

## Back to School

### *E-learning helps retailers dump classrooms for the anywhere, anytime Internet*

By Elizabeth Gardner

Walk into a City Furniture store in Florida on a slow morning and you're likely to find a store associate at his computer. It may look like he's web surfing, but he's probably brushing up on his knowledge of couch construction or crib safety standards using the retailer's e-learning system. For the past year, the 15-store chain has been moving its employee training away from classrooms and paper manuals and onto the Internet.

With stores all over south Florida, City Furniture's 1,100 employees are far flung. "Imagine how challenging it is to get people to come an hour north, or two hours south, or an hour west, for a full-day training session," says Janet Wincko, director of recruiting and learning. "Every moment they're driving here and sitting in a class, they're not selling." And for employees in the 24/7 distribution center, scheduling classroom training to fit everyone's odd hours is an additional challenge.

With e-learning, employees can complete little chunks of training—anything from five minutes for a quick briefing on a new product to a 20-minute module on store procedures—whenever they have a spare moment. Their reward is anything from lavish praise to bonuses or promotions. City Furniture's reward is more training completed at less expense—and potentially lower employee turnover and higher sales.

Internet-based e-learning is transforming how stores train their employees, whether it's how to fold a sweater, how to deal with an angry customer or how to work the point-of-sale system. And sometimes that point-of-sale screen carries the lesson of the day.

First-tier retailers—those with more than \$2 billion in annual sales—all have embraced e-learning, says Sunita Gupta, executive vice president at the LakeWest Group, a retail consulting firm. It recently completed a survey of 100 top retailers, and more than 70% said better training of store personnel was their top priority.

An introduction

Among second tier retailers—those with \$500 million to \$2 billion in sales—adoption of e-learning varies, and it's most often used to introduce new technologies or programs, Gupta adds.

Because e-learning systems are often available as a hosted solution and companies can pay per user, retailers of any size can potentially benefit, says Don Cook, senior vice president of marketing at Learn.com Inc., which includes about 30 retailers, including City Furniture, among its 500 e-learning clients. "We target the mid-market—between 10,000 and 30,000 employees is our sweet spot—but our biggest growth area is companies with less than 1,000," he says. "Small companies should take training seriously. When you have three stores, it's easier to develop a training system than if you wait until you have 50 or 100."

Computer-based training has been around since all screens were black with green letters. The rise of the commercial Internet has made networked computers ubiquitous and inexpensive,

giving retailers the ability to easily link trainees with centralized training. And the evolution of Internet technology has spawned a toolbox of presentation techniques as useful for developing training materials as they are for creating flashy web sites. Course developers can choose online video, Internet gaming techniques and other tools that appeal to the young people who form the backbone of many retailers' sales forces. And those forces can take their training at any Internet-connected computer whenever it's convenient—whether during a lull at the store or at home in their jammies.

"Retailers realize that e-learning offers a better toolset than traditional training," Gupta says. "It's interactive. They can add remedial sections if someone is taking longer than usual to understand something. They can be creative with learning protocols. And they can test as they go to gauge a person's progress."

Last year, Hudson's Bay Co., one of Canada's largest retailers with more than 580 locations and 50,000 to 70,000 employees depending on the season, realized a two-fold increase in the number of online training courses completed by employees, says Jason Hubbard, senior manager of e-learning and virtual classroom.

### Managing stress

His in-house staff of five has produced dozens of e-learning courses over the past four years, not only on specific products and store procedures but also on personal growth topics like dealing with stress and improving language skills. Each course takes about three weeks to create and 15 to 20 minutes for a learner to complete. Hudson's Bay employees completed more than 160,000 courses in 2007.

And often they revisit those courses for a refresher. "Any trainer will tell you that when someone gets training for a whole day, they're overwhelmed and don't remember everything they've learned," Hubbard says. "With this system, you can go online to review specific things. If I do a spreadsheet once a month and I've forgotten how to do a PivotTable, I can use the Excel course as a reference tool."

The courses run on a learning management system from GeoLearning Inc. GeoLearning hosts the system, which provides a platform not only for delivering the courses but for tracking participation and assessing the overall "skill health" of individual employees. The learning management system can serve as a general employee development tool for human resources departments, says Will Hipwell, GeoLearning's senior vice president of product development.

E-learning can help geographically dispersed organizations develop a common corporate identity, says Angela Vazquez, director of instructional design at AMC Theatres, which operates 300 movie theaters throughout the U.S. and Canada. The company has been using e-learning for about four years. Its system provides courses for about 2,700 employees, including line managers at theaters. Vazquez plans to roll out courses this year for the 20,000 crew-level employees—the ones who pop the popcorn and clean between the seats.

"Having a centralized training function at the home office really helps us standardize and share our culture with remote locations," Vazquez says. Each course uses the same branded template to give a consistent look and feel.

### Face to face

However, some subjects are still best taught in person, especially if they involve role-playing or lots of personal interaction, says Hudson's Bay's Hubbard. But even then, e-learning can streamline the process.

“A class that might have run a full day before can now run half a day because you can play around with the material a little bit online before the course and do follow-up online,” he says. City Furniture, Hudson’s Bay and AMC all use some classroom training in addition to e-learning for a blended approach.

Costs for e-learning vary widely (see sidebar, this page), and the return on investment is sometimes difficult to identify, especially in the first few years when a company is incurring substantial expenses to set up a system and develop courses.

When City Furniture’s Janet Wincko was selling management on e-learning, she stayed away from squishy projections on increased sales or reduced turnover and stuck to the obvious. “Paying a dollar to an instructional designer is comparable to paying a dollar to an instructor,” she says. “But I have to pay the instructor every time he teaches a class, and I only have to pay the designer once.”

For Hudson’s Bay, direct return on its overall e-learning investment isn’t a primary concern, Hubbard says. Sales and management staff have to be trained one way or another, and his most important metric is successful course completions (defined as not only being exposed to the course, but passing the post-course test with an 80% score or better). Nonetheless, he can point to cases where introducing a course on a specific product—for example, digital cameras—has resulted in increased sales. “Associates are much more likely to sell something when they’re knowledgeable about the product.”

In general, benefits from e-learning are significant—especially when viewed enterprisewide, some experts say.

“It’s hard to measure what you get back from having sales associates who can actually assist customers,” says LakeWest Group’s Gupta. “But many corporate initiatives fail because the execution doesn’t happen at the store level.”

*Elizabeth Gardner is a Riverside, Ill.-based freelance business writer.*

## **Systems, content and costs**

E-learning comprises two main elements: learning management systems and content.

A learning management system is the platform that delivers courses, keeps track of which employee has taken which course, and often interfaces with a retailer’s human resources system. A learning management system also can serve as a repository for employee manuals, FAQs and other frequently referenced items formerly found—or lost—in three-ring binders.

Companies can buy a turnkey system and install and run it in house, usually with vendor support, or have it hosted by a vendor and pay a per-seat license fee per year. Among many others, both Learn.com Inc. and GeoLearning Inc. offer the latter. City Furniture uses a learning management system from Learn.com. Hudson’s Bay Co. and AMC Theatres use the GeoLearning platform. Vendors say the cost—for either a turnkey or hosted solution—can vary from the low five figures to \$1 million or more per year, depending on the number of learners, the number and complexity of courses, and how many functions a retailer wants.

With content there are three basic options: have a learning management system vendor develop courses in collaboration with a company’s in-house experts, engage a courseware developer, or

handle it in house, using either the learning management system vendor's templates or commercial courseware development software, which runs around \$2,000. Some available courseware packages include Coursemaker Studio, Rapid Intake, Fantasia, Macromedia Breeze and Lectura.

Hiring a courseware developer can run up to \$40,000 for an hour's worth of material with a medium amount of interactivity, says Angela Vazquez, director of instructional design at AMC Theatres. She develops all of AMC's courses using Lectura.

Hudson's Bay and City Furniture also do in-house development. Hudson's Bay supplements its self-developed material with prepackaged courses on topics such as employment law or computer programming, where the content doesn't need to be customized to the company and may be needed by only a handful of employees.