

Financial training For non financial staff



The financial training specialists

Isn't it obvious? (profit)

Here's a game to play with young children on a car journey. Get them to look for a red car; then a black car; a blue one; and so on through different car colours. Then see if they can tell you what colours they haven't seen. They'll probably struggle.

But that's what we often do in business! We're having financial problems, so we cut costs. But we only cut the costs we can see, and often disregard the additional invisible costs that these cuts cause.

For example, I worked with a hospital trust recently. The admin support to specialists was cut to save money: it was a big, visible cost. As a result, highly paid specialists were writing letters to the patients they'd seen, so they could see fewer patients. So the Trust had to employ expensive agency specialists to see the patients.

Back to the car game. Next time you're in a management meeting listen to what's being talked about. Chances are it will be the obvious, visible costs. Then listen to what isn't being discussed. That'll probably be the implications of cutting the visible cost. Maybe additional costs elsewhere. Or an increase in customer complaints resulting in a loss of customers. Perhaps a drop in quality resulting in expensive rework later when the problem surfaces.

We need to ensure we don't make short term decisions that cause long term damage. That'll only happen if we keep looking for the implications that we can't see.