

Creating Financial Expectations Is Healthy So Why Do We Hide

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Human nature generally drives us away from what is uncomfortable to us. Managers want to succeed and they need multiple benchmarks to judge and measure degrees of success. Most managers are inherently uncomfortable with financial measurement tools and finances in general and they rarely view these tools as part of their personal arsenal of resources. Thus they end up neglecting or ignoring financial measurement tools which in-turn exacerbates a position of weakness for these managers.

Creating financial expectations is a healthy exercise. The process is the end product of regularly reassessing most likely outcomes based on a continuing in-flow of new information. This process sounds simple but when you look behind the key elements of the process a complex culture of connectedness and transparency emerges.

The key element words in this statement are; regular, reassessing, most likely outcomes and new information. The word regular as opposed to the word random implies that a process and expectation exists for management to perform these financial functions at pre-set intervals. Integrating non-financial managers into the natural monthly accounting cycles of generating monthly financial reports and perform monthly analysis and reconciliation procedures takes away the "I am not going to react until I am asked" syndrome by moving the manager to an active position of first responder VS a passive position of responding to inquiries. Managers must own the financial results for their areas of responsibility. Making managers regular financial active participants enhances ownership of results which leads directly to a process of reassessment.

Reassessment is a vital core management function. Active managers are not afraid of reassessment. High functioning managers view reassessment as opportunities to be nimble and maximize the use of resources. They recognize that change is constantly occurring and they need to interact with change through a process of reassessment in order to be relevant and be in the best possible position to influence sustainable outcomes.

Now to the crystal ball effect and accurately predicting most likely outcomes. The future is always cloudy but ignoring clues to future outcomes is not only a negative passive trait but is also counter-productive to being an effective active change manager. High performing managers recognize that they can directly influence most likely outcomes but they must be active in this role regularly reassessing inflows of new information.

This brings us to the last key element; new information. This is the last element but obviously the driver of the whole process for high performing managers. Managers are constantly bombarded by new information. High performing managers crave this resource. They want new information fast and unlike poor performing managers they never hide from new information. They want to process new information, analyze it and dissect it and most importantly use new information to their advantage. This is how they put themselves in the best possible position to influence and predict most likely outcomes.

This brings us full circle. Creating financial expectations is Healthy. The process is interactive and embedded in the culture of superior functioning organizations and an active positive trait of high performing managers.

We all have strengths and weaknesses and we must recognize that we perform some functions better than others. Managers are all different. They perform many different tasks and their responsibilities vary widely. Yet they all impact the finances of their organization and most managers will readily admit that finances are usually one of their weaknesses. Encouraging managers to create financial expectations is healthy. They will learn to embrace in-flows of new information and use that new information to positively influence most likely outcomes. Teaching them to not hide from their perceived financial weakness is the challenge. Providing the financial tools, management reports and a mechanism to produce financial projections will help them to be nimble and positively affect outcomes in a manner that benefits the organization as a whole and is transparent to the board, leadership and constituents.

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