Contemporary issues in financial management-integration management and the pathfi…

Finance

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Integration Management and the Pathfinder Model for GE Capital Integration Management and the Pathfinder Model for GECapitalIntegrated Financial management is carried out by the use of Integrated Financial Management Systems (IFMS). This refers to an IT based budgeting and accounting system which performs the function of managing financial expenditure. GE Capital is a provider of paraphernalia and portfolio financing, funds for corporate procurements, refinancing and reforms, and services to manage vehicle fleets and other gear. Integration management is brought about by the necessity to regulate various processes through a coordinated formula. In this phenomenon, communication is of the utmost importance, El-Naggar W. PM book 5th Ed. The pathfinder model is a four-step sequential process that deals with the acquisition process. GE Capital over the history of its existence has made over 100 acquisitions, a move that has seen the entity expand its workforce by 30% resulting in its expansion into the global market and doubling of its net income. This has seen GE Capital venture into the acquisition business as it seeks to expand its horizons. They aim to do this by creating an integrated acquisition process that is replicable. GE Capital being a product of similar acquisitions makes it a veteran in this field, Ashkenas R. et al. (January 1998). The first step in application of the Pathfinder Model is the pre-acquisition stage which starts off with cultural evaluation where there is an assessment of the strengths and weaknesses of an entity and it results in the formulation of a communication strategy. The subsequent phase is strategy formulation that entails the resourcing aspect of the acquisition. Thirdly, there is a rapid integration where process mapping is used to hasten programming and initiate a temporary management interchange. Finally, assimilation takes route and within it is the integration auditing and a long-term management interchange is initialized. Financial StrategyThe acquisition process is carried out by Business Development officers who are under the docket of the vice presidents. They carry out a survey through which they gather material that will enable them to negotiate acquisitions for the firm. The GeIco AcquisitionThe framework for this particular acquisition waved a new idea on integration. The idea was based on the observation that there were predictable issues that could have been detected prior the closure of the deal. The GeIco acquisition proved to be a turning point for GE Capital and it caused the company to extend the planning process further into the due-diligence period. The GeIco deal resulted into the introduction of end-of-day meetings whose purpose was for the heads of due-diligence teams to ponder upon the lessons of the day and to bring forth management plans for new acquisitions. This realization was a major breakthrough that shaped future procurements made by the firm. Financial Nature of the GeIco AcquisitionOn October1, 2007, GE Capital finalized the acquisition of GeIco. GeIco provides a flexible on-demand expense management solution that enables establishments to regulate costs by gaining dispensation proficiencies, netting spending data for scrutiny and certifying policy compliance. GE Capital incorporated this in their income statements soon after the procurement. The contract was a financial agreement of $168 million to be paid to GeIco. GE Capital paid $162. 5 million in 2008 and finalized the payments on 30th September of the same year. GeIco offered diverse levels of subcontracting and is capable of providing an assortment of services to streamline the expenditure management procedure, including: outflow data capture, multi-currency compensation, card imbursement processing, reporting and enquiry, receipt imaging and management, and stock review. The financial strategy adopted was grounded on the 1st October, 2007 estimation of the fair worth of the assets of GeIco. GE Capital paid a surplus of $108. 3 million in addition to the estimates from goodwill. However, this move was strategic and intended to be an allowance for uncollectible accounts receivable, tardy returns and deferred taxes. There was a bargain of $30. 8 million associated with the valuation grant for delayed tax moneys as a result of the projected increase in incomes due to the GeIco Acquisition. Work EthicsThe company has a very specific process for carrying out procurements. It starts off with the selection of integration executives; the high-potential individual and the veteran hand. The high-potential manager is one with high-end skills and is intended to be a prospective business leader. This personnel is of the essence in the less complex acquisitions. For high prospect procurements, the experienced hand takes on the task. The complex acquisitions are those that involve multiple dealings. A common feature of the two managers is that they have both served in due diligence teams. This is actually a requirement and it is based on the firm’s sensitivity on procurement deals. GE Capital handles each procurement under these guidelines and it is the reason behind the company’s success. Ashkenas R. et al. (January 1998). Another lesson learnt from this procurement is that Integration Management is a full-time job. This is to ensure that there is someone who will oversee the merger and monitor the functioning and overall success of the procurement deal. This was also in light of the fact that the due-diligence team is by default only valid during the acquisition process and is disbanded soon afterwards.

ReferencesAshkenas, R. et al. (January 1998), Harvard Business Review on Strategies for Growth. Retrieved from, https://books. google. co. ke/books?id= ZHntS8DhRS4C&pg= PA122&lpg= PA122&dq= pathfinder+model+ge+capital&source= bl&ots= _l4VequfZm&sig= zlzf99DmDAyOZUH7izDPPf-Gkqk&hl= en&sa= X&ei= pTaIVIurO4P-UtiTg7gP&redir_esc= y#v= onepage&q= pathfinder%20model%20ge %20capital&f= falseEl-Naggar, W. Project Integration Management, PM book 5th Ed. Samuel, R. (27th August, 2012), Pathfinder Model for PMI. Retrieved from, http://cassreflections. com/2012/08/27/cass-reflections-wk101-pathfinder-model-for-pmi/