



# THE ROI OF KINDNESS:

Through kindness, managers have a resource that can grow mentorship, professional development, and effective communication, thus also growing the organization.

# STIMULATING INNOVATION VIA ACCOUNTING MANAGEMENT

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**A**utomation has long been argued as one of the best things to ever happen to the world of financial management. Between streamlining processes, standardizing inputs, saving time, and improving the accuracy of results, it is easily understood why the concept has been applied in the accounting context.

The draw of automation is duplication. It is rare in any sector of business, or life for that matter, that accuracy or success can be

guaranteably duplicatable. Although there are plenty of instances where automation tools have failed, the technology was created with the intention to ease financiers from tedious tasks and allow them to focus their efforts on optimizing the business as a whole.

But automation results in duplication, and duplication doesn't leave much room for innovation, collaboration, and positive change.

Experts will say that the second a business stops adapting, as soon as it stops pursuing innovation and growth, it is guaranteed to

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die. Doing things ‘the way they have always been done’ doesn’t guarantee business success. If that’s the case, some may find it ironic or even funny that accounting is centered around standards, practices, and doing things the way they should be done.

While standards and practices may not see much innovation, financial managers are being presented with a unique opportunity to be a catalyst for innovation.

### **Organizations today: With many hats comes great responsibility and new opportunities**

Today, organizations are feeling pressure to do more with less. Last year’s market was volatile, and people are making decisions with more caution. Executives are searching for possible opportunities to innovate while pushing to save on costs. Investments and purchases are down as a result of the tension from rising interest rates. While unemployment rates have hit record lows, many companies are still struggling to see certain positions filled. Especially in the world of finance, there is an obvious shortage in the workforce.

Whether as a result of staffing shortages or another factor, the job of management accounting has changed significantly in recent years. Now, management accountants are not only viewed as the administrator of business data but are also responsible for future planning and forecasting, making business decisions, reporting, and improving and maintaining organizational processes. They are responsible for aspects of company culture, strategy leading, and risk mitigation. In other words, accounting managers are being asked to wear many hats.

The change in the management accountant’s role has created a new opportunity for their organizations. An expert will identify possibilities for innovation, key drivers of growth, and sustainable competitive advantages by leveraging multiple areas of business data. With these changes comes new information, new learning opportunities, and a chance for management accountants to impact business in ways they haven’t been able to before.

Accounting managers have a lot of roles to fill, but they are also one of the few with a bird’s-eye view of business happenings, giving them a unique point of leverage. As

they change from one hat to the other, they are collecting more information about business activities than many other managers within the organization may have access to.

With their knowledge and perspective on business operations, accounting managers can provide the basis for innovation. If companies and businesses could support these managers in vital ways, then that in turn would be what supports their organizations. More often than we may realize, when we are under pressure to find new fixes and be inventive, there are many solutions already at our fingertips. We just haven’t been in the right environment to see them fully.

Automation provides accounting with many blessings, and standardization and routines continue to prove highly successful in the world of finance. In all the process-perfecting, we may overlook chances to discover new ideas. So how does one create an environment that stimulates innovative thinking and engagement while maintaining procedure and due process? With the right management processes, (which becomes automatic if practiced enough) you’ll create an environment that encourages innovative problem solving.

### **Mentorship: Leadership is not meant to be “one size fits all”**

Mentorship comes in many forms throughout our lives. Our first experiences are usually with a teacher or boss in our younger years. As a manager, you may not be the perfect individual to be a mentor to an employee. Maybe your schedules don’t align, or maybe it’s just not the right fit.

But our job as managers is to support our employees so that they can reach the goals we’ve set for them, and there are all kinds of ways you can help provide your team with similar mentorship opportunities or connections.

One potential mentorship opportunity is when you are looking at internal advancement to leadership positions for your employees. Emerging leadership training identifies candidates for management positions and then supports them with professional development. This mentorship is provided before they are promoted so that when the right opportunity opens up, they are ready

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and able to step into the new role. Since the employee is gaining new skills but staying within the organization, they also become a potential trainer or mentor to another employee.

The financial management and accounting industries need strengthening right now from the inside out. A shrinking breed of businessperson, Wall Street reports over 300,000 accounting professionals have left the industry in the past two years with no expectation to return.<sup>1</sup> Mentorship is a great platform for building that industry culture back into something people want to be part of.

Encourage your employees to get involved in their professional association or create a budget that pays for them to attend some regional or national conferences. Mentors can be found in an association setting. If your organization has yet to start a formal mentorship program, the association setting will likely allow your employees opportunities to meet someone who could serve as a mentor. Invest in your employees by sending them for further professional development outside your organization.

### **Professional development, and retention and recruitment: Two birds, one stone**

Professional development is no longer “nice to have” in a job but critical for the position to be attractive enough to receive interest. While this may create challenges for hiring managers, the new focus on career growth could create an environment of continuous improvement within an organization’s labor force. As employees gain new skills, they also serve as teachers to other employees, strengthen retention and engagement, and grow the potential workforce.

Professional development does two things: (a) it stimulates creative thinking by encouraging growth, learning, and skill development, and (b) it reinforces company culture to benefit retention, job engagement and satisfaction, and productivity.

Employees feel more inclined to commit to their job responsibilities when they are managed with kindness and supported as individuals. Empowering individuals leads to a culture of collaboration, autonomy,

and resilience. By supporting managers in vital ways, companies are in turn supporting their organizations.

Invest in your employees with resources from outside your organization. Provide them with places to attend workshops or online learning. Include networking and training events in your team update messages, and encourage your employees to attend regional or national conferences.

When they return, expect them to share the concepts they heard or learned that would benefit their colleagues and the organization. This could take many forms, but it sets up a continuous process for professional development and bringing new information or ideas back to your organization. With a system for communication and feedback in place, individual professional development will generate growth for the entire organization.

### **Effective communication: An essential process to create an environment that stimulates innovation**

To create an environment that supports innovation, there must be a process in place for open communication and feedback. Without it, your information loop becomes a straight line, and managers lose perspective on activities.

As a technical group, collaboration can sometimes be difficult to achieve. You may have personalities on your team that step naturally to fill leadership roles or answer questions. You may also have individuals that do not feel so naturally inclined to do so. Meetings are a perfect opportunity to help set the tone of your culture. Consider giving a shoutout at the beginning of a team meeting to acknowledge a recent achievement. Beginning your meetings positively can help set the tone of gratitude for all the work your employees do.

According to research by Harvard Business School published in a *Working Knowledge* article in 2019, “More than 80 percent of American employees say they do not feel recognized or rewarded, despite the fact that U.S. companies are spending more than a fifth of their budgets on wages.”<sup>2</sup> It goes on to say, “Among the happiest employees, 95 percent say that their manager is good at providing positive feedback.”<sup>3</sup>

In fact, a simple, heartfelt “thank you” is often enough for employees to feel like their contributions are valued. To be most effective, the praise should be timely and specific, highlighting the worker’s unique contribution. Tell employees how they are valued before they announce they have a better offer from another company. Get creative to provide the recognition your team needs.

As the pandemic taught us all, if we do not manage the stressors in our lives, our work will suffer. During the pandemic, concise communication helped employees feel less overwhelmed by the weekly, sometimes daily changes to procedures and protocols they were expected to follow. This communication strategy allowed them to do their jobs better. Succinct communication was one way leaders showed grace and kindness through an incredibly stressful time and was highly beneficial for employees and ultimately their organizations.

### **Conclusion: The cost of stress versus the return on kindness**

Workplace stress is estimated to cost the U.S. economy more than \$500 billion dollars a year, with lost productivity amounting to about \$550 million in workdays, according to the *Harvard Business Review*.<sup>4</sup> It is clear burnout is a widespread issue, but this is not a problem of the employee; it is a problem of the employer. Employers must acknowledge the situation and engage with employees to determine what to fix.

While we cannot automate innovation quite yet, we do know what is required to create an environment where innovation is possible. In an environment with open communication processes that support growth and learning, being inventive becomes second nature for employees and their managers. Evaluate kindness as a solution or resource to leverage current company assets and drive growth. The ROI of kindness = mentorship + professional development + effective communication. With the added pressure from executives and market conditions to do more with less, it is critical that managers are supporting employees and providing them with opportunities to improve.

With the shortage of accountants, what better time than now to develop a process for creating a culture that encourages innovation? Your initial investment in innovation could simply be time and intentional thought. Kindness has an immense ROI. ■

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#### **NOTES**

- <sup>1</sup> Queenan, J., How can we make accounting cool? *The Wall Street Journal* (Feb 9, 2023). Available at: [https://www.wsj.com/articles/how-can-we-make-accounting-cool-11675973909?mod=saved\\_content](https://www.wsj.com/articles/how-can-we-make-accounting-cool-11675973909?mod=saved_content).
- <sup>2</sup> Gerdeman, D., Forget cash. Here are better ways to motivate employees, *Harvard Business School Working Knowledge* (Jan 28, 2019). Available at: <https://hbswk.hbs.edu/item/forget-cash-here-are-better-ways-to-motivate-employees>.
- <sup>3</sup> *Op. cit.*
- <sup>4</sup> Moss, J., Burnout is about your workplace, not your people, *Harvard Business Review* (Dec 11, 2019). Available at: <https://hbr.org/2019/12/burnout-is-about-your-workplace-not-your-people>.