

---

# **ELEARNING QUALITY IN SMES – RETURN ON INVESTMENT OF ELEARNING IN SMES**

*Authors – Natalie Morawietz, Forschungsinstitut Betriebliche Bildung, Vanda Vieira, CECOIA  
Germany/Portugal*

---

## **Introduction – eLearning for SMEs**

Small and medium-sized enterprises (SMEs) have a central role in the European Union that requires special economic and social policy answers, namely, the access to education and continuing vocational training.

Under SMEs framework, e-learning should have a top-down approach and the commitment of the enterprises decision makers. On the other hand, e-learning efficiency will be achieved through end-users motivation towards training and improvement. The use of flexibility and facility of access to online training environments are also factors with strong influence in the return on e-learning investment.

This presentation offers the results of the ELQ-SMEs partnership by presenting one of the project products a simple tool for calculating the Return on Investment of e-learning that addresses the needs of SMEs from the trade and services sector.

The general aim of the project is to promote the use of new multimedia and a guidance and counselling approach in order to promote the quality of e-learning by facilitating access to online resources and training services as well as tools to evaluate the quality and the return on investment in e-learning targeted to SMEs.

The goal of this partnership it's to conceive a methodological framework based in the end-users perspective. As mention by Paul Davey<sup>1</sup>, tools should be interoperable and have to support educationally meaningful and productive processes. In our project, the methods and tools designed to calculate the ROI of e-learning courses connect the SMEs values and business goals.

The study presents the findings of a qualitative methodological approach used to become state-of-the-art within distance learning quality for SMEs. In order to make the quality approach usable, the authors developed a common template as a reminder of the information collected and as a suggested outline for the case studies descriptions.

The objective is to undertake an analysis of e-learning experiences in European small and medium-sized enterprises using 18 transnational case studies of e-learning quality in companies from different European countries, as methodological approach. The paper draws on the outcomes of e-learning experiences from Austria, Denmark, Estonia, Germany, Norway, the Netherlands, Portugal and Spain. It presents examples of excellence from small, medium and large enterprises as well as from training providers.

Results of a state of the art case study survey ([http://www.nettskolen.com/in\\_english/elq-sme/workpackage1.html](http://www.nettskolen.com/in_english/elq-sme/workpackage1.html)) showed that SMEs have particular demands and that e-learning may provide a better option in terms of skills improvements, through the use of real learning scenarios, self-learning contexts and more competitive business results, reducing costs and promoting higher levels of interaction and collaboration among workers. Results also showed that training providers and large enterprises have a very important role in advising, mentoring and guiding SMEs to the advantages of e-learning. In fact, business associations and cooperative partners may be powerful content providers

---

<sup>1</sup> Interview: Can technologies offer intelligent in tutoring?

and when align with the proper technological partners may create some costs savings to SMEs and return on e-learning investment.

### Calculating Return on Investment

What is ROI and why do you calculate ROI?

What is ROI?

Return on investment is the yield of an investment in relation to the costs involved in it expressed as a percentage. In view of the fact that ROI does not necessarily involve money, a percentage is calculated. For example, expenditure can also be measured in terms of time. In this case, for example, we refer to the time required to break even. However, we can often see that it is practical to express units in terms of money in order to state added value in the form of a ROI percentage in this way, and to facilitate comparison.

How do you calculate ROI?

To put it briefly, ROI is income less expenditure divided by expenditure multiplied by 100%! Put another way, how much added value does an investment generate in relation to the financial sacrifice that must be made in order to secure it? When calculating ROI it is therefore vitally important to present as comprehensive a breakdown of the expenditure and attributable income as possible. In order to do this factors are mentioned, which are expressed as financial figures. In this respect you may wish to consider, for example, the value of additional sales after one has completed training, the marketing costs involved in the launch of a product when it is developed, or what costs are occasioned by delay where staff cannot make any sales while they are attending training. Alternatively, there is the cost of lost opportunities or the income which is generated thanks to the fact that, after staff have attended training, they are capable of working more effectively and/or more efficiently (operational excellence).

### eLearning calculator for SMEs

A simple tool for calculating the ROI of eLearning has been developed and will be implemented in SMEs. This tool is providing tips as the variables, the indicators and the ROI components, which we can use to calculate ROI of e-learning courses.

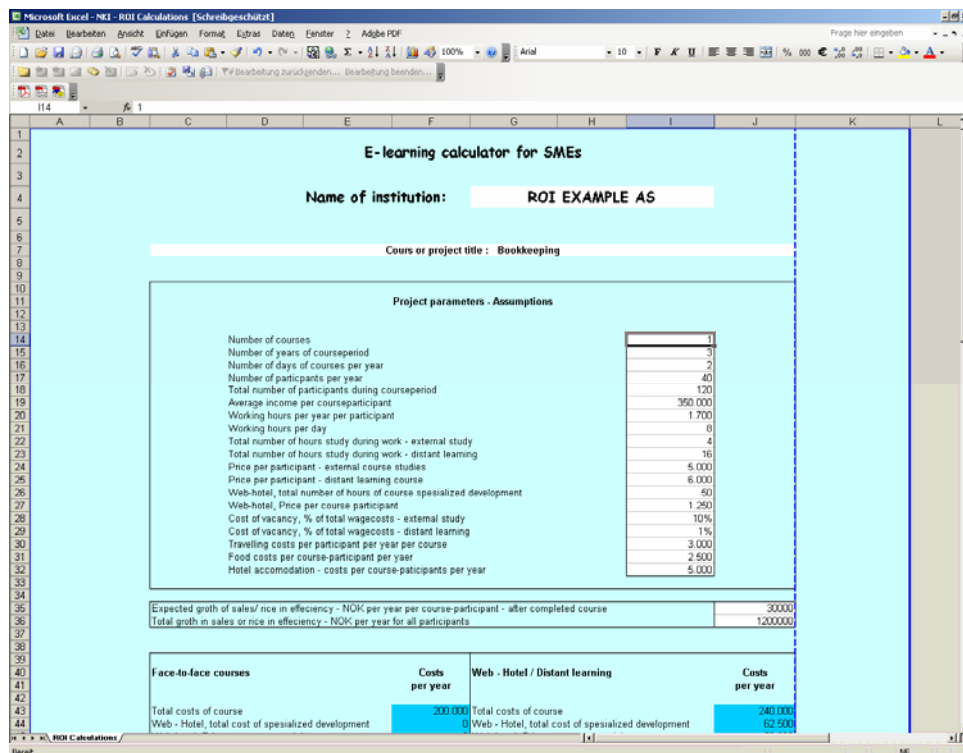


Fig 1: e-Learning ROI calculator developed within the framework of ELQ-SMEs Project

Results showed among others that SMEs do not invest in e-learning, because they feel that the added value offered by this type of education has not yet been adequately revealed. One of the most common methods of showing that investing in education is worthwhile is by comparing income and expenditure in a clearly defined manner. Calculating ROI, or return on investment, is a classical method which is used for this purpose.

First of all, we collect the SMEs managers' perceptions about the e-learning costs and benefits. Second, we perform a single ROI calculation. Finally, we guide and support the various stakeholders to invest in e-learning.

### ***Implementing ROI – Feedback from SMEs***

The implementation phase aims to test the ROI of e-learning in online courses target to SMEs and to calculate the ROI of those investments. At the same time, we want to adapt and improve the ROI methodology for e-learning courses after the testing period.

The tool will be implemented in SMEs from February 2007 until April 2007. Aim of this paper/presentation will be to show the Tool for calculating ROI and to present outcomes of the implementation phase in the follow European countries Germany, Estonia, Netherlands and Norway.

In detail the presentation will give answers on the following study questions providing feedback on the ROI Methodology:

- The conditions of application
- The problems/difficulties
- The changes and adaptations made by each partner in the methodology/instruments used during application
- The results of ROI methodology/instruments testing
- The required conditions for the transferability of theses results and outcomes
- The way how these instruments will be used in further situations, the intentions of selling those products or other suggestions.

### **References:**

DAVEY, P (2007). *Can technologies offer intelligence in tutoring?*. eLearning Papers. [http://www.elearningpapers.eu/index.php?page=doc&doc\\_id=8555&doclng=16](http://www.elearningpapers.eu/index.php?page=doc&doc_id=8555&doclng=16). Vol 2, N°1 • January 2007 • ISSN 1887 – 1542 (Retrieved 31.01.2007).

ELQ-SME'S PROJECT: *e-Learning Quality for SMEs: Guidance and Counselling. Pilot-Project n° PT/05/B/F/PP – 159116*. [http://www.nettskolen.com/in\\_english/elq-sme](http://www.nettskolen.com/in_english/elq-sme) (Retrieved 31.01.2007)

PAULSEN, M. F. AND V. VIEIRA (Eds.) (2006). *State of the Art Report: E-learning Quality in European SMEs - an Analysis of E-learning Experiences in European Small and Medium-sized Enterprises*. Bekkestua, NKI.

**Author(s):**

Natalie Morawietz  
Forschungsinstitut Betriebliche Bildung (f-bb) gGmbH  
Obere Turnstr. 8, 90429 Nürnberg  
Morawietz.Natalie@f-bb.de

Vanda Vieira  
Centro de Formação Profissional para o Comércio e Afins  
Vocational Training for the Trade  
Gabinete de Estudos e Projectos  
Studies and Projects Department  
vanda.vieira@cecoa.pt