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Understanding financial management [book review]

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examine if these issues exist in the future business environment or if there is a better world for Black Market Women in the present and in the future compared with what their ancestors had to face. There is a resource list of organizations for entrepreneurial assistance in Appendix C (pages 219-220), but it is not comprehensively sufficient and is geared primarily to the New York area.

Overall, the inexpensive price of \$40 makes this publication affordable. The title is suitable in academic libraries for undergraduate students enrolled in Women's Studies as well as in public libraries for general understanding of the black business history.

[Review submitted November 2005.]

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UNDERSTANDING FINANCIAL MANAGEMENT: A PRACTICAL GUIDE. Baker, H. Kent and Gary E. Powell. *Blackwell Publishing, 2005, 481 pp., US \$44.95, ISBN 0631231005.*

INTRODUCTION

Financial education is essential not only for accounting and finance students and business managers, but also for individuals who do not have a financial background but who are looking for a better understanding of financial planning and control processes. Companies understand the need of financial education and many of them offer introductory financial courses for their employees. Seminars such as "Accounting for Non-Accounting People" cover basic principles of both financial and management accounting and are becoming very popular in the corporate world. Although *Understanding Financial Management* was written for MBA students or business managers and not for the non-financial individual, some of the principles discussed in this book could be of interest

to anyone trying to learn basic financial principles, such as how to read and understand an annual report, or what the difference is between net income and cash flow.

SCOPE

The author's goal was to create a practical and understandable book for managers and MBA students that would cover the basics of financial management within a business organization. This book deals with decisions involving the raising and allocating of funds in order to create value. It also discusses the interaction between investment, financing, and dividend policy decisions.

CONTENTS AND ORGANIZATION

This book includes chapter's overviews, learning objectives, end-of-chapter review sections, examples of actual business applications, practical tips, key terms, chapter summaries, and references and Web sources for each topic.

The 12 chapters in this book can be divided into four categories: Foundation, Working Capital Management Decisions, Long-Term Investment Decisions and Long-Term Financing Decisions. The first five chapters cover the foundation of financial management: Interpreting financial statements, balance sheets, income statements, cash flow, earnings, financial ratio analysis, and other basic principles. Chapter 6 focuses on working capital management decisions and short-term financing. Chapters 7 through 9 explain long-term investment decisions, such as cash flows, capital budgeting, and risk associated with capital investments. Chapters 10 through 12 deals with long-term financing decisions, such as raising external capital, trading securities, capital budget, and dividend and share repurchase.

ABOUT THE AUTHORS

H. Kent Baker, is University Professor of Finance at the Kogod School of Business, American University. He has taught more than 600 seminars and currently teaches for various CFA review programs. Dr. Baker has written several books and has published more than 150 arti-

cles for academic and professional journals. He received his BSBA from Georgetown University; MBA, MEd, and DBA from the University of Maryland; and MA, MS, and two PhDs from American University. He also holds a CMA designation. Dr. Baker is considered to be one of the most prolific authors in finance journals. Gary E. Powell is Associate Professor of Finance at Towson University. He received a DBA from Kent State University. Dr. Powell is the author of several books and articles.

EVALUATION

This is a great book for MBA students and managers. It covers the basics of financial management and provides the reader with plenty of examples, real-life cases, and financial tips. Librarians will enjoy the references and Web sources available at the end of each chapter. This book is recommended for research libraries supporting MBA programs.

The first chapters of the book are easy to understand and provide the fundamentals needed to make better financial management decisions. The remaining chapters are more complex and required the reader to have a business background. However, because of the simplicity with which the book explains the content of a company's balance sheet, income statement, cash flow, earnings, and net income, it makes a great addition to any business library. Public or academic reference desks could benefit from the first five chapters of this book.

As the common person becomes more conscious of the importance of understanding financial terms and basic, financial statements the need for publications similar to this one will become more critical. Most financial databases include a help area that explains financial terms, but this book provides examples, charts, surveys and real-life applications of those financial terms.

[Review submitted November 2005.]

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