

# Financial Management

## Competency Development Activities

### Competency Definition

Demonstrates broad understanding of principles of financial management and marketing expertise necessary to ensure appropriate funding levels. Prepares, justifies, and/or administers the budget for the program area; uses cost-benefit thinking to set priorities; monitors expenditures in support of programs and policies. Identifies cost-effective approaches.

### Developmental Activity Levels

#### All (A)

*Applies to all competency levels*

#### Beginner-Basic Knowledge (B)

*A person at the Beginner-Basic Knowledge level has limited experience applying the competency. He/she applies general knowledge in common situations but has limited practical experience in applying the competency in a work environment presenting more complex situations.*

#### Mid-level (M)

*A person with mid-level proficiency has applied the competency repeatedly and successfully in the performance of his/her job but still has much to learn about the advanced aspects or behaviors associated with the competency. A person at this level can usually apply the competency on his/her own.*

#### High (H)

A person at the High level has extensive knowledge of and experience with this competency and can apply the competency exceptionally well on the job without assistance. At this level one is an expert and has enough experience to teach the competency to others.

### Articles, Books, and Websites

**M Osborne, David & Hutchinson, Peter, The PRICE of GOVERNMENT: Getting the Results We Need in an Age of Permanent Fiscal Crisis, Basic Books, April, 2004.**

Citing their own experiences with government finances and providing examples of initiatives from hundreds of localities, the authors of this book look at what works and what doesn't and how government at all levels can make changes to increase the effectiveness of its programs, reduce costs, and deliver services. This is a highly accessible look at government and finance for readers of all political perspectives.

**H Steele, Richard & Albright, Craig, Games Managers Play at Budget Time, Harvard Business**

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School Press, April, 2004. HBSP: 9-SMR-140

Having guided dozens of major corporations through the budgeting process and watched hundreds of presentations by line managers asking for capital, the authors have profiled five archetypes of bad behavior commonly used by managers to subvert decision-making standards and win resources. They also explain how senior managers can counteract such behavior and instill values that lead to better use of investment capital.

**H** O’Leary, John, Learn to Speak the Language of ROI, Harvard Management Update, October 1, 2002. HMU 0210C

No one is getting approval to spend money these days unless he or she can demonstrate an economic return for the company. So now, non-financial professionals have to master the mysterious language of return on investment (ROI). Read this expert advice and learn all you need to know about the basics of ROI.

**H** Bruns, William J. Jr., Kaplan, Robert S., “Understanding Costs, Business Fundamentals Series”, Harvard Business School Press, Dec 18, 1998.

This collection of articles introduces managers to the fundamentals of cost accounting and control systems. As part of the Business Fundamentals series, it contains materials used in Harvard Business School's MBA and executive education programs.

**H** Stephen Brookson, Essential Managers: Managing Budgets, DK Publishing, August 1, 2000.

Learn all you need to know about the budgeting process, from preparing a forecast to monitoring variances and making adjustments. Managing Budgets gives you a clear understanding of the budgeting cycles and explains standard concepts and terms. It shows you how to create a personalized budgeting system, anticipate revenues and estimate expenditures, correct errors, and motivate staff to achieve financial targets. Useful tips help you to handle real-life situations and develop first-class budgeting skills that will dramatically improve efficiency and results.

### Activities

**H** Develop systems for tracking time and expenditures associated with new projects or initiatives so that you can accurately analyze the real costs of implementing them.

**H** When planning new initiatives, analyze all the potential costs and benefits associated with the implementation. Stretch yourself to quantify and measure costs and benefits that seem difficult to measure.

**H** Analyze existing TSA processes from a cost perspective in order to determine how to make them more cost-efficient. Identify all labor and non-labor cost components and analyze how much the existing process costs. Then estimate the cost savings that would be achieved by altering or streamlining the process.

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### Coaching Suggestions for Managers

**H** The notion that your organization can absorb certain costs or afford particular expenses runs counter to the way the most effective entrepreneurs run their businesses. Keep yourself and others focused on productivity and efficiency. Encourage all team members to ask themselves “If this were my money, would I make this expenditure?” Pose the question and adjust project plans and actions accordingly. Give each other recognition for controlling unnecessary costs.

**H** Assign staff the responsibility for costs of existing TSA processes and identifying concrete ways to reduce costs by streamlining the processes.

**H** Challenge staff to develop systems for tracking time and expenditures associated with new projects or initiatives.

**H** Challenge staff with the assignment of developing and presenting a plan for reducing costs within their organization by 10%.