



ACCOUNTING AND FINANCE

Effective Budgeting & Cost Control

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Effective Budgeting & Cost Control

Introduction:

The effective management of budgeting and cost control is crucial for project and process-based organizations. Nowadays, if contemporary organizations want to stay competitive, they are urged to think in terms of process-value added to customers and shareholders. Along this line, budgeting, as well as tracking, controlling & reducing cost represent essential activities to be performed and monitored by organizations as they implement their key processes, activities and operations. In addressing these issues, this course is relevant for those professionals & analysts facing the difficult challenge of improving performance while reducing costs of those processes for which there are accountable. By combining techniques analysis, problems and examples with real case studies the course provides delegates with key cost awareness and budgetary skills, which is essential managing and controlling processes/projects in times of increasing global competition where the budgets are inextricably linked with both strategy formulation and cost analysis.

Who Should Attend?

Financial planning and control Staff involved in the performance of a business unit, division or an organization as a whole, Professionals with direct or indirect financial responsibilities, Supervisors from every business discipline and department who have to run departments and budgetary plans, Professionals from all sectors of industry, irrespective of functional responsibilities, but particularly those involved in manufacturing, production, engineering or sales, Professionals working in a project management environment and for quality specialists

Course Objectives:

By the end of this course delegates will be able to:

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- Think in terms of terms of process-value added to customers/shareholders.
- Integrate the organization's strategic planning with budgets and processes of cost control
- Understand the importance of project management, appraisal, planning
- Explore traditional versus innovative budgetary techniques
- Explore capital budgeting techniques & cash flows
- Identify key financial indicators for the business, and how and when to monitor them
- Understand the importance of balancing financial and non-financial measure in managing projects
- Interpret budgets and performance measurement as communication tools
- Think proactively beyond budgeting
- Link budgetary processes with quality issues and business process improvement
- Integrating planning, budgeting and cost control by relying on a financial-based language
- Facilitate the elimination of non-value activities and the reduction of costs within key projects
- Successfully build an integrated planning, budgeting and reporting process
- Understand projects' costs behavior and patterns

Course Outline:

Introduction: Building a Common Financial Language

- Linking the Tactical Budget to Strategic Objectives
- The key role of budgeting and cost control in contemporary organizations
- Delivering value added
- Towards a cross-functional process-view of the organization

- Financial vs. Managerial accounting (for decision making)
- Integrating financial and non-financial aspects
- Identifying the key processes/projects for your own organization

Budgeting and Cost Analysis

- Cost concepts and terminology
- Different costs for different purposes
- Fixed Vs Variable costs: the Cost-Volume-Profit analysis model
- Contribution Margin analysis
- Manufacturing vs. non-manufacturing costs
- The Operating Budget
- Period VS Product costs: inventory evaluation and control
- Approaches to Cost Control

Traditional vs. Advanced Techniques in Cost-Control

- Under-costing and over-costing
- The consequences for profitability
- How to refine a costing system?

- Budgeting and Costing Techniques
- Indirect (OH) Vs. Direct costs
- Traditional Cost Allocations systems Vs. Activity-Based Costing (ABC)
- Cost Estimation
- Cost hierarchy & Cost drivers
- Linking resources, activities and management
- Introducing Activity-Based Budgeting (ABB) and Management (ABM)

Master Budget, Flexible budgets and Variance Analysis

- Define the master budget and explain its major benefits to an organization
- Describe the difference between a static budget and a flexible budget
- Compute flexible-budget variances and sales-volume variances
- Discuss the behavioral implication of budgeting
- The budgeting process in your organization: how to improve it?
- Which tools shall we use to complement budgeting and costing?

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Cost Control and Management Budget Reports

Beyond the Budgets: Balanced Scorecards and Six-sigma

- Broadening performance measurement systems
- The key role of customer satisfaction and business process reengineering
- Beyond budgeting: integrating financial and non-financial issues
- Introducing the Balanced Scorecard
- Introducing the Strategy maps
- Introducing Six-sigma