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## Company Finds \$5 Million Through Empowered Employees

Research shows that the average manager scores only 38% on a test of basic corporate financial literacy. Why should you care? After all, financial decisions are made from the top down by trained professionals such as CFOs, accountants, and C-level executives. Right?

Well, yes and no. This was the case years ago. However, the process for most organizational decision making has substantially changed in the past 20 years. The popular top-down, command-and-control style has been replaced by a more collaborative approach involving employees at all organizational levels. In fact, there are probably several examples of an *employee-empowered* culture taking place in your organization right now. Employers are increasingly providing training that employees both want and need to improve key decisions that affect the company's overall profitability.

"At LFE, we are always looking for ways to help our clients increase profits. While we accomplish this objective through unbiased personal Financial Wellness solutions for employees, there are other ways companies can significantly enhance their bottom line," states Alice Whinnery, a former CPA with PricewaterhouseCoopers and CEO of the LFE Institute. "One strategy is by teaching employees strategic thinking and accountability through experiential learning techniques related to corporate finance."

Darrell Mullis is founder of Stratactics and a leader in empowering non-financial employees to become integral parts of a company's financial success. He reports two examples of what can happen when employees develop problem-solving skills through a stronger understanding of corporate finance:

Case Study #1: While preserving its successful "family-owned" culture, a food service manufacturer needed to improve its business culture and more clearly focus its financial objectives. Employees were taught basic corporate finances: how the company makes money, key costs, operational cash flow, profit margins, etc. When discussing how decisions were made, employees learned that \$68 out of \$100 in revenue went to materials and packaging. Their reply: "We've gotta stop wasting this stuff!" More accurate measuring processes, equipment selection, and packaging innovations created \$5 million in savings and profitability in the first year alone.

Case Study #2: "All of that inventory sitting in rail cars is just like having car loads of cash sitting around!" This was the feedback from employees of an industrial chemicals company after it explored better ways to manage its cash flow and improve profitability. After interactive training in corporate finance, employee groups worked to identify inventory and manufacturing processes that would directly impact cash flow. The result was an average savings of \$13 million per year for the next three years.

"Managers and employees at these two companies were already making critical decisions every day," confirms Mullis. "Our role was to help build core skills and a basic knowledge of the financial implications of those decisions. This facilitated innovative questions to consider and a new set of decision-making methodologies to implement. Their results have been absolutely phenomenal."

"Of course, there will always be a need for CFOs and accountants to drive the financial decisions and performance of organizations," states Whinnery. "But just as personal Financial Wellness solutions for employees can increase bottom-line profitability for employers, empowering employees to understand the essential part they play in the company's financial success creates loyalty and innovative strategic thinking throughout the organization."

**About the author:** The LFE Institute and its Business Partners help employers increase bottom-line profitability and minimize liabilities through unbiased Financial Literacy education. LFE sells no products other than education.