



Nature of *Financial Management*

كلية التجارة

جامعة مدينة السادات



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Lecture Code of ethics



These distractions are things you can get rid of. To get rid of these, just write them down. I always carry a notebook with me and write these things down in it. This also serves to focus my thoughts when I have a spare moment and need to figure out what to do next. By keeping everything in one place, any part of my brain that I need about what I have to do goes on.



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Learning Objectives

By the end of this chapter, you should be able to:

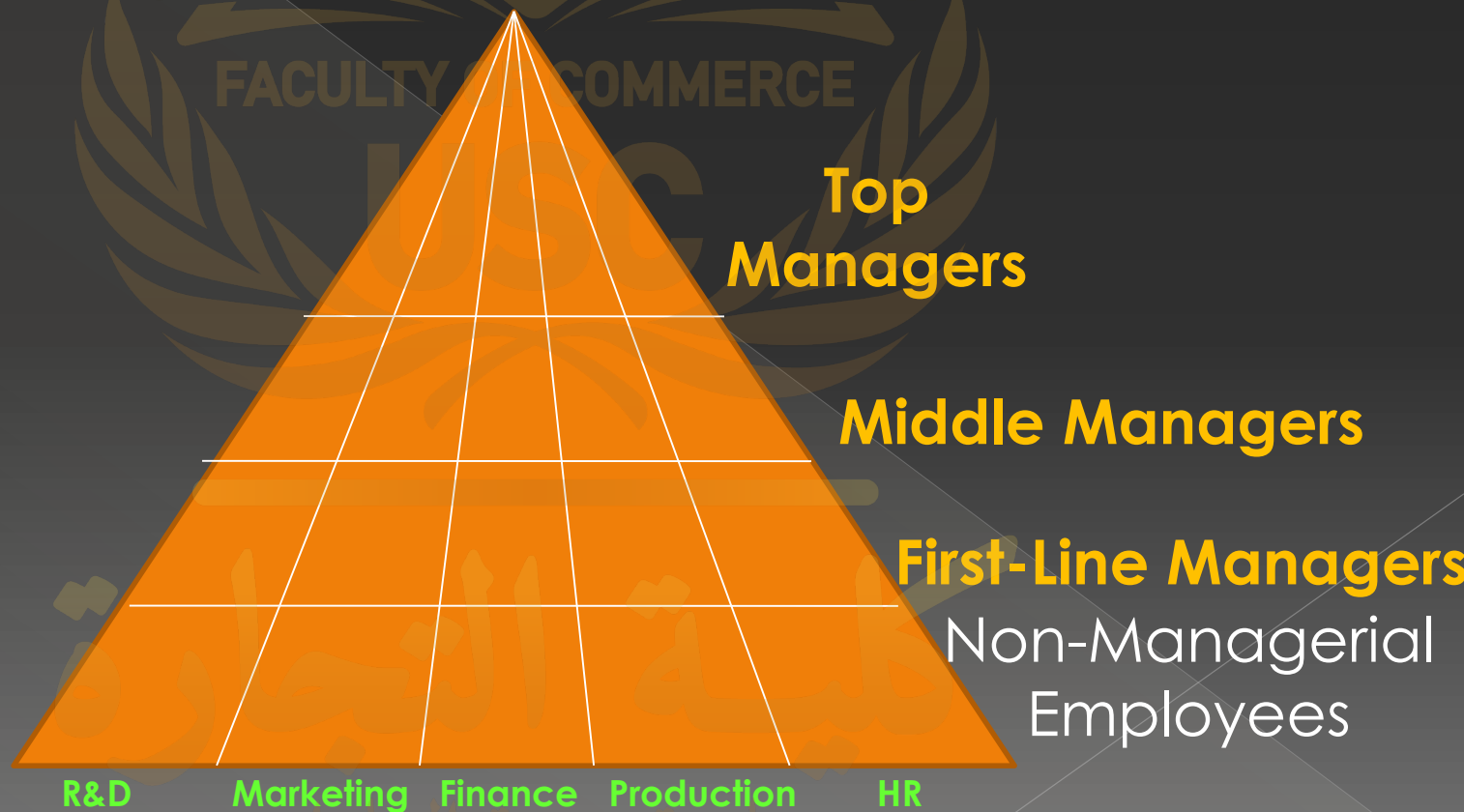
- *Define Financial Management.*
- *Explain The Role of the Financial Manager.*
- *Determining Importance of Financial Management.*
- *To know Objectives of Financial Management.*
- *To know functions of Financial Management.*
- *Determining Competencies of the financial manager.*

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How to classify managers in organizations?

Traditional Pyramid Form of Management Level



I. Lowest Level of Management

- **First-line managers:** manage the work of nonmanagerial employees who typically are involved with producing the organization's products or servicing the organization's customer
- **They are often called:** supervisor, shift manager, district manager, department manager, office manager

II. Middle Level of Management

- **Middle managers:** manage work of first-line managers
- **They are often called:** regional manager, project leader, store manager, division manager

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III. Upper Level of Management

- **Top managers:** are responsible for making organization wide decisions and establishing the plans and goals that affect the entire organization.
- **They are often called:** executive vice president, president, managing director, chief operating officer, chief executive officer

What is Management?

- **Management** involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.
- Or **Management** is the art of getting work done through others

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Efficiency and Effectiveness in Management



Efficiency
(Means)

Effectiveness
(Ends)



Resource
Usage

Goal
Attainment



Low Waste

High Attainment



Management Strives for:
Low Resource Waste (**high efficiency**)
High Goal Attainment (**high effectiveness**)

Management Functions



1. PLANNING

- ◉ Define goals
- ◉ Establish strategies for achieving those goals
- ◉ Develop plans to integrate and coordinate activities

Setting goals and plans (how to achieve them)

2. ORGANIZING

- Determine

- > What tasks are to be done ?
- > Who is to do them ?
- > How tasks are to be grouped ?
- > Who reports to whom ?
- > Where decisions are to be made ?

**Arrange tasks and other resources to
accomplish organization's goals**

3. LEADING

- ◉ Motivate subordinates(lower positions)
- ◉ Help resolve group conflicts
- ◉ Influence individuals or teams as they work
- ◉ Select the most effective communication channel
- ◉ Deal with employee behavior issues

Hire, train, motivate(lead) people

4. CONTROLLING

- ◉ Monitor activities' performance
- ◉ Compare actual performance with the set goals
- ◉ Evaluate activities' performance whether things are going as planned
- ◉ Correct any disturbance to get work back on track and achieve the set goals

Ensure all activities are accomplished as planned

Activity 1

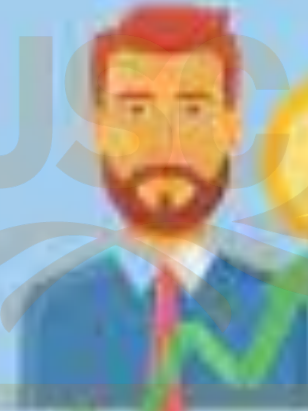
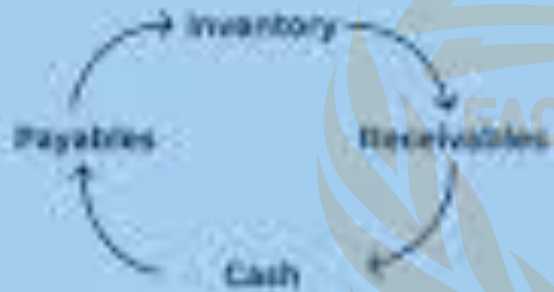
5 minutes



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What is Financial Management?

What is Financial Management?



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What is Financial Management?

- **Finance is a link between accounting, economics, and other related fields of study.**
- **financial management is the business function that deals with investing the available financial resources in a way that greater business success and return-on-investment (ROI) is achieved.**

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What is Financial Management?

- **financial management is the art and science of money management.**
- **From the foregoing, it is clear that the financial function is distinguished from other functions in the project by the following:**

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What is Financial Management?

From the foregoing, it is clear that the financial function is distinguished from other functions in the project by the following:

- (1) Infiltration in all aspects of the activity of the enterprise, where it is difficult to imagine any activity in the organization performing its tasks or achieving its objectives in isolation from financial needs.**

What is Financial Management?

(2) Financial decisions are binding decisions of the enterprise in most cases, which requires extreme care when making these types of decisions.

(3) Some financial decisions are fateful decisions that may affect the success of the institution or its ability to continue in the market such as merger, debt utilization or investment decisions.

What is Financial Management?

- (4) The results of financial decisions take a relatively long time to be recognized, which can lead to difficulty in fixing the defect or the possibility of remedying it, which reflects the need for special skills and high analytical abilities to make this type of decision.

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2

Activity



Describe the Role of the Financial Manager

5 minutes



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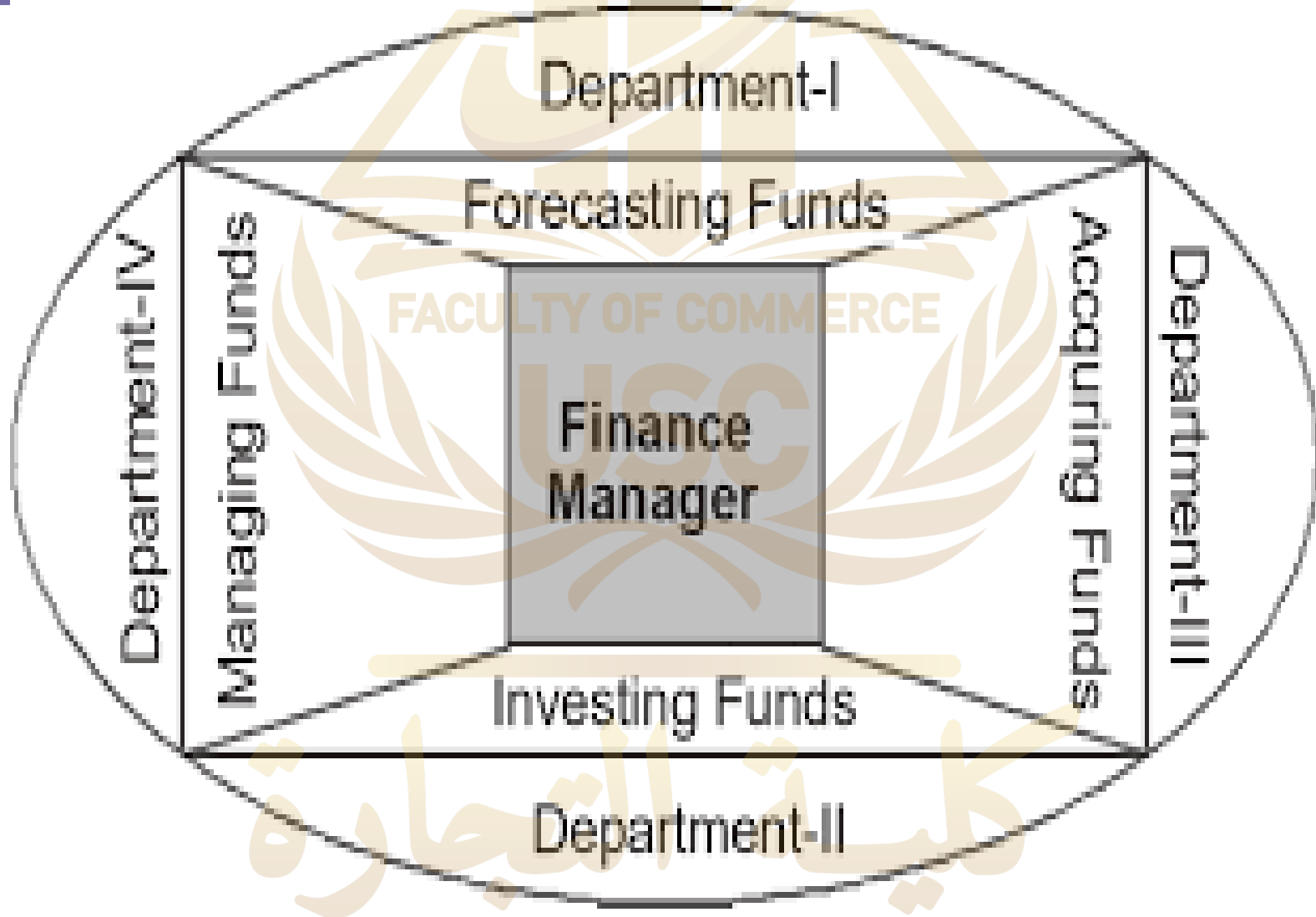
2-The Role of the Financial Manager:

- Financial managers try to answer some, or all, of these questions
- The top financial manager within a firm is usually the Chief Financial Officer (CFO)
 - Treasurer – oversees cash management, credit management, capital expenditures, and financial planning
 - Controller – oversees taxes, cost accounting, financial accounting, and data processing

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2-The Role of the Financial Manager:



2-The Role of the Financial Manager:

The tasks or responsibilities of the CFO can be classified into the following six aspects:

- **(1) Forecasting and planning.**
- **(2) Management of the structure of the assets of the enterprise.**
- **(3) Management of the financing structure.**
- **(4) Coordination and control.**
- **(5) Dealing with financial markets.**
- **(6) Risk Management.**

Financial Management Decisions

- Capital budgeting
 - What long-term investments or projects should the business take on?
- Capital structure
 - How should we pay for our assets?
 - Should we use debt or equity?
- Working capital management
 - How do we manage the day-to-day finances of the firm?



Activity 3

Importance of Financial Management

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USC

Think

Pair

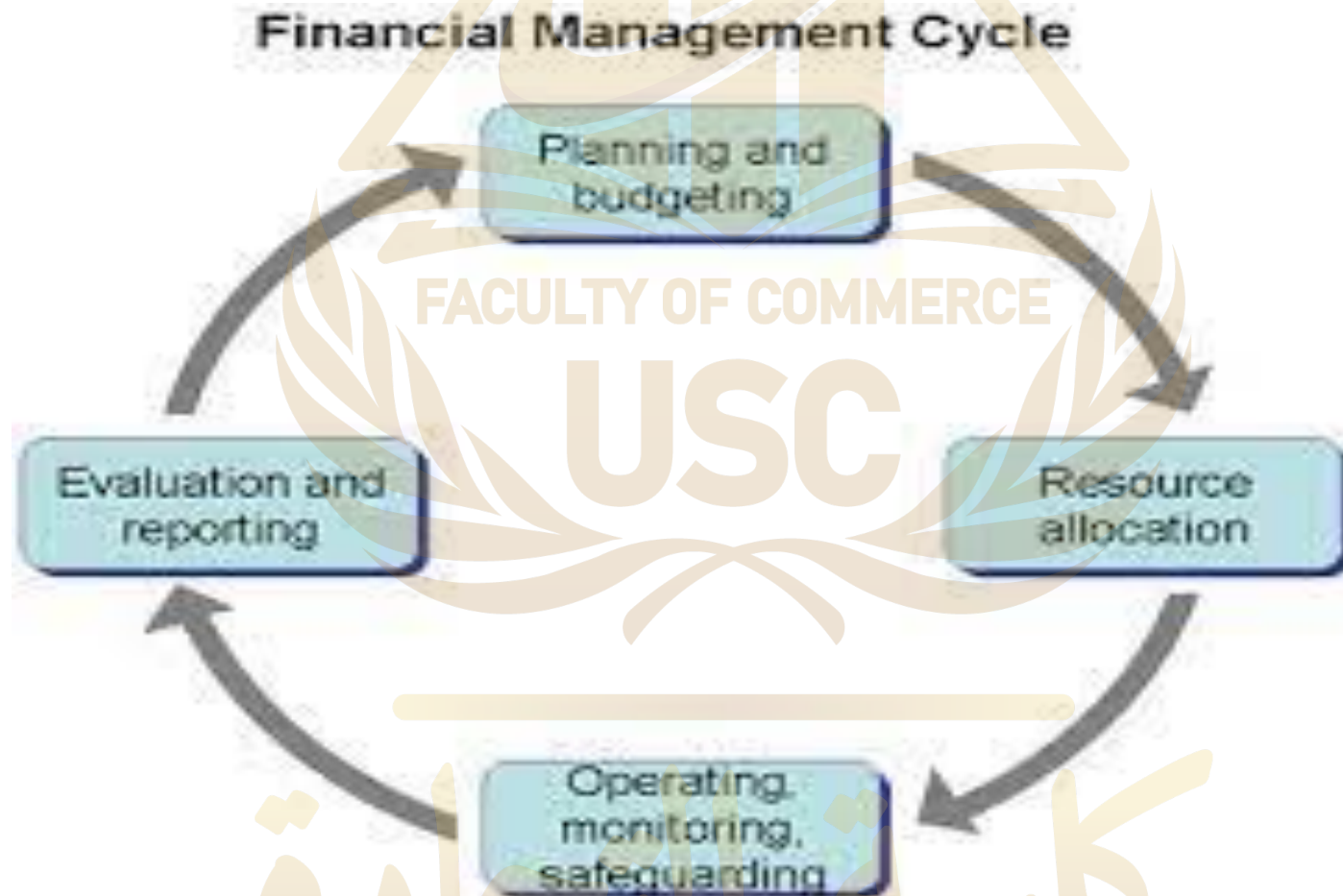
Share

5 minutes

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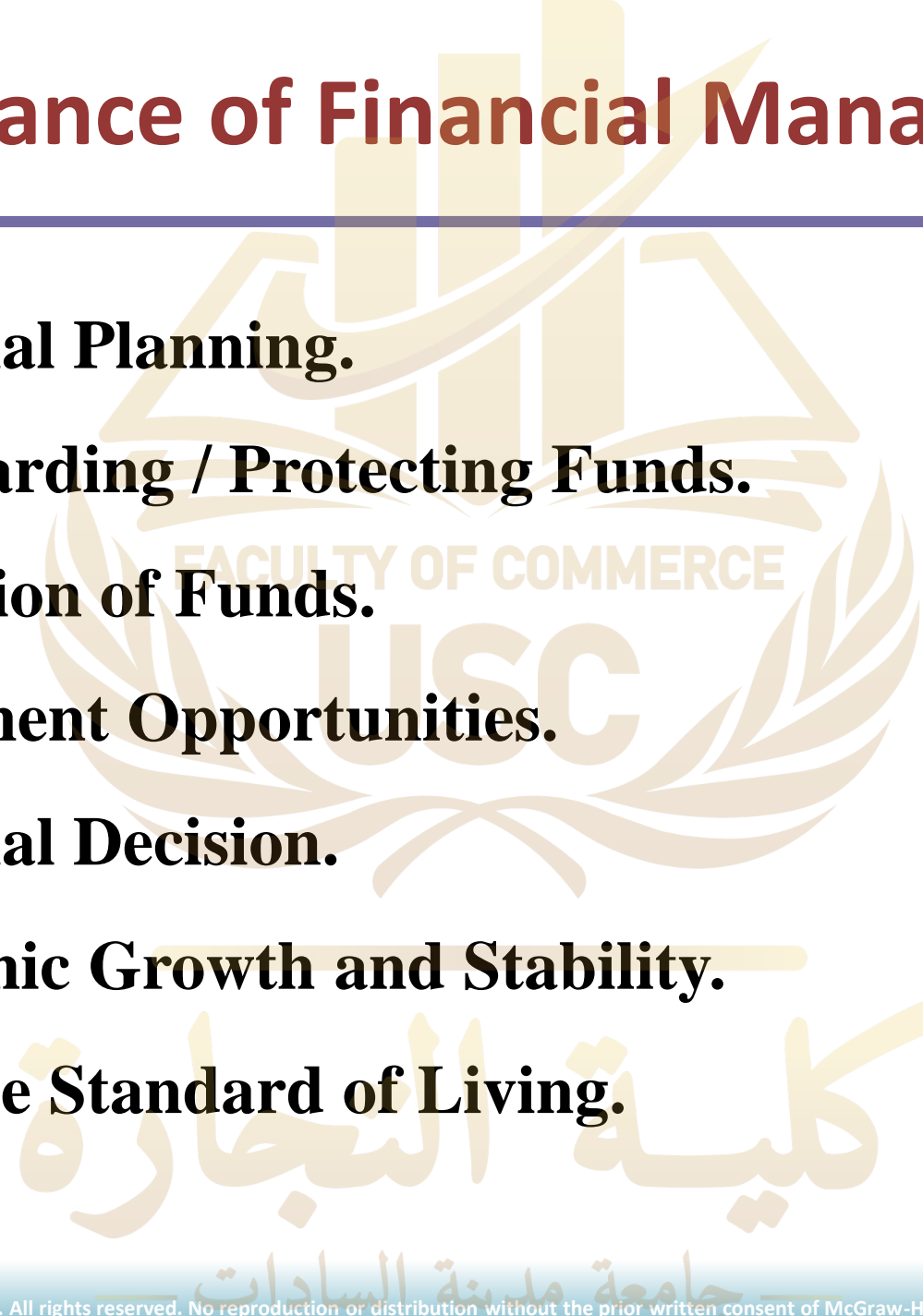
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Importance of Financial Management



Importance of Financial Management

- (1) Financial Planning.**
- (2) Safeguarding / Protecting Funds.**
- (3) Allocation of Funds.**
- (4) Investment Opportunities.**
- (5) Financial Decision.**
- (6) Economic Growth and Stability.**
- (7) Improve Standard of Living.**



Importance of Financial Management

(8) Valuation of a Company.

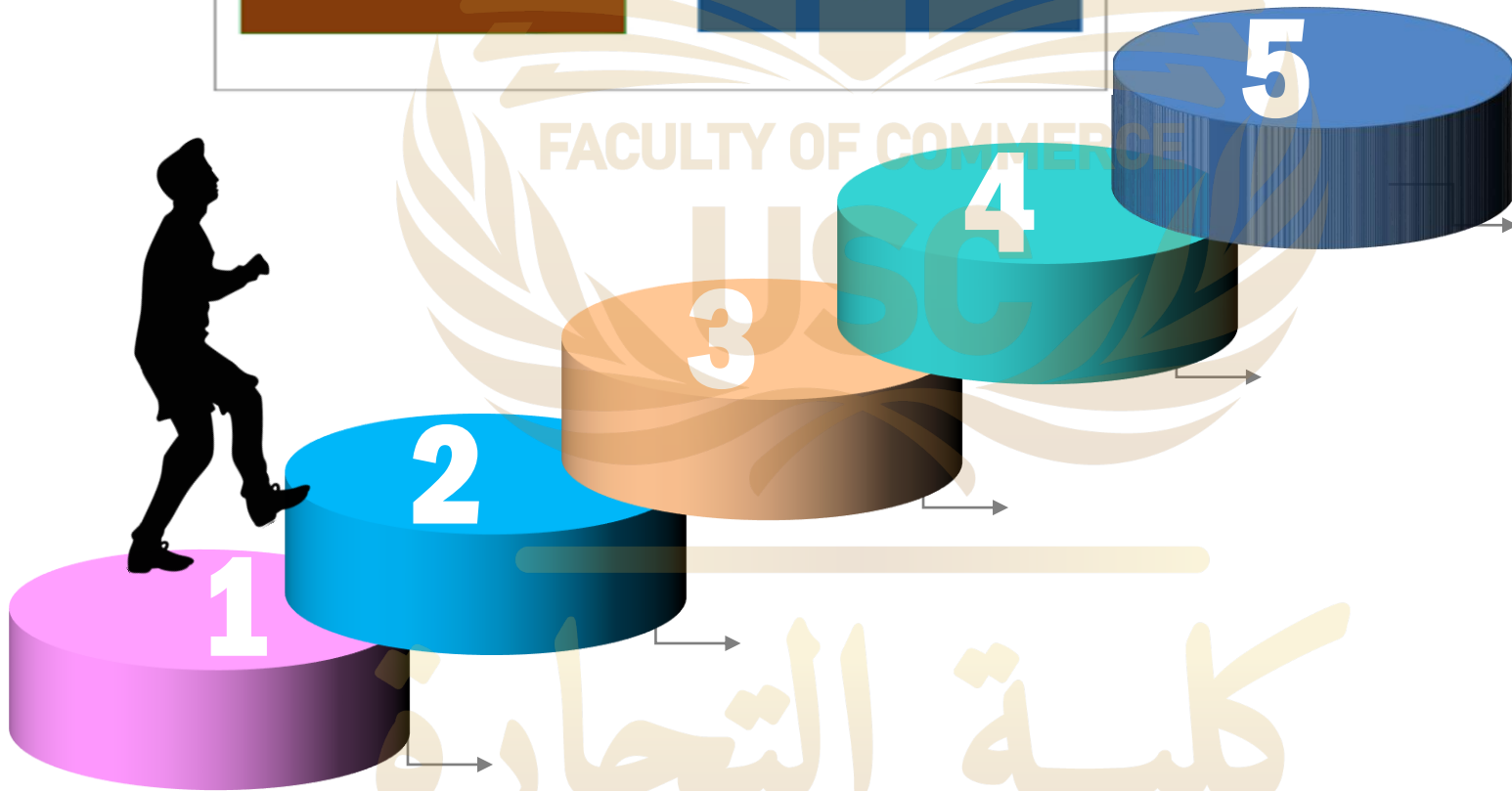
(9) Tax Planning.

(10) Capital Reserves.

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Assignment



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Thanks for Listening

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