E-Learning: Moving up the Corporate Value Chain

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Abstract: e-Learning is viewed not as a cost, but as a source of value. E-learning is not a constraint, but an enabler.

Index Terms—Compliance and Control, Value Creation, Value Proposition.

A positive development in the industry is that e-learning is moving up the corporate value chain. There is a clear change in paradigm. E-learning, rather than being viewed as a cost, is now being viewed as a potential source of revenue. E-learning is viewed not as a constraint but as an enabler.

Online training programs that help companies meet applicable federal and/or state regulations include:

1. Occupational Health and Safety Administration (OSHA) training
2. Employment Law:
   a. Workplace Discrimination and Harassment
   b. Americans with Disabilities Act (ADA)
   c. Fair Labor Standards Act (FLSA)
3. Health Insurance Portability and Accountability Act (HIPAA) training
4. Food and Drug Administration (FDA) regulations
5. Antitrust Laws

In the Financial Services Industry, e-learning was first used for training in topics related to regulatory compliance and internal control. Some examples of such topics where e-learning is used extensively are:

- Anti-money Laundering
- USA Patriot Act
- Know Your Customer
- Sarbanes-Oxley
- Basel II

I shall illustrate it with practical examples from the Financial Services Industry. Compliance and Control are always considered as “costs of doing business”, as “necessary evil of doing business”, and as a constraint. By associating e-learning for such topics, e-learning itself was viewed as a cost of doing business. One has to go through these e-learning courses not out of choice, but for fulfilling compliance requirements.

Reporting/ archiving completion records are necessary. Everyone has to go through the same e-learning modules on a particular compliance topic.

The bottom line is that you take the e-learning course whether you like it or not.

Competitive Advantage:

E-learning has moved beyond this initial phase. Now, e-learning is used for competitive advantage and value creation.

Some examples of topics where e-learning is used for competitive advantage and value creation are:

- Product Knowledge
- Process Knowledge
- Customer Knowledge
- Risk Management

Here, the objective is to ensure that an institution has skilled employees who can compete effectively in the marketplace. By associating e-learning for value creating activities, e-learning itself is viewed as a source of potential revenue. It is no longer considered a constraint, but an enabler.

In these topics, e-learning is done by Choice - choice of individuals/ choice of institutions; it is not by compulsion.

Here, it is absolutely essential to demonstrate that a particular e-learning module helps an employee perform better in his job. (More sales, more clients – for example)

In Financial Services Industry, an employee would rather be doing something else (client proposals, trading, wealth management, etc). Every e-learning module has to pass the test, “What is in it for me”

The bottom line is that, you take the e-learning course because you like it.

As such, the e-learning programs for these applications need to have a different value proposition.
Value Proposition

- "e-Learning, Not e-Reading" - e-Learning courses with engaging graphics and interactive simulations.

- "Content and Context" - Top quality content presented in the context of relevant case-studies and best practices.

- "Learn-BY-DOING" - Courses interspersed with practice exercises and interactive applets to help apply the knowledge of theoretical concepts. Simulations represent a major part of the approach. These simulations incorporate specific interactions that prepare the learner for real-life situations.

- "Conceptually sound, yet Practical" - e-Learning courses need to be “Conceptually sound, yet Practical”. It is developed for practitioners by practitioners. Learning is aligned with real-world business objectives.

- "One size does not fit all" - Customized solutions for enterprise clients.

- "Turnkey Solutions" - Not just the e-Learning catalog, but services for competency mapping, creation of curriculum paths for different target groups, assessments and internal certification.

- "Global Perspectives and Local Execution" - Content is localized to include local regulatory guidelines, products and case studies.

The e-learning is being used for mission critical activities; it needs to be embedded into work-flow (“Learning at the point of need”).

Interactive Features:

The level of interactivity is different for these two applications. For regulatory compliance applications, e-learning courses have very little, if any interactivity. For value creation & competitive advantage application, e-learning courses have very high interactivity.

The features enhance e-learning being viewed as an enabler in the context of competitive advantage and value creation.

<table>
<thead>
<tr>
<th>Level of Interactivity</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples of Interactivity</td>
<td>Back/Next Navigation; True/False Multiple choice</td>
<td>Multiple choice, Fill in the blanks, Drill Down, Tell me more Did you know.</td>
<td>Job Aids, Simulations, Calculators</td>
</tr>
<tr>
<td>Graphics</td>
<td>Off-the-shelf clipart</td>
<td>2D Animation</td>
<td>Create for specific application, Contextual, Rich Graphics</td>
</tr>
<tr>
<td>Audio</td>
<td>Very little &lt; 10%</td>
<td>Moderate amount upto 50%</td>
<td>Lot &gt; 50%</td>
</tr>
<tr>
<td>Used for</td>
<td>Regulatory Compliance</td>
<td>Skill Development for Value Creation &amp; Competitive Advantage</td>
<td></td>
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</tbody>
</table>
Electronic Performance Support Systems:
An integrated electronic environment that is available to and easily accessible by each employee and is structured to provide immediate, individualized on-line access to the full range of information, software, guidance, advice and assistance, data, images, tools, and assessment and monitoring systems to permit job performance with minimal support and intervention by other.

EPSS play a key role in introducing new work technologies and systems to economize on time and money and also improve organizational effectiveness. By virtue of this fact, they represent a high level of interactivity.

An electronic performance support system improves employee performance by
- Reducing the complexity or number of steps required to perform a task,
- Providing the performance information an employee needs to perform a task, or
- Providing a decision support system that enables an employee to identify the action that is appropriate for a particular set of condition.

Examples of EPSS would be:
1. Regulations
2. Global Best Practices
3. Disclosures

1. Regulations:

Regulations / guidelines from various agencies such as The Bank of International Settlements (BIS), US Federal Banking Agencies and The Canadian Office of the Superintendent of Financial Institutions (OSFI).
2. **Global Best Practices:**

Global Best Practices provide the “Best in Class” examples of strategic, analytical and operational issues of different functional areas and activities.

![Global Best Practices Diagram]

3. **Measurement Tools:**

Interactive toolkits for a variety of financial calculations and processes such as duration, convexity, financial math, capital market products, gap analysis, ratios and Value at Risk.

In addition to the above-mentioned interactive, there are other interactive features that provide value add to the e-learning offering from a learner’s perspective. One such example is Audio clips. Audio clips provide Voice over of the concepts providing a classroom atmosphere.

![Measurement Tools Diagram]

**Extended Enterprise**

In the pursuit of Value Creation, e-learning is provided for extended enterprise, including:

- Channels and Strategic Partners, to enhance sales channel effectiveness.
- Customers/ Clients: The logic here is that well-informed clients make right decisions regarding products and their suitability. A client with a proper understanding of products will make better use of them, to “get the biggest bang for the buck”. A well-informed client will be a long-term client. The institution is giving the customer not just the product, but also the entire product value chain, including knowledge and expertise for optimal use of the product.

E-learning may be provided to extended enterprise on a complimentary basis for the reasons given above.

It strengthens strategic partnerships and improves client loyalty. This approach to extended enterprise is completely different from other examples where e-Learning division becomes a “profit center” and offers its e-learning courses to its clients and channel partners. Turning the e-learning function into a profit center runs the risk of losing focus. It begs the question: “What business are we in?” The only logical exception is offering e-learning on software applications.

Viewing e-learning from cost perspective (Vs value perspective) has implications for how the function is managed.

If it is viewed as a cost, one’s inclination is to “minimize, eliminate or defer” it.

If it is viewed as an investment, the inclination is to “optimize, enhance and expedite” it.

For regulatory compliance, a modular structure may not be all that pressing. For e.g. a company wants its employees to spend 45 minutes in one go and finish a mandatory compliance topic. The objective is to finish it now.

On the other hand, in skill development for Value Creation and Competitive Advantage, modular structure is very critical. Delegates may complete only a small nugget that takes 15 minutes. It is done as and when needed.

(“Learning at the point of Need.”)

A delegate may visit a particular module several times.
<table>
<thead>
<tr>
<th>Constituents</th>
<th>Old Paradigm</th>
<th>New Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOR WHAT</td>
<td>e-Learning for regulatory compliance and internal control</td>
<td>e-Learning for competitive advantage and value creation</td>
</tr>
<tr>
<td>OBJECTIVES</td>
<td>Defensive: Avoid penalties for non-compliance</td>
<td>Offensive: Create value with better knowledge of products/customers, and better business skills</td>
</tr>
<tr>
<td>RESULT</td>
<td>Cost of doing business</td>
<td>Potential source of revenue</td>
</tr>
<tr>
<td>PERCEPTION</td>
<td>Necessary evil of doing business</td>
<td>Enlightened self-interest</td>
</tr>
<tr>
<td>FOCUS</td>
<td>You need to do it whether you like it or not</td>
<td>You do it because you like – by choice</td>
</tr>
<tr>
<td>e-Learning Curriculum</td>
<td>Same e-learning courses for all</td>
<td>Unique learning paths for each target groups</td>
</tr>
<tr>
<td>ADMIN</td>
<td>Reporting/ for Compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Competency Mapping</td>
<td></td>
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<tr>
<td></td>
<td>• EPSS (Learning at the point of need)</td>
<td></td>
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<tr>
<td></td>
<td>• Embedded into workflow</td>
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**SUMMARY**

|     | Constraint | Enabler |

**Competency Mapping - Aligning Training objectives with Business Strategy:**

Training objectives are set with the intention of complementing business strategy in an organization. When e-learning is used as a means for dispensing skills and knowledge to meet these organizational training objectives that are aligned to business strategy, it is often done through competency mapping.

Competency mapping involves identifying key competencies for a particular position in an organization, and then using it for training and development, performance management, and succession planning.

- It focuses on key competencies for a particular position in an organization
- It helps to identify the knowledge and skill that the employee requires in functioning in a job role, effectively and efficiently.
- It ensures that relevant training is provided.

E-learning, by means of competency mapping, provides the value addition for the training program of an organization; thereby causing it to be viewed as enabling competitive advantage and as a catalyst for value creation.

**Case Studies**

1. **Global Financial Institution: (Citibank)**
   - E-learning for competitive advantage phase: provided personalized learning paths based on competencies for each target group.
   - Several “sub-brands” were incorporated the landing page – Look, Feel, Logo as appropriate for each “sub brand”.
   - Regionalization and translation into Spanish to audiences in Latin American markets.
   - Structured recommendations of e-learning modules.
     - Mandatory: Number of modules, as needed
     - Recommended: Number of modules, as needed
     - Reference: All 700 e-Learning Modules

2. **One of the largest domestic banks in India (Indian Bank)**
   - Customization to incorporate the institution’s policies and procedures.
   - E-Learning integrated into workflow.
   - Localization to reflect the country regulations, products, case studies

3. **One of the largest Fixed Income Management Companies (Western Asset Management)**
   - Corporate University with well-defined learning paths for each of the following target groups.
     - Analytics
     - Client Service
     - Enterprise Risk
June 10-12th, New York, NY, USA

- Finance
- Information Technology
- Investment Management
- Investment Support
- Legal/Compliance

4. **A leading regulatory/supervisory agency (Federal Reserve Board)**

   Developed a customized e-Learning Portal for Risk Management for training the employees of the Federal Reserve Board. The risk management portal will have access to all risk related courses and certification tutorials. In addition to customizing existing 600 courses, developed eight new courses on Risk Management, also undertook competency mapping as a part of this project.

5. **A global Financial Institution (Standard Chartered Bank)**

   - Competency Mapping
   - Multiple technology delivery choices (to cope with lack of bandwidth in some emerging market countries)
   - An effective internal marketing program
   - Blended Learning with for classroom/Instructor-led Training programs:
     - Use as precourse
     - Use during classroom
     - Use as reference after class session

6. **A regional development Bank (Corporación Andina de Fomento)**

   - Blended Learning Program - 3-day Instructor Led Training plus e-learning.
   - Deployment of 700 e-learning courses behind the firewall
   - English and Spanish courses

7. **A global development bank (Inter-American Development Bank)**

   - 700 e-learning courses
   - Private Label Portal
   - English and Spanish
   - Three new e-learning course libraries to be developed with input from client –
     - Project Finance
     - Infrastructure Development
     - Public-Private Partnerships


   a. The Office of the Comptroller of the Currency (OCC), USA, has been using e-learning for the past several years.
   b. OCC is using E-Learning & Reference Solutions on various topics of Risk Management & Capital Markets.
   c. The e-Learning solutions are customized to suit the requirements of OCC. The Office of the Comptroller of the Currency (OCC), a bureau of the U.S. Department of the Treasury charters, regulates and supervises all national banks.

9. **Royal Bank of Trinidad & Tobago (RBTT)**

   a. RBTT has licensed all 700 KESDEE’s accredited e-learning courses for the training of its staff.
   b. RBTT employees access the courses through a Private Label e-Learning Portal (incorporating RBTT’s Logo, Look & Feel on every screen) developed by KESDEE.
   c. The e-learning courses have been made available to RBTT through the Internet.

10. **SUNGARD**

    a. Sungard, India has licensed e-learning solutions as part of their training requirement.
    b. All 600 e-learning courses are deployed on Intranet servers of SunGard on a third-party LMS.
    c. SunGard logo, look & feel were added in the screens to match the branding requirements of SunGard.

11. **John Deere**

    a. Do an In-house Training seminar on Asset Liability Management
    b. Consultancy Project for analysis of JDC’s portfolio
    c. Implement comprehensive ALM strategy

12. **IBM**

    a. Developed and hosted a private label customized e-learning portal with the courses on Corporate Treasury Management under the name “IBM Asia Pacific Treasury - Education on Demand” at IBM.
    b. These courses are accessed by professionals from various countries in Asia Pacific.

**Note:** additional details of each of these case studies can be provided.

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- PLATEAU Annual User Conference “INSIGHTS 2008”

**REFERENCES**

[1] An earlier version of this paper was presented at Insights 2008 Conference in Phoenix, Arizona on September 14-17, 2008. Swarna Srinivas, President, KESDEE Inc, was invited to a session on 16th September. The topic of presentation was - First Hand Look: The Benefits of eLearning and e-Assessment in a New Economy.
Value Proposition of e-learning formed part of the conference at International Center for Leadership in Finance during February 29th to 2nd March 2008.

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