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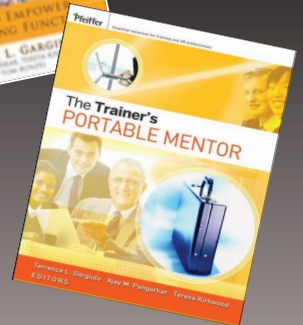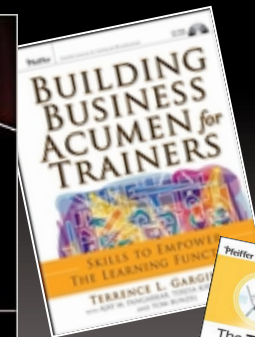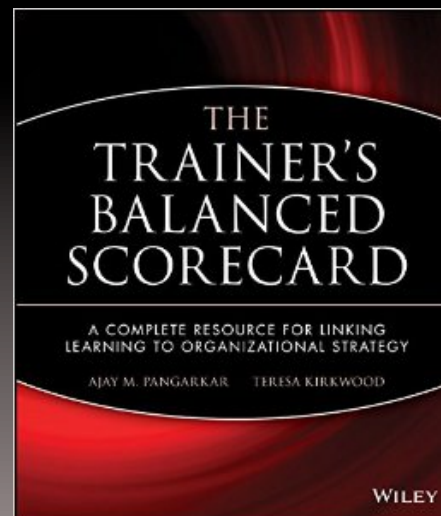Where Learning…Means Business

BUILDING A BUSINESS CASE FOR ELEARNING

Gaining Support From the C-Suite
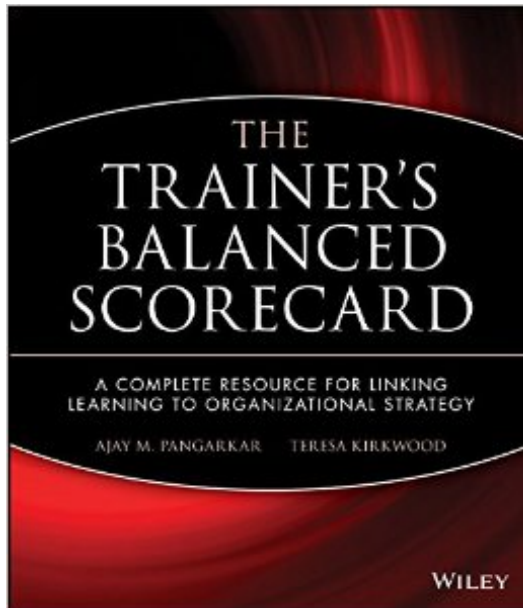
Presenter: Ajay M. Pangarkar, CTDP, CPA, CMA

Based Upon the Book

The Trainer's Balanced Scorecard:

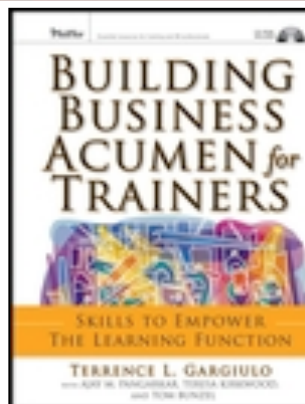A Complete Resource for Linking Learning to Organizational Strategy

Background...

The Trainer's Balanced Scorecard:

A Complete Resource for Linking Learning to Organizational Strategy

Ajay M. Pangarkar, Teresa Kirkwood

Published by Wiley

Building Business Acumen for Trainers:

Skills to Empower the Learning Function (with CD)

Published by Wiley

Terrence Gargiulo, Ajay M. Pangarkar, Teresa Kirkwood

Leader's Expectations

Address the 4 Steps:

1. How leaders see "training/elearning"

⬇

2. Focus on "performance" expectations

⬇

3. Assess "financial" impact to business

⬇

4. Evaluate "qualitative" impact to business

How do your leaders categorize...

'training'?

'elearning'?

Please share your answers...

positioning to prove value

Leaders look at "training" 3 ways:

	Performance	Financial
1. Necessary, expected training (e.g. job training and development)	✓	✗
2. Measure impact of major investments (e.g. "training" as a component)	✗ *	✓
3. Invest in major elements of training (e.g. e-learning infrastructure)	✓	✓

REALITY CHECK AHEAD

elearning business reality

"e" preceding "learning" implies realizable efficiencies

"e" is about performance not the "technology"

elearning expectations

1 It's about being part of the **business process**;
not part of the **business challenge**

2 It's about **how learning** occurs;
not **what learning** (technology) applies

- **T**imely
- **R**elevant
- **A**daptive
- **In**tegrative
- **E**fficient
- **R**esourceful
- **S**eamless

T.R.A.In.E.R.S

Where would you **begin** to look for…

learning value?

your **starting** point

Mission

HOW an organization accomplishes what it does to exist!

Business Strategy

Vision

WHAT an organization must do to become what it aspires to be!

Corporate Strategy

Discover learning opportunities here

mission example…

McDonald's mission:

Be the world's best quick service restaurant experience. Being best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile

What areas would you focus your efforts?

Question…

what's your mission?

- Reflect on your mission

- What are the focus areas?
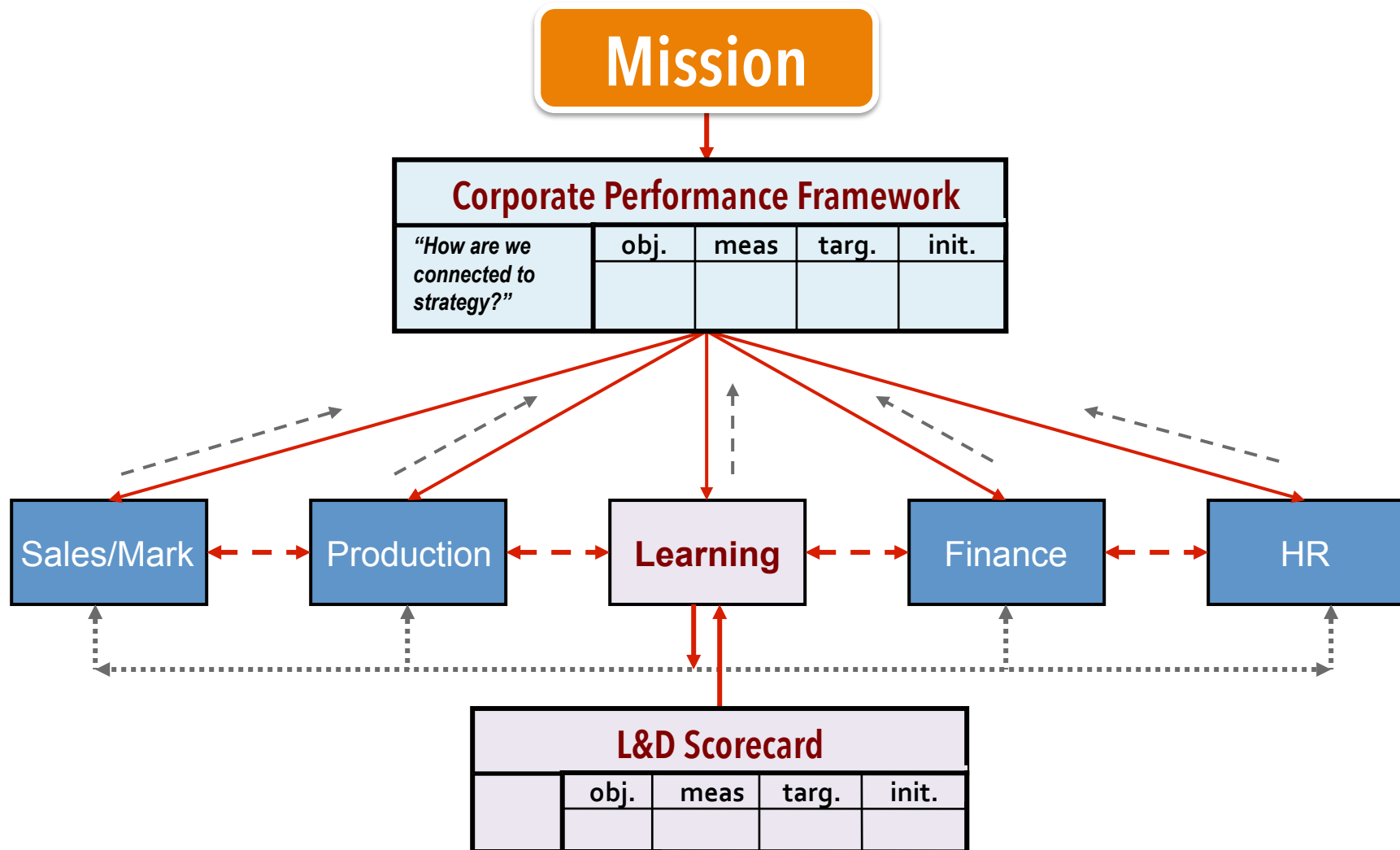
- What's your LD opportunity?

What is

your next

step?

defining performance

Mission

Corporate Performance Framework

"How are we connected to strategy?"	obj.	meas	targ.	init.

Sales/Mark — Production — **Learning** — Finance — HR

L&D Scorecard

	obj.	meas	targ.	init.

What if I told you…

the answers you seek are in front of you?

Let's take it to the next step…

operational performance

external

Financial objectives
"What stakeholders want?"
— operational financial results

Customer expectations
"How customers see us?"
— market reality and expectations

internal

Internal processes
"What must we do well?"
— support external requirements

Learning capacity
"Improve/create value?"
— enable operational requirements

this how you:

- operationalize the mission
- measure strategy performance
- benchmark to existing KPIs

But...our leaders see learning as a cost

...and our budget always gets cut

cost center: definition

→ Doesn't *directly* add to profit but costs money to operate

→ Provide *metrics* relevant to internal reporting

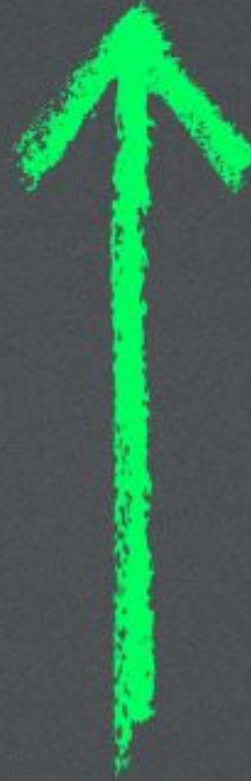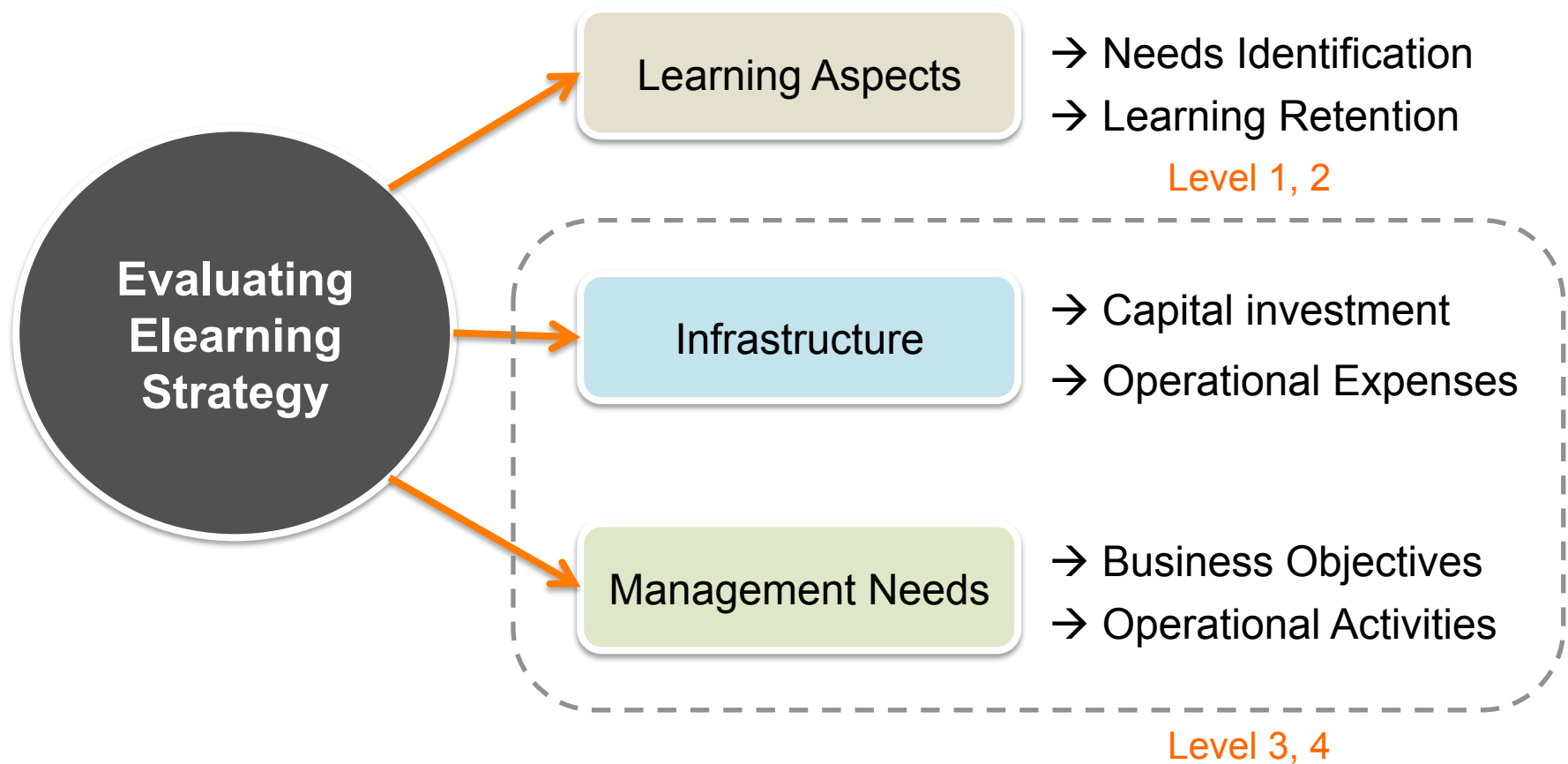→ Utilizes cost data to *improve* operational efficiency to *maximize* profit

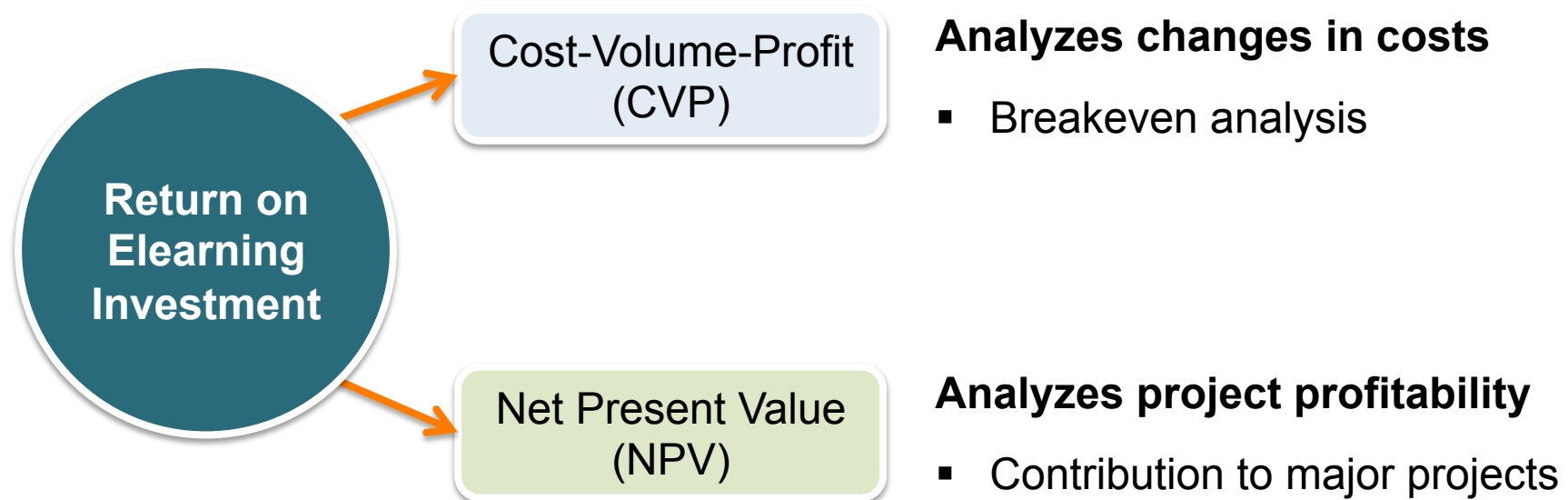CentralKnowledge.com

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elearning acceptance

Evaluating Elearning Strategy

Learning Aspects
→ Needs Identification
→ Learning Retention
Level 1, 2

Infrastructure
→ Capital investment
→ Operational Expenses

Management Needs
→ Business Objectives
→ Operational Activities

Level 3, 4

leadership decision tools

Return on Elearning Investment

→ Cost-Volume-Profit (CVP)

Analyzes changes in costs

- Breakeven analysis

→ Net Present Value (NPV)

Analyzes project profitability

- Contribution to major projects

elearning example

FinaX Inc. sells AccountX Software

- Selling 4000 units for $200/each

- Variable cost: $120 each unit

- Current fixed costs: $200,000

- E-learning is a fixed cost

- New E-learning course: $60,000

- Post course sales incr.: 700 units

Leader's question:
Should we spend $60,000 for e-learning?

elearning example

	4000 units NO e-learning (1)	4700 units w/ e-learning (2)	Difference (2) – (1) = (3)
Revenues	$800,000 ($200 x 4000)	$940,000 ($200 x 4700)	$140,000 ($200 x 700)
– Variable Costs	$480,000 ($120 x 4000)	$564,000 ($120 x 4700)	$84,000 ($120 x 700)
Contribution Margin	$320,000 ($80 x 4000)	$376,000 ($80 x 4700)	$56,000 ($80 x 1000)
– Fixed Costs	Now, what decision would your leader take?		$60,000
Operating Income	$120,000	$116,000	**($4,000)**

building learning acceptance

R ↓	**Resistance** → *"What will this cost us?"*	Level 3-4
A ↓	**Apathy** → *"What will this do for us?"*	Level 4
D ↓	**Disruptions** → *"Why now?"*	Level 4
A ↑	**Application** → *"What difference will it make?"*	Level 3-4
R ↑	**Results** → *"What will it do for the business?"*	Level 4
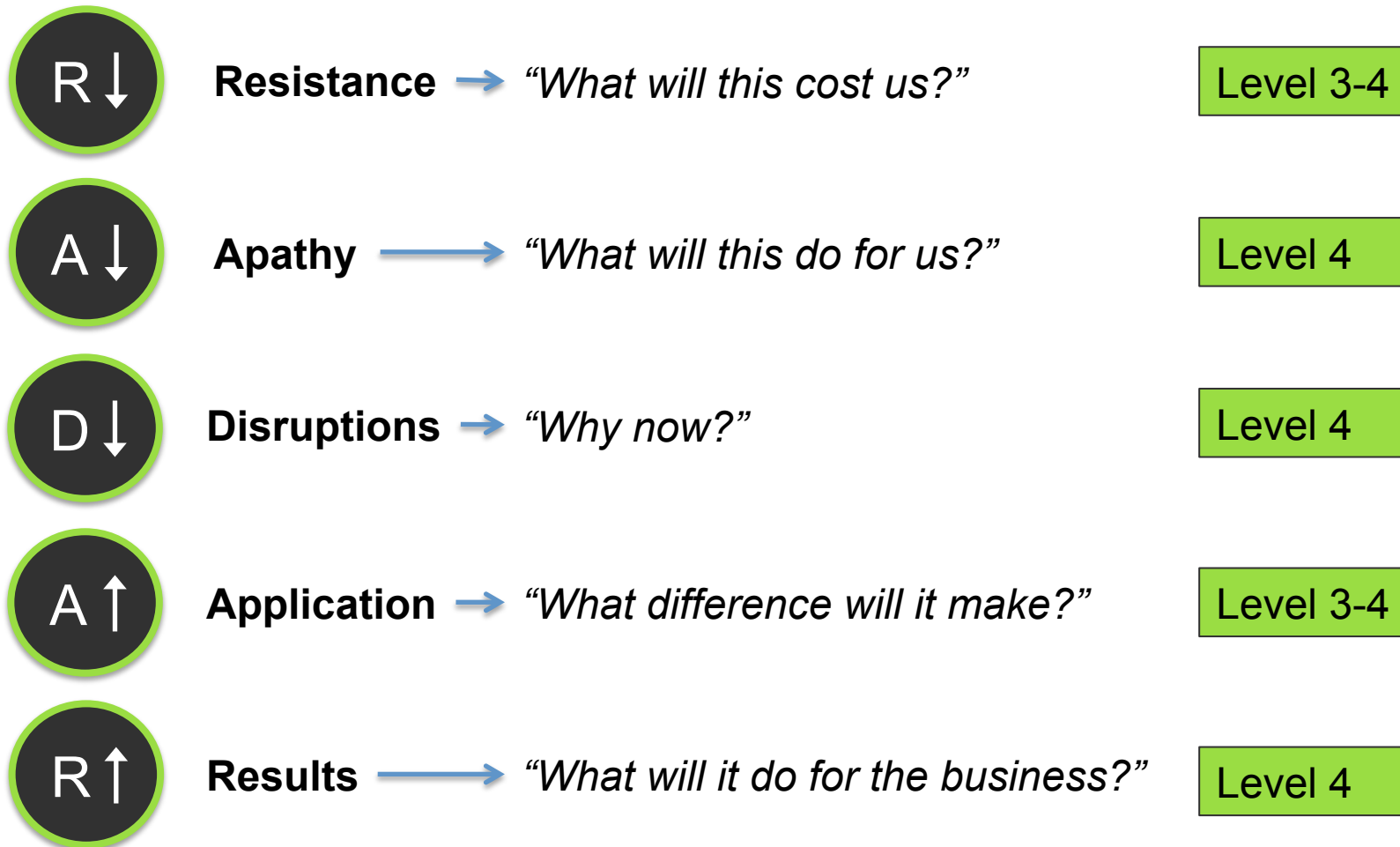
what to **retain**

Discover how leaders position training and elearning

Revisit your mission and performance expectaitons

Respect the elearning financial expectations

Answer Leader's questions to validate "learning"

- Recognize what the **'e'** means
- Apply **T.R.A.In.E.R.S** to elearning

- Identify the **value** focus areas
- Align to operational performance **KPIs**

- Utilize **cost data** to improve efficiencies
- Apply **business ROI** to show elearning value

- Address each management level **questions**
- Report results with financial **evidence**

WHAT WILL YOU
DO MONDAY
THAT WILL MAKE YOU
SHOW BUSINESS IMPACT

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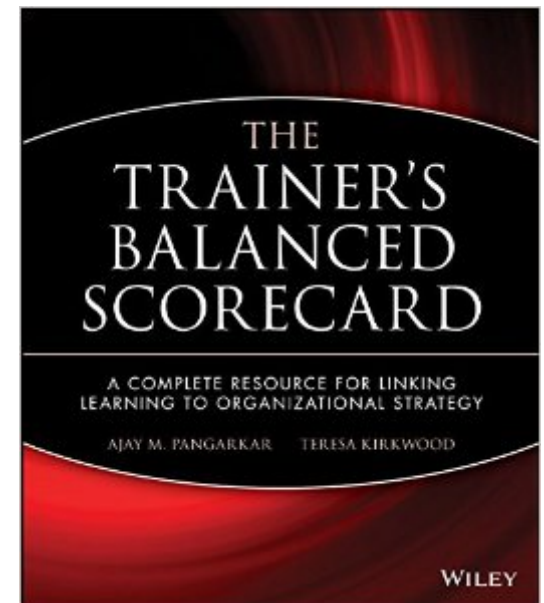
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- *'Gaining Buy-in for E-Learning'* course
- *'Train-the-Trainer'* course

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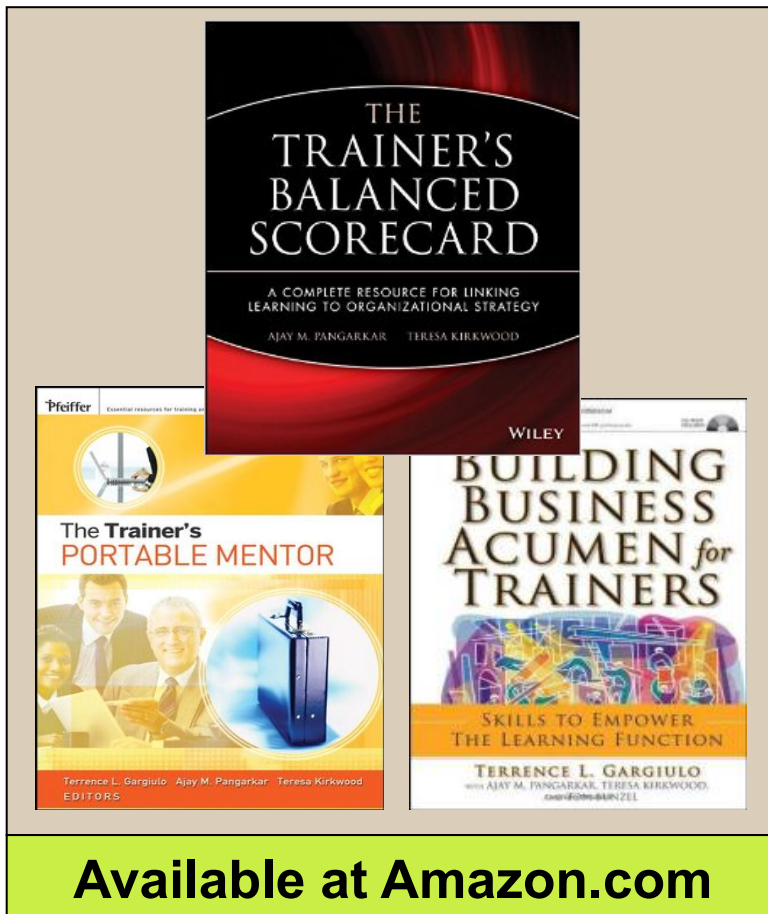
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- **Training Magazine** (Last Word)
- **ATD Links** (field editor)
- **ElearningIndustry.com** (columnist)
- **TrainingIndustry.com** (columnist)