

# Introduction to Talent Development Reporting principles (TDRp)



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## Partners

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## Introduction



As a result of the success of TDRp, HR now has a set of standards to manage the contribution of human capital.

The world is changing and the field of Human Resources (including learning and development) has not kept pace. Human capital is now the primary driver of value in most organizations, and yet the profession has had no standard principles, measures or reports to manage its contribution.

An initiative was launched in 2010 to meet this need. Kent Barnett, at the time CEO of KnowledgeAdvisors, and Tamar Elkeles, VP of Learning and Communication at Qualcomm, pulled together a group of industry thought leaders and preeminent practitioners to create standards for learning and development (L&D). Over a two-year period this group of 31 leaders developed a set of standards not just for L&D but for all of HR. (See appendix A for a list of all contributors.) The standards include principles to be followed in planning, measuring, reporting, and executing HR initiatives. The standards also included a classification of HR measures into three types (effectiveness, efficiency, and outcome) and the creation of three reports to be used in the monthly management of HR initiatives and functions. In late 2012 the nonprofit Center for Talent Reporting (CTR) was created to be the permanent home for TDRp. Since then, hundreds of organizations around the world have adopted TDRp, and CTR has further refined the principles, measures and reports based on feedback from the early adopters.

As a result of this initiative and the success of TDRp, HR now has a set of standards to manage the contribution of human capital. As a profession, we also now have a classification scheme for the hundreds of HR measures and we have three standard reports – just as accountants do. Furthermore, building on the work of pioneering individuals like Jac Fitz-enz and Jeff Higgins, and pioneering organizations like the Association for Talent Development (ATD, formerly ASTD), we have a measures library with over 600 measures that practitioners can use as a resource and which, hopefully, in time will contribute to the standardization of names and definitions. (See Appendix B for references.)

At this point, you might acknowledge that TDRp is needed and should benefit the profession but still ask how it would benefit your organization and you individually.

*The primary benefit to an organization from adopting TDRp will be significantly greater impact on the organization's goals from its HR initiatives – with no increase in HR's budget. Implementing TDRp will result in better strategic alignment to the organization's goals, a stronger partnership with the goals' owners, and much better planning and execution of HR initiatives – all leading to a higher bottom line impact at no additional cost. At the individual level, adopting TDRp will lead to a significant increase in business acumen; increased knowledge and skill about planning, measuring, reporting and executing; and an enhanced ability to work successfully with senior leaders – all of which will improve your current job performance and make you a more attractive candidate for promotion.*



The focus of TDRp is on improving the management of human capital in order to deliver greater bottom line value to all organizations.

To be clear: The focus of TDRp is on improving the management of human capital in order to deliver greater bottom line value to all organizations. The HR function in most organizations is not having the impact it should on the organization's success. While standardizing the names and definitions of HR measures is important for the profession (and will save practitioners considerable time in the future), the benefits to the organization and individual are much more direct and down to earth. Implementing TDRp will increase the bottom line in for-profit companies, increase the surplus for nonprofits and help all types of organizations (profits, nonprofits, educational, government) better achieve their goals. While this may sound overly optimistic, remember that human capital is now the greatest organizational asset and most organizations today are not managing it with any discipline. The potential for improvement is tremendous.

To achieve this dramatic improvement in HR's impact requires new knowledge and skills on the part of HR leaders, which TDRp can help provide. It also requires their willingness to set specific, measurable goals, and then be held accountable for achieving those goals – just like their colleagues in other parts of the organization.

TDRp was originally developed just for L&D, but it quickly became apparent that the work would have to be extended to other HR processes as well so that organizations could implement across their entire HR function. After a thorough review of the literature and in recognition of the need to provide clarity on processes versus outcomes, the group of industry leaders decided to develop measures and reports for the following six key primary human capital processes:

- Learning & Development
- Leadership Development
- Performance Management

- Talent Acquisition
- Capability Management
- Total Rewards

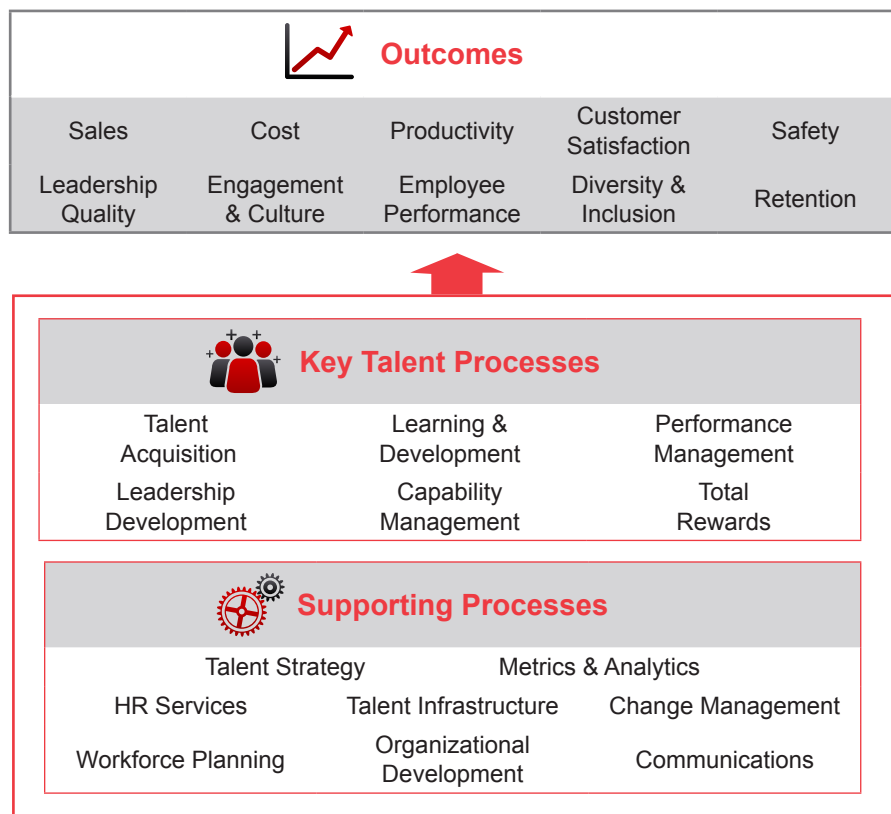
(It is understood that organizations may define the scope of these processes differently and may call them by different names, but these six will be used to organize the measures and reports for the purpose of describing TDRp.)

In the TDRp framework these processes are the primary drivers of organizational outcomes which may be financial & operational as well as talent related. Eight supporting processes also were identified. Figure 1 below illustrates the relationship among sample outcomes (each organization will have its own desired outcomes), the six key talent processes, and the eight supporting processes.



Figure 1 illustrates the relationship among sample outcomes, the six key talent processes, and the eight supporting processes.

Figure 1: **HR Outcomes and Processes**



Leadership, engagement, employee performance, diversity, retention (talent acquisition could also be added) are treated as outcomes rather than processes implying that organizations with goals for these outcomes would plan programs and initiatives involving the six key talent processes to achieve the desired outcome.



The audience for this TDRp includes leaders and decision makers at all levels:

- Senior Executives (CEO, CFO, COO, line of business executives, SVP or HR)
- Talent Executives (HR Department Heads and Directors)
- Program Managers who lead major talent initiatives

TDRp is designed on the premise that department heads must have reports to manage results with direct reports and staff on a monthly basis, and that program managers must have reports on at least a monthly basis to manage ongoing initiatives.

Analysts are another important audience for TDRp. These professionals are the ones who manage the data, create the statements and reports, and perform all the required internal analyses. TDRp is designed to provide all the definitions and guidance required as well as the underlying principles. Two other important audiences are consultants and vendors who will assist organizations implementing TDRp and who will develop software to generate TDRp compliant statements and reports.

## Running HR with Business Discipline

Running HR with business discipline is the key to understanding both the TDRp approach and the dramatic impact this initiative can have on an organization's success. The TDRp framework and reports which follow will not make sense without it.

By business discipline we simply mean applying standard management principles to HR. These principles are

1. Set specific, measurable goals (plans)
2. Manage throughout the year to deliver what you promised. If you are not on plan, or if it appears you may not end the year on plan
  - i. Understand why
  - ii. Identify corrective action
  - iii. Decide if the corrective action is worth taking
  - iv. Implement corrective action if justified and feasible

So, managers need to set goals and then come as close as they can to achieving them. Managers will need regular reports (at least monthly) to know how they are doing.

These reports will have to show the plan for the year, year-to-date (YTD) results, and ideally a forecast of how the year is likely to end if special action is not taken. A manager will start by comparing YTD results with plan. If the year is





HR first needs to align its strategic initiatives to organization goals and set a plan or target for the measure of success that they believe can be achieved by the HR initiative.

progressing according to or better than plan, great! If the year is not progressing according to plan, then the manager will need to understand why, what can be done, and how much will it cost to get back on plan. The manager must then decide to take corrective action or not. Even if the year-to-date progress is on plan, it is possible that something is now expected to happen during the rest of the year that will prevent plan from being achieved. So, next the manager will compare forecast to plan and YTD results. If the forecast shows plan is not likely to be achieved, then the manager will want to know why, what can be done and what it will cost to do it. The manager must then decide to whether to take corrective action.

Establishing good plans and managing to achieve them is what managers get paid to do. It may sound simple on paper but in practice both parts can be challenging. The good news is that it gets easier with practice. The bad news is that many HR managers have never been asked to either create a plan with specific, measurable goals or manage to it. And they are not used to being held accountable to deliver a plan.

Now let's apply these management principles to HR. First, we need to appreciate why HR exists and the contribution it can make to an organization's success. Traditionally, HR performed transactional functions like payroll and compliance and also provided guidance to the rest of the organization to keep it out of trouble. Today, however, in most organizations HR also plays a very exciting strategic role in helping the organization achieve its goals. Since human capital is now often an organization's most important asset, HR can devise initiatives and programs to help increase sales and reduce operating costs, improve quality, improve employee retention and engagement, and improve leadership. All of these initiatives, either directly (through efforts to increase sales, quality or reduce costs) or indirectly (through better leaders or more engaged employees who in turn help achieve the other goals), will contribute to the organization's success.

Consequently, HR first needs to align its strategic initiatives to organization goals. This process starts by talking to the CEO to learn next year's goals and priorities. Then HR leaders need to talk with the owners (sponsors) of these goals and determine if some HR initiative (s) can help achieve their goal. If they can, then the parties need to work out the details of the initiative, including some measure of success for the initiative that both will commit to try to achieve. So, in this case, HR leaders don't set the organization goals - they align their initiatives to the goals of the organization. But they do set a plan or target for the measure of success that they (HR) and the goal owner believe can be achieved by the HR initiative.



## TDRp Framework

In addition to helping the organization achieve its goals, each department head (the head of HR in a smaller organization or the heads of separate departments like L&D in larger organizations) should set specific, measurable goals. Examples might be to improve the quality of new hires by 4 points, provide training to 90% of the organization's employees, improve the participant satisfaction with training by 3 points, or reduce the ratio of classroom training to e-learning by 10%. These goals will reflect what the department believes is most important to accomplish in the coming year.

At this point, HR leaders would have identified measures of importance for the coming year and established plans for each important measure. Once the year is underway HR leaders will need regular reports to know how they are doing. Each report will need to include the plan, YTD results and forecast for each measure to be managed – just as in our discussion above. TDRp is designed to facilitate the plan setting and produce the reports needed to manage throughout the year.

### Overview

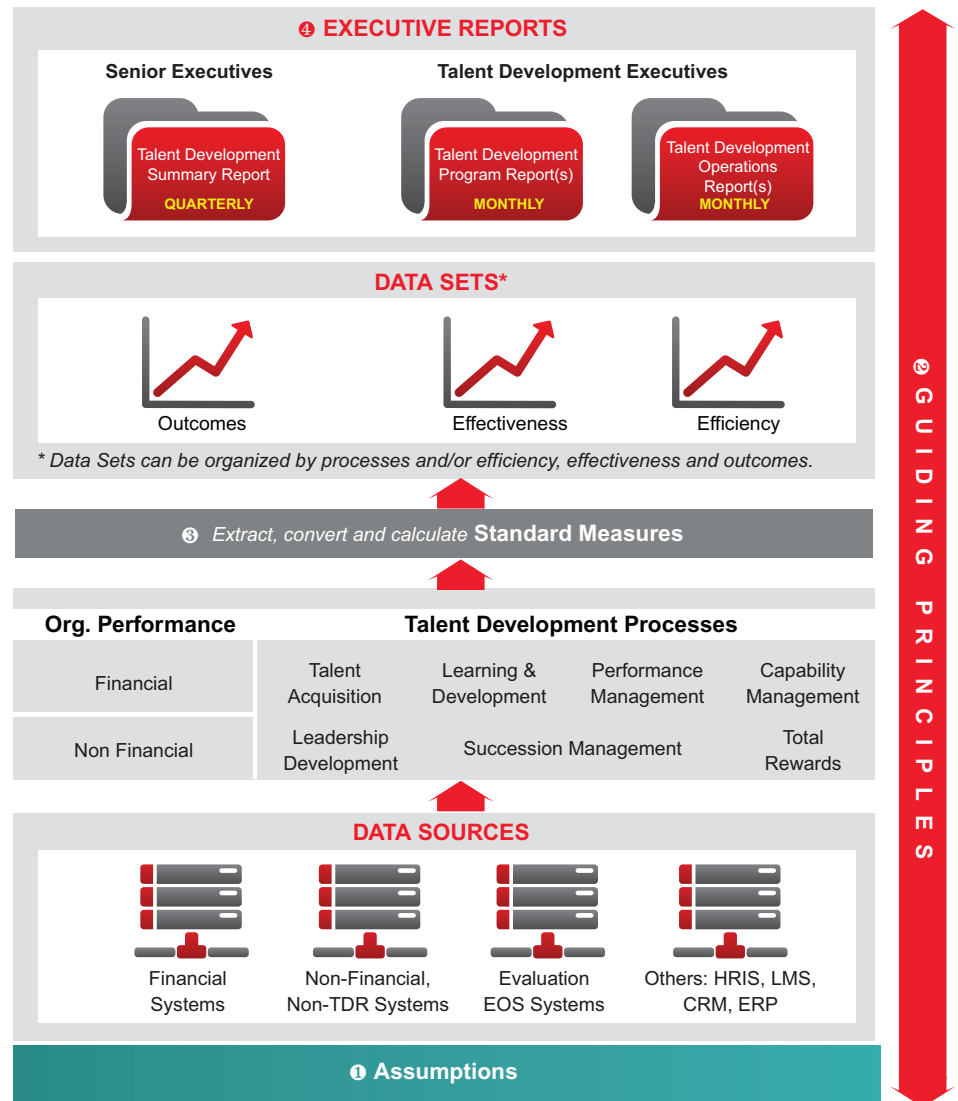
With the above background on running HR with business discipline, let's turn our attention to the TDRp framework.

The TDRp framework contains four elements:

1. Assumptions
2. Guiding Principles
3. Three Types of Measures
4. Three Reports

Figure 2 illustrates the interplay between these four components which will be explored further below. The focus here is on executive or high-level reporting, meaning the reports which will be used by talent executives (department heads and directors) and program managers to actively manage their initiatives on a monthly basis. The measures in these executive reports must all have a plan and once the year is underway the reports will also show YTD results and forecast for each measure. In contrast, detailed reports may also be generated which contain less important measures. These reports typically include just the actual results for measures (no plan or forecast) and much more granularity or greater reporting frequency (weekly or monthly versus year to date or annual) than executive reports. Detailed reports are meant to supplement executive reports and are especially helpful in discerning trends and answering questions.

Figure 2: TDRp Framework



The Summary Report contains key measures and is designed for overall management of a department and for sharing with senior organization leaders.

In brief, TDRp classifies human capital measures into three types: outcomes, effectiveness, and efficiency. These measures are then organized into three standard reports (Summary, Operations, Program) that enable active management of human capital initiatives. TDRp also provides names and definitions for more than 700 measures.

The Summary Report contains key measures (all three types) and is designed for overall management of a department and for sharing with senior organization leaders. The Program Report enables department heads and program manager to ensure the planned results are delivered for a specific program or initiative. Finally, the Operations Report focuses on the management of the key effectiveness and efficiency measures at the department level.

TDRp provides a simple, yet comprehensive framework with three types of measures organized into three reports with a focus on actively managing the investment in human capital to produce results

## ① Assumptions

Four important assumptions underlie the TDRp framework and reflect the application of management principles to HR. Understanding these assumptions upfront should reduce potential misunderstandings and provide context for the other elements. The first assumption clearly states the strategic role of HR while the second addresses the need for strategic alignment. The third addresses planning in an uncertain world while the fourth acknowledges the role of competent managers.

1. The primary purpose of human capital initiatives and processes is to build organizational capability that enables the organization to achieve its goals or achieve its goals more quickly or at lower cost.
2. Whenever possible, human capital initiatives and processes should be aligned strategically to the goals of the organization. HR leaders will meet proactively with stakeholders to discuss and agree on the role of initiatives and processes in meeting the organization's goals and will set appropriate goals for the initiative or process. It is understood that goal setting will involve uncertainty and will entail the use of estimates and forecasts.
3. It is understood that the business environment is characterized by significant uncertainty and yet plans must be made with the best information available. Waiting for absolute certainty and perfection is not an option.
4. The recommended reports and the underlying data will be used appropriately by competent, experienced leaders to manage the function to meet agreed-upon goals and to continuously improve.

## ② Guiding Principles

These principles provide direction for the standards, reports and analysis just as GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards) provide direction for accounting concepts, statements, analysis and reports.

There are eight guiding and generally accepted reporting principles for executive-level reporting.

1. Executive reporting should employ concise and balanced measures that are reported in a consistent and clearly defined format



Four important assumptions underlie the TDRp framework and reflect the application of management principles to HR.



There are eight guiding and generally accepted reporting principles for executive-level reporting.

- a. Key effectiveness, efficiency, and outcome measures should be reported and tracked on a regular basis.
  - b. Plans should be set for key outcome, effectiveness, and efficiency measures. Performance to plan should be tracked and reported.
  - c. Executive reports should include, at a minimum, results for last year, current year plan, current year-to-date (YTD) results, and a forecast for the current year. Detailed reports typically include just the results which may be daily, weekly, monthly, quarterly or yearly.
2. Executive reports should be produced and communicated with a frequency and thoroughness to enable appropriate management of the function
  3. Executive reporting should include actionable recommendations
  4. Data integrity and completeness should be maintained
  5. Appropriate analytical methods should be employed
  6. The impact and value or benefit of initiatives and processes should be identified whenever appropriate, preferably by the stakeholder at the outset of the initiative
  7. The full costs of human capital initiatives and processes should be captured and reported whenever possible
  8. Executive reporting and the underlying data bases should support continuous improvement of talent processes and programs

This guidance not only influences the format of the reports but, in combination with the assumptions of strategic alignment and proactive sponsor discussion, it offers critical management guidance for all HR leaders to follow in terms of setting plans, tracking YTD progress, and forecasting how the year is expected to end.

These eight principles, combined with the four assumptions above, provide the foundation for TDRp.

### ③ Three Types of Measures

The third element of TDRp is the use of standard measures which provide consistency in use and calculation. TDRp defines three types of measures: outcomes, effectiveness, and efficiency. Every organization should collect and report all three types of measures although the choice of specific measures will depend on the goals of the organization and the department.

- **Outcomes measures** identify an organization's desired results and the impact of human capital initiatives and processes on those results. Examples of outcome measures include revenue, market share, quality and cost reduction as well as talent-oriented outcomes like engagement, leadership, retention, and talent attraction.



It is important to have a balanced set of measures to obtain a holistic view of performance and to reduce the probability of unintended consequences.

- **Effectiveness measures** provide indicators of quality or how well human capital contributes to organizational outcomes. Examples of effectiveness measures include quality of content and delivery, application to job, impact, and value for L&D; quality of hire index and first-year separation rate for Talent Acquisition; percentage of defined positions with an identified successor for Leadership Development; and employee bench strength for Capability Management
- **Efficiency measures** provide indicators of an organization's level of activity and investment in human capital. Examples of efficiency measures include the number of participants, courses and hours for L&D; recruitment rate and cost-per-hire for Talent Acquisition; span of control and management tenure for Leadership Development; and average number of months to promotion for Capability Management.

The measures will be extracted and/or calculated from various data sources within an organization and then housed in a data set or warehouse.

It is important to have a balanced set of measures to obtain a holistic view of performance and to reduce the probability of unintended consequences. For example, if a department were to focus just on efficiency measures (like number of participants or activity levels) this may incent employees to forego quality in an effort to achieve the efficiency goal. So, outcome measures are necessary to ensure focus on the right organizational goals; effectiveness measures are necessary to ensure attention to quality; and efficiency measures are necessary to ensure the required level of activity, participation, reach or investment occurs.

It is recommended that organizations create a list for each type of measure. This will make it easier to see how many of each type they have and to ensure that there is a balance. Organizations also need to decide which measures will be managed versus monitored. The measures to be managed will be those that are most important to the organization and to the HR department. These are the measures that the department head and program managers will need to review every month to determine they are on plan. Consequently, each measure to be managed must have a plan, and once the year is underway, will need year-to-date results and a forecast. Measures to be monitored do not need a plan or forecast – just actual results. Typically there will be just 5-10 outcome measures and these will be aligned to the goals of the organization. Due to their importance all outcome measures will normally be managed. Many organizations have hundreds of effectiveness and efficiency measures – far too many to manage. In these cases, the department head and senior leadership team need to decide which of the hundreds of measures are the most important for the coming year and will need to be actively managed. There should not be more than 5-10 ef-

fectiveness measures and 5-10 efficiency measures selected for management at the department level. The rest of the measures will be monitored. (Note: Each program manager is likely to have about five effectiveness and five efficiency measures related just to his or her specific initiatives. These may be contained in the list of measures to be managed at the department level or they may be different. For example, in L&D a program manager will typically manage the number of participants in the program and the department may well have a goal for the number of participants in ALL programs. Same measure, but applied at two different levels in the organization.)

#### ④ Three Reports

The fourth element of TDRp is the creation and use of three executive reports for the active management of human capital initiatives to deliver planned results. These reports are constructed from the three lists of measures to be managed. The three executive reports include one targeted for use with senior executives (CEO, SVP, etc.) and two targeted for use with talent executives (department heads and directors) and program managers (those with specific responsibility for programs, budget and people). Each report, its purpose, target audience and frequency, is depicted in the table below.

Report	Purpose	Target Audience Frequency
Summary Report	Convey progress against high-level organizational goals	<ul style="list-style-type: none"> <li>Senior executives and talent executives</li> <li>Quarterly</li> </ul>
Program Report	Manage programs and initiatives to deliver planned results	<ul style="list-style-type: none"> <li>Talent executives and program managers</li> <li>Monthly</li> </ul>
Operations Report	Manage operations effectively and efficiently	<ul style="list-style-type: none"> <li>Talent executives and program managers</li> <li>Monthly</li> </ul>

The Summary Report serves as a stand-alone report for the senior executives while the talent executive is expected to use all three reports to manage the function. Program managers will use the Program Report to manage a specific program, initiative or process.

These three executive or high-level reports focus on the most important measures at an aggregate level. Where greater detail is required to answer questions that are triggered by the reports, detailed reports or underlying data bases will provide the data to answer those questions. The three executive reports combined with the detailed reports and underlying data sets should provide comprehensive reporting on the effectiveness, efficiency and organizational impact of the human capital programs.



The fourth element of TDRp is the creation and use of three executive reports for the active management of human capital initiatives to deliver planned results.

All three executive reports should include the following for each measure:

- Last year's results (when available)
- Current year plan
- Year-to-date results
- Forecast for the current year
- Comparison of current YTD results to plan, and forecast to plan.

This constitutes the minimum recommended for executive reporting with the understanding that organizations will add measures of relevance to them where applicable. Detailed reports may focus just on actual results (no plan, forecasts or comparison to plan) and provide higher frequency data. In addition, some may choose to display data visually in a dashboard and provide analytical commentary. It is recommended that a quarterly Summary Report be generated with data, visuals, and analysis to enforce a discipline similar to financial reporting.

Of course, the key to successful management of the HR function lies not just in the reports themselves but in the analysis and actionable recommendations which flow from the reports. Consequently, the guiding principles include recommendations on reporting, and further guidance is available on using the reports as well as constructing them.

### Summary Report

The Summary Report should contain the outcome measures from the outcome list, four to five effectiveness measures to be managed from the effectiveness measures list, and four to five efficiency measures to be managed from the efficiency measures list. The report should be concise and limited to one (or one and a half pages) with supporting materials available as appropriate. No HR jargon should be used since the primary target audience is senior executives. The report should be interpreted for the audience either in a face-to-face presentation or in writing with a focus on summary conclusions and actionable recommendations.

Because the Summary Report contains all three types of measures, it must be read holistically to obtain an accurate picture of progress against plans. In practice, it will often be impossible to achieve all the stated plans as the year progresses requiring that tradeoffs be made among goals. Moreover, changes in the external environment (economy, market, competition) or internal environment (company goals and priorities, or human capital resources) may impact the achievement of plan.

A best practice is to share a draft of the Summary Report with the CEO and other senior leaders at the beginning of the year to solicit their input on the cho-



The Summary Report should contain the outcome measures from the outcome list, four to five efficiency measures, and four to five efficiency measures.



sen measures. They are the primary target audience for this report so it is important to ensure the report meets their needs. Typically, they will ask for additional measures to be added or indicate that some may be removed. In either case, the report now becomes “their” report and will facilitate much better discussion when used to review quarterly progress against plan.

A sample Summary Report for L&D is provided in Figure 3 for L&D. This particular report is organized into three sections (Impact, Effectiveness, and Efficiency), but each organization is free to organize and label the measures in accordance with their own needs and vocabulary. (Note: Sample reports for other HR processes like talent acquisition are available at the CTR website.)

Figure 3: Sample Summary Report for L&D

Results through June							
Priority	Organization Goals and L&D Outcome Measures	Unit of Measure	For 2016				
			2015 Actual	Plan	Jun YTD	YTD Compared to Plan	Forecast
1	Revenue: Increase Sales by 20%						
	Corporate Goal or Actual	%	10%	20%	20%	100%	125%
	Impact of L&D Initiatives: 25% contribution to goal	%	1%	5%		On plan	Above plan
2	Engagement: Increase Engagement Score by 3 Points to 69.4%						
	Corporate Goal or Actual	Points	1 pt	3 pts	1.9 pts	63%	100%
	Impact of L&D Initiatives: Low Impact on goal	H/M/L	Low	Low		On plan	On plan
3	Safety: Reduce Injuries by 20%						
	Corporate Goal or Actual	%	10%	20%	15%	75%	100%
	Impact of L&D Initiatives: High Impact on goal	%	Medium	High		Below plan	On plan
4	Costs: Reduce Operating Expenses by 15%						
	Corporate Goal or Actual	%	5%	15%	2%	13%	67%
	Impact of L&D Initiatives: Medium Impact on goal	H/M/L	Low	Medium		Below plan	Below plan
5	Retention: Improve Retention of Top Performers by 5 Points to 90%						
	Corporate Goal or Actual	Points	-3 pts	5 pts	2 pts	67%	100%
	Impact of L&D Initiatives: None Planned	NA					
6	Quality: Improve Quality Score by 4 Points to 80%						
	Corporate Goal or Actual	Points	1.6 pts	4 pts	2.9 pts	73%	100%
	Proxy for impact: Application of Key Behaviors	% who applied them	84%	95%	80%	15% below	5% below
For 2016							
	Unit of Measure	2015 Actual	Plan	Jun YTD	YTD Compared to Plan	Forecast	Forecast Compared to Plan
<b>Effectiveness Measures</b>							
	Participant Feedback	% favorable	74%	80%	77%	3% below	78%
	Sponsor Feedback	% favorable	66%	80%	68%	12% below	75%
	Learning	Score	78%	85%	83%	2% below	85%
	Application rate	% who applied it	51%	65%	55%	10% below	63%
<b>Efficiency Measures</b>							
	Percentage of employees reached by L&D	%	85%	88%	72%	16% below	88%
	Percentage of ee's with development plan	%	82%	85%	84%	1% below	90%
	Percentage of courses developed on time	%	73%	92%	67%	15% below	78%
	Participants in All Programs						
	Total Participants	Number	109,618	147,500	67,357	46%	145,000
	Unique Participants	Number	40,729	45,300	36,998	82%	44,000

Notice first that the Summary Report is a “business-centric” report meaning that it shows information as a senior business executive would like to see it. Reading from left to right, the report begins with the goals of the organization in priority order. The goals and the priority come from the CEO or most senior leader for the organization HR is supporting. The priority may be designated as high, medium, or low instead of rank ordered, but goals are seldom of equal prior-

ity. Continuing from left to right the next columns shows the unit of measure, last year's actual results, plan for this year, year-to-date (YTD) results, YTD results as a percentage of plan, the current forecast for how the year is expected to end if no special action is taken, and last the forecast as a percentage of plan. These columns are typical of a standard internal report used in any organization. (Actually, many organizations would have additional columns showing plan and results by month and/or quarter as well.)

Reading from top to bottom, the report focuses first on the outcome measures (organization goals and HR's impact on them) and then on select effectiveness and efficiency measures at the bottom. Outcome measures come first because this is what senior leaders care most about. Following the discipline of running HR like a business discussed above, talent executives will have met with the CEO to learn the goals and priority for the new year and then will have met with the owners of those goals to discuss whether and how HR can help them achieve their goals. If both the goal owner and the talent executive agreed that HR could help achieve the goal, then they worked out the details of the initiative. They also reached agreement on a measure of success and a reasonable plan for that measure. (Remember, there are no guarantees in the real world. A plan is just that, a plan, which may or may not be achieved.) These measures and the plans for each are shown underneath each corporate goal in the Summary Report.

For example, in Figure 3 the first goal is to increase sales by 20% (came from the CEO and SVP of Sales). Since this is an example for L&D, the VP of L&D along with the program manager would have met with the SVP of Sales. They would have agreed that training could help achieve the goal and agreed on specifics like offering consultative selling skills and product features training to the 200 person sales force over the first two months of the year. Then they would have discussed how success could be measured. In this example, they agreed to use the direct impact of the training on sales as the outcome measure and they further agreed that it would be reasonable to plan on a 25% contribution from training towards the goal of increasing sales by 20%. (A webinar is dedicated to reaching agreement with the owner on a percentage or some other measure of success.) In other words, the two training programs, properly designed, delivered and reinforced, are expected to lead to a 5% increase in sales ( $25\% \times 20\% = 5\%$  increase in sales due just to the training). Now, is there any guarantee that sales will increase 5% due just to the training? Of course not. There is also no guarantee that the company will achieve any of its goals including the 20% increase in sales. Both the 5% and the 20% are simply plans which are believed to be reasonable and achievable if all goes well.

The next goal in Figure 3 is to increase the employee engagement score by 3 points. This is an example of a "softer" goal (which is also an HR goal), but



The Summary Report focuses first on the outcome measures and then on select effectiveness and efficiency measures.

many organizations have goals for improving engagement, leadership, diversity or retention. In this case the owner of the goal is likely to be the SVP of HR so the head of L&D would meet with the SVP of HR to discuss the impact of L&D initiatives on increasing employee engagement. In this example, they agreed to use impact on the goal as the outcome measure but felt more comfortable using high, medium, or low rather than assigning a percentage contribution. Further, they agreed that while the L&D initiatives would have some impact on the goal, it would not be much and consequently agreed on a plan of Low impact.

This Summary Report is typical in that many organizations use a mix of quantitative (using a number) or qualitative (using adjectives) outcome measures for impact. In some cases, the agreed-upon measure of success is not impact on the goal, but a proxy for impact or some other measure all together. In this example, a proxy is used for Goal 6: Improve the Quality Score by 4 Points. The head of quality and the head of L&D agreed to use the application rate of the training (easier to measure) as a proxy for the actual impact of the training (harder to measure). Next they agreed on a plan to get 95% of those who take the training to apply the three key behaviors within the first 90 days.

At the bottom of the Summary Report, four effectiveness and four efficiency measures are reported to let the senior executives know that L&D is interested not only in doing the right learning but doing it effectively and efficiently. Typically, the values for these measures will be aggregated at the enterprise level. In practice, a draft Summary Report should be shared with the senior executives at the beginning of the year to reach agreement on the effectiveness and efficiency measures of most interest to them.

To recap, the Summary Report is a business centric report that focuses first on the organization's goals and HR's impact on those goals (outcome measures), and then on the most important effectiveness and efficiency measures. The goals and priorities come from the CEO. Plans for those goals come from the CEO or the owners of the goals. Owners of the goals and talent executives agree on measures of success, plans for those measures, and roles and responsibilities to achieve those plans. The Summary Report lets senior executives know that.

1. HR knows the organization's goals and priorities for the year
2. HR leaders have met with the goals' owners and the two have agreed on whether HR can help achieve the goal
3. If HR does have a role to play, the two have agreed on a measure of success and a plan or target for that measure. Moreover, the two have agreed on the roles, responsibilities, and action items required to achieve the agreed-upon plan.



**The Summary Report is a business centric report that focuses first on the organization's goals, HR's impact on those goals, and the most important effectiveness and efficiency measures.**

4. HR leaders will manage the initiatives just like managers in other functions reporting regularly on progress against plan
5. HR leaders are willing to be held accountable for results

For senior executives, the Summary Report is the most important of the three and really the only one most will care to see. The talent executive can use the Summary Report in monthly meetings with the senior leadership team, in all employee meetings, and in presentations to other departments. And you are free to add additional information. For example, many organizations like to list their key programs or initiatives under each goal. Others choose to list the key effectiveness or efficiency measures related to each goal below the Impact line.

### Operations Report

The Operations Report includes all the effectiveness and efficiency measures selected for management (versus monitoring) throughout the year. These will be the most important effectiveness and efficiency measures, reflecting the goals of the department head and senior leadership team. Typically the report will contain 5-10 effectiveness measures and 5-10 efficiency measures. Some may contain up to 20 in total but any higher number will prove very difficult to manage. The selected measures will be managed on a monthly basis to achieve plan. Measures in the Operations Report will cover the total enterprise or as much of it as the HR group supports. (In other words, the data in the report will represent totals or averages across the reach of the HR group.) Unlike the Summary Report, HR jargon may be used in the Operations Report since the audience is purely HR.

A sample Operations Report for L&D is shown in Figure 4. (Note: Sample reports for other HR processes like talent acquisition are available at the CTR website.)

In this example, the VP of L&D and senior L&D leaders have chosen to focus on four effectiveness measures: participant feedback, sponsor feedback, learning score, and the application rate for the learning. The first and fourth have subcategories of measures which provide more detail (in the case of the first measure) or show different methods of measurement (in the case of the third measure). After reviewing last year's results and monthly trends, comparing their company's results to others, and considering the opportunities and resources for improvement, the L&D leadership team agreed on plans to improve each measure. The team believes that the overall level 1 score for participants can be improved from 74% favorable last year to 80% favorable this year while the leadership team would like to increase the sponsor satisfaction from 66% to 80%. Likewise the team believes the learning score can be improved from 78% to 85% and the actual application rate from 51% to 65%. The team has identified action items to achieve these improvements and assigned responsibilities.



The Operations Report includes all the effectiveness and efficiency measures selected for management throughout the year.

Figure 4: Sample Operations Report for L&amp;D

Results through June							
Effectiveness Measures	Unit of Measure	2015 Actual	For 2016				Comparison to Plan
			Plan	Jun YTD	Comparison to Plan	Forecast	
Level 1: Participant Feedback (All programs)							
Quality of content	% favorable	76%	80%	79%	1% below	79%	1% below
Quality of instructor	% favorable	80%	85%	86%	1% above	85%	on plan
Relevance	% favorable	72%	78%	73%	5% below	75%	3% below
Alignment to goals	% favorable	68%	75%	69%	6% below	71%	4% below
Total for Level 1	Average of measures	74%	80%	77%	3% below	78%	2% below
Level 1: Sponsor Feedback (Select programs)	% favorable	66%	80%	68%	12% below	75%	5% below
Level 2: Learning (Select programs)	Score	78%	85%	83%	2% below	85%	on plan
Level 3: Application rate (Select programs)							
Intent to apply (from survey at end of course)	% top two boxes	70%	75%	70%	5% below	72%	3% below
Actual application (after three months)	% who applied it	51%	65%	55%	10% below	63%	2% below
Efficiency Measures							
Efficiency Measures	Unit of Measure	2015 Actual	For 2016				Comparison to Plan
			Plan	Jun YTD	Comparison to Plan	Forecast	
Total Participants	Number	109,618	147,500	67,357	46%	145,000	98%
Total Unique Participants	Number	40,729	45,313	36,998	82%	44,000	97%
Courses Taken by Type of Learning							
ILT only	% of total	56%	25%	40%	15% below	33%	8% below
vILT only	% of total	3%	12%	9%	3% below	10%	2% below
E-learning only	% of total	35%	48%	39%	9% below	42%	6% below
Blended only	% of total	6%	15%	12%	3% below	15%	on plan
Total courses	% of total	100%	100%	100%		100%	
Utilization of E-learning Courses							
Available	Number	60	74	65	88%	70	95%
Taken by more than 20	Number	50	70	19	27%	55	79%
% taken by more than 20	%	83%	95%	29%	66% below	79%	16% below
Reach							
% of employee reached by L&D	%	85%	88%	72%	16% below	88%	on plan
% of employees with development plans	%	82%	85%	84%	1% below	90%	5% above
Course Management							
Total Developed	Number	22	36	18	50%	36	100%
Number Meeting Deadline	Number	16	33	12	36%	28	85%
% Meeting Deadline	%	73%	92%	67%	25% below	78%	14% below
Total Delivered	Number	143	178	99	56%	180	101%
Investment							
L&D Expenditure	Million \$	\$15.8	\$20.2	\$12.0	59%	\$20.2	100%
Cost Reduction (internal to L&D)	Thousand \$	\$63	\$295	\$115	39%	\$230	78%

Similarly, the team has chosen seven broad efficiency measures with most having subcategories resulting in about 20 unique measures in total. Given the relatively small number of effectiveness measures the combined number of measures is still manageable. After reviewing the history, benchmarking, opportunities and resources, the team agreed to the plans in the report. The team plans on more unique participants but significantly more total participants, implying a large increase in the average number of courses taken by each employee. The team is also focused on increasing the amount of e-learning and decreasing the amount of classroom learning. Related to these first two measures, the team is looking to increase the utilization rate for e-learning and reach a higher per-

centage of employees. They have also identified opportunities for better course management (perhaps due to complaints last year about missing deadlines). Just as with the effectiveness measures, the team would have action plans in place to achieve these plans.

The Operations Report will be used by the talent executive each month in a meeting with his or her direct reports to review progress against plan and decide on corrective action if it appears plan may not be achieved.

### Program Report

The Program or Initiative Report pulls together all the key measures related to the programs or initiatives in support of achieving an organizational goal. Unlike the Summary and Operations Reports which focus on enterprise-wide data, the Program Report focuses just on data for the program(s) in support of a single goal. The Program Report will include the goal supported by the programs, the outcome measure agreed upon by the goal's owner and the talent executives, and the effectiveness and efficiency measures related achieving the goal. The goal and the outcome measure will be the same as in the Summary Report if the goal is important enough to be included in the Summary Report. The effectiveness and efficiency measures and their plans will typically be chosen by the program manager and approved by the department head, although the goal owner or staff in the goal owner's function may also help select the measures and set the plans. The Program Report should be one page in a font that is easily legible. A Program Report would typically be created for programs in support of each of the CEO's high-priority goals.

A sample Program Report for L&D is shown in Figure 5. (Note: Sample reports for other HR processes like talent acquisition are available at the CTR website.)

In this example, the company's goal is to reduce injuries by 20%. L&D leaders have met with the VP of Manufacturing, and agreed that L&D can very definitely help achieve this aggressive goal. In fact, the two have agreed that is reasonable to plan on learning to drive most of the planned reduction in injuries, contributing to most of the overall reduction. In other words, learning alone will have a high impact on reducing injuries by 20%.

What will be required to have this kind of impact on the company's goal? The Program Report lays it out in terms of the effectiveness and efficiency measures. First, Phase 1 courses have to be of the highest quality (effectiveness measures) with a 80% favorable response by participants and a 90% rating from the sponsor, 90% score on the learning, and a 95% application rate – all very high numbers and not easy to achieve. And two Phase 1 courses need to be deployed to 3000 employees for a total of 6000 participants by March 31st (efficiency



The Program Report pulls together all the key measures in support of achieving an organizational goal.



Figure 5: Sample Program Report for L&amp;D

Results through June								
Goal Owner: Swilthe, VP of manufacturing Enterprise Goal: Reduce Injuries Impact of Learning: High contribution	Metric	2015 Actual	2016 Plan	YTD	YTD Compared to Plan	Forecast	Forecast Compared to Plan	Notes
	%	12%	20%	15%	75%	20%	100%	YTD and FC contribution based on level 1 and 3 results and ongoing discussions with sponsor
		NA	High		Below Plan		On Plan	
Programs to Reduce Injuries								
1 Deliver Phase 1 Courses	Metric	2014 Actual	2015 Plan	YTD	YTD Compared to Plan	Forecast	Forecast Compared to Plan	Notes
Effectiveness measures								
Level 1: Participants	%	70%	80%	85%	5% above	82%	2% above	YTD sample size = 1872
Sponsor	%	75%	90%	88%	2% below	88%	2% below	
Level 2: Test score	%	86%	90%	95%	5% above	92%	2% above	YTD sample size = 3848
Level 3: Application rate	%	53%	95%	75%	20% below	95%	On plan	YTD sample size = 270. Reinforcement plan in place
Efficiency measures								
Unique Participants	Number	452	3,000	2,800	93%	3,200	107%	Manufacturing leaders responsible for attendance
Total Participants	Number	858	6,000	5,542	92%	6,300	105%	
Percentage complete by 3/31	%	NA	95%	92%	97%	92%	97%	
2 Develop Phase 2 Courses								
Efficiency measure: Complete by 3/31	Number	NA	3	3	100%	3	100%	
Effectiveness measure: Sponsor Satisfaction	%	NA	90%	90%	100%	90%	100%	
3 Deliver Phase 2 Courses								
Effectiveness measures								
Level 1: Participants	%	NA	80%	80%	On plan	82%	2% above	YTD sample size = 39
Sponsor	%	NA	90%	90%	On plan	88%	2% below	
Level 2: Test score	%	NA	90%	90%	2% above	90%	On plan	YTD sample size = 98
Level 3: Application rate	%	NA	95%	71%	14% below	95%	On plan	YTD sample size = 215. Reinforcement plan in place
Efficiency measures								
Unique Participants	Number	NA	1,000	892	89%	1,100	110%	Manufacturing leaders responsible for attendance
Total Participants	Number	NA	3,000	2,651	88%	3,200	107%	
Percentage complete by 7/31	%	NA	90%	88%	98%	92%	102%	
Summary								
Total								
Courses Developed	Number	1	3	3	100%	3	100%	
Unique Participants	Number	452	4,000	3,692	92%	4,300	108%	
Total Participants	Number	858	9,000	8,193	91%	9,500	106%	
Cost (not including opportunity cost)	thousand \$	\$37	\$250	\$178	71%	\$255	102%	

measures). Second, three Phase 2 courses need to be developed by March 31 and meet the expectations of the VP of Manufacturing. Third, the three Phase 2 courses must be of high quality (95% application rate) and must be successfully deployed to 1000 employees in by July 31st. Furthermore, the goal owner's reinforcement plans have been discussed and documented. If all of these plans are achieved for the effectiveness and efficiency measures, then both the VP of Manufacturing and the L&D leadership team believe that learning can reduce injuries by a large amount. If these plans are not achieved, then the company goal of a 20% reduction in injuries is in jeopardy.

Notice how the Program Report pulls all the relevant measures together on one page. It keeps the program manager focused on the company goal (20% reduction in injuries), the impact of the program on the goal (outcome measure), and the effectiveness and efficiency measures which will be critical to delivering the agreed-upon impact. The effectiveness and efficiency measures are really leading indicators of the outcome measure, and they are all under the control of the L&D department and the goal owner. L&D may exercise more control over the design of the learning but the goal owner will have more control over actual



deployment and application. After all, the participants report to the goal owner, not to L&D, so the L&D team cannot make the participants attend or apply the learning. Clearly, training will only have the planned impact if both parties work diligently together. This requires monthly management to know if the program is on plan and if not, to undertake immediate corrective action to get back on plan. The Program Report is designed to provide just information and is indispensable if the program is going to be managed with business-like discipline.

### Using the Reports

The three reports are intended to be used in a dedicated monthly staff meeting with the department head and his or her direct reports. This meeting would typically be 60-120 minutes, scheduled for the same day and time each month. The meeting should occur as early in the month as possible after the reports have been updated for last month's results and leaders have had time to analyze the results.

A typical agenda would cover all three reports:

1. Start with the Summary Report for the big picture and focus on the outcome measures. How are we doing overall? Identify any goals where outcome measures are not on plan. (5 minutes)
2. Move on to the Operations Report. How are we doing on our selected effectiveness and efficiency measures at an enterprise level? If it appears we are not going to make plan, discuss further and decide on corrective action. (15-30 minutes)
3. Move on to the Program Reports. Start with those where the outcome measures are not on plan. Each program manager walks the team through their own Program Report. Special attention is focused on measures not meeting plan, where the program manager explains the issue and steps to address it or asks the team for help. Discussion follows resulting in identification of action steps to be taken prior to next month's meeting. (30-90 minutes depending on the number of Program Reports and the discussion)

The reports will provide all the data needed to identify where action may be required to end the year on plan.

The Summary Report is also meant to be shared with the CEO, governing board, and other senior leaders at least quarterly. The HR department head would brief them in person or write a memo to accompany the report, highlighting the most important measures with particular attention to those which are behind plan. The report would never be sent by itself without commentary. The Summary Report is also excellent to share at all-employee meetings and when sharing your department's activities with others.



The three reports are intended to be used in a dedicated monthly staff meeting with the department head and his/her direct reports.

## Conclusion



By aligning HR initiatives to organizational goals, HR can deliver much greater impact for any given budget or staffing level.

By now it should be evident that TDRp provides a very powerful and robust framework for managing the most important HR initiatives. It employs management principles to bring business discipline to HR and offers a framework for measurement and reporting—all new to the profession. Adoption of these principles has the potential to significantly increase the impact of HR on an organization's success, especially in light of the dominant role human capital now plays. By starting with an organization's goals, aligning HR initiatives to them, reaching agreement with the goal owners on planned impact and mutual roles and responsibilities, and actively managing the initiatives, HR can deliver much greater impact for any given budget or staffing level. Similarly, by starting with department goals, choosing the right effectiveness and efficiency measures, reaching agreement on a plan for each, and actively managing them, HR can deliver much higher levels of effectiveness and efficiency.

Conceptually, this is not difficult. Actually implementing it, however, is more difficult given the amount of change required and the relatively low level of business acumen. So, work will be required but the potential payoff is tremendous in terms of impact on our organizations, professional growth, and personal satisfaction.

Much more information is available at the [CenterforTalentReporting.org](http://CenterforTalentReporting.org) website, including:

- Library of TDRp measures
- Sample reports
- White papers and implementation guidance
- Presentations
- Information about webinars, workshops, and the CTR Conference

## Appendix A: TDRp Contributors 2010-2012



### Leading Practitioners

Tamar Elkeles, Qualcomm  
Carrie Beckstrom, ADP  
Sandy Shaw, Sodexo  
Terry Bickham, Deloitte  
Karen Kocher, CIGNA  
Marilyn Figlar, Lockheed Martin  
Sundar Nagarathnam, Net App  
Don Shoultz, BP  
Tom Simon, CNA Insurance  
Cedric Coco, Lowes  
Kevin Jones, PWC  
David Kuhl, First Data  
Claudia Rodriguez, Motorola Solutions  
David Sylvester, Booz Allen Hamilton  
Lou Tedrick, Verizon Wireless  
Deb Tees, Lockheed Martin  
Sandra Dillon, Ernst & Young

### Thought Leaders

Kent Barnett, KnowledgeAdvisors  
Kendall Kerekes, KnowledgeAdvisors  
Jac Fitz-enz, Human Capital Source  
Josh Bersin, Bersin & Associates  
Laurie Bassi, McBassi & Company  
Jack Phillips, ROI Institute  
Rob Brinkerhoff, Western Michigan University  
Frank Anderson, Defense Acquisition University  
Jeff Higgins, HCMI  
Kevin Oakes, i4cp  
Peggy Parskey, KnowledgeAdvisors  
Dave Vance, Manage Learning

## Appendix B Sources for the Measures

We would like to acknowledge and thank the contributors to the field of human capital measurement whose measures and definitions are included in the library and share the following sources:

- **Association for Talent Development (ATD)**

ATD has provided definitions of terms used in the learning field for decades through their annual benchmarking effort and through the WLP Scorecard work.

> Rivera, Ray. WLP Scorecard: Why Learning Matters. Alexandria, Virginia: ASTD Press, 2007.

- **Jac Fitz-enz**

Jac is widely regarded as the father of human capital metrics for his pioneering work in the 1970s and 1980s to demonstrate that metrics can be applied to the human resource field. He founded the Saratoga Institute in 1977 which published the first comprehensive list of human capital metrics.

> Fitz-enz, Jac and Davison, Barbara. How to Measure Human Resources Management (Third Edition). New York: McGraw-Hill, 2002.

> Fitz-enz, Jac. The ROI of Human Capital: Measuring the Economic Value of Employee Performance (Second Edition). New York: Amacom, 2009.

- **Jeff Higgins**

Jeff, CEO of the Human Capital Management Institute (HCMI), has built on Jac's work culminating in the second edition of his handbook referenced below which includes detailed descriptions of over 600 measures. This serves as the foundation for the majority of measures in the library.

> Higgins, Jeff. Human Capital Metrics Handbook (Second Edition). Human Capital Management Institute (HCMI), 2012. (Available at [hcmint.com](http://hcmint.com))

- **Wayne Cascio & John Boudreau**

Wayne and John are thought leaders in the field as well and their book referenced below is used at numerous universities. Wayne is Professor of Management at the University of Colorado at Denver, and John is Research Director at the Center for Effective Organizations and Professor of Management and Organization at USC.

> Cascio, Wayne and Boudreau, John. Investing in People: Financial Impact of Human Resource Initiatives. Upper Saddle River, New Jersey: FT Press, 2008.