

The Emergence of Learning Commerce

Many companies are using Internet technology to create opportunities for expanding organizational learning and training programs to their extended enterprises — taking it beyond employees to business partners, suppliers and customers. Not only do these technological advances save money, but leveraging their learning capabilities to a wider audience is also proving to be a revenue producer.

These external training initiatives may require the delivery of training, certification programs and knowledge assets to your organization's extended enterprise of customers, partners, suppliers, channel and distributor networks, franchises and franchisees, association members, independent agents, contractors and volunteers.

Business development leaders are using the tools perfected by learning leaders to extend training to customers, partners and resellers. Turning learning solutions into business solutions for external customers — creating learning commerce — can be a key driver of continued growth in the training department. Companies are commercializing their learning programs, taking in-house training, certification programs and knowledge sharing to broader target audiences. Programs that were once held on-site, taken on the road or didn't even exist now can be delivered online, making them easy to administer and sell to the extended enterprise.

It's a model being used to great success by well-known companies such as Dell, Palm, Google, Polycom and Sales Performance International — famous for its Solution Selling® brand. These sales-driven companies (and maybe even your competitors) are using learning technology for profit, not just performance. And it's paying off.

Leveraging Learning Commerce Pays

Delivering training to an audience beyond traditional employees is one of the fastest-growing segments of the learning industry, increasing at an annual pace better than 25 percent.

This trend is in part fueled by the rise of e-learning. According to Bersin & Associates, a research and consulting service provider in enterprise learning

technology and implementation, the use of self-study e-learning accounts for 20 percent of students' total study hours.¹ According to *Chief Learning Officer* magazine's 2008 Business Intelligence Industry Report, 69 percent of organizations expected to increase or substantially increase their use of asynchronous e-learning in 2008.

Training Magazine's "2007 Industry Report" found that U.S. organizations earmarked \$13.3 billion out of their \$58.5 billion overall training budget for external learning products and services, an increase of 3.1 percent from 2006.²

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At the same time, companies are dealing with mounting budget restraints. While there was a 6 percent increase in overall training budgets in the U.S. from 2006 to 2007, that increase was smaller than it had been the previous year. In fact, only 54 percent of all training organizations reported increases in their training budgets in 2007, versus 63 percent in 2006.

With training departments being asked to deliver more classes and learning opportunities at a time when their budgets may be stagnant or only slightly increasing, expanding a company's training capabilities and creating a new revenue stream can be a smart business strategy. Turning learning solutions focused on employee performance into business solutions focused on customer or partner performance — creating extended enterprise training — can induce growth in the training department.

Getting Started with Extended Enterprise Training

- **Create a core distance learning project team.** This team should include representatives from each of the stakeholder groups.
- **Involve customers from the beginning.** Customers can give direction on everything from course length and content to scheduling and pricing. By involving them, the design team tends to make fewer mistakes and waste fewer development resources.
- **Set performance and learning goals and measurement strategies.** Goals for a certification program will be different from one that trains your customers' sales staffs on key selling points. Measurement strategies will be determined by the goals and can be based on the number of people who complete the training, increased sales statistics or the reduction of calls to the service department. Knowing how to measure success impacts the design of the product.
- **Present the information in a straightforward manner, use a good storyline and visuals, and make the learning interactive.** The easier it is for people to understand the material, the easier it is to retain it.
- **Start with a representative beta test prior to releasing it commercially.** This gives companies a chance to test it out with potential audiences to see how well the software and instruction works.

Benefits of Learning Commerce

There are several benefits to implementing a learning commerce solution in corporate learning departments. As companies look to market and monetize their learning solutions, customer training programs represent one of the more significant opportunities.

The Bersin & Associates study notes there are four major business drivers that justify external customer training programs. They allow companies to:

- **Drive customer success:** Customer training enables buyers to effectively utilize the products and services that a company sells.
- **Increase sales:** Customer training enables buyers to more fully understand how to use, apply and customize the product(s) or service(s) they have purchased.
- **Make money:** Customer training is a high-margin business.
- **Gain product feedback:** Customer training organizations often are the most knowledgeable sources of product feedback.³

Each course must be considered a revenue-generating product that has a target customer, development and delivery cost, price and computed profit margin and a revenue target with marketing and sales strategies.

But the advantages extend beyond these four financial drivers. Providing easily accessible and professional customer training allows companies to:

- Increase brand awareness and help build loyalty to the organization. Clients appreciate having comprehensive, professional and reliable training and support immediately available for their ever-changing workforces.
- Provide certification programs to partners or resellers.
- Improve the quality and convenience of the training they provided. Organizations have more quality control over the classes and the certification process to make certain people are receiving consistent superior training.
- Reduce training and delivery costs. Caterpillar University used a mathematical model to calculate the key cost differences between instructor-led versus e-learning training and found that, even for a one-hour class, e-learning was more than 40 percent less expensive than instructor-led training.⁴
- Reach a greater audience. Instead of just training in-house and vendor staff, companies are able to reach out to even wider circles of learners, such as resellers. In addition, these new audience

members can be added without incurring significant additional costs.

- Improve the adoption rates of new product features and upgrades. Getting customer staff up to speed on new products or updated components of current products makes the transition easier. If they are resellers, it is essential they are properly trained and are comfortable extolling the virtues of your products.

Training Focus ... Redefined

To make the most of customer training as a commerce opportunity, it should be viewed as a product, the same as any other product your organization sells. To be effective, says the Bersin & Associates report, each course must be considered a revenue-generating product that has a target customer, development and delivery cost, price and computed profit margin and a revenue target with marketing and sales strategies.

Not Your Usual Employee Training

Organizations should not expect to use the entire employee training process as the main model for developing customer training. The two models serve different audiences and have unique goals. Employee training falls under the auspices of the learning department and is directed at employees with known skill sets, while customer training is part of the company's overall sales area and is targeted to a wider audience with an unknown knowledge base.

While employee training often is voluntary and expectations may be either high or low, customer training involves an audience that is usually highly motivated and quite demanding. After all, they are paying for it, whereas employees are not. And if customers are not happy, they may demand a refund.⁵

The technology requirements may also be different: Internet for customer training vs. intranet for in-house employee training. Customer training delivery also demands the ability to provide a number of complex transactions: training credits, bundled products, library cards, time expirations and renewals, e-commerce with refunds and transcript delivery and exchange.⁶

New Opportunities for Success

As companies find their customer base expanding across the globe, they will have to rely heavily on online methods to provide education and training. The advent of on-demand learning platforms now makes it easier and more effective than ever to develop and deliver training to audiences outside the organization to stimulate customer success and increase sales.

The good news for business is that e-learning not only opens a host of innovative ways for organizations to reach their audiences more effectively, but it creates new business opportunities by turning learning programs into profitable products that enhance the bottom line. •

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