



ACCOUNTING AND FINANCE

Strategic Planning, Budgeting & Cost
Control

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Strategic Planning, Budgeting & Cost Control

Introduction:

This leading edge BTS Budgeting and cash flow Management training seminar provide the theoretical basis and necessary skills to develop world-class strategic planning, forecasting, and budgeting processes. A strategy is a long-term plan of what an organization is going to do to achieve its overall policy. This training seminar will enable delegates to develop a framework that links strategies to annual budgets and targets and aims for world-class levels of management and organizational performance.

A budget is a short-term plan of how an organization quantifies the operational activities required to achieve its long-term strategy. This training course will provide delegates with the skills and forecasting techniques to develop a budget as a plan, and use control budgets and analysis of variances to actual to identify areas in which financial performance may be improved.

This training course will highlight:

- Links between Strategic Financial Planning, Forecasting, and Budgeting
- Effective Excel and other Forecasting Techniques to support Financial Planning and Budgeting
- Impacts on Financial Plans of alternative methods of Financing, and Business and Financial risk
- Traditional and Modern Costing Systems that are used in the Budget Process
- Best Practice in Operating Budgeting, Budgetary Control, Capital Investment Budgeting, and Cash Forecasting and Budgeting

Who should attend?

This training program is designed to be suitable for anyone involved in budgeting and planning in companies, corporations, governmental, education, and health service organizations. It is equally valuable for those working in finance and accounting, costing, and treasury departments, and all other financial and non-financial professionals who have budget responsibility or are involved in the planning process, for example:

Line Managers

- Project Managers
- Professional Advisers and consultants who would like to further develop their strategic thinking and decision-making, and refresh and update their skill sets relating to planning, forecasting, and budgeting, and their linkages

Objectives:

By the end of this training seminar, participants will learn how to:

- Improve their ability to think strategically and participate in the integration of the organization's strategic management and budgeting processes
- Use forecasting techniques most appropriate to their organization's strategic planning and budgeting
- Apply the techniques that relate to the key principles of financial management: shareholder wealth maximization; cash flow; time value of money; risk
- Appreciate the behavior of costs and identify the costing methods that may best be used in financial planning, budgeting and budgetary control
- Use best practices to develop operating budgets, capital expenditure budgets, and cash flow budgets and forecasts in line with organizational strategic objectives

Course Outline:

Strategic Management And Financing

- Strategic Analysis, Strategic choices and evaluation, and Strategic implementation
- The Links between Strategy, Forecasting, Planning, Budgeting, and Performance Measurement
- Strategic capability and avoiding the Spiral of Death
- Shareholder Wealth maximization, Corporate and Shareholder value creation
- Financial Strategy, Dividend Policy, the Agency Problem and Corporate Governance
- Long-term Financing:
 - Debt and Equity; Cost of Equity using Dividend Growth and Capital Asset Pricing Model (CAPM); Cost of Debt; Weighted Average Cost of Capital (WACC)
- Capital Structure Optimization Models to minimize WACC

 Using Strategy Maps to link strategies to Performance Measurement: The Balanced Scorecard

Financial Planning, Forecasting, and Risk Analysis

- The Financial Planning Process and Modelling using Excel
- Statistical Forecasting Tools and Techniques:
 - Time series; moving averages; exponential smoothing; Pareto Analysis; trend progression; linear regression; correlation
- Forecasting long- and short-term sales revenues, and sales pricing:
 - Porter's generic strategy of cost leadership and differentiation; Bowman's strategy clock; full cost pricing; marginal cost pricing; target cost pricing; life-cycle costing; kaizen costing; value-based pricing
- Using Excel for Optimum Product mix decisions
- Short-term Financing, Working Capital, and the Cash Operating Cycle
- Direct and Indirect Cash Flow Analysis and Cash Flow Forecasting using Excel
- Uncertainty and Risk:
 - Business Risk
 - Financial Risk
 - Systematic Risk
 - Unsystematic Risk
- The Choices available to minimize and mitigate risk

Cost Analysis Techniques

- Cost Behaviour and Activities
- Fixed and Variable Costs, Direct and Indirect Costs
- Product Costs and Period Costs
- Cost Allocation and Absorption of Overheads
- Absorption or Full Costing
- Marginal Costing
- Cost-Volume-Profit (CVP) and 'what-if' analysis using Excel
- Activity Based Costing (ABC) and Activity Based Management (ABM)

Budgeting, Budgetary Control And Performance Improvement

- To Budget or Not Purposes and Reasons for Budgets
- Stages in the Budget Preparation Process
- Preparation of the Master Budget
- Activity Based Budgeting (ABB)
- Responsibility Accounting and Variance Analysis:
 - Standard costing; flexed budgets; budgetary control to measure organisational and management performance
- Advantages, Disadvantages and Behavioural Aspects of Budgeting
- The Conflict between Performance Improvement and the Costing System
- Lean thinking and integrating continuous performance improvement into the Budget Process

Project Appraisal And Capital Budgeting

- The Time Value of Money
- Future Values
- Present Values
- Discounted Cash Flow (DCF)
- Capital investment Project Appraisal:
 - Accounting Rate of Return (ARR); payback; Net Present Value (NPV); Internal Rate
 of Return (IRR); Modified Internal Rate of Return (MIRR); Discounted Payback;
 Equivalent Annual Cost (EAC)
- Project Risk:
 - Sensitivity Analysis; simulation; scenario analysis; NPV break-even
- Capital Rationing
- Capital Budgeting and the Profitability Index (PI)

Introduction to managing cash

- Why hold cash?
 - o What does cash mean?
 - Cash budgeting
 - Cash cycle

Capital budgeting & investment theory

- Present value theory
- Expected value theory
- Tools of capital budgeting
- Risk analysis

Inventory management

- · Cash flow timeline
- · A financial dilemma
- · Basics of managing the average inventory balance
- The optimal quantity to order
- · Monitoring the inventory balance
- Reducing the size of the inventory investment

Accounts receivable management

- Trade credit & shareholder value
- Evaluating the motives of trade credit
- Managing the credit function
- Overview of credit granting
- Establishing a credit policy
- The credit-granting decision
- Emergence of expert systems
- · Monitoring and collections

Managing payables and accruals

- · A financial dilemma
- · Accounts payable
- The payment decision model
- Monitoring the accounts payable balance
- Accruals

The payment system

- · A financial dilemma
- The concept of float
- Different types of payment systems

Cash collection system

- The cost of float
- Types of collection systems

Cash concentration

- The basic structure of a cash concentration system
- Cash transfer tools
- Benefits of a concentration system
- · Cash transfer scheduling
- Calculating the minimum balance to transfer

Managing the bank relationships

- Services provided by banks
- Bank selection & relationship management
- · How banks charge for services

Cash forecasting

- Importance of cash forecasting
- · A financial dilemma
- Steps in forecasting process
- Forecasting- Percentage-of-sales method
- Forecasting monthly cash flows
- Forecasting philosophy