

# MANAGEMENT OUTLOOK



## MORE CAREERS IN FINANCE

Volume 2, Issue 7

Management  
Magazine

### Corporate Finance

A career in corporate finance means you would work for a company to help it find money to run the business, grow the business, make acquisitions, plan for its financial future and manage any cash on hand. You might work for a large multinational company or a smaller player with high growth prospects. Responsibility can come fast and your problem-solving skills will get put to work quickly in corporate finance.

The job of the financial officer is to create value for a company. For example, the finance group at American Electric Power of Columbus, Ohio has four main areas of concentration: liquidity, flexibility, compliance with laws and regulatory support. The goals of the objective are met through four main activities carried out by AEP's Finance Department: 1) designing, implementing and monitoring financial policies, 2) planning and executing the financing program, 3) managing

cash resources, and 4) interfacing with the financial community and investors.

Jobs in corporate finance are also relatively stable while performance in these jobs



count. But it's not like your job is going to depend on whether you're selling enough this week or getting good deals finished this quarter. Rather the key to performing well in corporate finance is to work with a long view of what going to make your

company successful. Many would argue that corporate finance jobs are the most desirable in the entire field of finance.

Some of the benefits of working in corporate finance are:

1. You generally work in teams which help you work with people
2. It's a lot of fun to tackle business problems that really matter
3. You'll have many opportunities to travel and meet people and The pay in corporate finance is generally quite good.

### Corporate Finance: Skills and Talents

A typical job in corporate finance would call for the following skills:

### Puzzle-lovers Wanted

Most corporate finance jobs involve solving problems using a combination of intuition and analytics. If you are good at problem-solving, this may well be the job area for you.



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### Are You a Forrest Gump Type?

Many of us imagine working in a corporation as a boring, routine experience designed for dim-witted, persnickety pencil-pushers in short-sleeved pastel plaid shirts. Not so pal. Rather, you need to be comfortable with ambiguity and rapidly changing environment where tasks change from day to day, maybe hour to hour.

### Geek of the Week? Not Really, But...

Lets not avoid the obvious. You have to be computer literate with spreadsheets, word processors, presentation packages and mainframes in corporate finance. This is especially true for entry level positions where you will need to crunch numbers as you get involved in the details of corporate financial planning, accounting and capital-raising. Execs love to talk about strategy, quality and vision. Funny, but when they interview you expect to be asked "Have you ever written a VBA macro in Excel?" or "Have you used a Reuters or Bloomberg station before?"

### Are You An Impatient, Entrepreneurial Type?

One of the most common complaints among new entrants in corporate finance jobs is that they are surprised by the low level of the work. "I didn't go to school to do this..." is a common refrain. Keep in mind that corporate environments reward longevity and loyalty. Be patient, learn from mentors and invest in yourself along the way. If you complain early on you may never get the break you want that comes from doing a minor task particularly well.

### Why Do Nice People Get the Good Jobs?

The movies portray "killer" operators in corporate environments, getting ahead by manipulation and chicanery. This isn't exactly how it works. People who like people, can communicate their ideas, build deep networks and are passionate about their work get ahead.

### Leader or Follower?

The number one attribute most corporate employers are looking for is initiative. If you can give examples in interviews of situations where you did something plain useful even though no one asked you to, you will be a hot commodity. Have you ever started a business? Or put together a social event that brought people together? Or started a new organization?



### Speak a Foreign Language?

Large corporations in the U.S., Europe and Asia are more globalized than ever and jobs will



often take you across borders. You will obviously be more desirable to a company if you have a command of at least one foreign language and knowledge of international corporate finance. Would you be comfortable managing a bank relationship for your company in Argentina? Or costing new plants in China?



### Risky Business

The last decade has seen a dramatic increase in the sophistication of corporate risk management strategies. How are we going to hedge against fluctuations in the cost of our inputs? And what should we do to protect against foreign currency fluctuations? If you are familiar with models, techniques and derivatives which can be used to manage risk, you will be in high demand.

### Did You Ever Build Something?

Manufacturing firms often hire corporate finance types with a background in engineering. Ford, for example, wants people in the factory who can understand complex manufacturing processes, communicate well with engineers and enjoy complex costing work. Jerome York, the former Chrysler CFO,

did a stint running Dodge, and once worked designing engine parts for GM.

### How Are You With People?

The best financial professionals are good with people. According to *Fortune*, (11/18/95): "Their biggest weakness is a lack of people skills," says John Dasburg, CEO of Northwest Airlines. "Finance types are often curt and colorless. By contrast, the best CFOs are master persuaders with a streak of the sales person. They read people as surely as balance sheets."

### Corporate Finance: Job Options

#### Treasurer

Duties involve supervision of Treasury department which is involved in financial planning, raising funds, cash management and acquiring and disposing of assets. This is an upper management job which requires both analytical skill and the ability to manage and motivate people.

#### Financial Analyst

Duties involve determining financing needs, analyzing capital budgeting projects, long-range financial planning, analyzing possible acquisitions and asset sales, visiting credit agencies to explain firm's position, working on budgets, analyzing competitors, implementing fi-



ancial plans, monitoring the market price of your firm's securities analyzing of leasing agreements and determining needs and methods of dealing with derivatives. Often you will be assigned to a specific area such as revenue, planning, capital budgeting or project finance. This challenging job requires good analytical skills, computer skills and a broad understanding of finance.

#### Credit Manager

Duties include establishing policies for granting credit to suppliers, setting guidelines for collecting on credit and considering whether to securitize receivables. This job requires knowledge of the customer and ability to analyze accounting statements.

#### Cash Manager

Duties involve establishing relationships with banks, managing short-term credit needs, ensuring that sufficient cash is on hand to meet daily needs, putting excess cash into a concentration account bearing interest and handling international transfers of funds. This job is detail-oriented and requires good ability to negotiate.

#### Benefits Officer

Duties involve managing pension fund assets, setting up employee 401(k) plans, determining health care benefits policies and working with human resources to set up cost-effective employee benefits. This job requires a combination of finance knowledge, knowledge of human resources management and understanding of organizational behavior.

#### Real Estate Officer

This job involves finding real estate locations for a company, negotiation of lease agreements, acquisition of real estate and valuation of properties. This job requires a thorough understanding of finance and real estate.

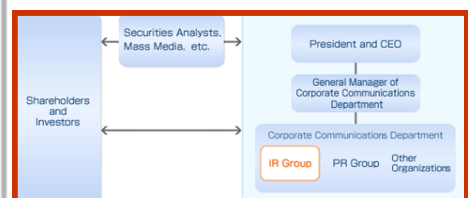


#### Investor Relations Officer

Duties involve dealing with the investing public by disseminating financial information, responding to queries from institutional investors, issuing press releases to explain corporate events and organizing teleconferences with investors. This challenging job involves contacts with top-level executives and requires understanding of finance and public relations. Many who hold this job have backgrounds in PR or advertising.

#### Controller

Duties involve financial planning, accounting, financial reporting and cost analysis. Will get involved in property,



revenue, benefits, derivatives, lease and joint interest accounting. May need to develop forecasting models to project revenues and costs. May be called on to implement or work with a complex costing system, efforts at financial reengineering, transfer pricing issues or interface with auditors. This job requires extensive accounting experience. Often holders of this position enter a company from a Big Six accounting firm.

### Financial Planning and Wealth Management

Financial planners and wealth managers help individuals plan their financial futures. How are you going to cover your retirement needs? What do you have to do today to put your children through college? This work can be personally and financially rewarding and requires excellent interpersonal skills. A good financial planner understands investments, taxes, estate planning issues and knows how to listen. This work can be done within a company such as IDS Financial Services or by yourself, as a sole proprietorship. Most planners go solo or work within smaller practices. It's essential then that you have a certain amount of entrepreneurship given that you will be running your own business. The work pays well and is rewarding if you like to help people. Increasingly, it pays to obtain the Certified Financial Planner (CFP) designation. An alternative designation popular is the Chartered Wealth Manager. The job outlook for this profession is considered to be good and it is expected that career opportunities and salaries will grow substantially in the next decade.

### Insurance Careers

Did you know that some of the hottest jobs in finance? These are jobs in insurance. As the population ages and wealth grows, the demand for insurance professionals will increase dramatically. This is great news for you if your thinking of going in to insurance. Jobs in insurance involve helping individuals and business manage risk to protect themselves from catastrophic losses and to anticipate potential risk problems. Work in this area is not only personally rewarding, but can be financially rewarding as well.

Insurance is a stable yet dynamic industry that provides a wealth of advancement and career opportunities. From administrative support to management programs, from sales to information technology, from accounting to customer service ... anything you want to do in business, you can do in the insurance industry!

You will help clients understand their insurance needs, explain their options to them and hopefully help them purchase appropriate insurance policies. You could work in a variety of areas in insurance including as an un-

derwriter, a sales representative, an asset manager, a customer service rep or an actuary. A theme that is constantly emphasized by insurance professionals is that the industry is ultimately about helping people when they need it the most. The stereotype of a slick, sleazy, fast-talking insurance salesman is largely a figment of the past.

Major areas of opportunity include auto insurance, health insurance, life insurance and P&C (property & casualty) insurance.

### Insurance: Skills & Talents

Key Skill Area	Requirement
People skills:	High
Sales skills:	Medium
Communication skills:	High
Analytical skills:	Medium
Ability to synthesize:	Low
Creative ability:	Medium
Initiative:	Medium
Work hours:	35-55/week

### The Business is About Risk Transfer

Insurance companies are in the business of assuming risk by writing policies which transfer risks from customers to themselves. This work is challenging, complex and likely to continue to prosper.

### There are a Variety of Key Business Areas

Insurance companies are in the business either of providing property and casualty insurance (protect owners of cars, business and homes against loss and injury); life insurance or health insurance.

### Insurance is one of Finance's Best Kept Secrets

Insurance may be one of the best kept secrets in the field of



finance. Most students do not realize the high growth and enormous potential for personal development and advancement that this field offers.

### People-oriented Types Who Can Listen Do Well

The field of insurance and risk management is well-suited for those who are good listeners, who enjoy people and are comfortable with quantitative analysis of risks.

### Most People in Insurance Don't Sell

Many people avoid insurance careers because they perceive that the business is about selling and slickness. Certainly, part of the business involves selling but keep in mind that insurance policies help people, especially in times of need. Moreover, most jobs in the field do not involve direct selling.

### Insurance: Job Options

#### Actuary

Actuaries use their analytical skills to predict the risk of writing insurance policies on property, businesses and people's lives and health. Why does automobile cost so much more if you under the age of 25? Because an actuary somewhere found that the risk of insuring automobiles is highly age-dependent. Actuaries are a crucial part of the insurance process because they use statistical and mathematical analysis to determine the risk of providing coverage. To perform effectively, actuaries must be informed about general societal trends and legislative developments which may affect risk. Actuaries can work either within insurance companies or for government, pension planning organizations or third-party advi-

sors.

#### Agent and Broker

Agents and brokers advise people and organizations on how to protect things they value by selling customers insurance contracts. You will be the first person contacted after an accident, fire or injury. An understanding of insurance contracts is essential to this type of occupation. A career as an agent or broker can be financially rewarding. This work is highly time-flexible, requires some background in business and is best if you enjoy interacting with people.

#### Claims Adjuster

Adjusters negotiate insurance claims with people have experienced a loss. The adjuster is responsible for reaching a claim settlement that is fair to all parties. Doing well in this job requires a person who is resourceful, tactful and good with people. Some adjusters work in the field, while others work out of an office.

#### Service Representatives

Service representatives are the link in the field between agents who sell policies and insurance companies who write the policies. Field representatives must be good listeners and communicators. This position requires knowledge of your companies products and ability to establish good rapport with those working for your companies. A back-



ground in liberal arts can be a great preparation for this type of position.

#### Loss Control Specialist

As a loss control specialist your job is to help keep accident and losses to a minimum. You will visit factories, shop floors and businesses to identify potential hazards and help to eliminate them. In the health insurance area you might work with an organization to promote preventive health care in the workplace or to limit exposure to certain types of ailments. This work requires an understanding of safety management or engineering. A combination of a technical major and a business major would be outstanding preparation for this job.

#### Risk Manager

A risk manager is employed by an organization to help identify the risks that it faces and to make recommendations for dealing with these risks. The recommendations may include the purchase of insurance, adoption of precautionary measures and presentations to upper management. Risk managers are involved in the management of employee benefit plans. Valuable skills include knowledge of the insurance industry and of business practice as well as skill in making presentations to upper management.

#### Underwriter

Underwriters decide whether to provide insurance to applicants seeking coverage. An underwriter evaluates an applicant's exposure to risk and decides whether an applicant meets an insurer's standards. An underwriter may also become involved in setting prices for insurance applicants.