

Selecting an LMS: *What Works*[™]?

Tips & Techniques

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These tips & techniques represent our findings on best-practices and lessons learned in e-learning, strategy, content development, infrastructure, blended learning, and analytics and measurement.

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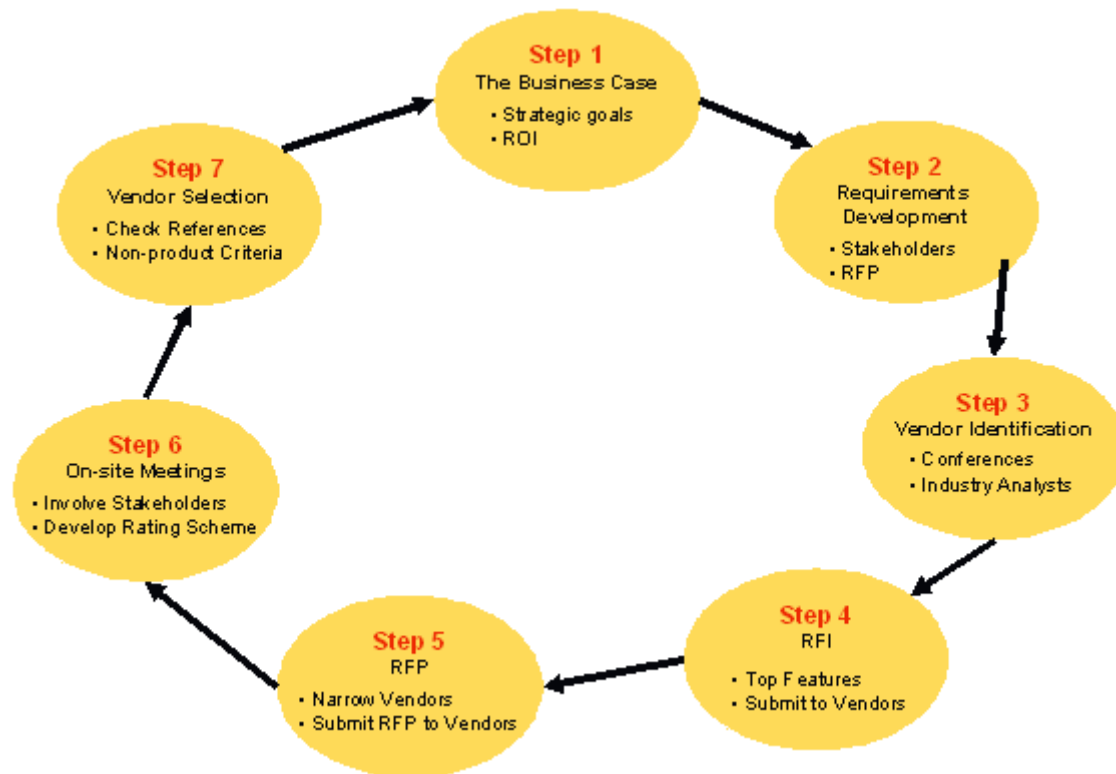
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(About Chris Howard: Chris developed at least 3 LMS's in his career already ... all three of which are widely in use today!)

One of the things that I've noticed when working with companies selecting e-learning technology over the years is that many do not have a well-structured approach to making critical vendor decisions. The more structured the process for selecting technology, the more successful the projects.

Recently I had the opportunity to interview 10 large corporations to understand What Works™ when selecting an LMS. The companies I spoke with were large, well run organizations -- and included FedEx, Honeywell, Kinko's, Vanguard, and others.



Since LMS systems are early in the market (IDC believes that at least 55% of companies do not even have an LMS) -- and there are still dozens of vendors, I decided to develop and document a structured process which will help you avoid the pitfalls which many companies fall into.

Why the LMS Selection Decision is So Important

A LMS is one of the most important IT projects that companies undertake for the simple reason that the system will touch potentially *every employee in the company* -- so, needless to say, it has a high profile. Every employee -- from the CEO on down -- will potentially use the system (and could potentially become your enemy if the system is hard to use)!

The second thing to consider is that an LMS will cost you between \$50-200 per employee to purchase and implement. (This includes the cost of software, hardware, implementation, and training and support). When you multiply this by the total number of employees in your company, it will become a large amount of money.

The third issue is that an LMS will become a very "embedded" application. Unlike financial or marketing applications, which are largely similar from company to company, LMS systems tend to grow and morph into the management and training business processes of YOUR company. Training and management process vary WIDELY from company to company -- so the LMS you purchase will become YOUR LMS within a few years -- and it will be very difficult to replace.

Lets walk through the 7 step process:

Step 1. Developing and Communicating the Business Case

Before proceeding with product selection it's important to justify the initiative to the organization. Why is this project important? What strategic goals will it address? And when will it provide a return on investment (ROI)? These are all questions that need to be answered early in the process.

When you have the answers to these questions you are able to evangelize the LMS to others in the company in order to secure their support throughout the procurement and deployment process. In my discussions with those that have implemented successful projects, the theme of communication came up over and over. They recommended that the need for the project be well understood and communicated to executives, stakeholders, and the rest of the employees – in that order.

The business case should identify the strategic corporate objectives being addressed and provide specifics on how this project will contribute to the objectives. If improving customer satisfaction is a strategic objective, for example, then providing better training to customer service staff will help achieve that objective. The LMS is a means to this end: it is required to administer and track staff compliance with training standards.

You must also define the applications you need. To understand the 10 major corporate applications for learning management systems, read our study: [The 10 Corporate Learning Applications](#).

Once the business goals are identified, an ROI analysis should be conducted to justify the purchase to the organization. All the costs and potential savings for the project need to be identified. Companies have many different standards for what can be considered cost savings and what type of financial model should be used to calculate ROI. The following cost savings are sometimes used to justify on-line training projects in an ROI calculation.

Typical Cost Savings for On-line Training
Reduction in Employee Travel
Reduction in Other Classroom Training Resources (e.g. instructors, facilities)
Improved Employee Performance
Reduction in Employee Turnover
Reduction in Time Off the Job

Once you've documented the goals and ROI for the project you'll need to present your findings to the executives that can help fund and support your project. Again, don't hesitate to over-communicate. *You are going to need their support during the acquisition and implementation process.*

Step 2. Defining Requirements

Now that you've secured support for the project, you'll need to identify, very specifically, what you want the system to do for your company. Taking control of this step will help you ensure that you get a solution that will truly solve your training challenges and reduce your chances of being the victim of an aggressive sales job by a vendor.

First you'll need to assemble a team of stakeholders to help you identify the requirements. The team should include representatives from all affected groups. The IT group should be at the top of your list since you need their help to implement the system. If you are training customer service agents then the Director of Customer Service may be on your list of stakeholders. By including all affected groups you will not only get a better list of requirements but you will get better support when the time comes to implement the system. You can interview the stakeholders or ask them to prepare a list of requirements from a structured document.

The requirements document itself should include as much detail as you need to communicate what you need the system to do. Also be sure to indicate if a particular feature is mandatory, desired, or a "nice to have". This will help you prioritize when vendor selection time comes around.

Also remember that requirements may also include things that you don't consider product features but are required for the success of your project such as price, adherence to certain IT standards, and implementation within a certain time frame.

Step 3. Identifying Potential Vendors

Now that you've done your homework you are ready to research the market to identify potential vendors. There are still many vendors providing capabilities that fall under the umbrella of Learning Management. Keep in mind, however, that today more so than in recent history *vendor viability* is a key consideration for most companies. Vendors that are not considered financially viable may not be a good solution for you (your purchasing department can provide criteria for financial viability).

Information about potential vendors is available on-line, at industry conferences and from industry analysts such as Gartner Group, Meta, and for free from ASTD. You can also hire consultants like us -- who work with these vendors every day. At this stage you should identify all the vendors that you suspect might be able to provide a solution for your company.

Step 4. Creating a Request for Information (RFI)

Developing and submitting an RFI to this select group of vendors is your next step. The purpose of the RFI is to get enough information from the vendor for you to determine if you should spend any more time with them. Select the top ten capabilities and/or vendor characteristics that you cannot live without and ask the vendors to respond to how they would fulfill each one of your needs.

You may need to qualify the vendors on things other than product features. For example, perhaps your budget is very limited and you suspect that only a few vendors will be able to meet your price (although remember that vendors are very flexible on price these days). In the RFI you should ask for some approximate pricing. Or there may be a specific product feature that automatically removes a vendor from further consideration if they can't provide that capability. For example, some industries must comply with very strict federal laws on how training records must be maintained and how quickly they can be accessed. If this applies to you then not having this feature is a "show stopper" for proceeding further with that

vendor.

The RFI will help minimize the time you spend with vendors that won't meet your needs. You should not submit the RFI to any more than 10 vendors. By the way, if you skip this step, your RFP process could become a nightmare. The RFI process will give you the information to narrow down the list to a few (ideally 2 or 3) vendors for the RFP. Sending out an RFP to a dozen vendors is a frustrating and very time-consuming process -- for you as well as for the vendors themselves.

5. Creating a Request for Proposal (RFP)

Once you've received responses back from the RFI you can determine which vendors are suitable for further discussion. You should select no more than 3-4 vendors, at most, to take to the next step -- the RFP. The RFP document is derived directly from the requirements you gathered from your stakeholders in step 2. The RFP consists of an explanation of your project and a form for the vendor to indicate if and how they meet your requirements. It's helpful to ask vendors when they will support a certain feature if it's not currently available in the product. Submit the RFP to the vendors you qualified from the RFI phase.

6. Conducting On-site Meetings and Demos

Once you've received the RFP responses, you are ready to invite the vendors in for an on-site meeting. The purpose of the meetings is for the team of stakeholders to clarify items of interest in the RFP response, see the product firsthand, ask questions about how it works, and clarify any other outstanding concerns. The meetings should be very structured and conducted by whoever is in charge of the selection process (you!).

The stakeholders should be asked to identify the requirements that are of the utmost important to them and rate each vendor according to how they measure up. A standard scale (e.g. 1 to 5) should be applied to each feature to enable a fair comparison of final scores once the meetings are all conducted. Make sure the stakeholders attend the demo.

By the way, a critical issue to evaluate is "*how easy will it be to use this system?*" Remember that the users of an LMS are not IT or financial people -- they are salespeople, managers, service agents, maybe even bus-drivers and other hourly workers.

7. Selecting the Vendor - Check References

You now have all the information you need to make a final product selection. Based on the RFP responses and the on-site meetings with the stakeholder team, you should be able to narrow your choice of vendors. If you discover that more than one vendor will meet your needs, then you will be in a good position to select the vendor that will give you the best price.

Of course, your decision should not be made on price alone. Nor should product functionality be the only criteria. You must *check vendor references*. When checking references, be sure to ask tough questions. The vendor will most likely give you the names of satisfied customers so you'll need to dig a bit deeper to get a true reflection of how satisfying the experience has been for the customers.

Examples of tough questions: What was your biggest disappointment about having selected the vendor? Would you select this vendor again if you were to move to another company? Can you provide an example of something that did not go well with the implementation and indicate what the vendor did to resolve the problem? Prepare 10 to 20 good questions in advance of the reference calls and document the responses.

Other factors in making the decision could include such things as price, the implementation time frame for the product, the resources that the company can make available for the implementation, the company location, the enthusiasm of the staff, etc.

Ultimately, you'll need to consider some or all of these factors before you make a final product decision.

This Process, although complex, Does Work

This is not a process which we made up. We have worked with dozens of companies and helped them through this process -- and this is what works. If you are in a hurry you may try to skip some of these steps -- but in fact you will probably find that you go back and do them later.

Keep in mind that you need not perform all of these steps in a specific order. You may, for example, begin vendor research before conducting an internal needs analysis. While this is OK, you don't want vendor capabilities to dictate your needs. Only you know what you really need for the business problems you are trying to solve.

Develop a Methodology and Make it a Team Approach

The most important thing to keep in mind is that you have some type of methodology for determining what you need and which vendor can provide the best solution.

Use Us for your LMS Selection Services!

We offer a complete LMS Selection and Acquisition Service which will get you through this process. We have a set of templates, cost-justification models, and a complete methodology which will help you select the right product for your particular business needs. In addition we know this market very well and can help you develop the final RFP and negotiate the best price for software and implementation services. You can purchase our [LMS Selection Kit](#) as a start, and the fees for this kit are refunded if you use us as your selection partner. For more information, please call us at (510) 654-8500.