Lecture 1
The Importance of Financial Management

Financial management provides pathways to attain goals and objectives in an organisation. The main duty of a financial manager is to measure organisational efficiency through proper allocation, acquisition and management.

The importance of financial management is explained below −

It provides guidance in financial planning.
It assists in acquiring funds from different sources.
It helps in investing an appropriate amount of funds.
It increases organisational efficiency.
It reduces delay production.
It cut down financial costs.
It reduces cost of fund.
It ensures proper use of fund.
It helps business firm to take financial decisions.
It prepares guideline for earning maximum profits with minimum cost.
It increases shareholders' wealth.
It can control the financial aspects of the business.
It provides information through financial reporting.
It makes the employees aware of saving funds.

Lecture 2

The Role of Financial Manager
Definition (1):

According to Myers," Financial manager refers to anyone who is responsible for a significant investment or financing decision."

Definition (2):

According to Block and Hirt," Financial manager is the person who has the responsibility to allocate funds to current and fixed assets to obtain the best mix of financing alternatives and develop an appropriate dividend policy within the context of the firm's objectives."

Financial Managers create and comply with financial policies and methods. Generally, financial managers do the following:

Prepare business function reports, financial statements, and forecasts
Observe and analyze all financial details to assure that legal requirements are fulfilled
Guide employees who perform budgeting and financial reporting
Evaluate business financial reports and find ways to minimize costs

Review market trends to search opportunities for business expansion or a merger with other companies or acquisition of other companies
Assist the management in making financial decisions
The role of the finance manager
The role of the finance manager

The role of the finance manager has long been one of the key roles at any organisation operating with significant turnover. The role is a very common destination for those in the financial field and for those with a strong grasp of numbers and good analytical and communication skills may be the ideal job.
Finance manager job description
Job descriptions for this role will vary depending on a range of factors but this is an example of a typical description:
'This commercial position is a key role in finance but also the surrounding business. As Finance Manager, your responsibilities will include overseeing end-to-end finance operations, financial planning and analysis, balance sheet reconciliations, looking to make improvements to procedures and controls, as well as ad-hoc projects and requests as and when they come up.'
Key responsibilities of a finance manager
Here is a selection of some typical responsibilities which a business analyst will have:
Drive the continuous improvement of end-to-end accounting practices.
Prepare and post monthly accruals, prepayments and similar accounting entries.
Budgeting and forecasting.
Leading the analysis of monthly and quarterly numbers and presenting findings to the board.
Managing an end-to-end audit process of current systems – while acting as the first point of contact for external auditors.
Continually identify risks to delivery, propose solutions where necessary and effectively manage stakeholder expectations throughout.
Dealing with working capital management and production of cash flow forecasts.
Leading the team responsible for payroll, VAT and HMRC processes.
Key skills needed to be a finance manager
Strong technical accounting knowledge
Excel and modelling
Creating statutory accounts
Ability to delegate and manage the work of others
Experience of AP and AR
Fully qualified accountant (ACA, ACCA, CIMA)
Produced budgets up to multi-millions
Experience running annual audit
Finance manager interview questions
When interviewing for a finance manager job you will be asked a variety of questions about your technical competence and understanding of financial best practices. You will also likely be asked to demonstrate your management ability and to provide examples of how you have added value to a business through the way you work in previous roles.
Here are some examples of questions you might prepare your response to:

Q1. What type of financial reports do you think senior management need and how should they be presented. A very common part of the finance manager's role is to report to senior management. This question gives you an opportunity to show that you understand their business, know what type of information is important to the board and are capable of interacting with senior stakeholders.
Q2. Are you familiar with Oracle? A simple one on the surface, this type of question is intended to test your grasp of the technologies in use in the sector. However, they don't want to hear a simple description of what Oracle is. You should describe how you use this technology and how you have derived value from its use. Although this is a seemingly easy question, it provides the platform for you to really impress.
Q3. You discover an error in a quarter-end report which could have implications for strategic decision making. What do you do? The interviewer wants to know how you would deal with a potentially critical scenario. As the finance manager, it will fall onto you to report the error and put in place a solution. This will reveal your qualities both from a technical point of view but also your management capabilities.
Q4. Have you ever disagreed with senior management? If so, how did you deal with it? The correct answer here is 'yes'. In this type of role, organisations are not looking for someone to toe the line, they want someone to make important decisions and be a voice of authority to the board. Give an example of a time when you had to make a case for your professional point of view and came into a differing perspective.
Finance manager salary
The remuneration you could expect working as a finance manager varies depending on sector, experience and skill level. Top managers who can add genuine value to their organisation can be among the top earners at a company. Assistant roles may start at around the £30,000 mark while head jobs at large city firms could easily bring in £80,000+ p.a.
To explore available finance manager salaries visit our jobs pages.

Lecture 3

Qualities of a Good Finance Manager

Finance is the lifeblood of every organization because without financing it is impossible to do any kind of economic activity for the business organization. For a profit-making organization or not for profit organization, financing is one of the core task done by the finance manager but whenever we want to evaluate the cost-benefit analysis or prospects of the profit-making organization we have to think about the proper analysis of financial statements (income statement, cash flow statement, owners equity statement, and balance sheet).

qualities of a good finance managerIn addition to this analysis finance manager is required to develop a financial model, ratio analysis, forecasting of different accounts, cash budgeting, common size statement analysis, sensitivity, and scenario analysis, adapt least cost financing sources, investment decision in the profitable sectors, forming an optimal portfolio to diversity investment for reducing overall risk. For all these analyses a finance manager or financial analyst has to have proper knowledge of financial terms and their changing effects on the financial condition of an organization.

Qualities of a Financial Analyst
Analytical Skill
Understanding of Time Value of Money
Efficient User of Modern Technology
Good Communication Skill
Numerical Proficiency
Ability to Diverse Investment
Ability to Forecast
Quick Decision Making
Ability to Analyze Quantitative Factors
Although a finance manager needs to have different types of qualities from my point of view these are the qualities that a finance manager of a financial analyst must-have.

Analytical Skills
Taking financial decisions without any kind of analysis is throwing a stone in a dark hole, but an effective financial decision must not be this kind. For effective financial decisions, there must be a proper analysis of historical data and all existing privately and publicly available information. So that finance manager actually can assume something about a financial outcome that may happen.

Proper Understanding of Time Value of Money
Time value of money is one of the important concepts that must be considered when making investment or financing decisions for the company. Because by using this concept we can calculate the present value and future value of an amount. That’s why every finance manager has to have a clear understanding of the time value of money concept for adapting the right investment or financing alternatives.

Efficient Operator of Modern Technology
Now a day’s technology made it easy to do analysis with the help of computer-based software. Popular software used for analysis are Microsoft Excel, SPSS, STATA, etc. so financial analyst or financial manager must need to know how to operate this software and how to interpret the result generated by this software.

Communication Skills
Whenever a finance manager wants to analyze the financial performance of the company, he/she will be required to have financial information about the company, so through communicating with the respected department manager collect information. Also what kinds of information managers are asking must be conveyed clearly to the respected parties.

Numerical Proficiency
Another important qualification of a financial manager or analyst is proficiency in numerical calculation. For financial decisions making most of the cases we mainly use quantitative data

which is a numerical number. The ability to calculate and understand numerical variables is required to make the right financial decision.

Ability to Diversify Investment

One of the main tasks of a financial manager or portfolio manager or financial analysis is to find out the optimal portfolio for the company from the existing investment opportunities. You know that diversification is the only way through which we can minimize our unsystematic portion of the risk, that's why managers always try to diversify their investment to maximize the return of the company. A person who has the ability to analyze the market and identify the optimal portfolio through diversification is to be the best financial manager or financial analyst for the company.

Ability to Forecast

One of the important things that a financial analyst has to do is forecasting the future. Forecast about financing requirements and investment decisions considering the future economic prospects or recession. Another thing is the forecast about the growth of the overall industry and the company.

Quick Decision Making

Sometimes there may have the opportunity of making huge money through investing risky projects short-term basis and these types of opportunities mainly chosen by the aggressive financial managers. Successful financial managers are quick decision-makers and their decision is most of the time is an effective one. So quick decision making is the ability of a person which helps to become a financial analyst.

Ability to Analyze Quantitative Factors

Although most of the cases finance manager deals with quantitative data but in some cases, they also use qualitative data also, because there may have some non-monetary factors which have a great impact on the investment and financing alternatives. So both quantitative and qualitative analytical proficiency is required to have a financial analyst to take the right decision for the company.

Educational Qualification Required to Become a Finance Manager

Not every people become the financial manager because to become a financial manager you have to understand all the necessary concept and ideas about financing and investment. Graduated from the background of economics, finance, or from accounting may become a finance manager. But now a day's finance background people are getting more preference because of understanding of proper understanding of what finance is all

Lecture 4

Modern Challenges for Managers

Every business has to cope with the external environment prevailing at different times. This environment provides a set of outside challenges that is difficult to control. These factors may have an important impact on how well a manager performs. To ensure survival, organizations must respond to environmental developments with speed and effectiveness. We are discussing here some key challenges such as information technology, globalization and intellectual capital which have an impact on the job of managing.

Information Technology (IT):
There is a revolution in information technology. There are computers, internet, intranets, telecommunications, and infinite range of software applications available to get for getting the things done in a better way. A manager has to make a choice for using the best technology available. Many concerns have employed specialists for making a proper selection of hardware and software available at that time.

Managers must use technology to perform their work and achieve desired results. The selection of IT must be made by keeping in view the end user and work to be completed. Managers must learn how to work with IT specialists to determine the most effective technologies for the work to be achieved and then consider the best way to implement those technologies. Managers have to determine the best way to network an organization's system, also deciding about what network information will be available to whom and what types of security are necessary to protect the network.

Information technology will be successfully implemented only if the employees are properly trained to use it. Effective managers ensure that employees are associated at the time of selection and implementation of technology. The IT challenge that modern managers face is likely to continue unabated. Personal computers (PC) started about 26 years earlier and internet was started about 10 years back. All these developments have greatly influenced the work place.

The use of this technology have improved the work performance of employees. IT adept managers will have a bright future. Some may start working for more than one organization without leaving their home office. Managers must remain aware of the opportunities and threats posed to the organizations by the unabated technology revolution.

Globalization:
The communication revolution has brought the whole world closer. The use of satellites for information communication has improved the things fast. The major component of globalization of business, culture and economics is the ability and freedom to connect to almost anyone, anytime, anywhere. The communication revolution has helped the development of global trading blocks and world trade agreements.

The trading blocks such as North American Free Trade Agreement (NAFTA), Latin America's MERCOSUR, Asia's ASEAN and European Union (EU) have originated in the past twenty years. It does not look strange that European countries which were fighting the wars during World Wars have now joined hands for economic interests. The creation of World Trade Organization (WTO) has facilitated the opening of markets for world trade.

The multinational companies have started shifting their manufacturing activities to those countries where cheap and trained labour is available. This has helped these companies in reducing the costs of the products. The opening up of Indian markets to multinational companies has changed the complexion of markets. The Indian producers are now trying to improve the quality of products and supplying goods at competitive rates. The consumers are the happiest lot in globalized marketing.

A manager has to plan his business strategies by keeping in view the world economy. He has to prepare the organization for facing the new competition. Managers must find ways to beat foreign competition on price and quality as consumer choices widen. The globalization trend is not likely to change in future; the best thing is to face it. Modern managers should be mentally prepared to face the global competition in the future.

Intellectual Capital:
Intellectual capital is relatively recent term that has been coined to reflect that principal assets of modern organizations lie in the minds of their workers rather than in machinery, bricks and mortar. Thomas Stewart has defined intellectual capital as the “intellectual material-knowledge information, intellectual property, experience-that can be put to use to create wealth. It is the sum of everything everybody in a company knows that gives it a competitive edge.” During 19th century and early part of 20th century the main profession used to be agriculture. Most of the people were directly or indirectly engaged in agriculture.

During the second and third decades of 20th century people started shifting from agriculture to manufacturing. The World War II gave Phillip to manufacturing industries because of war requirements of the countries. In the second half of 20th century information revolution was felt. During 1970’s manager began to discover that they could gain efficiencies and competitiveness by making use of information technology. The service sector expanded rapidly during this period.

The application of information technology put additional burden on workers. They had to first learn the use of this technology and then constantly make efforts for improving their work. The highly educated workers were required to make full use of information technology. The Knowledge Worker is quite different from the worker of F.W. Taylor. The knowledge worker is expected to think of new and better things for improving his work and performing the job in a best possible way.

In Taylor’s system, ‘one best way of doing the things’ was suggested by the supervisor but the knowledge worker is supposed to determine his own best way of doing the things. Today’s workers are also supposed to keep abreast with the new changes in the technology and make use of it. They are expected help in improving the overall productivity of the organization. Such workers are the intellectual capital that is the most important asset of the modern organization.

Modern managers have to use techniques for capturing and using the knowledge generated in the organization. In order to stay competition managers have to use the knowledge of workers which has been stored in their minds. They have to use techniques which can help the best possible use of knowledge of workers for the betterment of the organization