

LEARNING *for Sale*

BY JOSEPH TOTA

It's not always about employees' learning needs. Externally targeted learning has the potential to build brand loyalty, generate revenue, develop talent pipelines and differentiate organizations in the marketplace.

The chief learning officer role is expanding, and as CLOs become more aligned with the business, they have growing influence on where learning investments are made. This includes partnering with business leaders to develop learning software targeted externally to deliver business value.

CLOs should view their organization as one part of a larger ecosystem, and affecting that larger ecosystem can provide opportunities to maximize the organization's value. Extending learning to outside of the company not only can help drive business value, but also it can enhance an organization's broader market position. Generating business value from external learning software goes far beyond charging a fee to consume learning.

Let's say a tech company is developing future employees by converting internal training into an external talent development initiative. The talent pipeline for the organization is growing in its local market, and the firm has built considerable brand awareness. Another IT company sells product training and certifies channel partners, which not only provides revenue but also drives sales growth. Investing to develop external channel partner learning also can deliver a stronger return on investment than internal development initiatives by providing no-cost training to an organization's partner distribution network, which in turn enhances product sales.

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Packaging Learning

A multitude of business models focus on delivering training externally; careful consideration is key to align the right model for organizational use. Certification programs, selling training credits, offering an external corporate university, branded initiatives and learning bundling are just a few of the business models that executive learning leaders have implemented.

Too often, CLOs are solely focused on internal talent development needs, and they miss opportunities where investment dollars could deliver better ROI via external learning software. This is not to suggest internal talent development should not be a priority, but CLOs must understand the entire ecosystem and where investments can drive learning ROI.

As learning leaders consider whether an external learning solution is warranted in their organization, they must make sure it is tightly aligned with strategic issues and business objectives. When a business need is identified, analyze internal and external stakeholders to determine how learning will drive business value. Any learning strategy needs to clearly articulate the business case, program benefits, resource commitment and long-term sustainability. Again, to frame exactly how external learning software can affect business objectives, CLOs must understand how their organizations fit into a larger ecosystem of industry associations, end users, customers, competitors, talent pipelines and partners.

To determine how best to package learning — and whether it's suitable for an internal or an external audience — consider the following four steps:

Identify a business need. Ask the right questions about strategic issues and business objectives. Is the organization facing challenges from market competitors? Are sales declining on a particular product line? Are there customer experience opportunities with a product line? Many CLOs naturally ask these types of questions with their business partners, but they should consider external stakeholders as well.

Analyze internal and external stakeholders. Doing so is necessary to determine whether an external learning solution is warranted. If channel partners receive a learning solution, will they drive sales? Are there competing priorities with key internal and external stakeholders? Will business partners support an initiative? Are there risks to implementing the learning solution with specific audience groups? A deep understanding of all internal and external stakeholders further establishes program needs and ensures successful deployment of the learning solution.

Develop a learning strategy. This can mean different things to different people. For an external learning solution, a comprehensive strategy fundamentally addresses these questions: What is the business case? What business objectives are being targeted? How is this being funded? What is the business model? What resources are needed? What is the implementation plan? How will the solution be sustained?

Manage risk. Risk is a key challenge for organizations

Reader Reaction

How do you effectively communicate the learning function's value to key business leaders in other departments?



@smpthetrainer:

Value is communicated when L&D is viewed as a business partner not an employee "perk."



@criticallearner:

Quick way to show training value: let untrained worker drive forklift in warehouse storing cases of fine wine ;)



Bill Wilson:

The challenge is to really evaluate the cost of learning achieved, not the cost of learning delivery. They are not the same. With a good design approach that starts with understanding the business challenge that is causing someone in the organization to want to invest in learning you can then identify and value the results. If we do a good learning program this business measure will change, and that change will be worth this much. I can now evaluate that against the cost of the learning development and delivery, and evaluate my investment.

When we just look at the delivery cost, without consideration for the value the learning will provide to the organization, you have a worthless measure. There is an assumption that learning delivered is learning achieved, that is not true.



Kay Wakeham:

Developing some estimates on measureable savings/revenue of the program to create a projected return on investment is the best approach. Make sure that key business leaders buy-off on your assumptions. Then calculate a ROI by taking the benefit returns less the program costs (i.e., net benefits) and divide by program costs X 100 to show how much return each dollar of program investment is delivering.

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seeking to deploy external learning software. Risk is inherent in all initiatives, but often it can be better managed within an organization versus externally in a broader ecosystem. For example, if an organization is providing external learning software, competitors could replicate or even derive benefits from those programs. When considering an external initiative, risks must be clearly defined, assessed and mitigated, and questions around the risks should be asked during the proposal because risk identification and mitigation are critical components to obtain business partner sponsorship and funding. Risk may include competitive implications, legal issues, branding challenges and conflicting messaging, among other things.

To Sell Outward, Focus Inward

Targeted learning software for external stakeholders often arise as the result of business challenges identified by internal leaders. For example, San Antonio-based Rackspace, the managed cloud company, was struggling to find enough skilled workers to support rapid organizational growth.

Rackspace's learning leaders partnered with key business leaders to create a learning strategy to develop San Antonio's talent pool by launching the Open Cloud Academy. The academy delivers external entry-level training and certification programs for critical IT skills. The program serves the dual purpose of growing the company's brand awareness generally — among job seekers specifically — while creating a pool of qualified applicants locally to simplify recruiting efforts.

When creating the academy, Rackspace conducted a survey to analyze the skills gap between itself, the IT industry's hiring needs and what was actually available in the labor market. With this knowledge, Deborah Carter, the academy's senior manager, and her team set out to repurpose Rackspace's existing internal learning materials as an entry-level curriculum for an external audience via the academy.

“The cloud era represents a huge opportunity, and it requires a specific and critical skill set for this to be fully realized. As cloud adoption increases, companies stand to reduce IT costs and become more agile. However, with not enough people properly trained in these cutting edge technologies, organizations are missing the boat,” said Rackspace Chairman Graham Weston. “The Open Cloud Academy can help turn the tide by offering highly sought after technical training to the public, bolstering this scarce pipeline and helping fill the countless number of roles in San Antonio and beyond.”

Rackspace charges tuition for the program to cover program costs. It boasts a successful hire rate of more than 60 percent for graduates. Another program benefit is its success rate of preparing women — an underrepresented demographic in the IT industry — for IT jobs at Rackspace. More than 20 San Antonio-area women have received scholarships and IT training through the cloud academy.

Ultimately, identifying a critical internal business issue — a growing talent shortage — helped to drive Rackspace's external learning strategy. Before looking

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nostic tool was the initial step to find areas of strengths and weaknesses to better hone in on appropriate development areas for the manager. The management net promoter score gauged the extent to which a manager's direct reports would recommend them.

The Bottom-Line Benefits

The approach paid off. Twelve months later, the UMDP accounts for 28 percent of Unilever's general skills budget, up from 11 percent at the beginning. "Unilever employees vote with their feet. If a program is no good, people won't take it," Pope said. In 11 of 12 countries surveyed, 100 percent of participants would recommend the program to their colleagues — the 12th country's score was 98 percent — and participants report sustained transfer three months later. Pope said he now aims to correlate managers' scores on the UMDP diagnostic with their team's engagement and their own end-of-year performance.

At Thomson Reuters, initial reaction and transfer feedback was also positive, and qualitative data indicates a positive effect on managers and their employees. "Once a week I hear stories like, 'I used some of the techniques with my worst performer and now they're my top performer,'" Isaacs said. The next stage is to quantify the effect on engagement and performance by looking at the annual Manager Effectiveness Survey. Isaacs is positive there will be an increase. "When people have an issue and you can deliver answers, it has to make a difference."

Pope said overhauling Unilever's management development program threw up some pertinent learning that applies to any wholesale change. For instance, it's important to have the pilot last at least 12 months — Isaacs agrees. Also, an initial mixed response isn't necessarily bad news. "You need to have an edge and a point of view that people react to," Pope explained. "If you're not getting some noise from a new program you need to be careful that it's not just vanilla."

Realizing the most effective programs don't always work straight out of the box is important and challenging, especially when faced with executive teams whose main concern is reaction feedback. Shaking up the status quo can be daunting because people have invested not just in the program but in their reputations. For Pope, persistence paid off. "You have to keep the faith, own the narrative and believe that it's the right thing to do. I'm pleased to say that we got to a great result." **CLO**

Sebastian Bailey is the co-founder of Mind Gym, a corporate learning consultancy, and author of "Mind Gym: Achieve More by Thinking Differently." To comment, email editor@CLOmedia.com.

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externally to deliver learning software, it is important to create an inward focus to understand the organization's needs and develop a strategy to solve business issues.

To Sell or Not to Sell

Packaging and selling learning software to external stakeholders is probably not a core skill in most organizations, nor should it be. Learning leaders may be understandably enthusiastic about the opportunity to sell learning to turn their function into a profit center, but it is important to consider whether this focus may be misaligned with the overall organizational strategy.

If training is in fact a profit center, it is important to treat training like any other product or service, said Patty Martensen, director of learning for Motorola Solutions in Schaumburg, Illinois. That includes assigning a product manager to own the portfolio of learning assets.

When developing learning products, keep in mind the importance of aligning the learning to the needs of the business unit being supported; this is a critical point when communicating a program to key business leaders. "If you are not relevant to your business partners today, you'll never get the support and funding," Martensen said. "Make sure the training you're proposing addresses a particular issue. Everybody's fighting for a very limited source of dollars these days."

Organizations that sell learning software look for ways to enhance their current products and services. This often means the learning solution will deliver value by building brand loyalty, increasing user adoption or expanding the capabilities for a product.

Another worthwhile model is to offer learning software to customers at no cost to them. Learning software can be bundled with a product or service with no purchase requirement for the stakeholder. Bundling learning with a product can be a competitive differentiator.

While external learning software is not necessarily the right fit for every organization or industry, understanding how an organization operates in the larger ecosystem and strategically aligning with business partners can identify external learning opportunities. It is critical to consider inward objectives before evaluating external opportunities, and varied business models may not necessarily mean selling learning is the best course.

The ultimate focus for any learning leader should be to drive business value for the organization, provide software that delivers ROI and be a good steward of organizational resources. **CLO**

Joseph Tota is an associate principal at Caveo Learning, a strategic learning consulting firm. To comment, email editor@CLOmedia.com.