

Book Review – The McGraw-Hill 36-Hour Course : Finance for Nonfinancial Managers

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Abstract

The book : *The McGraw-Hill 36-Hour Course : Finance for Nonfinancial Managers* is a step-by-step, easy-to-understand book on what the numbers intend to your organization and to you. The present prominent bookkeeping scandals of recent years have made one thing clear : you can't know a lot about the organization for which you work. What are the numbers and how would they influence you and your executive ? Be that as it may, who has the time ? In case you are similar to most managers, this book is designed for people interested in finance and investment. It provides an opportunity for the uninitiated readers to understand the basics of financial markets. This is a vast subject; still, efforts are made to cover the most important topic in a simplified manner to equip the readers with the fundamentals of finance. I accept that there is an extraordinary requirement for better correspondence among money related and nonfinancial experts for a better tool to help the nonfinancial managers comprehend the language of funds, and for the monetary experts to become familiar with the terms that are important for the nonfinancial managers. This book will equip non - financial professionals with the ability to understand and interpret financial information.

Keywords : business executives, financial health, performance, nonfinancial managers

JEL Classification: G4, M4, Y3

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Book : *The McGraw-Hill 36-Hour Course : Finance for Nonfinancial Managers*

Author : Robert A. Cooke

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Tomorrow is turbulent and today is in transition. Tomorrow begins with the end of the day. The day ushers in darkness before a new morning arrives. The tide of upheaval with hopes and fear is at the threshold of tomorrow. This book brings in new insights into organizational turnaround for nonfinancial managers.

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What is created today is the outcome of what was done yesterday.

Finance is becoming increasingly creative in today's knowledge-based economy. Today, organizations and workers are increasingly knowledge-based. Unlike manual workers who use physical force or manual skills and need to focus on efficiency, knowledge workers use finance knowledge and concepts to create solutions. This book has helped many non - finance executives to improve their effectiveness in the financial world. The book enables readers to correlate newspaper reading with basic accounting information. This book constitutes of 12 chapters.

Chapter 1 – Numbers, Numbers, Numbers : The Why and the How

For managing funds, the first thing you would need is information. Outside data must be gathered from the environment and finance gives inside data about an organization's activities. Funds give important data about an organization's financial exercises to individuals to assist them with settling on better decisions. Chapter 1 clears a path for the book. It discusses how events in the business world today have extended the necessity for financially sagacious administrators. It is never again adequate for a manager to be ignorant of financial terminology if he or she wants to climb the corporate ladder. This chapter talks about the numbers, the why and how. This chapter includes :

- (i) Basic concept of cash accounting and accrual accounting.
- (ii) When to use and not use cash accounting.
- (iii) Financial statements and reports.
- (iv) General Accepted Accounting Principles (GAAP).
- (v) Case study discussion for practice.

Chapter 2 – Chapter 6 : Keeping Score

Chapter 2 – Chapter 6 spread the essential budgetary reports you ought to commonly observe on a month to month premise, on perusing, comprehending, and utilizing the data. Consequently, I recommend Chapters 2 through 6 in order, until you feel comfortable with them. These chapters help the reader to understand the following aspects :

- (i) Keeping score: Understanding sales.
- (ii) Keeping score: Cost of sales.
- (iii) Keeping score: Expenses.
- (iv) Equipments and other things that will be around for years.
- (v) Decision: Enhance your decision making using finance as a key part of your thinking.
- (vi) Risks: Learn how to spot and manage financial risks.

Chapter 7 – The Balance Sheet

Chapter 7 is important to assessing a company's overall financial health. The balance report is a snapshot

indicating what the business claims and what it owes. It claims, for instance, its raw materials, plants, and the cash owed by purchasers who have not yet paid. It owes credits, trade, exchange providers, pay rates, and assessments. For whatever length of time that the net measure of what it possesses (assets) and what it owes (liabilities) is sure, the business will avoid insolvency. The surplus is the sum owed to the owner of a business (equity). Resources, liabilities, and value sums change every day and require the ability and consideration of all supervisors to keep them in the correct proportion.

Chapter 8 – Ownership and Equity

Chapter 8 clarifies the basics of ownership and equity — how they function and why these are so significant in helping an organization control its gross overall revenues. It includes :

- (i) Building equity
- (ii) Corporate equity
- (iii) The board of directors
- (iv) Starting a corporation and issuing of stock
- (v) The equity section of the corporate balance sheet
- (vi) Book value
- (vii) Types of corporations
- (viii) Case study discussion

Chapter 9 & Chapter 10 : Budget Planning & Reporting

Chapters 9 & 10 are about business planning. For surviving in a global market, it is very essential that organizations should be aware of budget planning and reporting. These include:

- (i) Budget planning
- (ii) Long and short range plan
- (iii) Expense budget
- (iv) General & administrative budget
- (v) Zero based budgeting
- (vi) Budget summary
- (vii) Budget report
- (viii) Case study analysis

Chapter 11 and Chapter 12 - Manufacturing & Enterprise Analysis

Chapters 11 and 12 investigate manufacturing & enterprise analysis. These areas are put last with the goal that you initially get a comprehension of the things you regularly plan for. Analysis of an enterprise include :

- (i) The income statement
- (ii) Ratio analysis
- (iii) Inventory turnover
- (iv) Interest coverage
- (v) Return on asset and equity
- (vi) Cash flow statement
- (vii) EDTIDA
- (viii) Can you trust the financial statement ?
- (ix) Case study analysis

Conclusion

The book titled, *The McGraw-Hill 36-Hour Course: Finance for Nonfinancial Managers* is designed for people interested in finance and investments. It provides an opportunity for the uninitiated readers to understand the basics of financial markets. This is a vast subject; still, efforts are made to cover the most important topics in a simplified manner to equip the readers with the fundamentals of finance.

The book provides detailed information about the complexities in this VUCA finance world. The book would be useful to the professionals all around to know the challenges involved in the 21st century and how to overcome these challenges by using various strategies as discussed in the book in the financial world. The various inputs given in the book are of great relevance in day to day practical workplace manifestations. The inputs provided throughout the book are reflections of the actual interface between theories and practices. The reader remains engrossed as his/her curiosity to know about him/her is aroused. Some examples from India provide tangibility and a real feel of the intricacies of managerial practices in India.

To summarize, *The McGraw-Hill 36-Hour Course in Finance for Nonfinancial Managers* is intended to give users a working dominance of all financial fundamentals in only 36 hours, which has now been refreshed and incorporates :

- ✍ GAAP: Generally Accepted Accounting Principles
- ✍ Auditors : Role and responsibility
- ✍ Assess the financial health of a company
- ✍ Flexible budget computation
- ✍ Introduction to investment
- ✍ Financial markets
- ✍ Market intermediaries
- ✍ Equity market
- ✍ Mutual funds
- ✍ Risks in the finance market
- ✍ Derivatives
- ✍ Ownership and equity

- ✦ Budget planning
- ✦ Demystifying results
- ✦ Managerial implications

Applications of the Book for Managers in the 21st Century

Finance for Nonfinancial Managers.... will walk you through the essential concepts of finance in all the specialised areas of management and explain the importance in all streams of management to improve your decision making.

✦ **Marketing :** If you intend to have some expertise in marketing, the primary thing that you wonder about is: how is the cost of an item determined? It isn't constantly founded on what your rivals are being charging or what the market can retain, but also upon the costs that you are bringing about in creating that item. This information originates from the finance department, however, the examination of this data is just upto you.

✦ **Human Resource :** If you want to specialise in HR, the primary thing that worries you is the amount to pay to your workers and how to structure the compensation matrix in order to limit the frequency of expense. You will, likewise, need to figure out how imaginative monetary components can be utilized to compensate your workers like employee stock opportunity plans (ESOPs).

✦ **Information Technology :** If you intend to specialize in information innovation, you would be happy to realize that the primary procedure the organization robotizes is in the bookkeeping process. If you are planning to implement an enterprise resource planning (ERP) package in your organization, the majority of the data that will go in ERP is financial related (quantitative) regardless of whether it is marketing, production, or HR related.

✦ **Operations Management :** If you are planning to specialize in operations management, accounting will help you in scheduling your production, diminish your stock expenses, and give information on cost analysis.

✦ **International Business :** If you want to work in international business, you are essentially going to become familiar with the global parts of the considerable number of elements of the business. So you have to become familiar with the basic aspects of finance and accounting.

Overall, the book is an excellent contribution to the growing literature in strategic finance, and every discerning student, corporate executive, practitioner, entrepreneur, investor, economic manager or policymaker, irrespective of background / current position, finance or non-finance, line or staff, ought to have this book as a valuable possession in his or her private library. It is delighting that this is a well-edited book and the work is undoubtedly educative, learner-friendly, and organisationally well-presented.

The idea of reviewing this book evolved from the repeated persuasions and growing demand of sincere and well-meaning young MBA executives who interacted with me during orientation programmes, which are being conducted by me in different management institutes and universities. Some organizations have already launched a collaborative course with several management institutes to address the financial issues for nonfinancial managers who would take up the challenges of tomorrow. Financial skills are becoming critical for every stakeholder / nonfinancial manager to understand so that they design and deliver innovation to the market effectively and make better contextual decisions in their own function.

Author's Contribution

Dr. Nitin Girdharwal has done the analysis of the book and wrote the book review.

Conflict of Interest

The author certifies that he has no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this manuscript.

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About the Author

Dr. Nitin Girdharwal is an Associate Professor-Research in KIET Group of Institutions, Delhi – NCR, India affiliated to Dr. A.P.J. Abdul Kalam Technical University, Lucknow, India. He holds a Ph.D. (Training & Development) and is UGC – NET (Management) qualified. His research papers have been published in journals indexed in the ABDC Journal Quality List, SCI list of journals, and Scopus indexed journals. Dr. Nitin has so far written three books which are taught at MBA level courses of various universities/institutes. All three books got registered in “CIP Database” (cataloging - in-publication database), New Delhi, India. He is a certified trainer for ISTD - New Delhi, Infosys Leadership Centre - Chandigarh, and Wipro Technologies - Bangalore. Dr. Nitin Girdharwal was appointed as a Chief Coordinator by AICTE, New Delhi for the establishment of Industry - Institute Partnership Cell (IIPC) for two consecutive years & received a grant of ₹ 5,75,000 for the same.