

The Financially Savvy HR Professional

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Template

	Total	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEPT	OCT	NOV	DEC
Selection & Replacement													
Recruiting Advertising	5,000	385	385	385	385	481	385	481	481	385	481	385	385
Agency Fees	50,000	3,846	3,846	3,846	3,846	4,808	3,846	4,808	4,808	3,846	4,808	3,846	3,846
Temporary Help	200,000	15,385	15,385	15,385	15,385	19,231	15,385	19,231	19,231	15,385	19,231	15,385	15,385
Referral Program	1,000	77	77	77	77	96	77	96	96	77	96	77	77
Skills Testing	2,000	154	154	154	154	192	154	192	192	154	192	154	154
Drug Testing	1,500	115	115	115	115	144	115	144	144	115	144	115	115
Background Checks	900	69	69	69	69	87	69	87	87	69	87	69	69
Travel	3,000	231	231	231	231	288	231	288	288	231	288	231	231
Web development/Maintenance	2,500	192	192	192	192	240	192	240	240	192	240	192	192
ATS	2,500	192	192	192	192	240	192	240	240	192	240	192	192
Total Selection & Replacement	268,400	20,646	20,646	20,646	20,646	25,808	20,646	25,808	25,808	20,646	25,808	20,646	20,646
Training and Development													
External Programs	5,000	385	385	385	385	481	385	481	481	385	481	385	385
Registration Fees	2,000	154	154	154	154	192	154	192	192	154	192	154	154
Travel expenses	1,000	77	77	77	77	96	77	96	96	77	96	77	77
Certification exam costs	500	38	38	38	38	48	38	48	48	38	48	38	38
Internal Programs	3,000	231	231	231	231	288	231	288	288	231	288	231	231
Consulting fees/trainers	10,000	769	769	769	769	962	769	962	962	769	962	769	769
Program materials	3,000	231	231	231	231	288	231	288	288	231	288	231	231
Total Training & Development	24,500	1,885	1,885	1,885	1,885	2,356	1,885	2,356	2,356	1,885	2,356	1,885	1,885
Compensation & Benefits													
Employee Labor Relations													
Health, Safety and Security													
Other													
Total Budget	1,147,725	88,287	88,287	88,287	88,287	110,358	88,287	110,358	110,358	88,287	110,358	88,287	88,287

Introduction

- ▶ Financial IQ = Emotional IQ
- ▶ Move from tactical to strategic HR
- ▶ Financial terms
- ▶ Budgeting
- ▶ Take the seat at the table

The Budget - Defined

- ▶ A budget is a plan expressed in dollar amounts that acts as a road map to carry out an organization's objectives, strategies and assumptions (SHRM.ORG)
- ▶ Based on historical performance and solid assumptions regarding future strategy
- ▶ Tactical and Strategic

Finance and Leadership

- ▶ Financial IQ
- ▶ Leadership skill
- ▶ Build confidence
- ▶ Increase professional respect

Finance Terms

- ▶ Assumptions
- ▶ Historical Data
- ▶ Calendar Year vs. Fiscal Year Period
- ▶ Variance
- ▶ Forecasting
- ▶ Immaterial / Material
- ▶ Actual's
- ▶ Fringe Benefits
- ▶ Revenue
- ▶ Revenue Stream
- ▶ Reasonableness
- ▶ Overhead Expenses
- ▶ Gross Profit
- ▶ Allocations
- ▶ Cost
- ▶ Head Count

Be Prepared

- Timing
- Your company fiscal period
- Obtain a clear understanding of the Company Goal(s)
- Understand how your company incorporates your department costs

Review Actual Performance

- ▶ Company review - look back this year
 - ▶ Variances – actual vs budget
 - ▶ Correlate variances
 - ▶ Significant changes in direction

Evaluate Your Performance

- ▶ Your department review
 - ▶ How did your department perform last year
 - ▶ Focus – big picture
 - ▶ Did the largest expenses meet/miss/exceed budget

Review Mandatory Expenses

- Understand expenses
- FICA
- Workers Compensation
- Re-employment

SS Historical Limitations

Year	Amount	Year	Amount	Year	Amount
1937-50	\$3,000	1986	\$42,000	2006	\$94,200
1951-54	3,600	1987	43,800	2007	97,500
1955-58	4,200	1988	45,000	2008	102,000
1959-65	4,800	1989	48,000	2009	106,800
1966-67	6,600	1990	51,300	2010	106,800
1968-71	7,800	1991	53,400	2011	106,800
1972	9,000	1992	55,500	2012	110,100
1973	10,800	1993	57,600	2013	113,700
1974	13,200	1994	60,600	2014	117,000
1975	14,100	1995	61,200		
1976	15,300	1996	62,700		
1977	16,500	1997	65,400		
1978	17,700	1998	68,400		
1979	22,900	1999	72,600		
1980	25,900	2000	76,200		
1981	29,700	2001	80,400		
1982	32,400	2002	84,900		
1983	35,700	2003	87,000		
1984	37,800	2004	87,900		
1985	39,600	2005	90,000		

Review

Expenses – Tactical vs. Strategic

- Recruiting
- Budgeting
- Benefit administration
- Training
- Payroll Processing

Think Forward

- Develop / support plan
- New / Improve / Remove
 - Support goals – new expenses
 - Outsource - improve
 - Old initiatives - remove

Deliver

- ▶ Organize, compute, and support your plan
 - ▶ Support and defend continued costs
 - ▶ Support assumptions for new costs
 - ▶ Summarize proposed savings and services
 - ▶ Support increase in costs with new value add

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Take and Keep the Seat

- ▶ Always stay at the table
- ▶ Tell your story - describe your plan
- ▶ Rehearse your plan
- ▶ Believe in your plan
- ▶ Don't be afraid to be wrong

Conclusion

- ▶ You can learn finance and build confidence
- ▶ You can take and keep a seat at the table by embracing the 80% strategic work
- ▶ Budgeting is not math – it's a plan
- ▶ Preparation and practice is key

Sources

➤ www.shrm.org

➤ <http://www.ssa.gov/oact/cola/cbb.html>

Questions?



More Information

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