



What Is Capacity?

Leading Learning Podcast Transcript for Episode 386

Celisa Steele: [00:00:00] To execute on a strategy and deliver meaningful results, a learning business has to have sufficient capacity—and optimized capacity has the ability to exponentially improve its reach, revenue, and impact.

Celisa Steele: [00:00:17] I'm Celisa Steele.

Jeff Cobb: [00:00:19] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Celisa Steele: [00:00:27] What is capacity? That's what we want to explore in episode 386 of the Leading Learning Podcast.

Jeff Cobb: [00:00:34] And we have some views and ideas about capacity. We felt strongly enough about the importance of capacity to include it as one of the five domains of the Learning Business Maturity Model.

Celisa Steele: [00:00:45] Right. We saw—and still see—capacity, marketing, portfolio, strategy, and leadership as five domains that all learning businesses need to attend to and work to improve performance in.

Jeff Cobb: [00:00:59] But we've found that the word *capacity* has different associations and implications in different contexts, and there isn't always clarity or agreement about what capacity refers to specifically and practically.

Celisa Steele: [00:01:12] The dictionary definition of *capacity* is "the facility or power to produce, perform, or deploy." But we want to dig a little bit deeper today, get a little bit more specific than that dictionary definition, and look at what capacity means for learning businesses.

Jeff Cobb: [00:01:29] We can talk about three components of capacity if we want to break it down a little bit. And, in the maturity model we've already referenced, we focus on people and technology as components of capacity. And the core question that we ask around that domain is

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“Does the organization have sufficient capacity, in terms of human resources and technology, to pursue the vision and strategy effectively?”

Celisa Steele: [00:01:58] That’s right. Each of those five domains, we have one overarching question that we try to use to encapsulate that domain. As you just shared, Jeff, that core question for capacity focuses on people and technology—human resources and technology. Today we’re going to add a third area of focus: processes. And we’ll say a little bit more about this in a minute, but processes were not only implied but actually mentioned as you dig a little bit deeper into capacity in the maturity model. But, for today’s conversation, we want to elevate processes up to that same level as people and technology and really look at those three aspects of capacity.

Jeff Cobb: [00:02:36] Yes, and I think people often don’t think about processes so much. They’re just hidden in the workings of the organization and not raised to that conscious level that you’re talking about, and, in many cases, they’re just not documented well. And we speak from experience because we’re in the process of doing some capacity work ourselves, and processes are front and center. So people, technology, processes. Let’s start with the people part of it.

Celisa Steele: [00:03:02] Right. So a key element here would be staff, of course. And then, when you think about staff, there’s a question of do you have the right staff in place? Do you have the right people on the team? And then, I guess, to borrow a Jim Collins phrase, are they in the right seat?

Jeff Cobb: [00:03:18] Yes, getting those right people on the bus is so important. And, in fact, he says that’s the foundation of everything—getting those right people on the bus—and that is directly speaking to the importance of capacity.

Celisa Steele: [00:03:30] He points out, first, you’ve got to get them on the bus, and then you have to figure out if they’re in the right seats.

Jeff Cobb: [00:03:34] That’s right. It’s the getting them on that’s the most important part. And then you can figure it out from there. Sometimes that means hiring people. It doesn’t always mean hiring people, though.

Celisa Steele: [00:03:44] Sometimes you can make use of contract help. So it wouldn’t necessarily have to be a staff hire that you might make. It could be that you’re looking to just make use of an individual or perhaps a service organization to support what your learning business is

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doing. And, of course, whether it's with an individual or an organization, those can be shorter-term or longer-term engagements, and sometimes it's more people-focused. For example, you might have an SEO consultant—a search engine optimization consultant—and that's a person that's fulfilling a certain type of work, but it's basically ongoing. As you put out new Web content, they're going to be doing what they need to do to make sure that it's optimized. Sometimes looking to outside help is much more project-focused, and, in fact, that's the approach we take in the consulting work that we do at Tagoras. We work with client organizations around developing a shared vision for what's the scope of work, what's the project that we're involved in together.

Jeff Cobb: [00:04:44] And I think that ability to know how and when to use a contractor versus an employee or a short-term contractor versus a longer-term contractor really gets to the fundamentals of knowing how to manage capacity effectively, being able to make those decisions, what makes sense when as part of your overall capacity as an organization.

Celisa Steele: [00:05:11] Sometimes too you don't necessarily have, maybe you don't have—or perhaps you want to push back on this, Jeff—but maybe you don't always have a choice of whether to hire or whether to work with someone who's in more of an external role. I'm thinking about subject matter experts, which so many of our learning businesses rely on to help develop and deliver content. And so, in most of those cases, those are going to remain external resources. I guess you could argue that you may occasionally hire a really stellar SME, make them part of your staff, but in general that's going to remain an external role, and so you're going to have to balance what it looks like to work with someone who's really providing a very essential type of task and doing essential work for your learning business.

Jeff Cobb: [00:05:55] Yes, I think in many ways subject matter experts are the proverbial elephant in the room when it comes to capacity and the people part of capacity for learning businesses because they are so essential. And I do think once a learning business reaches a certain size, having some subject matter expertise on staff, on call can be the right thing to do. We've worked with many organizations where they do have some subject matter expertise on staff. But, still, to handle the breadth of learning needs that most learning businesses are going to have to handle, you've got to be able to work with those volunteer and outsourced, contracted subject matter experts. And, of course, that whole terrain has changed so much as subject matter experts have become increasingly empowered to just do their own thing, basically. This was something that came up—we run a leadership mastermind group—the fact that those relationships with subject matter experts have changed. In many cases, subject matter experts are competing directly with the learning businesses that have traditionally used them.

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It's a big issue. And this whole realm of capacity, I'm going to say probably mostly the people part, but I think all parts of it can get pretty complex and pretty nuanced pretty quickly.

Celisa Steele: [00:07:01] And so, again, thinking about people, I think we see often a perennial issue around just not enough people. I think a lot of learning businesses can feel understaffed, and so that then tends to lead to a view of there are two things to do—you can do less, or you could hire more.

Jeff Cobb: [00:07:19] Right.

Celisa Steele: [00:07:19] By hiring more, whether that's internal or external, it's the idea of adding capacity in the sense of adding some person's time, energy, and effort to what you're doing. And often then there's "Well, how do you justify that?" or making the case to do that, to the extent that you need to make the argument to someone higher up in your organization. And then that often means that you're going to either need to show some success that you've had because of having the people on board, which would then perhaps translate into an additional full-time person, half-time person, whatever it is. Or it's about making the case that, if we had access to more time from some people, we would be able to achieve more. So that's on the hiring more than on the do less side.

Jeff Cobb: [00:08:09] That's always a struggle, I think, for the organizations that we deal with, because there usually is a compelling case for doing less, focusing the resources you have better, but sunseting programs that have been around for a long time, that may be those proverbial sacred cows or whatever—however people tend to describe them—that can be really tough. There's often this tension there between the people you have, the programming you're trying to offer, and how do you make those match up? Making the budget argument's hard, but making the sunseting argument's also hard. So that's really a challenge of leadership in most learning businesses.

Celisa Steele: [00:08:52] I think all of this speaks to being able to clearly identify, in your portfolio, what is performing well, what is delivering high value, and then what activities, by comparison, are not delivering as high a value. Because, of course, that's going to allow you to set priorities and determine where the resources that you do have available should put their time and energy, and then, to your point about sunseting, what you might potentially sunset or at least diminish the amount of time, energy, and effort you're putting against them.

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Jeff Cobb: [00:09:24] Yes. And I'll say I won't pull on this thread too hard because we should move on to other areas of capacity, but too often organizations don't know the financial performance of their portfolio on a product-by-product basis. They can't say that X product is profitable or not because they haven't gone that deep in the finances on individual offerings. We find this again and again. So that makes it really hard to be able to make the right types of capacity decisions around people and otherwise.

Celisa Steele: [00:09:54] You said we shouldn't pull too hard on that, but I do think it might be worth saying just a little bit more. So there's, as you pointed out, this need to differentiate from product to product. I think there's also this idea of sunk costs, and I think often, if you are developing something internally with staff time, you often don't necessarily know or know how to account for how much staff time is going against that product, so that then you can really look at it as profitable as we think it is when we actually look at how much time staff is spending.

Jeff Cobb: [00:10:28] Yes, and that's one of the key missing components. Organizations have no idea how much staff time goes against a particular product. They also often don't do a great job of accounting for how technology applies against different products and against the business as a whole. So maybe we can move on to talking about technology as an aspect of capacity.

Celisa Steele: [00:10:50] Yes, and I think here part of what's key to having appropriate capacity is making sure that there are systems in place that will support you where you need support. Part of it's about identifying systems that really can help you. And then, of course, there's using the system. Before we hit record, Jeff, you and I were talking about a piece of software where there's a lot of functionality. We've got it in place, and now it's the figuring out how to use that system well and use it efficiently, and all of that very much relates to capacity and what you're actually able to do internally with that piece of software or that system.

Jeff Cobb: [00:11:26] Yes. There's a crossover with people here because very often organizations will spend a lot of money putting, whether it's a learning management system or some other system in place, and then not invest in either hiring somebody who has the skill set or training the people who are already at the organization in how to really get the most out of that system. So technology and people definitely meet up. Technologies are usually only as useful as the people who are using them actually have the knowledge to use them well.

Celisa Steele: [00:11:54] I think a prime example here is generative AI. That really shows, I think, the overlap between people and technology because it really begins to blur those lines much

more. We have technology that's doing what people might have done in the past, or that's capable of doing it. And so, really, from a capacity standpoint, it may change the percentage of people versus technology or what you can rely on. And I think in an ideal world, back to that "People often feel under-resourced" or "Learning businesses often feel under-resourced in that people area," well, if you can make effective use of technology, effective use of generative AI, then that may help you actually free up additional time that your staff or your contractors could spend on other things.

Jeff Cobb: [00:12:47] Yes, and this will probably sound antiquated quickly, but we've just reached a point in the last couple of weeks or so where custom GPTs have become a thing. So you can make your own, basically, ChatGPTs that are defined for particular roles and purposes. I was just on a call with somebody who's defined a support GPT and a copywriting GPT, and she's got this whole set of GPTs she's defining out and training to perform essential functions within her organization. And they're just going to get better and better at doing those things over time. She's essentially building a team of GPTs around her. And there are limitations to that. There still has to be that human intervention. But what it is now possible for an organization to do in terms of expanding its capacity by leveraging traditional technologies but now also these generative AI technologies—if you're listening to this, and you haven't started exploring those and experimenting with them yet, get to it.

Jeff Cobb: [00:13:49] At Tagoras, we're experts in the global business of lifelong learning, and we use our expertise to help clients better understand their markets, connect with new customers, make the right investment decisions, and grow their learning businesses. We achieve these goals through expert market assessment, strategy formulation, and platform selection services. If you're looking for a partner to help your learning business achieve greater reach, revenue, and impact, learn more at tagoras.com/services.

Celisa Steele: [00:14:20] We touched on people. We've touched on technology. That brings us to the third area: processes. And, as you hinted at, Jeff, I think this is top of mind for us because we've been feeling the need for having processes in place pretty keenly and acutely ourselves. The idea here is that you need to have procedures and guidelines, and these need to be in place because they're going to help people and technology use be as efficient and productive as possible. It's going to help people know how to use that technology. It's going to help people know what to do. It has a lot of implications for things like continuity and succession planning.

Jeff Cobb: [00:15:05] Yes. And, of course, every organization has processes in place, whether they recognize it or not. I think part of what we've been doing—and what so many

organizations need to do—is to surface those, to make them explicit, to document them, to make them knowledge that can be communicated to new people coming in, that can be understood across the organization, that people can be trained on. They can be referenced.

Celisa Steele: [00:15:27] They can be used to create a custom GPT.

Jeff Cobb: [00:15:29] They can be used to create a custom GPT. And the processes really are the glue that binds people and technology together too. You have to have good processes, and everybody needs to be aware of them and integrate them into how you're using technology effectively.

Celisa Steele: [00:15:46] Yes, I agree that they help with how people use technology. I think they also just help, even when technology is out of the picture as well, just to help people in their job. We talked about hiring or outsourcing earlier. Having processes, having those procedures and guidelines in place is going to really make it much easier to onboard anybody that you would hire or anybody that you would be looking to outsource a particular task or set of tasks. So we've talked about three areas of capacity: people, technology, and processes. And now we want to take two views, or two lenses, on developing or building capacity, and those two views are your current capacity and then evolving capacity.

Jeff Cobb: [00:16:34] And I think lying in the background of that is a view of capacity that really comes out of the charitable sector, the sector of nonprofits that are really funded by foundations, grants, and those sorts of sources. We used to do a lot more work in that area than we do now, but the idea of capacity building is very big there. When organizations receive grants, there's often this idea that you have this current level of capacity. "You're getting this infusion of funding. We'd like to see a concerted effort for you to move from where you are currently to this future state of capacity." It's very explicit there in my experience, at least much more explicit than you find it in other sectors of the nonprofit world or in the for-profit world.

Celisa Steele: [00:17:22] Yes, I think that's a good angle to take because it does really get to the core of capacity, which I think, in a healthy learning business, is about improving the capacity, growing the capacity, making it savvier. And so, in terms of the two views, if we think about the current view, you're going to want to do an assessment based on who's on the bus now, what seats they're in, and that's going to give you an idea for where there might be gaps. What is it that you're trying to do that you don't really currently have capacity around? It could be a key piece of technology that might be missing, an old piece of technology that needs to be replaced, or potentially a new position, but you're going to base that on your current state. But

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then there's that evolving lens, and that really is then that future-state view. Where is it you're trying to go? Where is your strategy taking you as a learning business? And making sure that you're thinking beyond what we just need to do now to deliver on what we're currently doing well. What can we be doing that will build capacity, that will allow us to do more, to do better, or to do differently in the future?

Jeff Cobb: [00:18:34] Yes, I think you're really looking for where is there leverage? Where, if we apply certain approaches, is it really going to make a difference for us? And that can be in multiple ways. We've talked about hiring, bringing people in, getting people on the bus. There's obviously formal training that can be done to help people pick up new skills and knowledge. There's a lot of informal that can be done—working out loud, just different ways to really make it part of the culture of the organization. Because, yes, you can have clear initiatives around training, around documenting processes, that sort of thing, but I think it's also important for there to be a culture of capacity building. This really is a learning culture. We've talked about learning culture, broadly speaking, before; this is within an organization. That culture is there. They are always going to be doing things that are going to help us to evolve as individuals because at the root of organizational capacity is individual capacity, and just to make that a part of how people think about and approach their day-to-day work.

Celisa Steele: [00:19:35] I think part of that view of the future state, the evolving role of building capacity, or what it looks like to build capacity, again this is just a place where you need to continually reassess. Again, we'll take the example of generative artificial intelligence. That has really changed a lot of what people are doing or were doing. So, suddenly, having someone who knew how to create great graphics is no longer quite as important if you can go out and get a piece of gen AI software that's going to help you do that, for example.

Jeff Cobb: [00:20:11] Or that person becomes much more productive at creating graphics at a higher volume, higher scale, whatever it is, because they've now got this tool to help them with doing it. In the programming world, there's always this talk about "Can I become a 10-times programmer now that I've got AI to help me?" And the answer to that is maybe. But you've got to have the underlying talent in the first place to leverage. But, if you've got somebody who's good at particular things in your organization (hopefully you do), then adding AI to that, you may see a significant jump in your capacity.

Celisa Steele: [00:20:40] So the last area we wanted to touch on are just three levels of capacity building. And those three levels are at the individual level, at the organizational level, and then at the level of the community, the field, or the profession. And so, for a learning business, the

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individual really is that staff person or that key volunteer—maybe a subject matter expert, maybe a board member. So that’s—you just said, Jeff—that idea of at the core of organizational capacity is individual capacity. If you want to make your learning business better, if you want to increase its capacity, by definition, that means you’re going to be increasing the capacity of your people at some level.

Jeff Cobb: [00:21:24] Yes, and that’s going to be investment in professional development, investment in training, but also, as we were just talking about, that culture that makes it clear that’s what people in your organization do—they learn, they grow, they develop, they are self-motivated and self-directing in doing that. And then, of course, the organizational capacity, that really is that totality of the people we’ve been talking about—the technology, the processes, how those all really meld together—and then making sure you’re paying attention to and managing what happens when one of those changes or something is added, or maybe that can happen across multiple of them at one time. How agile and adaptive are you with respect to capacity?

Celisa Steele: [00:22:09] And then the third level is that community level. And so, for nonprofits, back to your example of charitable organizations, Jeff, this is the idea that a funder helps build, say, the capacity of a food bank, and then that is going to mean that more hungry people are fed. For learning businesses, this often comes down to trying to improve the field, the profession, or industry and /or those served by the field, profession, or industry. So it could be the medical field, or you could be thinking too about doctors’ patients, that end user there. But this idea is that, if you make good use of capacity, if you have individuals that are continually improving their own capacity, if the organization is continually optimizing their capacity, then you have this chance to broaden those circles of impact out beyond into that community.

Celisa Steele: [00:23:14] To execute on a strategy and deliver meaningful results, a learning business has to have sufficient capacity—and optimized capacity has the ability to exponentially improve its reach, revenue, and impact. A learning business needs enough of the right people, it needs documented and efficient processes, and it needs technology that supports and enhances the work.

Jeff Cobb: [00:23:36] At leadinglearning.com/episode386, you’ll find show notes, a transcript, and options for subscribing to the podcast, if you’re not already subscribed.

Celisa Steele: [00:23:46] We’d be grateful if you would take a minute to rate us on Apple Podcasts or wherever you listen, especially if you enjoy the show. Jeff and I personally

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appreciate reviews and ratings, and they help the podcast show up when people search for content on leading a learning business.

Jeff Cobb: [00:24:00] And please spread the word about Leading Learning. You can do that in a one-on-one note or conversation with a colleague, or you can do it through social media. In the show notes at leadinglearning.com/episode386, you'll find links to connect with us on X (formerly Twitter), LinkedIn, and Facebook.

Celisa Steele: [00:24:16] Thanks again, and see you next time on the Leading Learning Podcast.

[music for this episode by DanoSongs, www.danosongs.com]