Maximizing Budgets to Enhance Talent Development

How to do More (and Better) with Less

Ethan Dengate, *Solutions Consultant, APAC*

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- Over 30 years experience in technology enabled learning.
- Currently providing digital learning programs that reduce costs & increase efficiencies for over 6000 customers worldwide.
- Empowering over 19,000,000 learners with courses & certifications in IT, Business Skills, Compliance, and many others.

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A theme for our session. A rally cry.

"Start where you are.
Use what you have.
Do what you can."

- Arthur Ashe

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Agenda

- **Introductions**
- **Start where you are.**
  - Define your three key efficiency metrics
- **Use what you have.**
  - Leverage technology to amplify your efficiency
  - Follow L&D budgeting best practices
- **Do what you can.**
  - Conduct an L&D optimization process
  - Create a case for change

> Organizations should feel compelled to explore how they can maximize their investments, scale learning to reach more employees and implement solutions that truly enable an agile enterprise.
>
> *Jeffrey Berk*
> *COO, KnowledgeAdvisors*

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Start where you are.

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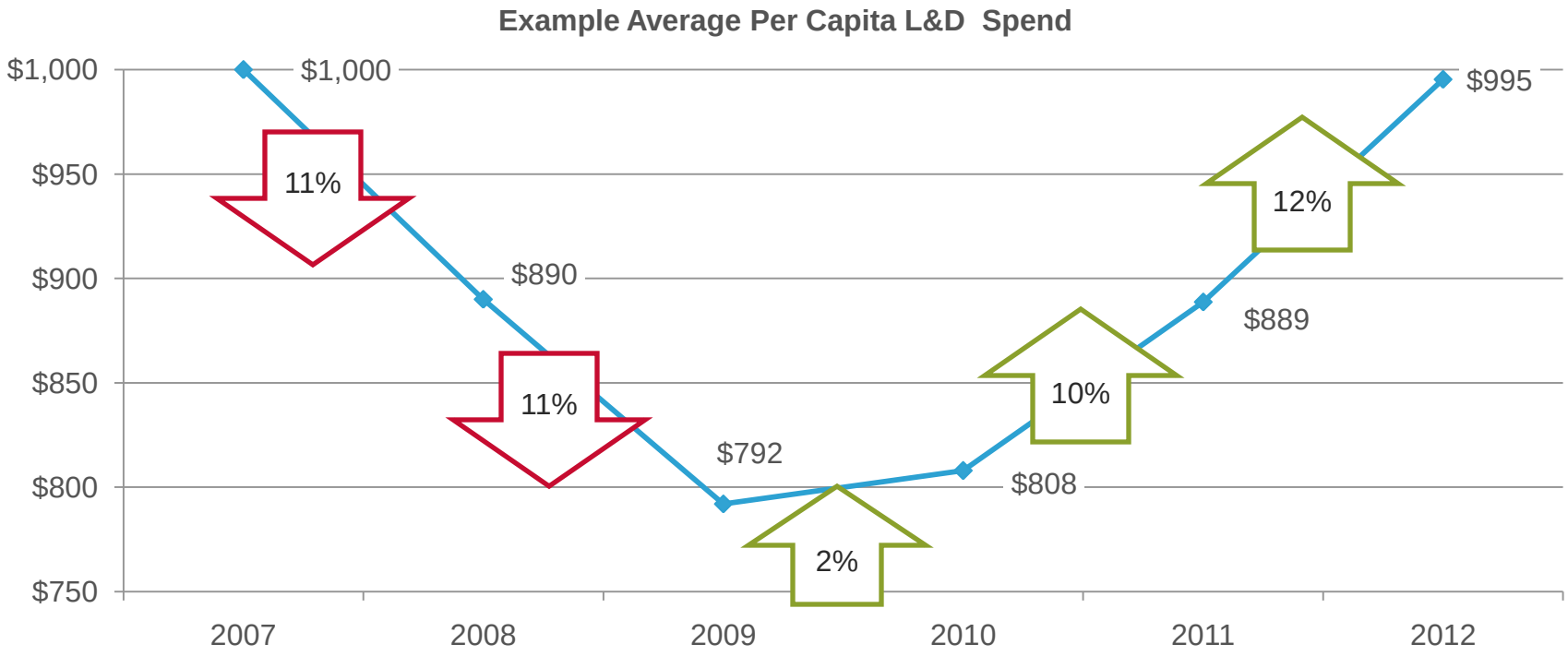
L&D budgets lag by six years

- While the industry is currently celebrating budget increases, L&D investments are still short of pre-Financial Crisis figures
- For example, if an organization invested $1000 per capita in 2007, the same organization spent $995 in 2012



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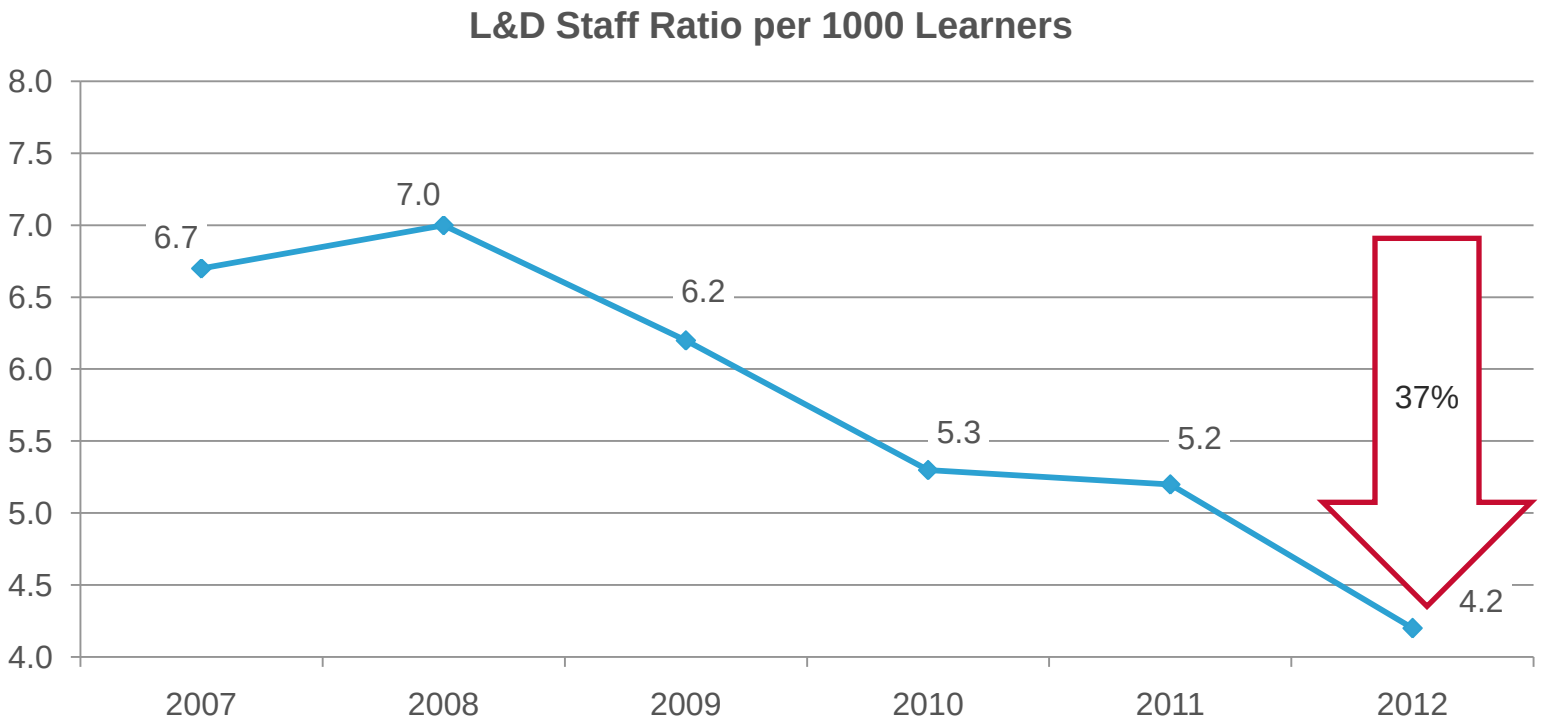
L&D staff continues to drastically decline

L&D is suffering steady reductions without any sign of improvement



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What is your plan to do more (and better) with less?

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First, determine the operating efficiency of your L&D efforts with three key metrics.

Delivery Mix

- Distribution of your training delivery through:
  - Classroom
  - Virtual classroom
  - elearning/technology self-paced
  - Other

Learner Reach

- How many employees are participating in your learning offerings

Cost per Learning Hour

- The average investment per learning hour

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Then, calculate your baseline efficiency.

Delivery Mix

- Identify the total 2012 of learning hours consumed
- Calculate the:
  - Percent of classroom
  - Percent of virtual classroom
  - Percent of elearning/technology self-paced
  - Percent of other delivery

Learner Reach

- Identify the number of employees within your organization
- Define how many unique employees have participated in learning
- Calculate the percent of learning participants compared to the number of employees

Cost per Learning Hour

- Divide your organization's 2012 learning budget by the total 2012 learning hours consumed

Where you need to, be 'roughly reasonable' in your estimates

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Use what you have.

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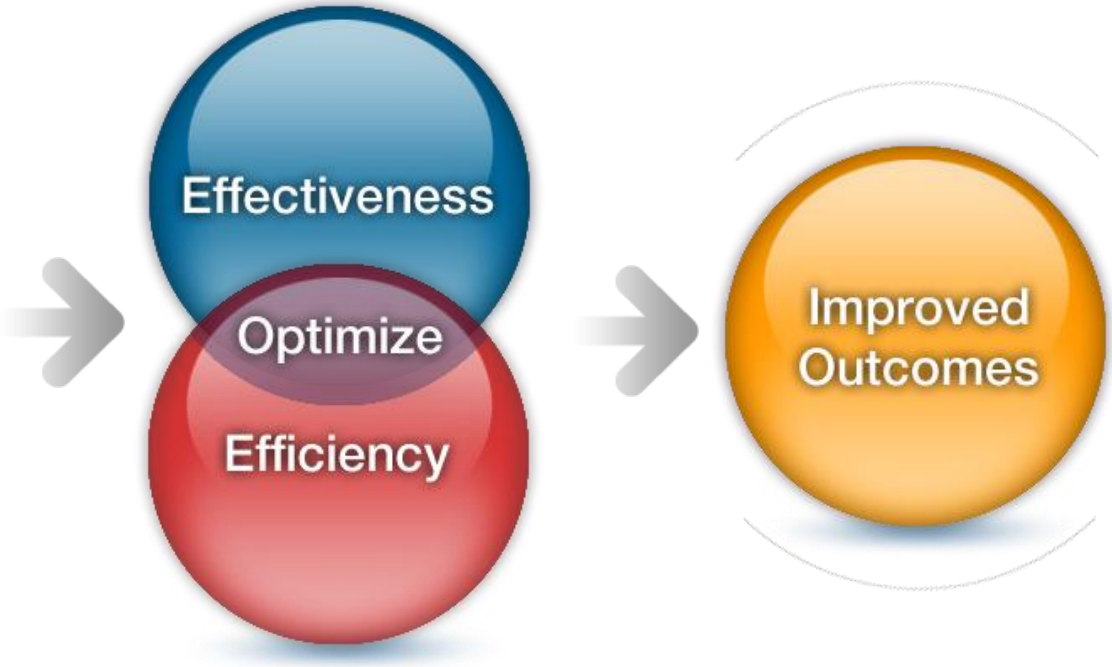
A well designed technology enhance learning program delivers efficiency, without sacrificing effectiveness nor outcomes



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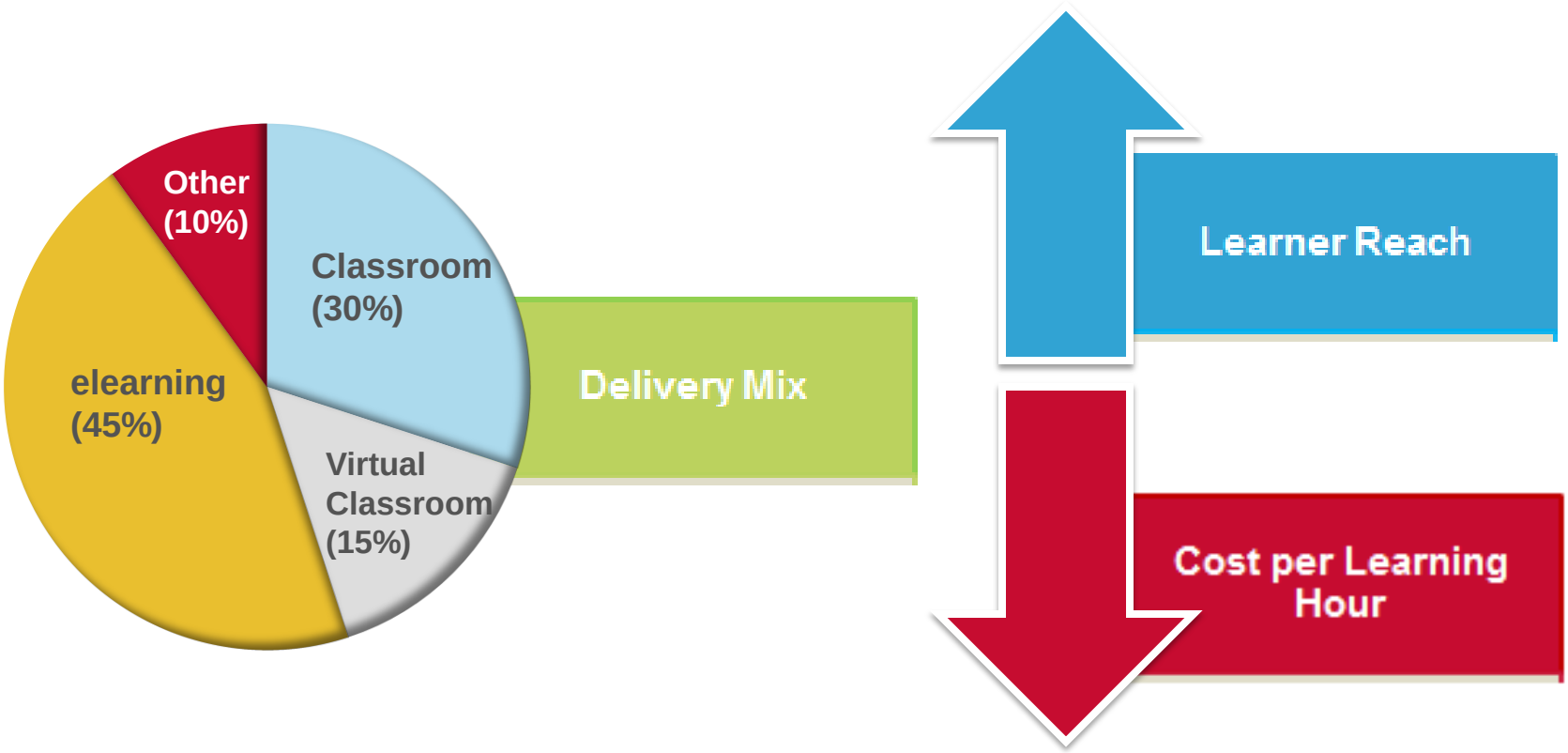
As you leverage elearning more fully in your delivery mix, it will improve your reach and reduce your cost.



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So where do you begin to optimize your budget?

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Live by two budgeting core principles.

- **Proactive**
  - Unplanned events always arise, but the vast majority of budget allocation should be planned out in advance of the fiscal year's onset
  - Reactive, ad-hoc efforts cost more and have an unpredictable effect on staff resourcing
- **Prioritized**
  - L&D should not prioritize its future budget based on what's popular or the highest volume programs this year
  - Allocation of funds within the L&D budget should mirror the strategic business plan for the next fiscal year

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Follow the five steps to strategic alignment.

Review the Strategic Plan	• Read the plan and understand the priorities • Define which are most likely involve learning needs
Meet with the Initiative Stakeholders	• Begin with sponsors of the highest priority goals • Develop a solid understanding of the current state, the desired state, and when results need to be demonstrated
Short List the Initiatives	• Define which initiatives will contribute to the strategic plan • Rank programs in order of importance
Assess Organizational Capability	• Analyze talent gaps through: • Performance appraisals • Individual development plans • 360 reviews
Define the Most Efficient Learning Solution	• Use the L&D optimization analysis process to identify the most efficient solution

Source: Adapted from, “The Business of Learning” by Dave Vance, 2010

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Make sure everything you offer makes money or saves money. Yes, everything.

Examples of learning programs that can generate income or reduce expense:

Learning Programs with a Primary Impact on Income Generation	Learning Programs with a Primary Impact on Expense Reduction	Learning Programs with an Impact on Revenue and Expense
• Sales • Innovation	• Safety • Legal compliance • Quality/Six Sigma • New hire orientation	• Leadership • Performance management

Source: “The Business of Learning” by Dave Vance, 2010

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L&D Budget Optimization Analysis

- A step-by-step worksheet that helps you quantify the hard cost savings and time savings that you can achieve with Skillsoft
- Four steps:
  1. Identify strategically aligned programs to optimize
  2. Calculate the hard cost savings and time savings
  3. Define opportunities to rein in rogue spend
  4. Explore additional ways to economize

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Tool Walk Through

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Client Savings Examples

Portfolio	Before	After	Savings
Professional Development Skills	Project management classroom course at $1,895/pp, 125 people enrolled = $236,875	SkillChoice Business for 125 at $466/pp = $58,250 * Includes all other business topics within library and access to all new releases	75%
IT Certification	Cisco CCNA Bootcamp Course - $3,395/pp for 18 people = $61,110	Cisco CCNA live learning virtual instructor led course $20,808	66%
Leadership	Executive education program consisting of university training and an emotional intelligence course at $1.9M	Leadership Advantage, Video Collection & Executive Summaries at $240,000	87%
Compliance	Classroom sexual harassment training and printed materials at $96,400	$7,400 for a customized Skillsoft course	92%

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Identify the intangible benefits.

- Intangible measures are intentionally not converted to monetary values
- Although they are not converted to monetary values, intangibles are still important to highlight
- Examples:
  - Improved content delivery consistency
  - More robust reporting
  - Real time availability
  - More variation in delivery methods
  - Reduction in carbon footprint
  - Improved employee engagement
  - Increased instructional quality

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Do what you can.

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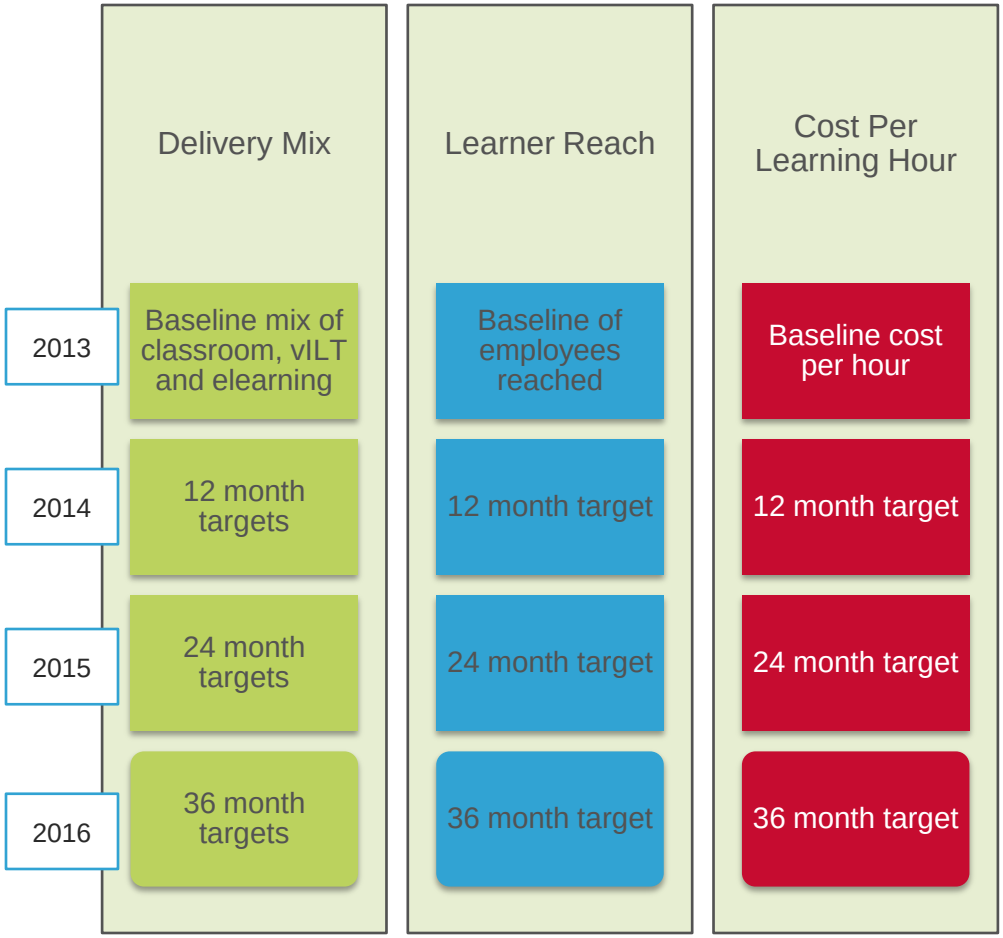
Bravely set new efficiency targets for the next three years.



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Develop your business case for change.

The template you use to lay out your business case to optimize your budget should have a simple and sound structure:

1. Executive Summary
2. Current Situation
3. Recommendation
4. Conclusion

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Part 1: Executive Summary

- The goal is to briefly summarize the proposal in one page or slide
- Highlight the salient points from each of the subsequent sections
  - Current Situation
  - Recommendation
  - Conclusion
- A strong executive summary aims to engage the audience's interest in reviewing the remainder of the proposal

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Part 2: Current Situation

- Purpose is to articulate the present state
- Create a succinct opportunity statement
  - *“Reduce HR budget by 10% and expand talent development to 27% more employees.”*
- Express the need for change in terms that contribute to your organization’s strategic plan such as increasing revenue, decreasing costs, building talent, etc.
- Quantify the investment involved in the current situation
- Detail your baseline three key efficiency metrics
- Describe what is likely to occur if the situation doesn’t change

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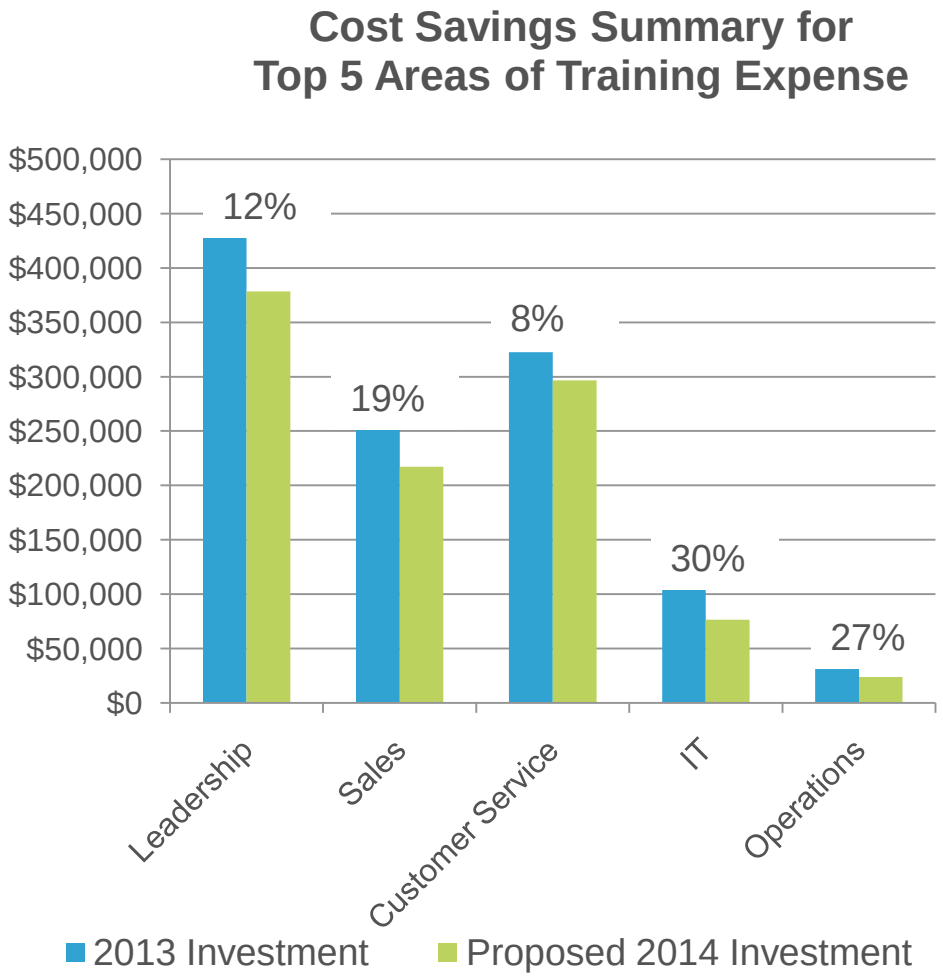
Part 3: Recommendation

- Explain how your proposal delivers on the opportunity statement
- Summarize the optimization benefits
  - Hard cost savings
  - Time savings
  - Intangibles
- Use graphs to display the cost savings
- Describe the evaluation approach you will apply



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Part 4: Conclusion

- It’s important to close as strongly as you began
- Recap the benefits of acting on your case for change by reiterating their alignment to the strategic priorities
- Include high level implementation milestones, target dates and the responsible parties
- Clearly flag the date when a decision should be made and what the implications are of not acting on or before that date

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Delivering the Business Case

- During this stage you “sell” your recommendations
  - Hone your persuasion and influencing skills
  - Rehearse with an informed, invested colleague
- Plan the forum and format with care
  - Select the time and place that suits the stakeholders best
- Keep your presentation focused and concise
  - Avoid going into unnecessary detail, avoid meandering
- Be prepared to deal with questions that may arise
  - Have you ever implemented a similar recommendation?
  - What else might be needed to implement the solution?

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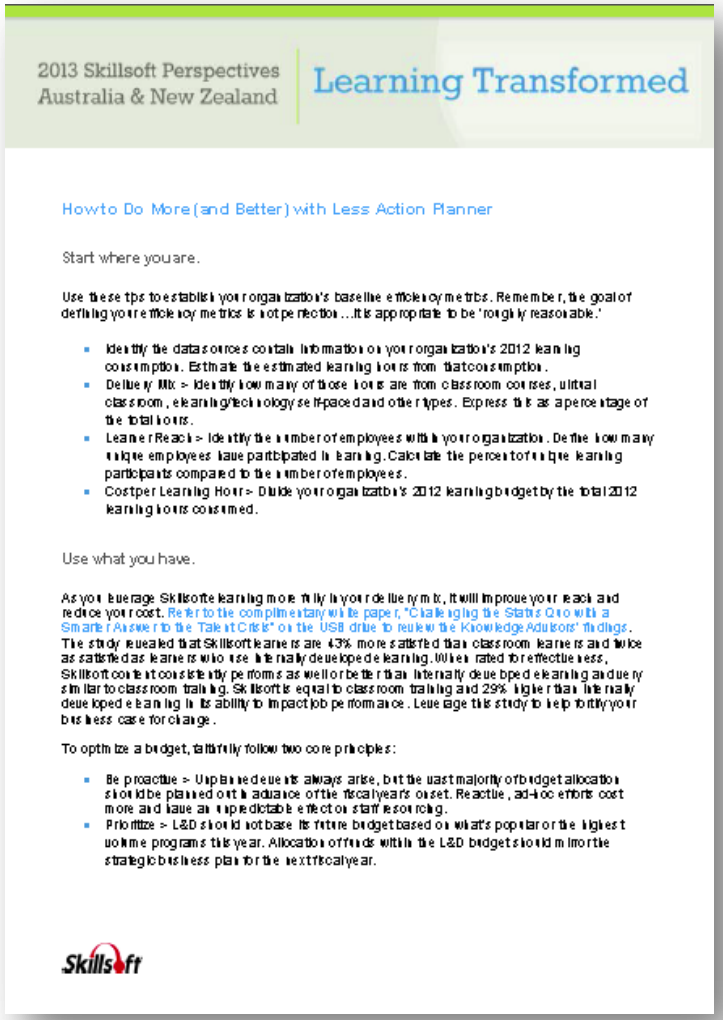
Turning “Interesting” into “Action”



2013 Skillsoft Perspectives
Australia & New Zealand

Learning Transformed

How to Do More (and Better) with Less Action Planner

Start where you are.

Use these tips to establish your organization's baseline efficiency metrics. Remember, the goal of defining your efficiency metrics is not perfection…it is appropriate to be 'roughly reasonable.'

- Identify the data sources containing information on your organization's 2012 learning consumption. Estimate the estimated learning hours from that consumption.
- Delivery Mix > Identify how many of those hours are from classroom courses, virtual classroom, elearning/technology self-paced and other types. Express this as a percentage of the total hours.
- Learner Reach > Identify the number of employees within your organization. Define how many unique employees have participated in learning. Calculate the percent of unique learning participants compared to the number of employees.
- Cost per Learning Hour > Divide your organization's 2012 learning budget by the total 2012 learning hours consumed.

Use what you have.

As you leverage Skillsoft's learning more fully in your delivery mix, it will improve your reach and reduce your cost. Refer to the complimentary white paper, "Challenging the Status Quo with a Smarter Answer to the Talent Crisis" on the USB drive to review the Knowledge Advisors' findings. The study revealed that Skillsoft learners are 43% more satisfied than classroom learners and twice as satisfied as learners who use internally developed elearning. When rated for effectiveness, Skillsoft content consistently performs as well or better than internally developed elearning and very similar to classroom training. Skillsoft is equal to classroom training and 29% higher than internally developed elearning in its ability to impact job performance. Leverage this study to help fortify your business case for change.

To optimize a budget, faithfully follow two core principles:

- Be proactive > Unplanned events always arise, but the vast majority of budget allocation should be planned out in advance of the fiscal year's onset. Reactive, ad-hoc efforts cost more and have an unpredictable effect on staff resourcing.
- Prioritize > L&D should not base its future budget based on what's popular or the highest volume programs this year. Allocation of funds within the L&D budget should mirror the strategic business plan for the next fiscal year.

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Key Points

Track three efficiency metrics - delivery mix, learner reach and cost per hour. Set bold targets for the next three years.

Ensure your budget is proactive and prioritized. Align to the strategic priorities and only offer programs that save money and make money.

Define your efficiency opportunities with a Skillsoft L&D Budget Optimization Analysis.

Construct a simple yet compelling case for change.

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Questions & Answers

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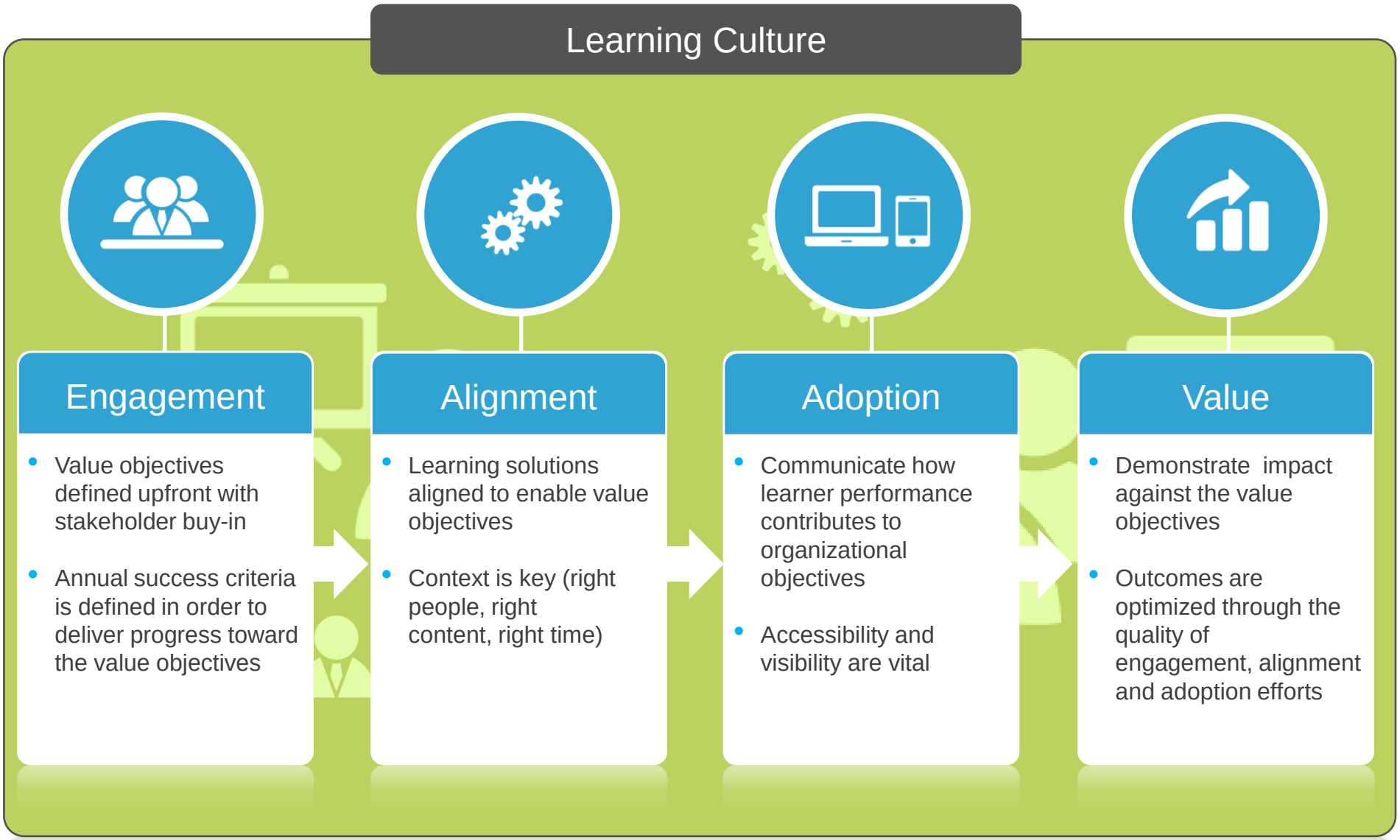
Best Practice Building Blocks



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Building Blocks for a Healthy Program

Skillsoft programs with high utilisation include*:

**** High Utilization = customers with utilization at 70%+ of annual contracted seats***

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Case Study
Reducing Training Costs for the US Military

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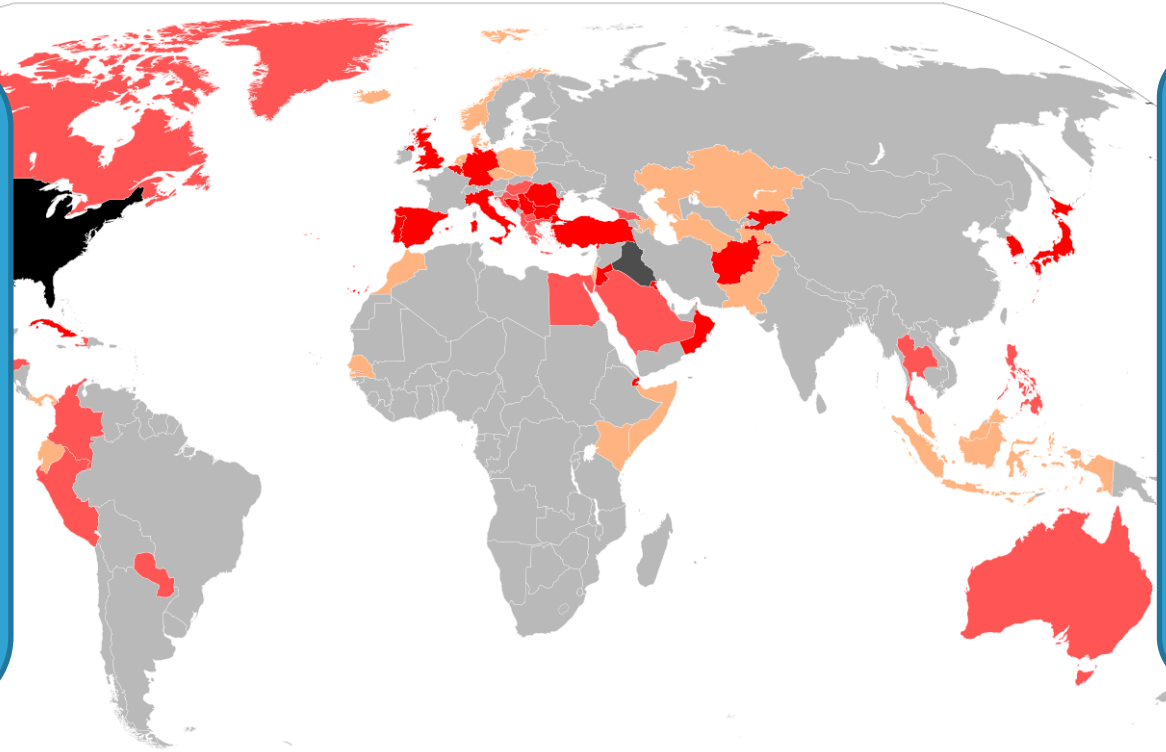
The US Military: Distributed Forces Across the Globe

Over 3.23 million employees comprising of…

- 1.4 million active duty military personnel
- 1.1 million reservists
- 0.7 million civilian employees.



How to economically deliver just-in-time learning to millions on a secure platform & flexible?

Skillsoft allows us to train our soldiers wherever they may be. The soldier, who is across the globe from us, can take a wide-range of Skillsoft courses. Our soldiers need learning fast and 24x7 and Skillsoft provides that capability - Stan Davis, Distributed Learning Program, US Army

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US Air Force

US Air Force

The United States Air Force employs more than 700,000 active, guard, reserve and civilians worldwide.

Challenge

- Provide the ongoing training of Air Force personnel responsible for establishing and maintaining Air Force networks and network security
- Support mandatory training and licensing of all Air Force network users.

Solution

- The Air Force delivers 2,000 business and IT courses, more than 300,000 Books24x7 licenses and 22 custom courses to a global audience.
- The solution is mapped to Air Force Job Qualification Standards for targeted crew positions and delivered on a combination of platforms.

Results

- The Air Force has achieved exceptional usage and return on investment,
- 700,000 licenses
- **Recognized cost avoidance of more than $37 million.**

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US Army

US Army

The Army e-Learning Program offers training and education to 1.4 million Active Duty Army, National Guard and Reserve, and Department of the Army civilian personnel.

Challenge

- The Army is constantly challenged with providing geographically dispersed personnel with a wide range of business, information technology, leadership, professional and technical skills necessary to excel on the job..

Solution

- Through its partnership with SkillSoft, the Army has deployed a comprehensive e-learning solution to deliver Web-based training and professional development to all Active Duty Army, Reserve Component, Guard and civilian personnel.

Results

- **Cost savings approximately $86 million over three fiscal years**

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Think. Research. Contact me.

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