



How much should you invest in your company's finance function?

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All companies know that they need a finance function to support their operations. However, not many companies know how much they should invest (including payroll, training, office space and computers) in this function. As a general rule, the amount to invest corresponds with the role of the finance function in supporting your company's success.

In many companies, the major role of the finance function relates to the handling of cash receipts and payments, and the maintenance of accounting records for compliance with financial reporting and tax requirements. While these are important, the finance function could play a more active role (including custody of assets, budgeting, working capital management, monitoring financial performance) to support your company's strategies and operations.

To determine the role of your company's finance function, an easy starting point is to review the factors that will make your company's strategies and operations successful and then list those factors to which the finance function can contribute. The next step is to compare the requirements for the finance function to its current operation. If the current operation falls short, set up a plan that will enhance the finance function. With this approach, you will ensure that your investment in the finance function is well justified and will provide a satisfactory return.