

Do I Need a Custom or Off-the-Shelf Solution?

Overview

This Frogkick *Green Paper* explores the trade-offs between custom and off-the-shelf programs from four perspectives:

- Defining Customized and Off-the-Shelf Programs
- Custom Development Provides Competitive Advantage
- Off-the-Shelf Programs Provide Easier Deployment
- Relative Cost -Effectiveness of Alternatives

Defining Customized and Off-the-Shelf Programs

Program materials are generally available in three different development structures, each with associated trade-offs:

- Customized
- Off-the-Shelf
- Hybrid

Customized

Customized courses are developed “from scratch” ... generally created in tight collaboration between the development team and a corporation’s in-house subject matter experts.

Financially, these courses are generally provided on a fixed-fee or time-and-materials basis that provides development and delivery of the program without downstream usage or license fees.



Off-the-Shelf

On the other hand, off-the-shelf courseware (sometimes called shrink-wrapped) is material that has been previously developed by the course provider.

As a rule, the financial structures for use of these programs involve either a per-user license fee, or a blanket license agreement, providing for deployment of the program within the client organization. Typically, the content provider retains the ownership of the course materials.

Hybrid

Hybrid offerings combine the two... taking an off-the-shelf offering and tailoring materials (such as case study examples) so that the program is a better fit for the client's needs.

The chart below summarizes the spectrum of possibilities and provides examples of appropriate outcomes based on three different sets of training needs:

PROGRAM	OFF-THE-SHELF	HYBRID	CUSTOM
Project Management	Provides basic project management concepts and techniques	Incorporates basic concepts and techniques with your terminology and standards	Introduces a new project management methodology within your company
End-User Training for Reporting Systems	Teaches how to create standard reports from a commercial application	Teaches how to generate ad hoc reports, with examples from your data	Teaches the structure of your reporting databases
Sales Training	Provides basic prospecting techniques	Expands prospecting to include your criteria for qualified leads	Teaches how to communicate the value of your products to the prospect



Custom Development Provides Competitive Advantage

Custom program development is able to provide matchless market advantages from a handful of key perspectives:

- Reflecting Distinctive Market Strategies
- Addressing Unique Tactical Needs
- Enhancing Program Effectiveness

Reflecting Distinctive Market Strategies

Because corporate strategy and marketplace views can be interwoven into the fabric of the program, custom initiatives generally provide a measure of true competitive advantage by consistently communicating (and amplifying) these messages within the client company.

This can be particularly important in new-to-market initiatives such as a product launch as well as critical efforts such as defining the “Company’s Way of Selling.”

In fact, most programs are enhanced by custom development’s inherent ability to:

- Address meaningful changes in the marketplace
- Capitalize on cultural distinctions
- Integrate internal tools and reporting requirements or internal processes and procedures



Addressing Unique Tactical Needs

Custom development is also able to echo a client's tactical realities in a way that furthers market goals. By nature, off-the-shelf programs reflect a common denominator, and as a result, they present a diluted and indistinct view of desired behaviors and critical success factors.

For example, the five steps in a sales process model should not necessarily be allocated an equal 20% emphasis for each step in the associated training program. The unique needs of a client may indicate that "prospecting" requires reduced attention while "understanding customer needs" warrants expanded consideration.

There is also the likelihood that each client's operating environment presents distinguishing needs, and those needs should be reflected in the program.

In the Medical Technology field, for example, it's extremely important that salespeople learn how to transition their calls from the technical experts on the "linoleum floor" to the executive-level decision-makers on the "carpeted floor." This is not always a comparable issue in office supply sales.

Lastly, custom development provides the assurance that program materials will include each client's unique content, such as training on internal methodologies, proprietary systems or internal processes and procedures.



Enhancing Program Effectiveness

It is widely accepted that greater relevance improves learning... probably deriving from two different contributing forces:

- When you can see yourself in the program, the content tends to “stick” better and deliver superior outcomes
- Resistance is minimized when the “That’s Not Us” factor is removed from the equation

Lastly, it should also be noted that the very process of developing customized programs serves two valuable purposes:

- Putting things in writing becomes a lightening rod for clarifying multiple organizational perspectives
- Participants who lend collaborative support are invested in a successful outcome and this buy-in provides a strong foundation of support

Off-the-Shelf Programs Provide Easier Deployment

Despite the compelling advantages of customized development, there are a number of situations where an off-the-shelf program provides the optimal choice.

Two obvious situations that lend themselves to off-the-shelf solutions are:

- When the right answer is a generic solution, requiring no uniqueness beyond the ways in which a pre-existing program can be adapted through tailoring
- When the audience size is not sufficient to support the investment (*see Relative Cost -Effectiveness of Alternatives*)



What's more, as a practical matter, there are a number of reasons why off-the-shelf programs are fundamentally easier to implement within an organization, including:

- Less mid-course adjustments are required, because off-the-shelf programs provide tested and proven solutions that have been refined over time
- It's easier to generate support for the program, because it can be difficult for managers to communicate the intangibles around what a program might look like (rather than showing pre-existing materials)
- Operational issues are less complicated with off-the-shelf initiatives:
 - » Budgets and project schedules have a higher degree of confidence associated with them, because there are less unknowns to consider
 - » There is no educational process required (if client has no experience managing custom development)
 - » The risks associated with supplier quality are far less with a pre-packaged solution

Relative Cost-Effectiveness of Alternatives

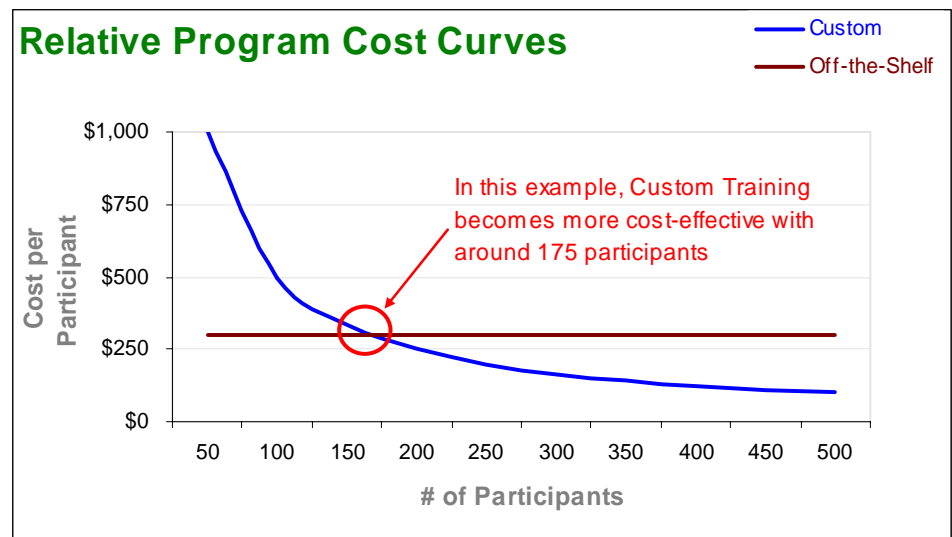
While custom training can appear to be more expensive than a packaged solution, the cost curves change as participant population increases.

For example, see how this set of realistic variables plays out over varying audience sizes:

- Assume that one day of custom training costs an estimated \$50,000 (*which of course will vary based on actual deliverables*)



- Assume that one day of off-the-shelf materials is priced at \$300 per participant
- Please note, these estimates do not include:
 - » Facilitation or delivery support costs
 - » Any associated travel or lodging
 - » Internal corporate support for development



Conclusions

Obviously, there is no single “right answer” to the question of custom versus off-the-shelf, but we hope that this background information provides both perspective and insight into some of the key considerations that should be evaluated.

To help you evaluate your own situation, we’ve prepared a checklist provided on the following page...

For more information on program development alternatives, please feel free to visit our website (<http://www.frogkick.com>) or contact us directly by sending e-mail to leap@frogkick.com.



Note your answers to the questions below and add up the point values to assess whether a custom or off-the-shelf program best meets your needs...

How large is my target audience?

Score 0 points if < 100

Score 2 points if 100-175

Score 4 points if > 175

How important is it that these factors be reflected in the final program?

Score 2 points for each of the following elements:

- Our go-to-market strategy is unique and provides competitive advantage
- Our industry (or our customer's industry) is specialized and presents non-standard challenges
- The identified skills gaps in our audience lend themselves to targeted interventions rather than broadscale coverage
- We use proprietary processes and methodologies to tackle the problems addressed in this program
- Our corporate culture has distinctive attributes that should be reflected in these materials

What are the unique implementation challenges presented by this initiative relative to your current organization?

Score 2 points for each of the following elements:

- Organizational "buy-in" is critical here... we would be better served by strategic participation in the development process.
- There is no broad-based agreement on the direction here, this ambiguity could be cleared up by a collaborative effort.

TOTAL POINTS ASSIGNED

0 – 6 points? An off-the-shelf program is appropriate.

6 – 10 points? Consider a hybrid, tailored course.

10 or more points? A custom program may be best.