

WILEY FINANCE

# The Real World of Finance

*12 Lessons  
for the 21st Century*

JAMES SAGNER



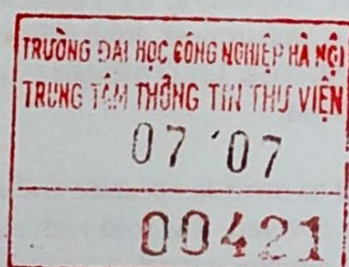
The Real World of  
**finance**

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# The Real World of **finance**

**12 Lessons for the  
21st Century**



**JAMES SAGNER**



**John Wiley & Sons**



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*For Stephen, Amy, and Robert-Paul*

# contents

<b>Acknowledgments</b>	<b>ix</b>
<b>Introduction</b>	<b>1</b>
<b>PART 1</b>	
<b>Managing Financial Activities</b>	<b>15</b>
Lesson 1 Profitability	17
Lesson 2 Working Capital	33
Lesson 3 Financial Responsibilities Outside of Finance	47
Lesson 4 Outsourcing	63
<b>PART 2</b>	
<b>Financing the Corporation</b>	<b>79</b>
Lesson 5 Access to Credit	81
Lesson 6 Noncredit Banking Services	99
Lesson 7 Strategic Planning and Capital Budgeting	114
Lesson 8 Rating Agencies	127
Lesson 9 Investment Banking	141
<b>PART 3</b>	
<b>Facing Twenty-first Century Challenges</b>	<b>157</b>
Lesson 10 Audit and Control	159
Lesson 11 Risk Management	176
Appendix 11A Guide to the Preparation of Policies and Procedures	187
Lesson 12 The Chief Financial Officer's Focus	192
<b>Afterword</b>	<b>206</b>
<b>Index</b>	<b>209</b>



# acknowledgments

This book developed from my teaching and consulting experiences going back three decades. Working with Fortune 500 clients, I have been constantly amazed that finance is almost an afterthought in the everyday world of business—except, of course, for such financial services companies as banks and securities firms.

Business today focuses on three priorities:

- Sell product.
- Install and maintain information systems to tell management where it is and where it may be going.
- Make profits.

Finance is expected to provide permanent capital for investments and to manage working capital to meet ongoing requirements. But it is not supposed to get involved in the management of the business. If you don't believe this, visit the financial function of a company and ask if any senior manager has ever gone on a sales call, toured the manufacturing floor, or talked to an unhappy customer.

When I teach finance courses, I often explain that although the book says "X," the real world operates in a "Y" mode. Students without significant work experience don't understand this. Those who are in corporate positions, usually part-time MBA students, immediately agree. And the question always is: Why doesn't someone write a book based on reality?

My gratitude goes to all of the students and managers I have encountered over the years. They have educated me to a far greater extent than I have ever taught or advised them. I specifically acknowledge the following:



- My first finance course at Washington & Lee University, taught by Professor Leland McCloud, using the text *The Financial Policy of Corporations*, 5th ed., by Arthur S. Dewing (New York: Ronald Press Co., 1953).
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For any and all errors, I am entirely responsible.