

TOPIC

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Introduction to Financial Management (1)

财务管理概述 (1)



新闻视听

News in Media

How much is a trillion?

CNN's Christine Romans speaks to a math expert to break down how big a trillion dollars is. [⊖]



名人名言

Wisdom

Money begets (or breeds or gets) money.

—Anonymous

Boundless risk must pay for boundless gain.

—William Morris (1834—1896, British poet)

[⊖] <http://www.kekenet.com/Article/200902/61926.shtml>



微型案例

Mini Case

Dell Computer manufactures, sells, and services personal computers. The company markets directly to its customers and builds computers after receiving a customer order. This build-to-order model enables Dell to have much smaller investment in working capital than its competitors. Dell has grown quickly and has been able to finance that growth internally by its efficient use of working capital and its profitability.



概 览

Overview

Business firms make decisions every day. Virtually all business decisions have financial implications. Consequently, finance matters to everybody. We start our study of financial management by discussing the meaning of financial management and the role of the financial manager. We then discuss three major types of decisions: long-term investment decisions, long-term financing decisions, and working capital management decisions.

正文 Text

1.1 Financial Management and Financial Manager

Financial management is an integrated decision-making process concerned with acquiring, financing, and managing assets to accomplish some overall goal within a business entity. Other names for financial management include managerial finance, corporate finance, and business finance. Making financial decisions is an integral part of all forms and sizes of business organizations from small privately-held firms to large publicly-traded corporations.

The person associated with the financial management function is usually a top officer of the firm such as a vice president of finance or **chief financial officer (CFO)**. This individual typically reports directly to the president or the **chief executive officer (CEO)**. In today's rapidly changing environment, the financial manager must have the flexibility to adapt to external factors such as economic uncertainty, global competition, technological change, volatility of interest and exchange rates, changes in laws and regulations, and ethical concerns. As the head of one of the major functional areas of the firm, the financial manager plays a pivotal leadership role in a company's overall efforts to achieve its goals.

The duties and responsibilities of the financial manager are far reaching. In broad terms, the two main functions of the financial manager concern acquiring and allocating funds among a firm's activities. This individual has policy-making duties regarding these functions. The financial manager also acts as a liaison between others in the finance department and management personnel from other departments.

To enable you to better understand the role of financial manager, we will let you know where the financial manager belongs in the organizational structure of a company in the next topic.

1.2 Financial Management Decision

Financial management involves three major types of decisions: (1) long-term investment decisions, (2) long-term financing decisions, and (3) working capital management decisions. These decisions concern the acquisition and allocation of resources among the firm's various activities. The first two decisions are long term in nature and the third is short term. Managers should not consider these decisions on a piecemeal basis but as an integrated whole because they are seldom independent of one another. Investment decisions typically affect financing decisions and vice versa. For example, a decision to build a new plant or to buy new equipment requires other decisions on how to obtain the funds needed to finance the project and to manage the asset once acquired.

1.2.1 Investment Decisions

Long-term investment decisions involve determining the type and amount of assets that the firm wants to hold. That is, investing concerns allocating or using funds. The financial manager makes investment decisions about all types of assets — items on the left-hand side of the balance sheet. These decisions often involve buying, holding, reducing, replacing, selling, and managing assets. The process of planning and managing a firm's long-term investments is called capital budgeting. Common questions involving long-term investments include:

- In what lines of business should the firm engage?
- Should the firm acquire other companies?
- What sorts of property, plant, and equipment should the firm hold?
- Should the firm modernize or sell an old production facility?
- Should the firm introduce a more efficient distribution system than the current one?

Making investment decisions requires applying a key principle of financial management. The investment principle states that the firm should invest in assets and projects yielding a return greater than the minimum acceptable **hurdle rate**. A hurdle rate is the minimum acceptable rate of return for investing resources in a project. The financial manager should set the hurdle rate to reflect the risk of

the project with higher hurdle rates for riskier projects.

1.2.2 Financing Decisions

Long-term financing decisions involve the acquisition of funds needed to support long-term investments. Such decisions concern the firm's capital structure, which is the mix of long-term debt and equity the firm uses to finance its operations. These sources of financing are shown on the right-hand side of the balance sheet. Firms have much flexibility in choosing a capital structure.

Typical financing questions facing the financial manager include:

- Does the type of financing used make a difference?
- Is the existing capital structure the right one?
- How and where should the firm raise money?
- Should the firm use funds raised through its revenues?
- Should the firm raise money from outside the business?
- If the firm seeks external financing, should it bring in other owners or borrow the money?

The financial manager can obtain the needed funds for its investments and operations either internally or externally. Internally generated funds represent the amount of earnings that the firm decides to retain after paying a cash dividend, if any, to its stockholders. Dividend policy is intimately connected to a firm's investment and financing decisions because the dividend-payout ratio determines the amount of earnings that a firm can retain. According to the dividend principle, a firm should return cash to the owners if there are not enough investments that earn the hurdle rate. For publicly traded firms, a firm has the option of returning cash to owners either through dividends or stock repurchases. The form of return depends largely on the characteristics of the firm's stockholders.

If the firm decides to raise funds externally, the financial manager can do so by incurring debts, such as through bank loans or the sale of bonds, or by selling ownership interests through a stock offering. The choice of financing method involves various **tradeoffs**. For example, a firm must repay debt with interest over a specific period without typically sharing control with the lender. By issuing common stock, the firm dilutes the control of current owners but does not have to repay the funds obtained from the stock sale.

When making financing decisions, managers should keep the financing principle in mind. The financing principle states that the financial manager should choose a **financing mix** that maximizes the value of the investments made and matches the financing to the assets being financed. Matching the cash inflows from the assets being financed with the cash outflows used to finance these assets reduces the potential risk.

1.2.3 Working Capital Management Decisions

So far we have focused on long-term investment and financing decisions. Now we turn to the day-to-day investment and financing decisions of a firm. Decisions involving a firm's short-term assets and liabilities refer to **working capital management**. **Net working capital** is defined as current assets minus current liabilities. The financial manager has varying degrees of operating responsibility over current assets and liabilities. Some key questions that the financial manager faces involving working capital management include:

- How much of a firm's total assets should the firm hold in each type of current asset such as cash, marketable securities, and inventory?
- How much credit should the firm grant to customers?
- How should the firm obtain needed short-term financing?

In summary, some of the more important concerns of financial management can be distilled into three questions:

1. What long-term investments should the firm undertake? (Investment decisions)
2. How should the firm raise money to fund these investments? (Financing decisions)
3. How should the firm manage its short-term assets and liabilities? (Working capital management decisions)

The financial manager's role is to help answer these and other important questions facing the firm. The balance-sheet model shown in Figure 1-1 is one way to graphically portray the three major types of decisions facing the financial manager and their effects on the firm.

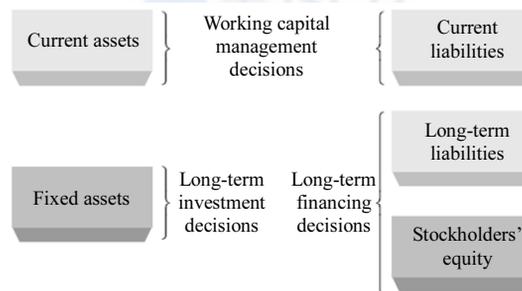


Figure 1-1 The balance-sheet model: Assets = Liabilities + Stockholders' Equity

As Figure 1-1 shows, the firm's long-term investment decisions concern the left-hand side of the balance sheet and the result in fixed assets. Fixed assets last for a long time and can result in tangible fixed assets, such as buildings, machinery and equipment, and intangible fixed assets, such as patents and trademarks. The firm's long-term financing decisions concern the right-hand side of the balancesheet.

That is, the financial manager can obtain funds to pay for investments from creditors (long-term liabilities) or owners (stockholders' equity). Decisions involving short-lived assets and liabilities are working capital management decisions.

1.3 Risk-Return Tradeoff

At the heart of most financial decisions is the concern about two specific factors: risk and return. An underlying assumption of finance is that investors should demand compensation for bearing risk. According to the concept of **risk aversion**, investors should expect a higher return for taking on higher levels of risk. Although considerable debate exists over the precise model for estimating risk and return, few contest the notion of a **risk-return tradeoff**. When making financial decisions, managers should assess the potential risk and rewards associated with these decisions. In fact, the foundation for maximizing shareholder wealth lies in understanding tradeoffs between risk and return.



核心词汇

Core Words and Expressions

financial management 财务管理

decision-making 决策, 决策的

acquire 获得, 取得 (在财务中有时指购买; 名词形式是 acquisition, 意为收购)

publicly traded corporations 公开上市公司, 公众公司, 上市公司 (其他的表达法如, listed corporation, public corporation, etc.)

vice president of finance 财务副总裁

chief financial officer (CFO) 首席财务官

chief executive officer (CEO) 首席执行官

pivotal 关键的, 枢纽的

allocate (资源、权利等) 配置 (名词形式是 allocation, 如 capital allocation, 意为资本配置)

volatility 易变性, 不稳定性 (形容词形式是 volatile, 意为可变的、不稳定的)

balance sheet 资产负债表

capital budgeting 资本预算

working capital management 营运资本管理

hurdle rate 门槛利率, 最低报酬率

capital structure 资本结构

mix of debt and equity 负债与股票的组合

cash dividend 现金股利

stockholder 股东 (也可以用 shareholder)

dividend policy 股利政策

dividend-payout ratio 股利支付比率

stock repurchase 股票回购 (也可以用 stock buyback)

stock offering 股票发行

tradeoff 权衡, 折中

common stock 普通股

current asset 流动资产

current liability 流动负债

marketable security 流动性证券, 有价证券

inventory 存货

tangible fixed assets 有形固定资产

intangible fixed assets 无形固定资产

patent 专利

trademark 商标

creditor 债权人

stockholders' equity 股东权益

financing mix 融资组合（指负债与所有者权益的比例关系）

risk aversion 风险规避



即时问答

Quick Quiz

1. What are the responsibilities of the major financial managers?
2. What are the two major decisions made by the financial managers?
3. Please explain the term of “finance”. Explain how this field affects every organization.
4. What is the financial services area of finance?
5. Describe the fields of managerial finance. Compare and contrast this field with financial services.
6. Why is the study of managerial finance important regardless of the specific area of responsibility one has within the business firm?



思考与探索

Thinking and Exploration

Foreign Company A and Chinese company C planed to establish a joint venture B. A would invest US\$3.5 million, while C US \$1.5 million. The products of B would be exported totally with a foreign brand. To express its sincerity, C decided to give company D to B as a gift, which C had operated over ten years. Though similar to what B would produce, D's products were mainly sold on the domestic market. In addition, D's financial statements showed that the total assets was RMB ¥100 million, among which accounts receivable were 40 million, and the rate of recovery estimated was 50%; the total liability was RMB ¥-130 million. Besides, the manager of D claimed that the true value of D was higher than its book value because of its brand, distribution network, governance model, technique and so on. If you were in charge of company A, would you accept such a gift?



汉译英

Translation

如果你要创立一家生产皮鞋的公司，那么你首先要明确以下四个基本的公司财务问题。

- 第一, 公司的目标是什么?
- 第二, 公司将要采取怎样的长期投资战略?
- 第三, 怎样筹措投资所需的资金?
- 第四, 公司运营所需的短期现金流量是多少?



知识扩展

More Knowledge

与 Finance 有关的词汇与术语的解释

Webster 字典将“to finance”定义为“筹集或提供资本(to raise or provide funds or capital for)”。《华尔街日报》在其 *Corporate Finance* 的固定版面中将 Corporate Finance 定义为“为企业提供融资的业务”(business of financing businesses), 这一定义基本上代表了金融实业界的看法。代表学界对 finance 的权威解释可参照《新帕尔格雷夫经济学大辞典》(*The New Palgrave: A Dictionary of Economics*) 的“finance”词条。该词条由美国著名财务专家斯蒂芬 A. 罗斯(Stephen A. Ross) 撰写, 该词条称“finance”以其不同的中心点和方法论而成为经济学的一个分支, 其中心点是资本市场的运营、资本资产的供给和定价; 其方法论是使用相近的替代物给财务契约和工具定价。罗斯概括了“finance”的四大主题: 有效市场、收益和风险、期权定价理论和公司理财。罗斯的观点集中体现了西方学者界定“finance”倚重微观内涵及资本市场的特质。

在英文中, “finance”一词与不同的修饰词搭配, 翻译成中文时有不同的译法。现归纳如下。

finance 财务, 金融, 财政

一般情况下, 与企业相关的理财范畴翻译成“财务”, 相关的术语如下:

financial management 财务管理 corporate finance 公司理财

managerial finance 管理财务 business finance 企业财务

一般情况下, 与货币市场、资本市场等相关的理财范畴翻译成“金融”, 相关的术语如下:

financial market 金融市场 financial institution 金融机构

financial instrument 金融工具 financial derivative 金融衍生工具

一般情况下, 与宏观经济政策有关的理财范畴翻译成“财政”, 相关的术语如下:

public finance 公共财政

用英文表达“融资”这一行为时, 用 finance 的动名词形式: financing

Finance 的学科领域划分

按照理财主体的不同, 理财学科可以划分为: (1) 公共理财, 或者叫财政, 其主体是政府(作为公共事务管理者), 一般称为公共财政(public finance); (2) 公司理财, 研究的是营利性

组织的理财，一般称为企业理财、公司理财等；（3）非营利组织的理财，研究的是不以盈利为目的的组织的理财活动，一般称为非营利组织理财或者非营利组织财务管理；（4）家庭或者个人理财（personal finance）。

目前，西方企业理财学界一般把理财学科分为以下三个部分：金融市场学、投资学和公司理财学。其中，金融市场学是研究市场经济条件下金融市场运行机制及各主体行为规律的学科；投资学是专门研究资金投放的学科，它是不同主体理财中共有的一个环节；公司理财学是专门研究公司如何有效地筹集和配置财务资源和公正地处理财务关系的学科。

财务经济学（financial economics）与财务管理学（financial management）

财务学作为研究企业自身独立的资本配置活动的学科，主要包括两个主要的分支：作为理论基础的财务经济学和作为应用技术和方法的企业财务管理学（或者称为管理财务学，managerial finance）。

财务经济学作为企业财务的基础理论，凸显出微观经济学的基本属性，它主要借助微观经济学的基本原理和分析方法，研究企业资本筹措和投放及其配置效率的问题。在企业财务理论中，作为主体的公司属于微观经济学中“厂商”的范畴，它被置于一种特殊的市场——金融市场，通过在供给、需求、竞争、成本、定价和效用等领域的分析和决策，最终完成有限的财务资源的合理配置。

财务管理学则涉及理财中的政策和控制问题，包括财务经济学基本原理的实际应用。财务管理学属于企业管理学的分支，与企业生产与运作管理、企业营销管理和企业人力资源管理等并列。企业财务管理实际上就是企业的理财行为，即为了实现企业资本有效配置而努力的过程。

国际上通行的财务管理与会计资格认证

1. 美国特许金融分析师（Chartered Financial Analyst, CFA）美国特许金融分析师是指从事证券投资决策管理的从业人员，主要包括基金经理、证券分析师、财务总监、投资顾问、投资银行家和交易员等。特许金融分析师资格被称为“华尔街的入场券”。

2. 国际财务管理师（International Finance Manager, IFM）国际财务管理师是国际财务管理专业领域的一套职业资格认证体系，由国际财务管理协会（International Financial Management Association, IFMA）创建并在全球推行。

3. 英国会计师 英国会计师是指属于英国本土会计师专业团体的会员统称。英国是世界上最早创立会计师制度的国家，早在 1854 年，苏格兰特许会计师协会（Institute of Chartered Accountants of Scotland, ICAS）便在英国苏格兰的爱丁堡市创立。

除此之外，英国也是会计师专业发展最发达的地区。由于英国政府采用会计师专业团体多元竞争的特色，促使在英国境内出现了世界上两大会计师公会：欧洲最大的会计师公会——英格兰及威尔士特许会计师协会（ICAEW）；世界上规模最大的国际专业会计师公会——特许公认会

计师公会 (Association of Chartered Certified Accountants, ACCA)。

英国特许公认会计师公会成立于 1904 年, 是目前世界上领先的专业会计师团体, 也是国际上海外学员最多、学员规模发展最快的专业会计师组织。英国立法许可 ACCA 会员从事审计、投资顾问和破产执行的工作。ACCA 会员资格得到欧盟立法以及许多国家公司法的承认。

4. 加拿大注册会计师 (Certified General Accountant, CGA) 加拿大注册会计师协会是加拿大第二大会计师组织, 成立于 1908 年, 是经加拿大国会批准的专业会计团体, 1913 年获得了加拿大联邦政府的特许, 该协会持有对会员认证的权力。CGA 是国际公认的会计师资格, 可以在加拿大及世界各地从事财务方面的工作。

5. 中国注册会计师 (Chinese Institute of Certificate Public Accountants, CICPA) 中国注册会计师是指依法取得中国注册会计师证书并接受委托从事审计和会计咨询、会计服务业等的执业人员。中国注册会计师目前还不是国际上通行的会计资格, 但是中国注册会计师协会目前正在与国际公认的会计组织进行合作, 并取得了一些进展。

会计师、注册会计师与财务领域专业资格的区别

会计师的服务对象是企业外部的资产委托人, 总体目标是满足外部利益相关人对企业财务状况和经营成果信息的需要, 主要职责是定期编制会计报告, 侧重于经济活动的核算与披露。

注册会计师的工作是一种社会公信行为, 主要职责是鉴证企业的财务报告, 出具审计报告, 判断企业财务报告是否符合公认的会计准则。

以国际财务管理师为例, 服务对象是企业经营决策者, 总体工作目标是通过资金运作来提高企业的总体价值。而美国特许金融分析师则主要服务于证券投资的分析、决策与管理。



相关网址

Useful Websites

国际财务管理协会的官方网站 <http://www.fma.org>, 其中 fma 即 financial management association, 它提供国际财务管理方面的最新进展, 并且拥有大量的有关这方面的信息。另外, 该网站还提供 FM (*Financial Management*)、JAF (*The Journal of Applied Finance*) 等杂志的网上出版文本。