

Financial training for non financial staff



The financial training specialists

How will you spend your budget?

This is one in a series of short articles about managing your budget. The examples are built round a training budget, but the principles work for any budget.

Many budgetholders manage their budget by gut feel. I usually start a course by asking participants what they are looking for from the training. Often the answer is “To find out whether I’m doing my budget right.” And they usually are, so gut feel is okay.

This article looks at how we decide to spend the budget we have been allocated. Whether you’ve been asked how budget much you need, or told how much you can spend, this process works!

The aim with a budget is to establish the link between:

- what the budgetholder needs to achieve
- how much they will spend

We’ll begin with the first of these two, but before that we need to ask the existential question: “Why are we here?”

What are the objectives of your organisation?

What are the aims and objectives of your organisation? What is it here for? What is it trying to achieve?

This is an important question to answer before asking the next question. This next question is “*How does your cost centre help the organisation achieve its objectives?*”

As a budgetholder your only reason for spending money is to help your organisation achieve its objectives. If you’re not doing this, your budget could be the first to be cut when money is tight!

What do you do?

The last question was the big picture question about where you fit into the organisational picture.

This is the detailed question about what we do. In a training team this could involve: developing the training strategy; running courses; developing new courses; summarising feedback from training; facilitating the training needs analysis; maintaining the internal training website page; providing other development resources; feeding participants; printing material; booking accommodation; providing internal reports; etc.

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Some of these things will be the obvious output of a training department (running courses), whilst others may have grown up over time (one to one coaching and development within the organisation).

It's the tasks that take your time and resources, and consume your budget, so we need more information about them. There are four further things we need to know.

How many? How many people need training in each area? How many reports need producing? How many people need their training needs analysed? How many courses need writing?

When? When do these tasks need to be carried out in the year? Some training happens throughout the year, but some needs to be timed more carefully (appraisals training is best done before appraisals have been carried out, rather than afterwards!). This question will begin to highlight which will be the busy times of year, and the quieter times.

What's the right quality? This could be about the number of people on a course, course length, the amount of feedback collected, or the level of catering.

All three of these questions will have an impact on cost and the budget.

What's the relative priority? In terms of meeting the aims of the organisation, what's the relative priority of all these tasks? They are all important, otherwise we wouldn't be doing them, but some are more important than others. Which are the really important ones, and which are less important. If budgets are tight and we have to cut back, the answers to this question give some clues about what to cut back on!

How will you do it?

Now we need to look at how we'll achieve these tasks.

For example, to train people will we run courses; provide online training; supply a library of books; facilitate on the job coaching; or send people on college courses?

If we decide to run courses, does the L&D department run the courses, or does it equip other departments to develop and run their own training? Both scenarios may achieve the same objective, but the department will look very different in the two scenarios!

Will courses be run in-house, or outsourced? Will they be run on-site or off-site?

What resources will you need?

Now that we've looked at what we're doing and how we might do it, we are focussing on the specific resources we'll need: people (internal and external); training materials; equipment; and "other stuff".

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The resources will differ enormously depending on how we choose to deliver our objectives.

At one extreme we may have an L&D department with many trainers and a suite of training rooms and offices. At the other extreme it may be a very small team in one office, alongside a network of training consultants utilising meeting rooms in hotels across the country.

The key thing here is to identify the resources needed for every task we specified when we listed the tasks we needed to carry out.

How much will this cost?

All the previous questions have led up to this one, but this is the first time we have looked at costs in this budgeting article. That's entirely appropriate, because costs only arise out of what we do.

This is the budget question: what will the resources we have identified cost? This is the figure we'll quote if we're asked how much budget we need. It tells us the scale of the budget allocation shortfall.

This process gives us a clear link between what we need to achieve, how we'll achieve it, and our budget. It's much easier to justify a budget if we can show how we're spending it.

But: check you've included everything! Compare your budget to last year's costs. Have you missed anything? Are there any allocated or apportioned costs you need to include? Check and double check. If your budget looks too good to be true, it's probably wrong!

What next?

In another article we'll look at negotiating for more budget, and reducing budget costs.

Find more at www.attainmenttraining.co.uk.

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