

Financial training For non financial staff



The financial training specialists

Decision time (profit and cashflow)

I'm writing this in the wake of the referendum. I saw lots of similarities to the decision making process in our businesses.

Whether or not you agree with the referendum result, there will be occasions in the future when we have to deal with the unexpected fall-out from this momentous decision.

In the run-up to the referendum both sides said "If we stay/leave then this will happen." In our business decisions we need to take care that we don't make assumptions about the future just because they suit our case.

Farage was interviewed the morning after the result and quizzed about a key platform of his campaign. He backtracked immediately, implying that the campaign poster was misinformed, and shouldn't have been put out. We need to ensure our business decisions are based on accurate facts.

Much of the campaign seems to have been based around fear and prejudice, especially the fear of immigration. If we are going to make good business decisions we must make sure they are based on a rational assessment of the situation.

In financial training we often talk about investment appraisal and discuss the financial methods of assessing our decisions. There are two problems with this.

First, the financial assessment can sometimes carry too much weight. The non-financial issues also need to be considered.

Second, the financial assessment is based on financial forecasts – which are only as good as the assumptions therein...

So next time you're making a business decision, think about your decision making process!