

Financial training For non financial staff



The financial training specialists

Reviewing financial information (profit and cashflow)

On the workshop I ran this week, we built up and reviewed one of the company's financial reports.

After the exercise one of the participants said "That was very interesting, but this report is meant for our managers. It's not relevant to us."

I agreed with the first part of that observation, but not the second.

Financial reports are designed to help identify issues at an early stage. Managers will come and ask questions about these issues. Questions like: "What's happening here?" and "What are you doing about it?"

We'll already be aware of (and addressing) some of these issues. But we deal with the detail in our day jobs, whilst the report shows the big picture. It's like an Impressionist painting: get up close and all you see is dots. You have to stand back to see the picture.

So it's useful to check the information that our managers see, to ensure it fits in with our understanding of the detail, and doesn't highlight something we've missed.

What are we looking for?

Anything that's out of the ordinary, or unexpected.

When we find something there are 3 useful questions to ask.

What has caused it?

What can we do about the cause?

What are the wider implications?

These are the questions our managers will ask us, so we'd best have some good answers!

And a final reason for checking out financial reports. When we become managers we'll already be comfortable with the reports, so we'll have a head start.