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Finance For HR

**It's Not As
Frightening As You
Think**

What We'll Cover



- ✓ HR Meets Finance
- ✓ Finance Reporting – what it is, why it matters
 - ✓ The Balance Sheet
 - ✓ Cash Flow
 - ✓ The P&L/Income Statement
 - ✓ The Budget
- ✓ The HR Tools You Have and Should Leverage

Why Can't We Be Friends?



HR Says!



Finance Says



Perceptions and Reputations



HR to Finance - Relationship is productive?	45%
HR to Finance - Relationship collaborative?	25%
CEO's to HR – Seen as Strategic?	55%
CFO's to HR – Seen as Strategic?	33%

HR and Finance = Revenue



- ✓ HR is Focused on Happiness and Productivity
- ✓ Finance is Focused on Revenue & Profitability

The truth is, both HR and Finance focused on ***organizational investments*** that lead to productivity and profitability.



Why, in the End, it *was* about People

A Case Study

Finance's Expectations of HR



- ✓ A good understanding of financial reporting
 - ✓ What do the numbers represent
 - ✓ How reports drive/influence the business
- ✓ Ownership of the HR function
 - ✓ Direct spending
 - ✓ Supporting cost savings initiatives

Finance Basics – Balance Sheet



What's a Balance Sheet?

The statement that summarizes an organization's financial position at a specified point in time.

Assets / Liabilities / Net Worth (Equity)

How does the business use the Balance Sheet?

Finance Basics – Cash Flow



What's Cash Flow?

The statement that measures the amount of money that goes in and out of the business at any given time.

This includes all cash in and out flows a company receives from its ongoing operations and external investments.

How does the business use Cash Flow?

Finance Basics – The P&L



What's a P&L/Income Statement?

The financial statement of an organization that summarizes the revenue (income), costs, and expenses during a specified period.

How does the business use the P&L?

Finance Basics – The Budget



What's a Budget?

The projected plan of estimated revenue (income), costs and expenses based on the organizations plan for a specified period of time.

How does the business use the Budget?

HR Metrics Finance Loves



- ✓ Absenteeism and Temporary Staffing
- ✓ Turnover Statistics
- ✓ Direct and Indirect Labor Costs
- ✓ Staffing Plan/Time to Hire/Cost per hire
- ✓ Benefit costs (health and retirement)
- ✓ Workers' Compensation costs
- ✓ Training Costs
- ✓ Succession Planning data

How HR Gains C Suite Credibility



- ✓ Live company mission, vision and values
- ✓ Understand HR's role in the strategic vision
- ✓ Create strong partnerships internally and externally
- ✓ Know what makes the business work
- ✓ Keep current/anticipate impact of legal changes
- ✓ Present ideas with confidence, backed up by data
- ✓ Be proactive and anticipate business issues

How HR Gains Credibility



Manage the HR/Employee “Noise”

- ✓ Drive employee engagement and morale
- ✓ Know your tools and the value they bring
- ✓ Be engaged early with employee concerns/risks
- ✓ Report out with accuracy on all HR metrics
- ✓ Timely file required documents (local, state, federal)
- ✓ Manage deadlines HR owns (health renewal, etc)

HR: Our Treasure Chest of Info



- ✓ Your professional associations (EANE, SHRM)
 - ✓ Best practices in HR
 - ✓ Legal expertise
- ✓ External Partners
 - ✓ Your Brokers (Health, 401k/Pension, W Comp)
 - ✓ Staffing Partners
- ✓ HRIS/HRMS/ERP Systems
 - ✓ Routine Reporting
 - ✓ Trends and Analytics

We Can Be Friends!



HR Says!



Finance Says





Thank You!