

# Efficacy

## 1. Introduction

“A deceptively simple but incredibly powerful idea: that every product we sell can be measured and judged by the outcomes it helps the learner to achieve.” John Fallon, Chief executive

### Measuring outcomes

At the time of writing last year's Annual report, we had just announced a new commitment to what the company calls efficacy. The goal was simple, but also incredibly challenging: we would move to define measurable learner outcomes for Pearson products and services, and to report publicly on the learner outcomes delivered by our products in early 2018.

We were also extremely aware that efficacy in education is not a challenge we can tackle alone. We will need to share what we are finding out, and be prepared to listen to all the feedback. And we will need to be willing to learn from others as they pursue their own methods. We remain absolutely committed to this community approach.

### Review process and result

When we began, efficacy was merely a concept and a lofty goal. We had developed a framework which could evaluate the likelihood that a product or service will deliver its intended outcomes, and had designed a process to apply the framework within the Lines of Business via efficacy reviews. Since 2012, we have completed 200 reviews. This process has provided snapshots of the state of efficacy in different parts of Pearson, as well as what investments we need to make in order to move towards greater efficacy, at a product and service level.

### Reporting on efficacy progress...

We are committed to reporting on learner outcomes by 2018. Published in 2013, *The incomplete guide to delivering learner outcomes* explained the programme and its transformative potential. The response was overwhelmingly positive from internal and external stakeholders, and over the past year we've made further strides. Alongside this Annual report, we are publishing *On the road to delivering learner outcomes* which reports this progress.



*On the Road to Delivering Learner Outcomes* which reports this progress.

Read the reports online at [efficacy.pearson.com](http://efficacy.pearson.com)

## 2. Making the change

### Developing our strategy

The commitment to efficacy has emerged as the central theme to Pearson's strategy and culture. Our employees are driven by the mission of helping learners make progress in their lives; it provides meaning to our work. There is also a clear business and commercial case for the learner-centric approach we are now taking to run our company. Pearson's scale means we are in the strongest position in the global market to evaluate the effectiveness of different educational products across many populations, and to develop and implement new evidence-based models. We are the first in the market to commit to reporting on product efficacy, and the first to engage outside partners who will independently validate the rigour and objectivity of our efficacy measurement. This feedback loop will make our products better and strengthen our relationships with customers and end learners, and will yield meaningful results for the business in the coming years. We also hope that through this approach we will influence the education sector more broadly.

### Embedding efficacy

**Culture** We also know that our commitment to efficacy is much more than a strategy – to be truly effective it needs to become a way of working for every one of our employees. To make this happen we have put in place a global efficacy network of Pearson experts who are dedicated, most of them full-time, to embedding efficacy into the way we do business as a company. Their efforts will ensure all our employees are driven by the mission of helping learners to make progress in their lives. The team is matched to Pearson's new organisational structure; we have efficacy leaders in each global Line of Business as well as the

### Making the change in 2014...

# 200

Efficacy reviews

# 20,150

Employees have engaged in efficacy training

# 88

Efficacy leaders across Pearson

Geographies, working cross-functionally to impact global and local product development and the way we market, sell and measure our products and services.

**Training** Efficacy depends on the commitment of every employee – not only those occupying these new positions. So we have also rolled out broadscale efficacy training on the topic throughout the company. We have created an online course on efficacy, which was added to the new hire orientation package and is available to everyone in the company via our internal learning portal. Over 20,000 employees have taken the course. In addition, efficacy leaders are running workshops and trainings in person all over the world to build awareness and understanding.

**External engagement** We know that going this alone is not an option. The solutions to the efficacy challenge will emerge from many corners, from different professions, and also from different sectors. That's why we have continued our public engagements, to help play our part in this global community of changemakers. We partnered with the RSA in the UK on a series about learner outcomes, and contributed to the Shared Value Initiative's conference on the Role of Business in Education. We have emphasised efficacy in our presence at innovation events such as New School Venture Fund's annual conference and SXSWedu. Efficacy is also a central part of our commitment to the Global Partnership for Education, of which Pearson is the only corporate member; we will be offering in-kind workshops and efficacy reviews to member countries, and giving GPE members access to our growing body of research on learner outcomes.

## LEADERSHIP: EFFICACY EXPERTS

"Efficacy is the reason why I work in education – long before I'd ever even heard of that word. As a South African, I live in one of the most wonderful but also one of the most unequal countries in the world.

Everyday I am confronted with examples of how people have either benefited from a strong education or been severely disadvantaged by the lack of one.

Through offering good quality education, with measurable improvement of learner outcomes, we can help bring about change."

**Marion Smallbones**  
Efficacy director, School



"To me, efficacy means that we care enough about the customer experience and the trust they place in us, that we're willing to reorganise our company to make sure we deliver the outcomes we're promising. It means being personally accountable for my actions, and asking myself each day, "How can I make a difference to students and teachers today?"

**Karen Mullane**  
Vice president, Efficacy results,  
Pearson North America



[Learn about our operating structure on p7](#) →

"Before hearing about efficacy, I thought my job was just to drive; I thought, isn't it the same to be a truck driver who delivers books and a truck driver who delivers alcoholic drinks or tobacco?..."



"...Now I realise my job has to do with education. I am a part of the educational process in my country. My children, and even my grandchildren, will be benefited by the job I do."

**Juan Hernandez**, a Pearson truck driver who participated in a workshop called 'Eficacia para todos', facilitated by Veronica Valdes, Efficacy manager, Latin America Hub

## Efficacy continued

# 3. Efficacy in action

Efficacy is changing the way we operate and develop our business, alongside our employees, customers, and the broader education market. We have early evidence of the impact of the products and services we deliver to customers.

### Efficacy approach and activities

**Define** intended learner outcomes

**Review** products to ensure they are positioned to deliver on those outcomes, and put in place efficacy improvement programmes

**Conduct research** to measure the efficacy of products and feed insights back into product development

**Support** customers to effectively implement the products to get the best outcomes possible

### Starting from outcomes

In 2014 we further defined the standards for these assessments of our products, creating a more detailed description of the outcomes Pearson products and services deliver as well as the relative strengths of different types of evidence used in our studies. The table opposite shows our proposed framework for the types of outcomes that customers desire.

### Efficacy review framework

Our efficacy framework examines different aspects of our product performance:

- |   |                             |   |                     |
|---|-----------------------------|---|---------------------|
| 1 | Outcomes                    | 2 | Evidence            |
| 3 | Planning and implementation | 4 | Capacity to deliver |

Our efficacy framework is also being used by others (with our support) and their feedback has helped to refine it. View our online tool at [efficacy.pearson.com/our-path-to-efficacy/how-to-review](http://efficacy.pearson.com/our-path-to-efficacy/how-to-review)

### Efficacy reviews, studies and implementation

Our efficacy review process provides a rigorous way to evaluate whether a given product or service is positioned to deliver learner outcomes and to identify how it should be improved. It is being used in every Line of Business (see framework below). Efficacy studies evaluate the efficacy of a product or service in the market, conducted in partnership with customers, learners, and increasingly third-party academic institutions. We are starting to work with customers to ensure that Pearson products and services are used and implemented in ways that maximise their efficacy based on this research.

### Efficacy in the product lifecycle

Pearson products at all stages of maturity will be incorporating efficacy into their development via a formal global product lifecycle which is being rolled out across the business. New products or features will need to be justified by educational research supporting their design; products in growth mode will be gathering increasingly robust evidence that the product is improving learner outcomes and evolve accordingly. Mature products will continue to sustain and monitor efficacy evidence alongside financial metrics. Further, efficacy requirements are now incorporated into our acquisitions and investments processes, from the Pearson Affordable Learning Fund to traditional M&A.

### Shaping Pearson products

In addition to the huge strides on culture and processes described above, we have a plan in place to quickly impact a range of Pearson products and to prepare the company to report publicly on efficacy in 2018.

### Making the change in 2014

“We are enthusiastic supporters of the efficacy approach. In 2014 it became the way we work and plan. It’s not a review process, it is a way of doing business.”

Caspar de Bono  
Managing director, Financial Times B2B



## EFFICACY: TYPES OF OUTCOMES

Category	Level of aspiration and value	Definition	Example outcomes
<b>Access</b> The learner access and experience	Utility	The degree to which learners can access a product (e.g. access to technology and socio-economic access)  The level of learner satisfaction  The level of motivation and confidence that the learner gains	All learners can access digital learning materials from a personal computer, tablet or smart phone at anytime  Learners have a positive learning experience
<b>Completion</b> The timeliness of completion	Usage rhythm as designed	The progress that the learner makes through the course  The time taken to achieve the standard or competence	Learners complete course of work within one semester
<b>Achievement</b> The standard of achievement or level of competence	Competencies and skills achieved	Qualification gained  The level of performance on a standardised test  Course-specific competencies demonstrated  The acquisition of specific skills	Learner earns a bachelor's degree  The learner will be able to demonstrate mastery of the English course material
<b>Progression</b> Learner progression	'Door unlocked'	Ability of learner to progress to next course of study, training or employment	Learner gets gainful employment in field of study

## Making the change in 2014

"A key client was delighted to hear about our interest in helping him focus on achieving the outcomes he had set. Although he wasn't used to having such a conversation with a publisher [his admission] he was very open about what they need to do with the various schools and programmes they manage. Through the course of our conversation, he made it clear that he wanted to build a new 'premier' partnership with us. What really struck me is how a conversation on efficacy and outcomes created an almost kid-in-a-candy-store response from such a seasoned executive."

**"What really struck me is how a conversation on efficacy and outcomes created an almost kid-in-a-candy-store response."**

**Bruce Bergwall**  
 Business development director,  
 Higher Education



## Efficacy continued

# 4. Early impact in 2014

### The first wave

In 2014 we identified a 'first wave' of products with which to initiate our work in efficacy. The list was chosen based on a set of business and efficacy criteria, including market position, product and data maturity, strategic importance, and the scale of customer base and revenue. The products and services represent a mix of geographies and target learner populations. They will be the focus of the first externally-audited efficacy report in 2018.

### Key achievements so far

We've achieved the following milestones in our timeline for impacting the full range of Pearson products and services:

All of the 'first wave' products have defined the learner outcomes they are positioned to deliver, as well as the metrics they will use to measure those outcomes.

Pearson products in all categories are steadily progressing through efficacy reviews; we are developing mechanisms for classifying and tracking products' progress on efficacy throughout the company next year.

A majority of the products which have undergone efficacy reviews are on the path to efficacy, meaning they are continually working to complete the actions identified during efficacy reviews to increase the efficacy of the product, are demonstrating progress on gathering efficacy evidence, and are refining their efficacy plans through follow-on reviews and dialogue with customers.

Each Line of Business has at least one 'first wave' product that is in a position to report on efficacy impact with a view towards external reporting in 2018. We are sharing these publicly alongside this Annual report.

Learn about our Lines of Business in our operating structure on p7 

### EFFICACY: PRODUCT PROGRESS IN 2014

As evidence of the progress we have made, we are publicly sharing details of efficacy progress for five of our products on an online site. This data is preliminary; we do not yet have fully validated evidence of outcomes with customers, because of the lead time that rigorous studies require. We are eager, however, to test early results with our customers and other stakeholders to inform the development of our research and reporting processes. We invite you to read the full reports at [efficacy.pearson.com/progress](http://efficacy.pearson.com/progress)

**enVisionmath 2.0** is a comprehensive next-generation elementary mathematics curriculum that has research-based instructional practices and is based on the highly successful enVisionMATH that reaches over six million learners. enVisionMATH users achieve significantly greater growth in math proficiency compared to other programmes as evidenced by an independent randomised control trial.

**Wall Street English** provides premium English language programmes for young professionals. In-depth efficacy reviews of operations were carried out in four countries and have led to a variety of improvements, from helping learners to better define their goals to measuring their progress against these.

**MyEnglishLab** provides learners in secondary school and higher education with interactive online practice, homework and assessments, and teachers with a range of diagnostic tools for English language blended-learning programmes. More than 450,000 new learners in 25 countries used MyEnglishLabs in 2014. The efficacy review has led to a variety of improvements, from UX to curriculum design. Efficacy studies were also completed with more than 25 institutions around the world.

**MasteringChemistry for General Chemistry** is an online homework, tutorial and assessment programme serving up to 250,000 learners annually in the United States with 30,000 learners annually across 60 other countries. For seven years, our product team and the efficacy results team in North America have worked with educators to collect evidence about the impact of MasteringChemistry on learning and have generated 17 sets of user-generated results. In addition, several independent peer-reviewed academic articles have documented the efficacy of MasteringChemistry both in and outside the US. We are mobilising a wider set of efficacy activities in 2015 to support further product improvements and document impact on learner outcomes across a broader set of geographies.

**CTI and MGI** provide pathways for the emergent middle class to gain access to higher education in South Africa and the economic and personal advancement opportunities that this provides. Currently, they serve 14,000 students across 12 CTI and 13 MGI campuses. Our efficacy efforts provide objective evidence of these opportunities to date and our ongoing efficacy programme is focused on constantly improving opportunities for our students and graduates.

## 5. Momentum

### Maintaining progress through 2015

We take the view that 2015 is a critical year for making progress on operationalising efficacy. Our priority will be on delivering efficacy in our strategic products, from end to end.

#### Key aims for 2015:

**1** The 'first wave' of products will continue to make demonstrable progress on the path to efficacy.

We are continually working to complete the actions identified during efficacy reviews to increase the efficacy of the product, demonstrating progress on gathering efficacy evidence, and refining their efficacy plans through follow-on reviews and dialogue with customers.

Read the first reports online at [efficacy.pearson.com/progress](http://efficacy.pearson.com/progress)

**2** We will identify the next set of products to be the focus for efficacy efforts.

This will be the 'second wave', and the relevant teams will have identified clear outcomes to be delivered by their products, as well as having gone through efficacy reviews.

**3** We will have evidence of increased awareness and adoption of efficacy internally.

This will cover all functions and geographies, and we will have reworked major internal processes to align with the efficacy agenda (including, for example, partnerships, acquisitions, and product strategy).

**4** We will continue to increase the external awareness of efficacy...

...through our ongoing work with stakeholders, and to promote the adoption of outcomes-based approaches to education in the market.

### A global research programme

A successful future for Pearson hinges on insight into – and response to – fundamental questions in education. For that reason, we are building global research capabilities. This will enable us to participate deeply in the worldwide conversation about learner outcomes, and to inform business leaders of effective educational practices.

In addition to efficacy studies and market research, which are based in business units, our new research capabilities will look into broad and global education themes, that could in turn drive specific product innovations.

The global research team will aim to uncover clear and replicable findings to eight key unanswered questions in education, ranging from the micro (how children learn) to the macro (how education systems work effectively).

Learn more at [research.pearson.com](http://research.pearson.com)

