

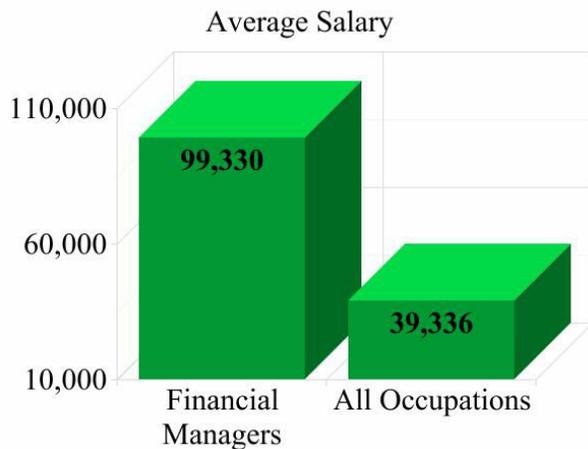
Financial Managers

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WHAT THEY DO

Almost every firm, government agency, and other type of organization employs one or more financial managers. Financial managers oversee the preparation of financial reports, direct investment activities, and implement cash management strategies. Managers also develop strategies and implement the long-term goals of their organization.

The duties of financial managers vary with their specific titles, which include controller, treasurer or finance officer, credit manager, cash manager, risk and insurance manager, and manager of international banking. Controllers direct the preparation of financial reports, such as income statements, balance sheets, and analyses of future earnings or expenses, that summarize and forecast the organization's financial position. Controllers also are in charge of preparing special reports required by regulatory authorities. Often, controllers oversee the accounting, audit, and budget departments. Treasurers and finance officers direct their organization's budgets to meet its financial goals. They oversee the investment of funds, manage associated risks, supervise cash management activities, execute capital-raising strategies to support the firm's expansion, and deal with mergers and acquisitions. Credit managers oversee the firm's issuance of credit, establishing credit-rating criteria, determining credit ceilings, and monitoring the collections of past-due accounts.



Cash managers monitor and control the flow of cash receipts and disbursements to meet the business and investment needs of their firm. For example, cash flow projections are needed to determine whether loans must be obtained to meet cash requirements or whether surplus cash can be invested. Risk and insurance managers oversee programs to minimize risks and losses that might arise from financial transactions and business operations.

Financial institutions—such as commercial banks, savings and loan associations, credit unions, and mortgage and finance companies—employ additional financial managers who oversee various functions, such as lending, trusts, mortgages, and investments, or programs, including sales, operations, or electronic financial services. These managers may solicit business, authorize loans, and direct the investment of funds, always adhering to Federal and State laws and regulations.

Branch managers of financial institutions administer and manage all of the functions of a branch office. Job duties may include hiring personnel, approving loans and lines of credit, establishing a rapport with the community to attract business, and assisting customers with account problems. Branch managers also are becoming more oriented toward sales and marketing. As a result, it is important that they have substantial knowledge about the types of products that the bank sells. Financial managers who work for financial institutions must keep abreast of the rapidly growing array of financial services and products.

In addition to the preceding duties, financial managers perform tasks unique to their organization or industry. For example, government financial managers must be experts on the government appropriations and budgeting processes, whereas healthcare financial managers must be knowledgeable about issues surrounding healthcare financing. Moreover, financial managers must be aware of special tax laws and regulations that affect their industry.

Financial managers play an important role in mergers and consolidations and in global expansion and related financing. These areas require extensive, specialized knowledge to reduce risks and maximize profit. Financial managers increasingly are hired on a temporary basis to advise senior managers on these and other matters. In fact, some small firms contract out all their accounting and financial functions to companies that provide such services.

EDUCATION REQUIRED

A bachelor's degree in finance, accounting, economics, or business administration is the minimum academic preparation for financial managers. However, many employers now seek graduates with a master's degree, preferably in business administration, finance, or economics. These academic programs develop analytical skills and teach financial analysis methods and technology.

Experience may be more important than formal education for some financial manager positions—most notably, branch managers in banks. Banks typically fill branch manager positions by promoting experienced loan officers and other professionals who excel at their jobs. Other financial managers may enter the profession through formal management training programs offered by the company.

Financial Managers - Continued

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OTHER USEFUL SKILLS

Candidates for financial management positions need many different skills. Interpersonal skills are important because these jobs involve managing people and working as part of a team to solve problems. Financial managers must have excellent communication skills to explain complex financial data. Because financial managers work extensively with various departments in their firm, a broad understanding of business is essential.

Financial managers should be creative thinkers and problem-solvers, applying their analytical skills to business. Financial managers must have knowledge of international finance because financial operations are increasingly being affected by the global economy. In addition, a good knowledge of regulatory compliance procedures is essential.

HOW TO ADVANCE

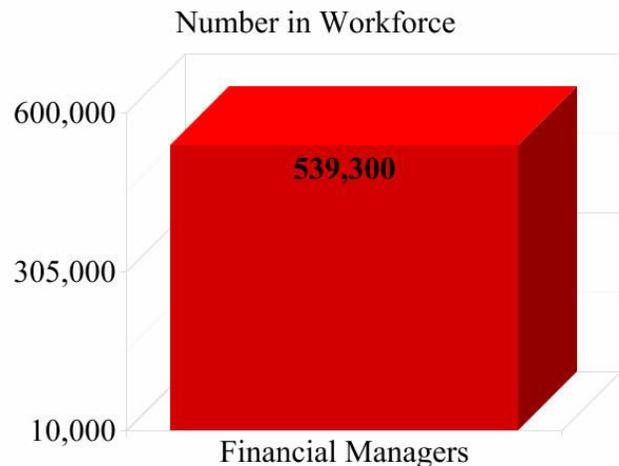
Financial managers may broaden their skills and exhibit their competency by attaining professional certification. Many associations offer professional certification programs. For example, the CFA Institute confers the Chartered Financial Analyst designation on investment professionals who have at least a bachelor's degree, work experience, and pass three difficult exams. The Association for Financial Professionals confers the Certified Treasury Professional credentials to those who pass a computer-based exam and have a minimum of 2 years of relevant experience. Continuing education is required to maintain these credentials. Also, financial managers who specialize in accounting or budgeting sometimes earn the Certified Management Accountant (CMA) designation. The CMA is offered by the Institute of Management Accountants to its members who have a bachelor's degree, at least 2 years of work experience, pass the institute's four-part examination, and fulfill continuing education requirements.

Continuing education is vital to financial managers, who must cope with the growing complexity of global trade, changes in Federal and State laws and regulations, and the proliferation of new and complex financial instruments. Firms often provide opportunities for workers to broaden their knowledge and skills by encouraging them to take graduate courses and attend conferences related to their specialty. Financial management, banking, and credit union associations, often in cooperation with colleges and universities, sponsor numerous national and local training programs. Subjects covered by training programs include accounting management, budget management, corporate cash management, financial analysis, international banking, and information systems. Many firms pay all or part of the costs for employees who successfully complete the courses. Although experience, ability, and leadership are emphasized for promotion, advancement may be accelerated by this type of special study.

JOB GROWTH

Employment of financial managers over the 2008–18 decade is expected to grow by 8 percent, which is as fast as the average for all occupations. Regulatory changes and the expansion and globalization of finance and companies will increase the need for financial expertise and drive job growth. As the economy expands, both the growth of established companies and the creation of new businesses will spur demand for financial managers. Employment of bank branch managers is expected to increase because banks are creating new branches. However, mergers, acquisitions, and corporate downsizing are likely to restrict the employment growth of financial managers to some extent.

Long-run demand for financial managers in the securities and commodities industry will continue to be driven by the need to handle increasingly complex financial transactions and manage a growing amount of investments. Financial managers also will be needed to handle mergers and acquisitions, raise capital, and assess global financial transactions. Employment of risk managers, who assess risks for insurance and investment purposes, also will grow.



Some companies may hire financial managers on a temporary basis, to see the organization through a short-term crisis or to offer suggestions for boosting profits. Other companies may contract out all accounting and financial operations. Even in these cases, however, financial managers may be needed to oversee the contracts.

As with other managerial occupations, jobseekers are likely to face competition because the number of job openings is expected to be less than the number of applicants. Candidates with expertise in accounting and finance should enjoy the best job prospects. An understanding of international finance, derivatives, and complex financial instruments is important.