

Financial training For non financial staff



The financial training specialists

It's not about the numbers! (Profit)

When I started training as an accountant my manager said 'I bet you think accountancy is all about numbers.'

What a daft question - of course it's all about numbers! What else would it be about? 'It isn't,' he said, 'it's about people.'

And he was right.

I was working this week with a group of people who have been outsourced into a facility management company, and we were looking at the financial implications of their new role.

I drew a series of concentric circles, with 'profit' in the centre.

'Imagine we're looking down on a circular pyramid' I said. 'Profit is the top layer, but it rests on a foundation of many lower layers. What are those foundational layers that support decent profitability?'

A number of answers came out.

Managing the customer relationship is important - our relationship with our customers is gold-dust.

Motivating and engaging staff is vital - they're the people who do the work.

Quality is important, but excessive quality can eat away our profits. We haven't just got to get the product quality right; we need to get the quality of service right as well.

Our reputation is very important - VW's emission scandal wiped 30% (about \$20bn) off its share price overnight.

And these are just the obvious big four. We can add many more.

But get these wrong, and we won't make money in the long term. We can cut costs and be profitable short-term, but the numbers come out of all the other things we do.