



Financial Awareness in New Hires

Description

How 'business-ready' are your new hires? If the personal finances of my sons are anything to go by, I'd certainly worry about letting them loose with a corporate credit card. I suspect they may not be an exception to the norm. Despite our best efforts, instilling a mind-set of "turning the lights off – to save money" (let alone the Xbox) seems, this far, to have been impossible. Will they behave differently when they have to pay an electricity bill? It remains to be seen.

Even if your new hires are graduates with a business or finance background, our experience at Kaplan suggests that very few will really understand the financial "facts of life" for their new employer. Few new hires will understand the commercial realities of how a business makes money, how it measures success, how the different "bits" fit together, or the controls that are there to protect them and the organization, and ultimately the financial implication of their decisions.

In our experience, building financial awareness and capability from the outset can serve a number of purposes for both the individual and the organization. New hires may not be making the big strategic decisions yet, but many of the finance skills that should apply when the new hire manages their personal finances are equally applicable in a business context – whether this is identifying waste, financial planning or just doing a bit of research before signing on the dotted line. Indeed I've lost count of the number of times, during budgeting programmes we run for both public and private sector organizations, that we've applied the test "but if this was your money what would you really do?"

The ability to make informed financial decisions will stand you in good stead whatever your level or formal budget responsibility. Creating value is not just about the big strategic decisions; it is about the cumulative effect of thousands of smaller everyday decisions over time. For some of our new hire programs, we get the groups to do a simple budgeting exercise, working out where their money goes in a typical month. Tallying up the real cost of the Espresso on the way to work every day for a year or the true cost of the balance on their store-card can often provoke some interesting responses. Certainly from my own perspective I'd like to be able to turn the clock back 30 years and have a conversation with my younger self about some of the spending habits during my early earning years.

More fundamentally for some organizations, the new hires represent the "fresh eyes" that can provide

a catalyst to challenge the way things are done, and support the cultural changes that are needed. However, to challenge effectively, this will need a level of commercial awareness (e.g. the ability to “speak finance”) that will allow you to communicate effectively and increase the likelihood of being heard. Anyway, must go, someone’s left the downstairs light on again...

Are your people making the right call with company money and risk? Ask us more about Kaplan’s Financial Literacy Diagnostic.

Dave Kingston is Head of Commercial Awareness within Kaplan Leadership & Professional Development. He has 20 years experience of delivering finance and commercial awareness programs across all levels.

Date Created

September 2018

Author

brian-kikkert

default watermark