



WHITE PAPER

How SMEs Can Utilise L&D to Gain Competitive Advantage



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EXECUTIVE SUMMARY

In a knowledge-based economy, the collective skills and know-how of an organization's people is critical to business success. This is particularly prevalent in the small-medium sized enterprise (SME) sector where businesses have many of the same needs as a multi-national organization, but not the level of resources required to service them.

This pressure has always been omni-present, but SMEs have never before had to contend with so many compounding business issues.

This paper examines the following:

- ✓ Why issues such as scarce resources and skill shortages must be recognized
- ✓ How the training, learning and development priorities of SMEs differ from larger organizations and what to do about it
- ✓ The nexus of changing business forces such as workforce demographics, stealth competition, technology and globalization
- ✓ The importance of a good personnel development programme for SMEs

Improved business effectiveness, increased competitiveness, greater profitability and increased efficiency - all underpinned by a trained, effective workforce. This is surely the Utopia of any business, but what are the specific learning and development (L&D) questions and considerations of an SME? How does an SME benchmark its people practices against larger, competitive organizations?

ROLE DIVERSITY

The role diversity in SMEs means that more employees can be directly 'customer' facing and therefore more able to directly impact the organization's bottom line. As a result the learning needs are very high for those who effectively dictate the level of the playing field for achieving small business success.

It can also be argued that the Peter Principle¹ is more applicable to smaller businesses as well. Being shorter on resources, SMEs usually prefer to promote from within. Yet, not all employees will be ready for the next step in terms of experience or skills. This is important because an unproductive or pressurised manager can adversely affect many employees in their charge and therefore a significant part of an SMEs business.

BUSINESS PRIORITIES AND MANAGING TIME

SME managers who, it has been noted, represent a significant proportion of the EU workforce often experience difficulty in finding time or resources to undertake - or indeed deliver relevant training. Owing to role diversity and a lack of dedicated Human Resources (HR) or L&D function, many SME leaders are simply pressed for resources and time.

The training needs for SMEs are wide ranging too, with interpersonal skills and technical skills usually topping the bill. From leadership and communication, through problem solving, stress management and anger management right through to computers and technologies some SMEs encounter difficulties when they want to fulfill their training needs and some are sometimes unable to do so even when they know how.

As HR and L&D is not usually a core or specialist skill among the SME line-of-business manager, it can often feel like a daunting task too. This begs the question about outsourcing. SMEs often use external suppliers for non-core business functions such as HR, finance, marketing and legal, so why not L&D?



One of the benefits of eLearning use in SMEs is precisely the possibility of having access to training products and services that would be otherwise unavailable.

COMPLIANCE

Of course, not all training is 'optional'. For many SMEs, staying compliant with regulatory, legal and statutory requirements is critical. From health and safety to pollution, environment and health regulations, the penalties for failure can be high. SMEs, like all other businesses need to stay current. For many, managing, delivering and reporting on compliance can be extremely burdensome. It's why so many are now managing that risk with technology-led solutions.

COMPETITIVE LANDSCAPE AND BUSINESS AGILITY

SMEs have a lot to offer in the business landscape. Surely one of their biggest assets is their unique position to offer intimate, personal customer service at a depth that larger competitors cannot. Smaller ships are also much easier to turn, which means that SMEs can also evolve, adapt and change at a much faster rate.

As a consequence, SMEs that take a strategic approach to training and developing their human capital will profit not only from a competitive position in their marketplace but also find themselves better placed to adjust to changing and often uncertain external influences on the business environment presented to organizations in the 21st Century.

KEEPING PACE

It is not just competitors, customers and business factors driving this constant change. The mega trends in technology such as social, mobile, Big Data and cloud computing also affect many business practices. Keeping pace with the demand for technical skills is often a major challenge for organizations of all sizes – and SMEs need to be able to compete.

DOING MORE WITH LESS

As the world of L&D moves away from a mostly instructor-led training (ILT) to a more blended approach that includes extensive use of eLearning and technology-driven learning tools, businesses are able to reduce learning times. This means fewer employees away from their day-to-day roles during work hours. This is significant for the SME that needs to literally be more productive with fewer people in the environment.

THE VALUE BALANCE

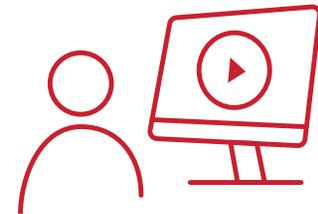
Like any other business, the SME is wary of overheads and costs. There are numerous courses already developed in eLearning format that are less expensive than conventional courses, allowing SMEs to save on course fees, travel, lodging and meal costs. Yet, despite eLearning allowing the SME to optimize employee productivity time, the business case is not purely about cost. It's about value. This is because eLearning is not the cheaper, poorer relation. Time and time again, eLearning courses demonstrate their value with learning retention rates that are still high, if not higher than their classroom-based alternatives. The secret to success for many SMEs is learning when and how to blend the two.

CONSISTENCY & STANDARD

There are some areas, such as compliance in the L&D mix that demand a consistent delivery of course content for every employee. Inconsistencies tend to show up more obviously in an SME environment. Again, structured eLearning programmes have an edge here. With curated, personalized online L&D you are always training to the top performer in the class. In the classroom-based or ad-hoc, on-the-job and group scenario, an SME is training to the lowest denominator and possibly slowing others down.

LEARNING ON DEMAND

The way employees want to learn has changed dramatically in recent years. They no longer want to have learning content chosen for them, and delivered to them at their employers' schedule. The trend has shifted "push" to "pull". Employees want to be able to access content and learning at their own pace, 24/7.



Successful SMEs are acknowledging this, and seeking to satisfy employees' needs for L&D content on demand, in bite-sized chunks, in consumable formats such as video, to suit their individual learning style.

ATTRACTING AND RETAINING TALENT

By 2020, millennials will form 50% of the global workforce – and this demographic of employees has very different L&D needs. As PWC points out in its report, 'Managing tomorrow's people – the future of work 2020', millennials matter because they are not only different from those that have gone before, they are also more numerous than any since the soon-to-retire Baby Boomer generation.¹

Millennials want this new style of learning. They love technology and they want to learn too. In fact, according to Robert Walters research in "Attracting and Retaining Millennial Professionals", 91% of millennials say the opportunity for rapid career progression is one of the most important things about their job.²

These implications offer a huge opportunity for SMEs to attract the best the millennial talent pool has to offer. More importantly, it can enable them to hold onto that talent, and circumvent the huge costs associated with replacing them, especially if they have gone to a direct competitor.

According to Towards Maturity's 2015-16 Industry Benchmark Report: "Embracing Change", mid-sized businesses are investing 14% of their available budget on learning technologies. The report states that they would need to almost double this proportion to match the percentage allocated by the top learning companies.³

SUCCESSION PLANNING

Indeed, the Gallup survey, "How Millennials Want to Work and Live" reveals that millennials are most likely to move around.⁴ Only a third (29%) of millennials are engaged at work, meaning only about three in 10 are emotionally and behaviorally connected to their job and company.



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¹ "Managing tomorrow's people – the future of work 2020." PwC, 2015.

² "Attracting and Retaining Millennial Professionals." Robert Walters, 2016.

³ Embracing Change: Improving Performance for Business, Individuals and the L&D Team. Towards Maturity, 2016.

⁴ "How Millennials Want to Work and Live." Gallup, 2016.

In fact, according to the Gallup report, 21% of millennials say they've changed jobs within the past year, which is more than three times the number of non-millennials who report the same.

Evidence shows that when employees are engaged, they stay. But, millennials are constantly switching their attention between different things. SMEs that can command their attention with modern learning and development programmes will not only win the talent battle, but also be able to compete with larger enterprise employers.

With a 'job for life' no longer the norm, SMEs are being forced to rethink their long-term strategies and not least their succession planning.

THE CONTENTED EMPLOYEE

Times really have changed. It used to be that salary was the top priority for job interviewees. Now it trails training and career progression. So, in smaller organizations with fewer positions available, having happy employees is vital.

By investing in employee training, SMEs can engender a sense of value and helps their people to feel that they are growing with the company, and to picture their career with the company long-term.

HOW SKILLSOFT CAN HELP

The needs of the SME are different but they are still needs. Skillsoft can help SMEs of all sizes to create a more pedagogic strategy to L&D. Our learning specialists can assist with the issue of offering learning materials in a manner that recognizes the working environment, mode of operation and preferred learning methods of SME employees.

Skillsoft's platform allows SMEs to brand their L&D portals, whilst facilitating that all-important personalized, individual learning pathway.

ABOUT THE AUTHOR

JAMIE MACDONALD

Jamie MacDonald began his career in the talent field 18 years ago. In 2009, Jamie joined Skillsoft where he has been responsible for building the UK SME division. During his time with the company, Jamie has implemented Skillsoft's own product suite as an integral part of driving its development and growth. Jamie has put together a team of experts in the L&D field whose sole focus is to advise and introduce solutions that allow small-to-medium businesses to gain a real competitive advantage in the workplace.



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Skillsoft is a front-runner in corporate learning, delivering beautiful technology and engaging content that drives business impact for modern enterprises. Skillsoft comprises three award-winning systems that support learning, performance and success: Skillsoft learning content, the Percipio intelligent learning experience platform and the SumTotal suite for Human Capital Management.

Skillsoft provides a comprehensive selection of cloud-based corporate learning content, including courses, videos, books and other resources on Business and Management Skills, Leadership Development, Digital Transformation, Technology and Developer, Productivity and Collaboration Tools and Compliance. Percipio's intuitive design engages modern learners and its consumer-led experience assists in accelerating learning. The SumTotal suite features four key components built on a unified platform: Learning Management, Talent Management, Talent Acquisition and Workforce Management.

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