

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
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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](#).