

UCT business school demystifies finance

Issued by [UCT Graduate School of Business](#)

16 Jul 2012

In an increasingly competitive marketplace, many businesses are suffering unnecessarily from a lack of financial literacy amongst staff who struggle to understand the basic financial facts of their organisations - but this is easily remedied by the relevant training, say experts.

Effective financial literacy training for non-finance staff can boost entrepreneurial development, staff innovation, financial prudence, and better decision-making processes amongst managers, all of which will lead to increased profit, says Colin Firer, programme director of the course Finance for Non-Financial Managers, which runs at the UCT Graduate School of Business (GSB).

"The need for non-financial personnel to understand financial statements and financial jargon is often not realised, and businesses suffer as a result," says Firer.

This is a truth that is internationally understood, yet not acted upon often enough, specialists believe. Gene Siciliano, author of the book *Finance for Non-Financial Managers*, writes on his website: "We are often told that the effort to learn to build and use workable budgets is just too much. For some managers, planning a budget is more frustrating than just hoping the numbers will all work out, if they only sell enough widgets or whatever. But I won't quote the business failure rates amongst companies in this range."

Locally, the picture is similar, Firer agrees. "We have seen South Africans becoming aware that financial literacy can make a huge difference to the overall sustainability of their organisations as well as to their personal lives," he says. "Furthermore, it is essential in identifying possible 'red flags' in a company's financial situation. If you want to know why your income statement shows a profit but all you have to show for it is an overdrawn bank account, you need to empower yourself by understanding some basic financial principles.

If more non-financial personnel had been financially literate in Leisurenet for example, perhaps someone could have raised the red flag before the company collapsed. It is a key requirement for managers in the current market context."

Developing this literacy is the main objective of the UCT GSB course which ran in May 2012 and again this October in Cape Town.

"We aim to make the language of accounting and finance accessible and easy to understand," Firer says. "Those attending will be taught how to read an organisation's financial statements and explore their parameters. They will be given the tools to analyse cost behaviour and financial performance; will participate in creating a financial plan; and they will gain the knowledge and confidence needed to contribute to creating value within their organisation."

No prior exposure to accounting or finance is necessary in order to benefit from this type of education, says Firer. The course is specifically designed for non-financial people from any sector, those responsible for meeting budgets and containing costs, and for anyone wanting to understand the key drivers of performance in organisations.

"Those who gain an understanding of the language of finance will be better able to engage with financial professionals and appreciate their points of view," he says. "They will also be better able to examine the financial health of an organisation, identify problems and inefficiencies and contribute towards improving financial performance.

"They will better understand the drivers and measurement of costs, and be able to construct a financial plan and establish its financial feasibility."

The course runs from 15 - 19 October. For more information, contact (021) 406 1323 or SMS "Finance" to 31497. Standard Rates Apply.

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