ONLINE TRAINING ROI:
Five Features That Positively Impact Your Bottom Line
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“What’s worse than training your workers and losing them? Not training them and keeping them.” Zig Ziglar, author and corporate-success speaker, knows it, research proves it and companies are beginning to capitalize on it: there is a link between the effectiveness of training programs and profitability. Business success, especially in the service industry, depends on high-quality employee performance, which in turn, requires high-quality training. To remain competitive in today’s economy and labor-tight market, companies are taking advantage of online technologies to help train employees faster and more effectively. A Web-based learning management system maximizes training ROI by saving time, increasing engagement and optimizing efficiency through five key features:

1. Anywhere anytime access
2. Social collaboration
3. Customizable content
4. Personalized training
5. Legal and industry compliance.

An online training program can help sustain a competitive business advantage and meet the needs of an increasingly mobile workforce to immediately deliver significant returns to the bottom line. Before examining these five key features, it’s important to first understand the basics of eLearning, the driving factors behind the online movement, and the opposition this new training technology faces.

THE ONLINE MOVEMENT
Online learning is a subset of eLearning that delivers training content via the Internet, intranets and extranets. ELearning describes the whole category of technology-based learning, which includes online delivery, as well as satellite, audio/video tapes, interactive TV and CD-ROMs. As the world moves online, and more operations and core HR functions move into “the cloud,” Web-based learning is a practical evolution for business.

WHAT IS CAUSING THE SHIFT?
The percentage of learning hours delivered through technology jumped from only 13 percent in 2000 to 31.4 percent in 2008, and again to 36.5 percent in 2009, according to a study from the American Society for Training and Development.1 The Great Recession, rapid Internet adoption and the introduction of Gen Y into the workforce have all played a part in rising eLearning investments.

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The Great Recession

Over the past few years, a tough economy and shrinking budgets have forced companies to optimize resources and processes. Pat Galagan, executive editor for ASTD, said, "It's becoming more apparent—and the recession showed this—that companies believe learning is a competitive advantage. Companies took steps to become more efficient in how they delivered learning." 2

Dave Palumbo, head of the learning practice for Sapient Corp., echoed Galagan:

In the past, people used a lot of crazy metrics and spent hundreds of thousands of dollars to build eLearning systems with a lot of gratuitous functionality. Those kinds of approaches have been scaled back.... What remains are crisp, clear solutions that solve well-understood problems. 3

Deloitte actually increased its training spending in 2009. "We didn't back away from investments in learning just because the economy was down.... You can't deliver world-class service if you cut training," said Bill Pelster, a managing principal for talent development at Deloitte. 4

Rapid Internet Adoption

The Online Computer Library Center reports that 2.8 percent of the world's population is currently online at any given time. Pew Research found in 2009, 93 percent of 12-29 year olds go online at least occasionally. 5 Easy accessibility and a growing mobile trend set the stage for businesses to take advantage of this powerful medium to reach employees. U.S. Bancorp Piper Jaffray recognized the potential of the Internet for education nearly a decade ago: "The rapid growth and ubiquity of the Web have morphed it into a powerful learning platform." 6

Introduction of Gen Y

Gen Y, the generation born between 1980 and 2000, is entering the workforce with a bang. With more than 40 million workers, Gen Y'ers, or Millennials, are changing the shape of the business world, and employers must begin to adapt to their tech-savvy, on-the-go lifestyles to retain them. Gen Y typically values career progression, accelerated learning, a relaxed, results-oriented work culture, and technology and social tools that keep them connected, efficient and ahead of the curve.

“They're way ahead of anything we've thought of,” Joe McInerney, president and chief executive officer of the
American Hotel and Lodging Association, said of Millennials. “They are the future of what we’re doing, so they’ve got to be embraced. We want to keep them in the industry.”

THE OPPOSITION TO ONLINE
While most companies are welcoming Web-based technologies, there are two major concerns that keep training offline: implementation costs and lack of “face time.”

Implementation Costs
Many employers equate the cost of eLearning implementation and online learning implementation. E-Learning can come with a steep price tag if the high-performance information system, such as expensive server equipment or a robust IT staff, is not currently in place. Because online programs are delivered via the Web, only an Internet connection and a Web-enabled device are required, significantly reducing installation- and upkeep-related costs.

Lack of “Face Time”
The lack of human interaction is the most cited reservation to Internet-based training. Research has found, however, that online learning techniques can be more stimulating and encourage more critical reasoning than a traditional, instructor-led class, because it allows for the kind of peer interaction that takes place most fully in small group settings.

Online training can stand alone as an efficient solution, but Web-based programs deliver optimum returns when used in conjunction with other techniques to create a blended learning program. In fact, one study found that online students had more peer contact with others in the class, enjoyed it more, understood the material better and performed, on average, 20 percent better than those taught in the traditional classroom. Training Magazine reported that 36 percent of online training is delivered through platforms upon which the student interacts with his or her instructor and fellow students.

Research proves that Web-based learning programs can deliver up-to-date, cost-effective training solutions that yield motivated, skilled and loyal workers.

FIVE WAYS TO MAXIMIZE TRAINING ROI
Given this basic overview of Internet-based learning and the driving forces behind the movement to online systems, it’s easier to understand the value of the key features that maximize Web-based training ROI. Explore these five features below that can decrease training time, increase retention and improve customer service—lending to compounding ROI for the bottom line.

CONSIDER THIS
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ANYTIME, ANYWHERE ACCESS

Technologies that can engage a diverse team and are flexible enough to meet the needs of a mobile workforce are critical to retaining top talent. An online platform allows employees to access training content anytime, from any Web-enabled device. Administrators can easily run reports, track progress and update content quickly and on-the-go with online solutions.

Internet-based delivery also allows employees to train independently, boosting program adoption and reducing training time. A Corporate University Xchange study of more than 4,000 eLearners found 66 percent of respondents who took online courses on the job would have rather taken those courses at home.¹²

Gen Y values are driving this shift in the workplace. Alan Keith, vice president of 20/20 Assessment, noted that learning to capitalize on Millennials’ strengths, such as their use of technology, must happen. “With cell phones, iPods and laptops, their notion of workspace absolutely has expanded….Their workspace is a portable workspace.”¹³

Because employees can train on their own time, at their own pace, Web-based training has been proven to decrease total training times, providing perhaps the most visible impact for ROI.¹⁴ An in-depth Brandon Hall Group review found that computer-based programs reduced training times by 20-80 percent, with 40-60 percent being the most common timesaving range.¹⁵

Time reduction, however, doesn’t come at the cost of effectiveness. Studies show that eLearning techniques provide equal or better gains in retention and on-the-job application.¹⁶ Case studies comparing technology training versus classroom instruction found “‘Learning gains’ were up to 56 percent greater, ‘consistency of learning’ was 50-60 percent better, and ‘content retention’ was 25-50 percent higher.”¹⁷ Additionally, Harvard Business School research determined that incorporating online components into an existing training program enabled managers to learn five times as much material at one-third the cost of a classroom-only approach.¹⁸

Research examining 16 major brands, including Pizza Hut, American Airlines and Bell South, found that online training techniques resulted in “significant improvements in learners’ motivation, ability to retain what they learn and actual performance on the job.”¹⁹ Decreased training time also reduces or eliminates costs associated with instructor-led training, such as travel and entertainment.

expenses that account for approximately two-thirds of training budgets. By moving training online, employers can save expenses related to paper-based processes and material production. These savings can be significant, as 85 percent of business documents are in paper form, and the amount of paper in the average business grows annually by 22 percent.

Federal Express and Holiday Inn case studies cite reduction in training time by nearly 60 percent for both companies with online learning. United Airlines also attributed reducing training times by 60 percent and saving an estimated $9 million in travel, hotel and other expenses to Web-based training. When switching from a paper-based to electronic format, Apple Computer reduced costs from $60,000 to just $10,000 in one of its key courses.

**SOCIAL COLLABORATION**

The Internet provides an accessible, affordable platform that employers can leverage not only to push out training content, but also to pull in valuable information, tips and best practices through social workplace collaboration. Interactive learning techniques, such as social media, apps and online message boards, help improve employee engagement, which drives better customer service and increased revenue.

A Towers Watson & Co. study found that 60 percent of companies use social networking technologies to promote collaboration and idea sharing; and the trend is on the rise. Eighty percent of organizations plan to increase their use of social media for learning over the next three years, according to an ASTD study of more than 3,800 businesses.

The rising popularity of consumer-oriented portals such as Facebook and YouTube are helping facilitate corporate acceptance of social tools applied to training. Seventy-five percent of Millennials and 30 percent of Baby Boomers have created a social networking profile online. Delivering content via media that employees interact with daily help ensure high adoption and engagement.

“Learning [is] no longer about courses and programs. Learning needs to be continuous, and it needs to be everywhere,” stated Karen O’Leonard, principal analyst at Bersin & Associates.

Michigan-based Amway Corp. embraced a more employee-driven training program when the economy forced the 17,000-employee
company to bolster workforce skills under tight budgets. Adopting a peer-to-peer approach, Amway set up internal online networks, expert directories and encouraged employee collaboration.

“Twice as much learning activity occurs between peers than through traditional methods. For us to be a really nimble organization, learning needs to be driven by the learners themselves,” said Jon Brickener, performance consultant for Amway.27

The Cheesecake Factory Inc., a 160-unit full-service restaurant company, takes a viral approach to deliver employee learning. Interactive content, including a corporate version of YouTube and an app that teaches how to build the perfect hamburger, illustrates the company’s new direction for employee learning; “textbooks and classrooms are coming off the menu.”28

Towers Watson senior consultant, Adam Wootton, predicts that gaming technologies represent the next frontier in social learning. “They’re engaging and people like them,” he said.29 Plans like the Cheesecake Factory’s “perfect hamburger” app drive training toward Wootton’s prediction.

Studies show that increased employee engagement delivers significant, compounding ROI, especially for service-based businesses. According to industry research, highly engaged employees outperform coworkers by 20-28 percent and increase per-person check averages by 15 percent.30, 31

CUSTOMIZED CONTENT

Internet-based learning platforms allow businesses to easily upload custom content that teaches employees the specifics of the company and its brand.

According to CHART’s 2009 ‘State of the Industry’ survey, 91 percent of organizations create content internally “always” or “most of the time.”32 A Web-based platform provides the vehicle for companies to distribute this specialized content quickly, easily and universally to develop a synchronized, well-trained, knowledgeable staff.

Highly valuable, “from-the-front-lines” content can be created by employees, especially when integrated with social collaboration efforts. The Cheesecake Factory is adopting employee-driven content with its Video Café concept. This online video portal lets employees create, upload and share video clips on job-related topics, including customer greeting and food preparation.

In addition to driving employee engagement and delivering valuable

30 Conference Board.
information, employee-generated content also reduces costs associated with developing online training materials—which can cost up to seven times as much as traditional methods and average a development time of 220 hours for one hour of standard eLearning.33, 34

“[Video Café] is helping us reduce the cost of content development and to increase the relevance and authenticity of the learning,” said Jeff Stepler, vice president of organizational engagement for the Cheesecake Factory.35

And when it comes to training, more is more. With a complex menu of over 200 items and a server team that comprises 40 percent of its total workforce, The Cheesecake Factory takes training seriously, and that requires highly specialized content. The company’s annual training program—which averages $2,000 per hour worker—includes a rigorous certification process, follow-up courses and biannual training.36

“Servers are on the front line. They are our public face,” said Chuck Wensing, vice president of performance and development at The Cheesecake Factory.37

The learning investment has paid off. The restaurant company is one of the most successful in the industry, posting retention rates about 15 percent better than national averages and doubling industry averages with $1,000 in sales generated per square foot.38

The amount of time employees spend learning from this custom content also contributes to ROI. Workforce Management reported that employees who received less than five days of training generated median revenue of $137,931, while employees with more than five days of training brought in nearly 80 percent more revenue ($210,380).39

PERSONALIZED TRAINING

Internet-based training, when integrated within a larger talent management system, allows employers to personalize the learning experience. Administrators can target training toward specific employee deficiencies, job roles or business needs. Learning can be configured based on employee data from pre-hire assessment results, job application answers, past training evaluations and key operational metrics. The result is an individualized, efficient training program that engages employees in by providing clear career development opportunities. Career progression, according to a

survey of more than 6,400 employees, is the top factor in retention—even ranking ahead of salary.40

Web-based training is ideal for career development efforts, because it

- Focuses learning on individual weaknesses or desired competencies;
- Optimizes training time, so employees don’t relearn mastered skills;
- Trains at the pace of the individual; and
- Evaluates results, tracks comprehension and records progress and achievements.

Studies show, however, organizations are not investing in continued learning and development programs, despite the potential benefits. CHART found that after an employee’s first 90 days, more than two-thirds of respondents spent less than $1,000 on career development programs.41 Furthermore, of the 35 percent of training budget allocated for line-level employees, only one percent of actual training content went toward leadership and executive development.42

With a competitive labor market and voluntary employee turnover on the rise in a recovering economy, companies must engage their talent to retain them. A Louis Harris and Associates poll reported that among employees with poor training opportunities, 41 percent planned to leave within a year, whereas only 12 percent of those who considered their employers’ training programs “excellent” planned to leave.43

LEGAL AND INDUSTRY COMPLIANCE

Providers of Software-as-a-Service technology—the “cloud” platform on which most online training systems are built—manage real-time, automatic system updates, including industry-standard regulations, recent legislation and updated forms, to keep businesses compliant. Web-based training also controls the human variable in training programs, and, therefore, is able to provide consistent, standardized content delivery, further improving legal compliance.

In his ASTD-featured article “Technology Training,” Rex Allen stated, “Good technology training is impartial to class, race or prior education. It is fair and consistent and...can help organizations capitalize on increasing diversity to make themselves more competitive.”44 Training Magazine reported that technology-based training “has proven to have a 50-60 percent better consistency of learning than traditional classroom learning.”45

Federal Express reported a 30 percent reduction in tracking errors after transitioning to an automated learning program. Tracking errors and incorrect paperwork aren’t uncommon. Thirty-five percent of companies incorrectly complete the I-9 form, and the Environmental Paper Network reports that one-third of all paper forms are outdated before they are even used. SaaS-based platform providers eliminate these compliance issues by employing teams to continually and automatically update systems with the most recent forms and regulations.

Noncompliance can cost companies thousands in legal fees, lost opportunities due to closed or slowed operations, and brand damage. The average I-9 audit results in an $112,000 company fine, but can easily surpass that figure if current forms and standard processes aren’t in-use. Online training can teach administrators complex compliance information in comprehensible formats while also keeping employees abreast of changing legal and industry standards, forms and processes.

CONCLUSION

As the world moves more and more personal and business operations online, organizations are realizing the tremendous ROI potential of moving to Web-based employee training programs. An Internet-based solution provides an easily accessible, adaptable and social learning platform that can deliver immediate returns when developed and used efficiently. When training solutions are integrated within a full talent management suite, ROI extends throughout the entire employee life cycle and business organization. Tom Stewart of Intellectual Capital summed up the core value of investing in employee training well: “Knowledge is more valuable and more powerful than natural resources, big factories or fat bankrolls.” As our economy becomes increasingly service- and knowledge-based, businesses must invest in developing, engaging and retaining top talent to remain competitive.
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