



The HR Minded CFO

How to Align Your Business Strategy with Your People Strategy

The finance department's involvement in human resources is not a new trend. In 2011, **nearly one-fifth of CFO's surveyed**¹ by Robert Half Management Resources said some element of HR had become part of their job in the three years prior. Since then, finance is even more intertwined with HR at a number of companies, including CFOs and company finance vice presidents taking a larger role in job interviews and hiring decisions.

Naturally, another of HR's "assumed" primary tasks involves payroll, an area professionals with finance backgrounds understand. In reality, payroll is often the gap that needs to be brought together the most between the two organizations. Benefits, taxes, garnishments, PTO and more are all touched by payroll. So why is it that HR and finance do not work closer together, aligning their people strategy with their business strategy?

The roles of the chief human resources officer (CHRO) and chief financial officer (CFO) have several shared tasks and responsibilities, including employee payroll management and benefits selection based on the business's budget. However, their roles are also unique in many ways, which is what makes aligning these two roles a complex maneuver for a company.

Aligning, and in some cases merging, the CHRO and CFO jobs can lead to greater benefits for a business. Here are some strategies for aligning your business strategy with your people strategy to ensure your company can focus on what will enable it to grow now and into the future.

1. Focus on the shared bonds

A Corporate Executive Board survey asked CHROs and CFOs **which areas of their jobs they believed**³ their counterpart could thrive in and which aspects would take an adjustment. Both said the other would do well with strategic planning to achieve corporate goals and implementing an ongoing review process that allows both HR and finance to work together on important decisions. Where the two sides differed were on issues such as understanding



strategy for each department and specific legal issues, such as labor laws, which are required of their respective positions.

“Creating a strategy for combining the CHRO and CFO jobs can lead to greater benefits.”

For a business that is possibly thinking about handing over the roles of the CHRO and CFO to one person, focusing on the aspects the two roles share is the best place to start. By highlighting how the new role will be similar to the previous ones, the executive in the new position will have a greater understanding of the tasks.

David Russo, an HR technology expert, told the Society for Human Resource Management (SHRM) that having a **strategic plan for running a department**, is important. That starts with grasping what the job entails and how those responsibilities connect with other elements of a business.

“Strategic HR is the ability to be doing constant environmental scans, developing trends and concepts and applying all of that in a business sense to create a competitive advantage for your enterprise by the people that work there,” Russo said. “That’s what I think about being strategic. Being not just ahead of the curve but on the curve, having a good sense, a good feel of what’s happening, what’s about to happen and then how it all interacts with the organization’s finances, organizational design and the economics of supply and demand.”

2. Have solutions to solve all types of problems

One skill both CHROs and CFOs must have is the ability to resolve issues that take place within a business. Many of the CHRO’s problems concern people, while a CFO’s issues deal with finances. Keeping both human and financial resources of a business in good shape are major priorities for any business, so whoever takes on the dual role of running HR and finance will need to have strong problem-solving skills.

Working with others in the office, especially peers on the executive level, is **a great place to start**, the Harvard Business Review stated. Looking over ways to fix problems is useful, but identifying why those issues arise in the first place is a terrific way to stop them before they



start. Reviewing how peers work together, what resources can be allocated to improving worker productivity and what strategies to take in the hiring process can go a long way to fixing an office's problems.

Correctly identifying the source of problems can save the hassle of dealing with common issues, as well as limiting the financial and time resources that go into hiring new workers in the case of people departing the company over everyday workplace disruptions.



3. Invest in analytics

Data is the best friend of a CFO and is becoming an even closer friend to the CHRO role. There is information everywhere regarding both the best practices for managing people and finances, and the more a business invests in analytics, the better prepared the executive will be to handle the challenges that come his or her way.

Transforming data into actionable insights and changes is **a top priority of any HR department**,³ according to a 2014 issue of Deloitte Review. Data can have several uses depending on what route the business chooses to invest in. Information helps a business design and implement a growth-oriented plan for the company, which the leader of finance and HR will be at the forefront of. Or a business can use the data it collects to create predictive models, which allow it to determine where financial and manpower resources should be invested.

Understanding how data works and what value it can bring to a business gives the executive a leg-up in his or her merged role.

4. Track profits and loss on a regular basis

CFOs are accustomed to receiving regular business updates. Coinciding those updates to be released at the same time as the company's payroll is a good way to regularly examine the company.

Keeping an accurate and current profit and loss statement gives the CFO a strong indication of how well the **business is doing every month**,² Forbes suggested. Given the number of expenses a business has, such as payments to employees, taxes and company purchases, it can be challenging to know constantly what the financial situation of a company looks like. A regular review gives CFOs that snapshot and



assists in determining what costs are too high if expenses need to be cut. Creating and reviewing these statements at the same time as regular paychecks are distributed allows the information to be current, both from a finance and HR perspective.

For HR leaders without a finance background, seeing regular updates on the company's profits and losses allows them to gain a better understanding of how the business is doing and where efforts to improve profits should be concentrated.



5. Create expectations by position

A well-run business pays an employee based on how much he or she is worth to the company and how well each person performs in his or her respective job. This is an area where an executive with both a finance and HR background plays a major role, as both of those departments should have a say in **determining the value of each position.**³ The Harvard Business Review said.

By reviewing a variety of factors, including past performance and predicted future success, the CFO can determine how important a role is and where that employee should fit on a pay scale. Measuring that against the company's current salary structure shows where funds are being wasted, which jobs need to be invested in more and how to better manage the payroll.

6. Know what technology the company needs

Payroll and benefits can be complicated to deal with, which is the reason businesses rely so heavily on software. It is essential HR has a customized program, especially given that not everyone within the company will have the same salary and benefits needs.

Rhonda Abrams, president of The Planning Shop, told Inc. magazine that when choosing HR technology, **a company has to know**⁴ its needs. For example, a business with employees all located in one office will have different priorities than a company with personnel in various places.

"You always want to consider the features that you particularly need," Abrams said. "You want to make sure it can handle the different kinds of employees you have."



CFOs new to the HR department should review their company structure to ensure they have a strong understanding of what needs they must have fulfilled. Then compare those needs with available software solutions they may choose to buy. That will make their selection a better one, allowing HR to improve management of their payroll and benefits.



The
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Align HR and Finance for Better People Operations

Simply put, aligning HR and finance is the key to success. HR technology will only get you but so far, and in most cases, is only one-third of the solution. The other two-thirds are comprised of:

1. (1/3) The unconsidered needs of an organization that cannot be solved by basic HR technology alone, such as benefits reconciliation, need a set of standardized processes supported by certified HR and finance professionals.
2. (1/3) After alignment as occurred, a dedicated focus on what matters most to your business such as your company's product and services or hiring the right talent to ensure your company's success.

At Zuman, we believe the alignment of a company's business strategy with their people strategy can create a HIGH PERFORMANCE COMPANY that is established and ready for growth. At the core of this High Performance Company is a solution that enables the CFO and the CHRO to contain cost, gain control and ensure compliance. A solution that gives the entire organization, employees and employers, the visibility into the data they need to make better strategic decisions regarding themselves and the company. By adopting the methodology of People Operations and aligning your HR and finance team around this methodology will ensure your company's success.

Resources

1. <http://www.prnewswire.com/news-releases/robert-half-management-resources-survey-financial-executives-extend-their-reach-into-operations-hr-126571293.html>
2. <http://www.forbes.com/sites/thesba/2015/02/09/4-payroll-tips-from-a-tax-professional/>
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4. <http://www.inc.com/guides/2010/05/choosing-a-payroll-service.html>

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