



# BEYOND BUDGETS

## *Building a Culture of Financial Leadership*

Fiscal responsibility and effective decision-making are two keys to maintaining profitability in a low price and highly competitive environment. Financial leadership refers to every manager's responsibility for considering the financial impact of their everyday decisions and actions.

Top companies exhibit strong financial leadership every day in the form of budgets and metrics, cost controls, and managing strategic investment. Often, however, the financial agenda set at the highest level of the company is not communicated to the employees in a way that they can translate into their day-to-day actions.

**How profitable could your business be if your key employees thought and acted like owners of the company?**

"Safety culture" is a term that resonates immediately with everyone in the oil and gas industry. Companies have worked for years to give employees the tools and knowledge to make decisions that affect the overall safety of company personnel. Think about "stop work authority." Companies with a **culture of safety leadership** have made significant investment to give managers and employees the training and skills to bring an entire business to a halt in order to

prevent a potential incident. How many companies are you aware of that have made the same investment in building a **culture of financial leadership**?

Building a culture of financial leadership involves giving your key managers and employees the knowledge and tools to understand how their actions directly impact the company financially. Most companies have a budget, and many companies have a key set of metrics and may even push budgetary information down to the department level. Unfortunately, many line managers do not really understand the information they are provided or, more importantly, how to change their numbers for the better. Operational

decisions are often made primarily for functional reasons. Understanding the financial implication of decisions leads to better, more precise actions that feed profitability. →

## Tenets of a Culture of Financial Leadership

Executives can give their managers and employees the tools they need for success by these steps.

- 1 Define and explain the company's key financial drivers.
- 2 Simplify advanced financial concepts so that they make sense to key operational personnel.
- 3 Define and create a set of standard management reports.
- 4 Provide concrete training on understanding and managing financial data.
- 5 Train managers to align decision-making and actions to Key Financial Drivers.
- 6 Translate financial data into specific actions and decisions managers and their employees can take and make to positively impact the numbers in their areas.

- 7 Encourage managers and employees to use financial knowledge to bring new ideas to the table.
- 8 Create a regular forum where managers practice and demonstrate their responsibility to take into account financial impact in their everyday and strategic decision-making and actions.

## Are Your Managers Responsible For Demonstrating Financial Leadership?

Fiscal responsibility at every level of a company is more important than ever with so many companies facing industry headwinds. Building a culture of financial leadership from the top down is critical to maximizing your investment dollars and remaining as efficient as possible in this ultra-competitive environment. Building a financially savvy employee base is a smart investment that will provide returns in any economic climate.

### Resources:

To learn more about this, visit:

[www.exexp.com/financial-leadership](http://www.exexp.com/financial-leadership).

## About the Authors:

**Elise M. Bouchner**, JD, PHR, CPF, is a managing partner at EXCELERANT. She can be reached via email at [elise@exexp.com](mailto:elise@exexp.com) or by phone at 337-344-4573.



EXCELERANT, based in Acadiana, works within companies to develop people-related practices in a pragmatic way. EXCELERANT has experience supporting successful companies across industries in various areas of company development, leadership training and coaching, meeting facilitation, and strategic human resources. Learn more about EXCELERANT at [www.exexp.com](http://www.exexp.com).

**Lon Riley**, MS, is the owner and managing partner at LKR Group. He can be reached via email at [lon.riley@lkr-group.com](mailto:lon.riley@lkr-group.com) or by phone at 337-789-2993.



LKR Group specializes in aligning business process with technology and personnel, making your operations more efficient and cost effective. LKR Group helps growing companies of all sizes, at any stage of growth, to exceed their limitations and capitalize on their potential. Learn more about LKR Group at [www.lkr-group.com](http://www.lkr-group.com).