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## A PRACTICAL GUIDE TO COMMERCIALISING THE L&D DEPARTMENT

The transition from a cost centre to a profit centre needs to be a deliberate, strategic process.

This paper acts as a guide when building a business case for commercialising L&D and selling or providing training outside of the employee base of an organisation.

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## Abstract

The transition from a cost centre to a profit centre needs to be a deliberate, strategic process.

Within the world of HR and L&D, becoming a profit centre can take the form of a number of initiatives. Calculating the return on investment (ROI) of learning and how it has specifically impacted the profits of an organisation is one avenue that is integral to building L&D as a profit contributing department, the key factors of which were covered in our white paper [Establishing ROI for your Learning Management System](#). Another initiative is to commercialise learning and distribute it to the Extended Enterprise.

This paper acts as a guide when building a business case for commercialising L&D and selling or providing training outside of the employee base. It will provoke ideas around why and how to start the process, what challenges may be faced, what technology and support will be required, and how to analyse the success of the project.

## What is Extended Enterprise Learning?

The term “Extended Enterprise” traditionally refers to a wider organisation, representing all associated entities customers, employees, suppliers, distributors, etc. who directly or indirectly, formally or informally, collaborate in the design, development, production, and delivery of a product [or service] to the end user.<sup>1</sup>

For any organisation where the skills of non-employees are integral to the success of the organisation, the enhancement of the geography or sector that the organisation resides, or the safety of customers using the organisations products or services, commercialising learning outside of the enterprise can reap huge benefits.

Extended Enterprise learning isn't just a private sector initiative. Within the healthcare arena in the UK forward thinking NHS Trusts and organisations are already making themselves a profit centre, encouraged by the Government's initiatives for geographically agnostic tenders enabling organisations to make a profit from the non-clinical specialisms they may offer. Organisations as small as Hospices to as large as Southern Health NHS Foundation Trust are reaping the rewards from external enterprise programmes.

Delivering training to your EE can be useful for many reasons. It may be that you are delivering a non-commercial Channel Learning Programme, training distributors in the benefits of your product. It may be that you employ agency staff and want to ensure they replicate the skills and knowledge of your own workforce. Or it may be that you allow suppliers to take advantage of your expertise by purchasing training delivered by you.

Whatever the driving factor there are a number of things to consider.

## Why would I want to train Extended Enterprise?

**Maintain Brand:** There are many reasons why as a business you would want to train groups of individuals not in your employment. If you have contractors or 3<sup>rd</sup> parties representing your organisation, or selling/distributing on your behalf, you will want to train them on your standards, policies, procedures and values in order to maintain brand.

**Increase Profits:** If you are a product lead organisation, using channel partners or distributors as a sales avenue you will want to ensure they are commercially astute and aware of the relevant features and benefits of your products thus enabling an increase in sales generation and revenue. External training in this example ensures that third party distributors are aware of the market presentation, strengths, abilities and how to overcome any objections.

**Manage Risk:** If you are in a regulated sector you'll want to ensure agency and contract staff are trained to the same standard as your employees in order to avoid unnecessary risks to the business or to those you are servicing. Scottish Power ensure their contract staff are appropriately trained by offering training and assessment to them via xAPI learning through their compliance LMS. Their skills set is checked by security staff before entering key sites to ensure its validity. [View the Scottish Power case study here](#)

**Increase Standards:** It may be that you are a membership organisation or Institute and you want to keep industry standards high, and so offer training to members as part of their CPD. Those in the public sector may train an extended enterprise as part of a knowledge share initiative. Portsmouth County Council provide support services to hundreds of schools in their county, doing so via branded portals that separate and segregate the offering so that it is personal to each school and user level.

## Challenges to overcome

### Motivation

Those in the public sector will know how challenging it can be to convince employees that time away from their job for mandatory training is necessary, especially those in the NHS where time away = less patient time. This motivational challenge can be further heightened when training those that aren't on your payroll. The communication, both in language and in distribution channels used to promote your training will need to be meet a different set of challenges, and will need consideration. Make sure you know your audience and use the appropriate tools to reach them.

### Content Angle

Build content just as you would that for that of your employees, ensuring that you analyse the needs of the learning, map out the objectives and the process of evaluation, the audience and their likely understanding of the subject and any prerequisites. Identify all of your audiences. If you have more than one, instead of addressing each holistically think of all your audiences together as many will have overlapping requirements and commonalities which can help build a content template or template learning plan which then be adapted for each audience.

### Distribution

Consider how you will provide access to the LMS for your learner groups. A standard feature of an LMS for it to sync with your HR system, so that user profiles can be built via HR data such as job role.

This means that learning can be pushed to the individual that specifically meets their job needs. With EE learners this sync is not likely to be the case (although some large partners may choose to have this feature). Therefore the role and requirements of the individual learner need to be controlled in another way. Consider how the LMS will provide this. The search feature within the LMS will be key. Using tags, groups, metadata and learning paths will all help your EE learners locate the content they require. LMS taking extra time when setting up your LMS by adding this data will ensure learning can be easily found will be time well spent. Prerequisites and assessments can also be used to help learners find the right level of content, make sure your LMS provides this function.

### Free or paid?

This can be a difficult choice to make. Audiences rarely see the value in anything given away for free. However, getting a commercial return for your training may also have its challenges – getting partners to part with hard earned cash won't be easy either. Many organisations providing extended training paths do so by charging those that take part but also enforce its completion i.e. only providing contracts to those that have undertaken the training. For the individual or organisation taking the learning the return needs to be worth the cost and often this incentive will be over and above the knowledge transfer. Many providers offer a certificate or badge that the learner can use to promote their own business or skills, it may be that by undertaking the learning the individual becomes part of a club or group that further enhances their business. It may be that the provider has taken the step to only use partners and contractors that have passed their training sessions and enforced the training in this manner.

If you are commercialising your EE learning you'll need to consider the right eCommerce mechanism for your audience and organisation. Start simply, offering a simple eCommerce structure and make sure your LMS has the capability to provide this. Consider what you may need in the future and make sure your technology choice has room to grow as your EE division grows. Decide on what features are essential and what can be delayed until later. Accounting integration, CRM integrations like Salesforce, Website integrations through API's are likely to all be features you require from the get-go. Consider offering discounts, voucher schemes, PO payments and if you are, or have intention of, delivering globally make sure your technology choice has the currency and taxation features to support this.

Somerset Partnership NHS Trust have been providing commercialised learning outside of their Enterprise for some time. As with many UK NHS trusts training is delivered to nearby providers such as Nursing Homes, GP practices and local authorities. They considered moving away from managing this through spreadsheets and invoicing in early 2017. The move to eCommerce was simple; Somerset had already taken the steps when selecting an LMS for internal staff of ensuring it would be able to manage EE learning and eCommerce once the time was right for them to move to this feature. Selecting a modular LMS, with the capability to grow with the organisation way key in their decision making.

### Route to Market

Consider how your target audience will find out about your initiative. Do you want your LMS link in with your website and help gain good SEO for the programme? Are there communication channels within the LMS, or with systems that integrate into the LMS that can manage communications? Linking the LMS to a CRM system will help manage sales, and look to see what CRM features are

within the LMS. Depending on your company size, programme size and regularity, and the nature of your audience you'll want to ensure you've through through the right tools for the job.

## What do I need to do this?

### Funding

It is likely that you will draw up a Business Case in order to secure budget for the project. Asking for budget is always tough, so ensuring you focus on the return on investment will be essential. It is highly likely that the project will be supporting a business driver and focusing on this objective that will help you secure funding. If this is a commercial driver, i.e. loss of sales due to ineffective partners or channel distributors, the project may be relatively easy to build a business case for and to analyse results later on.

As with all business cases you'll need to consider your audience, who are your stakeholders and how you need to influence and convince, in order to gain buy-in and ultimately give the green light on the project? Is there a Board member who can trail-blasé the project and act as an influencer?

### Technology

Getting the right system in place will be integral to success. As well as the points we've already covered you'll want to consider the right software to support the learning provision, whether that be face to face learning, eLearning or online webinars. Consider your audience and what is the best method of reaching them as well as distributing the subject matter, you need a system that supports the distribution and management of this. Remember, if you are adding a commercial element and selling this training you'll need a secure and robust mechanism within your distribution software to enable this.

As well as mapping out the features that you will need your LMS to provide, remember to ensure the software is robust and secure when making your selection. You will want to be confident that your learning is only accessible to the right people, rather than general public. You will want to guarantee to your learners that their data is secure and meets all current data security best practice and you'll need to know that your software provider takes this seriously. Look for providers that hold assurance certifications such as ISO 27001 and follow the most recent Data Protection legislation and integrate with secure ecommerce mechanisms. Don't be afraid to ask for details of the support SLA's and details of up-time history. You want to ensure that once you go live you have peace of mind that you are in secure hands.

## Analysing Success

If you are actively looking for your learning department to become a profit centre you'll need to pay close attention to how the delivery of your EE programmes affect your bottom line. If you are commercialising your learning you can use the cost of running the project as a KPI. Can the project be cost neutral or turn a profit? Can the project help increase overall profits of the business? Decide on how you will measure success and make sure your LMS provides you with the mechanism of easily accessing the required data.

If your business driver is to help drive sales, set a KPI of sales that you expect your EE team to meet once the learning has been delivered. Take a benchmark of current profits before External Enterprise

training is delivered and analyse the results. You may consider testing the theory with a pilot group first in order to fine tune the KPI. When you are happy with the results rollout the project to a larger user group. If your business driver was to reduce costs, such as a Recruitment agency offering learning to contractors with the intention of being offered reduced day rates in return, you will need to analyse both the cost savings as well as the possible reduction/increase of candidates following the initiative to gain an overall idea of the success of the project.

Your business driver may be one around safety and compliance. Success may therefore be determined by a reduction in accidents, near-misses or claims. Or it may be on skills and policy understanding. For organisations wanting to ensure the extended enterprise are representing their company and brand appropriately knowledge checks and assessments are usually the best mechanism. In these cases the organisation may be coming from a point of no understanding of the situation i.e. no idea how many of their contractors understand their policies, to a position of understanding i.e. the percentage of contractors who successfully know about and understand your policies. This data can then be used to build an improvement strategy.

## Conclusion

Starting an EE learning programme can seem like a huge task at first, but with the right preparation and by breaking down the into project milestones the process is achievable and with the right tools in place it can be hugely rewarding to all. Many of the most successful organisations have Extended Enterprise learning as a core function of their business, seeing its value positively impact the bottom line as well as their brand, reputation and overall success.

Delivering an Extended Enterprise programme can be beneficial to the user base as well as the organisation itself. It can provide the audience with new skills, work streams and potentially revenue.

For more information on an LMS to support your Extended Enterprise learning programme call Enterprise Study on 00 44 1242 254 254

## Enterprise Study

At Enterprise Study, we work hard to understand the specific challenges of each customer we work with. Our solutions help support training companies and L&D departments in managing all elements of the learning process. If you'd like to discuss your ROI challenges with us, arrange to have a free trial of the system, email [enquiries@enterprisestudy.com](mailto:enquiries@enterprisestudy.com) or call 01242 254 254.

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<sup>i</sup> BusinessDictionary.com