

The Case for Improving Your Company's Business English



Identify the hidden problems and costs to demonstrate to senior management why change is necessary

Nearly 70% of global employees working in multinational companies now are non-native English speakers—a fact that has negative implications in a world where English is the default business language. When employees do not have sufficiently strong Business English skills, it hinders communication and collaboration, which has been shown to impair business results and weaken financial performance.¹

Nearly 70% of global employees working in multinational companies now are non-native English speakers—a fact that has negative implications in a world where English is the default business language.

Poor Business English affects strategy, operations and relationships both with employees and customers. But because the problem exists throughout the global enterprise, the problem cannot be solved locally. To truly resolve the issue, a company needs to address Business English on a strategic enterprise level. Justifying this can be a challenge, because the impact of poor Business English across an enterprise is often hard to see, and the cost to the company is not always obvious.

Follow these six steps to identify what's at risk for your company and determine a cost-effective solution.

Step 1. Look at the Business English Index

A larger industry context helps illustrate the breadth of the problem. One way of providing that context is via the Business English Index (BEI).² The BEI ranks companies on a scale from 1 to 10, with a score of 10 indicating the ability to communicate and collaborate in the workplace much like a native English speaker, while a score of 1 indicates an ability to read and communicate in English using only simple questions and statements.

The following chart shows the typical BEI for companies in a variety of industries, based on a GlobalEnglish analysis of its experience with Forbes Global 2000 companies.

Business English Index



The above shows that all companies in virtually all industries share this problem. On average, the industries listed operate below an intermediate Business English level. This indicates that their employees are not able to play an active role in business discussions or perform common business tasks in English such as giving a presentation or participating in customer or partner negotiations.

Step 2. Profile Your Company's Overall Business English Competency

Take the time to determine the Business English level of your company or those employees you believe need to improve their skills. This will provide the basis for estimating the expense of poor Business English to your company in step 3. There are a number of ways to benchmark your company:

- Conduct an anonymous Web survey of employees, asking them to rate their level of Business English and how their proficiency affects their performance. By using an anonymous survey, you are more likely to measure how employees truly feel about their Business English abilities in the context of their jobs. This can help identify problems that are not readily visible to management.
- In a similar vein, conduct a survey of your customers and their experience working with your employees in English. Customers' frustrations and perceptions can help senior management recognize the relationship between Business English proficiency and success.
- Speak with managers to identify instances where poor Business English led to undesirable outcomes, such as errors in a product design, lost sales opportunities or a subsidiary failing to carry out operational directives due to miscommunications.

Interview a business unit's regional or functional leaders to see if a pattern of significant English limitation emerges. Internal focus groups can help define the extent and severity of the business impact.

- Work with a service provider, like GlobalEnglish, who can help you understand which level of Business English specific job roles typically require. Then conduct an assessment of employees who hold these same roles. This exercise will help you to benchmark your company's job roles against market averages and identify skills gaps.
- Compare your company's BEI score to that of your industry. Doing so can identify potential competitive advantages or disadvantages.

Take the time to determine the Business English level of your company or those employees you believe need to improve their skills.

- From these surveys and interviews and/or service provider assistance, determine the number of hours each employee loses per week due to poor Business English and estimate the percentage of employees who have insufficient Business English proficiency.

Step 3. Estimate the Hard Costs

To quantify the extent of your Business English problem, you should also estimate the hard costs. The easiest way to do this is to establish the cost of lost productivity due to Business English deficiencies.

The basis for this calculation is employee and management estimates of average time lost per week per employee because of a lack of Business English proficiency. That figure should come from the surveys and interviews recommended in step 2.

To estimate the annual hard costs to your company due to a lack of Business English competency, complete the following steps:⁹

1) Determine the number of lost hours per year per employee

Multiply the average time lost per week by the number of working weeks in your business.

2) Calculate an average hourly employee compensation rate

Divide yearly compensation costs per employee by the working hours in the year.

3) Calculate the hard costs lost per employee

Multiply the number of lost hours per year for each employee by the average hourly compensation rate.

4) Estimate the total annual cost to your company due to a lack of Business English competency

Multiply the yearly cost per employee by the number of non-native English speakers in your company.

To quantify the extent of your Business English problem... establish the cost of lost productivity due to Business English deficiencies.

Hard Costs Because of Poor Business English in the Enterprise

Number of Employees



X

Average Time Lost per Week



X

"48" Weeks per Year



X

Expense per Average Employee Hour



Step 4. Estimate Soft Costs

Soft costs can also shed light on the potential extent of the problem. The surveys you complete can reveal the following soft costs caused by an enterprise weakness in Business English:

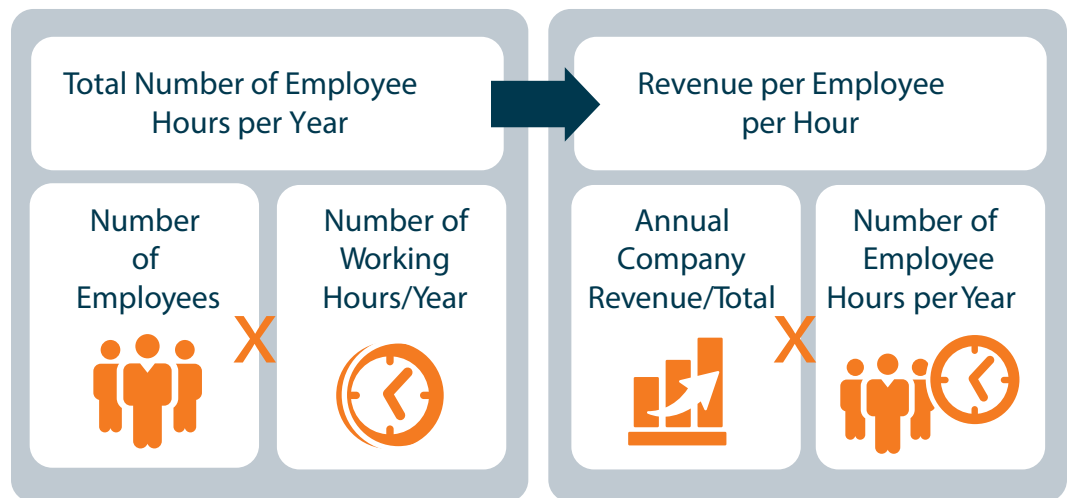
Strategic: misdirected strategies, poor communications with business partners and customers lost due to poor communications

Operational: the additional cost of less efficient operations due to a lack of effective communication and collaboration, as well as missed opportunities

Human Resources: additional recruitment costs as well as escalated retention costs due to employee frustration, lack of engagement, lower job satisfaction and restricted chance of career advancement

Directly quantifying these factors can be difficult. However, you can estimate the revenue loss in the following way:

1. Multiply the number of employees by the number of total employee working hours in the year.
2. Divide the annual corporate revenue by the total number of employee hours worked.
3. The result is revenue per employee per hour.

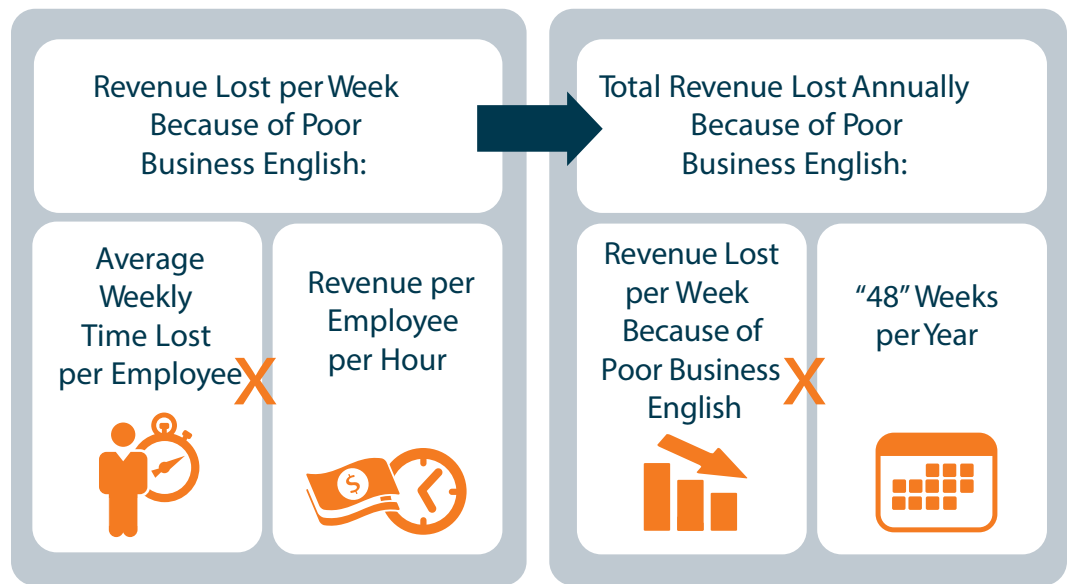


Soft costs can also shed light on the potential extent of the problem.

Now multiply the average time lost per employee per week in hours by the average revenue per hour per employee. The result is the amount of revenue that, on average, the company loses per employee every week because of a lack of Business English proficiency.

Multiply that revenue lost per week per employee by the total number of working weeks (e.g., 48) and by the number of non-native English-speaking employees for the annual lost revenue. This is actually a low-end estimate. It is possible that additional business is never successfully completed or that it takes more resources than necessary.

Different employee populations in your organization have differing needs.




Step 5. Estimate the Cost of Your Solution

Different employee populations in your organization have differing needs: An executive may need intensive private instruction with a dedicated Business English coach to achieve targeted and significant results very quickly. An individual contributor may need access to on-demand formal coursework for steady, ongoing skills development. Still others may benefit the most from quick and easy access to performance-support tools.

Each of these solutions has varying cost implications. Face-to-face traditional structured learning (such as classroom training) is by far the most expensive solution to implement per person, and many people incorrectly assume that it is the only way to improve skills. A blended virtual learning approach has been proven to be more effective than structured face-to-face instruction, and it's typically more scalable and cost-effective, increasing your chances of getting senior management's acceptance and support. Such an approach combines the best elements of human-based interactions with the convenience of on-demand technology. You'll first need to identify the mix of solutions your company needs, then multiply the cost of each based on the number of employees who need it.⁴

Example Employee Population Solutions

Employee Group	Goal	Solution	Cost
 Executives	Drive specific skills in English: preparing leaders for high level negotiations, meetings and presentations. Provide a VIP solution to a very demanding target group.	Intensive, specialized executive coaching.	\$\$\$\$
 Critical talent	Increase the business competence and maximize the skills of your existing workforce or develop leadership. Provide an intensive solution for busy employees that quickly delivers personalized results.	On-demand access to formal and informal learning programs, on-the-job performance support tools and one-to-one virtual coaching.	\$\$\$
 Professional	Increase the confidence and proficiency of critical talent. Implement a flexible and customizable solution that quickly delivers tangible results.	On-demand access to formal and informal learning programs and on-the-job performance support tools. Regular motivational check-ins or one-to-one virtual coaching.	\$\$

Don't forget to also take into consideration the learning methodology behind the solutions you choose. Studies show that 70% of adult learning comes through experience, with another 20% of skills acquired through informal means or social connections like working with others; only 10% comes from structured courses and programs.⁵ The most effective Business English solutions combine these three approaches.

Here are some approximate costs of individual learning methods you can use to estimate the cost of your solution.

- Traditional classroom instruction ranges from \$80 to \$500 per student per class, depending on class size, course subject and location.
- Virtual, self-paced learning programs can cost as little as \$80 per subscriber per year.
- Executive-level, intensive private instruction with a dedicated coach typically starts at \$4,000 per executive per year.
- Social learning and mobile apps are sometimes offered as part of the above or as standalone offerings, and these can range from \$8–\$200 per license.

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Step 6. Compare the Solution Cost with the Lost Opportunity Cost

A simple comparison of your company's annual lost revenue (as determined in step 4) and the cost of a Business English solution (as determined in step 5) will indicate the extent to which your company can benefit from implementing such a solution.

In the appendix we've included a hypothetical example of a global retail company that demonstrates just how enormous the return on investment for a Business English training program can be. For this company, which does \$80 billion in revenue and employs a workforce of 21,000 that is comprised of 70% non-native English speakers, the hard costs of a lack of Business English proficiency total \$22.9M in lost productivity a year, and \$2.8B in revenue is lost. However, the enterprise-wide cost of improving Business English for 100% of the 14,700 non-native English speakers would be \$7.35M (\$500 per person per year). This is an extremely high estimate as 100% of a company's non-native English speakers typically don't need immediate skills improvement. Starting with as few as 1,000 employees can have a significant effect on the bottom line.

Conclusion

The effectiveness of a global enterprise is determined in large part by its Business English proficiency. Yet within a typical business, as much as 70% of the workforce may be non-native English speakers who lack the Business English skills needed to do their jobs well.⁶ This lack of Business English proficiency can translate into significant productivity losses and even larger lost opportunity costs. A strategic Business English development and support program undertaken throughout the enterprise can yield a significant return: increased productivity, greater customer satisfaction, better identification of new business opportunities and increased profits.

For more information on how to undertake an enterprise Business English program, or on how GlobalEnglish can conduct the evaluation and analysis for you and then create a specific customized program based on your results, visit GlobalEnglish's website at www.globalenglish.com.

Work with a service provider, like GlobalEnglish, who can help you understand which level of Business English specific job roles typically require.

¹Mallon, David; "Global Business Communications: A Strategic Imperative in Today's Borderless Workplace"; Bersin & Associates; March 2012; http://img.en25.com/Web/GlobalEnglishCorporation/%7B05328723-a541-4ea3-8624-a8aa63353ada%7D_GlobalCommnications_DM_Final-GlobalEnglish.pdf

²GlobalEnglish; "2012 Business English Index"; http://www.globalenglish.com/business_english_index

³Use the calculation appendix at the end of this document as your guide to completing these estimates for your own company.

⁴Consider engaging a Business English solutions consultant to help you assess and then recommend the right solutions for your employee segments.

⁵Charles Jennings; "70:20:10 Learning Approaches"; Duntroon Associates; August 4, 2011; <http://www.slideshare.net/charlesjennings/the-702010-framework>

⁶GlobalEnglish; "The Globalization of English Report: Globalization Accelerates Need for Business English Communication Skills"; 2011; http://static.globalenglish.com/files/case_studies/GlobEng_ResearchSt_GlobEngRep_EN-US_FINAL.pdf

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Appendix: Sample business case and calculations

Estimating the hard costs

To complete the calculations below, we used the following example of a global retail company with the following set of characteristics representative of the category:

- Name: ABC Retail Worldwide
- Industry: Retail
- Employees: 21,000
- Percentage of non-native English speakers: 70%, or 14,700 employees
- Yearly compensation costs per employee: \$31,200
- Revenue: \$80 billion
- Working weeks per year: 48 weeks
- Hours per year worked per employee: 1,920 hours (48 weeks × 40 hours per week)
- Average time lost per non-native English speaker: 2 hours/week

1. Determine the number of lost hours per year per employee—Multiply the average time lost per week by the number of working weeks in your business.

E.g., 2 lost hours/week × 48 working weeks = 96 lost hours per year for each employee.

2. Calculate an average hourly employee compensation rate—Divide yearly compensation costs per employee by the number of working hours in the year.

E.g., $\$31,200 / 1,920 \text{ hours} = \$16.25/\text{hour}$.

3. Calculate the hard costs lost per employee—Multiply the average hourly compensation rate by the number of lost hours per year for each employee.

E.g., $\$16.25/\text{hour} \times 96 \text{ lost hours per year for each employee} = \$1,560 \text{ per year per employee}$.

4. Estimate the total annual cost to your company due to the lack of Business English competency—Multiply the yearly cost per employee by the number of non-native English speakers in your company.

E.g., $\$1,560 \text{ per year per employee} \times 14,700 \text{ non-native English-speaking employees} = \$22,932,000$.

Estimating the soft costs

To determine the revenue lost per week because of poor Business English using the example of the global retail company above:

- Revenue per employee per hour is \$80 billion divided by 21,000 employees divided by 1,920 working hours a year, or approximately \$1,984 in revenue per employee hour.
- The total number of hours lost per year because of a lack of Business English proficiency is 96 lost hours per employee \times 14,700 non-native English-speaking employees = 1,411,200 total employee hours per year.
- Multiply the total lost hours by \$1,984/employee hour to find total lost revenue opportunity of \$2.8B a year, or 3.5% of the company's revenue.

The recommended solution for this company is a robust mix of a virtual learning program that includes social learning and mobile apps, and an advisor to encourage maximum usage and good study habits, at a cost of \$500 per non-native English speaker per year, or \$7,350,000 annually. This represents a return on investment of 380%.