

A finance executive's guide to HR

Strategies for partnering with human resources and leveraging core capabilities.

People are not only a company's most important assets; they're also typically the most costly. As finance chiefs review their organization's balance sheet, compensation and benefits fall high on the list of expenses that need to be reviewed and reconciled. When looking at a company's organizational chart, people initiatives are clearly part of the HR function while expense management is a finance responsibility. However, considering how connected human capital strategies are to the responsibilities of a company's finance department, the two — HR and finance — cannot operate in silos.

In order to run a financially-sound operation, finance leaders must regularly engage with their colleagues in HR to ensure their strategic agenda is in line with budgets and overall financial goals. Further, to effectively manage and lead their own teams, finance executives must utilize strong human capital management skills. The following are some top-line strategies to help finance teams partner with human resources and leverage core capabilities.

Building a partnership.

HR and finance teams are typically seen as sitting on opposite sides of the table. Human resource professionals manage the softer side of the business — recruiting, training, retention — while finance staff are known as the "number crunchers." But today's finance executives have moved beyond data mining and are now responsible for advising their management teams and boards on the true impact of the numbers contained in a company's financial statement — working to inform larger business and strategy decisions through their expertise and counsel. With this in mind, it is important that finance has a closer relationship with counterparts throughout their organization — especially the HR function.

The first step to building a stronger working partnership is taking steps to better understand each others' businesses — this process of understanding should begin at the top of the corporate ladder. One way to do so is by finance leaders taking the initiative to invite HR colleagues to staff

meetings or group strategy discussions. This will allow HR professionals to better understand exactly what the company's finance function does, how it fits into the big picture and why financial discipline is so important, even in their own business.

Further, finance executives should also take the time to understand what sort of projects are underway in HR. Not only will this help finance managers become better leaders and corporate citizens, but it will also enable them to understand what goes into the expenses relating to the various HR products and services. Ultimately, this will enable finance managers to be more strategic advisors when analyzing the financials relating to an organization's people agenda.



Finding the HR value in the finance function.

Two words typically come to mind when thinking of a company's HR department — hiring and firing. It is true that human resource professionals play an important role in these processes, but they do much more. Today's HR department offers a wide range of strategic functions that go far beyond basic employee on- and off-boarding. Although services vary from company to company, it is important that employees, and especially their managers and senior leaders, know what is available and how to best leverage these assets.

Many finance executives frequently do not see HR colleagues as strategic partners, but their expertise on workforce issues gives them a keen ability to consult on a myriad of issues affecting staff, thus potentially helping to increase team efficiency and employee morale. This is only possible if a strong relationship is built between a manager and his or her liaison in HR.

As the complexity and volume of work increases within a finance department, hiring new staff and retaining current employees is essential for success. HR can offer immense value in these areas as they are responsible for building human capital strategies that can not only attract and select the right talent, but will also help to keep them on board once they're in the door. Employing the right HR tactics is essential to managing an effective team, and finance executives need to play an active role in creating their own human capital strategy.

5 key HR functions for finance executives.

Finance executives, as strategic advisors, staff coaches, mentors and administrators, are responsible for employing several HR functions within their department in order to ensure a well-managed and positive working environment. At a minimum, there are five HR functions in which finance needs to be proficient to ensure success — both in the short-term and long-term.

1. Know your staffing needs.

Full-time, part-time, flexible work arrangements, contingent workers — there is not just one type of staff member available for hire. When looking to bring on an additional team member, hiring managers have an array of options — each with pros and cons, depending on the circumstance and business initiative.

For finance teams, often help is only needed temporarily. During times like year-end close, tax season or budget planning increased resources may be required. In these circumstances, hiring an experienced contingent worker may be the best solution. Keeping these considerations in mind is essential for finance executives in selecting the most appropriate type of staff to bring on board.

2. Recruiting

Hiring an AP clerk and a senior financial analyst should not be tackled in the same way. Each role requires different skills and experience, therefore the way candidates are sourced and the questions that are asked during an interview should also vary.

Being that finance staff needs to have strong quantitative and analytical skills, interviewers should think about asking questions and perhaps administering exercises that get at these skills specifically. Interviews should not solely focus on soft skills like teamwork and communication, but should hone in on how one would deal with interpreting and processing large amounts of data or analyzing complex financial statements.

Sourcing candidates for position searches can occur through a number of vehicles, including the use of specialty finance recruiting firms which generally have the best access to experienced and highly-skilled talent. In addition, a number of targeted websites can be used as potential recruiting sources. Know the best vehicles to apply in your market so you can draw from the best possible talent.

3. Training

Regulatory processes and finance software are constantly changing. The only way to ensure all staff are up to speed on these evolving systems and processes is by employing effective training techniques. This can take on many forms, from web-based courses managed by external vendors to establishing sessions facilitated by internal experts.

Finance executives need to be cognizant of the ongoing need for training staff and the wide array of training options they can offer their employees. "Lunch-and-learn" sessions and mentorship programs are two additional inexpensive and effective ways to do so. Additionally, organizations like AICPA, National Association of State Boards of Accountancy and Financial Executives International offer ongoing training opportunities and continuing education credits for finance professionals.

4. Retention

As the economy remains strong, employees have increased options for where they can work. An important part of making this choice for employees is the opportunity for growth at their current company — a staff member that feels their manager is vested in their development and success will be less likely to stray.

Finance staff often feels limited by their specific area of expertise. It is important for senior leaders and mentors to help them create their own career path. Shadowing colleagues, funding additional training or educational expenses are all great ways to express appreciation for staff, thus improving their morale and increasing the likelihood that they'll stay with the company.



5. Termination

When an employee leaves his or her job, it is always difficult for a manager and their team regardless of the circumstance. When seeking to terminate a staff member, it is very important to document the circumstances surrounding the termination to ensure it is warranted should the action be questioned.

Alternatively, when an employee decides to leave, it is important that there is a successful transition before their exit. Finance staff often deal with confidential materials and oversee detailed processes. As such, it is important for executives to ensure the appropriate data security and back-up resources are consistently in place, not only prior to resignations but as an ongoing strategic priority for all staff.

Leverage HR best practices for optimum performance.

An effective finance executive will not only be successful at managing their strategic agenda and the processes associated with their position, but also the people falling under their leadership. Essential to this success is not only understanding, but ensuring they and their team enact the various HR functions that support the infrastructure of their company and department.

Taking the necessary time to understand each other's business and tighten the gap between each function — regardless of where HR and finance fall on the org chart — will result in a win-win situation for any company. Ultimately, this will make a more financially sound and people-friendly organization.

For more expert insights on employing the best human capital management strategies for your organization, contact an Ajilon Finance representative today at 1.866. GO AJILON or visit ajilonfinance.com.