

Report on essence of financial management

[Business](#), [Company](#)



REPORT

Executive summary

The best management practices are applied with an intention of improving the overall performance of any active institution. In this perspective, an organization strives to achieve its objectives by defining its best practices. The career path of Sugarsweet provides a more dynamic overview of modern management as well as its success and limitations. Further, it illustrates the organization's ability to reflect and gain strength and effective financial management. Ideally, Sugarsweet case illustrates a clear need to introspect and create an insight into management dynamics.

This focus also explains the role of the management theories in today's organizational development.

The training approaches are evaluated on the basis of a management system in order to establish its overall impact in a functional organization. Various organizational factors contribute to various distinct approaches to ideal financial management.

Introduction

Sugarsweet Ltd decision to advance their employees on financial awareness is one major decision towards ensuring effectiveness in their financial management. The essence behind efficiency and competency in financial skills and knowledge is a core factor towards growth and development of the firm. Myers LLP is a renowned firm that holds vast financial skills to help organizations improve and maintain their financial records. This ensures that the firms enquiring for the financial knowledge benefits in relation to all their

financial needs. Sugarsweet Ltd holds great potential for growth and development. The firm requires an effective financial plan which can only be developed if the firm empowers their employees with adequate skills and knowledge on financial matters. The two units that the firm operates (a bakery and two retail outlets), calls for effectiveness in the financial matters pertaining to the business for vast benefits as the will discover by the end of the training. The fact that Sugarsweet Ltd is on its first year of trading offers opportunities and challenges. The firm holds vast opportunities based on the fact that the firm is still developing with the decision by the management to select employees and equip them with vast skills and knowledge in relation to the issue opening more chances. The challenges that the firm would face is to have minimal skills and competency on their financial department. Organizations' can thrive with poor human resource management, poor marketing strategies but slight mistakes on the financial matters can ruin the business. The training will not only ensure that the individuals selected are equipped with ample skills and knowledge on financial matters but also examine the benefits anticipate improving the firm upon implementation. Poor financial skills lead to incompetency, fraud and risky ventures in a firm. Numerous corporate, firms and organizations have collapsed due to financial matters such as Enron; this indicates the essence of effectiveness and efficiency on financial matters, (Kleiman, 2010).

The essence of financial awareness in an organization

Creating awareness on financial matters within the organization has numerous benefits. The benefits stretch from the external business environment to the internal operations within the organization. As stipulated

earlier a firm can thrive with a poor human resource management strategy, poor strategies on marketing but slight mistakes on the financial matters can within a limited period of time ruin the business as stipulated by large corporations. Equipping the Managing director of Sugarsweet Ltd and his fellow to directors proffers great benefits for the firm. These benefits acquired offer the internal managers with knowledge to make short-term planning and control decision within the organizations. This will enable the managers identify ways to analyze trends recorded by the financial inflows to make effective decisions that are aimed at benefiting the overall performance and profit maximization in relation to other objectives of Sugarsweet Ltd. Based on the fact that the firm will be stretching the duration on their trading period, the managers will require passable skills on the financial matters to make investment and long-term planning decisions. Investment plans and long-term financial plans require the management to analyse their financial positions, their capabilities and the market. The financial decisions made under this prefix are only attainable if the managers have adequate financial skills and competency. The firm may require investors to invest on under various baselines. This can only be attained if the firm can offer accountability and transparency on their accounting matters. The firm will be required to provide their financial position to the government authorities who enact policies and regulations. To avoid scrutiny and wrangles with the authority the management will have to provide financial reports that fall with the specifications of the firm. Enhancing financial awareness to the firm ensures that the managers and employee possess the sole responsibility on financial matters. This equips them with

infinite knowledge on the financial matters and how slight mismanagement on the financial matters can ruin the firm. This ensures that every employee make financial matters in affirmative to the organizations specifications and goals.

Financial accounting

The essence behind acquiring adequate knowledge on the aspects and attached features of financial accounting are vast. The various financial documents prepared by the organization stipulating their financial positions, transactions and operations are normally done under this basis. The financial documents that the managers should understand under this sector include the financial statements, the income statements, ledgers, the trail balance, ledgers, bank reconciliations and journal. Understanding the essence of this document proffers vast understanding to the managers on the financial matters pertaining the organizations growth, development and interaction with the stakeholders. The training on under this aspect can be utilized on the first three weeks of the training. This will equip the managers with adequate information on the data and how the records are arrived at on the documents. This will be done by stipulating to the manager how some records on some of the data on the documents can limit the organizations development. This will help them understand the position of the business and the transactions that the business is involved in. This includes, their current stock, sales, amount owed by the debtors and the creditors, the purchases, their sales returns and purchases returns, bank loans and the market structures. This will be essential to fulfill the stakeholder's needs and provide information essential for decisions making within the organization

other departments. The duration under which the documents are produced on a certain trading period can help the managers if equipped with vast knowledge to make projections by analysing the firm's capabilities and the market. Under this aspect the managers will efficiently understand and be able to analyse the accounting cycle. This can be reflected on the business development in reference to the products life cycle.

Financial management

This can be executed on the last three weeks of the training. Though all the aspects covered are interrelated, essentiality of each of the aspect forms the baseline of the preceding aspect. After covering this section the Sugarsweet ltd will be equipped with adequate skills and knowledge to transform their organization towards effectiveness in their financial matters and the overall organizational goals. Under financial management the managers are basically equipped with the art and the science of managing money in relation to the organizations' objectives. It enables the managers effectively manage funds in the business this is also commonly termed as corporation finance. It emphasizes two broad objectives which the managers must understand in reference with the objectives on the issue. The two categories include; profit maximization and wealth maximization. Every firm aims at maximizing profit at any cost; under financial management the managers are equipped with the skills and knowledge on how to maximize profits. Profit maximization enhances, earning profit through effective running of the organizations, profit is normally the parameter of every organization, and this limits risks and acts as the main source of finance used to run the firm. On the other aspect wealth maximization incorporates recent innovations

and improvements in relation to the welfare of the business, (Leenders et al. 2002). This is normally complex and currently used based on the aspects such as ability to maintain business concern in relation to the shareholders improvement of value in contrast with profit maximization. Understanding the features and means of managing that the managers can be able to; project the financial stipulations of the business, enhance capital acquisition, make effective investment decisions and efficient management of cash. This attributes posed by the finance managers are essential for the operation and running the firm enhancing achievement of organizations goals and objectives.

Management accounting

This indicates the individuals who use the information to make the firms decisions. Preparation of the accounting information is based on offering the decision makers to make effective decisions. After the managers have understood the financial accounting with every aspect entailed understood, the managers can proceed to this stage. This can be achieved on the preceding three weeks of the training under the project. Under this aspect the managers who are basically the users of the information recorded on the accounting process in relation to documents prepared on the financial accounting can be educated on the essence behind the information and how to use the information. The decision made under the specifications of the data collected and information generated is normally effective if the managers analyse and discover the essence of the information. The managers through the use of the recorded data on the financial accounting can be able to analyse the information and make short-term decisions,

planning, long-term decisions and investment decisions. The managers will be equipped with the current trends under managerial management such as; dynamic external and internal business environments decision making, increased emphasize on services, the global competitions, advancements in technology and electronic commerce and the changes in business process. The managers will be equipped with the standards of ethical conducts on their professional accountants such as competency, confidentiality, integrity and objectivity. The managers will also understand the ethics significant to management accountants and how they apply on the overall business development. This ensures that the manager ensures that their decisions and those of the accountants are in relation to the ethics and responsibilities ensuring transparency and competency. These are numerous benefits upon enactment and implementation. Understanding the management accounting is essential for the managers of Sugarsweet Ltd in relation to their models and means of analysing financial reports and making effective decisions, (Kotter et al, 2002).

Essence of implementing the lessons learnt to Sugarsweet ltd

- They will be able to develop an effective managerial accounting system based on attributes that will ensure simplicity, cost-effective through accounting of all information and the behavioral implications on the accounting system indicated.
- Make effective management decisions based on the managerial functions such as effectively planning for the resources and effective allocations in relation o the organizational objectives and controlling through evaluating performance based on the feedback

- Effectiveness on the financial operations and plans
- Easy analysis on the financial trend and business position
- Minimization on operational cost
- Effective decision making based on facts as analysed on the financial records
- Increase profits and efficiency in ruling of the firm
- Easy to monitor and identify underperforming sectors within the firm

Under the aspect of management accounting on the preceding three weeks of the training, the managers will be able to reflect more outstanding competency developments on their financial and accounting department. This is in relation to the benefits attached on the aspect, these will enhance effective decision making and the preceding significant aspects on their accounting sector in relation to ethics and responsibility, (Williams et al. 1999).

- Enhanced ethical behavior which is paramount on the accountants within every firm, reflecting this aspect on to their firm (Sugarsweet) will enhance competitiveness and competency within the firm.
- Accurate reporting through effective accounting from efficient and competent accountants to make business decisions
- Establishing ethical integrity enhancing better and easy running of the organization
- Using the financial reports in the planning and control performance such as the budgets
- Effective assessed activities on the firms' value-chain functions such as, provision of estimates on research and development, offering feedbacks on

cost and other operations, continuous improvements and development and effective planning for efficient distribution of the product

- Enhancing effective relationship with the external environment stakeholders

Financial management implementation of the learnt features in to the firm offers tremendous merits to the firm. This will enhance effective and efficient management of cash or funds within the business. The business will enjoy the preceding benefits upon implementation of the learnt aspects:

- Effective financial planning which promotes enterprise
 - Acquisition of funds and other resources used for the development of the business
 - Enhanced and efficient proper use of the funds, hence improving operational efficiency of the business
 - Improving profitability through effectiveness and proper utilization of funds by business concerns
 - Making sound financial decisions that implicates positive response on the business concern
 - Increasing the value of the firm through increased creation of wealth of the stakeholders and the business welfare
 - Promoting savings through promoting corporate and individual savings
- The one-week of the training will to be used to analyse the learnt aspects and how are reflected on the firm and measure of performance, (Stanley & Wisner, 2002).

Conclusion

The stipulated benefits analysed in relation to the significance of each feature learnt proffers the marginal development and growth projected to be experienced by Sugarsweet Ltd. These benefits are in relation to some of the aspects that the managers will be exposed to under the ten-week training among other financial awareness features that revolve around the accounting concept. This will promote competency and transparency on the financial department within the firm. The managers will be rich of skills and knowledge that accompanies effective awareness on financial matters within the organization increasing profit and effective running of the organization.

References

Kotter, John P. & Dan S. Cohen. (2002). *The Heart of Change*. Boston: Harvard Business School Publishing.

Leenders M. R., Fearon, H. E., Flynn A. E., & Johnson P. F.(2002). *Purchasing and supply management*. Chicago, IL., McGraw-Hill Irwin.

Stanley, L. L. & Wisner, J. D. (2002). The determinants of service quality: issues for purchasing. *European Journal of Purchasing and Supply Management*, 8, (2), pp. 97-109.

Williams, A. R. T., Dale, B. G., & Van Der Wiele, T. (1999). Total quality: the resilience factor. *Journal of Business Performance*, 3, (2), pp. 22-30.

Kleiman, L. S.(2010). *Management and executive development*. Reference for Business: Encyclopedia of Business