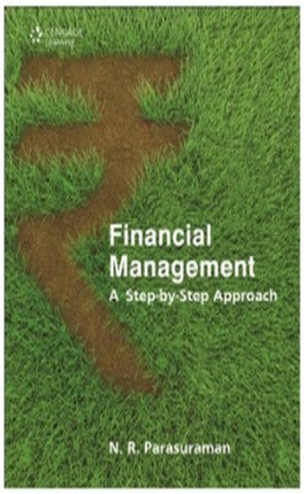
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BOOK REVIEW

Financial Management: A Step-by-Step Approach

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Review

Financial Management: A Step-by-Step Approach contributes significantly to improvement insystematic financial numeracy and literacy as the book takes us through the study of key topics in finance taught in management courses in many major universities and learning centres across the globe. The author says that corporate finance basically addresses the problem of mobilising resources for an organisation and then using them effectively. Aware of the increasing complexity of modern financial system, the author, by this book, attempts to fill the gap in understanding the intricacies of global financial system, markets, instruments, services, products, processes, and institutions, through simple, lucid, crystal-clear learning style. Thus, as the title suggests, the author adopts a step-by-step (SBS)stylein the description of the many technical concepts, financial jargons, combining theory with practical finance throughgradual, progressive stages that the average reader will find relatively easy to follow. Besides thisarguably unique SBS approach, the author hasalso, to a large extent, succeeded in makingmathematical aspects of finance that many students 'love to hate',less complicated or even much easier to comprehend especially for a non-mathematically inclined person. While investment management practice these days deploys a good deal of quantitative techniques for optimising portfolios and outperforming competition, the reader is assured that the book does *not* have any "advanced mathematics" (page 4). Thus, the book's numerous worked-out illustrations and extensive application of Excel programme for problem-solving should prove useful to the diligent learner.

The coverage is quite wide, spanning 775 pages, from the basics of time value of money, through financial statement analysis, to the relatively more advanced topics in multinational finance and mergers and acquisitions. The author is a senior professor of finance; evidently, hisexperience of more than 30 years in diverse areas of corporate finance practice, teaching, research, and tertiary-level educational administration, have been brought to bear in the writing and overall presentation of this book. He is the same author of the highly successful book titled *Fundamentals of Financial Derivatives* published by Wiley India Limited that has remained widely used by financial derivatives teachers and students.

Onemajor interesting feature of this bookis its practice-orientation as opposed to the theoretical emphasis that one tends toobservein some other similar texts. For a long time, particularly in the applied sciences, there has been some yearning for finance texts that do more to bridge the knowledge gaps between theory

and practice, reinforcing the town-gown connection. a diligent student of finance that is armed with a textwritten and produced inthe deliberate SBS style adopted in *Financial Management: A Step-by-Step Approach,* should not find ittoo challenging to do a simple study of, say, the performance of financial instruments or particular companies and to make appropriate recommendations for investment.Another noteworthy feature is thateach chapter begins with a 'musing' that gives the reader a peep into related real-world events before the reader begins to encounter the applicable theories contained the subsequent sections in the chapter. The book is also enriched with numerous examples, illustrations, multiple-choice questions (MCQs), and detailed case studies that many students will particularly find interesting, exciting, and useful, while the practitioner will find them as a good 'refresher' to keep abreast of key principles underpinning the dynamics of the financial markets he / she deals with daily. Although the illustrations in the book are mostly drawn from the Indian business environment, the ideas conveyed in the book will find relevance elsewhere as well, particularly in similar emerging markets across the globe.

The author's SBS methodology of financial management (FM) education is basically hexagonal, breaking FM's cope as it is, into six major parts comprising a total of 26 chapters excluding the five interesting case studies provided at the end of the book. In the first part of the book, the author provides us with the big picture of finance from the 'raw materials' of financial statements through the influential concepts of time value of money, risk and return, to the 'production centre' that is the financial system itself.Next, in the remaining broad parts of the book, the author uses his unique SBS approach to describe other key FM aspects such as Capital Budgeting, Long-term Financing, Working Capital Management, Financial Planning, and Advanced Topics in Finance (ATFs). Notably, the ATFscomprise such strategic / risk management issues as options, futures, cost management, lease financing, and mergers and acquisition.

Published byCengage Learning India Pvt. Ltd, New Delhi,*Financial Management: A Step-by-Step Approach* is a must-use by every management academic and student across the globe. Each copy contains valuable add-ins and plug-ins;glossary, valuation tables, index, chapter-by-chapter empirical research references, and a bibliography of 77 resources that will facilitate further studies in the field. Also, the book comes with two CDs containing several other resources such as PV tables, Excel-based Black-Scholes calculator, answers to the book's MCQs, and templates for basic application of portfolio theory; the instructor's CD has PowerPoint slides for all chapters as well as solutions to the book's case studies. The generous resources provided in this book should engender wider understanding and furtherance of productive skills in the application of finance concepts that are pivotal to sustainable inclusive growth and stable financial system and, thus, the importance of such a 'practical' textbook in today's increasingly complex global financial system cannot be over-emphasised.

It is delighting that this is a well-edited book (intensive proof-reading has clearly achieved good results) and the work is undoubtedly educative, learner-friendly, and organisationally well-presented. Nonetheless, there is a saying that the largest room in the world is the room for improvement, and it is in this context that perhapsone or two suggestions may be pertinent here for value-addition in future editions of this invaluable management literature: (i) The author may consider reducing the number of 'Parts' as there are few cases where the same broad ideas appear to have been repeated in other Parts of the same book. For example, Parts V and VI contain aspects of capital budgeting which is broadly addressed in Part II. Similarly, Part V features Capital Asset Pricing Model which, in our view, can also sit fairly well with Introduction to Securities Analysis and Portfolio Management in Part VI; and (ii) Given the recent developments in the international financial system, the author may also wish to consider non-interest / Islamic model of finance as a worthwhile addition to the ATFs in Part VI of the book.

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 policy-maker, 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.And wouldn't lovers of the environment and sustainability also love the book's grassy, green cover?

About the Reviewer

Trained first as an appraiser and investment banker, **Dr. Stephen ARO-GORDON** is a senior lecturer and head of financial mathematics programme at the Faculty of Computing and Applied Sciences, Baze University Abuja, Nigeria. He has done Master of Business Administration and also holds a doctoral degreefrom UsmanuDanfodiyo University. His doctorate was a contribution to the study on behaviour of emerging real estate-backed securities in the Nigerian capital market. He has the Fellowship of the Institute of Management Consultants of Nigeria, the Chartered Institute of Management Accountants, and the Institute of Corporate Administration, and he is a member of the International Association for Quantitative Finance, USA. He joined Baze University in 2014 after an intensive exposure for 30 years at top conglomerate and investment banking corporate offices and teaching at some of the finest business schools in Nigeria including the Chartered Institute of Bankers of Nigeria and the School of Banking Honours, Lagos. Alumnus of the Manchester Business School, England Senior International Bankers' Programme, his primary research interests are in the application of quantitative techniques to dealing with diverse issues in finance, strategy, public administration, public policy, and human resource management. He enjoys working with people to provide and drive value for long-term success. He can be reached at stephen.aro-gordon@bazeuniversity.edu.ng