

Reducing Manufacturing Training Costs Targeted Online Learning



In a tough economic climate, smart choices must be made to reduce ongoing production costs, insure safety in operations, reduce costs and improve effectiveness. One prominent area where expenses can be driven downward is in the delivery of targeted training and skills enhancement. The FlexTraining Login & Go cloud-based custom training platform delivers those kind of savings.

Many companies face a stark choice: find a cost-effective strategy for delivering targeted education or don't do any training at all. And performing no training at all is not an option in the long run.

The presence of a learning platform with built-in authoring tools also opens the door to courses on subjects beyond the required compliance and safety training. With additional custom-built courses, not only does online education reduce training costs significantly, but the content and strategy for your on-demand courses can lead you to cost reductions in other areas:

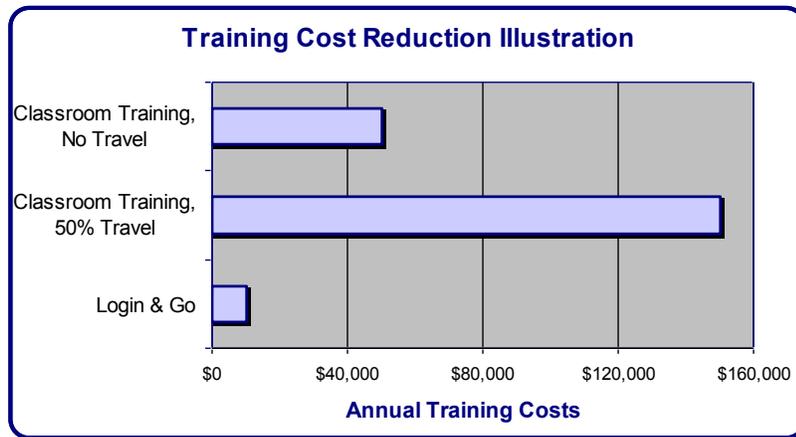
- Reducing energy costs
- Reducing labor costs
- Faster production cycles
- Less inventory waste
- Less rework
- Fewer warranty incidents

Face-to-face training can be expensive, particularly in terms of instructor cost and travel costs. Consistent with the idea of “lean manufacturing”, where waste is constantly minimized, is the concept of “lean manufacturing training” using a reliable online training framework.

This white paper presents realistic examples that demonstrate how online training using the FlexTraining “Login & Go” system drives down ongoing training costs. Conservative assumptions are made concerning individual cost drivers and the utilization of classroom facilities to insure fairness.

These examples utilize a model where the company needs to offer classroom or online education to 250 learners. Considering 100 users rather than 250 yields consistent results, and an organization with 1000, or even 5000 learners experiences the same benefits, though at a greater magnitude.

Utilizing Login & Go for targeted training reduces costs right away, not in some future year or budget cycle.



The nature of the cost savings inherent in online training is closely tied to scalability. The more training you conduct the more money you save, and the more you improve performance. Most learning systems are priced, as you would expect, based on user levels. In every case, larger user populations (number of workers and staff trained) result in smaller per-user fees.

But even at fairly small volumes, online courses compare favorably to classroom training. Add the ability to track progress, control quality, and assess knowledge transfer, and you have a very compelling case.

Operation of a dedicated learning platform can be (highly) summarized as follows:

1. Set configuration options and behaviors
2. Assemble courses and curriculum using built-in authoring
3. Schedule and deliver the online training, track learner progress and test knowledge gained
4. Regularly upgrade course material and add scope

Note that Login & Go, as a SaaS program, produces faster cost reduction than other technology-based training solutions due to the elimination of hardware, software and other startup expenses. Scenario details, results and assumptions are identified in the following pages:

Scenario 1: Your company has 250 employees, customers, partners, affiliates or customers to train. Assume each plant, warehouse, sales or office worker needs just two courses during an average year. Let's be conservative and assume no instructor or learner incurs any travel costs for classroom training. In these circumstances, how does Classroom Training compare to Login & Go online training?

Item	Login & Go	Classroom Training	Cost Reduction	Total Reduction
Instructor time @ \$50/hour		\$20,000	\$20,000	
Classroom facilities		\$7500	\$7500	
Course Admin: Enrolling, testing, grading		\$15,000	\$15,000	
Printed training materials and binders – 500 sets		\$10,000	\$10,000	
Login & Go Annual Fee: 250 users, unlim. Courses, \$37.80 per learner	\$11,556		(\$10,800)	
Total Cost	\$11,556	\$52,500		
Training Cost Reduction				\$40,944

Assumptions:

1. 250 learners, an average of 2 courses per year. Thus 500 enrollments per year.
2. Classroom courses average 20 students per class. Thus 25 separate 2-day classroom classes are conducted to handle the 500 enrollments.
3. Classroom courses are 2 days in length, on average. Thus there are 50 classroom days, or 400 teaching hours for classroom courses.
4. An administrator or assistant accepts and tracks enrollments, administers and grades tests. Assume 1 hour per student enrollment, and thus 500 hours total, costing \$30 each.
5. Classroom is 1000 sq. ft, at \$20 per sq. foot annual cost, plus \$10,000 for audio, video and workstations. Annual costs are thus \$30,000. With 50 training days, you are utilizing 1/4 of the schedule, and therefore responsible for 1/4 of the facility costs.
6. Training materials for classroom training are assumed to cost \$20 per set.
7. Learners already have internet connections for other purposes, at work or at home, so no new internet browsers or connections need to be built.
8. Developing course material requires essentially the same effort and cost whether the material is used online or in a classroom.

Scenario 2: Now let's look at an organization that is somewhat distributed, and let's assume that 50% of the students would need to travel to participate in classroom training. All other factors are held constant from the last scenario. Now the cost reductions available with online training are even more dramatic:

Item (Assumptions)	Login & Go	Classroom Training	Cost Reduction	Total Reduction
Instructor time @ \$50/hour		\$20,000	\$20,000	
Classroom facilities		\$7500	\$7500	
Course Admin costs: Enrollments, testing, grading		\$15,000	\$15,000	
Printed training materials and binders – 500 sets		\$10,000	\$10,000	
Login & Go Annual Fee: 250 users, unlim. courses, \$37.80 per learner	\$11,556		(\$9450)	
Airfare & hotel costs (1) (2)		\$130,000	\$130,000	
Total Cost	\$11,556	\$182,500		
Training Cost Reduction				\$170,944

Additional Assumptions:

1. 50% of learners live remote to central facility and need to travel for classroom training. Thus 125 students, two trips each per year, or 250 learner trips.
2. Airfare assumed to average \$300 per student per trip, with two nights hotel @ \$80 per night, \$30 meal allowance. Total \$520 per learner per trip. 250 trips * 520 = \$130,000.

Non-tangible Benefits of Online Training vs. Classroom Training

Some of the most important benefits of online training don't fit neatly into a data table. Consider the following effects of online training which are difficult to quantify, but which have a positive impact on the organization:

24 X 7 availability: The Login & Go system is available 24/7, allowing learners to access the training environment activities at any time, at home or at work.

Asynchronous Learning: Learners and instructors can interact and collaborate without being online at the same time, easing scheduling conflicts.

Concrete results: – Login & Go provides automated testing for every learner and course, something which is often omitted in classroom training.

Consistent Quality: Online Courses are built once and delivered many times, providing a known consistency.

What About Doing No Training at All?

It may be possible to get by without the critical training your organization needs. You could simply mail out some word documents or PowerPoint files, or place some text on a web site and invite people to go out and read it. But the results of this strategy are usually systemic and painful, and may include:

1. Poor performance due to lack of knowledge or skills
2. Low morale
3. High turnover
4. Perception among staff that the company is not committed to excellence
5. Safety, legal and professional non-compliance
6. Higher costs in the long run due to decreased performance and increased errors and omissions

From Industry Analysts

The following summary analysis of an in-depth survey reflects the critical nature of targeted training. It reflects the experiences of managers in many industries, and also in the public sector.

“ Ironically, the training solutions required to train the new workforce entering the market so they can adequately replace retiring baby boomers is also an applicable solution to aid manufacturing companies in surviving the recession. For the biggest part of business history, training was wrongly viewed as an overhead cost, but in recent years the manufacturing industry and others have come to recognize the great cost savings realized by increased training.

The rules we took so long to learn haven’t changed. Training is the key to increasing and securing our future. People are still our most important asset. “

- Survey of 200 companies conducted by the Business Industrial Network.

Can You Afford To Do Nothing?

Most companies and organizations simply cannot continue with business as usual. Management expects costs to be reduced as soon as practical and in every possible area. An emerging solution is the all-in-one online learning framework provided by FlexTraining, a complete online training authoring and delivery system.

It is worth noting that companies with limited budgets and no available technical infrastructure can still provide cost-effective targeted training to their workforces. These companies and organizations utilize monthly online services that provide the same features and benefits as a server-based system.

For example, many are turning to the Login & Go service for its immediate impact on training costs.

The Login & Go program is simple and easy to understand:

1. Complete authoring and training applications with secure menus
2. Flexible configuration and authoring guides, and online Help system
3. Flexible subscription periods and user levels
4. Unlimited courses and enrollments
5. You retain complete control of all courses, material, testing, reports and records

All Login & Go subscriptions come with the following features and options:

Course Templates	Student Import	Admin Support
Lesson Templates	Graphing	Technical Support
Exercise Templates	Reports w/ export	Multimedia Library
Student Language	options	Authoring Tool
Test Builder	Custom Reporting	Skill Groups
Branding	Content Management	Management Module
E-Commerce	Hierarchy	Bulk Enroll
Instructor Module	Role Based Mgmt	Time Logging
Student Self	Security	CD Export
Registration	API Capabilities	Simple password
User Import	Custom Certificates	recovery
	Transcripts	