

The role of the financial manager mod 1

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The Role of the Financial Manager MOD Introduction According to Farlex , the definition of CEO is “ the corporate executive responsible for the operations of the firm; reports to a board of directors; may appoint other managers (including a president).” This officer is in charge of running an organization or company while the definition of CFO for “ Chief Finance Officer is the corporate executive having financial authority to make appropriations and authorize expenditures for a firm” this is according to Farlex (2012). This officer is in charge of finances and reports directly to the Chief Executive officer.

Examples of two actual CFOs of publicly-traded companies who became CEOs of publicly-traded companies within the past 5 years are: Facebook and Morningstar, Inc...

Facebook is owned by Mark Zuckerberg. According to Read Write Web (nd), “ Zuckerberg launched Facebook from his Harvard dormitory room on February 4, 2004.” This is where people are able to exchange pictures, contacts, music, send messages and be in contact and make friends with other people just by sending them requests and after accepting you can be able to access their profile which has their personal information. As the owner, Mark Zuckerberg never had CPA and/or CFA designations but according to the Wikipedia the Free Encyclopedia; He “ studied psychology and computer science”

The second example is Morningstar, Inc. This is owned by Joe Mansueto. According to United (2011), “ Morningstar was subsequently founded in 1984 from his one-bedroom Chicago apartment In July 1999 Morningstar accepted an investment of US\$91 million from SoftBank in return for a 20% stake in the company. The two companies had the previous year formed a joint

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venture in Japan. Morningstar's initial public offering occurred on May 3, 2005, with 7,612,500 shares at \$18.50 each. The manner in which Morningstar went public is notable. They elected to follow Google's footsteps and use the OpenIPO method rather than the traditional method.

This allowed individual investors to bid on the price of the stock, and allowed all investors equal access. As of December 2008 Joe Mansueto owned approximately 57% of the outstanding shares in Morningstar." Hence Joe Mansueto stopped being the Chief Finance Officer of the company in the Year 2008 when he became the Chief Executive officer after owning more than fifty percent of the shares. Joe Mansueto studied a degree in Business Administration hence he was an expert in running finances in his company. This has led to tremendous growth of the company.

Conclusion

Most of the CFO (Chief Finance Officer) are the individuals who founded their companies and after running them for some time and succeeding, they choose to hire someone to replace them while they become the CEO (Chief Executive Officer) or the owner who made the final decision of running the business. Most of them do not have a background in Finance nor had CPA and/or CFA designations. They are individuals who did what they loved or had a passion of doing and become better or experts in what they choose to do. Those who had the background of Finance became an asset to their companies which led them to succeeding.

Work Cited

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