



10 Ways to Protect and Increase Your Learning and Development Budget

Whitepaper

Overview

With all eyes on corporate spending, L&D budget requests will likely face extra scrutiny. Our guide will help you make the business case for why L&D spending is more important now than ever.

You know that learning and development are critical to your company's success. However, uncertainty about the economy has business leaders – including your bosses – keeping a close eye on costs.

Any L&D budget initiative, whether for a new program or to renew a successful initiative, is likely to draw extra scrutiny. So how can you protect your L&D budget? And is there any possibility of actually increasing L&D spending in this environment?

This resource guide is designed to help you make the business case for investing in L&D even when things are tough. It includes data from credible third-party sources on the importance of learning and development. It also includes some guidelines and best practices for creating and delivering an engaging and persuasive proposal.

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01 Focus on Goals & Strategy

Even in the worst conditions, nearly all businesses have explicit goals and strategies that guide their operations and decision making. When executives make budget decisions, one of their most important criteria will be whether a program is aligned with and supports the organization's goals and strategy.

L&D initiatives that clearly support the company's business priorities will be much more likely to get the go-ahead from decision makers. Your task, therefore, is to make sure you understand your company's annual goals and strategic plan, and then explicitly connect how L&D resources will propel the company toward those goals.

For example, economic uncertainty has increased the drive toward digital transformation, with more organizations expanding their technological capabilities. That frequently means they need more technology talent. Therefore, L&D initiatives that can help drive technology recruitment, retention and upskilling are more likely to be approved.

Steps for success

- » Review corporate communications and strategic plan documents to refresh yourself on the company's business priorities.
- » Consider what impact those goals and strategic activities will have on talent. How are they likely to impact recruitment, retention and training?
- » When developing new L&D programs or reviewing existing programs, consider how they can positively impact the company's goals.

Snapshot:

52%



Number of CEOs who see labor and skill shortages as a challenge to profitability in their industry to a "large extent" or "very large extent."

PwC 26th Annual Global CEO Survey

If L&D is seen as a critical enabling activity, decision makers are much more likely to support budget for those activities.



02 Tailor it for Decision Makers

Putting yourself in the shoes of your audience as you prepare a proposal will make it easier for you to understand how they'll view the proposal and what they'll find compelling.

For spending proposals that will be decided on by senior management, be prepared for a variety of executives to review it and either support it or challenge it. You can make your proposal more engaging by considering their perspectives.

CFOs are usually most concerned with financial metrics. L&D can seem like just another cost center. A winning proposal will frame L&D initiatives as ways to decrease other expenses or grow revenue. For example, your proposal might cite statistics on L&D's ability to reduce the cost of employee churn or increase productivity.

Other executives will have their own concerns. CEOs will likely be watching for connections to the company's strategic goals. CHROs will be focused on how L&D can positively influence talent metrics such as employee engagement. And a CIO might be concerned about having the right technical skills.

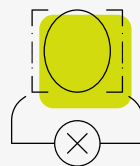
Steps for success

- » Consider who the decision makers are. How can you tailor your L&D initiative so its relevant to their values and priorities?
- » Focus on who the L&D program will serve. Will it provide training and development to individuals in IT, finance, sales or other areas? Leaders in those areas could be supporters.

- » Remember that documents get circulated. Focus on who wins with your proposals, not what function could get passed over because it's not a strategic priority.

Snapshot:

9 out of 10



IT executives say they've been affected by the shortage of software developers. Nearly 40% of CIOs and CTOs grapple with worry or burnout daily, and 17% are concerned about a lack of resources and support.

JetRockets 2023 IT & Development Outlook Report

Leaders of other functions will support L&D budgets if they believe those programs will positively impact their departments and help them achieve their goals.



03 Prioritize Productivity

Successful companies are productive companies. And companies are only productive when their workforce is productive.

L&D initiatives can dramatically impact employee productivity, which in turn has a positive impact on a range of essential business metrics, from sales to profit.

U.S. productivity growth has slowed in the last 15 years to just 1.4% annually — significantly less than the 2.2% rate the country enjoyed for decades following World War II. McKinsey says that if the entire country returned to the 2.2% labor productivity rate, an extra \$10 trillion could be added to the national economy by the end of the decade.

How does your organization recapture some of that for its own growth?

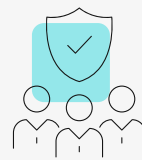
There are several factors that distinguish the most productive companies from the least productive. The **Harvard Business Review** says the most productive firms “also disproportionately secure the skilled talent they need to get the most out of technology, either by attracting top talent or by an in-house investment in employee skills.”

Steps for success

- » Review productivity data for your company or your industry. Also consider surveying your own workforce to better understand how L&D could improve productivity.
- » Consider how L&D programs could improve bottom line productivity. That might involve skills training, upskilling or focusing on so-called soft skills.

- » Connect the dots between L&D and productivity in your proposal. Explain how specific L&D offerings will boost productivity and deliver a positive ROI.

Snapshot:



55%

Of employees say they need additional training to perform better.

SHRM 2022 Workplace Learning & Development Trends

L&D’s positive impact on productivity provides an immediate ROI for your company. Make sure decision makers understand this.



04 Emphasize Employee Engagement

Employee engagement is a prerequisite for a whole range of powerful talent outcomes – retention, productivity and more. Engaged employees bring more of their creative capacity and personal energy to work and are easier and more pleasant to be around.

One of the most effective ways to strengthen and maintain employee engagement is to provide your workforce opportunities to learn new skills and develop themselves professionally. Recognizing employees for learning achievements, such as through verified credentials, can further boost energy and morale at work.

Change – at the team, departmental or organizational level – requires engaged employees for success. Aligning L&D programs with change initiatives can increase and sustain employee engagement during critical periods and ensure the success of the change.

Steps for success

- » Assess the level of engagement in your workforce. What portion of employees are engaged, disengaged or actively disengaged?
- » Recognize the impact of disengaged workers. Gallup estimates that the cost of an actively disengaged worker **is equal to 34% of their compensation** in terms of reduced productivity.
- » Tie L&D activities to professional development and advancement, which are critical components of employee engagement.

Snapshot:

3.5^x



More engaged. Employees who move to new roles within the same organization are significantly more engaged than their peers. L&D facilitates those kinds of role changes.

LinkedIn 2021 Workplace Learning Report

Engaged employees fuel organizations as they seek to execute on their strategy and achieve their most important goals. Tie your L&D proposals to this critical metric, especially as it relates to organizational change efforts, competitive strategy and company goals.

05 Reduce Costly Churn

When employees leave a company there are costly consequences. Productivity on the team or departmental level can take a hit as suddenly that group is short-handed. Critical skills can be lost. And the cost of recruiting and training a new employee can often run into the tens of thousands of dollars for skilled roles.

Among the most effective antidotes to voluntary turnover – where an employee leaves an organization of their own volition – are L&D programs. L&D opportunities help workers prepare for and adapt to change, making them more resilient. They also provide learning and career development opportunities that employees value.

About **half of employees report** seeking professional development and learning opportunities on their own time outside of work, which suggests that employees value L&D opportunities and that they're not getting sufficient opportunities from their employers.

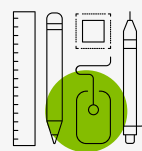
Steps for success

- » Assess your company's turnover rate and examine information from exit interviews to determine how much of it may have been tied to a lack of L&D opportunities.
- » Quantify the cost. How long do teams go short-handed? Does your company incur overtime costs when critical employees leave? And how much does it cost to recruit and onboard replacements?



- » Target strategic areas for turnover reduction. Identify what functional or geographic units are suffering from particularly high turn-over and develop L&D programs that will address those needs. Also, remind decision makers of the value of ongoing L&D programs in retaining employees.

Snapshot:



76%

Of employees are more likely to stay with a company that offers continuous training.

SHRM 2022 Workplace Learning & Development Trends

The most successful organizations are those that can train and retain skilled workforces. L&D programs are a critical contributor to retaining talent.



06 Tune-Up Your Talent Pool

Whether your organization is transforming its operating model, innovating new products and services, or simply working to be better than its competitors, a skilled workforce is essential. Most companies are, broadly, concerned with two classes of skills: technical skills and soft skills.

Employees face an ever-evolving demand to learn new technical skills. Sometimes that's as simple as learning to operate a new machine, use new software or perform a new function. Sometimes those skills are more involved, such as software development or financial analytics. But as companies shift strategies, launch new products and services, or enter new markets, they often require talent with specific technical skills.

Beyond role-specific technical skills, effective, productive talent is also equipped with soft skills: communication, collaboration, creative problem solving and more. These skills are vital for day-to-day operations but are especially important for organizations in transition. During change, employees are asked to be more flexible and responsive in addressing problems and accomplishing objectives.

Steps for success

- » Consider your company's strategic priorities. What new skills will your workforce need to acquire – either through new hires or reskilling?
- » What roles in your company now will be needed less in the future due to changes in strategy or operational shifts, such as increased reliance on automation, machine learning and AI?

- » Develop career paths, with clearly defined L&D needs, that will allow your company to reskill its existing workforce to meet future needs.

Snapshot:

33%



Of the skills required for S&P 100 jobs in finance, sales and technology in 2019 will be obsolete by 2024. And the number of skills required per job is increasing at a rate of 5.4% annually.

Gartner Leadership Vision for 2023

Your talent needs are changing rapidly. And meeting those needs will require upskilling and reskilling your existing workforce.

07 Recharge Recruiting & Hiring

Many HR leaders view themselves as being in a “war” for talent. With remote work here to stay for many organizations, it’s easier than ever for talented workers shop for an attractive employer from a wide range of companies.

Employers must compete on traditional criteria, such as pay, to hire the best talent. But increasingly employees are considering other factors, including career advancement, workplace focus to employee wellbeing and learning opportunities.

Active and diverse L&D programs can contribute significantly to how potential hires view your organization. Learning and development programs can enhance employee soft skills, contribute to mental wellbeing, provide opportunities for career growth and satisfy employees interest in learning new skills.

Steps for success

- » Ensure your existing L&D initiatives are included in descriptions of the benefits of working at your organization.
- » Use employee surveys to understand where there may be gaps in your current L&D offerings.
- » Consider L&D programs that may attract new employees, such as more intensive onboarding programs to help new hires establish social relationships and adopt your organization’s culture.



Snapshot:

50%



Of HR leaders expect increased competition for talent in the next few months and 46% anticipate attrition will remain high for in-demand roles.

Gartner Leadership Vision for 2023

L&D offerings are quickly becoming an expected benefit of employment. To succeed in the war for talent, companies will need to invest in a range of L&D offerings to meet both business needs and individual interests.

08 Get Ahead of Competitors

Deloitte has announced a \$1.4 billion initiative to enhance professional learning and development. Mercedes-Benz is investing 1.3 billion euros. Other companies, big and small, are also investing significantly in training and development.

In 2022, 67% of HR managers said they expected their L&D budgets to increase it. And this year, despite concerns about controlling costs, many senior executives say workforce needs and skills remain a top priority.

Companies that fail to invest in L&D run the risk of falling behind their competitors.

Steps for success

- » Review your direct competitors. What L&D offerings do they showcase on their website? Are their news releases or industry trade publication articles that discuss their investment in L&D?
- » Review the technological changes affecting your industry. What L&D initiatives can help ensure your company can attract, train and retain the talent needed to take advantage of those technological advances?
- » When proposing new L&D programs, add industry context that makes it clear how the program will help your company compete more effectively.



Snapshot:



41%

Of L&D leaders expect bigger budgets in 2023. How is your organization going to compete?

2023 Workforce Learning Report from LinkedIn

L&D initiatives are critical to compete for the best talent and transform your company's workforce to be competitive in the coming years.

09 Prepare for Future Opportunities

Your organization's annual goals provide a roadmap for how its workforce must change in the near future. But business leaders know that every milestone passed, every goal accomplished and every strategy successfully executed represent just another step in an always evolving competitive landscape.

By watching industry trends, keeping an eye on social and demographic shifts, and being aware of the changing global landscape, you can foresee how your company's talent pool will need to adapt and evolve in the coming years. How will your organization deal with an influx of Gen Z workers and customers? What does it mean for your company that its most experienced workers, baby boomers, will leave the company in the next few years? And how will technology – including automation, robotics, machine learning and artificial intelligence change your industry?

What L&D initiatives will help your organization prepare for and thrive in an uncertain, dynamic future?

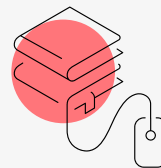
Steps for success

- » Survey industry trends. Many trade publications publish year in review or trends pieces that can help you identify key challenges your company will face sooner or later.
- » Determine what L&D investments, now, will help position your company to adapt to changes in the future. For example, this may include investing more in the wellbeing programs that younger employees expect.



- » Connect your L&D proposals to the company's long-term success. Make the argument that preparing and strengthening your workforce now for future challenges will set the stage for your company's long-term success.

Snapshot:



59%

Of CEOs say that upskilling their workforce in order to reinvent the business for the future is a priority.

PwC 26th Annual Global CEO Survey

L&D programs have an important role to play in preparing the business to adapt and thrive in the future. A failure to make those investments now can put your company behind competitors.

10 Communicate Powerfully

Now that you've got data to support your L&D budget proposal, it's time to put it into an effective proposal. What form your proposal takes and how it's delivered will depend on the culture of your company and the context for the proposal — is this for the board of directors or the CHRO?

Whether you're seeking funding for a single training program or the entire annual L&D budget, here are some ways you can make your proposal stronger:

Steps for success

- » Frame the budget request in the context of the company's priorities and strategy. Explicitly link it to existing priorities to show that you and your proposal will help the organization achieve its goals.
- » Use visuals such as charts and graphs to convey quantitative data and trends. Make it easy for decision makers to understand the numbers behind your proposal.
- » Build in metrics and KPIs. There will always be questions about the return on L&D spending. Find ways to build in quantitative measurements of the value of your proposed L&D spending. Even something as simple as surveys before and after a training session can help assure decision makers that L&D money will be well spent.
- » Plan for objections. Just as in sales, a proposal to spend money is likely to attract questions and objections. Anticipate as many of these as possible and plan how you'll address them in advance.



- » Seek feedback before your proposal. Whether you're submitting a written proposal or crafting a presentation to be delivered to a conference room full of executives, don't go it alone. Trusted colleagues can help you identify weak spots in your proposal and figure out how to strengthen those.

Snapshot:



The impact, value and importance of L&D programs is undeniable. But cost pressures are also real. Constructing a strong proposal that makes the business case for a particular L&D proposal, backed by statistics and facts, provides your best chance at protecting – and perhaps even growing – your L&D budget.

About Workforce

Credly's Workforce platform helps companies take a skills-based approach to talent management. Realtime, verified data on your employee skills provides you the best snapshot of your company's current capabilities.

Workforce can help you identify gaps between your talent pool's current skills and what your company needs for the future. And it can help you create a roadmap that will bridge the gap between where you now and where your workforce needs to be.

In the war for talent the organization with the best information and insights will win. Workforce provides those insights.



Schedule a Demo

Understand your workforce skills today and future-proof your workforce for tomorrow.

About Credly by Pearson

Credly is helping the world speak a common language about people's knowledge, skills, and abilities. Thousands of employers, training organizations, associations, certification programs, and workforce development initiatives use Credly to help individuals translate their learning experiences into professional opportunities using trusted, portable, digital credentials. Credly empowers organizations to attract, engage, develop, and retain talent with enterprise-class tools that generate data-driven insights to address skills gaps and highlight opportunities through an unmatched global network of credential issuers.