



Unexpurgated Raw first draft: "The Author's Cut"

Implementing E-Learning

by Jay Cross and Lance Dublin

Fundamentals of Making Business Decisions

eLearning is business. You must be able to communicate with senior business decision-makers to implement eLearning well. This takes understanding. You can't fake it. You must learn how business leaders think.

At a breakout session at TechLearn several years back, Jay could hardly sit still while a researcher told three or four dozen training managers how to sell their programs by using ROI. She suggested they:

- Get cost figures from the finance department
- Calculate savings in travel cost and such
- Tote up the value of improved performance after the training
- Divide the benefits by the costs

Presto! You've got return on investment. Back up your budget requests with a persuasive ROI, and you've got it made in the shade.

Why was Jay squirming in his seat? Because this advice was dead wrong. We've sold a lot of services to senior executives, and never once has ROI sealed the deal. ROI may be a hurdle every project over a certain size must clear, but it's not compelling all on its lonesome. Savvy managers know that ROI numbers are no better than the assumptions they are based on, and assumptions are often more optimistic than a desperate person's resume.

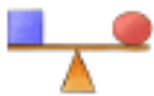
Selling the value of a project to management takes more than talking like a businessperson. It requires thinking like a businessperson. To do this, you must think of yourself as a businessperson. In essence, if you're not there already, you must **become** a businessperson.

The overarching focus of business leaders is creating value for stakeholders. Stakeholders include owners, managers, workers, partners, and customers. The

firm's leaders are responsible for articulating a vision of how the organization will create value and specifying milestone objectives along the way there.

Any businessperson worthy of the name can relate how his or her activities support those objectives and help fulfill the vision. You should be able to articulate how eLearning establishes value in these areas.

Analysis and Decision-making Techniques



Here are techniques for business analysis and decision-making that we rely on continually. We suggest you run through them when making major decisions until they become second nature.

Trade-off. Every business decision is a trade-off. (If there's no trade-off, it's a no-brainer.) We find it useful to list the pro's of doing something and the con's of not doing it or doing something else. Try to be aware of what you're trading off when making a decision.



Risk. Every decision is made with less than perfect information, and every decision entails taking a risk. The way to make sound decisions is to judge when you have enough information to move ahead and when the level of risk is acceptable. A decision-maker who takes no risk receives no reward. A decision-maker who disregards risk is a fool, a pauper, or both.



Financial decisions trade off risk and reward. An important corollary: There is no free lunch.



Empathy. To understand your customer, walk a mile in her shoes. Here's how. Make up several representative customers (*personas*). Give them names, positions, likes, gripes, habits, intelligence and personalities. When you're planning marketing campaigns and learning activities, stop every now and again to slip into these personas' shoes. How does our proposal make them feel?

80_{/20}

The Pareto Principle, also known as the 80/20 rule, describes the common situation where 20% of the effort gets 80% of the

results. It's not uncommon for 20% of the sales force to make 80% of the sales. Or 20% of the customers to generate 80% of the profits. It's likely that 20% of your effort produces 80% of your results.

The point is that input and output are not balanced. As marketers, we break the market into pieces ("segments") in order to identify and focus our attention on the significant few who produce most of the results.

As designers of learning experiences, less is often more. Find the elusive 20% of the learner's time that yields 80% of what is learned and put your energies there.

Revenue
-Cost
Profit

The bottom line. Earnings. Profit. Revenue minus costs. Over time, profit and shareholder value are the same thing. The total value of the shares is equivalent to the stream of expected future profits, discounted for the cost of capital. Forgive us if you find this obvious, but you must be able to relate your decisions and choices to the profitability of your organization. Otherwise, you will not be able to make sound decisions as conditions change.



Focus on core; outsource everything else. Shareholder value (AKA market cap) is a function of sustained competitive advantage, and organizations achieve it by leveraging their core competencies. Everything else is context (overhead), and context is a needless distraction. Without careful management, context *always* gets in the way of core because it absorbs time, talent and management attention.ⁱ



To get a different view, go up to **the balcony**. Look down from a higher level to gain a broader perspective. Try to discern what's really going on. Back away from the trees to see the forest.



Business leaders present themselves to the world as confident, authoritative, conservative, results-oriented, deliberate, and a bit staid. It's best to leave your clown suit in the closet when you're selling a concept to executives. Be concise. Hit the concepts described above as they apply to your project. When you've said your piece, ask for questions and sit down.

ⁱ Geoffrey A. Moore. (2000). *Living on the Fault Line*. Harperbusiness.