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M114

How to Make a Convincing Business Case for Learning

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# Learning Objectives

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- Customize and apply a robust business case model to your organization
- Overcome common objections
- Make your business case with confidence



# Discussion Question

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- What would your CEO want to know about learning to approve your budget?
- Agree on the top 3-5 items
- Share with the group



# Possible Answers

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- How were programs chosen (alignment)
- Impact of learning
- Benefits of learning
- Costs of learning
- Net benefit or ROI from learning
- Number of participants
- Past performance
- Number of staff



# Focus for Business Case

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- **Alignment** (How were programs chosen)
- **Impact of learning**
- **Benefits of learning**
- **Costs of learning**
- **Net benefit or ROI from learning**
- Number of participants
- Past performance
- Number of staff



# Building the Business Case for Learning

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- Start with strategic alignment
- Then determine the impact, gross benefits, costs, and net benefits
- Combine in a table

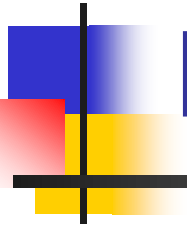


# Building the Business Case for Learning

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- Process works for
  - A single program
  - Or an entire budget
- Concepts first, then a seven-step process to build the case for an entire budget

# The Strategic Alignment Process







# What is Strategic Alignment?

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- The proactive process of ensuring that learning is carefully planned and directed to meet the highest priority goals of the organization
- Keys are
  - Proactive
  - Highest priority



# Focus: Strategic or Reactive

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- Best corporate universities have a strategic focus
  - Aligned to organization's strategy and goals
  - Majority of learning planned in advance as part of overall business plan preparation in consultation with senior leadership
  - Learning is prioritized as part of strategy reflecting the organization's overall priorities
  - Approved by CEO or governing body



# Focus: Strategic or Reactive

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- Contrast with a reactive focus
  - No business plan for learning
  - Priorities not determined in advance
  - The L&D function responds to each request for learning as it comes in
  - Problem: How do you know you are doing the right learning?
  - May not allocate resources to the most critical needs



# Some Definitions

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Impact, Gross Benefit

Total Cost

Net Benefit, ROI



# Impact of Learning on Organization's Goal

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- How much will learning contribute to
  - Increase in sales, customer satisfaction, etc.
  - Improved leadership, retention, engagement
  - Reduction in injuries, defects, waste, etc.
- Example
  - Goal is 10% increase in sales
  - Learning can deliver half of that or 50% of the 10% goal
  - So, learning's impact is 50% or a 5% increase in sales



# Gross Benefit of Learning

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- Translate impact into dollar terms where possible
- Example
  - If 10% increase in sales => \$3 million increase in net income, then gross benefit of learning is 50% x \$3 mil = \$1.5 mil
  - If the \$3 mil figure does not exist, then work with sponsor to derive a forecast of the \$1.5 million



# Gross Benefit of Learning

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- If not possible or practical to quantify, then state qualitatively
  - High, medium, low
  - Essential



# Total Cost

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- Budget costs
  - Design and development
  - Delivery
  - Reinforcement
  - All using fully burdened Labor & Related rates
- Opportunity cost
  - Using Labor & Related rates
- Total Cost = Budget Cost + Opportunity Cost





# Net Benefit and ROI

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- Net benefit is simply the gross benefit of learning less the total cost of the training
  - Net benefit = Gross benefit – Total cost
- Example
  - If gross benefit = \$1.5 million
  - And total cost = \$600,000
  - Then net benefit = \$900,000



# Net Benefit and ROI

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- Return on Investment (ROI)
  - $\text{ROI} = \text{Net benefit} / \text{Total cost}$
  - $\text{ROI} = \$900,000 / \$600,000 = 150\%$
- We can use both net benefit and ROI to make the business case as long as it makes sense to dollarize the goal and impact



# Forecasts and Estimates in the Real World

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- Forecasts and estimates are used extensively
- Your CEO understands and **expects** it
- Goal is to be close enough to make the right decision
- Consider your colleagues in Advertising, Sales, R&D



# The Seven-Step Process

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To Create the Business Case for  
your Budget



# Creating the Business Case for Learning

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- Iterative, evolutionary process
- Be proactive. Begin 2-4 months before your fiscal year commences.
- Start with strategic alignment
- End with approved business case
- Tailor it to your situation and culture
- Approach it from a business perspective



# Step 1: Get input from your CEO, Senior Executives and Governing Board

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- Step 1A: Meet with the CEO
  - Read Business and Strategic Plans first if available
  - What are the organization's objectives? Priorities?
  - Which will be most challenging?
  - Who is the sponsor for each?
  - Prioritize objectives (if not already done)



# Step 1: Get input from your CEO, Senior Executives and Governing Board

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- Step 1B: Meet with Sr Execs, Gov Board
  - What are priorities?
  - Which will be most challenging?
  - What has worked well? Not so well?

# 2011 Business Case for Learning

## Step 1: CEO, SR Executive, Governing Board Input

<u>Priority</u>	<u>Corporate Objective</u>	<u>Sponsor</u>																	
1	Increase sales by 10%	Ortega																	
2	Reduce defects by 20%	D'Agoto																	
3	Rduce injuries by 25%	Swilthe																	
4	Improve leadership score by 5 points	Wang																	
5	Increase retention by 5 points	Dreise																	
6	Increase innovation by 20%	Chan																	
7	Reduce cost of purchased materials by 5%	Murphy																	
8	Increase benchstrength for officers	Dreise																	
9	Open office in Beijing	Li																	
10	Reduce technical support claims by 30%	Salvatore																	
11	Reduce exposure to fraud and insider trading	Omwetti																	

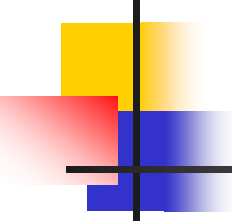




## Step 2: Meet with the sponsors

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- Start with sponsors of highest priority goals
- Learn more about their goals, challenges
- How quickly must they show results?
- What has worked well before? Not so well?
- How will achieving this goal contribute to net income or other organization goals?
  
- This is the beginning of your needs analysis



## Step 3: With your staff, make an initial determination if learning is required to achieve goal or can accelerate progress

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- If yes,
  - Who is the target audience?
  - What type of learning would be best? Duration?
  - How can you minimize opportunity costs?
  - What impact is expected ? High or low?
  - Complete preliminary prioritization
- If no, then meet with the sponsor and share your thinking

# 2011 Business Case for Learning

## Steps 2,3: Sponsor Input and Your Initial Recommendations

60% of Value

Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected % Impact on Corp Obj
1	Increase sales by 10% for Product A	Consultative selling skills (new)	Marketing employees	100	100	
		Ten NPI modules (10 new)	Marketing employees	100	1,000	
		Total key programs		100	1,100	Medium
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	200	800	High
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Manufact. associates	2,500	12,500	
		One Safety course (revised)	Factory supervisors	100	100	
		Two Safety courses (1 new)	Office employees	500	1,000	
		Total key programs		3,100	13,600	High
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New, other supervisor	100	100	
		Leadership for managers (new)	Division managers	65	65	
		Advanced leadership (existing)	Department heads	15	15	
		Total key programs		180	180	Medium
5	Increase retention by 5 points	Individual development plans	All employees	5,000	5,000	
		Performance mgt (new)	Mgt employees	2,500	2,500	
		Total key programs		5,000	7,500	Medium
<b>Total for Top Five Priorities</b>		<b>Learning for Top Five Objectives Courses: 20 New , 2 Revised</b>		<b>5,000</b>	<b>23,180</b>	
<b>Total for All Other Objectives</b>		<b>Learning for All Other Objectives Courses: 16 New , 2 Revised</b>		<b>1,950</b>	<b>4,725</b>	
<b>Grand Total for All Objectives</b>		<b>Total for All Aligned Learning Courses: 36 New , 4 Revised</b>		<b>5,000</b>	<b>27,905</b>	



## Step 4: Meet with sponsors of goals where learning has likely impact

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- Share recommendations for learning programs
- Discuss duration, budget & opportunity costs
- Discuss target audience: who, how many, where?



## Step 4: Meet with sponsors of goals where learning has likely impact (cont)

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- Will it be required or voluntary? Who enforces?
- What impact is expected?
- What is your role in success? Sponsor's role?



## Step 5: Meet with sponsor for third time if necessary to ensure agreement on

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- Target audience
- Timing of development and deployment
- Expected impact
- Roles and responsibilities
- Refine Business Case

# 2011 Business Case for Learning

## Steps 4,5: Refinement and Sponsor Agreement

80% of Value

Thousands of Dollars																
Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected % Impact on		Dollar Impact of Learning on Net Income	Budget			Opportunity Cost	Net Benefit	ROI		
						Corp Obj	Impact of Learning		Cost	Budget Impact	Benefit					
1	Increase sales by 10% for Product A	Consultative selling skills (new)	Marketing employees	100	100											
		Ten NPI modules (10 new)	Marketing employees	100	1,000											
		Total key programs		100	1,100	50%	5% higher sales	\$1,500	\$490	\$1,010	\$117	\$893	147%			
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	200	800	70%	14% reduct. in defects	\$2,100	\$570	\$1,530	\$512	\$1,018	94%			
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Manufact. associates	2,500	12,500											
		One Safety course (revised)	Factory supervisors	100	100											
		Two Safety courses (1 new)	Office employees	500	1,000											
		Total key programs		3,100	13,600	60%	15% reduct. in injuries	\$1,200	\$410	\$790	\$376	\$415	53%			
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New, other supervisor	100	100											
		Leadership for managers (new)	Division managers	65	65											
		Advanced leadership (existing)	Department heads	15	15											
		Total key programs		180	180	40%	2 point increase	\$1,200	\$582	\$618	\$302	\$316	36%			
5	Increase retention by 5 points	Individual development plans	All employees	5,000	5,000											
		Performance mgt (new)	Mgt employees	2,500	2,500											
		Total key programs		5,000	7,500	30%	1.5 point increase	\$1,800	\$340	\$1,460	\$1,150	\$310	21%			
<b>Total for Top Five Priorities</b>		<b>Learning for Top Five Objectives</b>		<b>5,000</b>	<b>23,180</b>		<b>Range = 30%-70%</b>	<b>\$7,800</b>	<b>\$2,392</b>	<b>\$5,408</b>	<b>\$2,457</b>	<b>\$2,952</b>	<b>61%</b>			
		Courses: 20 New , 2 Revised														
<b>Total for All Other Objectives</b>		<b>Learning for All Other Objectives</b>		<b>1,950</b>	<b>4,725</b>		<b>Range = 50%-70%</b>	<b>\$3,050</b>	<b>\$1,245</b>	<b>\$1,805</b>	<b>\$778</b>	<b>\$1,028</b>	<b>51%</b>			
		Courses: 16 New , 2 Revised														
<b>Grand Total for All Objectives</b>		<b>Total for All Aligned Learning</b>		<b>5,000</b>	<b>27,905</b>		<b>Range = 30%-70%</b>	<b>\$10,850</b>	<b>\$3,637</b>	<b>\$7,213</b>	<b>\$3,234</b>	<b>\$3,979</b>	<b>58%</b>			
		Courses: 36 New , 4 Revised														

# 2011 Business Case for Learning

## Supporting Detail and Calculations

Thousands of Dollars																	
						Budget Cost Calculator						Opportunity Cost Calculator					
Priority	Corporate Objective	Key Learning Programs	Target Audience	Planned Learning	Status	Development		Delivery		Program		Labor & Opportunity				Total Costs	
						Your staff	Vendors	Your staff	Vendors	Mgt	Total	Participants	Hours	Related	Cost		
1	Increase sales by 10% for Product A	Consultative selling skills (new)	Marketing employees	2 day ILT	New	\$30	\$75		\$40	\$120	\$265	100	16	\$45	\$72	\$337	
		Ten NPI modules (10 new)	Marketing employees	10x 1hr WBT	New	\$15	\$100			\$110	\$225	100	10	\$45	\$45	\$270	
		Total key programs					\$45	\$175	\$0	\$40	\$230	\$490				\$117	\$607
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	4x2 day ILT	New	\$60	\$150		\$240	\$120	\$570	200	64	\$40	\$512	\$1,082	
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Manufact. associates	5 x 1 hr WBT	New	\$30	\$35			\$150	\$215	2,500	5	\$25	\$313	\$528	
		One Safety course (revised)	Factory supervisors	1 day ILT	Revise	\$15	\$20		\$10	\$60	\$105	100	8	\$35	\$28	\$133	
		Two Safety courses (1 new)	Office employees	2 x 1hr WBT	New	\$10	\$20			\$60	\$90	500	2	\$35	\$35	\$125	
		Total key programs					\$55	\$75	\$0	\$10	\$270	\$410				\$376	\$786
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New, other supervisors	5 day ILT	Existing				\$150	\$120	\$270	100	40	\$50	\$200	\$470	
		Leadership for managers (new)	Division managers	2 day ILT	New	\$30	\$50		\$20	\$60	\$160	65	16	\$75	\$78	\$238	
		Advanced leadership (existing)	Department heads	2 day ILT	New	\$30	\$50		\$12	\$60	\$152	15	16	\$100	\$24	\$176	
		Total key programs					\$60	\$100	\$0	\$182	\$240	\$582				\$302	\$884
5	Increase retention by 5 points	Individual development plans	All employees			\$30				\$60	\$90	5,000	2	\$35	\$350	\$440	
		Performance mgt (new)	Mgt employees	1 day ILT and	New	\$30	\$0	\$100		\$120	\$250	2,500	8	\$40	\$800	\$1,050	
		Total key programs				\$60	\$0	\$100	\$0	\$180	\$340				\$1,150	\$1,490	
						=====	=====	=====	=====	=====	=====					=====	
						\$280	\$500	\$100	\$472	\$1,040	\$2,392					\$2,457	\$4,849



# 2011 Business Case for Learning

## Detail for Other Aligned Programs

Thousands of Dollars

Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique participants	Total participants	Expected % Impact on Corp Obj	Dollar Impact of Learning on		Opport-unity Net					
							Impact of Learning	Net Income	Budget Cost	Budget Impact	Cost	Benefits	ROI	
6	Increase INNOVATION BY 20%	None recommended												
7	Reduce purchase costs by 5%	Five purchasing courses(5 new)	purchasing ees	200	1,000	60%	3% reduction in costs	\$2,100	\$775	\$1,325	\$640	\$685	48.4%	
8	Increase internal benchstrength	None recommended												
9	Reduce tech support complaints by 30%	Product training ( 10 new) Customer relationship skills (revised)	Call center ees Call center ees	50 25	500 25									
		Total key programs		50	525	50%	15% reduction in complaints	\$250	\$240	\$10	\$18	-\$8	-3.1%	
10	Reduce exposure to fraud	One online fraud course (new) One online insider trading course (existing)	Select ees Mgt employees	1,700 1,500	1,700 1,500									
		Total key programs		1,700	3,200	70%	Significant reduction	\$700	\$230	\$470	\$120	\$351	100.3%	
11	Open office in Beijing	None recommended												
		Learning for Top Five Objectives	Total	1,950	4,725	NA	Range = 50%-70%	\$3,050	\$1,245	\$1,805	\$778	\$1,028	50.8%	

# 2011 Business Case for Learning

## Detail for Other Aligned Programs

Thousands of Dollars															
Budget Cost Calculator										Opportunity Cost Calculator					
Priority	Corporate Objective	Planned Learning	Status	Development		Delivery		Program		Total	Participants	Hours	Labor & Opportunity		Total Costs
				Your staff	Vendors	'our staff	Vendors	Mgt	Related Cost				Costs		
6	Increase INNOVATION BY 20%									\$0	0		\$45	\$0	\$0
										\$0	0		\$45	\$0	\$0
										\$0				\$0	\$0
7	Reduce purchase costs by 5%	5x 2 day ILT	New	\$25	\$250	\$20	\$300	\$180	\$775		200	80	\$40	\$640	\$1,415
8	Increase internal benchstrength														
9	Reduce tech support complaints by 30%	10 x 1 hr WBT	New	\$15	\$100			\$60	\$175		50	10	\$20	\$10	\$185
		2 day ILT	Revised	\$15	\$0		\$20	\$30	\$65		25	16	\$20	\$8	\$73
				-----	-----	-----	-----	-----	-----					-----	-----
				\$30	\$100	\$0	\$20	\$90	\$240					\$18	\$258
10	Reduce exposure to fraud	1 x1hr WBT	New	\$10	\$20			\$90	\$120		1700	1	\$35	\$60	\$180
		1 x1hr WBT	Existing	\$10	\$10			\$90	\$110		1500	1	\$40	\$60	\$170
				\$20	\$30		\$0	\$180	\$230					\$120	\$350
11	Open office in Beijing			=====	=====	=====	=====	=====	=====					=====	=====
				\$75	\$380	\$20	\$320	\$450	\$1,245					\$778	\$2,023



## Step 6: Forecast unaligned learning and admin costs not accounted for elsewhere

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- Unaligned learning might include
  - General Studies
  - New Hire
  - Tuition reimbursement
  - Technical and professional skills not aligned to specific objectives
- Other costs
  - Make sure total cost equals your budget



## Step 7: Get CEO and/or Governing Body approval

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- Share the process you went through
- Then share the Draft Business Case
- Incorporate their feedback and recommendations
  - Reconnect with sponsors if there were changes
- Get CEO's approval
- Business Case for learning is **DONE !!!**

# 2011 Business Case for Learning

Steps 6,7: Add Unaligned Learning and Other Costs. Get Final Approval

100% of Value

														Thousands of Dollars			
Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected % Impact on		Dollar Impact of Learning on		Opportunity		Net Benefit	ROI				
						Corp Obj	Impact of Learning	Net Income	Budget Cost	Budget Impact	Cost						
1	Increase sales by 10% for Product A	Consultative selling skills (new) Ten NPI modules (10 new)	Marketing employees Marketing employees	100 <u>100</u>	100 <u>1,000</u>												
		Total key programs		100	1,100	50%	5% higher sales	\$1,500	\$490	\$1,010	\$117	\$893	147%				
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	200	800	70%	14% reduct. in defects	\$2,100	\$570	\$1,530	\$512	\$1,018	94%				
3	Reduce Injuries by 25%	Five Safety courses (3 new) One Safety course (revised) Two Safety courses (1 new)	Manufact. associates Factory supervisors Office employees	2,500 100 <u>500</u>	12,500 100 <u>1,000</u>												
		Total key programs		3,100	13,600	60%	15% reduct. in injuries	\$1,200	\$410	\$790	\$376	\$415	53%				
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised) Leadership for managers (new) Advanced leadership (existing)	New, other supervisor Division managers Department heads	100 65 <u>15</u>	100 65 <u>15</u>												
		Total key programs		180	180	40%	2 point increase	\$1,200	\$582	\$618	\$302	\$316	36%				
5	Increase retention by 5 points	Individual development plans Performance mgt (new)	All employees Mgt employees	5,000 <u>2,500</u>	5,000 <u>2,500</u>												
		Total key programs		5,000	7,500	30%	1.5 point increase	\$1,800	\$340	\$1,460	\$1,150	\$310	21%				
<b>Total for Top Five Priorities</b>		<b>Learning for Top Five Objectives</b> Courses: 20 New , 2 Revised		<b>5,000</b>	<b>23,180</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$7,800</b>	<b>\$2,392</b>	<b>\$5,408</b>	<b>\$2,457</b>	<b>\$2,952</b>	<b>61%</b>				
<b>Total for All Other Objectives</b>		<b>Learning for All Other Objectives</b> Courses: 16 New , 2 Revised		<b>1,950</b>	<b>4,725</b>	<b>NA</b>	<b>Range = 50%-70%</b>	<b>\$3,050</b>	<b>\$1,245</b>	<b>\$1,805</b>	<b>\$778</b>	<b>\$1,028</b>	<b>51%</b>				
<b>Total for All Aligned Learning</b>		<b>Learning for All Objectives</b> Courses: 36 New , 4 Revised		<b>5,000</b>	<b>27,905</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$10,850</b>	<b>\$3,637</b>	<b>\$7,213</b>	<b>\$3,234</b>	<b>\$3,980</b>	<b>58%</b>				
<b>Unaligned Learning</b>		<b>Unaligned Learning</b> Courses: 2 New , 1 Revised		<b>4,000</b>	<b>4,000</b>	<b>?</b>	<b>Assume Net Ben = 0</b>	<b>\$700</b>	<b>\$300</b>	<b>\$400</b>	<b>\$400</b>	<b>\$0</b>	<b>0%</b>				
<b>Other Costs (not included elsewhere)</b>				<b>NA</b>	<b>NA</b>	<b>NA</b>		<b>NA</b>	<b>\$600</b>	<b>(\$600)</b>	<b>\$0</b>	<b>(\$600)</b>	<b>NA</b>				
<b>Grand Total</b>		<b>Grand Total for All Learning</b> Courses: 38 New , 5 Revised		<b>5,000</b>	<b>31,905</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$11,550</b>	<b>\$4,537</b>	<b>\$7,013</b>	<b>\$3,634</b>	<b>\$3,380</b>	<b>41%</b>				

# 2011 Summary Business Case

2011 Priority	Corporate Goal	Target	Expected Impact of Learning	Unique Partici pants	Total Partici pants	Gross Benefits	Budget Costs	Opportunity Costs	Total Net Benefits (thous.)
1	Increase Sales	10%	5%	100	1,100	\$1,500	\$490	\$117	\$893
2	Reduce Defects	20%	14%	200	800	\$2,100	\$570	\$512	\$1,018
3	Reduce Injuries	25%	15%	3,100	13,600	\$1,200	\$410	\$376	\$415
4	Improve Leadership	+5 pts	+2 pts	180	180	\$1,200	\$582	\$302	\$316
5	Increase Retention	+5 pts	+1.5 pts	<u>5,000</u>	<u>7,500</u>	<u>\$1,800</u>	<u>\$340</u>	<u>\$1,150</u>	<u>\$310</u>
<b>Subtotal Top Five Prioities</b>				<b>5,000</b>	<b>23,180</b>	<b>\$7,800</b>	<b>\$2,392</b>	<b>\$2,457</b>	<b>\$2,952</b>
Subtotal Other Goals				1,950	4,725	\$3,050	\$1,245	\$778	\$1,028
Total All Goals				5,000	27,905	\$10,850	\$3,637	\$3,234	\$3,980
Unaligned Learning				4,000	4,000	\$700	\$300	\$400	\$0
Other Costs (not incl elsewhere)						NA	\$600	\$0	(\$600)
<b>Grand Total for All Learning</b>				<b>5,000</b>	<b>31,905</b>	<b>\$11,550</b>	<b>\$4,537</b>	<b>\$3,634</b>	<b>\$3,380</b>



# May Not be Practical, Possible or Advisable to Achieve

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- For instance, a goal like leadership probably cannot be translated into an impact on net income and impact of learning may be difficult to quantify
- Then what?
  - If only one or two cannot be dollarized, keep the format and use NA for nonquantifiable benefits
  - If most cannot be dollarized, change the format.
    - Do not show columns for Gross Benefit, Net Benefit and ROI

## 2011 Business Case for Learning without Dollar Impact for Leadership (Alternative A)

Thousands of Dollars													
Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected % Impact on		Dollar Impact of Learning on Net Income	Budget Cost	Budget Impact	Opportunity Cost	Net Benefit	ROI
						Corp Obj	Impact of Learning						
1	Increase sales by 10% for Product A	Consultative selling skills (new)	Marketing employees	100	100								
		Ten NPI modules (10 new)	Marketing employees	<u>100</u>	<u>1,000</u>								
		Total key programs		100	1,100	50%	5% higher sales	\$1,500	\$490	\$1,010	\$117	\$893	147%
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	200	800	70%	14% reduct. in defects	\$2,100	\$570	\$1,530	\$512	\$1,018	94%
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Manufact. associates	2,500	12,500								
		One Safety course (revised)	Factory supervisors	100	100								
		Two Safety courses (1 new)	Office employees	<u>500</u>	<u>1,000</u>								
		Total key programs		3,100	13,600	60%	15% reduct. in injuries	\$1,200	\$410	\$790	\$376	\$415	53%
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New, other supervisor	100	100								
		Leadership for managers (new)	Division managers	65	65								
		Advanced leadership (existing)	Department heads	<u>15</u>	<u>15</u>								
		Total key programs		180	180	40%	2 point increase	NA	\$582	-\$582	\$302	-\$884	NA
5	Increase retention by 5 points	Individual development plans	All employees	5,000	5,000								
		Performance mgt (new)	Mgt employees	<u>2,500</u>	<u>2,500</u>								
		Total key programs		<u>5,000</u>	<u>7,500</u>	<u>30%</u>	1.5 point increase	<u>\$1,800</u>	<u>\$340</u>	<u>\$1,460</u>	<u>\$1,150</u>	<u>\$310</u>	<u>21%</u>
<b>Total for Top Five Priorities</b>		<b>Learning for Top Five Objectives</b> Courses: 20 New , 2 Revised		<b>8,580</b>	<b>23,180</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$6,600</b>	<b>\$2,392</b>	<b>\$4,208</b>	<b>\$2,457</b>	<b>\$1,752</b>	<b>36%</b>
<b>Total for All Other Objectives</b>		<b>Learning for All Other Objectives</b> Courses: 16 New , 2 Revised		<b>1,950</b>	<b>4,725</b>	<b>NA</b>	<b>Range = 50%-70%</b>	<b>\$3,050</b>	<b>\$1,245</b>	<b>\$1,805</b>	<b>\$778</b>	<b>\$1,028</b>	<b>51%</b>
<b>Grand Total for All Objectives</b>		<b>Total for All Aligned Learning</b> Courses: 36 New , 4 Revised		<b>5,000</b>	<b>27,905</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$9,650</b>	<b>\$3,637</b>	<b>\$6,013</b>	<b>\$3,234</b>	<b>\$2,779</b>	<b>40%</b>
* Note: Dollar Impact totals DO NOT INCLUDE impact of leadership goal Budget and Opportunity costs DO INCLUDE leadership programs													



## 2011 Business Case for Learning without Dollar Impact for Leadership (Alternative B)

Thousands of Dollars													
Priority	Corporate Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected %		Dollar Impact of Learning on Net Income	Budget Cost	Budget Impact	Opportunity Cost	Net Benefit	ROI
						Corp Obj	Impact of Learning						
1	Increase sales by 10% for Product A	Consultative selling skills (new)	Marketing employees	100	100								
		Ten NPI modules (10 new)	Marketing employees	100	1,000								
		Total key programs		100	1,100	50%	5% higher sales	\$1,500	\$490	\$1,010	\$117	\$893	147%
2	Reduce defects by 20%	Four Design courses (3 new)	New, other engineers	200	800	70%	14% reduct. in defects	\$2,100	\$570	\$1,530	\$512	\$1,018	94%
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Manufact. associates	2,500	12,500								
		One Safety course (revised)	Factory supervisors	100	100								
		Two Safety courses (1 new)	Office employees	500	1,000								
		Total key programs		3,100	13,600	60%	15% reduct. in injuries	\$1,200	\$410	\$790	\$376	\$415	53%
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New, other supervisor	100	100								
		Leadership for managers (new)	Division managers	65	65								
		Advanced leadership (existing)	Department heads	15	15								
		Total key programs		180	180	40%	2 point increase	NA	Not incl	NA	Not Incl	NA	NA
5	Increase retention by 5 points	Individual development plans	All employees	5,000	5,000								
		Performance mgt (new)	Mgt employees	2,500	2,500								
		Total key programs		5,000	7,500	30%	1.5 point increase	\$1,800	\$340	\$1,460	\$1,150	\$310	21%
				=====	=====	=====		=====	=====	=====	=====	=====	=====
<b>Total for Top Five Priorities *</b>		<b>Learning for Top Five Objectives</b>		<b>8,580</b>	<b>23,180</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$6,600</b>	<b>\$1,810</b>	<b>\$4,790</b>	<b>\$2,155</b>	<b>\$2,636</b>	<b>66%</b>
		Courses: 20 New , 2 Revised											
<b>Total for All Other Objectives</b>		<b>Learning for All Other Objectives</b>		<b>1,950</b>	<b>4,725</b>	<b>NA</b>	<b>Range = 50%-70%</b>	<b>\$3,050</b>	<b>\$1,245</b>	<b>\$1,805</b>	<b>\$778</b>	<b>\$1,028</b>	<b>51%</b>
		Courses: 16 New , 2 Revised											
				=====	=====	=====		=====	=====	=====	=====	=====	=====
<b>Grand Total for All Objectives *</b>		<b>Total for All Aligned Learning</b>		<b>10,530</b>	<b>27,905</b>	<b>NA</b>	<b>Range = 30%-70%</b>	<b>\$9,650</b>	<b>\$3,055</b>	<b>\$6,595</b>	<b>\$2,932</b>	<b>\$3,663</b>	<b>61%</b>
		Courses: 36 New , 4 Revised											
* Note: Dollar benefits and costs of leadership programs NOT INCLUDED													
<b>Addendum</b>		<b>Costs for Leadership Training</b>							<b>\$582</b>		<b>\$302</b>		
									=====		=====		
		<b>Total for All Aligned Learning</b>							<b>\$3,637</b>		<b>\$3,234</b>		

## 2011 Business Case for Learning without Any Dollar Impacts

Thousands of Dollars										
Priority	Organization Objective	Key Learning Programs	Target Audience	Unique Participants	Total Participants	Expected % Impact on		Budget Cost	Opportunity Cost	
						Corp Obj	Impact of Learning		Cost	Total Cost
1	Increase customer satisfaction score by 10%	Customer service skills (new)	Call center employees	20	20					
		New services information (revised)	Call center employees	20	20					
		Total key programs			40	40	50%	5% higher customer satisfaction	\$25	\$19
2	Reduce complaints by 20%	Billing course (new)	Accounting employees	10	10					
		Service Sched. & Mgt course (new)	Logistics employees	15	15					
		Total key programs			25	25	70%	14% reduction in complaints	\$35	\$14
3	Reduce Injuries by 25%	Five Safety courses (3 new)	Transportation employees	100	500					
		One Safety course (revised)	Division managers	15	15					
		Two Safety courses (1 new)	Office employees	250	500					
		Total key programs			365	1,015	60%	15% reduction in injuries	\$65	\$45
4	Improve leadership score by 5 points on employee survey	Intro to supervision (revised)	New supervisors	10	10					
		Leadership for managers (new)	Division managers	15	15					
		Advanced leadership (existing)	Department heads	5	5					
		Total key programs			30	30	40%	2 point increase	\$35	\$40
5	Increase retention by 10 points	Individual development plans	All employees	550	550					
		Performance mgt (new)	Mgt employees	285	285					
		Total key programs			835	835	30%	3 point increase	\$18	\$32
<b>Total for Top Five Priorities</b>				<b>Learning for Top Five Objectives</b>	<b>1,295</b>	<b>1,945</b>	<b>Range = 30%-70%</b>	<b>\$143</b>	<b>\$110</b>	<b>\$253</b>
				Courses: 9 New , 3 Revised						
<b>Total for All Other Objectives</b>				<b>Learning for All Other Objectives</b>	<b>650</b>	<b>650</b>	<b>Range = 20%-45%</b>	<b>\$40</b>	<b>\$48</b>	<b>\$88</b>
				Courses: 3 New , 4 Revised						
<b>Grand Total for All Objectives</b>				<b>Total for All Aligned Learning</b>	<b>1,500</b>	<b>2,595</b>	<b>Range = 20%-70%</b>	<b>\$183</b>	<b>\$158</b>	<b>\$341</b>
				Courses: 12 New , 7 Revised						



# Reflection on Last Example without Dollar Impacts

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- Even when gross and net benefit cannot be quantified
- This business case still brings together the essential elements:
  - Prioritized organizational objectives
  - Recommended learning plans
    - Target audience
    - Specific, measurable expected impact
    - Total cost
- Most learning professionals never get this far



# Summary of the Seven Steps

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1. Get input from CEO, Execs, Gov Board
2. Meet with Sponsors
3. Make initial determination on programs
4. Share with sponsors. Refine
5. Reach final agreement with sponsors
6. Forecast unaligned learning, other costs
7. Get final approval from CEO and Governing Board



# Discussion Question

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- Identify objections, problems or resistance you are likely to encounter
- Discuss how you might overcome it
  
- Share your unresolved objections with the group



# Conclusion: You Can Create a Business Case for Learning

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- Apply your business acumen to learning
- Start with strategic alignment
  - Include specific, measurable impact goals for the recommended programs
- Then build a business case
  - Include impacts and costs
  - Gross and net benefits if possible
- Focus on the organization's highest priorities



# Advice

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- Start with the basics
- Keep it simple
- Make it fit your culture, needs
- You can expand in following years
- Don't be afraid to estimate and forecast
- Be transparent, conservative but also
- Be **confident**



# Enjoy the Journey!

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  - Sample business plan [word,pdf] (my website)
  - Business case tables [excel] (my website)