



SUMTOTAL  
WHITE PAPER

# Optimizing Business Practices with an LMS

Huge Cost Savings & Competitive Edge for  
Small and Medium-Sized Businesses



POWER. SIMPLICITY. NO COMPROMISES.

## Introduction

Regardless of company size, operating a business in today's down economy is like walking a tightrope. To keep from falling, small and medium-sized businesses (SMB)—like their larger competitors—must strike a balance between cutting costs and increasing customer retention and acquisition. On one hand, companies need to reduce expenses, which mean optimizing business processes to free vital resources for other important tasks. On the other hand, they need to refocus those resources across two key areas: 1) improving customer service, so they can retain existing customers, and 2) building more competitive and effective sales forces, so they can continue to win new customers. These can be difficult tasks, but they are critically important—particularly for companies in regulated industries, such as healthcare and financial services.

In order to remain competitive and provide superior customer service with real business impact, many SMBs are adopting talent development solutions comprised of learning and performance management systems. These systems can work together to help reduce redundant costs, avoid the high expense of non-compliance, increase customer satisfaction, and improve sales force effectiveness by enhancing employee performance.

## Sources of Tangible ROI from your Learning Initiatives

Strategic learning and talent development initiatives can help you optimize your business practices by:

- **Reducing expensive non-compliance fines.** Every year, the average company faces up to 10 non-compliance incidents, each of which can result in a fine of up to \$100,000. This translates to a potential expense of \$1 million annually. In addition, companies often spend endless hours sorting through spreadsheets and paper-based sign-on sheets to manually compile compliance training data into reports for auditors. The truth, however, is that the majority of this effort and expense is entirely avoidable. With a learning management system (LMS) in play, companies can automatically track and measure LMS-based learning initiatives, and then use this automated data to generate audit reports painlessly. This not only helps eliminate the risk of fines and litigation, but it also saves valuable time and energy. For example, one SMB in the healthcare industry used the SumTotal LMS to slash its timeframe for compiling compliance audit reports from two weeks to two hours. Another SumTotal LMS customer, a well-known life insurance company, achieved a 100 percent completion rate for its compliance initiative while reducing compliance training costs by a dramatic 75 percent.
- **Reducing risk of litigation.** Regardless of size, most companies must prove they are delivering mandatory training to their employees regarding drug-free workplaces, sexual harassment policies, and/or workplace safety. Many companies also need to ensure that they maintain records of training completion in order to avoid the risk of litigation. By applying the automated auditing and reporting capabilities of an LMS, many companies have successfully defended themselves in lawsuits by demonstrating mandatory training completion. This not only helped them avoid very expensive potential damages, but it also helped reduce the risk of future litigation against other companies using an LMS.

- **Improving customer service at a lower cost.** When winning new business is hard enough, the last thing you want is to lose existing customers to your competition. Unfortunately, this is a real fear for SMBs today, many of whom are balancing their need for cost reduction with the need to deliver superior customer service on a smaller headcount. The good news? You can improve the productivity of your customer support staff by identifying their skill gaps and then bridging those using focused learning initiatives. Here's an example: Using the SumTotal LMS, one SMB in the healthcare industry saw a dramatic improvement in first call resolutions and a substantial decrease in escalated calls, resulting in faster resolution of customer issues. Similarly, a well-known retail company, also a SumTotal customer, saw a 10 percent increase in customer satisfaction.
- **Increasing sales force effectiveness to gain competitive edge.** The current economic environment intensifies competitive pressure for customer wallet share. As such, you must offer your sales force the right tools and training, so they can gain a competitive advantage when it comes to closing business. The key? Delivering focused training at a lower cost, whether the subject is new product launch readiness or new-hire sales training. By enabling blended formal and informal learning activities, you can reduce your training costs while enhancing training quality. Informal, collaborative learning can help your sales reps to get up to speed faster, so they don't have to wait for the next training course. Sales reps can also leverage informal learning techniques to identify experts and learn from their collective experience. As a result, reps can be sure to deliver the right messages to prospects, while leveraging the right sales tools, so they can win deals that may impact revenue by millions of dollars. Using the SumTotal LMS, for example, one SMB company in the healthcare industry automated and tracked a Sales Certification Excellence program. And a financial services customer was able to increase customer enrollments by 200 percent.
- **Reducing cost of training with on-the-job eLearning.** One way to reduce training costs is by reducing the need for instructor-led training (ILT). With online, on-demand training (also called eLearning), employees are not required to take time away from the job—a critical advantage when headcount is scarce. In many industries, employees find it extremely difficult to carve out time for dedicated trainings. For example, in the healthcare industry, doctors would rather focus on attending to their patients and saving lives than on setting aside dedicated time for an all-day ILT session. Likewise, nurses who are delivering bedside care to critical patients may get a call for help at any time. With self-paced, shorter courses, they can attend to their patients' needs and still complete their important compliance courses at their own speed. The resulting productivity gains and cost savings can be significant. For example, if each nurse in a hospital had to attend one full-time, week-long ILT course in a year, each temporary replacement would cost approximately \$1,200 per week. For a hospital with about 1,000 nurses, the use of self-paced eLearning could mean an annual cost savings of over \$1M. eLearning has additional benefits as well. Using the SumTotal LMS, for example, an SMB company in the technology industry was able to leverage eLearning capabilities to increase LMS adoption to 100 percent, while growing its number of courses by 300 percent. Similarly, a mid-sized healthcare organization saved over \$700,000 by cutting its training time in half.

- **Reduce travel costs by avoiding classroom-based training.** In today's global business environment, most companies have a geographically dispersed workforce. In fact, around 50 percent of employees are typically located outside of headquarters—which is where most Learning and Human Resources (HR) departments are often found. As a result, travel expenses related to training can be astronomical if courses are not grouped and conducted as efficiently as possible. An LMS helps ensure targeted training and delivery, so companies can boost efficiency and cut costs. For example, 1,000-employee company with 500 employees out of headquarter could save more than \$1 million annually by adopting eLearning instead of ILT for a one week training program per year (assuming cost of travel at \$2,000 per person per trip).

## Conclusion

In response to the current economic climate, SMBs are looking to optimize business practices so they can cut costs, eliminate expensive compliance risks, deliver high-quality customer service, and improve sales force effectiveness. One smart and proven strategy that addresses these needs is the use of an LMS. With a typical payback period of 3-6 months, LMS initiatives offer an attractive way for businesses to become more "recession-proof." Effective use of talent development and learning initiatives can lead to significant cost savings, as companies reduce the need for ILT and travel, improve ease and efficiency of compliance processes, and cut the risk of litigation. At the same time, these initiatives enable SMBs to deliver superior customer service and boost sales force effectiveness—all at a lower cost.

Without a doubt, talent development initiatives can help companies optimize business practices so they can better align, engage, develop, and retain their most critical assets—their employees.

To learn more about how SumTotal can work with you to help strengthen business performance, please visit our Web site at [www.sumtotalsystems.com](http://www.sumtotalsystems.com)

### US Office

SumTotal Systems, Inc.  
1808 North Shoreline Boulevard,  
Mountain View, CA 94043 USA  
Phone: +1 650 934 9500  
Toll-free in the US: +1 866 SMTOTAL  
Fax: +1 650 962 9411

### Europe Office

SumTotal Systems, Ltd.  
18 Horton Road, Datchet  
Berkshire, SL3 9ER  
United Kingdom  
Phone: +44 (0) 1753 211 900  
Fax: +44 (0) 1753 211 901