



Extended Enterprise Learning: Making Learning Impact the Bottom Line

Research Brief



David Wentworth
Senior Learning Analyst
February 2015

Research Brief

Extended Enterprise Learning:
Making Learning Impact the Bottom Line

By:

David Wentworth

Senior Learning Analyst

Brandon Hall Group

February 2015

TABLE OF CONTENTS

Executive Summary	4
The LMS as a Revenue Generator	4
Building the Brand.....	6
Risk/Reward	7
High Expectations	8
Conclusion.....	9
Understand Your Audience	10
Recognize Revenue.....	11
Pick the Right Partner.....	11
About Brandon Hall Group	12

Extended Enterprise Learning:

Making Learning Impact the Bottom Line

Executive Summary

Companies are increasingly recognizing the value of delivering their learning assets outside the four walls of the organization. Using learning to reach the extended enterprise and groups of non-traditional learning audiences across the entire value chain can reap multiple benefits including customer retention, increased sales, and even directly generated revenue.

As organizations strive to achieve these goals, learning is strategically positioned to play an important role. In fact, Brandon Hall Group's 2015 *HCM Outlook Survey* found that 37% of organizations consider developing training for external audiences a learning priority and 15% consider it to be critical to their business.

As part of our ongoing research into this area, Brandon Hall Group, in partnership with Meridian Knowledge Solutions, launched the *Extended Enterprise Learning Survey* in the fourth quarter of 2014. The survey garnered 174 responses from companies of all sizes and various industries. This paper highlights some of the key findings from that survey, including:

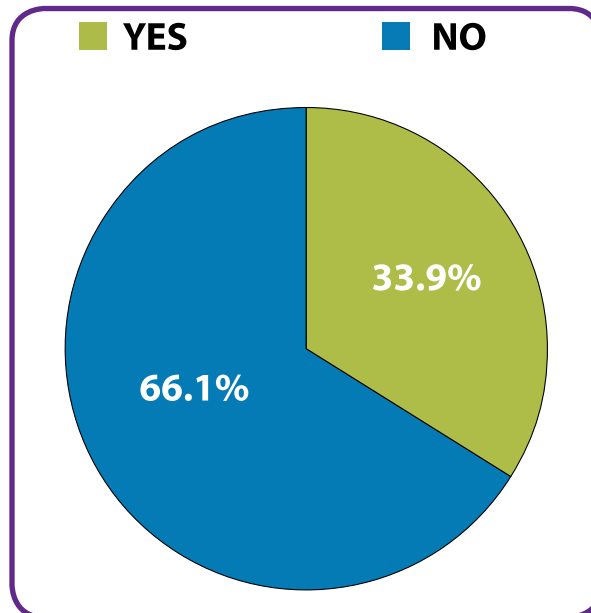
- Organizations are turning their LMS into a profit center
- External Learning benefits the employer brand
- External Learning reduces risk and ensures greater compliance
- External Learning improves relationships with business partners
- External Learning yields greater revenue

The LMS as a Revenue Generator

Traditionally, learning has been seen as a cost center within the organization. Business leaders see money go in and a lot of intangible, unquantifiable benefits come out. And, while learning leaders recognize the true value of what L&D brings to the organization, companies are now able to actually generate revenue with their LMS.

Extended Enterprise Learning: Making Learning Impact the Bottom Line

Figure 1: Does your Organization Charge Extended Learning Parties for Content?



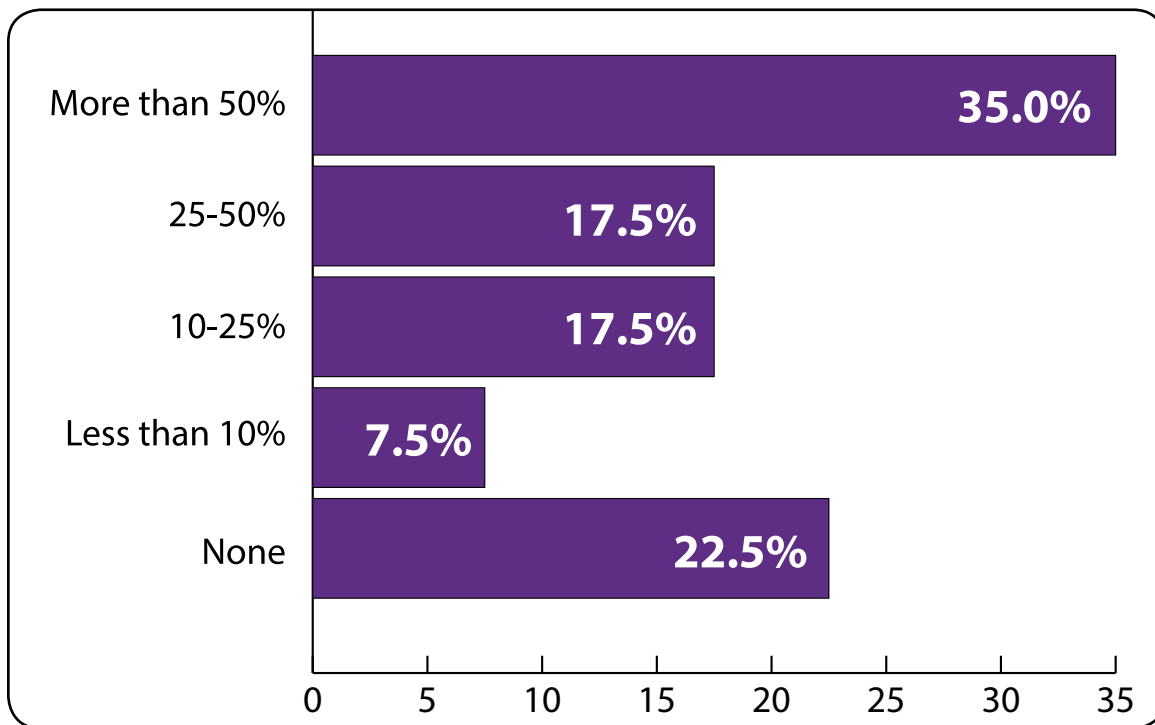
Source: Brandon Hall Group's Extended Enterprise Learning Survey (n=174)

One-third of organizations are currently charging external parties for learning content. We see this heavily in the association space, where members of the various associations and groups pay a fee or a subscription to access content relative to them and their career. High-performing organizations are 34% more likely to charge for extended enterprise learning. According to the study, about one-quarter of companies that charge use a subscription model, 54% charge by the course or content piece, and 22% sell course or content bundles.

However they do it, organizations are reaping the kind of tangible benefits business leaders crave. More than one-third of organizations are recouping more than half of their LMS costs by charging for extended enterprise learning. In fact, fewer than 23% say they are not recovering any LMS costs at all.

Extended Enterprise Learning: Making Learning Impact the Bottom Line

Figure 2: Percentage of Annual LMS Costs Covered Through Extended Learning Revenues



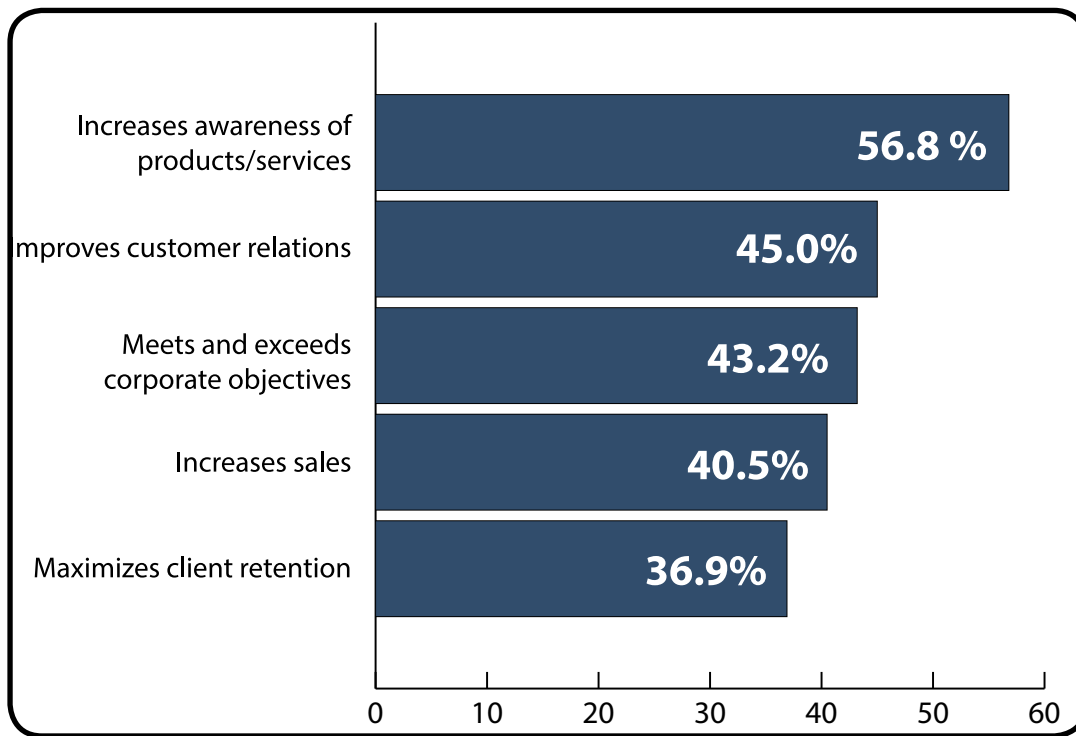
Source: Brandon Hall Group's Extended Enterprise Learning Survey (n=174)

Building the Brand

Companies spend billions of dollars every year to grow their brands and build strong customer partnerships. Until recently, learning was never part of that equation. It is only natural that the group that has invested so much time, energy, and resources in training the workforce leverage that knowledge to educate customers. With the extended enterprise features of the modern LMS, not only can the system effectively deliver training to customers, but it can also be leveraged to create a continuous flow of customer communication. Extended enterprise learning helps continue the customer relationship long after the sales cycle has closed, increasing long-term revenue potential.

Extended Enterprise Learning: Making Learning Impact the Bottom Line

Figure 3: How Extended Learning Helps the Business



Source: Brandon Hall Group's Extended Enterprise Learning Survey (n=174)

Figure 3 above highlights the percentage of companies that say they reap these kinds of benefits from extended enterprise learning. Nearly 60% say it helps increase the awareness of their products or services in the market. Another 45% say it improves customer relations. This is accomplished by using content that has already been developed on a platform that has typically already been implemented. There are internal benefits as well. Nearly half of companies say that extended enterprise learning has increased employee engagement, and 23% say it even has an impact on reducing employee turnover. Lack of development has become the number one reason people leave an organization. Reaching a dispersed employee group makes that even more of a challenge. Leveraging the LMS to keep those remote or field employees connected is invaluable.

Risk/Reward

Learning is a form of information and, as Dr. Donald Marchand says in his book, *Competing with Information* (Marchand, 2000), successful organizations use information to focus on four business goals.

Extended Enterprise Learning:

Making Learning Impact the Bottom Line

Organizations want to:

1. Minimize risks
2. Reduce costs
3. Add value
4. Create a new reality

We have already touched on number three: Adding value, but what about the first two? In many industries, training is not only part of an employee's development. It can also be mandated by either corporate policy or an external regulatory body. In these cases, it becomes imperative to deliver training in an efficient, effective manner in order to minimize risk. While the typical LMS can usually handle this task, it becomes more challenging when the audience impacted by compliance is geographically dispersed and/or includes people who may not actually work for the organization.

Here is where the extended enterprise model becomes a business need in addition to a revenue generator. Being able to reach this diverse audience from a centralized system allows for greater efficiency and greatly increases the likelihood of compliance. In fact, 56% of companies said that meeting compliance requirements was a direct benefit of extended enterprise learning.

Extended enterprise learning also helps organizations with the second item on Marchand's list: Reducing costs. Having a system in place to deliver training to a widely dispersed learning audience can greatly reduce costs. Traditionally, a company would have to have an event where sales people, distributors, or franchisees would come in to receive training in person. Inversely, companies may also have to send trainers out in the field to reach these groups.

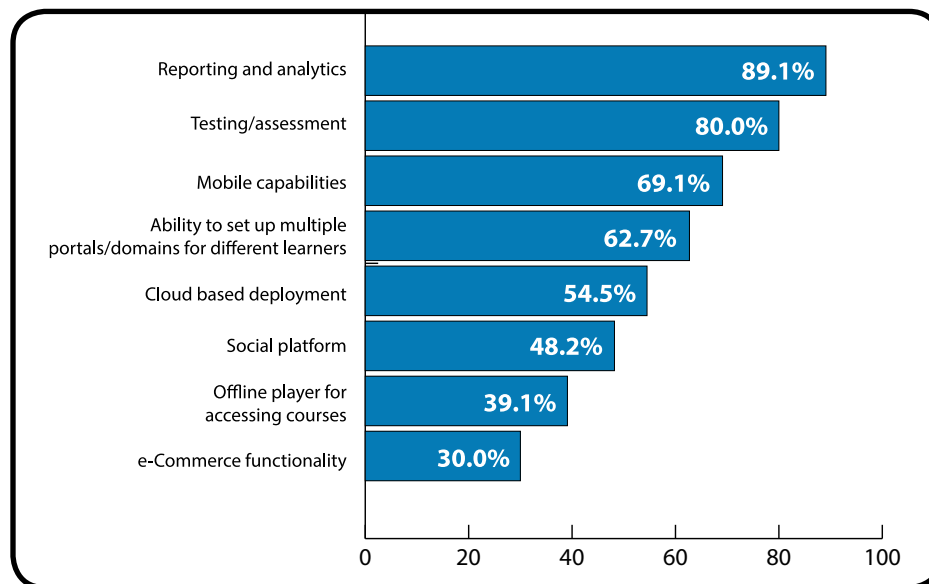
With extended enterprise learning, 72% of companies say they have reduced their overall training costs, and 67% say they have reduced training travel time. Travel related to training can be one of learning's biggest line items. Using an LMS to deliver training means not having to find multiple subject matter experts and sending them all over the world.

High Expectations

It's not enough that an LMS provider offers extended enterprise learning as one of its features. Organizations are looking for a wide array of features when it comes to extended enterprise. Only 9% of companies that engage in extended enterprise learning say their process is not effective. A lot of the reason for this rests on the technology these companies are using. Below is a list of the features companies found to be important for extended enterprise success.

Extended Enterprise Learning: Making Learning Impact the Bottom Line

Figure 4: Most Important Capabilities for an LMS Supporting Extended Learning



Source: Brandon Hall Group's Extended Enterprise Learning Survey (n=174)

As is the case with all other learning endeavors, robust reporting and analytics tools are critical for success. Companies want to be able to track the training they are delivering and analyze its use and results. This goes hand in hand with the ability to test and assess learners' comprehension.

What might be surprising is the importance of mobile capabilities. Organizations are realizing that the best way to reach a dispersed audience is via the mobile devices they are carrying with them. Giving employees, sales people, or field technicians the information they need – when and where they need it – has proven to be highly effective.

Conclusion

Training outside traditional boundaries is new territory for many organizations. It can be difficult enough to develop learning programs to meet the needs of the relatively captive audience of your workforce. To start thinking about audiences outside the confines of the organization may seem like an insurmountable challenge. However, it can be far easier to measure the ROI of these types of programs as they directly affect items that are on top of mind for leadership – revenue, customer satisfaction, brand loyalty, etc.

In most cases, the training has already been developed and the content already exists. The next step is to expand the way you think about your learning ecosystem and see if there is a need to expand its reach. One of the biggest challenges is finding the right technology partner.

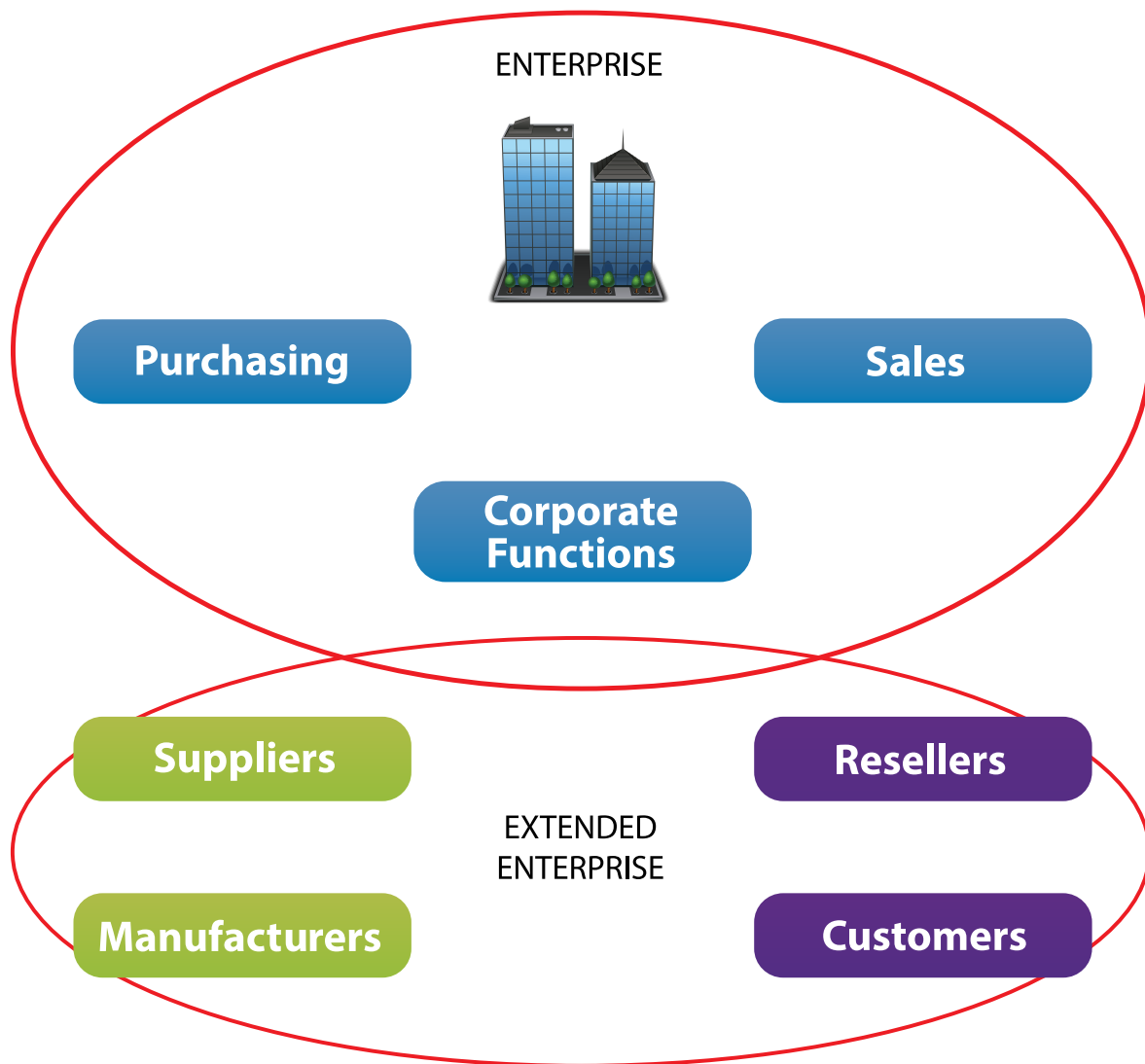
Extended Enterprise Learning: Making Learning Impact the Bottom Line

According to the survey, 70% of companies say that technology is one of the main influencers of satisfaction with their extended enterprise endeavors. Once the strategy is in place, it takes the right tool to execute effectively. Here are the key takeaways from our research:

Understand Your Audience

Who is it that needs the training? Is it dispersed employees? Franchisees? Distributors? It can be any one of these or any combination. Recognize who you are trying to reach and build your strategy from there. It is not a case of simply flipping a switch. There needs to be a vision for reaching out to external audiences.

Figure 5: The Extended Enterprise



Source: Brandon Hall Group, 2015

Extended Enterprise Learning: Making Learning Impact the Bottom Line

Many organizations, due to the regulatory environment of their industry, internal compliance needs, or a number of other factors, believe they must have a behind-the-firewall solution. However, advances in Cloud deployment (including private clouds) are opening the SaaS market up to security minded organizations.

Recognize Revenue

As with the overall strategy, a company can't simply turn on the e-commerce function and watch the dollars roll in. There needs to be a revenue strategy that aligns with the overall strategy. Who gets charged? How are they charged? Is the value of the training included in the cost of buying the product? These are questions that must be answered to shape the strategy and maximize the potential revenue learning can generate.

Pick the Right Partner

Not every platform is the same. While some providers say they can execute extended enterprise, many are missing key elements that make a robust solution. In particular, look for:

- Reporting and analytics
- Testing/assessment
- Mobile capabilities
- e-Commerce functionality
- Cloud-based deployment
- Offline player for accessing courses
- Ability to set up multiple portals/domains for different learners

A poor choice when you start can quickly offset any benefits you hope to gain by turning your learning outward.

Extended Enterprise Learning:

Making Learning Impact the Bottom Line

About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.

The Value of Membership

The Brandon Hall Group Membership Program encompasses comprehensive research resources and an array of advisory services. Our Membership Program provides:

- **Cutting-Edge Information** – Our rigorous approach for conducting research is constantly evolving and up-to-date, providing your organization with current and future trends, as well as practical insights.
- **Actionable Research** – Your membership includes advisory services and tools that are research-driven and provide you a breakthrough approach to addressing immediate challenges and opportunities inside your organization.
- **Customizable Support** – Whether you are an executive or entry-level practitioner, our research and analyst insights can be leveraged at an individual level and across the entire organization. We realize that every organization has unique needs, so we provide multiple analyst and research access points.
- **Community of Peers** – We realize the value of connecting with your peers and being part of a community that is focused on continuous improvement. Your membership provides you with personal connections to fellow professionals.
- **Unlimited Access** – Every member of your team has the ability to utilize research, best practices, and advisory services when they need it most.

To learn more about Brandon Hall Group, please call us at (561) 865-5017 or email us at success@brandonhall.com.