

Eight Rules to Making Revenue with Training

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Introduction

Whether you are a \$500M+ global company in a mature market, or a small startup trying to establish a market presence, training revenue is often only a fraction of your total sales. In my experience, this is usually less than 5%, and sometimes only 1 or 2%.

Yet, for complex software products, customers and partners need proper training to be successful and, more often than not, are quite willing to pay for it. However training is so often given away by the sales person.

Why is this?

Training should be incorporated into every successful sales proposal and leveraged as a competitive advantage. If training is an afterthought to a software sale, you are not going to sell much training. The budget for the purchase is probably already approved, and no one took the time to explain the level of product education required to be successful.

Knowing what works for a strong and sustainable training revenue stream, and what to avoid, is the key. Here are the eight 'must dos' to meet or exceed revenue targets, and a word about what doesn't work:

- Rule 1. Directly sell to the buyer**
- Rule 2. Use an inside sales approach**
- Rule 3. Spiff those who are not commissioned to sell training**
- Rule 4. Go to the buyers, frequently**
- Rule 5. Commission the product sales force**
- Rule 6. Commission partners selling product**
- Rule 7. You need to have a customer-friendly web site**
- Rule 8. Automatically generate a custom training plan**

Rule 1. Directly sell to the buyer

Commissioning an education sales force is the most effective approach to selling training. It also can be expensive, but it can reap big rewards. The training sales executive becomes part of the sales team, and is brought in at the first part of the sales cycle, and at various times during the cycle. When the deal is closed, the training plan is part of the signed deal with a budget commitment. Service sales managers and software systems managers with specific training targets, working with training sales executives, is the best recipe. Only large companies can make this kind of investment. But wait. There are other ways to sell education by leveraging those who are already touching the potential training customers.

Rule 2. Use an inside sales approach

Inside training sales executives feed the pipeline. This commissioned sales force executes targeted training campaigns in line with the software pipeline and make sure the big software sales get the right attention. Other targeted campaigns based on new product releases or the next training required in a certification track, for example, may uncover potential training that is often ignored or forgotten. Remember, any registrar that can register someone for class is a potential training sales executive and should be trained to sell.

Rule 3. Spiff those who are not commissioned to sell training

Often the employee closest to the customer needing training is the field support or on-site professional services staff. They see the customer employees on a daily basis, and can judge the lack of training. It is not their normal job to sell training, but if you make it easy for them to pass a specific training lead to an inside training sales executive and give them a cut of the tuition through a bonus program, you may uncover some additional training needs. As an added benefit, you may help curb support problems due to untrained customers.

Rule 4. Go to the buyers, frequently

In conjunction with the product sales force,



speaking at all company user groups and industry shows where there are a large number of company customers. Search out users who cannot travel to classrooms and offer open onsite classes. Sometimes government customers are in this situation.

Make sure they know they will not be abandoned and there is a training solution for them. Seek out key accounts, big customers, and global accounts, and make

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an effort to know their training needs.

Rule 5. Commission the product sales force

Yes, you need to do this. The training sale is several magnitudes smaller than a product sale, so the commission will be smaller. Getting the mind share of the product sales force is a challenge. Start with educating the sales force on the value of an educated customer. Offer to assess education early in sales cycle, 'sell' the concept of an annuity stream to the sales executives and gain support to work with the customer to determine education requirements over the life of the implementation. Offer upfront discounts for pre-paid dollars (everyone

always asks). Pre-paid dollars are rare – don't insist on pre-payment to give out discounts.

Rule 6. Commission partners selling product

Don't make the mistake of thinking you have no competition for product training. In a bad business environment, partners will 'mentor' for \$\$\$. However, in a bad business environment, money is scarce to pay partners to not 'mentor.' In a good business environment, partners are happy to send customers to your classes. They are busy selling other professional services! Consider paying partners to send their customers to your classes. Commissioning partners is always a gamble. It will depend on the partners. Do a pilot with a few big partners to see if there is payback.

Rule 7. You need to have a customer-friendly web site.

Passive enticement is not as effective as direct selling or push marketing, but it helps to elevate the importance of training.



Use as few clicks as possible to find a class and register. Self-service registration is IMPORTANT. It is too expensive to hand hold every customer. Aim for 50%.

Rule 8. Automatically generate a custom training plan.

This is the most important tip to larger training revenue streams. Create a tool to automatically generate a custom training plan for new software sales. You want to make this very easy for the sales force. Based on the specific line items in a software quote, a software tool could be created that automatically suggests the right product-specific training plan. Now the sales executive is partnering with the customer on training. If you cannot afford training 'feet on the street', at least make it easier for those selling education to generate the right plan, up-front.

The ROI to customer: Hires the right people, at the right time, and reserves budget for a properly trained support staff.

The ROI to sales executive: Doesn't have to think about what is the 'right' training...the plan is produced automatically. It can be modified based on circumstances only known to the customer and the account executive. An agreed-upon plan creates an annuity stream and a happier customer.

The ROI to Education: Larger, predictable training pipeline and a built-in marketing tool.

The ROI to the company: Support costs reduced due to better educated customer. A better educated customer, using the system the way it was intended, will buy more product.

A word about what doesn't work....

Trying for last minute training deals to make a revenue or margin target in a quarter, doesn't work. Normally you need 3+ weeks to pull off a class registration. It is hard to put together quarter end deals, and you need the product sales executive's attention to close and deliver. The product sales executive does not want to help you in the last month of the quarter. They are working on larger deals. At quarter end, focus on eLearning offerings that do not involve the customer traveling, the customer to setup a system or an instructor to fly to a class.

Move last minute classroom business to the next quarter...

About the author:

Linda Wallace is a recognized leader in enterprise learning programs. As president and founder of Wallace & Associates, Linda helps CEOs and senior executives integrate education as a profitable business within their corporation. This includes business plan development and guidance on the execution throughout all stages of the plan. Her expertise includes in-depth understanding of e-learning, Virtual Classrooms with remote live labs, selling and pricing strategies for education services, P&L issues unique to training, location and cultural sensitivity, course development strategies, LMS/LCMS selections, and professional certification. CEOs have seen returns that include saving \$500K/year in travel costs and shortening lead time on new-product training by 25%, leading directly to increased product sales through Linda's e-Learning programs. Prior to founding Wallace & Associates, Linda was one of the technical founders of FileNet Corporation, and enterprise content management company. While at FileNet as VP Global Learning Services she grew a small training function to a \$10M business with gross profits exceeding 25%. Supporting this was a worldwide staff plus expert consultants and education partner companies. She introduced the FileNet Certification (FCP) program for FileNet's customers, partners and employees, providing over 2000 tests worldwide. Linda also improved the quality and launched advanced training for Microsoft's Vista release while at DevelopMentor.

Linda's e-Learning program was recognized by Training Magazine and Sales & Marketing Magazine as one of the most well-known corporate success stories in e-Learning for sales training.

Linda is a key speaker at industry conferences and is active in Computer Education Management Association (CEdMA) and ASTD.

Linda has a general management background in the software industry, which includes positions in software development, services, strategic planning, industry marketing, and sales and technical support in the U.S. and overseas. Today she specializes in corporate learning services.

She is a Dale Carnegie and AMA financial management graduate. Linda has a BA in Mathematics and an MS in Computer Science and Business Finance.

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