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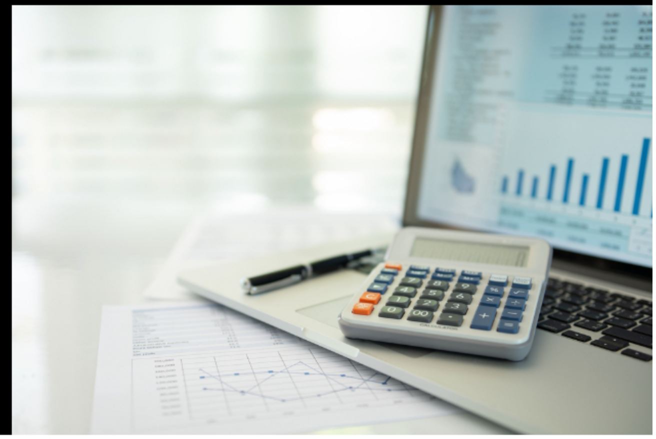
The Numbers Behind the Strategy: Financial Fluency for L&D Leaders

BY JESSICA SWENSON | AUGUST 26, 2026



There is a significant gap in business acumen among not only frontline workers, but also senior leaders, says Kevin Cope, founder and CEO of Acumen Learning. A Harvard Business Review study showed that 95% of a company's employees don't understand its strategy.

"Even VPs in well-run, well-known companies have a big gap," Cope said during a From Day One webinar. "I think [this happens] as companies grow—they specialize, and people become experts in L&D, marketing, sales, or operations, and they sort of lose that big picture perspective."

He encourages learning and development (L&D) leaders to see themselves as business leaders first, who happen to work in L&D. By learning how executives think about the business, knowing how to read the company's profit and loss (P&L), and connecting L&D activities to business outcomes, Cope believes leaders can build credibility and elevate the learning function to a strategic business driver rather than just a cost center.

The Five Business Drivers

Cope laid out a framework to help any leader learn more about financial data, financial performance, and elevate their department's interorganizational value.

There are five key business drivers foundational to executive strategy, he says: cash, profit, assets, growth, and people. Cash, profit, and assets are clear indicators of a company's health and potential, but they also tie directly to financial statements that public companies are required to file—the cash flow statement, income statement, and balance sheet.

Kevin Cope, the founder and CEO of Acumen Learning, led the session (company photo)

"What happens to companies that run out of cash? You really have two options. You're either figuring out a way to get more cash, or you're going out of business," he said.

Different business strategies drive different profit margins—organizations that establish themselves as a unique brand or offer unique product lines often have deeper profit margins, while companies competing on a price basis have thinner margins, Cope says. Companies can use those profits to fund reinvestment in the business, its products, and its employees.

Assets are anything owned or controlled by the company that has value—this can include cash, property, product inventory, or even company vehicles. He emphasized a need to balance asset strength with asset utilization to optimize short- and long-term value.

Cope shared the example of UPS, which counts 140,000 delivery trucks among its assets. To improve route efficiency and reduce both labor and vehicle wearand-tear, a driver suggested eliminating left-hand turns. This small operational change reduced routes by 100,000,000 miles and eliminated 100,000 metric tons of emissions annually.

"Growth is critical for organizations," said Cope, and that's true for a few reasons. Stagnation can indicate decline, shareholders expect growth, and it attracts top talent. Candidates "want to be aligned with an organization that is innovative and also has opportunities for movement and upward mobility."

The final driver, people, highlights the importance of engaged employees who are anticipating and meeting customer needs. Gallup data places the cost of employee disengagement in the trillions of dollars, both domestically and internationally. Cope referenced a study that identified key employee engagement levers: understanding the connection between one's role and the company strategy, and having a sense of one's role being important to the organization's success. "In other words, when people are clear on how their role can drive and impact company results, they're going to have a better sense of how they make a difference, how they add value and the importance they bring to a company. That's where you're going to get engagement," he said.

Financial Fluency in Action

Cope conducted a detailed review of retailer Costco's recent P&L. For a more concise P&L review or for people with limited time, he suggests looking at three key items. "If I've got just a couple of minutes to look at a P&L, I do three things. Number one, I look at revenue, and I want to see it growing. Number two, profit —I'd like to see profit growing, ideally at a faster rate than sales. And then the third thing I look at is the net profit margin," he said. The net profit margin reflects net income as a percent of sales, and has to be calculated.

How can business leaders in L&D shift their mindset and begin connecting their department activities to company outcomes? A good place to start is understanding two key profit levers, increasing revenue and reducing cost. Each method has its place, though cost-cutting has its limits and risks. "If you need to improve profit in the short run, you'll get there faster by reducing costs. Over the long term, ideally, you're growing revenue consistently over time and looking for any way to save money and reduce costs."

Cope recommends partnering with a finance colleague willing to help you understand the nuances of your company's financials and explore how your department's functions can affect business results.

For example, he suggests, you can look at more nuanced impacts of your training programs beyond just the quantity of employees trained. Document any increase in retention that you can attribute to training, which saves employee replacement costs. Training can also lead to more knowledgeable, experienced sales and marketing staff, boosting sales and deal-making, while well-trained purchasing and sourcing staff can lower product and material costs. Expedient onboarding processes across departments can accelerate revenue generation or lower costs by removing technology bottlenecks.

By gaining financial knowledge and serving as a strategic business partner, you can elevate L&D's value within your organization and also help your employees understand the impact they have on its results.

"People work hard for paycheck, harder for a person, and hardest for a purpose," said Cope. "The more that you can help your team understand how their actions impact company results, creating that line of sight, the more you're going to get engagement from your own team."

Editor's note: From Day One thanks our partner, Acumen Learning, for sponsoring this webinar.

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