

Managing finance analysis argumentative essay



**ASSIGN
BUSTER**

Robert Brown will keep records of everything that happens within the company, from the company's revenue stream to consumer suggestions. Robert Brown will use these previous statements and records to compile a report so he is able to forecast and plan for the future of his company. Each of the departments within the company are given a target and will be monitored either by the manager of that department or by someone from Robert Brown's department. Each department's overall performance, effectiveness and proficiency will be checked and brought up in the monthly meeting of departmental managers. This meeting is to ensure that everything in the company is running smoothly and productively. The forecasting plans that Robert draws out will effect each person within the company individually as well as keep the company ahead of their competitors and in among the consumers favourites.

CASH FLOW MANAGEMENT Money is the oxygen that enables a business to survive and prosper and is the primary indicator of business health. While a business can survive for a short time without sales or profits, without money it will die. For this reason the inflow and outflow of money needs careful monitoring and management. Ideally, during the business cycle, Robert will have more money flowing in than flowing out. This will allow him to build up cash balances with which to plug cashflow gaps, seek expansion and reassure lenders and investors about the health of his business. Robert Brown knows that income and expenditure cash flows rarely occur together, with inflows often lagging behind.

His aim is to speed up the inflows and slow down the outflows. Many of Robert's regular cash outflows, such as salaries, loan repayments and tax,

have to be made on fixed dates. He must always be in a position to meet these payments in order to avoid large fines or a disgruntled workforce. To improve everyday cashflow Robert Brown will ask for extended credit terms with his suppliers or order less stock but more often.

To have an effective financial company Robert Brown must maintain his income and expenditure as it is critical for a business' survival. In order to achieve this he will consider and sometimes follow through with offering discounts for prompt payments, negotiating profits or staged payments for large contracts and using a third party to buy his invoices in exchange for a small percentage of the total. SETTING AND MONITORING BUDGETS Good financial management within a business is about keeping track of where the money is coming from and where it has gone. Effective in year budget monitoring reports provides vital information about spending patterns that helps management to make realistic forecasts of year-end under or overspends. Clearly effective monitoring is in part a result of effective budget setting in the first place.

As the enterprising manager of Tayto, Robert Brown is responsible for predicting what will happen in the future of his company. It is a very important role, and unless done properly could result in the business not being prepared for future events. The owners of the business will set the budgets for Robert Brown to spend yearly. Then Robert Brown in turn will set a budget for the management staff to spend on making their departments to make them more effective and productive.

This money would be spent on things such as advertisements to attract customers to their product, new equipment to make their production line faster and more efficient as well as pay raises for certain members of staff to boost their morale and to reward them for their hard work and loyalty.

PROFITS AND BREAK-EVEN ANALYSISThe aim of most enterprising managers is to make a profit by any means necessary. Profit is a gain in the making of business activity that is a benefit to the owners or managers. Robert Brown's main objective is to become the country's number 1, snack and crisp manufacturer; also to produce quality products that meet the expectations of their consumers. The accountants and the directors of Tayto are in charge of the financial decisions and recording their profit analysis for future references and to make improvements in areas that need them. Recording this data would benefit the stakeholders, who have invested a lot of money into the company.

It is only fair that Tayto show them how they are doing and if they are successful with their current methods. The directors of Tayto will meet with Robert to ensure that he is progressing in a direction that is beneficial for the company. They will draw up a break-even graph to show when they are going to be able to use the money on the company e. g. production methods, facilities, equipment etc or on their product and staff members e. g.

(advertisements, wages, raw materials) etc. This break-even analysis will be able to predict when the company can make a profit and when they make a loss. This will help Robert Brown to make a predicted profit; what he should aim for and what he should achieve. This will aid him on the process of making his company the main product for the customers.

Although the accountants and directors decide on the financial planning of the company, Robert Brown gets to advise and share his opinion on the matter as he does work with the employees and he knows what would be best suited for the customers.