leaders focused on solving business issues that were a top priority for their stakeholders, many of which involved compliance risks associated with poorly trained employees. They discovered that addressing

Example #1: A factory that makes baby food ingredients had a performance issue in the packaging department. This problem led to frequent production shutdowns averaging 15 hours a week and costing €42,000 a week. A quarter of the shutdowns, costing €10,000 a week, were due to human error. The L&D team co-created a solution with two operators, a technologist and the quality assurance manager.



The L&D department implemented a 'Batch Record App' as a solution, focusing only on the 70% and 20% from the 70:20:10 approach. The app, built using Microsoft 360 PowerApps, provided seamless support in running production checks to ensure high standards of quality and gave performance support with critical tasks and problem solving. Dashboards with real-time data supported team learning.

The saving in the first few weeks was €140,000, and they expected to reduce costs by €200,000 by the end of the year. This is measured monthly by the local L&D steering committee and presented to the management team meeting regularly.

Example #2: Incorrect operation of the curd preparer in one of the cheese factories was causing a loss of €70,000 a year. The error significantly reduced output volumes because operators had to take several additional steps as part of the production process.

The L&D business partner set up a multidisciplinary team, and implemented a solution based on the Five New L&D Roles. The critical task analysis found that correct manual operation of the machine was critical, and often went wrong because operators could not see at what stage it was in and took a long time to identify blockages.

A stop light showing various symbols related to possible problems was installed, so that operators could see from a distance whether the machine was working properly. A savings of €40,000 was achieved during the first nine months of the year, and they expect the €70,000 annual loss to be reduced to zero.

Client Value

Becoming Value Creators is a multi-year process and it takes the commitment of the entire L&D team to manage the transformation. Members of the L&D team describe the learning insights and value they achieved as follows:

"When you can contribute, it becomes visible in the organization and the demand for more performance improvement projects increases. It is a matter of changing mind-sets by practising what you preach and showing the possible results."

"Solve business issues that are important for your stakeholders: in our case the compliance risks because of the untrained employees. This gives you buy-in to expand your work."

"Focus on your organization's core business: consider how to make the most of your business results with the available resources."

"Managers first approached us as order takers for e-learning or training. Now they ask different questions and make it possible for us to work as business partners with them. We experience this changed behaviour on a senior and operational level."



“Managers take more ownership. L&D now acts as a partner and takes responsibility for issues such as compliance. Because better data is available, they now can monitor this more effectively. Work with data. This is the language of the business and will help you create ownership and commitment.”

“Don’t hesitate to outsource activities with no added value. It creates space to focus on the right activities and helps you to add value to the business.”

“Join existing projects to increase your power in the organization. It really works well to collaborate with other supporting departments.”

“Keep going with the process. Don’t quit too early: you’ll get there in the end. Start with little steps and keep achieving good results. This works for the team and for your internal clients.”