



Finance for the Non-Finance Professional

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THE FISO FACTOR & FINANCES

Understanding financial concepts creates a solid foundation for success in your business that will help you stand out. Even if you are a professional with fundamental training in a different functional area such as sales, marketing, human resources, operations, or purchasing, you still need to know some basic financial concepts in order to make a relevant and meaningful contribution to the overall business. Most executive seminars about finance for the non-finance professional deliver a flood of numbers and “alchemist” mysteries left unexplained. Recently, a colleague and I developed a new approach to render seven key financial concepts understandable to a group of Human Resource professionals. When we tested this program in England and in the US, participants exclaimed “ah-ha” as they put the knowledge to practice. One person said that the grasp of awareness on the third day sounded like fireworks going off.

How does one make numbing numbers and foreign financials make sense? Finance can seem like a journey in a strange land, populated by natives who think in odd and mysterious ways and speak their own language. We accepted this metaphor and introduced the basic concepts that underlie this “foreign” culture. From conceptual bases, we developed the practical tools and applied them to what a human resource professional must do in his or her job. The foundation for the training is the FISO Factor.

One of the key concepts of FISO (Fit In Stand Out) is to learn the language and the cultural perspective of business. Financial acumen allows you to have confidence in the business world. Just as you find more enjoyment in learning new cultures when you visit another country, you will find enjoyment in understanding financial concepts. More likely you will also discover that you know more than you realize. If you ever bought or sold a house or made financial investments as simple as starting a savings account, you will be able to understand the explanations of concepts such as Return on Equity and Cash Flow Analysis.

A recent discussion with the Executive Vice President of Human Resources at a major international financial services company summed up why non-finance professionals need to have some basic financial talent, including being able to understand the company’s annual report, analyst reports, and CEO and CFO presentations to outside investors (often posted on their website). He said, “The ticket to the seat at the table is that you need to understand the business – today that bar is higher than ever.” In other words, each individual who wants to work with senior management must know how to interpret business documents, understand performance indications, prepare a compelling business case and assess the financial implications of key human resource actions.

A trip to a foreign land and learning finance as a journey have three things in common. First, you must prepare and expect to work hard to *fit in*. This means you start cautiously, feeling uncomfortable at first. You begin to learn about the culture, maybe read a guide book or two and you talk to oth-

ers who have visited or studied the country. You create assumptions and practice new languages before you leave for your trip.

The second part is going on the journey and participating. You have moved beyond your comfortable and known boundaries. You are transformed sometimes for the better or worse, but always in new ways. Think about your last trip. You may have appreciated artwork in a new light, learned how to cook better, become a shrewd shopper or experienced historical monuments to great events or accomplishments. Maybe you had some trouble – you lost your wallet or gained weight from eating the new foods. In either case, you have learned. The key point: you tested your assumptions and knowledge. Now you can speak with authority about what you know empirically, not second or third hand.

Finally, the third part of any trip is coming home. You may look at your souvenirs and photos. You have new choices to make and can reflect on the highlights of your trip. You tell others about what *stands out*. In other words, you become a guide to others who may be inspired to follow in your footsteps and visit the country in the future. You lead through your personal example.

Financial skills will become more familiar the more you use them. Leaders, by definition, take risks to transform their business and offer innovation to their customers. Entrepreneurs must stand out more than established companies in order to be noticed in the marketplace. Transformation enables a company to set itself apart from its competitors and create new growth engines. When companies produce innovative new products and services, enter new markets, and adopt new skills and competencies, they are pursuing the transformation imperative about which I write in *Fit In, Stand Out, Mastering the FISO Factor for Success in Business and Life*. ■

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