Building a Business Case for Learning Management Systems

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The Situation

It all starts with a bright idea. By acquiring a learning management system (LMS), you see an opportunity to make a positive change within your organization. To transform your idea into reality will require money, hard work, and acceptance of a new initiative.

So you take the elevator up to the top floor, walk down a long hallway to the spacious corner office occupied by the key decision-maker you need to influence. She listens patiently to your idea and then says “thank you. Keep up the good work.”

You leave her office feeling pretty smug. You’re playing in the big leagues now. Days, then weeks go by and you slowly realize that your bright idea may not be implemented. You hang out at the water cooler and ask whether anyone has heard of your bright idea. No one has.

What went wrong?

The Challenge

There are a lot of bright ideas circulating around your organization. Some are brighter than others. Senior decision makers spend a lot of time trying to figure out what initiatives they should fund to get the biggest return on their investment.

The dilemma decision-makers face is that they are dealing with a finite pie of money. If they cut a slice and invest in one initiative, there will be less money available for other projects. The remaining slices will be smaller. Every funded project is a trade-off.

Time adds an extra level of complexity to the challenge. Do decision makers invest in initiatives that will provide short-term benefits or do they invest in projects that may only reap rewards in three to five years?

The Solution

To obtain funding for your learning management system initiative, you need to prove the value of your idea to your organization. You must convince decision makers that spending company resources on acquiring a LMS will provide greater value than if invested in other programs.
The Business Case
A formal business case—a presentation of the rationale and business value of a planned initiative—will provide the evidence that your proposed acquisition of a learning management system should be implemented over other projects.

Business cases should be developed and delivered in two formats:

- A short slide presentation; used to provide a high-level overview of your initiative. This presentation should be short, ideally under 30 minutes in length.

- A written document containing the details of the initiative. This document will be left with the decision-makers.

Both documents must be attractively formatted and free of any typos or grammatical errors. Sloppiness of presentation will be interpreted—consciously or unconsciously—as sloppiness in the planning of your proposed initiative.

The content of your business case documents should be structured as follows:

1. Executive Summary
2. Business Need
3. Program Description
4. Budget
5. ROI and Business Results
6. Evaluation Strategy
7. Technical Strategy
8. Implementation and Operation
9. Risks and Challenges
10. Next Steps

The Executive Summary is your elevator speech. Craft it well and memorize it. When the time comes to gain allies for your project, you’ll be repeating it often. A sample might be:

“[YOUR COMPANY]’s on-site compliance training programs cost the company $xxx,xxx per year in travel, accommodation, and lost productivity. The acquisition of a learning management system to manage compliance would save the company $xxx,xxx per year, even after factoring in the cost of the software. This document presents a solution to address this critical business need.”

The Business Need section describes the problem your initiative will solve within your organization.
The **Program Description** spells out how your solution will address the business need.

The **Budget** presents the realistic costs associated with your initiative. The budget should be comprehensive, including cost of LMS licensing, hosting, costs of employees and contractors, support, etc.

The **ROI and Business Results** section presents the expected benefits of acquiring a LMS. Key decision makers will focus attentively on the data, rationale, and logic presented in this section. Common benefits associated with implementing a learning management system include:

- Reduction in training time
- Reduction in the cost of travel and accommodation from face-to-face, on-site training
- Performance improvement from easier access to learning content

The **Evaluation Strategy** describes the people, processes, and resources that will ensure smart decisions are made throughout the planning and implementation of your initiative. This section should include the groups that will identify LMS requirements and select the right system.

The **Technical Strategy** describes how your initiative will impact the technologies used within your organization. Will your LMS be integrating with an HR application? If so, this needs to be described. Also included in this section are any requirements related to hardware devices, software applications, as well as IT support staff.

The **Implementation and Operation** section describes the roles and responsibilities of the people and departments required to support this LMS initiative. What department will own this initiative? Who will support it? Who will be responsible for the communication strategy when the new system is launched?

The **Risks and Challenges** section lists the known potential risks of the project and proposes strategies to mitigate those risks. Risks identified may influence the content of the legal contracts required for your LMS initiative.

The final section, **Next Steps**, provides timelines and milestones for the successful implementation of your initiative. Consider including:

- The date by which the LMS requirements will be identified
- The date by which a short list of systems will be in place
- The date by which final system will have been selected
- The implementation start date
- Etc.
Writing a business case is hard work. The documents described above require an investment in time and effort. In addition, the process of selling your LMS acquisition initiative within your organization requires political astuteness, the building of new relationships, and the mending of strained relations.

If your initiative is accepted, the new learning management system will become a reality and will provide great value to your organization. The sense of achievement you will experience will be exhilarating.

If your initiative is turned down, the time and effort you will have invested in building this business case will not have been in waste. Creating a business case is a sort of mini MBA; a crash course on how to think strategically, formulate a budget, calculate ROI, identify roles and responsibilities, mitigate risks, etc. These are the skills organizations look for in promoting individuals to senior positions.
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