

# The evolving finance function

[Finance](#)



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The finance department provided a wide range of financial services to them. \* The forecasting & analytics department was merged with the finance department. \* Recruitment in the finance department were higher than the other departments, which consisted of Mamba's from good B- schools in USA. \* There was no rigidity ; the finance department was constantly re-structured. Pre-conditions that enabled Mercer's finance group to develop its capabilities: \* The company was constantly rated amongst the best in the U. S. A. They had a vision to grow, which was evident from their financial figures.

Exhibit 1} \* To cater to the growth they formed several alliances, in the form of Joint Ventures, which led to an increase in their market capitalization. In order to maintain and increase their market capitalization in the future they felt the need to come up with a model which can help them to effectively analyse the returns on their investments in future. \* They faced immense competition from the local players in generic drugs and to maintain an edge over them they came up with this model. \* As they focused on Innovation, they had huge R&D expenditure which kept Increasing year after year.

They did not have a suitable model to classify the expenditure as capital or revenue, nor could they ascertain the profitability from a given product or venture. \* Owing to the currency fluctuations and to manage their foreign exchange hedging castles, they came up with a suitable long term revenue hedging model. \* They came up a long way under the effective leadership of Ms. Judy Lent, who kept taking Annihilative In carrying out various tasks outside her domain. Her Job Included 25% assignments and 75% Initiative. \*

Her effective decision making also played an Important role In eloping Merck develop its capabilities.

Can other companies develop similar capabilities? \* Merck had a highly effective but complex model and improper execution of which could lead to a total chaos. \* Their strength was Research and Development, which was ten earlier AT tenet pronto TTY. I en same need not De ten case wilt toner companies. \* Therefore, if Merck did, other companies too can come up with a similar model. All it needs is being systematic and have efficient leadership. However, organizations can come up with their own models capitalizing on their own strengths and catering to their own needs.