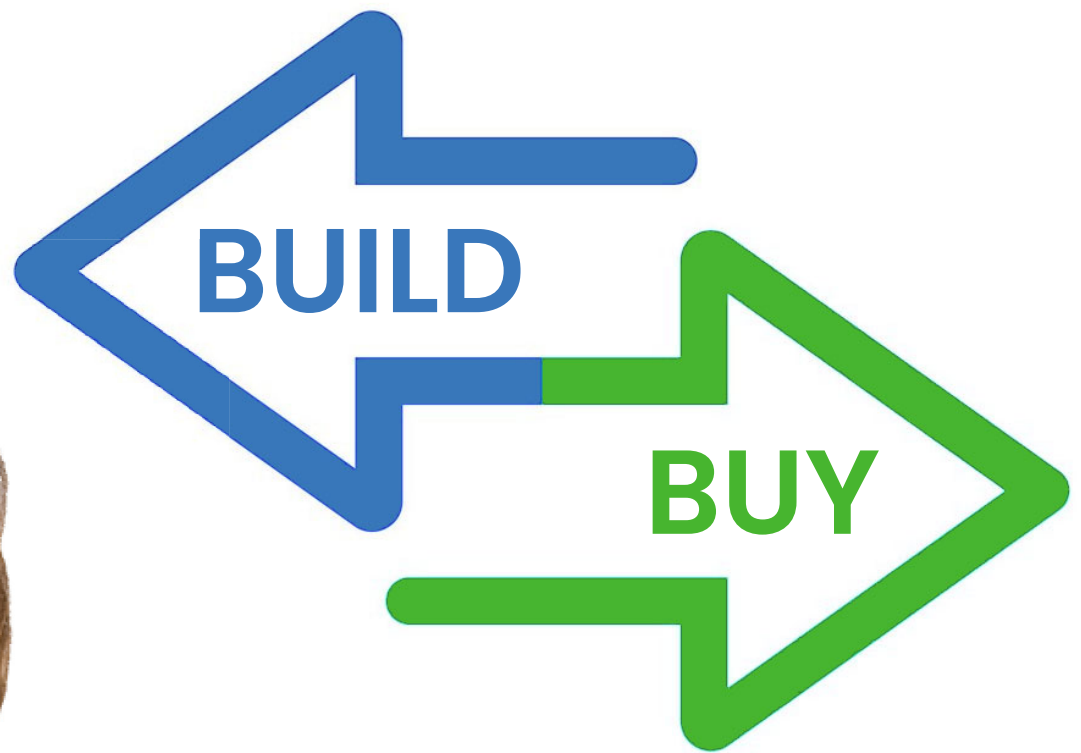


The eLearning Question



To build or buy elearning programs:
A guide to analyzing your strategic
organizational criteria to make the best
decision for your company

Addressing the eLearning Dilemma

The question addressed here is the long-existing dilemma of whether companies should buy learning and development programs from outside suppliers or whether they should build such programs internally. Building training requires hiring staff members to build and maintain the program. Buying training requires finding a vendor and trusting that they can deliver.

Both the nature of learning content and the context in which we use it have changed. The traditional approach to whether to buy or build content was based largely on cost. Today, however, the decision is more complex. On the one hand, producing training materials in-house has become increasingly complex and expensive. Conversely, the web provides access to a wider range of good value materials than ever.

Although the decision to buy or build may seem daunting, it can be boiled down into several key factors.

Before considering those factors, it is important to lay the groundwork for our build vs. buy decision. There are a few key strategic organizational criteria by which you will want to make your decision. These are as follows:

- **Technical Support** – if you choose to build your program in-house, who will support it? You must take this into consideration, as providing Technical Support for your programs will hinge on their success. Plan on even the best courses needing support from users who forget their login credentials, users who are unfamiliar with online learning, and users who have firewall issues preventing them from accessing the training.



- **Standards** – if you plan on building your program, keep in mind SCORM (Sharable Content Object Reusable Model) as a standard by which you should comply. SCORM means that your program can launch within a SCORM-compliant Learning Management System. It is also the standard that provides such technologies as bookmarking, personalization, and various interactivities and variables. In a nutshell, it means that you play well in the sandbox with others. In addition to SCORM, as of May 25, 2018, you must comply with GDPR (General Data Protection Regulation) for all your EU students.

- **The Learning Management System (LMS)** – remember that developing online training is only part of your work. You must also host the content in an LMS. An LMS is NOT a website. You may employ programmers, but does that mean they have expertise in LMS development? If you build the LMS, plan on a 12-month development cycle and an investment of \$250,000 to get started. If using a commercial LMS of any reasonable newness, it should offer SCORM-compliant hosting and support xAPI capabilities.

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In the old world of training, the question about the cost of training was relatively simple. Most content would be created in-house, and only specialist materials would be outsourced because they required particular skills or knowledge to create. There were typically two types of content—the book and the classroom course—and only one question to answer: How much would they cost? Today, not only is that choice much wider, but the cost calculation is more subtle and complex. L&D pros have to make decisions based on a range of factors, including production costs, maintenance costs, and opportunity costs.

- **Production Costs** – Producing learning materials today requires a wider skill set than ever. Employees expect materials to be accessible via mobile, they want video content; and while some want to attend an online course, others prefer self-service prompts and guides. The skills needed to create this range of materials are larger than when a training department only had to write material for classroom delivery. Such a skill set takes time and investment to build and maintain.

- **Maintenance Costs** – The speed with which things change means that updating and maintaining learning materials is a key part of the cost. Increasingly, the investment in content is less a



matter of the initial, upfront cost alone; organizations also need to factor in the total cost of ownership of the content: ongoing costs such as the cost of maintenance, localization, support, and updates.

- **Opportunity Costs** – If the cost of producing materials in-house is one real consideration, another is the opportunity cost: What is the L&D department not doing when spending time on creating training materials? If a department spends its time creating materials, it cannot spend the same time building relationships and acting strategically in the organization.

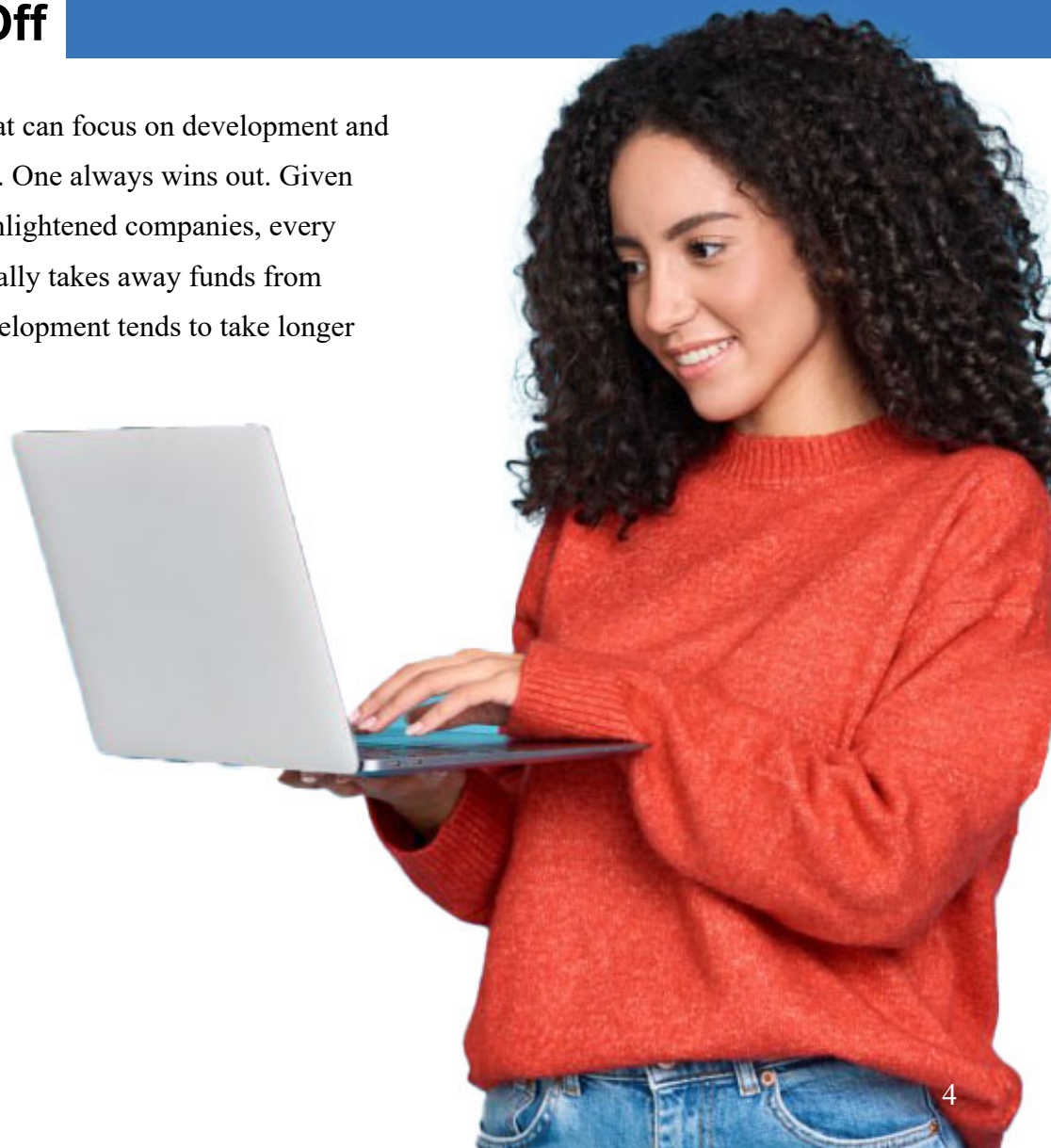
Resources spent on development detract from resources for implementation.

With those core items out of the way, now can focus on the criteria that will lead you to know what is best for your organization...building the content yourself or working with an expert content development firm to buy it.

Quick Wins Pay Off

There aren't many companies that can focus on development and implementation at the same time. One always wins out. Given limited funds in even the most enlightened companies, every dollar spent on development usually takes away funds from implementation. In addition, development tends to take longer and cost more than anticipated.

All of the literature on effective organizational change emphasizes the need for quick wins. Not only do they enhance your career, but they also make a positive, instant impact on the organization. Getting programs from external suppliers enables you to act



immediately. No matter how good an internal development team is, a high-quality learning and development program usually takes at least a year to develop, test, and be ready to roll out. If a program or learning process you can implement this week stands to make a major impact on the performance of the organization, what's the cost of waiting 12 to 18 months? Probably high.

Increase Your Batting Average

Mounting evidence from hospitals shows that the more often procedures such as bypasses and hip replacements are done, the more successful they are. Simply put, experience produces better results. Fewer people die from the procedures in experienced hospitals. Similarly, you're better off working with a training process or program that has been tested in a variety of challenging circumstances. Plus, external suppliers are in a position to consult on implementation issues; they can guide you around the pitfalls.

Affect Organizational Culture

Sometimes, corporate training groups confuse themselves with a university. They produce huge course catalogs, but only a handful of people participate. Assume that a company with 1000 employees offers 100 courses and an average of 20 people attend each. Some people might argue that's an impressive 2000 training days, but a different scenario would have five (5) high-quality programs addressing basic issues. Assume that 400 people participated in each one of those five programs. That's exactly the same number of training days, but imagine the impact on the culture if 400 people with the same function learned to use the same new skills and behavior. That's cultural impact. It doesn't require huge development staffs; it requires delivery capability and investment.



Core Competency Focus

What is your core competency as an organization? Is it selling or manufacturing a product – or is it developing educational programs? My experience has been that if you (as an organization) could not sell training as one of your primary product lines for which you generate revenue, then it is NOT your core competency as an organization. And if that is the case, then it is best to leave the development of these programs to experts who do.

Customize

Programs from suppliers can be tailored to the organization. A lot of tailoring occurs when skilled trainers adapt programs to fit their audience. Often, that's all that's needed. Beyond that, it's economical to modify programs that consist of front ends, including a senior executive introducing the program, company-specific examples in written materials, nomenclature that conforms with the organization's lexicon, and binders or workbooks displaying the company logo.

Personnel

Another often overlooked resource factor is personnel. That includes people needed for both implementation and support of eLearning; each group plays an integral role in your decision. As you analyze your resources, you must determine whether you have not only the personnel to implement the eLearning product within the organization but



also whether you have the needed number of technical support staff available (for example, IT and administrative support people). If you don't have the personnel you anticipate needing, you must identify where you can obtain the required support and how much that support will cost.

Ensure Cost Effectiveness

What could be more cost-effective than having a good trainer whip out a program design, write some materials, and produce it in workbook format? Isn't that the trainer's expertise? Doesn't that save lots of money for the firm?

My experience is that being a good instructional designer is extremely different than being a good trainer. Given today's push to minimize time off the job, every second in class must count. The solution will often require Web-delivered content, video, simulations, 360 feedback instruments, coaching, and a host of other tools. If the program is to be scalable, it must provide a way to develop many trainers who will be capable of replicating the experience with consistency and economy. In my experience, the skills are different for designing effective instructor certification processes.

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It takes a good deal of time and money to build an internal development team, which must be gainfully occupied year-round to justify the investment and retain the members. What appears at first blush to be cost-effective seldom turns out that way, especially if you calculate the total cost of salaries, benefits, travel, and so forth.



Final Thoughts & Conclusion

Simplify. The supplier can handle a number of functions that will ease the client. Suppliers produce materials and maintain the necessary inventories. They ship. They keep materials current, including staying abreast of changing technologies that affect the content. The supplier connects the client with other organizations using similar learning processes. That enables learning to be migrated from one organization to another.

The analysis of “buy versus build” is productive. Clearly, some very specialized subjects or content unique to your organization may necessitate internal or customized development. But for building most programs that transform cultures, increase sales, and develop people, compelling arguments favor buy versus build.



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