



**THE VIEWS
EXPRESSED
HEREIN ARE
PERSONAL**

WHAT ARE YOUR EXPECTATIONS FROM THIS COURSE?

A bit more about each other
&
norms of the game ...

WHY? ...

- ◎ **Ms Susan Colantuono**, CEO and founder of Leading Women says “**Women represent 50% of middle management and professional positions (in USA), but the percentages of women at the top of organizations represent not even a third of that number.**” Why? ...
- ◎ The Missing 33%™ ...
- ◎ Business+Strategic+Financial Acumen (little prior experience; advice is not given; unexamined mindsets of mentors)
- ◎ *That Partially Answers: Why “Finance” ought to be appreciated by “future” Executives !*

KNOWLEDGE OF FINANCE SHOULD FURTHER HELP TO ...

- ⦿ Catch up with pink paper with stuff like – *top line vanity; bottom line sanity; and cash in the bank is reality.*
- ⦿ Decide whether you should exercise ESOP or not?
- ⦿ *Be mentally present in business meetings.*
- ⦿ Appreciate difference between contract liabilities vis-à-vis contingent liabilities
- ⦿ *That Nearly Answers: Why “Financial Markets and Instruments” ought to be _____!*

SCARY HALLOWEEN COSTUME IDEAS.....

WITCH.



FRANKENSTEIN.



FINANCIAL ADVISER.



HOW DID FINANCE GET HERE?

(ADAPTED FROM [HTTP://SSRN.COM/ABSTRACT=905867](http://ssrn.com/abstract=905867))

- ◎ **Till 1800 AD:** Industrial revolution and joint stock firms concept
- ◎ **1800-1900:** ↑ size of business unit, ↑ capex level, ↑ separation of ownership from management
- ◎ **1900-1950:** ↑ competition, ↑ entry of retail investors
- ◎ **1950-2000:** ↑ research, ↑ competition in finance world, ↑ technology/communication
- ◎ **2000-2020:** ↑ external communication (quantity), ↑ IQ, ↓ internal communication, ↓ intelligence variety
↓ risk & uncertainty awareness

HOW DID FINANCE GET HERE?

([HTTP://SSRN.COM/ABSTRACT=905867](http://ssrn.com/abstract=905867))

- Till 1800 AD: Industrial revolution and joint stock firms concept led to
 - *Barter Exchange*
 - *Double Entry Accounting & Bookkeeping*
- 1800-1900: ↑ size of business unit, ↑ capex level, & ↑ separation of ownership from management meant introduction of
 - *Intermediaries, Stock and Commodity Exchanges*
 - *Financial Reporting Procedures, Management Accounting Systems*
 - *Debentures, Convertibles, & Preference Shares*

HOW DID FINANCE GET HERE?

([HTTP://SSRN.COM/ABSTRACT=905867](http://ssrn.com/abstract=905867))

- ◎ 1900-1950: ↑ Competition and Entry of Retail Investors led to
 - **Regulators, Institutional Intermediaries**
 - *Financial Analysis, Budgeting & Standard Costing*
 - **Common Stock Exchanges**
- ◎ 1950-2000: ↑ Research, ↑ Competition in Finance, ↑ Technology/ Communication meant
 - *Credit Rating, Watch Dogs, Wealth Managers*
 - *Theories – Random Walk, Portfolio, Market Efficiency, MM's Capital Structure and Dividend*
 - *Models – CAPM, Option Pricing, Fama-French*
 - **Derivatives, Swaps, ESOPs, Securitization, LBO, EVA, ABC, SCM, MVA, Hedge Funds, ...**

HOW DID FINANCE GET HERE?

([HTTP://SSRN.COM/ABSTRACT=905867](http://ssrn.com/abstract=905867))

- 2000-2020: ↑ Research (Commercial), ↑ Player size & type of competition in Finance, ↑ Technology/Communication ↑ external communication (quantity), ↑ IQ, ↓ internal communication, ↓ intelligence type, ↓ risk & uncertainty (fortitude experiences)
 - **Digital Currencies, Risk Management Professionals, Alternate Asset Classes, Systemic Risks ...**
 - **PE, VC, Interest in Trading (Quantitative type); Increasing chance of systemic issues; IFRS, Narrower Formats, Compliance Norms, Behavioral Finance, Wider Variety of Quantified Risk Models, Niche Fields (AIM, MFI, SWF, Islamic Fin., etc.), Niche Products (ETFs, REITs, etc.)**

WHAT IS 'CAPITAL' ...

- Finance obtained by a firm
- Three types
- Interest free capital (often, strings attached)
 - ... current liabilities
- Debt capital
 - ... long-term liabilities
- Risk capital
 - ... shareholders funds

HOW WOULD A MODERN CFO LOOK?

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"Gentlemen, meet our new Chief Financial Officer."



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“Sorry, but that does not make you a risk-taker.”



“I call my invention ‘The Wheel,’ but so far I’ve been unable to attract any venture capital.”




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“Let’s change our strategy. You start fetching the paper, and I’ll handle the investments.”

November 1, 2004



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"Listen, I understand that accountants need to have fun, too, but can you take those off until we're done with this?"

THANK YOU

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"We use the term 'human resources' pretty loosely around here."

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Acknowledgements:

- ❖ External: Shri Abhishek Kumar (IIMK 11), Shri Jay Mehta (XL BM 06), Shri D Rama Rao (IIMC 96), Ms Prajna Ojha (XL BM 06) and Shri Syed Shabbirul Haque (IIMC 97)
- ❖ Internal: IIMK Faculty Members Profs Sudershan Kuntaluru, Rachappa Shette, Jijo Lukose and all finance area faculty members