

The cfo and the performance and budget review

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The company president is reviewing the performance and budget of the marketing department with the vice president of marketing. Should that be a one-on-one meeting, or should the CFO be present? Why? If you feel the CFO should be there. What should be his or her role in the meeting?

General practice in corporate sector is, President of the company does one-on-one meeting with departmental heads because every department is responsible for its own budget. Same goes for this case, president should have one-on-one meeting with VP marketing being responsible for the performance of department. If budget is over or underutilized then VP Marketing can give its justification and on the basis of which performance of entire marketing department can be evaluated. CFO has no role either in budget utilization of Marketing Department or achieving performance objectives of marketing except in analyzing ROI, Revenue & Profits.

CFO approves finances against proposals or case presented by Marketing Department. So CFO also has good idea about the marketing campaigns launched by the company. CFO can only be involved in order to analyze actual financial impact of marketing budget and its performance (Miller, 200). Main objective of Marketing budget is to increase sales by attracting new customers and retaining existing ones through marketing activities. Increase in customer base will eventually lead to increase in revenue. President will call the CFO if marketing expenses and performance is not justifiable as per financial outlook.

Marketing expenditure is considered as an investment for the Company. These expenditures have both short term goals (get new leads, retention of existing customers) and long term impacts such as relationship building, brand awareness etc. CFO role in this scenario would be to analyze facts

such as why budgets are over or underutilized, what is actual ROI as per existing and new customers on the basis of yearly marketing expenditure, whether campaigns launched by the Marketing Department during the year generated any revenue or not, financial impact of the proposals presented by the Marketing Department VS their actual output, variance analysis of Marketing budget, and other financial factors which lead to the particular result. CFO in the meeting can also suggestto decrease or increase the Marketing budget after reviewing the performance, which marketing ventures feasibility will be effective and how company can improve the revenue stream.

Reference:

Miller, J. (2007). How To Sell Your Marketing Budget To Your CFO. Retrieved January 01, 2011 from
http://www.futurelab.net/blogs/marketing-strategyinnovation/2007/01/how_to_sell_your_marketing_bud.html