Business Acumen for e-Learning Professionals: *Tie Your Initiatives to the Bottom Line*

Dr. Karen E. Gardner, Executive Director, Training & Organizational Development
Objectives

Discuss a model of how successful companies make money – and what today’s CEOs are focused on

Define “business acumen”

Expand your “business acumen”

Examine how one company tied eLearning to the bottom line
What is Business Acumen?

Understanding how your company makes money...and acting to improve the money making process.
What business idea have you considered?
What would you need to start the business?
Five Drivers

- Cash
- People
- Profit
- Assets
- Growth
First Driver - Cash
Definition

Cash is the bills and coins in the register and the cash in the bank.

What happens when companies run out of cash?
Positive Impact on Cash

• Increase retention
• Pay Slower
• Collect Faster
• Reduce Costs
Second Driver -- Profit

Cash \rightarrow Profit
Definition

Profit is synonymous with earnings and income and is the money made after all expenses are subtracted from your sales.
## Basic Income or P&L

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (Revenues)</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>- Costs of Goods Sold</td>
<td>$68</td>
<td></td>
</tr>
<tr>
<td>= Gross Profit</td>
<td>$32</td>
<td>32%</td>
</tr>
<tr>
<td>- Operating Expenses</td>
<td>$16</td>
<td>16%</td>
</tr>
<tr>
<td>(SG&amp;A, R&amp;D, Etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>= Operating Profit</td>
<td>$16</td>
<td>16%</td>
</tr>
<tr>
<td>- Interest</td>
<td>$1</td>
<td></td>
</tr>
<tr>
<td>- Taxes</td>
<td>$4</td>
<td></td>
</tr>
<tr>
<td>= Net Profit</td>
<td>$11</td>
<td>11%</td>
</tr>
</tbody>
</table>
How Do You Impact Profit?

• Sell more
• Spend less
• Help employees understand how the decisions they make day in and day out impact the company’s profit
S&P Average = 11% Profit Margin

<table>
<thead>
<tr>
<th>Company</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft</td>
<td>30%</td>
</tr>
<tr>
<td>Google</td>
<td>28%</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>22%</td>
</tr>
</tbody>
</table>

Why the high margins?
S&P Average = 11% Profit Margin

Why the low margins?
Third Driver -- Assets

Diagram:
- Cash
- Assets
- Profit

The diagram shows the relationship between Cash, Assets, and Profit. Cash and Assets feed into Profit, and Profit influences both Cash and Assets.
Definition

Anything you own or control with value.
How Do You Impact Assets?

- Reduce under performing assets
- Order materials “just in time”
- If you don’t absolutely need it, don’t order it
- Reduce excess inventory
Fourth Driver -- Growth

- Cash
- Growth
- Assets
- Profit

Business Acumen for eLearning
Definition

Business growth can be measured in many ways, but the two most common ways are sales and profit.

Why is growth so important to a business?
How Do You Impact Growth?

• Play a role in culture shaping and acquisition integration
• Hire talent that is good and adaptable
• Look for ways to sell more to existing or new customers
• Develop good leaders who are life-long learners
Five Drivers

- Cash
- Growth
- People
- Profit
- Assets
Five Drivers

- Cash
- Employees & Customers
- Growth
- Profit
- Assets
Definition of a Customer

The end user of your products and services... although it may also be defined as an internal function you serve.
Ironic?

As hire A+s and Bs hire Cs
How Do You Impact People?

• Know your business so you can anticipate business needs
• Have formal processes for listening to your employees and customers
• Monthly, ask your boss, “How am I doing?” and “Have my priorities changed?”
People

When you think of a company with great customer service, what company comes to mind?
A Little Case Study

• End of Q1 last year, financial performance was slipping
• Key groups of employees were not performing at their most efficient and effective
• Key groups needed training
Our Process

Established Tiger Teams in each of the following functions:
- Program Managers
- Division Managers
- Contracts
- Program Control Analysts

Discussion on who fits in each category, current responsibilities and associated training/skills needed

Inventoried existing training (formal & informal) and identified gaps in training

Created prioritized list of training needed

Analyzed trainings for Q2 with the highest Return On Investment (ROI)
Training: PM and PCA financial fundamentals

Description: Overview of S-Pro, E-Pro and PCA financial reporting tools & variables

Estimated Duration: 1 Hour

Impact: Common understanding of tools available and triggers for initiating processes and reporting requirements

Training: Introduction to PeopleSoft Financial Reports

Description: Interpreting the financial reports available, and syntax

Estimated Duration: 2 Hours

Impact: Common understanding of project financial numbers to influence success of the project when working with PCAs
PMs (Continued)

Training oriented around achieving ManTech’s six core goals

Training: Margin Improvement to Drive EBIT

Description: How to improve your margins, best practices for monitoring and managing programs and project how to manage overhead/indirect costs and pricing pre-award and post-award exercises.

Estimated Duration: 2 hours

Impact: Common understanding across all Division Managers with tools and knowledge to efficiently execute activities that drive bottom line and remain on target with identified Division margins.
A Little Case Study (Continued)

• How Do I Get the $$$$ I Want?
  – All our competition is training on these topics
  – I’m bored and these would be fun courses to build
  – We have some excess cash laying around, why return in EPS when we can spend it on our employees?
  – For an investment of $XX,XXX I can push the company metrics to the right (positive direction)
Your Challenge

• Identify one specific training and/or education action to improve your company’s results
• Get clear on how your company makes money and stay current on how the company is doing
• Talk with key company managers – this is a constant needs assessment
• Talk their language
• Tie your eLearning initiatives to ROI (don’t be afraid)
Little Things Can Make a Difference

- UPS eliminates left-hand turns
- Saved 28.5 million miles from its delivery routes
- Saves 3 million of gallons of gas
- Reduces CO2 emissions by 31,000 metric tons
Credits

Kevin Cope
President & CEO

www.acumenlearning.com