

Essentials for Finance for the Non-Financial Manager

Finance for the Non-Financial Manager courses are abundant, available and **avoided**. Who wants to sit through a day or two of numbers and an alphabet soup full of shorthand? On the other hand, there is increasing pressure to be “financially literate”.

Being “financially literate” is defined differently in each organization, however as a basic start, all should be familiar with and be able to understand these three major accounting statements:

Income Statement (also called a Profit & Loss Statement, P & L, Operating Statement, or Statement of Operations)

Balance Sheet (also called a Statement of Assets and Liabilities)

Cash Flow Statement (also called Statement of Cash Flows)

I should add that there is no end to the names given to the information found in the above documents and just because different names are used, doesn't make them less important or that the “wrong” name is used. A good finance course will get people to understand the concepts and ideas behind each of these documents in spite of the efforts by finance and accounting departments to confuse everyone. In fact, by knowing just a few pieces of information, one should be able to identify which document is being addressed.

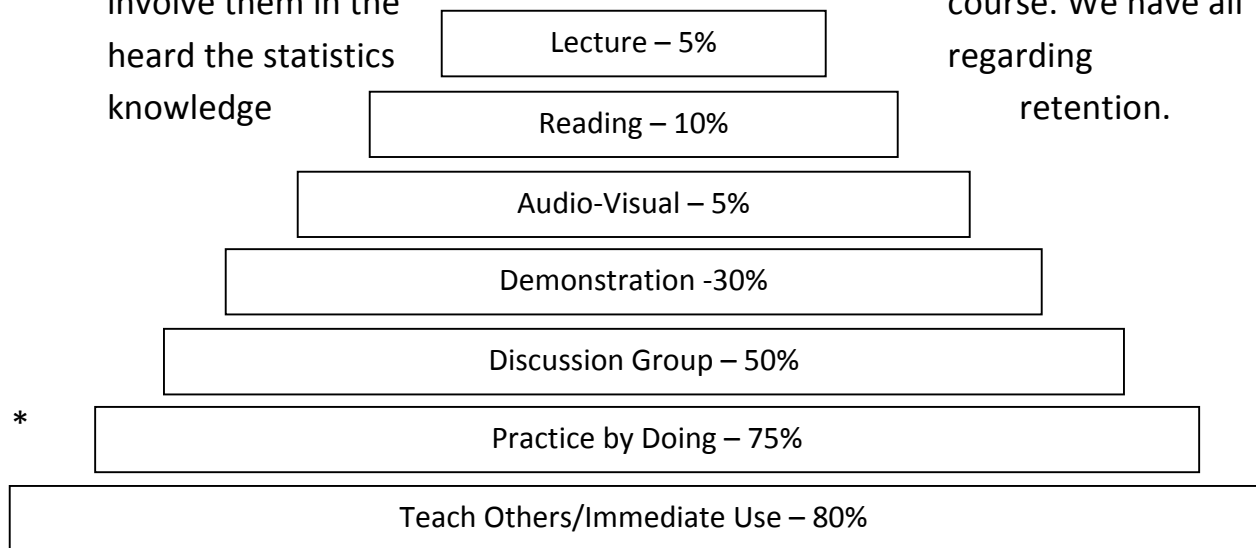
So how can you be better assured that the staff you enroll in these courses will in fact come back with what you expect them to know? Here are five essential characteristics against which you can examine the next course to which you are thinking you want to send your staff or sponsor as an in-house course.

- 1) **Targeted** – The course will likely have a target audience, either by the starting place, ending place, or the speed and breadth of the material to be covered; all are important to know. It is best to start with the assumption that attendees know very little, or nothing. An even better assumption to make is that the audience knows something, but is likely confused and would be wrong when answering questions. If the target audience has some background, still start at the beginning and just move more quickly

through the basics. The ending place is much harder to identify in terms of needs of your staff. Giving people too much runs the risk of creating confusion, and too little, runs the risk of just wasting time. When in doubt, ask! Ask both the target group as well as the next level up. When asking, refer to the SK & As – **S**kills, **K**nowledge and **A**wareness. What skills do you expect the participants to be able to demonstrate, not in the class, but on the job? Do you expect participants to be able to create a financial statement? Read a statement? Interpret a statement? Analyze a statement? Do you expect them to be able to make different sorts of decisions? Explain the statement to others? Discuss differences between statements? Answer questions posed by others?

Aligning the target of the course with the needs of the participants and their organization is a first essential.

- 2) The course should be **engaging**, not just keep people awake, but actually involve them in the course. We have all heard the statistics regarding knowledge retention.



All people don't learn the same way. There are generally thought to be 7 preferred learning styles, so that the chart shown above does not universally apply. Some prefer to learn through reading, some through listening and others through watching, etc. Given the overwhelming effectiveness of learning retention through doing and teaching/using, only a fool would design learning in a way that omitted these. Therefore,

“engaging”, when used here, means doing something that requires the skills, knowledge, or awareness of the subject taught. Whenever possible, experiential learning should be the preferred vehicle for teaching.

- 3) **Relevance** is another essential for a successful learning experience. Can the learner take the experience and apply it to their work? The best way to support this is to include the specific financial data required and to integrate it into the course. However, this is not always possible, particularly when there is an array of participants. The next best way is to set up a coaching session with each participant immediately following the course. This session can be with someone in finance or a colleague with experience and expertise in reading and analyzing relevant financial statements

- 4) **Reinforcement** for the learning is often overlooked. It is not infrequent that people attend a course to acquire new skills to expand capabilities and no use is made of the competencies. Presentation skills are a good example of this violation. In the arena of finance, a concerted effort must be made to distribute appropriate financial reports and to review them with those who have been taught and who are accountable for the results.

- 5) It is not an accident that the word “count” is the center of the word “**accountable**”. It is often said that we know what is important because it’s what we measure. If you are going to expend resources (time/money) you are entitled to receive a return on your investment. When you buy stock, you likely set goals for its performance and celebrate when you achieve the goal. What happens when the stock doesn’t perform? You have some decisions to make and there are lots of options. The same is true for an investment in training. You should have goals for performance and monitor it. Employees need to be held **accountable** for the return they give when you invest in them. This is particularly appropriate when you have properly **targeted** the training, know the delivery was **engaging**, assured the material was **relevant** and you have provided **reinforcement**.