E-Learning as a Strategic Advantage

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Abstract

E-learning, a spin-off from the Internet, began as a new medium for instruction. Since the electronic approach to learning created new paradigms, many were not sure of its value or effectiveness. Electronic learning has mushroomed into a strategic tool that companies use to gain a competitive edge in the market place. In the information age the company that can communicate rapidly with its workforce, customers, suppliers, vendors, partners, or resellers has an advantage. By aligning e-learning initiatives with their strategic plans, companies are able to take advantage of the versatility, flexibility, and speed of e-learning outcomes. Whether the format chosen is the Internet, intranet, or extranet, or a combination, the results can add value to the bottom line.

E-Learning as a Strategic Advantage

In the past corporate training was primarily instructor-led classroom training and was available only for employees. With the advent of the Internet, corporate training departments discovered e-learning or the electronic delivery of training. This discovery expanded the scope of corporate training from a tactical effort to train employees to a strategic effort to share information with customers, partners, suppliers, or vendors. Sharing information rapidly throughout an enterprise has become essential in the global marketplace. How is e-learning able to answer this challenge? Versatility, flexibility and speed are the hallmarks of a well-planned e-learning initiative and these characteristics enabled e-learning to expand from a training modality into an organizational strategy. The first step in creating this type of strategy requires aligning e-learning strategies with the organization's strategic goals. After the decision to incorporate goals, the next critical step is to choose the e-learning approach--Internet, intranet, extranet, or a combination--that delivers the best results to the organization. How then, does this flexible medium impact "the bottom line" for corporations? By becoming highly visible, company-wide projects designated as strategic initiatives, e-learning can impact company profits directly. The recipients of training in such programs may not be employees, but instead may be partners, suppliers, or potential customers. Called value plays, these projects focus on real business issues and "deliver value that a CEO can appreciate, such as new customers, additional business channels, or rapid product rollouts"(Galagan, 2000**,** p.26).

Problem Statement

Organizations today face a highly competitive global marketplace. Organizations that can provide information to their employees, customers, partners, and suppliers expeditiously gain a competitive advantage. E-learning gives an organization the tools to accomplish this goal.

Background

E-learning began as a new method to deliver training as organization's discovered the Internet. At first, e-learning existed only at the tactical level, but as organizations began delivering training electronically, its potential began to surface. Today, corporate training has embraced e-learning as organizations seek business outcomes that provide value. Even corporate universities, a mainstay of corporate training, are seeing the impact of e-learning.

In the decade 1988 to 1998, the number of corporate universities quadrupled. Harley-Davidson, Anheuser-Busch, Dell Computer, Southwest Airlines, First Union National Bank, K-Mart and Unisys are just a few of the approximately 1600 corporate universities in the United States (Gordon, 1999). Today, companies with corporate universities are now adding Virtual Universities. Europe's Unipart Group of Companies (UGC), a leading company in logistics, automotive parts, and accessories went online in June offering electronic courses to 10,000 employees. Unipart's CEO, believes that their Virtual 'U' will enable employees, " To learn at the speed of light and give them access to the knowledge and tools they require, immediately when they require it"(DeVeaux, 2001, p. 28). This capability for "just-in-time" training or information is one of the benefits of

e-learning that is recognized in boardrooms across the globe. Even football players are taking advantage of e-learning.

Football Players Learning Online

As reported in Wetzel's monthly magazine column, "Plugged In", even the NFL is using e-learning (Wetzel**,** 2000). The New York Jets signed on with Educational Video Conferencing Inc., a company that delivers college courses through live, interactive videoconferencing. Since many NFL players become professional football players before they finish college and since three-and-a-half years is the average life of a professional football career, many players are motivated to earn credentials for a second career. The NFL, however, is not the only employer using e-learning to deliver training.

E-Learning and Banking

E-Learning initiatives are impacting the banking industry as well. The recent changes in banking laws in 1994 and 1999 allowed banks in different states to merge and allowed banks, insurance companies, and brokerages to sell each other's products. As banking companies merged, it became apparent that learning about new company policies and new products placed a strong demand on training. When bank managers found that traditional classroom approaches did not train their employees expeditiously, they embarked on e-learning. Wells Fargo, Firstar, and Offitbank (purchased by Wachovia Bank in 1999) all experienced positive results with their e-learning experiments. Wells Fargo, whose employees completed 6,000 web-based courses in 2000, found e-learning to be 50% less expensive than classroom training. Wells Fargo expects the number of completed web-based courses to grow to 30,000 in 2001. Firstar found e-learning's efficiency a strong selling point. With test results available immediately upon training's

completion, managers found the ability to document employee learning a plus. In addition, Firstar trained 30 trust officers at a cost of $30,000 while equivalent classroom training costs $75,000 (Wetzel, 2000). While online courses enable many companies to focus on specific job skills or competencies for employees, others are encouraging employees to increase their knowledge base through certification programs.

Certification Accessible Online

Testing for certification purposes readily lends itself to the online format. Since online courses can include sound or graphics, students can participate in simulations of real-life workplace situations. For example, in the certification exam for architects, real time performance is measured as he/she formulates detailed plans for a building based on information provided by the computer. Over one hundred professional certification or licensure exams are now computerized, including nurses, accountants, stockbrokers, and computer engineers (Greenberg, 1998).

An Infrastructure for E-Learning

Many firms are using e-learning "to build competencies and capabilities throughout the extended enterprise"(McGraw, 2001, Introductory section, para. 2). For e-learning to be a successful strategy, organizations need an overall infrastructure or "blueprint" to plan its implementation. This infrastructure is written in a common language and vision that interprets the concepts and operations so that the stakeholders are in agreement about their expectations of how e-learning will look and how customers, partners, employees, and suppliers will use it. This infrastructure consists of four supporting "tiers"(McGraw, 2001, Building blocks section, para.1).

The first tier of the infrastructure identifies the link between e-learning and the organization's overall business strategy, issues, and goals. The first level reflects outcomes that the organization wants to accomplish through the e-learning initiative. Example of desired outcomes might include items, such as reduce long terms costs, improve performance, maintain core competencies, or enable the organization to react quickly to competitive pressures and market needs. In other words, "an e-learning strategy should motivate people, improve productivity, enable skill development, and aid retention across the enterprise" (McGraw, 2001, The blueprint section, para.1). Once the strategy is in place, planners focus on the next level or tier, technical support capabilities.

The second tier of the infrastructure identifies the technical architecture. The implementation team decides how they are deploying the information and what technical capabilities they need. Issues such as security and accessibility are key components of this tier (McGraw, 2001).

The third tier focuses on learning strategy including presentation and distribution methods. Web-Based Training, Computer-Based Training, and teleconferencing are examples of presentation methods. Distribution methods include cable TV, CD-ROMs, e-mail, extranets, Internet, intranets, Local Area Networks (LANs), satellite TV, simulators, voicemail, and Wide Area networks (WANs). A key issue is which presentation or delivery methods are most appropriate for the content and the target audience. Another consideration is whether the content needed is available or needs to be developed (McGraw, 2001). These types of decisions are often determined through a needs analysis.

The fourth tier consists of learner identities and needs. This involves considering performance goals related to job competencies and motivation related to learning styles and preferences. Performance goals are the drivers for training development in e-learning projects. These four tiers are integrated into an infrastructure by the organization's mind-set about the value of the e-learning and what the expected outcomes will be (McGraw, 2001). Establishing the infrastructure through a strategic plan clarifies the organization's approach to e-learning**.** This infrastructure answers key questions about the e-learning initiative including the delivery method. The format selected for training delivery depends on a factor in each of the four tiers -- the desired outcomes, the technical capabilities available, the learning methods used and the target audience. Based on these variables, some organizations choose a learning portal as their delivery mechanism.

Learning Portals

With a learning portal in place, learners receive consistent information, the organization is able to track user progress, and the number of people that can be trained at one time increases exponentially. For example, Hilton Hotels trained 10,000 agents on a new reservation system in one day through their portal. The MASIE Center listed six types of portals in the February 2000 issue of their newsletter "Learning Decisions"(as cited in Wetzel, 2000, p.54). The first type is the internal portal that resides on the organization's intranet providing access within the organization, such as a training department portal that provides access to services. The second type of portal is a learning management system that tracks courses an individual is taking and his/her progress. Another common portal is the content aggregation portal, such as Yahoo or Google. Corporations use this type of portal to provide access to indexed information with a

search engine. The content assessment learning portal provides a place to rate courses. The content creation/authoring portal is an online location that allows subject matter experts the opportunity to create course content right on the site. The sixth kind of portal is the community collaboration portal through which colleagues interact. This type of portal is commonly included as part of the organization's Knowledge Management strategy. Called communities of practice, these online communities share best practices and offer resource information for people working in related fields. Portals are also called "online education centers", "corporate universities," or "virtual universities"(Wetzel, 2000, p.52). When organizations consider whether or not to build a portal, they discover that costs can vary widely.

Costs of Portals

The Canadian Urban Transit Association, advocates for the transit industry, spent $15,000 on their portal. They divided the portal into "communities"---leadership, customer relations, operational training, and professional development. Each community has courses on marketing, planning, scheduling, leadership, and being a "transit ambassador"(Wetzel, 2000, p.56). Bank of America, on the other hand, spent $100,000 on its portal or virtual university. As a result, employees have access to 700+ courses ranging from information technology topics to the company's new products, lists of courses required to meet certain goals, access to books, and connections to mentors to help employees with their learning. The options to building a portal include a "pay-per-view" (Wetzel, 2000, p.56) approach in which organizations pay by the individual course, buying certain number of hours from a provider, or allowing employees to register individually and paying tuitions.

McDonald's

McDonald's Hamburger U, one of America's oldest corporate universities, started a virtual university in 2000 to enhance its "bricks-and-mortar" campus. " ' We view it as critical to maintaining our competitive edge,' " says Pat Crull, vice-president of Worldwide Learning and Development at McDonald's (Gotschall, 2001, Successful E-Learning Initiatives section, para.4). In 2001, McDonald's is testing a pilot program for the rank and file employee in North America, South America, Europe, and the Pacific. Conducted in four languages, English, Spanish, French, and Chinese, topics will include hospitality, food safety and cleanliness, and orientation to McDonald's (Gotschall, 2001). From fast-food cooks to insurance agents, everyone is learning online.

Prudential

The Prudential Learning Network went live in 1998 when they issued each agent a laptop computer. Developed primarily to train their managers and sales agents, this portal offers courses about their own products, plus courses in related business areas, such as business insurance, estate planning, 401(k) plans, disability insurance, long term care insurance and Medicare supplements. With approximately 7,000 agents using the system, the system averages 20,000 course completions each month. Anne Starobin, vice president of professional development for retail distribution, indicates that the online training has saved the corporation more than $3,000,000. Currently 75% of management training and 90% of the training for established agents is online. Access to current critical information has helped agents, such as Barbara Burke of San Rafael, CA increase her productivity. For example, she uses reference software to get current tax information and PowerPoint to present information to her clients (Kiser, 2001).

Allied Signal

Viewing employee education as "a competitive advantage"(Dauphinais, G., Means, G. & Price, C., 2000, p.255), Allied Signal's CEO supports e-learning initiatives. Bossidy describes technology as a "key enabler, a tool that makes possible a new business model for the twenty-first century"(Dauphinais, et al., 2000, p.255). Allied Signal linked more than seven hundred employees across the country with their Learning Center in Morristown, N.J. Information on this network is "immediately accessible, easily downloadable, and ready to be put to work for Allied Signal"(Dauphinais, et al., 2000, p255). Looking toward the future, Bossidy believes "the interconnectivity enabled by the Internet will bind us ever closer to our customers and suppliers, transforming relationships into value-added partnerships. If we find new ways to increase connectivity and, therefore, to work more collaboratively with our customers and suppliers, all of our businesses will benefit"(Dauphinais, et al., 2000, p.257). The portal is not the only means of distribution being used.

The Extranet

Another e-learning delivery vehicle is the extranet. An extranet is an intranet extending beyond a company to suppliers, vendors, resellers, and customers. The decision to use an extranet is determined by who needs to know what according to Eric Parks, President of Ask International (Webb, 2000). An Internet site is good for general company information, an intranet is highly secure and is useful for special company information, such as new employee benefits. An extranet, however, is externally hosted and firewall-protected, but less secure than an intranet. Extranets are the "ideal venue" (Webb, 2000, p.60) to provide information to suppliers, resellers, system integrators and

others in the company supply chain. Topics, such as product training, courses on federal compliance laws for resellers and brokers, modules on policies and procedures--"what people need to know to use, sell, or deal with your products"(Webb, 2000, p.60)--are the right kind of information for an extranet.

Symbol Technologies

Symbol Technologies of Holtsville, NY spent $200,000 to $300,000 combining the efforts of three vendors to create its extranet. Symbol Technology's extranet includes three primary types of information. Serving 8,000 people worldwide, the extranet offers fifty general courses, including Microsoft Word, Excel and PowerPoint, proprietary courses on their data retrieval devices and bar code scanners, and courses on bar-code basics necessary to use or sell the company's products. In addition, the extranet features a curriculum map showing each employee's progress and a training management system that allows learners to register and track their progress (Webb, 2000). Another corporation that uses an extranet for e-learning is Hewlett-Packard.

Hewlett-Packard

At Hewlett-Packard baseline courses taken before classroom training, performance support or "just-in-time" training resides on the extranet. HP's team manager for education in Mountain View, CA, believes that "delivering training this way [electronically] is no longer a choice. It's a business necessity"(Webb, 2000, p.66). In addition to hosting employee courses on their extranet, HP can provide customers a customized system that includes content, infrastructure, or both or rent infrastructure monthly to deliver their own courses. Hewlett-Packard also uses their extranet to train customers, suppliers, and resellers or partners. Richard Repucci, web-based training

channel manager in Detroit works with Hewlett-Packard's channel partners, such as Best Buy or Comp USA, on product training and certification. 1.2 million people from thirty-seven countries access the extranet for asynchronous, self-paced courses (Webb, 2000). Another variation of e-learning is blended learning which combines online learning with classroom learning.

Blended Learning

The Southern California Water Company, located near Pasadena, CA serves over 300,000 customers. Their Employee Development University has been providing their 500 employees with relevant course material since 1993. They have allowed access to other small water companies as well. The mix of online learning with classroom learning is about 50/50. The key to their success is strategic alignment. Diane Rentfrow, corporate dean, explains that " 'the whole process is aimed at our business: we sell a service - not water. Everything we do is offered around our core service business' "(Gotschall, 2001, Tapping into E-Learning section, para.2).

Conclusion

Originally used primarily as a training vehicle, by 2000 e-learning had grown to a $3.5 million industry. Predictions are that it will reach $20 billion by 2005 (Barron, 2001). What has spurred this phenomenal growth? One reason is the flexibility that e-learning offers. Some companies choose to develop a learning portal; others distribute their information on an extranet or the company intranet. Others choose the Internet or blend online training with classroom training. Companies that have a Knowledge Management initiative in place provide access for communities of practice to share information. E-learning is convenient, versatile, and most importantly for today's

environment, quick. Corporations can train their employees, their customers, their suppliers, their vendors, and their partners simultaneously. With a carefully planned strategy, e-learning can deliver a competitive advantage. "An organization's ability to learn…is the ultimate competitive advantage," says Jack Welch, CEO of GE, a global conglomerate (Welch, 1997, "A Learning Company" Speech, para 9).

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