6 Ways to Secure More Training Budget

While the value of external education is well understood by training practitioners and those who engage with training content, it can be challenging to get other stakeholders on board, particularly when it comes to securing budget. In our recently released [2020 Customer Education Benchmarks and Trends Report](#), 62% of respondents indicated that their training budgets have increased year-over-year, and a further 83% anticipate their budget will increase in the next 1-3 years. Even in the midst of the COVID-19 pandemic, 13% of respondents reported that they expect to receive additional training budget within the next quarter.

Whether you are trying to kickstart your training program or seeking to expand your existing program, the case for securing additional financial resources from your CFO or leadership team relies on one key capability: demonstrating the positive ROI of training. Not sure where to start? Read on for 6 ways to prove the value of training to your executives.

Financial ROI

Often, CFOs see customer training as just another cost line and one that should be minimized however possible. The key to changing their mind is to frame your request in a way they understand and are familiar with: data. There are four primary financial indicators that can help you support your position: customer lifetime value (CLV), annual recurring revenue (ARR), cost reductions, and revenue generation.

Customer Lifetime Value (CLV)

By far, the most common business case for customer training is the understanding that educated customers are more likely to remain customers than their untrained counterparts. This is especially persuasive for companies in subscription-based industries.

Think about it this way: When customers understand how to use your product and continuously derive value from it over the long term (via training), they are more likely to renew, and potentially expand, their contracts. Not only does effective training drive

continuous product usage, the increased revenue generated by long-term customers can also be attributed to training efforts.

Annual Recurring Revenue (ARR)

If you already have an existing training program, take a look at ARR for customers who currently engage with training versus those who do not. Particularly telling are the ends of the spectrum - those who regularly engage with training versus those who haven't engaged at all - you may find that there is a correlation between training engagement and ARR. For example, digital process automation company, [Nintex](#), found that customers who have been trained through the company's education platform, Nintex Learning Central, have 153% higher ARR when compared to those customers unengaged with training.

Cost Reduction

There are a number of ways that training can help a business reduce costs, particularly if organizations make use of on-demand and virtual offerings. Consider the following scenarios:

- If you currently send trainers onsite to onboard new customers:

  - How many trainers are you employing?

  - What is the fully-loaded cost per trainer (including benefits, taxes, and facilities costs)?

  - What are the operational costs associated with sending them onsite? Think about plane tickets, accommodations, food, etc.

- From a Customer Success and Support perspective:

  - How many employees are currently needed to support the volume of customers' questions and needs?

  - As your company grows, how many more of these employees will you need to hire to maintain a high level of support?

As you break down the total costs associated with training as it currently stands, propose how these expenses can be reduced by either implementing or expanding a Customer Education program with on-demand and virtual, instructor-led training (VILT) opportunities. It is also worth drawing attention to the scalability of both your existing method of training and a more formalized education program. Keep in mind that the latter option will enable your Customer Success team to be more efficient, reducing the need for additional headcount as your company grows. Demonstrating how you can actually cut costs can be a highly effective way to justify additional financial support.

Revenue Generation

Another financial metric to consider is how training can generate revenue for your company. While not every organization charges for training, those that do have found that it can quickly shift training from a cost-center model to a revenue source. There are three common revenue-generating models to consider:

- *Blended:* In the first model, some courses are free, while others are available for a fee.

- *A la carte:* In this model, you charge per course, so customers can purchase training as needed.

- *Subscription Pricing:* In this third model, those who are interested in training pay a flat rate for access to content over a certain period of time, often one year.

Homecare Homebase, a healthcare software company, is one example of a company that monetizes its training. Within four months of launching HCHB University, an all-in-one education resource for new and existing customers, revenue generated by the training program increased by 40% year-over-year. Training does not need to be considered a loss on a P&L statement; in fact, it can be a self-sustaining, if not a revenue-generating feature of your organization.

Return on Time

Depending on the size of your organization, your Customer Success and Support teams may be able to provide premium treatment across all of your accounts. However, each account requires different types of onboarding and support. And it's likely that these teams are spending a significant number of hours working with users on how to use your product and often dealing with the same questions over and over. This isn't scalable. You may be asking how this helps make the case for budget. It all comes down to demonstrating the value of training and it's far-reaching impacts across your organization. Let's take a look at how training enables Customer Success and Support teams to do their jobs better and more efficiently.

Customer Success Productivity

As your company's primary connection with your customers, the Customer Success team is the external face of your company. It's their job to ensure customers feel equipped and empowered to find success with your product from onboarding throughout the customer lifecycle. While every customer deserves thoughtful, personalized attention, CSMs only have so many hours in a day and as your company grows, it may seem like the only option to maintain this type of support is to increase headcount. But new employees can be expensive and additional hiring is not always feasible. So how do you maintain a positive, supportive customer experience as your company grows? You guessed it, training!

Real estate software firm, [Qualia](), experienced this situation firsthand. Historically, when onboarding new customers, Customer Success team members connected one-on-one with clients, spending nearly half their time conducting training. However, within just one week of launching a formal training platform, including courses and resources tailored to different job roles, Qualia increased the productivity level of its CSMs by an estimated 30%. By relieving CSMs of early onboarding responsibilities (which are now offered on-demand to customers), those managers can now focus more deeply on their accounts for maximum value-add. Less time spent on repetitive training activities means Qualia's CSMs have the capacity to more meaningfully help customers and support more accounts, reducing costs as the company grows.

Reduction in Support Tickets

Another avenue where training can cut costs is within your organization's Support system. Similar to your CSMs, your Support team is often faced with the same questions over and over. Not only can this be frustrating for the team, but responding to individual tickets is also a largely reactive and time-consuming approach. A strong education program can help reduce the burden on this team by developing training content that addresses these key problem areas. With a dedicated resource in place, Support is likely to see fewer inbound tickets on the topic, which means they can resolve other, more unique issues that arise more quickly and with fewer resources. Human Resources platform, [Zenefits](#), is an excellent example of this solution. Based on customer data, Zenefits sought to continue to improve its customer experience including training its customers on the "how-to" questions going to its support organization. The resulting Zenefits Training Initiative has helped the company reduce support ticket volumes by 5%.

While return on time may not be as clear cut as financial ROI, these measures are a great mechanism for helping demonstrate the value of training and securing budget for future training efforts.

At the end of the day, your organization's leadership team wants to make smart investments. By clearly articulating the value of training - both from a quantitative and a qualitative ROI perspective - you demonstrate the far-reaching business impacts a formal, well-funded education program can have. Using this strategy, you may find the CFO can quickly become your biggest advocate, instead of a blocker to your program's growth.

If you're interested in learn more about Skilljar can help you improve your Customer Education program, request a no-obligation customer education assessment by visiting skilljar.com/demo.

Additional Resources

- 2020 Customer Education Benchmarks and Trends Report
- eBook: Building a Business Case for Customer Training
- On-Demand Webinar: Translating Customer Education Success into Business Impact

About Skilljar

Skilljar's award-winning customer training platform enables you to successfully onboard, engage, and retain your customers and partners. Our cloud learning management system (LMS) makes it easy to create courses, distribute to web and mobile devices, and track results.

Skilljar helps you accelerate product adoption, automate onboarding workflows, reduce support costs, and increase long-term customer satisfaction.

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