

What's your corporate contribution – Expense or Accretive Asset? As a Finance professional, how have you increased corporate value?

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Over the years as I have looked to add members to my team, or more recently, navigating my way through the interview process, there has always been one question I have asked regarding a new hire – **What will be the value you will create for the organization?**

The view that I have always taken is that headcount needs to be increased in the same manner that you are making an investment in a new product line, additional inventory, or a new ERP system. The investment needs to have a calculated ROI and the impact to the bottom line assessed. If I'm being told that a number of new hires are not going to support an additional increase in sales or be associated with a specific project aimed at operating efficiencies, then I would need to question the true need. This was the question that I would pose to all managers within the organization throughout the year.

For any mid or senior level Finance position, the investment in a new hire is absolutely huge. Between the time spent recruiting, potential recruiter fees, salaries, additional benefits, and the short-term investment to bring that person up to speed, the investment is significant. *The expectation for any position is not to just cover the expenses, but to realize a return that is a multiple of that investment.* **What will I do for the organization to help them achieve a multiple of their investment in me?**

As Finance professionals we have an obligation to not only generate timely and accurate reporting that will enable good decision making, but to identify areas within the operation that can be improved so as to increase revenues, margins, or result in a decreased expense structure. The same holds true of your staff, including cost accountants, A/P and Credit personnel, or your IT staff. All have their specific expertise that should enable them to identify inefficiencies within their functional area.

For myself, it's been important to be able to assemble a list of accomplishments that I could look back on and know exactly the value that I created for the organization.

New reporting structures: New reporting is of no value unless the information is going to be used in a way that will effect change to the structure and the way resources are allocated. For one company I was a primary driver in developing a new reporting structure for the Service part of the organization to track labor productivity and hourly cost rates. As a result of this new reporting, labor productivity increased by 19%, which resulting in effective savings of \$2.6 million and decreased hourly cost rates.

Review of existing processes & structures: Another project I worked on as the lead Finance agent, which involved 40% of our corporate headcount, was aimed at increasing our EBIT performance. I participated in five different teams representing key functions within the company. After a 9-month effort we achieved \$2.3m in EBIT improvements in a single quarter and rolled those same efforts into our budget the following year resulting in an EBIT improvement of almost 300bp.

Product performance reporting: Developing and implementing a brand performance scoring system that enabled the company to identify their low performers, which would allow the company to target merchandising resources and target improvements in working capital ranging from \$4 - \$10 million.

So the question we need to ask ourselves –

What value am I creating for the organization?

Thanks for reading

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