

Learning enters the boardroom: making the connection between strategy and enterprise-wide learning

Paul Henry

The author

Paul Henry is Senior Vice President of Sales Development and Marketing, Smartforce, Redwood City, California, USA.

Keywords

Learning, Internet, Strategy, Top management

Abstract

Companies today are working on strategies to expand their businesses globally, establish strong brands, integrate after mergers/acquisitions, cut costs, streamline processes, launch products faster and improve the customer experience. However, learning has historically been relegated to point-driven activities undertaken by the HR or training departments. Successful execution of strategy requires a change in behaviors and operations. To that end, true business transformation means equipping employees with actionable knowledge and skills to achieve business results. Explores the e-learning programs of organizations that are making the connection between learning and strategy to achieve their business goals.

Electronic access

The research register for this journal is available at <http://www.emeraldinsight.com/researchregisters>

The current issue and full text archive of this journal is available at <http://www.emeraldinsight.com/0019-7858.htm>

For Dow Chemical, implementing its first customer relationship management (CRM) strategy turned out to be a costly exercise. When it began to enhance its customer experience with a CRM solution, it anticipated a positive return on its technology investment through high employee usage and increased customer loyalty. However, those goals never materialized.

After its high-profile merger, DaimlerChrysler learned that the deal was not over, once the ink dried. Often noted for its persistent integration problems, DaimlerChrysler is still in the midst of a challenging merger and has yet to integrate its operations into a unified whole.

What these two organizations share is an underestimation of the need to align company culture, knowledge and processes with business strategy. As reported in *Interactive Week* (Duvall, 2001), Dow Chemical's first CRM strategy fell short of its goals in part because it focused on the technology rather than on coordinating executive-level strategy with employees' day-to-day work habits. A sales rep who has spent the past five years entering data into excel spreadsheets will not easily switch to using a sophisticated CRM system, no matter how good the technology. Successful execution of strategy requires a change in behaviors and operations. To that end, business transformation means equipping employees with actionable knowledge and skills to achieve business results.

One way that companies ensure that their employees have the right tools to execute strategy is by using the Internet as a vehicle for imparting knowledge. Intranets or knowledge management solutions are sometimes used, but comprehensive e-learning solutions, in particular, have the power to align the efforts of entire workforces with high-level business strategies.

An effective e-learning solution combines technology, services and content based on various modes of learning – instruction, collaboration, practice and assessment. Suites of e-learning technology delivered on a customizable platform enable organizations to identify competencies, manage all learning events and track learner progress. The e-learning partner complements the solution with services that support customers in customizing and implementing the solution for alignment with business initiatives.



Though learning has historically been relegated to point-driven activities undertaken by the HR or training departments, many inspired companies have successfully used e-learning to get strategies off executives' whiteboards and into the heads, hearts and hands of employees.

Connecting e-learning to strategy

Companies continue to work on strategies to expand their businesses globally, establish strong brands, integrate after mergers/acquisitions and restructuring, cut costs, streamline processes, launch products faster and improve the customer experience. The advantage of e-learning is that it resolves many of the challenges inherent in these strategies.

World-wide expansion and global brand building present enormous challenges for companies because of the complexity of expanding businesses across international borders. Coupled with that is the need to adapt to global market forces, as well as to local market conditions. E-learning solutions help companies successfully extend the reach of their businesses internationally. Philips Business Communications (PBC), for instance, needed to provide its global workforce with knowledge consistently and effectively to enhance employee skills. Each PBC office in countries around the world had unique learning needs. To address this, the company determined its specific learning needs with regard to its business strategy and implemented a SmartForce learning solution customized to meet those needs. SmartForce, the world's largest e-learning company, has 17 years of experience in the learning business. On a fully hosted platform, SmartForce delivered to PBC a learning infrastructure complete with simulations, real-time access to mentors, online seminars, and customization tools. PBC used e-learning to convey consistent knowledge and methodologies to all areas of the organization.

For companies with globally dispersed employees, comprehensive e-learning solutions scale to world-wide audiences and feature localized content for the languages in which a company does business. Interactive simulations modeling real-world business situations are tailored to specific processes in various languages. With e-learning,

companies disseminate consistent information globally and address learning needs for specific products, business units and individuals.

Successful mergers and acquisitions require a strong commitment to blending business cultures and operations. As companies define their strengths, they replicate best practices and address individual or organizational needs by implementing an e-learning solution. The 1998 merger of Bank of America and Nations Bank created one of the largest banks in the United States. The company first identified its strengths and learning gaps that could have impeded the successful integration of the two companies. Through e-learning, the entire organization was able to embrace the best practices and competencies of both banks. The program also scaled to Bank of America's world-wide audience of 9,000 IT employees.

According to a Booz-Allen & Hamilton (2001) study on mergers and acquisitions, it is imperative that companies clearly and consistently communicate their shared corporate visions and strategic game plans in order to steer the organization in the right direction. Delivering consistent information through a learning solution concentrates entire organizations on specific goals. Learning solutions convey the big picture to the workforce and have the power to bring employees in disparate business groups together as one.

As with mergers and acquisitions, e-learning supports companies that are restructuring their organizations in order to become more competitive, adapt to industry consolidation and improve internal operations. In so doing, management determines the changes that need to be made in the organization and works with an e-learning provider to assess current competencies as they relate to the company's goals. A solution can then be customized to address specific skill gaps.

When organizations begin to streamline and improve their internal processes, e-learning helps them optimize these processes and drive out inefficiencies. It gives employees a better way to do their jobs by teaching them new skills. When executives understand which skills are required to do certain jobs and to implement specific strategies, a learning solution identifies current competency levels and delivers knowledge accordingly. It also

strengthens the communication between business groups, employees, partners and customers.

Although it previously used only instructor-led training, Ariba now uses e-learning to deliver knowledge about Ariba products throughout its world-wide extended enterprise of customers and partners. This has streamlined Ariba's process of communicating critical product information to customers and partners in a format that is easily accessible, repeatable, adaptable and available anytime and anywhere.

During the current economic climate, surprisingly, companies are not scaling back on training. They are getting more for their money by reallocating budget to e-learning. Litton PRC, for instance, has cut its training costs since deploying e-learning. The company applies learning solutions to its overall strategy of impacting the bottom line by boosting productivity and reducing operating expenses. In addition, Unisys has reduced its spending on training by \$8 million since implementing a learning solution as part of its Unisys University project.

Organizations face challenging and time-consuming product launches because of the difficulty in training multiple groups to understand, market, sell and support new products. What is more, product launches are often hampered by tight secrecy, which creates problems, as companies must roll out products to support staff, sales reps and customers simultaneously. With e-learning, companies bring employees world-wide up to speed in a fraction of the time it takes with instructor-led training. Not only that, the e-learning solution can be specifically tailored to the product or service being launched.

The degree to which its channel partners understand its products is a priority for Microsoft. To educate its channel partners about its products, Microsoft deployed a SmartForce learning solution on its Direct Access Web site. The solution has successfully shortened the ramp-up time for new channel partners and the time to market for new products. It also has ensured that the partners understand how to sell Microsoft products and articulate the benefits effectively.

As companies work to improve customer experiences and deepen customer loyalty, learning solutions that change the way people work are built to address specific business

challenges. To get CRM strategies off the ground, organizations focus operations around the customer, transform work habits and coordinate tactical plans at every level of the organization. Companies use learning as part of these strategies.

Defined as an inability to meet expectations or show measurable benefits, the CRM failure rate, according to the Gartner Group, is 60 per cent:

CRM is a business philosophy, not a set of technologies. Through 2005, 95 percent of payers that limit their consideration of CRM to the CRM-enabling technologies will underestimate the investment required to enable true relationship management by more than 300 percent (Galimi and Knox, 2001).

Also, according to the Gartner Group (Eisenfeld and Kirkby, 2001), the top three areas constraining CRM benefits are organizational change, having the right skills and enterprise-wide understanding, and initiative planning. CRM is a process and a strategy often requiring a completely new approach to working. Enterprise-wide learning has helped organizations adopt CRM strategies and deliver the consistent, seamless interaction that their customers demand.

E*TRADE is currently making the connection between learning and its strategies to achieve its business goals. When it first turned to SmartForce, E*TRADE sought to increase customer satisfaction and decrease the time to market for new products and services. E*TRADE has a team of financial services associates, available 24 × 7, to handle all customer interaction. E*TRADE must continuously keep associates up to date on new information and business strategies. The complexity and sophistication of E*TRADE's products and services require that associates undergo a rigorous learning process. But its training program for new products and services previously took six months and 70 sessions to complete.

The company deployed SmartForce e-learning in February 2001 as part of its overall strategy to change its business processes in order to enhance customer services and launch new products every three months. SmartForce created a customized learning solution covering aspects of E*TRADE's CRM strategy specific to its products for 2,000+ associates.

The results – e-learning has expedited the time to competency for new associates and

the time to the market for new products and services. The product and service training that used to take six months and 70 sessions now only takes two weeks. Another e-learning benefit for E*TRADE has been that its associates can learn during their downtime. The most compelling result, however, has been the increased consistency in service and opportunities for upselling. All associates have received E*TRADE Bank training and consistently send the same message about the Bank and upselling opportunities with E*TRADE Bank products.

The learning connection perfected

GE has perfected the art of driving strategy through learning. Originally begun as the leadership development center for management, Crotonville, GE's 50-acre corporate university eventually grew to house all of the training for GE employees. But Crotonville was chartered as much more than a training ground. Jack Welch, former CEO of GE, viewed learning as being essential to implementing the company's strategies and for driving change (Tichy and Sherman, 1993). Crotonville is a symbol of the importance of learning to GE's management.

Welch once said that, "An organization's ability to learn and translate that learning into action is the ultimate competitive advantage."

GE's learning in part has translated into major successes for the company. GE is the only company listed in the Dow Jones Industrial Index today that was also included in the original index in 1896. Fortune has identified GE as the Global Most Admired Company and America's Greatest Wealth

Creator. Also, *Financial Times* has identified GE as the World's Most Respected Company. Crotonville, the first corporate in-house university, serves as a model of the way companies successfully use learning to impact their business strategies. GE's results speak for themselves.

Less-than-successful results many times occur when companies fail to transform behavior and address the enterprise-wide knowledge and skills gaps that thwart their strategies. Management teams that focus on organization-wide competency levels and learning needs to further their strategies often achieve measurable results. A comprehensive, customized learning solution focuses entire workforces on specific goals and deepens their understanding of their companies' visions. As strategy failures mount and companies come to realize the necessity of considering their people as the most important element for executing strategy, learning, as a tool to drive business impact, will find its deserved place in the executive suite.

References

- Booz-Allen & Hamilton (2001), *Merger Integration: Delivering on the Promise*, Viewpoint.
- Duvall, M. (2001), "Dow Chemical finds right formula for CRM", *Interactive Week*, 20 August, available at: techupdate.zdnet.com/techupdate/stories/main/0,14179,2805302,00.html
- Eisenfeld, B. and Kirkby, J. (2001), *Implementing CRM: Business Change Program, not Project*, Gartner Group, TU-13-1897.
- Galimi, J. and Knox, M. (2001), *CRM, CRM-Enabling Technologies: The Important Difference*, Gartner Group, SPA-12-7264.
- Tichy, N. and Sherman, S. (1993), *Control Your Destiny or Someone Else Will*, HarperBusiness, New York, NY.