

Members Quarterly

Fall 2015 Edition

Feature

Build Links with Finance: Win-Win for HR

Make collaboration work for you



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For too many years the Human Resources and Finance departments of organizations have seen themselves as competitors for the attention of senior management. For HR, it has been a futile effort as money really is the language of business. It's easier to count than review the benefits of talent management or a good retention policy. But smart HR professionals have given up that competition with their former rivals. They are forging links with their new friends in Finance and Accounting.

The first step in building these new links has to be an effort by HR and leaders to understand and speak the language of finance in the corporate world, according to Philip Gennis, commercial insolvency & restructuring specialist with msi Spergel Inc. "You have to learn how to read a balance sheet and to analyze financial statements and to talk the language of your financial-colleagues." This also means incorporating terms like ROI (Return on Investment) into your proposals for change and preparing budgets in the same format as your financial colleagues. "After a while, you will start talking about building capacity and increasing profits with an ease that will surprise some of your former critics in the Accounting department," says Gennis.

In addition, you can win over skeptics in both Finance and the executive suite by re-focusing your efforts and HR initiatives so that they are both in sync with the corporate mission and goals. You are also providing evidence that shows how HR can help the organization get there. One way to get there is to actually co-opt Finance in your processes. You can also get there by finding ways to get Finance to provide access to performance data like earnings, productivity and customer satisfaction reports that HR can then use as insight into the staffing and development needs of the organization.

Another area to look at is the overlap between HR functions and activities like Payroll that may in fact be physically housed in the Finance section. It may not be necessary to transfer these functions back to HR, although many organizations have done just that in order to achieve savings in the overall labour and benefit costs to the company. Successful HR professionals have simply increased cooperation in these joint activities in order to reduce duplication and identify cost savings. Then they share the glory with their Finance counterparts and everyone including top level executives are happy.

Philip Gennis says that the way to an accountant's heart is through their wallet. "Financial experts like money, a lot, and they love ideas that can help them make, save or create new sources of money. If HR has some of these ideas, then a great way to build bridges and links to Finance is to share some of these cost-saving or revenue-generating concepts with them." In return, HR can access some great expertise from their partners in the financial area of the organization. This includes helping HR refine their calculations on the ROI in programs like retention strategies or even more so in areas like purchasing new HR information technology. This advice and expertise sharing can be a win-win-win scenario for the organization.

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There are two other ways to build effective links between HR and Finance: formal liaisons and better communication. Some companies that have had success in this area credit the appointment of a liaison officer from each section as a big part of that success. The way it works is that each section appoints a liaison person who monitors all transactions and interactions between them and is the point person if and when problems develop. They talk frequently with their counterpart and they find ways to smooth over the occasional bump in the road. Just knowing that there is a person to call at the other end of the office is often enough to quickly resolve sticky situations.

Good communications is the key to any productive relationship. The one between HR and Finance needs regular and frequent communication, especially at the beginning, in order to grow into a positive working relationship. Some organizations have created joint teams or projects between the sections to foster teamwork and to help both sections to know and understand each other better. These activities also build an appreciation of each other and the vital role that each plays in the success of the organization. According to Philip Gennis, "Once you have that communication, you can start building trust between two sections and create the synergy that will make two better sections in a much improved organization."

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