Developing the business case for cloud-based learning
Why do L&D business cases fail?

To understand what business case success looks like, let’s first look at what failure looks like.

Failure takes place when the business case:

According to CEB (Corporate Executive Board), the average buying team includes 5.4 people¹

- Is not in line with strategic business objectives
- Lacks recognition of what is important to the CEO and CFO
- Requests spend without financial benefit projections
- Uses HR and learning industry terminology that is a “different language”

These failures all have one thing in common; they all relate to an L&D-driven agenda and not a business-driven agenda.

To develop a successful business case, you must consider how it is perceived and how it will impact the greater good of the organization.

Who can tell you how your business case is perceived and how it will impact the greater organizational good?

No single stakeholder can. In fact, according to CEB, the average number of individuals involved with today’s buying decision is 5.4. This buying team will often have differing agendas. That means that in order to get a cloud-based learning business case approved, you’ll need to identify each of the buying team stakeholders and then secure their support by tailoring it to their specific priorities.


Check It Out ➔

Take a 9-minute course, Communicating a High-impact Business Case.

www.skillsoft.com/BusinessCaseCourse
## Case study snapshot: PGA of America

### Professional growth in a multigenerational workforce

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Solution</th>
<th>Results</th>
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<tbody>
<tr>
<td>• Heighten business development expertise of PGA members</td>
<td>• Highly effective custom course curriculum</td>
<td>The glaring challenge standing in the way of delivering a training initiative that could support growth was a very real generational gap. New members are roughly 30 years old when they join, with an average member age of 45 years. This means there is about a 50/50 split in membership, with half being more “tradition” oriented and the other half being more digitally-focused. In essence, PGA members consist of a multigenerational workforce where some members embrace technology and others don’t.</td>
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<td>• Help members remain relevant with their clientele</td>
<td>• Resources aligned to support certification and career objectives</td>
<td>Because of its desire to pinpoint the impact, the PGA astutely leveraged KnowledgeAdvisors to track learning analytics. KnowledgeAdvisors findings revealed improvements in job impact, business results and ROI from 2012 to 2013. In terms of ROI, the Knowledge Advisors Metrics that Matter® software evaluated that the PGA’s investment in training and development showed for every $1 invested there was a $5.14 return.</td>
</tr>
<tr>
<td>• Develop a multigenerational audience consistently</td>
<td>• User-friendly experience that fosters continuous development</td>
<td>With a great partnership and careful blend of relevant content, technology, and clever program designs, you stand a better chance of engaging your labor force and improving their performance. Dawes Marlatt Senior Director of Education &amp; Employment, PGA America</td>
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With a great partnership and careful blend of relevant content, technology, and clever program designs, you stand a better chance of engaging your labor force and improving their performance. Dawes Marlatt Senior Director of Education & Employment, PGA America

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Read more in the full PGA case study [www.skillsoft.com/PGA](http://www.skillsoft.com/PGA)
### Who are the stakeholders and what are their priorities?

In order to mobilize the needed consensus to get a cloud-based learning solution in place, you must first identify stakeholders and walk in their shoes to understand how best to influence them.

<table>
<thead>
<tr>
<th>Stakeholder department</th>
<th>What responsibilities does this stakeholder have?</th>
<th>How will cloud-based learning help this stakeholder?</th>
</tr>
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<tbody>
<tr>
<td>HR</td>
<td>• Driving talent strategies&lt;br&gt;• Hiring the best talent to outperform competitors&lt;br&gt;• Reducing turnover (general and due to retirement)&lt;br&gt;• Ensuring the right people are in the right roles&lt;br&gt;• Recruiting&lt;br&gt;• Adapting to generational workforce changes&lt;br&gt;• Addressing employee engagement&lt;br&gt;• Reacting/being proactive to an ever-changing workplace&lt;br&gt;• Establishing leadership development&lt;br&gt;• Addressing a scattered workforce, be it globalization or matrixed employees</td>
<td>• When learning and business goals are aligned, business performance will increase.&lt;br&gt;• When employees have learning resources readily available, onboarding takes place at a faster pace.&lt;br&gt;• Skills and knowledge gains from a top-notch learning program will lessen the gaps he/she will be facing and help with career progression over time.&lt;br&gt;• Offering a learning solution that is mobile and bite-sized will help with quality of life and work/life balance; there is value in giving employees a better balance.</td>
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<tr>
<td>L&amp;D</td>
<td>• Closing skill gaps&lt;br&gt;• Wanting to decrease employees’ total onboarding period&lt;br&gt;• Accelerating employee productivity&lt;br&gt;• Creating succession plans for employees&lt;br&gt;• Ensuring employees are ready for their transition into higher positions</td>
<td>• With a successful learning program, performance improvements will take place across business units with the potential to make the company money or save the company money.&lt;br&gt;• L&amp;D has the opportunity to be viewed as a business improvement unit and not just a “training center.” This perception will influence future business and learning opportunities and decisions.&lt;br&gt;• Having a skilled workforce will encourage positive employee engagement and reduce turnover for the organization.</td>
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| IT                     | • Offering safe, efficient, continuous, seamless technology to support employees in the pursuit of business goals  
                         • Aligning technology with business goals  
                         • Remaining at the cusp of new technology to be agile and competitive in today’s market | • There is ease of integration with third party platforms, such as talent management platforms.  
                         • The threat of complexity with multiple learning vendors would be significantly reduced by selecting a vendor that is all-encompassing. |
| Business unit leader    | • Filling skills gaps  
                         • Leading productive teams  
                         • Accomplishing goals to business plan  
                         • Growing team members | • When skill gaps are identified and addressed through learning, the individual will perform better and so will the team.  
                         • When a team is operating efficiently, business outcomes improve and organizational goals are met. |
| Procurement             | • Obtaining quality goods and services at reasonable costs  
                         • Saving the company money  
                         • Identifying vendors who meet internal customer needs  
                         • Minimizing disputes between internal customers and vendors  
                         • Maintaining legal compliance | • This person will have the ability to measure OI and business impact with the right vendor.  
                         • Bringing in an off-the-shelf solution is more cost-effective than internally developing training. If he/she has reduction-in-costs quota, an eLearning solution is the perfect solution.  
                         • The procurement officer has a chance to gain functional credibility by saving/making the company money. |
Who are the stakeholders and what are their priorities?

You might consider uncovering these shared goals. Then, arrange a meeting to help the team see the common goals for themselves to enable a stronger, more unified and supported stance.

You can download a helpful L&D business case PowerPoint template. Use it to build your business case.

www.skillsoft.com/BusinessCasePPT

You can also download this one-page Cross-Functional Benefits Template to help you uncover the shared interests amongst your stakeholders.

www.skillsoft.com/XFunctional

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**Stakeholder priorities**

- **Stakeholder 1** (E.g., CMO)
  - Improved customer satisfaction

- **Stakeholder 2** (E.g., Legal)
  - Improved data security

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**Stakeholders’ needs**

- **Website reliability** (no glitches)
- **24/7 Customer Service**
Four stages of a business case

| Step 1: Define the business issue | Step 2: Analyze the alternatives and select the best option | Step 3: Prepare the business case | Stage 4: Deliver the business case |

Skipping or not fully addressing a stage will weaken a business case and reduce your approval probability.

Watch Now

Listen to a webinar Developing a L&D Business Case.

www.skillsoft.com/BusinessCaseWebinar
Four stages of a business case

Stage 1: Define the business issue

- Identify the business opportunity or problem to be solved
  - Create a succinct description of what your proposal will deliver
- The objectives should help your organization reach its overall goals and be aligned with the priorities of senior management
  - An example may be “reduce operating expenses” or “increase talent capability”

- Develop an opportunity statement
  - This describes the benefits of solving the problem or seizing the opportunity
  - For example, “Reduce HR budget and expand talent development to more employees.”

Stage 2: Analyze the alternatives and select the best option

- Ask those closest to the issue for their ideas on possible alternatives
- Research case studies of those inside and outside your field that have faced similar challenges and solved them
- Collect information about each alternative
- The goal is to weigh alternatives against one another in financial terms, intangible benefits and risk level
- For the financial terms, a payback period and pro-forma ROI are often used to compare
  - Payback period illustrates how long it will take to recover the initial investment
  - ROI shows the monetary impact your investment is predicted to yield

Stage 3: Prepare the business case

- After analyzing the alternatives you will prepare the written business case
- The template you use to lay out your business case should have a simple and sound structure:
  - Executive Summary
  - Current situation
  - Analysis & Recommendation
  - Conclusion

Stage 4: Deliver 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, place and approach that suits the stakeholders best
  - Keep your presentation focused and concise
  - Avoid going into unnecessary detail and don’t meander off the point
  - Be prepared to deal with questions that may arise
    - Have you ever implemented a similar recommendation?
    - What else might be needed that is not articulated in the business case?
    - What assumptions have you made that your stakeholder may disagree with?
## Objection handling

Inevitably, with change comes objections. Here are some common objections you might face and ideas for how you might handle them.

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<tr>
<td>Employees don’t have time to learn.</td>
<td>You don’t have time NOT to learn.</td>
</tr>
<tr>
<td></td>
<td>“Give me six hours to chop down a tree and I will spend the first four sharpening the axe.” – Abraham Lincoln</td>
</tr>
<tr>
<td></td>
<td>If Honest Abe knew that it was worth it to take time to sharpen the axe, why do we have such a hard time applying that to today’s world?</td>
</tr>
<tr>
<td></td>
<td>Stephen R. Covey talks about the same concept of “sharpening the saw” as Habit 7 of The 7 Habits of Highly Effective People. He says that it’s necessary to find balance to avoid burnout and that by taking time to sharpen the saw, you will find better balance.²</td>
</tr>
<tr>
<td></td>
<td>Imagine the results of an individual, a team or a workforce that is better balanced.</td>
</tr>
<tr>
<td>We don’t need a training program; It’s not a priority; The talent situation is an issue but not a crisis.</td>
<td>The talent crisis is very real and imminent. The time to act is now. Learning is a highly efficient and effective component of the talent agenda that simply cannot be overlooked.</td>
</tr>
<tr>
<td>Elearning isn’t effective.</td>
<td>Not only is elearning highly effective, but it has also demonstrated better transference rates than traditional ILT. For example, the average learning application rate is 20-50%. But in a recent study conducted by KnowledgeAdvisors, the Skillsoft learning application rate is 86%. This equates to less waste on training budgets, higher application of learning to the job and increased business performance.³</td>
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## Objection handling

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<td>Training budgets are constrained.</td>
<td>When teaming up with the right learning partner, you have tangible potential for positive business impact which can save hard costs. Investing in learning is not discretionary; rather, it’s vital to competitiveness and is a direct contributor to strategic business goals. Download a budget checklist: <a href="http://www.skillsoft.com/BudgetChecklist">www.skillsoft.com/BudgetChecklist</a>.</td>
</tr>
<tr>
<td>My culture isn’t ready for elearning.</td>
<td>The situation is as much about change management as it is about an enterprise learning program. With the right guidance from an experienced learning partner, you will be more ready than you think. A good partner will help you identify obstacles and give you information that will empower you to remove them.</td>
</tr>
<tr>
<td>Learning must be customized – your generic learning is not as effective as my learning (proprietary).</td>
<td>As a general rule of thumb, half of all learning within any organization is generic, meaning that the same general content and learning objectives apply across the industry, while the remaining half is unique to the personality of that organization and needs to be custom-developed either internally or externally.</td>
</tr>
<tr>
<td>The value learning brings to workforce improvement or business gains is highly questionable and hard to measure</td>
<td>According to David Vance, author of <em>The Business of Learning: How to Manage Corporate Training to Improve Your Bottom Line</em>, “measurement strategy flows from the management strategy.” A great learning partner will be able to guide you through a measurement process to determine the impact to the business. The Center for Talent Reporting has defined standard practices for measuring learning’s efficiency, effectiveness and outcomes. Learn more at <a href="http://www.centerfortalentreporting.org">www.centerfortalentreporting.org</a></td>
</tr>
<tr>
<td>Why should we pay for copyrighted content when there is so much on the internet for free?</td>
<td>Yes, there is a lot of free stuff out there. There is also a <em>lot</em> of information to sift through and to filter out. There is also no guarantee that it will be available tomorrow, or three months from now. There is no alignment to personal, company or business goals and no formal tracking. In the world of elearning, you get what you pay for and “free” isn’t always what it’s cracked up to be.</td>
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</table>
As Vice President of Talent Management and Principal Analyst, Laci leads the talent management research practice at Brandon Hall Group and is an expert in all areas of human capital management particularly talent management, leadership, leadership development, career management and succession management.

**Skillsoft: What’s the most popular business performance improvement that organizations experience with successful elearning?**

**Laci:** Movement on critical business metrics, particularly engagement and retention.

It starts with a reduction in training costs, global reach and scalability. In innovative formats, elearning enables peer-to-peer collaboration, moment-of-need knowledge, and learner-generated content. Elearning that engages learners and goes beyond traditional online page-turner content improves learner retention and engagement — two factors that improve other critical business metrics including productivity, retention and revenue per head.

**Skillsoft: What advice do you have when selling elearning to stakeholders in an organization?**

**Laci:** The value of elearning in the workplace is best measured when its value can be tied to measurable business impact. Whether this link can be made via testing results, assessments, survey questions, key performance indicators or predictive analytics data, the point is that a formal measurement process quantifying the business impact of the elearning is quintessential. This can be defined as a reduction in operating costs, improvement in engagement scores, decreased turnover in key talent segments, increased sales; regardless of the metric, it indicates real and measurable impact on the business wallet retention. Showing how elearning will have a measurable impact on the business is the shortest path to stakeholder adoption and engagement with elearning as a critical element of any organization’s learning architecture.

**Skillsoft: What questions should organizations ask a prospective vendor when considering an elearning purchase?**

**Laci:** Acquiring elearning content and services takes careful planning to ensure that the investment returns a measurable impact on the business. There are a number of elements high-performing organizations consider:

- Number of current users
- Estimated number of users over the next 3-5 years
- Geographic location of users
- Critical content needed to drive achievement of business goals
- Approach to elearning content: hands on simulation, interactive games, or page turner traditional online learning content
- Multi-media platforms – like audio, video, animation – via which the elearning content needs to present itself
- In-house resources needed to manage the content
- Deployment platform – installed versus cloud
- Budget available
- Training required
- System reliability expectations
- Content authoring tools needed
- User interactivity
- Language needs
- 24x7 support