

## Case: FinaX Evaluation of Elearning

- FinaX Inc. is witnessing renewed interest in their unique accounting software. CEO Mark Rice wants to capitalize on this opportunity with his sales team.
- The recent version of the software includes additional features but essentially it functions the same as previous versions.
- Mark believes that even though the marketing, sales, and customer support would benefit learning the new features he believes they have adequate product knowledge.
- Mark believes in employee development but is cautious about whether training will deliver a tangible benefit to the business (e.g. increasing software sales). Because demand changes quickly he no interest having staff participate in long instructor-led training.
- Mark heard about the effectiveness of elearning courses to support the team. From past experiences he sees elearning courses as glorified PowerPoint and a waste of time.
- Mark would like to see the cost of an elearning investment for the software's new features and its possible **tangible** benefits. He want to see the financial and qualitative impact.
- Mark expects a financial benefit at the end of the first year and may consider further elearning investments in future years if there is financial viability. Mark views elearning as a long-term (fixed) investment.

### Required:

Mark asks you to evaluate if the company should invest in its first elearning effort. You expect that the course (including equipment, technology, development, and design) will cost \$60,000 and is the maximum that Mark will allocate.

He presents the following information and the projected (summarized) income statement.

- Sells 4000 units
- Software price: \$200/each
- Variable costs: \$120/each
- Current fixed costs: \$200,000
- New e-learning course: \$60,000 (fixed cost)
- Post e-learning increase in sales: 700 units

### ***What do you recommend to Mark and why?***

- balanced scorecard
- performance management
- training for trainers
- assessment/examination solutions

## A. Financial Considerations:

	4000 Units No E-learning	700 Unit Increase with E-learning	Difference
<b>Revenues</b>	\$800,000 (4000x\$200)	\$940,000 (4700x\$200)	\$140,000 (700x\$200)
<b>Less: Variable Costs</b>	\$480,000 (4000x\$120)		
<b>Contrib. Margin</b>	\$320,000 (4000x\$80)		
<b>Less: Fixed Costs</b>	\$200,000		
<b>Operating Income</b>	\$120,000		

“What do I get if I give you the money you are asking for?”

Financial Results



1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

“What are the tangible benefits/results we can expect from doing this?”

Performance Results



1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

- balanced scorecard
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**Resistance** → “What will this cost us?”

Level 3-4

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**Apathy** → “What will this do for us?”

Level 4

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**Disruptions** → “Why now?”

Level 4

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**Application** → “What difference will it make?”

Level 3-4

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**Results** → “What will it do for the business?”

Level 4

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