



# Building a Business Case: E-Learning for External Audiences

A SumTotal Whitepaper

## Introduction

E-learning for external audiences, applied to the right business problem in the right way, can deliver enormous efficiency and effectiveness gains to an organization. But how do you justify the investment and ensure that learning is aligned with business goals?

In this document, we'll look at e-learning from a business manager's perspective, describe some of the ways it can improve your bottom line and build a compelling business case reaching out to your external audiences including customers, partners, channel or distributor networks, independent agents, suppliers, franchises/franchisees, association members, contractors or volunteers.

## The Business Advantages of E-Learning

Classroom-based (instructor-led) training is still an effective way to teach new skills, particularly those subject areas that involve changes in behavior or complex concepts. But it comes at a high cost in terms of training charges, travel and lodging expenses, and lost work time. And the transition from theory to application in the workplace is still not guaranteed.

E-learning engages the end user with interactive material, testing and motivation. Web 2.0 learning strategies further adds human support and interaction between students and instructors through text chat technology, social learning, collaboration and Web casting, thereby extending the scope of what can be effectively taught into many new subject areas. In addition, more supporting material can be made available by capitalizing on the ease with which an e-learning system can link to other resources, multimedia, documents and systems.

E-learning for external audiences can also offer organizations the opportunity to:

- Develop and deliver education and information to audiences outside your organization
- Drive revenue through customer, channel and distributor channels
- Increase sales and market penetration
- Accelerate adoption rate of new products and services
- Improve productivity and information sharing with external partners



- Deliver certification programs and share knowledge
- Eliminate excess training costs while accelerating time to market
- Increase customer satisfaction
- Provide consistent training available 24x7x365

The growth in Internet-delivered learning is driven by both compelling economics and the potential for more effective education and knowledge management. The Internet reduces the cost of learning, both direct and indirect, and increases its relevance and retention. In addition, it enables learning programs to be customized and tailored for individual audiences and facilitates knowledge management by providing the means to collect and re-deploy knowledge more efficiently and consistently. Whereas customers, partners, suppliers, independent agents or association members once had to congregate in one location to receive learning, sometimes flying in from around the country or even the world, learning can now come to them online and on-demand.

However, convincing your senior management team to adopt and implement an e-learning system to address business initiatives will require a clearly defined business case. Developing a laundry list of potential benefits is only the beginning. You must then apply them to your particular business situation. A business case will offer a clear statement of the business problem(s) and your proposed solution(s), as well as provide measurements of success. In essence, it describes your organization's current status versus the desired status, and how the organization can achieve its goals.

### **Aligning E-Learning with External Audiences, Business Goals & Measuring Results**

The target audience for your extended enterprise e-learning business case will most likely be comprised of both sales and service influencers—the decision makers who manage the acquisition of customers/revenue (and the servicing of those accounts) and senior executives—the people who will ultimately give your proposal the business and financial support it needs to succeed. Consequently, it is important that your business case be aligned with their goals and “points of pain.” A well-formulated business case will support the planning and decision making processes of these two groups.

### **Sales and Service Leadership**

Sales and service leadership own the problems that e-learning for external audiences solves. They have business growth objectives and are willing to invest time and resources to accomplish organizational goals to eliminate costs and/or show a profit. Until you know the challenges and opportunities in front of your sales and service influencers, you can't talk to them about potential results.

Don't skip this step. Without it, meaningful tracking is impossible. First, gain agreement on the business problem(s) to be solved and the value of solving

it (them). Then go on to outline what you propose to do to solve it. Establish a baseline measure of current performance and clearly indicate how improvements will be tracked and reported. Management is looking for results.

Determine what your project sponsor(s) will accept as persuasive evidence that the program produced the agreed upon result. Working with strong probabilities, proceed to make your case logically by linking learning and knowledge management to business results. Establish a causal (not casual!) link between a particular knowledge distribution deficiency (or opportunity) and a particular business outcome. The process of tracking learning results starts before any learning takes place. It begins with partnering between the manager and the sales and service leadership who own the business problem or revenue opportunity to be solved. Be sure you articulate agreement on the value of solving the problem.

Your joint examination of the problem will pinpoint the gap between the results desired and the results you're actually getting. Then determine major skill gaps and learning deficiencies are influencing your external audiences. Estimate the expected dollar value to be gained by eliminating the deficiency or expanding the opportunity and make tangible projections from those outcomes. Make sure you get agreement on the expected outcomes, how they will be measured and what constitutes good performance.

Meanwhile, throughout the process, you're helping sales and service leadership answer questions about what knowledge should be transferred and the results that are desired. You're focusing sustained attention on solving business problems and adding value while identifying tangible values for each skill that is taught or knowledge that is acquired. As a result, you're forging a partnership with the sales and service influencer based on his or her core concern: boosting the bottom-line for the organization from the outside in.

### **Senior Executives**

No organization has the resources to do all the good things it might. Senior executives are forced to choose where to place the company's focus. What are the top priorities? What comes first? Do we do something in-house or outsource it? What will yield the greatest return? A good business case shows expected consequences of the action over time, and—most importantly—also includes the methods and rationale that were used for quantifying benefits and costs.

Executives focus on two things: strategy and outmaneuvering the competition. They realize that competing successfully requires a strong external network. Consequently, they focus on sales, building multiple distribution channels, revenues and profits, increasing customer satisfaction, out-surviving the competition and increasing market share. Your e-learning for extended enterprise business case must also address these types of issues if you hope to garner the support of your senior executives.

A major part of your role in researching and building a business case for e-learning for external audiences is to help your senior executives make sound choices. They

are looking for you to convince them that when your organization reaches out to external audiences with e-learning, that it is worthy of the organization's time, effort and money. To make their analysis clear, distill a complex business alternative into a three- or four-page business case, a tool that supports planning and decision making. Include decisions about main goals to focus on, which vendors to choose between and when to implement. From a senior executive's standpoint, business cases are generally designed to answer the question: What are the likely financial and other business consequences if we take (or don't take) this or that action?

### **Return on Investment from E-Learning**

Your CFO and/or executive team has probably already asked you to justify training external audiences in terms of financial payback. Being able to produce an accurate and defensible return on investment (ROI) has long been the holy grail of business planning. Much has been written on the topic, but in the end, every calculation has some element of subjectivity.

However, there is still a lot you can talk to your CFO and/or executive team about to substantiate your investment in training external audiences. Financial calculations can be based on the reduction in time taken to complete tasks, the ability to carry out activities not possible before or increases in the quality of activities. In the next section of this document, we'll look at two specific ways of using e-learning that offers these substantial benefits:

- The ability to develop, introduce and roll-out product or customer training quickly on a nationwide or worldwide scale, leading to faster time to market, earlier revenue streams and enhanced competitiveness.
- The possibility of providing training directly to your customers much more easily, leading to new revenue streams or enhanced product adoption.

Clearly, not all of these paybacks can or will be achieved overnight. However, these represent a realistic set of quantifiable benefits to help build your business case for e-learning for your external audiences.

### **E-Learning for Rapid Product Roll-Out**

Introducing new products, systems or processes to your salespeople, channel partners or distributors via classroom training can be a major project, especially if it involves large numbers of people located in different offices and countries around the world. Apart from the high cost, such projects can also take substantial time to develop and deliver; thereby delaying the date when the new product can be offered to customers.

But the old barriers of time and distance can be eroded significantly using e-learning technology. Once the training has been created and made available via the Internet, it is automatically available to all employees. Any number of individuals can take the course simultaneously—even within a required time

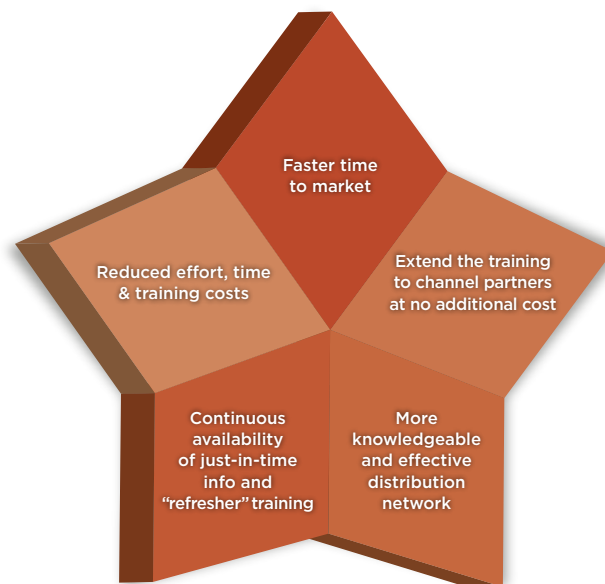
period—and you'll know when they've completed the material and demonstrated proficiency by achieving, for instance, a passing score on a post-test.

E-learning is particularly beneficial to an organization operating in a marketplace where there is constant change. For example, a company with a large product offering faces an enormous struggle in keeping its sales force up to date and educated, especially if that sales force is geographically dispersed. But e-learning enables product development and sales training departments to create and deliver training quickly and without regard to distance.

E-learning can also be used as just-in-time training; for example, as a refresher or knowledge database that can be accessed just before making a sales call. And e-learning material can be updated and made instantly available to your audience with the click of a mouse, without the time and costs associated with reprinting and distributing hard copies of manuals, sales education materials, CD-ROMs, etc.

If you already have your e-learning infrastructure and culture in place, then new product roll-outs quickly become a matter of creating the training material and making it available online to external audiences. In summary, consider the following benefits:

- Quicker rollout of new products, leading to faster time to market
- Reduced organizational effort, time and training costs
- Ability to extend the training to channel partners at no additional cost
- Continuous availability of just-in-time information and “refresher” training
- A more knowledgeable and effective distribution network



### Increasing Customer Revenues with E-Learning

What about using e-learning to create new revenue streams? Customers often need training on your product and will pay to obtain it. Some companies make a highly profitable business out of customer training (take Microsoft or IBM as examples).

Classroom training relies on bringing a group of students together at the same time and place, as well as the willingness of customers to pay for the cost of the instructor, classroom and ancillary expenses. For example, you might have 100 customers willing to pay \$500 for a day-long course, but you just can't train them because you can't get more than a few of them to commit to doing the training at your particular premises on a specified date. If instead you could offer equivalent training for \$100, available worldwide whenever your customers wanted it, then you might get 1,000 or more enrollments, and the start of a healthy profit stream.

E-learning can also be used to educate your channel partners and suppliers about your business and products, providing the same cost and time savings, decreased time to market and increased revenue.

Of course, there are many other benefits from having more knowledgeable customers and channel partners, including higher brand loyalty and fewer service calls. And it can often be advantageous to provide the training for free—particularly if it relates to the sales process. For example, potential buyers can take an online tour of your company's products and the available options, guiding them through the purchase decision with advice, comparison reviews and financial planning tools. In the end, you'll deliver an increased number of well-qualified and educated customers to your sales department.

In summary, consider these benefits when talking to your management about delivering e-learning to customers and channel partners:

- Creation of new revenue streams
- Customers will be more informed about products and services, enabling them to make more educated (and a potentially increased number of) purchasing decisions
- Channel partners will be more educated about your products, and motivated to improve their sales and your competitive position
- Ability to link training to the sales process
- A higher profile for your company in using e-business to achieve competitive advantages

### Moving Your E-Learning for Extended Audiences Business Case Forward

This document has described several different aspects of building a business case for taking e-learning outside of your organization. Building a strong case means justifying the initial investment and aligning e-learning with your organization's

business goals. Doing so will help you win the necessary financial and business support of your sales and service leadership and senior executives. Of course, the arguments described need to be applied to your specific circumstances when putting together your particular business case.

The following pages provide a breakdown or template of the basic elements you need to cover to develop your own business case for delivering e-learning to external audiences.

Business Case Template	
<b>Problem Statement</b>	Clearly state the specific business problem(s) to be addressed.
<b>Background</b>	Include significant information regarding skills, knowledge, budgeting and performance that contribute to the business problem.(s) Indicate in general terms what’s required to resolve or alleviate the business problem(s).
<b>Proposed Solution</b>	Outline the proposed solution.
<b>Project Objectives</b>	State what the proposed solution is trying to accomplish.
<b>Current Process</b>	Identify the organizational processes that the proposed solution will affect, including internal departments, clients, external partners, vendors and the competition.
<b>Requirements</b>	List the resources needed to complete the project, such as staff, hardware, software, time, budget, etc.
<b>Alternatives</b>	Describe 2 or 3 other options to implementing the proposed solution. Be sure to include basic requirements for each and estimate project risks, ramp-up time, costs and project delays.
<b>Compare Alternatives &amp; State Advantages</b>	Compare and contrast each of the alternatives with the proposed solution. State similarities and differences, benefits and detriments, and costs associated with each option.
<b>Additional Considerations</b>	List critical success factors other than metrics; for example, effects on partnership agreements with specific vendors, internal marketing and promotion, and the potential need for help desk or customer support.
<b>Action Plan/ Recommendation</b>	Propose specific action steps. State your short-term and long-term action plans, including major milestones.
<b>Success Measurements</b>	Outline how you will measure the overall success of your solution (tie directly to Project Objectives).
<b>Executive Summary</b>	A single page that will provide a clear, concise summary of the proposed solution. Include a high-level overview of your research that leads you to the proposal.

**More Information**

For more information, send an email to [connect@sumtotalsystems.com](mailto:connect@sumtotalsystems.com)

**About SumTotal**

SumTotal Systems, Inc. is the global leader in complete learning and talent management software that enables organizations to more effectively drive business strategy and growth. Recognized by industry analysts as the most comprehensive solution, SumTotal provides full employee lifecycle management, including a core system of record, from a single provider for improved business intelligence. The company offers customers of all sizes and in all industries the most flexibility and choice with multiple purchase, configuration, and deployment options. We have increased the performance of the world's largest organizations including Sony Electronics (NYSE: SNE), AstraZeneca (NYSE: AZN [ADR]; London: AZN), Amway, GKN (London: GKN), and Seagate (NYSE: STX).

For more information, or to request a demo, please call +1 (866) 768-6825 (US / Canada), +1 (352) 264-2800 (international) or visit [www.sumtotalsystems.com](http://www.sumtotalsystems.com)



**Corporate Headquarters**

SumTotal Systems, Inc.  
2850 NW 43rd Street  
Suite #200  
Gainesville, FL 32606 USA  
Phone: +1 352 264 2800  
Fax: +1 352 264 2801

**EMEA**

SumTotal Systems, UK  
59-60 Thames Street  
Windsor, Berkshire  
United Kingdom, SL4 1TX  
Phone: +44 (0) 1753 211 900  
Fax: +44 (0) 1753 211 901

**APAC**

SumTotal Systems India Pvt. Ltd.  
7th Floor Maximus Towers  
Building 2B, Mind Space  
Raheja IT Park, Cyberabad  
Hyderabad, AP-500081, India  
Phone: +91 (0) 40 6695 0000  
Fax: +91 (0) 40 2311 2727

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