Portfolio rationalisation
Upgrade your education and training

METHODOLOGYDiederick Stoel

What does the question of return on investment mean for existing educational programmes and activities? Portfolio rationalisation is a process in which you systematically examine all your education, training and other programmes in detail. Step by step, to test and improve their profitability. The method described here works from coarse to fine. In this way you ensure that you achieve returns quickly.

Let us begin by describing the process. First we will take a bird's eye view of the process, then the ten separate practical steps will follow.

Start with an overall investigation into the vision, mission and strategy of your company. From this, you deduce which business results are of strategic importance to the company. The appropriate indicators are the ones you will use in the analysis of the education and training portfolio. You'll be going in search of programmes, or elements of them, that have a direct influence on business results. It is vital that you do not do the preliminary research from behind your desk. It's best to visit your customers. In particular, interview the people in strategic positions in your organisation.

Once you have clarified the relevant indicators, you shed light on the portfolio from two perspectives. First you ascertain what the intentions or goals are for each programme. Then you examine whether you can show, programme by programme, that they have an influence on business results. You therefore first look at the intention, and then at the procedure that will make clear whether this intention is also being realised.

We divide the intentions into:
Profit: the aim of the programme is to improve profits and productivity.
Proposition: the aim of the programme is to improve the value proposition.
Performance: the aim of the programme is to improve performance.
Potential: the aim of the programme is to improve knowledge, competencies and attitudes.

You probably recognize Kaplan and Norton's Balanced Scorecard in the headings. We classify the degree to which we are able to demonstrate results into:
Quantifiable: it is clear what results the programme must deliver; and where, by whom and how these can be observed. Scales have been defined, and the observed results can be expressed in numerical values. Examples: quotation/order conversion ratios, absence percentages, costs per complaint.
Indirectly quantifiable: it is clear what results the programme must deliver; and where, by whom and how these can be observed. The observed results can be converted into numerical values if necessary. Examples: relation of quotations to sales, absence, complaints.
Immaterial: the results of the programme are noticeable, but there is no clear definition of where, by whom and how the registration of the results should take place, and also no formal measurement procedure. Examples: quality of quotations, working climate, customer experience.

Unpredictable: for this programme there is a total lack of an idea or procedure that describes what the results should be and how they can be made demonstrable.

The combination of these two points of view provides you with a so-called portfolio matrix (see figure 1). The matrix indicates where you will have the greatest opportunities for demonstrating the profitability of your programmes.

Quantifiable				
Indirectly quantifiable				
Immaterial				
Unpredictable				
	Potential	Performance	Proposition	Profit

Figure 1. Education and training portfolio matrix

The matrix indicates where you can best begin if you want to improve the profitability of your company. In addition, it also makes clear which programmes can be considered for elimination. The matrix is a descriptive framework: the decision to promote, improve or cancel programmes is yours.

Step 1 Gather indicators

In preliminary research, you decide what indicators are important. Select a group of people who can give you insight into the exact mission, vision and strategy of your company. Interview them with reference to a fixed set of questions. For example:

- What are the main challenges you see in the coming years?
- What are the factors that make our company profitable?
- What, in your opinion, are the factors that determine our company's value position?
- How can we improve our productivity?
- What are some other important points where we can improve ourselves as a company?

The questions are structured according to the model we will use at a later stage to classify the programmes from the portfolio. The first question is an opener, through which you discover the priorities of the interviewee. With the other questions, you systematically investigate whether the focus lies on profit, the proposition or the performance. We will leave the category 'potential' to one side here. We are searching for indicators that have a direct influence on business results.

Step 2 Prioritise indicators

After the interview, you convert the interviewee's interests and agenda into measurable quantities, and possibly also into units. In other words: if image is high on the agenda, then you translate this into, for example, the percentage of customers who are satisfied or very satisfied with the company's service. Give feedback on the indicators, and ask the interviewees if your interpretation is correct. Also give this feedback if you are using performance indicators from your management information system. A steering group can help you to translate the data you have collected in step 1 into a process with which you can investigate the portfolio. Get the interviewees to prioritise the indicators. This can in itself produce interesting results. Together with the steering group, select a set of 5 to 7 indicators that are of strategic importance for the company. There could be more, but less is better.

Step 3 Make an inventory of all programmes

Make an overview of all programmes within your company that you want to test for profitability. Restrict yourself to formal programmes such as education and training courses, workshops and seminars. You might decide to work department by department.
Maintain a simple schedule for drawing up the inventory. For example: a) name of programme, b) target group, c) goals, d) contact person, e) provider, f) brief description.
You will often have to search high and low, but try to ensure that your list is complete. An absolute precondition is that every programme you evaluate has an 'owner'. If there is nothing about the programme on paper, you have no source in any case. And the rule is: no source, no return.

Step 4 Classify programmes by intention

Make 5 to 7 categories that cover the entire portfolio. You can use the generic classification that we described earlier. Classification is a substantial task. Programme by programme, you ask the question: what is the intention of this programme? Does it primarily contribute to 1) profits, 2) the company's value proposition, 3) performance or 4) potential? You will notice that many programmes have multiple goals: in your classification, every programme is always assigned the highest possible label. After all, the aim is to improve the financial returns.
A visual aid you can use is the 'bucket model'. Set out four imaginary buckets, and throw the programmes into them one by one. The last bucket – 'potential' – is for all programmes whose intention you don't know. We give these programmes the benefit of the doubt, and assume that they make a valid contribution.

PROFIT PROPOSITION PERFORMANCE POTENTIAL

Figure 2: The intentions buckets

Step 5 Classify programmes by accountability

To what extent are you able to show that the goals of the programme will also be achieved in reality? In other words, can you assign accountability, and clarify and measure the effects of the programmes? You classify all the programmes again. We now make a distinction in the categories listed above. Here too, it can occur that programmes belong in more than one bucket. If you want to show your stakeholders quick profits, we advise you to place a programme with multiple labels in the highest bucket possible.

QUANTIFIABLE INDIRECTLY QUANTIFIABLE IMMATERIAL UNPREDICTABLE

Figure 3: The accountability buckets

Step 5 requires some practice. You are actually evaluating the accountability of your programmes. What is at issue is the quality and precision of the aims, and the clarity of the procedure to demonstrate the effects. In particular, the difference between immaterial, indirectly quantifiable and quantifiable can lead to some debate. To keep up the pace, you can also reduce the number of categories to three: measurable, noticeable and unpredictable.

You have now made a rough division of your portfolio. You can represent the results in a portfolio matrix (see figure 1). The matrix helps you set priorities. For the improvement of the programmes, you begin with those that have the intention of improving profits, but whose results have not yet been quantified.

Step 6 Scan the portfolio for indicators

What indicators do our education and training programmes score on? That is the question in step 6. You seek out people who can confirm that they have achieved demonstrable success as the result of a programme. You are looking for indications of a clear link between the training programme, its influence on behaviour, and the results achieved. You'll find your best chance of success with the programmes in the box at the top right of the education and training portfolio.

On the basis of the indicators from steps 1 and 2, you make a so-called Quick Scan. You set down all the indicators that are of importance to you on one sheet of paper. You preface the list of indicators with the following statement: 'The effect of the programme is clearly observable. As a result of the programme, we have…

Example of a one page score card
Higher productivity through reduced costs
Higher productivity through better use of resources
Better availability of our employees
Fewer errors in work
Growth in turnover through enhanced added value
Growth in turnover through increased market share
Better price/quality ratio of services
Better price/quality ratio of meetings

After step 6, you know which programmes are profitable in the eyes of the participants, and particularly where you can find the narratives that confirm (or deny) this image.

Step 7 Collect practical narratives

In step 7 you go in search of the stories behind the results of step 6. The aim is to discover what the most successful participants have done differently from the less successful ones. You interview a handful of people from three categories; people who are extremely successful, averagely successful and relatively unsuccessful. What is the different between these people? You do in search of teaching strategies that make people successful. How do they learn? What have they done? What distinguishes the three groups?

You can make the division of the groups in various ways. What is at issue is the idea. You can use the Success Case Method technique for the interviews.

Step 8 Optimise programmes

Steps 6 and 7 yield up valuable information. Step 6 tells you which programmes are the most and least profitable. Step 7 provides the evidence, and moreover gives you concrete indications of how you can improve the programmes.

Step 8 is mainly concerned with increasing the number of quantifiable aims. On the basis of the previous steps, you determine what the new and realistic results goals of the programmes will be. The aims are valid by definition, because it has been shown in the past that they are achievable. Sharpen the focus of the aims as much as possible.

From the success cases, you can further infer what the factors are that have an influence on the results goals. You know what promotes learning and behavioural change, and you can transform these factors into learning strategies and integrate them into the new programmes. You also remove ineffective elements. The interviews are the key.

A tip: use the interviews as learning material, they can be very stimulating and give a clear direction.

Step 9 Ensure evaluation and monitoring

Once you have reformulated the aims of the programme, and have tightly aligned the learning activities with the aims, you can work on a new evaluation procedure. To ensure that this evaluation and monitoring takes place, consistently build moments of reflection into the programme. Both before, during and after the programme, you check whether the activities are contributing to the defined results goals. The trick is to make evaluation a systematic element of the programme. As far as possible, you give the responsibility for testing to the participants in the programme. This will direct their behaviour in the direction of profit from the outset.

Step 10 Publicise successes

Finally, demonstrate that you are achieving successes, including small ones. The success of a single individual can have an enormously stimulating effect on the rest of the group. A knock-on effect will arise. You have started up a mechanism that is self-reinforcing.

The bottom line is that these are 10 steps with which you can improve the returns on investment of your education and training. It is a systematic approach, which also has to be systematically implemented. Begin with a small set of programmes. It’s important that you keep up the momentum of the process, and don’t get bogged down in an excess of information. The method as described here is also highly suitable for trying out on one or two programmes. You can then make an estimate of how much time it will take to upgrade one programme.

The motto in the 10 steps is ‘what you focus on, grows’. If you are oriented towards profit, you will see that the return on investment increases.

Portfolio rationalisation in 10 steps

Gather indicators

Prioritise indicators

Make an inventory of programmes

Classify programmes by intention

Classify programmes by accountability

Scan portfolio indicators

Collect practical narratives: -/*/+

Optimise programmes

Ensure evaluation and monitoring

Publicise successes