INTERNAL REVENUE SERVICE (IRS) CASE STUDY

Large Business and International (LB&I) Operating Division

Background

The mission of the Large Business and International Division (LB&I) is to provide large and mid-size business customers top-quality service by helping them understand and meet their tax responsibilities, and by applying the tax law with integrity and fairness to all, while balancing business results with customer satisfaction and employee engagement.

This case study focuses on the training of newly-hired agents who are placed directly into field operations within one of the six major industries or field specialties. The case study highlights the differences between the previous legacy training model and the new strategically aligned blended learning model.

LEGACY TRAINING MODEL

The model previously employed by LB&I:

Training Model Components

1. Forty hours of pre-reads completed in the trainee's post of duty
2. Two weeks of classroom training on tax law and financial statement analysis
3. Twenty-six weeks of on-the-job training (OJT), including approximately 100 hours of workshops on practice and procedures.
4. Five "training cases" examined under the guidance of a local on-the-job-instructor (OJI) and training manager.

Evaluation Structures - the first two Kirkpatrick levels of evaluation are as follows:

- Level 1: A standard IRS classroom reaction sheet was administered at the close of the 2-week classroom training event, resulting in scores that historically averaged in the 4 to 5 range (on a scale of 1 to 5)

- Level 2: Knowledge checks were conducted twice during classroom training events using "paper and pencil" tests of chapter objectives for the C-corporation tax law topics. Close to 100% of all attendees scored 70% or better on these tests.

BLENDED LEARNING MODEL

Program Design

The new program was designed with an eye toward LB&I Level 4 business results:

- Customer satisfaction
- Employee engagement
- Business results

The program then worked backwards to the underlying (Level 3) critical behaviors and (Level 2) course objectives. This ensured that the training program objectives aligned with the LB&I strategic focus.

The terminal Level 3 (L3) objective of the redesigned program is: "Upon completion of new hire training, you will perform 'quality audits' in accordance with the LB&I strategic focus." Examples of enabling objectives that will lead to the terminal L3 objective include:

> While on the job (L3), you will:
> 1. Plan the examination
> 2. Identify material issues
> 3. Develop issues based on the facts obtained
> 4. Document the findings

Training Model Components

The redesigned training program is more flexible than the legacy program's "one size fits all" structure. Flexibility allows learners (jointly with their coach and manager) to customize their learning based on the necessary breadth, depth and timing dictated by their experience and workload requirements.

> Weeks 1-26
> 1. Flexible number of hours of blended learning, including:
>   a. Regional OJI workshops delivered via remote conferencing
>   b. E-learning technical tax courses
>   c. Practice and Procedure Job Aids
> 2. Five training audits conducted with the support of a local on-the-job instructor and under the guidance of a regional on-the-job instructor (OJI)
>
> Weeks 27-52
> 1. Training inventory completed
> 2. Blended learning completed
> 3. Apprenticeship with an experienced agent

Level 1: Reaction

A standard Level 1 reaction sheet is administered during the first 11 weeks of the regional OJI sessions. As a result of Level 1 feedback from the initial hiring waves in 2009, the 11-week blended learning schedule was adjusted to a 22-week schedule. The amount of instructor-led training was greatly reduced.

On a scale of "Strongly Disagree" (1) to "Strongly Agree" (5), most respondents to Level 1 "Agreed" (4) that the training overall helped them meet the objectives.

Level 2: Learning

A rater "checks" the presence or absence of a product using a check sheet that breaks the performance or quality of a product into specifics. Though these are primarily observations and reviews of in-process cases, Level 2 findings indicate that performance is very high and that the new hires are "learning" the quality standards.

In the legacy model, Level 2 Learning was tested only with paper and pencil for tax law comprehension.

Throughout the first year of employment, new hires are coached to self-assess additional training and development needs in order to bridge gaps.

Level 3: Behavior

Reviews of training cases for successful completion of the quality case requirements (the training program's terminal and enabling objectives) yielded data showing that all five of the Level 3 audit standards had been met or exceeded (Figure 1).

In addition, it was determined that those who participated in the new blended learning approach achieved better Level 3 results than those who did not (Figure 2).

Fig. 1: Leading Indicators of Success

Enabling Objectives	2008	2009	2010	2011
Standard 1	83%	76%	75%	82%
Standard 2	84%	84%	82%	84%
Standard 3	98%	99%	99%	98%
Standard 4	81%	86%	84%	88%
Standard 5	92%	97%	96%	96%

Data from annual Quality Standards Executive Memoranda for cases

Fig. 2: Training Versus Non-Training Participant Quality Standards Data

Level 4: Business Results

Level 4 measurements of both leading indicators and the terminal objective were conducted via surveys, interviews and focus groups.

Leading indicators (which match the operational goals) include positive responses to the improved Level 3 audits from:

- Taxpayers
- IRS business leaders
- The employees themselves

Final desired results were positive and well received by stakeholders (Figure 3). In short, all three metrics remained the same, while training costs decreased by 50%.

Fig. 3: Level 4 Balanced Measures

Balanced Measures	2008	2009	2010	2011
(A) Employee Engagement	78%	82%	83%	84%
(B) Customer Satisfaction	82%	79%	81%	81%
(C) Business Results	Green	Green	Green	Green