How to Improve Resource Management & Allocation

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When it comes to business clichés that should probably be banished to the dustbin of history, “business as usual” should probably be at the top of the list. If the past decade or so has taught Los Angeles and Southern California business owners and entrepreneurs anything, it’s that business as usual no longer exists.

This is true not just for technology companies or companies that are involved in the so-called “new economy,” but for practically every business in every industry across the board. One of the biggest challenges for CEOs and CFOs in this type of environment is managing and allocating limited corporate resources in the most productive way so that they provide the highest possible return on investment for their organizations.

Overcoming Creative Risk-Taking Inertia

A common problem for many organizations is the inertia that can set in over time when it comes to creative risk-taking. A mindset that says “we’ve always done it this way” (another business cliché that should also be banished) starts to take hold among managers and executives, who are hesitant to implement new systems, methods and ideas for fear of shaking up the status quo.

As a result, leadership embarks down the same resource management and allocation path year after year, even if prior years’ performance was less than satisfactory. Worse yet, they expect different results — even though they know that improving performance will require bold changes in resource management and allocation. Unfortunately, processes have evolved over time and become entrenched to the point that change is difficult.

Often, the key to breaking free from this kind of inertia and taking your company to the next level is to refocus the process of how you manage and allocate corporate resources. Start by refocusing on these three areas of your business:

1. **Financial and capital resources —** Every company, even the largest Fortune 500 corporation, has a limited amount of financial resources at its disposal. The challenge is to plan your budget so that this capital is put to use as productively as possible in order to generate the highest potential ROI. One approach is to recast your budget meetings as “reallocation sessions.” While this might sound like just a change in semantics, it can actually help you and your managers view the corporate budgeting and spending processes from a bigger-picture perspective.

2. **Human resources** — Along with financial capital, human capital is the most valuable asset most companies possess. Therefore, it’s critical to make sure that your human resources are being allocated where they can be the most productive. In his classic book *Good to Great*, Jim Collins put it this way: Leaders of great companies “start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats.”

3. System resources — Once your financial and human resources are properly allocated, you can shift your attention to your system resources, and your software systems, in particular. Companies sometimes hesitate to upgrade their software if it seems to be working fine. But continuing to rely on outdated legacy software systems can be "penny-wise and pound-foolish" — today's new, cutting-edge software systems can help CEOs and CFOs make better decisions and capitalize on more business opportunities.

Concrete Benefits for Your Organization

Refocusing and improving resource management and allocation can result in a number of concrete benefits for your organization, including:

- Increased business and market share
- More efficient operations
- Better implementation of new product and service launches
- Lower transaction costs
- Improved financial results
- More effective implementation of corporate strategies
- Improved throughput and profitability
- A better understanding on the part of your staff to their roles — and a higher commitment on their part to them

Concluding Thoughts

The past decade has clearly taught us that "business as usual" no longer exists, regardless of what industry your company operates in. In this type of environment, it's critical that CEOs and CFOs manage and allocate limited corporate resources in the most productive way so that they provide the highest possible return on investment. One key is to refocus the process of how you manage and allocate corporate resources — especially your financial, human and system resources. An outsourced CFO services provider can help you shift your focus in these and other areas so you can break free from inertia and take your company to the next level.

About CFO Edge

CFO Edge, LLC delivers enterprise-class financial and operational performance solutions to executives throughout Southern California. Based in Los Angeles, our formerly-seated chief financial officers engage on demand as part-time CFOs, single-project CFOs, and interim CFOs to help business leaders successfully resolve pressing challenges and realize their financial and operational goals. At CFO Edge, we're passionate about helping our clients create, grow and sustain value. For more information, visit www.cfoedge.com or call 800.276.1750 Ext 101.