

MEGA GUIDE

FP&A FINANCE EXCEL

300
PAGES



SWIPE

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TESTIMONIAL 1

Sahil Kumani:

„Nicolas‘ course is tailor-made for professionals wanting to take the next step in their career.

His 1-on-1 consultation was also a great addition to the course. Nicolas was a good listener and gave very specific ideas about some of the roadblocks I faced.”

TESTIMONIAL 2

Enid Silva:

„I am very happy with the course.

I'm very much into the PVM so, I have dug a lot on that and ran some tests with my company information.

Those are coming very very well“.

TESTIMONIAL 3

Judit Kovi:

"Yes I would recommend the course.

It is a very practical and comprehensive material to get insight into FP&A processes. "

10 SKILLS FOR YOUR FINANCE CAREER

1



SWIPE

Why this 10 skills guide?

To give finance professionals a roadmap to speed up their career.

How this guide works?

For each skills, I explain:
-Why you should learn it
-What to learn

Enjoy !

SECTION A

TECHNICAL SKILLS

1/ Financial Analysis

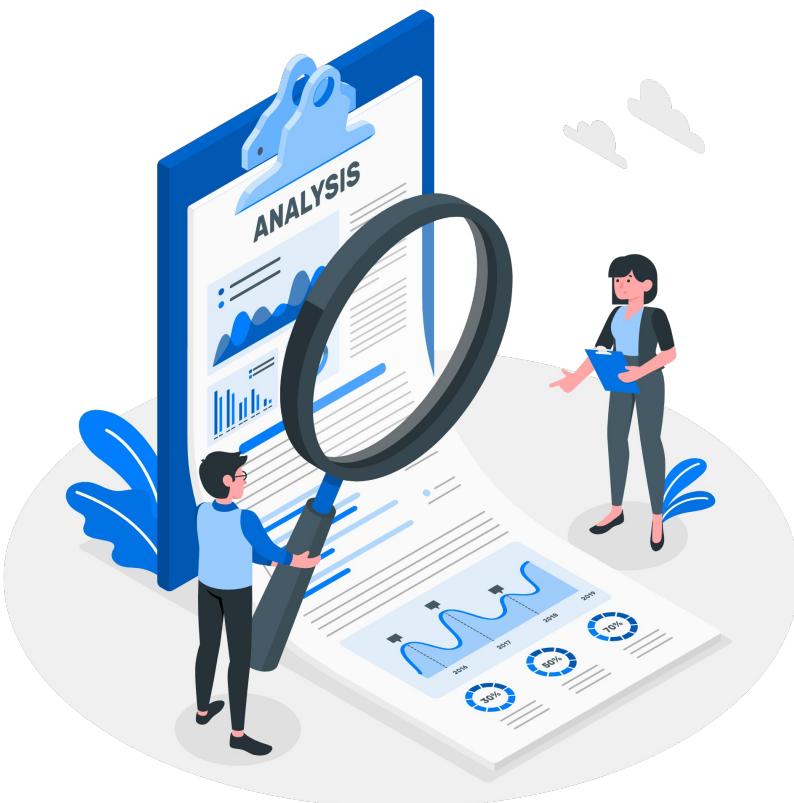
2/ Budgeting & Forecasting

3/ Cost Accounting

4/ Accounting Principles

1

FINANCIAL ANALYSIS



Nicolas Boucher

Why learning it

Financial Analysis helps you translate figures into insights.

Insights lead you to give recommendations.

Recommendations will help identifying actions.

Actions will bring value to your company.

What to learn

- **Price Volume Mix**
- **Sensitivity Analysis**
- **Variance Analysis**
- **Horizontal Analysis**
- **Vertical Analysis**
- **Headcount Analysis**
- **Scenario Analysis**
- **Break-Even Analysis**

2

BUDGETING & FORECASTING



Why learning it

Accounting is usually looking at the past events and translate them into figures.

Budgeting and Forecasting is looking into the future.

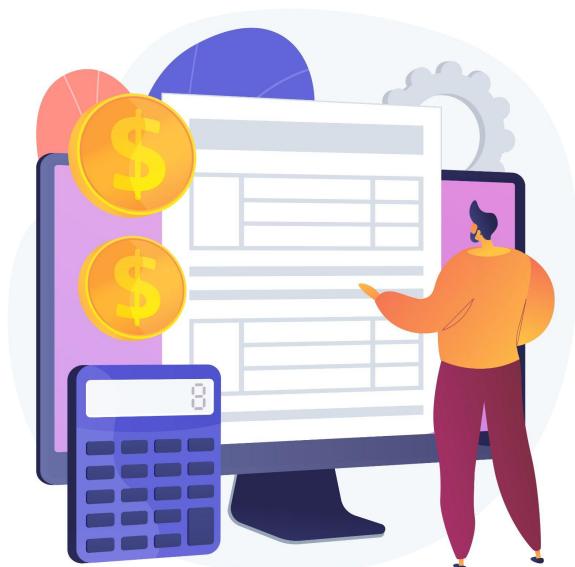
You will help the company define what to do to reach its goals.

What to learn

- **Budget Process**
- **Incremental Budgeting**
- **Activity Based Budgeting**
- **Zero Based Budgeting**
- **Rolling Forecast**
- **Risks and Opportunities**
- **Sales Forecasting**
 - **Opportunity Stage**
 - **Sales Force Composite**
 - **Lead driven**
 - **Market Build-Up**

3

COST ACCOUNTING



Why learning it

Cost accounting gives a transparent view on the profitability of the company.

You will be able to compute and analyse the profitability of your products.

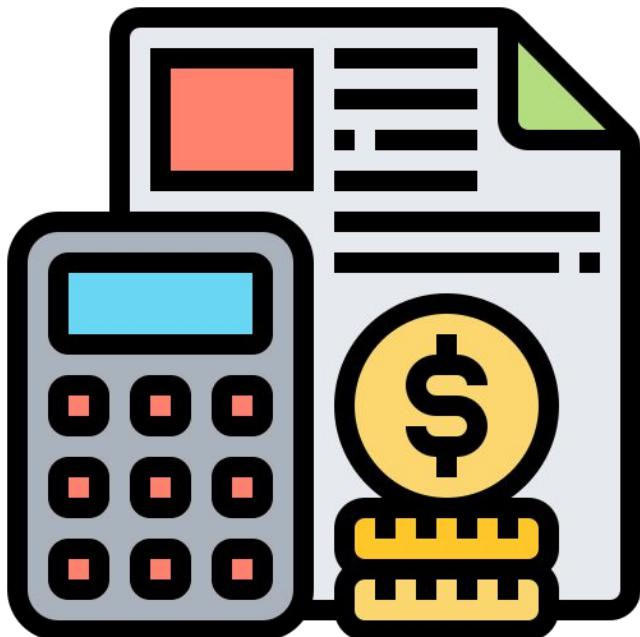
Your analysis will help the company working on their product mix and improving their products' costs.

What to learn

- **Standard Costing**
- **Manufacturing Variances**
- **Activity Based Costing**
- **Duration Based Costing**
- **How to compute an hourly rate**
- **How to define a material price**
- **How to calculate manufacturing overheads**

4

ACCOUNTING PRINCIPLES



Why learning it

It gives you a general understanding of any GAAP.

Your control environment must be set up to respect these principles.

You will be able to explain accounting principles and their importance to non finance people.

What to learn

- **Accrual principle**
- **Conservatism principle**
- **Consistency principle**
- **Cost principle**
- **Economic entity principle**
- **Full disclosure principle**
- **Going concern principle**
- **Matching principle**
- **Materiality principle**
- **Monetary unit principle**
- **Reliability principle**
- **Revenue recognition principle**
- **Time period principle**

SECTION B

SOFT SKILLS

**5/ Finance Business
Partnering**

6/ Storytelling

7/ Business Acumen

5 FINANCE BUSINESS PARTNERING



Nicolas Boucher

Why learning it

Understanding what the other departments need.

Provide them insights.

Finance business partners turn traditional Finance from a siloed and self centered department to modern finance: a cooperative and value added team.

What to learn

- **Building Relationships**
- **Communication skills**
- **Influencing skills / Conversational techniques**
- **Turning Data into Insights**
- **Adapting your style to others**
- **Problem solving**
- **Commercial Decision Making**
- **Teamwork**
- **Leadership**

6

STORY-TELLING



Nicolas Boucher

Why learning it

“The world rewards the people who are best at communicating ideas, not the people with the best ideas”. David Perell

Knowing how to translate figures into decision makes more valuable.

What to learn

- **How to lead a presentation**
- **Define your narrative**
- **Use the right data**
- **Use the right visualisations (colors, graphs)**
- **Simplify finance for non finance people**

7

BUSINESS ACUMEN



Nicolas Boucher

Why learning it

Business Acumen is something you need to develop during your whole career.

Having an understanding of the business and making the decisions having the best outcome will make you a more valuable finance professional.

What to learn

- **Industry specificities**
- **The value chain of your product**
- **The different stakeholders in the market (clients, competitors, distributors, suppliers)**
- **Basic understanding of the main business functions (for example: marketing, HR, manufacturing...)**

SECTION C

TOOLS

8/ Power BI

9/ Power Query

10/ Quickbooks

8

POWER BI



Nicolas Boucher

Why learning it

PowerBI is taking over the business intelligence front-end market.

Right now, most of the companies are transitioning to PowerBI as their tool for business intelligence.

If you want to make better report and dashboard, this is the best solution.

What to learn

- Connect two tables
- Create measures
- Choose the most appropriate chart based on your goals
- Link several reports together to make a dynamic and drill down dashboard
- DAX language

9

POWER QUERY



Why learning it

80% of the time is spent preparing the data and only 20% on analysing the data.

You need to automate repetitive tasks like import data, filter data, transform data and formulas.

To make the best out of Power BI and Excel, knowing Power Query is a must.

What to learn

- How to import data from different sources
- How to transform the data (select columns, transpose)
- Filter data based on criterias
- How to create new calculated columns
- Power Query M formula language

10

QUICKBOOKS



Nicolas Boucher

Why learning it

Quickbooks is the number one accounting software for the SMEs.

If you are in accounting, knowing Quickbooks makes you employable at most of the SMEs.

If you want to launch your own accounting services, this the first software to learn.

What to learn

- **Basic features**
- **How to set up Quickbooks for a new company**
- **Customize Quickbooks to meet the specific needs of your business**
- **How to make custom reports**
- **Connection with other software through the API**

SUMMARY

Technical Skills

- 1/ Financial Analysis**
- 2/ Budgeting & Forecasting**
- 3/ Cost Accounting**
- 4/ Accounting Principles**

Soft Skills

- 5/ Finance Business Partnering**
- 6/ Storytelling**
- 7/ Business Acumen**

Tools

- 8/ Power BI**
- 9/ Power Query**
- 10/ Quickbooks**

THE CFO CHECKLIST



2

BY NICOLAS BOUCHER



YOU JUST STARTED AS A NEW CFO?



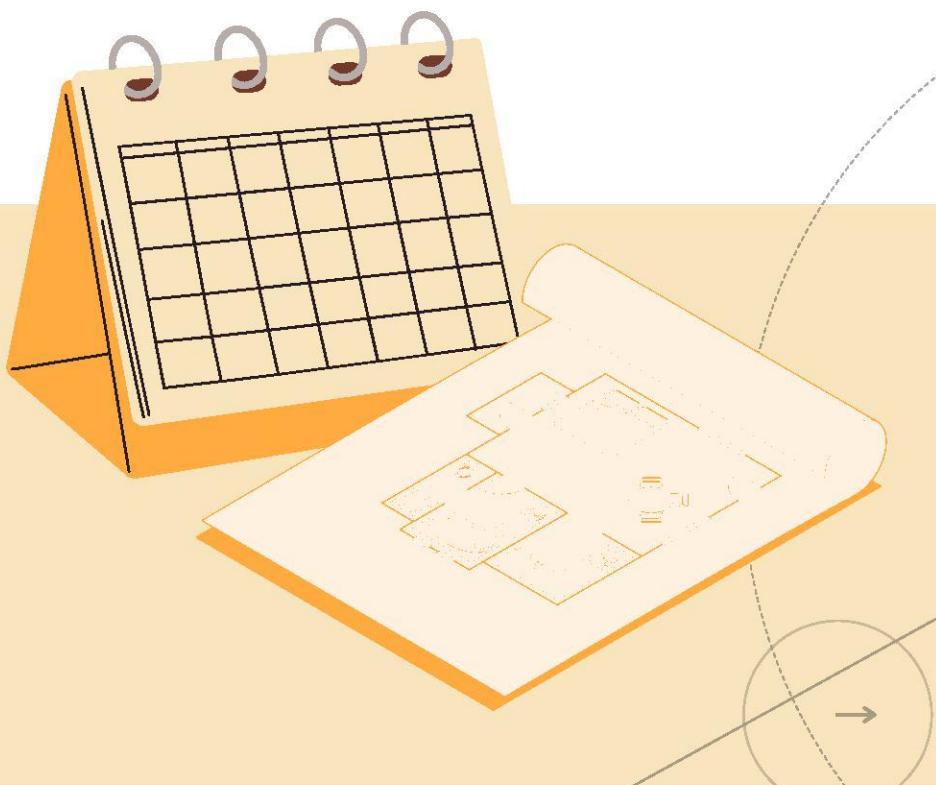
HERE ARE **20 THINGS** YOU
NEED TO DO TO BECOME A
SUCCESSFUL CFO



ESTABLISH A WORKING RELATIONSHIP WITH THE BOARD OF DIRECTORS



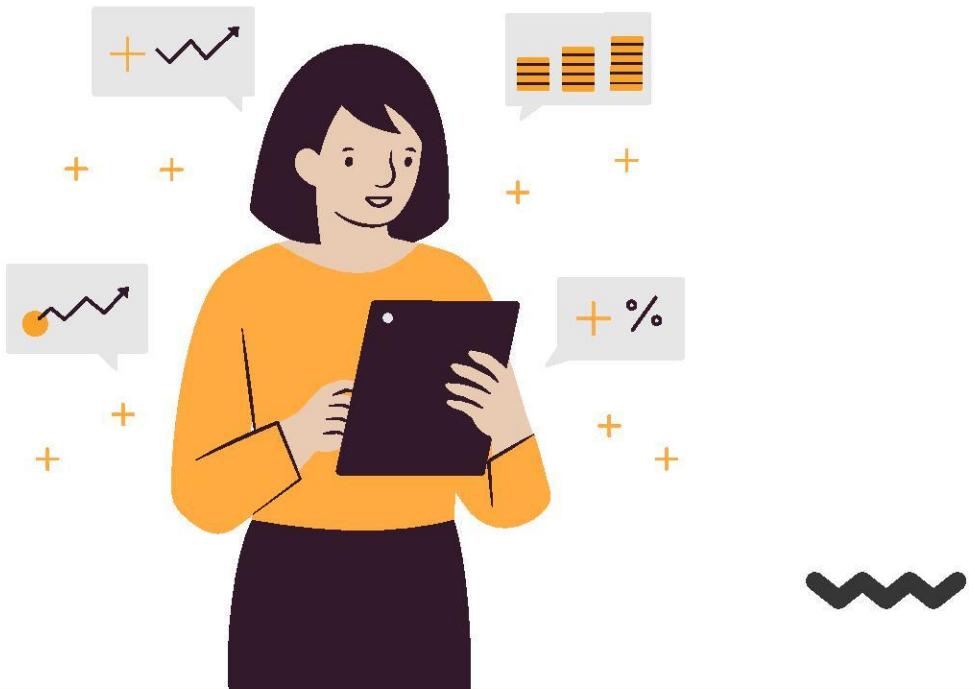
DEVELOP A STRATEGIC PLAN FOR THE NEXT 3-5 YEARS



ASSESS THE CURRENT FINANCIAL POSITION OF THE COMPANY



EVALUATING EXISTING FINANCIAL SYSTEMS AND PROCESSES



IDENTIFY AREAS FOR COST SAVINGS AND REVENUE GROWTH



DEVELOP A COMPREHENSIVE BUDGET FOR THE UPCOMING YEAR



REVIEW SHORT-TERM & LONG TERM FINANCIAL GOALS



ESTABLISH FINANCIAL POLICIES & PROCEDURES



REVIEW THE COMPANY'S BANKING RELATIONSHIPS



DEVELOP A CASH FLOW MANAGEMENT PLAN



DEVELOP A CAPITAL EXPENDITURE PLAN



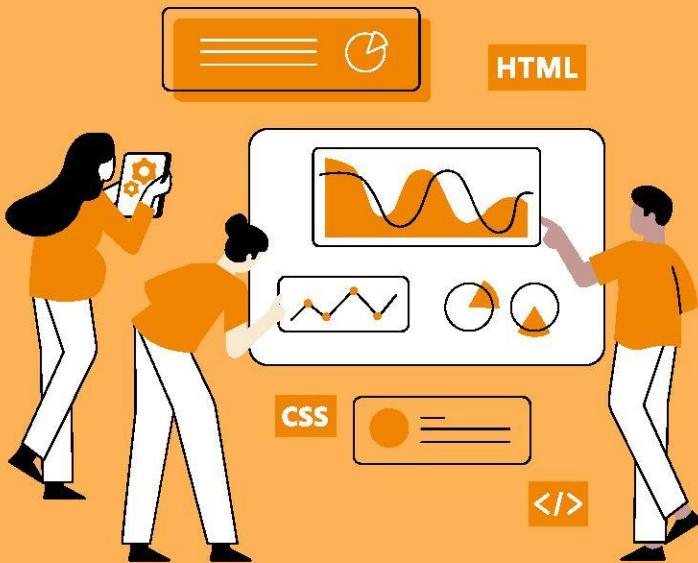
REVIEW CURRENT INVESTMENTS & MAKE RECOMMENDATIONS



EVALUATE CURRENT TAX STRATEGIES & MAKE RECOMMENDATIONS



DEVELOP A RISK MANAGEMENT STRATEGY



ESTABLISH INTERNAL CONTROLS

(to ensure compliance with applicable
laws and regulations)



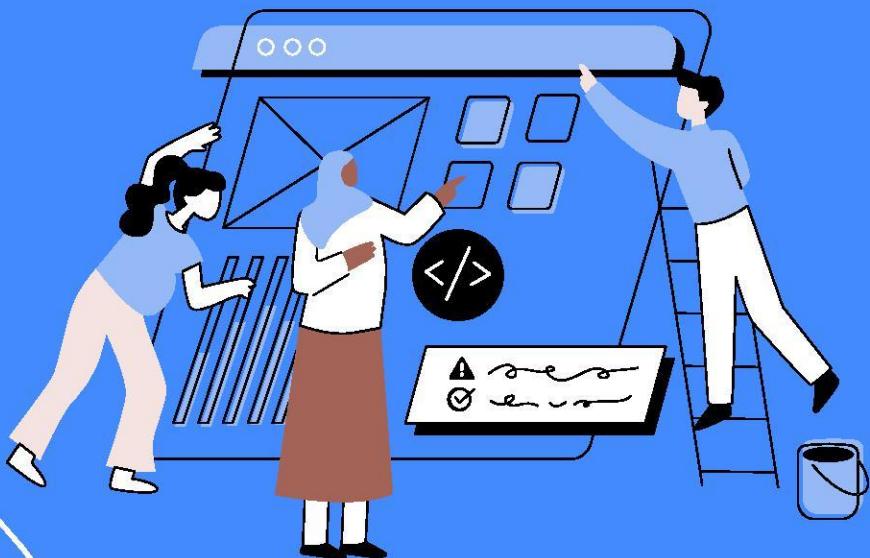
DEVELOP A FINANCIAL REPORTING SYSTEM



ESTABLISH A SYSTEM TO TRACK KEY PERFORMANCE INDICATORS



EVALUATE CONTRACTS & MAKE RECOMMENDATIONS



DEVELOP A STRATEGY FOR DEBT MANAGEMENT



REVIEW EXISTING COMPENSATION PLANS & MAKE RECOMMENDATIONS



DO YOU WANT TO MOVE TO FP&A?



**CHECK MY COURSE
FOR FP&A
LINK ON MY
LINKEDIN PROFILE**

CFO CHECKLIST

1. Establish a working relationship with the board of directors
2. Develop a strategic plan for the next 3-5 years
3. Assess the current financial position of the company
4. Evaluate existing financial systems and processes
5. Identify areas for cost savings and revenue growth
6. Develop a comprehensive budget for the upcoming year
7. Review short-term and long-term financial goals
8. Establish financial policies and procedures
9. Review the company's banking relationships
10. Develop a cash flow management plan

CFO CHECKLIST

11. Develop a capital expenditure plan
12. Evaluate current investments and make recommendations
13. Evaluate current tax strategies and make recommendations
14. Develop a risk management strategy
15. Establish internal controls to ensure compliance with applicable laws and regulations
16. Develop a financial reporting system
17. Establish a system to track key performance indicators
18. Evaluate current contracts and make recommendations
19. Develop a strategy for debt management
20. Review existing compensation plans and make recommendations

BEST

INFOGRAPHICS

3



SWIPE

HOW TO BECOME A CFO



BY NICOLAS BOUCHER

PROVEN TRACK RECORD

- **Leadership**

Demonstrate that you have led people and organizations

- **Business partnering**

Show how you work hands in hand with other departments to bring value to the company

- **Technical skills**

Have a good understanding of accounting, corporate finance, FP&A, tax, treasury and systems



HOW TO ACQUIRE EXPERIENCE



Navigating between **technical and analytical** jobs to get a **broader profile**.

Get **experience in one industry** is a main differentiator factor, especially in high growth industries.

GET OPERATIONAL EXPERIENCE



Get at least a 2-year experience in a **production site** or in an **operational business** unit, especially if you have worked only in central organisations.

GET RESPONSIBILITIES



Understand your industry and have a sense of commercial mechanisms with all stakeholders involved.

Take part of strategic discussions & learn how other departments operate.

Road to becoming a Chief Financial Officer

BY NICOLAS BOUCHER

1

Which type of CFO do you want to be?



CFO of a
Start-up



CFO of a
Medium-sized
Company



CFO of a
Listed
Company



CFO of a
Small Company



CFO of a
Division

2

Which skills do you need?



Leadership

You will be a leader in the company and you need to **drive** the people



Business partnering

You need **to work hand in hand with the other departments** to bring value to the company



Technical skills

Leverage on your **knowledge** in accounting, corporate finance, FP&A, tax, treasury and systems.

3

Experience

- You can acquire the experience by navigating between **technical and analytical jobs** which gives you a broader profile
- You need a proven **track record** where you have demonstrated the skills listed above
- Start with smaller team and get more and more responsibilities along your career or get a **diversity** in the role you get
- Make sure you get an **operational** experience

FP&A to CFO



BY NICOLAS BOUCHER

BUILD EXPERIENCE



Get exposure to different roles within FP&A, Controlling and Finance.

This experience is there to help you build the **skills, relationships and knowledge** you need to become a good CFO.

BUILD YOUR BUSINESS ACUMEN



Understand your industry and have a sense of commercial mechanisms with all stakeholders involved.

Take part of strategic discussions, contract negotiations with clients/suppliers & learn how other departments operate.

BUILD THE SKILLS



Get a strong finance and accounting understanding.

Understand how these 3 financial statements interact with each other: **Income Statement, Balance Sheet, Cash Flows**.

BECOME A LEADER OF THE COMPANY



You will have to cover a lot of many non finance topics (HR, commercial, strategy, tools, legal, ESG...).

Start to think and act like a leader now. Participate in all leadership discussions with strategic implications.

LEARN HOW TO BUILD A TEAM YOU TRUST

You will need to **surround yourself with people who can help you** translate the strategic objectives of the company in productive daily tasks.



DO'S AND DON'TS FOR FINANCE MANAGERS

BY NICOLAS BOUCHER



INSTEAD OF



DO THIS

Staying confined in the office

Be accessible and engaged with teams

Focusing solely on figures

Balance analysis with a broader outlook

Ignoring technological advancements

Stay up-to-date with tech trends

Punishing employees for taking initiative

Encourage & reward initiative employees

Being inconsistent in communication

Foster open and regular communication

Being detached from teams

Build strong relationships with teams

Relying solely on others for technical knowledge

Expand technical skills and knowledge

Focusing solely on minor details

Balance attention to detail with a big picture perspective

Requiring validation for every decision

Be confident and make informed decisions

Allowing stagnation in roles

Encourage growth and development →

BY NICOLAS BOUCHER



ROAD TO FP&A



FINANCE STORYTELLING

5



FINANCE BUSINESS PARTNERING

4



MANAGE THE BUDGET PROCESS



2

MASTER ANALYSIS METHODS



1

KNOW YOUR ACCOUNTING BASICS



FP&A VS CONTROLLER

BY NICOLAS BOUCHER

FINANCIAL PLANNING ANALYST



Focused on analysing and forecasting.

The role is more focused on the future of the financials.

Main activities:

- Budgeting & Forecasting
- Financial analysis
- Scenario modeling
- Management reporting
- Insights from financial and non financial data
- Business partnering
- Finance Storytelling



CONTROLLER



In English speaking countries, a Controller is in charge of Accounting and Financial Reporting.

It's like a senior manager accountant.

The role is more focused on the past and current financials.

Main activities:

- Transactional finance
- Oversees accounting
- Standard financial reporting
- Cost controlling
- Internal controls
- Processes & tools



DIFFERENT DEFINITIONS IN EUROPE

In continental Europe, the definition is different.

Controlling (Analysis, Budgeting) is differentiated from Finance (Accounting). Hence, you might find controlling roles in Germany or France which are actually the same roles than a FP&A role in USA.

10 WAYS TO IMPROVE CASH

BY NICOLAS BOUCHER



1

Forecast and adjust spending, and work with the finance team to manage cash flow.



2

Negotiate with suppliers and customers better payment terms.



3

Manage accounts receivable & payable. Implement cash management policies and procedures.



4

Align cash objectives with other departments.



5

Use technology (treasury software, liquidity planning tool) to improve cash flow management.



6

Optimize the working capital level based on the growth plan of the company.

7

Negotiate payment facilities and debt programs with financial institutions.

8

Implement a liquidity performance plan to activate levers across the organisation

9

Build and monitor a cash flow planning aligned with the company's forecasts.

10

Communicate and educate about cash flow management

BY NICOLAS BOUCHER

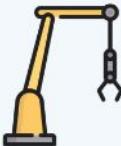


CapEx VS OpEx

BY NICOLAS BOUCHER



CAPITAL EXPENDITURES



Definition:

Refers to costs associated with acquiring, maintaining or improving fixed assets. Can be depreciated over time.

+ PROS

Provides long-term benefits in terms of increased productivity, efficiency & competitiveness.

Helps build a company's asset base which can provide additional income in the future.

Examples of CapEx:

New factory building, machines, licenses softwares for multiple years

- CONS

Has substantial upfront costs with high impact on cash

No guarantee that the investment made will yield desired results in terms of profits

OPERATIONAL EXPENDITURES



Definition:

Current expenses and refers to the day-to-day costs of running a business.

+ PROS

Opex costs can be managed more easily since they do not involve large upfront costs.

Flexibility to adjust spending levels in response to changing market conditions or customer needs.

Examples of OpEx:
Salaries, rent, office supplies, advertising & marketing expenses...

- CONS

Tend to increase over time due to inflation

Lacks the long-term benefits that come with CapEx investments in terms of increased productivity, efficiency and competitiveness.

DEFERRED REVENUE & EXPENSES



BY NICOLAS BOUCHER

DEFERRED REVENUE

What is Deferred Revenue?

It's the part of the revenue you invoiced in advance for products or services that are going to be delivered in the future.

Recorded as Liabilities

They are recorded as "Liabilities" when the bill is issued to the customer (the product or service is due to the customer).

Then in each period you recognize a part of it as revenue recognition and decrease from this amount the liabilities.

Examples :

- Rent payments received in advance
- Annual subscription payments received at the beginning of the year



DEFERRED EXPENSES

What is Deferred Expenses?

Costs that have been invoiced from your suppliers but not incurred. These expenses are typically for goods or services that will be used in the future.

Recorded as Assets

They are recorded as "Assets" when the bill is issued by the supplier (the product or service is to be received from the supplier).

Then in each period you recognize a part of it as expenses incurred and decrease from this amount the assets.

Examples:

- Yearly Rent
- Annual advertising fees
- Advance payment of insurance coverage





Cash vs Accrual

BY NICOLAS BOUCHER

CASH ACCOUNTING



Is recorded when a payment from a client is received (**cashed in**) or when a payment of a supplier is made (**cashed out**).



Does not recognize accounts receivable or payable. More often used by **small business** due to its **simplicity**.



ACCRUAL ACCOUNTING



Expenses recorded when the **service incurred** or when a **good is received** regardless of when the money is actually paid.



Used by **middle and big companies** to reflect the economic reality of debit and credit positions in a **specific period of time**.



BALANCE SHEET ANALYSIS



BY NICOLAS BOUCHER



Quick Ratio

Goal: Check the **solvency** of a company and **how fast can they repay** their short term debts with their quick assets.

Formula: Quick Assets / Current Liabilities
(where Quick Assets = Current Assets - Inventory)



Asset Turnover

Goal: The higher the number, the less **assets you need to make revenues**.

Formula: Turnover / Net Tangible Assets



Working Capital

Goal: Measure the **capital used to finance the daily operations**.

Formula: Current Assets - Current Liabilities



Inventory Turnover

Goal: Measure how many **months inventory** do you have on your balance sheet.

Formula: Cost of Goods Sold / Average Inventory



Cash Conversion Cycle (CCC)

Goal: Check how many days you need to **convert your cash out** (for inventory in cash in (from sales))

Formula: Days of Inventory Outstanding + Days Sales Outstanding - Days Payable Outstanding

HOW TO BE A BETTER BUSINESS PARTNER

Made by Nicolas Boucher

HERE ARE 6 WAYS TO PUT YOURSELF IN YOUR BUSINESS PARTNER'S SHOES:



Understand expectations from the hierarchy of your business partner



Interact with their team



Learn about the specificities of the department



Shadow your business partner one day to learn how a typical day looks like for him/her



Build a relation of trust where he/she can share their challenges and motivations

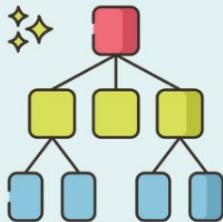


Learn about the history of your business partner to understand how they got where they are today

Sales Forecasting

Source Nicolas Boucher

This infographic presents you the different techniques to forecast sales.



Scenario planning

Under scenario planning, you brainstorm different circumstances and how they impact sales.

Sales Force Composite Method

Sales representatives forecast sales for their territory or accounts.



Market Build-Up

Based on data about the industry, you estimate the global demand and you apply your estimated market share to obtain your sales forecast.

Lead-driven

Analyse each lead source and assign a value based on historical sales data from each of the lead source.



Opportunity Stage

Based on where the prospect is in your pipeline, you calculate the chances of the deal closing.

3 EASY CAREER MOVES



BY NICOLAS BOUCHER

1

TRANSITION WITHIN YOUR FINANCE FUNCTION

Move to another job within Finance

(accounting, FP&A, project controlling, treasury, tax, etc.).

Move to another speciality within your field:

(example for accounting: management accounting, accounts payable, accounts receivable...).

2

TRANSITION TO A NEW DEPARTMENT

Why are you valuable for other departments?

You can **leverage your connections and processes knowledge**.

3

WORK FOR ANOTHER UNIT

You can add value to another unit. You will **bring your experience** and understanding of the processes to be **rapidly operational**.



FP&A METHODS

© Nicolas Boucher

1



Budget vs
Actuals

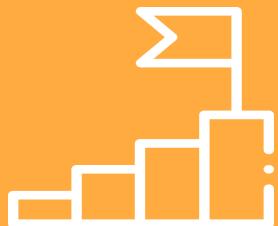
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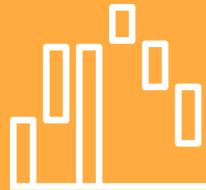


4



Project
Variances

5



Price Volume
Mix

6



Standard
Costs

7



Sensitivity

8



Pareto

9



Headcount

FP&A

QUIZ

#1



4

SWIPE

INTRO

10 questions to test
your FP&A skills.

Don't forget to
share your score in
the comments!

Question 1

What is the best method to analyse sales?

- A. Price Volume Mix**
- B. Compare the absolute value of sales year to year**
- C. Calculate the % increase of sales vs last year**

SWIPE TO SEE THE ANSWER



Answer

What is the best method to analyse sales?

A. Price Volume Mix



Question 2

What is the activity based budget method?

- A. Method to budget each basic function first and then secondary functions**
- B. Budgeting method using the market activity of last year and apply a % to derive the sales to budget**
- C. Top-down approach where you derive the activities needed (input) to achieve your targets (output)**

SWIPE TO SEE THE ANSWER



Answer

What is the activity based budget method?

C. Top-down approach where you derive the activities needed (input) to achieve your targets (output)



Question 3

What is the zero based budgeting method?

- A. Method taking the last year budget as the reference for next year budget and not making any change to save time**
- B. Budgeting method using no bottom up input (zero input) and only perform a top down approach**
- C. Budgeting method where all expenses must be justified for each new period**

SWIPE TO SEE THE ANSWER



Answer

What is the zero based budgeting method?

C. Budgeting method where all expenses must be justified for each new period



Question 4

What is the best chart to analyse monthly data over more than 6 months?

- A. Line chart**
- B. Stacked 100% column chart**
- C. Waterfall chart**

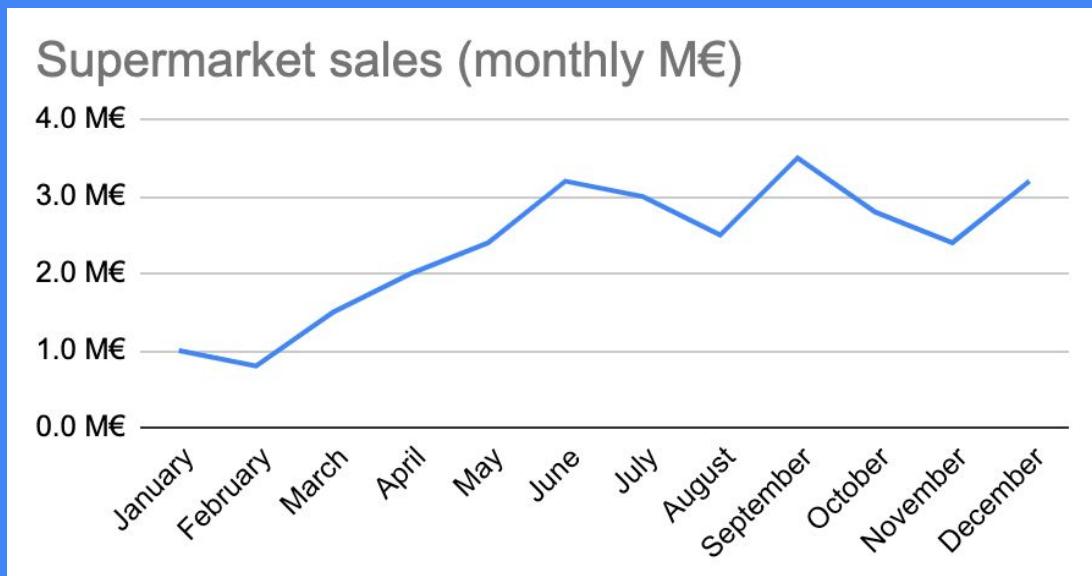
SWIPE TO SEE THE ANSWER



Answer

What is the best chart to analyse monthly data over more than 6 months?

A. Line chart



Question 5

What means FTE?

- A. First Time Employee**
- B. Full Time Equivalent**
- C. Full Temporary Employee**

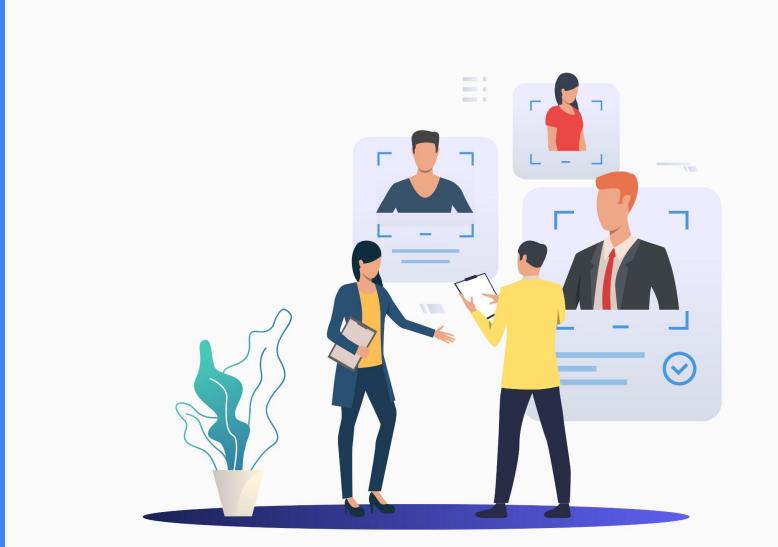
SWIPE TO SEE THE ANSWER



Answer

What means FTE?

B. Full Time Equivalent



Question 6

What means management span?

- A. Level of responsibilities of a manager**
- B. Number of subordinates or direct reports a supervisor is responsible for**
- C. Number of different levels of reporting in the organization, from the CEO down to the “shop floor”**

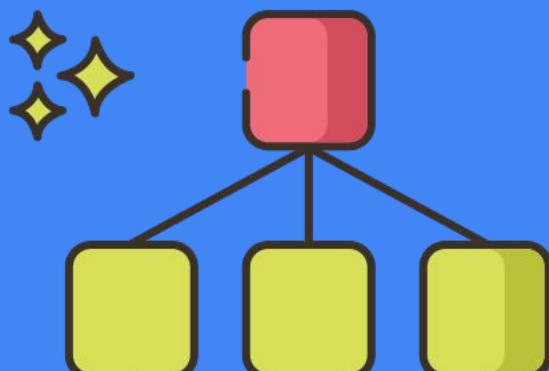
SWIPE TO SEE THE ANSWER



Answer

What means management span?

B. Number of subordinates or direct reports a supervisor is responsible for



Question 7

What is the horizontal analysis ?

- A. Comparing a financial statement line item over various reporting periods (or a budget reference)**
- B. Method of analyzing financial statements that list each line item as a percentage of a base figure within the statement**
- C. Analysis of the structure costs**

SWIPE TO SEE THE ANSWER



Answer

What is the horizontal analysis ?

A. Comparing a financial statement line item over various reporting periods (or a budget reference)



Question 8

How do you calculate the exchange rate effect?

- A. Change of Exchange rate * Budgeted Price in Foreign Currency * Budgeted Volume**
- B. Change of Exchange rate * Actual Price in Foreign Currency * Budgeted Volume**
- C. Change of Exchange rate * Actual Price in Foreign Currency * Actual Volume**

SWIPE TO SEE THE ANSWER



Answer

How do you calculate the exchange rate effect?

C. Change of Exchange rate

* Actual Price in Foreign

Currency * Actual Volume



Question 9

**When reporting figures,
what should you do?**

- A. Just send the figures**
- B. Send the figures in Excel and a print screen in the email**
- C. Sent the official report by Excel or PDF, a print screen in the email of the Key Figures and comments + recommendations**

SWIPE TO SEE THE ANSWER



Answer

When reporting figures,
what should you do?

C. Sent the official report by
Excel or PDF, a print screen
in the email of the Key
Figures and comments +
recommendations



Question 10

If your current profit is 15%. You want to give a discount of 5%. How much more volume do you need to maintain the profit at 15%?

- A. 5%
- B. 25%
- C. 50%

Volume increase in % necessary to maintain the same amount of profit in € after giving a discount

Profit (in % of sales) before change	Price discount (price reduction in %)				
	-1%	-2%	-3%	-4%	-5%
5%	25%	67%	150%	400%	-
10%	11%	25%	43%	67%	100%
15%	7%	15%	25%	36%	50%
20%	5%	11%	18%	25%	33%
25%	4%	9%	14%	19%	25%
30%	3%	7%	11%	15%	20%
40%	3%	5%	8%	11%	14%
50%	2%	4%	6%	9%	11%

SWIPE TO SEE THE ANSWER



Answer

If your current profit is 15%. You want to give a discount of 5%. How much more volume do you need to maintain the same profit in €?

C. 50%

Volume increase in % necessary to maintain the same amount of profit in € after giving a discount

Profit (in % of sales) before change	Price discount (price reduction in %)				
	-1%	-2%	-3%	-4%	-5%
5%	25%	67%	150%	400%	-
10%	11%	25%	43%	67%	100%
15%	7%	15%	25%	36%	50%
20%	5%	11%	18%	25%	33%
25%	4%	9%	14%	19%	25%
30%	3%	7%	11%	15%	20%
40%	3%	5%	8%	11%	14%
50%	2%	4%	6%	9%	11%

FP&A

QUIZ

#2

7



SWIPE

INTRO

5 questions to test
your FP&A skills.

Don't forget to
share your score in
the comments!

Question 1

How do you calculate the margin variance?

- A. Price effect + Volume effect + Cost effect**
- B. Price effect + Volume effect + Cost effect + Mix effect**
- C. Price effect + Volume effect + Mix effect**



***SWIPE TO SEE
THE ANSWER***

Answer 1

How do you calculate the margin variance?

- A. Price effect + Volume effect + Cost effect
- B. Price effect + Volume effect + Cost effect + Mix effect
- C. Price effect + Volume effect + Mix effect

Question 2

In Project Controlling, what is the earned value of a project?

- A. % of real completion x Budget value
- B. Cash in - cash out
- C. % of revenue



***SWIPE TO SEE
THE ANSWER***

Answer 2

In Project Controlling, what is the earned value of a project?

- A. % of real completion x Budget value
- B. Cash in - cash out
- C. % of revenue

Question 3

What is the best way to forecast efficiently the salary costs?

- A. Summing up each of the forecasted salary costs of all employees**
- B. Actual average salary costs per FTE x planned FTE x salary increase factor**
- C. Actual salary costs x salary increase factor**



***SWIPE TO SEE
THE ANSWER***

Answer 3

What is the best way to forecast efficiently the salary costs?

- A. Summing up each of the forecasted salary costs of all employees
- B. Actual average salary costs per FTE x planned FTE x salary increase factor
- C. Actual salary costs x salary increase factor

Question 4

What is the best order to plan your budget?

- A. Headcount > Sales > Cash
- B. Cash > Headcount > Sales
- C. Sales > Headcount > Cash



***SWIPE TO SEE
THE ANSWER***

Answer 4

What is the best order to plan your budget?

- A. Headcount > Sales > Cash
- B. Cash > Headcount > Sales
- C. Sales > Headcount > Cash

Question 5

How can you use the IBCS standards?

- A. To standardize reports**
- B. To analyse costs**
- C. To plan a project**



***SWIPE TO SEE
THE ANSWER***

Answer 5

How can you use the IBCS standards?

A. To standardize reports

B. To analyse costs

C. To plan a project

Thank you for taking the Quiz.

Now, share your
score in the
comments!

Check the next pages
for more explanations
on the answers.



Nicolas Boucher

FP&A

QUIZ

#3

8



SWIPE

INTRO

5 questions to test
your FP&A skills.

Don't forget to
share your score in
the comments!

Question 1

What is a sensitivity analysis?

- A. Assesses the correlation between the valuation of a stock & the market**
- B. Assesses how much the demand moves if you change the price**
- C. Assesses the effect of a single parameter at a time while holding all other parameters constant**



*SWIPE TO SEE
THE ANSWER*

Answer 1

What is a sensitivity analysis?

- A. Assesses the correlation between the valuation of a stock & the market
- B. Assesses how much the demand moves if you change the price
- C. Assesses the effect of a single parameter at a time while holding all other parameters constant**

Question 2

If you sell a product 50\$ with COGS per product being 30\$ and you have 10,000\$ fixed costs, what is your break even point??

- A. 5,000
- B. 500
- C. 333



***SWIPE TO SEE
THE ANSWER***

Answer 2

If you sell a product 50\$ with COGS per product being 30\$ and you have 10,000\$ fixed costs, what is your break even point?

- A. 5,000
- B. 500
- C. 333

Question 3

Which method should you use to analyse the sales actuals vs budget if you have the budget and actuals details by product?

- A. Price variance**
- B. Price Volume Mix**
- C. You should not analyse product by product**



***SWIPE TO SEE
THE ANSWER***

Answer 3

Which method should you use to analyse the sales actuals vs budget if you have the budget and actuals details by product?

- A. Price variance
- B. Price Volume Mix
- C. You should not analyse product by product

Question 4

You need to improve your reporting, in which order would you do it?

- A. Challenge the requirements / Delete parts of the report / Automate
- B. Automate / Challenge the requirements / Delete parts of the report
- C. Delete parts of the report / Challenge the requirements / Automate



**SWIPE TO SEE
THE ANSWER**

Answer 4

You need to improve your reporting, in which order would you do it?

- A. Challenge the requirements / Delete parts of the report / Automate
- B. Automate / Challenge the requirements / Delete parts of the report
- C. Delete parts of the report / Challenge the requirements / Automate

Question 5

What is the best way to compare the P&L of two companies which have different sizes?

- A. Vertical analysis
- B. Horizontal analysis
- C. Sensitivity analysis



***SWIPE TO SEE
THE ANSWER***

Answer 5

What is the best way to compare the P&L of two companies which have different sizes?

- A. Vertical analysis**
- B. Horizontal analysis
- C. Sensitivity analysis

5 SKILLS TO MASTER IN FFP&A

8



SWIPE

1. ANALYSIS

Learn how to analyse

- sales
- margin
- overhead
- headcount

Be more valuable and
help get better insights.

2. BUDGETING

Master the budget process.

Be a pro at strategic planning and have closer relation with management.



3. BUSINESS PARTNER

**Be a great finance
business partner.**

**It will allow you to
navigate within the
organisation and make
things move forward.**



Nicolas Boucher

4. OPTIMIZATION

Know how to optimize
reporting in order to;

- Add value to the company
- Be able to report efficiently

5. STORYTELLING

The world rewards the people who are best at communicating ideas, not the people with the best ideas.



DO YOU WANT TO MOVE TO FP&A?



**CHECK MY COURSE
FOR FP&A
LINK ON MY
LINKEDIN PROFILE**

PROBLEM SOLVING

9



SWIPE

MASTER PROBLEM SOLVING

As a financial analyst, you will encounter many problems that require quick and effective solutions.



PRACTICE

Find opportunities to practice solving problems on a regular basis.

For example, you could build a simple break-even model to identify the minimum volume of sales needed for a company.

BREAK PROBLEMS

By breaking problems down into smaller subproblems, you can tackle them more easily.

For example, to forecast a company's revenue, try first to look at it at revenue by client.

You might find that 80% of the revenue is done with 5 clients.

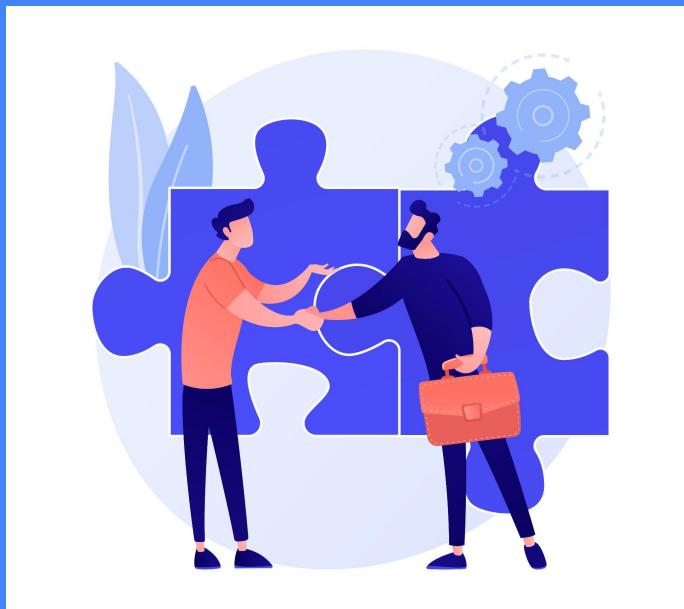
TAKE ANOTHER ANGLE

5 ways to look at a problem:

- 1. Rename the problem**
- 2. Reformulate it on the reverse**
- 3. Open your mind**
- 4. Put stuff into boxes**
- 5. Reverse-engineer**

ASK FOR HELP

Your colleagues or superiors may have different experiences and insights that can help you see the problem in a new way.



KEEP LEARNING

When you make a mistake as a financial analyst, it's important to understand what went wrong and how you can avoid making the same mistake in the future.



SUMMARY

- 1. Practice regularly**
- 2. Break problems down
into smaller parts**
- 3. Look at the problem from
different angles**
- 4. Don't be afraid to ask for
help**
- 5. Learn from your mistakes**

TURN DATA INTO INSIGHTS

10



SWIPE

1. NON FINANCIAL DATA

Find a **common identifier** between finance and with non financial information.

Example: link revenue with a sale document to add information about the client, the distributor...

EXAMPLE

Example: link sales with a sale document where you will get the information about the client, the method of distribution, the contract, etc.

2. LOOK FURTHER INTO THE PAST

Standard comparisons are done over 1 or 2 years.

But if you extend your analysis **over 5 years**, you reduce the effects of one-off events and you are able to **validate trends**.

3. GROUPING

Identifying trends if you sell 100s of products to 100s of clients can be tricky.

Solution: group your items in 3 to 5 categories.

It allows pareto analysis (80/20) and make more sense of the detailed data.

4. VISUALIZATION

Our brains have difficulties to compare more than 3 data points.

Solution: convert the data into a graph, you can easily spot trend and outliers.



5. GET HINTS

Use your network and ask around what are the issues people are having.

Get advice from your operational business partner on where to look at to find insights.



PVM Analysis

How to apply it in real life

11



SWIPE

DEFINITION

PRICE

Effect of price
keeping quantity
constants



VOLUME

Selling more
products, even
at the same mix
and price, will
increase sales



MIX

Even keeping
total quantities
and prices the
same, sales can
increase if we
sell a higher
proportion of
expensive
products

Quantity

PRICE VOLUME AND MIX ANALYSIS

FIND INSIGHTS



**Use the PVM analysis to detect
the factors impacting your
revenue.**



**In the next pages, we are going
to see what you can detect and
what to do next.**

You detect an increase in volume with negative mix effect



Next step:

Check if the changes in volume is really aligned with the product portfolio strategy and why we decide to sell more of the cheaper products

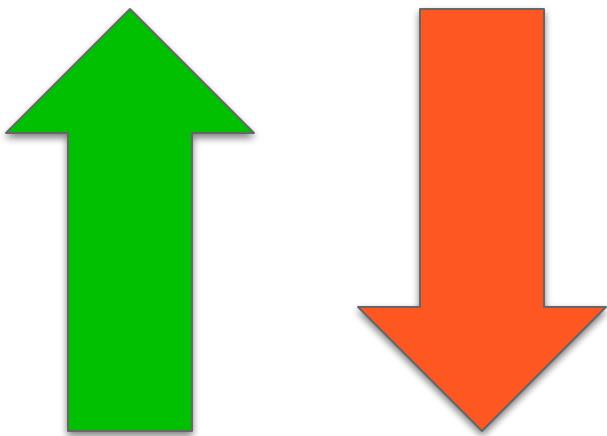
There is a new or one-off business event



Next step:

Investigate business events and take measures

You notice product cannibalism



Next step:

Review product portfolio strategy and prioritize

Impact from new and discontinued products



Next step:

Revalidate business case assumptions

Price changes



Next step:

**Validate prices.
Perform elasticity & sensitivity analysis to
choose the best price and supply chain
combination**

Discount effects



Next step:

Verify impact on profit and revisit discount strategy if use and results are not aligned with goals of the organisation

Exchange rate impact



Next step:

**Check for hedging strategies if the effect
is significant**

SUMMARY

Causes for variance	Next steps
Interaction Between Volume and Mix	Check if the changes in volume and the impact on the mix are aligned with the sales strategy
New/One-off Business Effect	Investigate business events and take measure
Product cannibalism	Review product portfolio strategy and prioritize
New and discontinued products	Revalidate business case assumptions
Impact of Changes in List Price on Revenue	Elasticity and sensitivity analysis to choose the best price and supply chain combination
Discount	Verify impact on profit and revisit discount strategy if use & results are not aligned with goals of the organisation
Exchange rate effect	Check for hedging strategies if the effect is significant

VERTICAL ANALYSIS

12



SWIPE

DEFINITION

**Analysis of
financial statements**

**looking at each line
item as a percentage of
a base figure within the
statement**

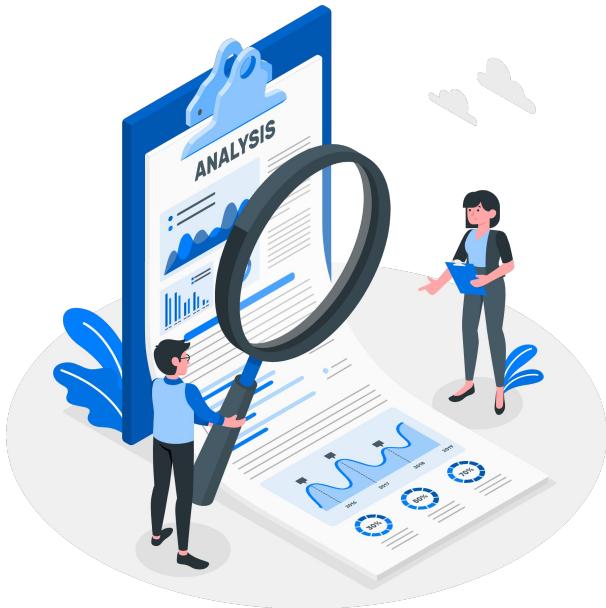
RATIO P&L

One of the most common ratio to use is to state each line in terms of the percentage of sales



RATIO BALANCE SHEET

For balance sheet you can calculate ratios as percentage of total assets



RATIO CASH FLOW

In the cash flow statement you can compare each inflow or outflow as a percentage of the total inflow



EXAMPLE

Vertical analysis

Amazon.com Inc.

Consolidated Income Statement



US\$ in millions

12 months ended:	Dec 31, 2020	% of sales	Dec 31, 2021	% of sales	Change in US\$m	Change in %	Change of % of sales
Net product sales	215,915	55.9%	241,787	51.5%	25,872	12%	-4.5%
Net services sales	170,149	44.1%	228,035	48.5%	57,886	34%	4.5%
Net sales	386,064	100.0%	469,822	100.0%	83,758	22%	0.0%
Cost of sales	(233,307)	-60.4%	(272,344)	-58.0%	(39,037)	17%	2.5%
Gross profit	152,757	39.6%	197,478	42.0%	44,721	29%	2.5%
Fulfillment	(58,517)	-15.2%	(75,111)	-16.0%	(16,594)	28%	-0.8%
Technology and content	(42,740)	-11.1%	(56,052)	-11.9%	(13,312)	31%	-0.9%
Marketing	(22,008)	-5.7%	(32,551)	-6.9%	(10,543)	48%	-1.2%
General and administrative	(6,668)	-1.7%	(8,823)	-1.9%	(2,155)	32%	-0.2%
Other operating income (expense), net	75	0.0%	(62)	0.0%	(137)	-183%	0.0%
Operating income	22,899	5.9%	24,879	5.3%	1,980	9%	-0.6%
Interest income	555	0.1%	448	0.1%	(107)	-19%	0.0%
Interest expense	(1,647)	-0.4%	(1,809)	-0.4%	(162)	10%	0.0%
Other income (expense), net	2,371	0.6%	14,633	3.1%	12,262	517%	2.5%
Non-operating income (expense)	1,279	0.3%	13,272	2.8%	11,993	938%	2.5%
Income before income taxes	24,178	6.3%	38,151	8.1%	13,973	58%	1.9%
Provision for income taxes	(2,863)	-0.7%	(4,791)	-1.0%	(1,928)	67%	-0.3%
Equity-method investment activity, net of tax	16	0.0%	4	0.0%	(12)	-75%	0.0%
Net income	21,331	5.5%	33,364	7.1%	12,033	56%	1.6%

Source: <https://www.stock-analysis-on.net/NASDAQ/Company/Amazoncom-Inc/Financial-Statement/Income-Statement>

PROS

- 1. Using ratios allows to compare financial statements which differs in size.**
- 2. You can also analyse the relationship between the financial statements line items. For example overhead as a % of sales.**
- 3. You can benchmark or give common targets to units with different size**

CONS

Only tells the performance in relation with one item (for example sales).

If this item is significantly lower/ higher than expected or has an anomaly, the ratio has less value.

BUDGETING PROCESS

13



SWIPE

BUDGETING PROCESS

Set expectations with management

Sales

Operational Plan

Resources

Standard costs

Overhead

**Income
Statement**

**Balance
Sheet**

**Cash Flow
Statement**



1. SET EXPECTATIONS

Understand expectations
from management about

- Growth
- Implementation of strategy
- Profitability
- Lessons learned from the past

2. PLAN SALES

- Choose the most appropriate method
- Plan with sufficient details to be able to run analysis
- Pay attention to factors impacting changes
- Ensure accuracy of phasing
- Prepare what if analysis with impact on resources and profitability

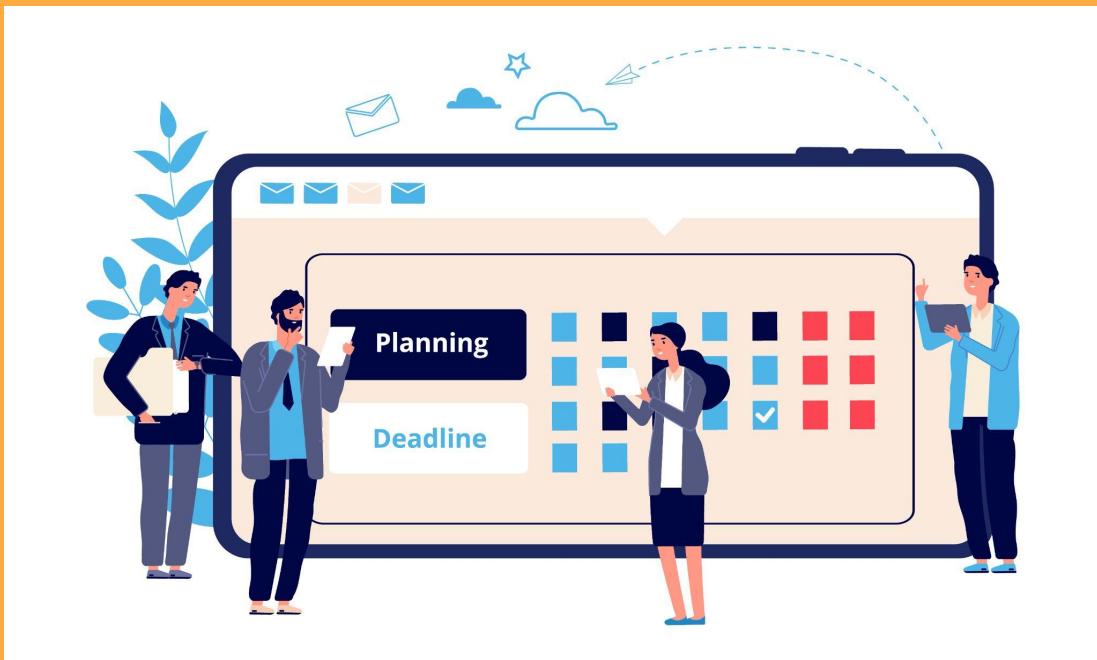
3. OPERATIONAL PLAN

- Plan production and delivery
- Plan workload



4. PLAN RESOURCES

- Plan direct **headcounts & capacity**
- Plan material needs
- Plan **investments**



5. STANDARD COSTS

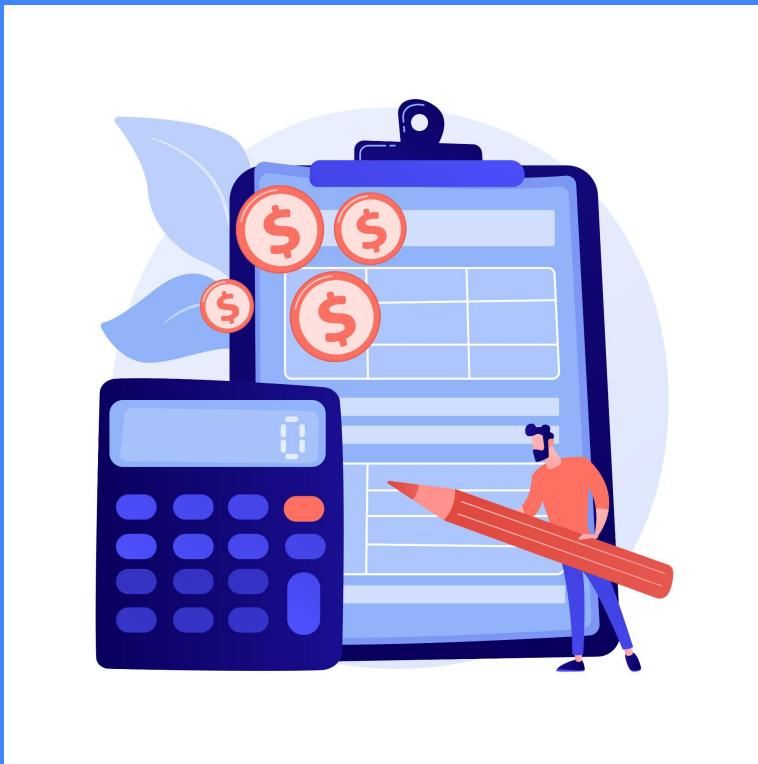
Compute:

- Direct labor: hours/unit and hourly rate
- Material: quantity & price
- Manufacturing overhead allocation



6. OVERHEAD

- Department budget
- Allocations of overhead costs



7. FINANCIAL STATEMENTS

- Income Statement
- Balance Sheet
- Cash
- Communicate results and cascade down key figures and action plan

BONUS

ROLE OF FINANCE

- Coordination
- Consistency
- Documentation
- Communication of targets and results



ZERO-BASED BUDGETING

14



SWIPE

DEFINITION

Budgeting method
where all expenses
must be justified
for each new period



PROCESS

It starts from a “Zero-Base”: every function within the organisation is analysed for its needs and costs.

Budgets are then built around what is needed for the upcoming period regardless of the previous one.

PROS

- Ideal when you want to decrease significantly your costs
- Challenges the status quo
- For newcomers, it's a good opportunity to change things

CONS

- Time intensive
- Cultural acceptance



EXAMPLE

How a Traditional Budget looks like:

Traditional Method

	Prior year	% change expected	Budget
Salary costs	€300,000	5.0%	€315,000
External services	€50,000	3.0%	€51,500
Rent	€20,000	2.0%	€20,400
Total costs	€370,000	4.6%	€386,900

EXAMPLE

How a Zero Based Budget looks like:

Zero Based Budgeted

	Prior year	Comment	Budget
Salary costs	€300,000	Only 2 headcounts needed and 5% inflation	€210,000
Number of headcounts	3		2
External services	€50,000	3.0%	€22,500
Tax services	€30,000	Scope reviewed: only 3 out of 4 services needed	€22,500
Consulting	€20,000	Stop project as not strategic	€0
Rent	€20,000	Reduction of surface planned (-10%) + 2% inflation	€18,360
Total costs	€370,000		€250,860

Change vs prior year -32.2%

FORECAST

METHOD

RISKS &

OPPORTUNITIES

15



SWIPE

DEFINITION

Add impact
of significant events
to the key figures of
your budget.



PROCESS

- 1. Identify significant events
for your business.**
- 2. Estimate for each of them
their impact on the key figures
(commercial, EBIT, cash).**
- 3. Add them to your budget to
obtain your forecast**

PROS

- No need to recalculate all the details
- Fast method to reforecast

CONS

- Prone to omission
- Only limited to few significant impacts



EXAMPLE

How a

Risks and Opportunities

Forecast looks like:

	Q1 2022	Q2 2023	Q3 2022	Q4 2022	Total FY 2022
Revenue budgeted	€100,000	€130,000	€120,000	€150,000	€500,000
Opportunity on client A lost		-€10,000	-€12,000	-€8,000	-€30,000
Deal with distributor X delayed	-€10,000	-€11,000	-€10,000		-€31,000
Total risks	-€10,000	-€21,000	-€22,000	-€8,000	-€61,000
Client Y won (not budgeted)		€20,000	€15,000	€20,000	€55,000
Improvement of conversion rate	€5,000	€6,000	€5,500	€6,000	€22,500
Total opportunities	€5,000	€26,000	€20,500	€26,000	€77,500
Total risks & opportunities	-€5,000	€5,000	-€1,500	€18,000	€16,500
New Forecast	€95,000	€135,000	€118,500	€168,000	€516,500

SALES FORECASTING OPPORTUNITY STAGE

16

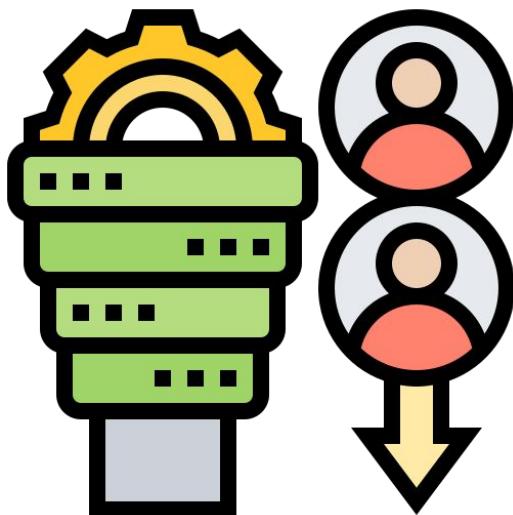


SWIPE

1

DEFINITION

**Based on where the prospect
is in your pipeline, you
calculate the chances of the
deal closing.**



2

PIPELINE

Discovery

Prospect identified

Pre-Qualification

Initial contact made

Qualification

Opportunity assessed

Proposal

Solution defined

Evaluation

Solution evaluated by prospect

Decision

Presented to decision maker

Negotiation

Pricing proposal presented

Close

3

EXAMPLE

Average sales value €400,00
per client 0

Opportunity stage	Number of leads	Win rate probability	Weighted Forecasted sales value
Discovery	500	5%	€10,000,000
Pre-Qualification	300	10%	€12,000,000
Qualification	200	20%	€16,000,000
Proposal	100	40%	€16,000,000
Evaluation	60	50%	€12,000,000
Decision	30	70%	€8,400,000
Negotiation	10	90%	€3,600,000
Close	5	100%	€2,000,000
Total	1,205		€80,000,000

ROLLING FORECAST

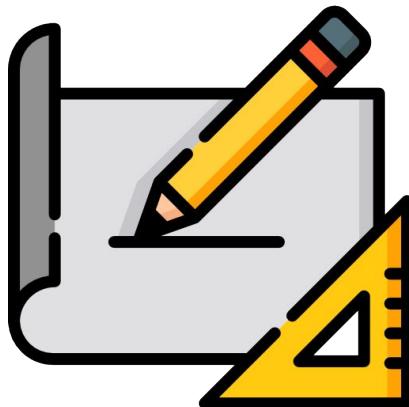
17



SWIPE

DEFINITION

A rolling forecast is a management tool that enables organizations to continuously plan (i.e. forecast) over a set time horizon.



APPLICATION

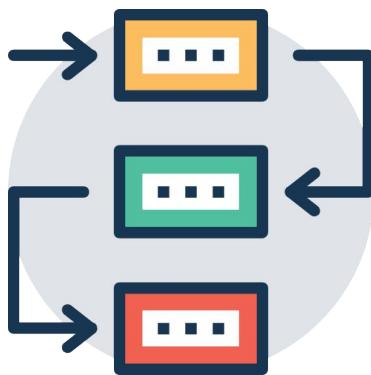
A rolling forecast will re-forecast the next twelve months (NTM) at the end of each month or each quarter.



WHY USING IT?

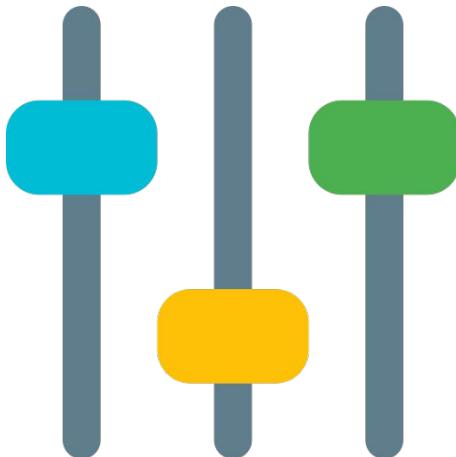
**With the Rolling Forecast
you always have a view
over the next 12 months.**

**With the traditional
budgeting this view
shrinks overtime.**



ADVANTAGES

Less time consuming
More accurate
short-term view
Recalibration of
mid-term forecast



CHALLENGES

Difficulty to implement
Forecast changing
constantly
Need for planning tools



Source:

<https://www.wallstreetprep.com/knowledge/rolling-forecast-best-practices-guide-fpa-professionals/>

WANT TO SUCCEED IN YOUR NEXT INTERVIEW ?

CHECK MY LINKEDIN PROFILE



CAPEX

HOW TO BUDGET AND CONTROL

18



SWIPE

STEP 1

Definition of your CAPEX:

- 1. Evaluate if it is a
CAPEX or OPEX**
- 2. Assign the right fixed asset
category and corresponding
depreciation method**
- 3. Type of CAPEX
(recurring, one-off, growth,
replacement...)**

STEP 2

Prioritization

Classify the future investments based on their importance for your organisation and their ROI.



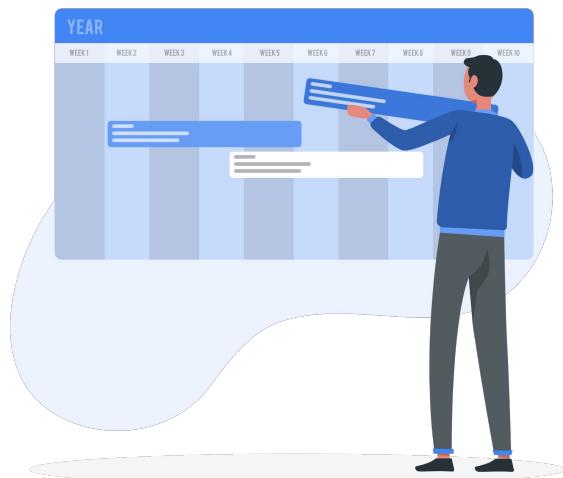
STEP 3

PHASING

Plan the phasing of your investments:

When to order

When to start using it



Follow Nicolas Boucher on [LinkedIn](#)

STEP 4

CASH

**Evaluate the Cash Impact of
your Investment:**

- For small investment,
define in which quarter the
cash will be paid**
- For bigger CAPEX, prepare a
cash curve based on the
payment milestones**

STEP 5

REPORTING

Record and report periodically:

- Investments approved
- Investments ordered
- Investments acquired
- -Cash movements



STEP 6

CONTROL

- **Approve/deny investment based on budget and business case**
- **Benchmark against the industry (% of sales, % depreciation costs in hourly rate)**
- **Arbitrage on use of cash**

SUMMARY

- 1 Definition**
- 2 Prioritization**
- 3 Phasing**
- 4 Cash**
- 5 Reporting**
- 6 Control**

INFOGRAPHIC

9 LEVERS TO IMPROVE YOUR

CASH FLOW

19



SWIPE

9 levers to improve your Cash Flow

Made by Nicolas Boucher

1 Sales

Improve payment terms with clients (negotiate down payments and short payment terms), accelerate the closing of deals

2 Finance

Automate reporting, improve understanding of cash flow statements, bring transparency to management, escalate collection issues, use factoring to accelerate cash payment from receivables

3 Collection of overdues

Automate the dunning process and escalate significant issues to management & key account manager

4 Project

Compute and monitor the cash balance of each project

5 Sales administration

Optimise the process between a cash milestone achievement and the issuance of the debit note to your client

6 Procurement

Avoid down payment and push the payment terms as far as possible

7 Inventory

Monitor level of inventory against forecasted sales, reduce lead time, optimise stock buffer, reduce delays

8 Management

Translate cash targets in team & individual objectives, put cash on the management reviews agenda, follow up cash as KPI

9 Culture

Communicate, explain, repeat: it's a culture shift

CCC:

CASH

CONVERSION
CYCLE

20



SWIPE

DEFINITION

**Days to convert
inventory into cash
flows from sales.**

FORMULA

CCC=DIO+DSO-DPO

where:

DIO=Days of inventory outstanding

DSO=Days sales outstanding

DPO=Days payables outstanding

ADVANTAGES 1/2

**CCC traces the
lifecycle of cash used
for a business
activity.**

ADVANTAGES 2/2

**Improving at least
one of the
3 components (DIO,
DSO & DPO)
has a direct positive
impact on the CCC.**

3 WAYS TO IMPROVE

CASH

21



SWIPE

1

FORECAST

**PLAN AND ANTICIPATE
SIGNIFICANT
PAYMENTS.**

**FOCUS ON THE MAIN
LEVERS TO ACHIEVE
THE UPCOMING CASH
INFLOWS.**



2

INVOICING

**SEND YOUR INVOICE
ON THE DAY
YOU REALISE THE SALE.**

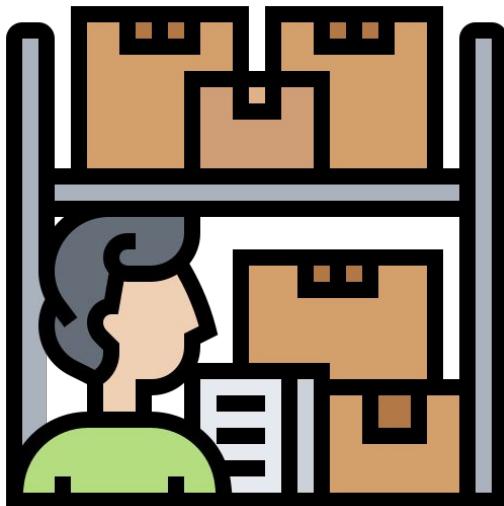
**MAKE IT DIGITAL TO
AVOID POSTAL DELAYS.**



3

INVENTORY

**TARGET
SLOW MOVING
INVENTORY
AND REDUCE IT.**



WORKING CAPITAL REQUIREMENT

22



SWIPE

INTRO

5 reasons why you should understand the Working Capital Requirement and its effect on Cash.



DIRECT IMPACT

Changes in working capital requirement (WCR) have a direct impact on your cash balance.

When WCR goes up, cash goes down.

When WCR goes down, cash goes up.

OLD ITEMS

Analysing WCR allows you to identify old receivables & increasing stock.

A timely review can prevent unexpected depreciation of old items.



GROWTH

WCR is a good indicator of financing needs for growing companies.

Plan your WCR based on your growth forecasts & secure the required financing.

INVENTORY

Identify the impact of your supply chain plan on your cash.

More inventory = less cash.

Align priorities: client needs, lead time & financing capabilities to define the right inventory level.

PAYMENT TERMS

Client and Suppliers payment terms directly impact your receivables & payables.

Manage it well & you will be less dependent on external financing!



THE 13 MAIN ACCOUNTING PRINCIPLES

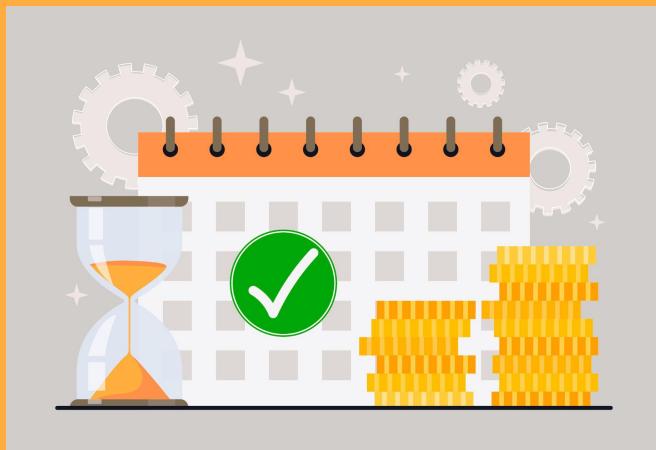
23



SWIPE

1. ACCRUAL

Transactions need to be recorded in the time period in which they occur, regardless of when the actual cash flows for the transaction are received



2. CONSERVATISM

Requires company accounts to be prepared with caution and high degrees of verification.

All **probable losses** are recorded when they are discovered, while gains can only be registered when **they are fully realized.**

3. CONSISTENCY

Once you adopt an accounting principle or method, you should continue to use it until a demonstrably better principle or method comes along.

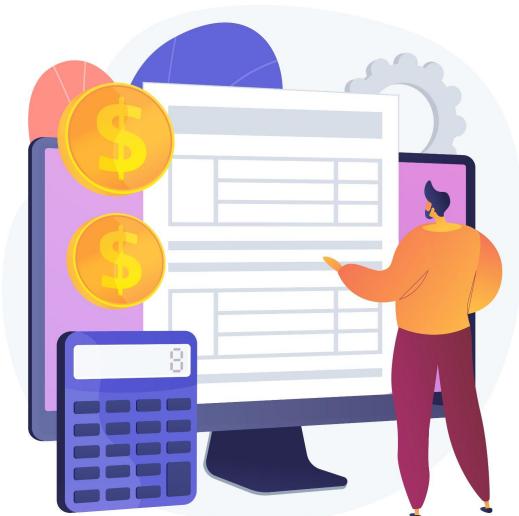
4. COST

A business should only record its assets, liabilities, and equity investments at their **original purchase costs.**



5. ECONOMIC ENTITY

Transactions of a business
should be kept separate
from those of its owners
and other businesses.



6. FULL DISCLOSURE

A company should include
in or alongside its
financial statements
all of the information that
may impact a reader's
understanding of those
statements.

7. GOING CONCERN

A business **will remain** in operation for the foreseeable future.



8. MATCHING

Companies need to report expenses **at the same time** as the revenues they are related to.



9. MATERIALITY

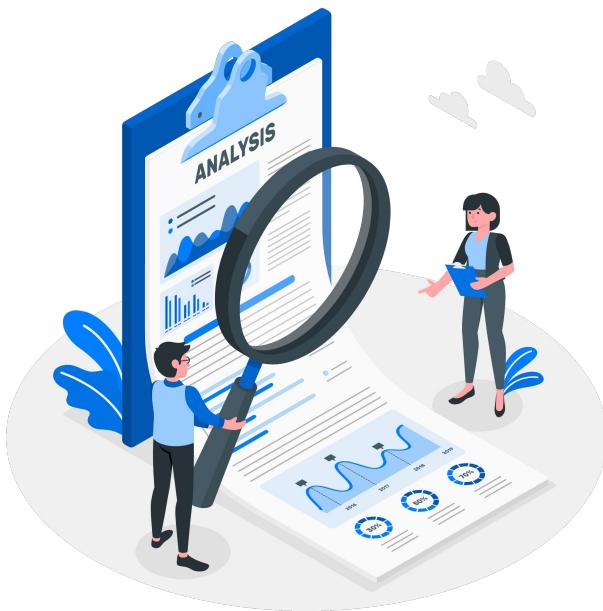
All items that are reasonably likely to impact investors' decision-making must be recorded or reported in detail in a business's financial statements.

10. MONETARY

Business transactions should only be recorded if they can be expressed in terms of a currency. In other words, anything that is non-quantifiable should not be recorded a business' financial accounts.

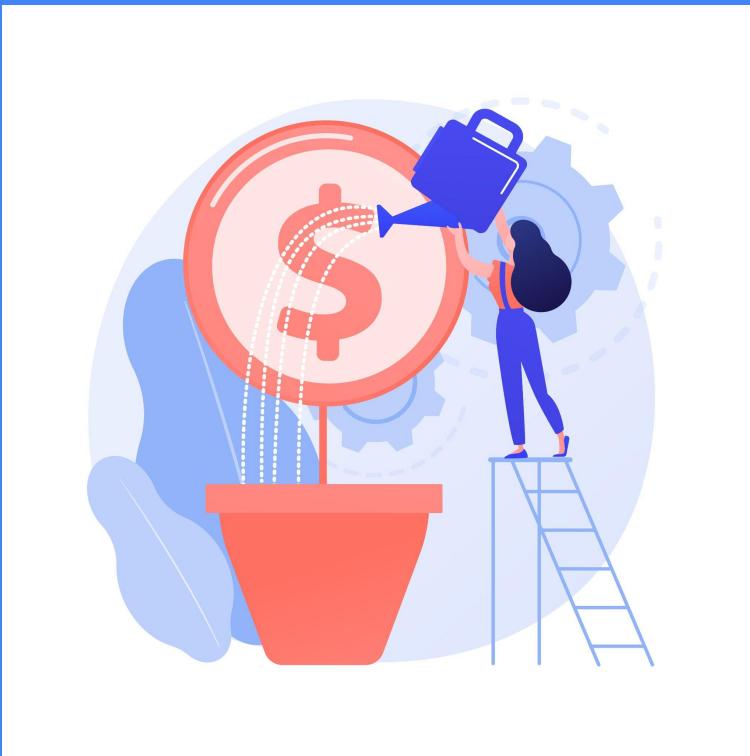
11. RELIABILITY

Only those transactions
that **can be proven** should
be recorded.



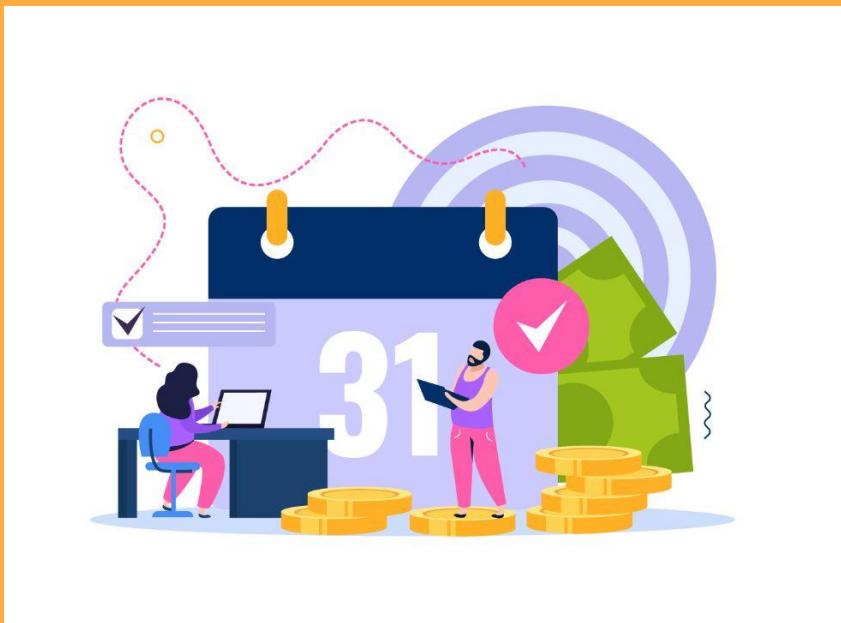
12. REVENUE RECOGNITION

You should only recognize revenue when it is earned.



13. TIME PERIOD

A business should report their financial statements appropriate to a specific time period.



ACTIVITY BASED

COSTING



24

SWIPE

DEFINITION

Activity-based costing (ABC)
is a cost accounting method.

The goal is to
allocate overhead costs
more precisely.

ABC

SPECIFICITIES

In traditional cost accounting, overhead costs are allocated using only one arbitrary rate.



SPECIFICITIES

But ABC allocates the overhead more accurately.

How?

By arranging overheads activities in **cost pools**.



COST POOLS

A cost pool is a

group of costs

either based on:

- a cost center,
- a group of cost centers or
- a measurable activity
(measured as a % of the total time spent by a group of people).

EXAMPLES

Cost pools could be:

- Warehouse management
- Customer service
- Maintenance
- R&D
- Technical trainings
- Warranty costs



MEASURES

After defining cost pools,
you need to define
the unit measures.

You will use the unit
measures to allocate the
cost pools to the products.



EXAMPLES

Unit measures could be:

- number of units produced
- number of orders
- amount of material used
- percentages
- square meters used



1/ CASE STUDY

Let's imagine a manufacturing company called "TOP DESK". They produce desk for offices.

They have 2 products:

- a standard desk and**
- an electric standing desk**

2/ CASE STUDY

They have 10M€ overheads related to the products:

- Logistics: 5M€**
- R&D: 2M€**
- Customer service: 2M€**
- Warranty & repairs: 1M€**

3/ CASE STUDY

Traditional cost accounting:
Overhead are allocated to each direct hour.

Let's say there are 500,000 direct hours worked.

**10,000,000€ / 500,000
= 20€ overhead per hour**

4/ CASE STUDY

Activity Based Cost accounting:

	Cost	Measure	# units measure total	Cost per unit
Logistics	5 M€	Number of orders	25,000 orders	€200
R&D	4 M€	R&D Hours	20,000 hours	€200
Customer service	0.5 M€	Number of customers	10,000 customers	€50
Warranty & repairs	0.5 M€	Number of returns	1000 returns	€500
Total	10 M€			

5/ CASE STUDY

Comparison:
**Traditional Cost
accounting: overhead
allocated based on total
direct hours worked for
each product.**

Traditional Cost accounting	Total Hours worked	Overhead allocated
Standard desk	350,000	7.0 M€
Electric Desk	150,000	3.0 M€

6/ CASE STUDY

Comparison:

ABC: overhead allocated

based on

activity:

ABC	Units	Overhead allocated
Logistics	25,000	5.0 M€
<i>Standard desk</i>	20,000	4.0 M€
<i>Electric Desk</i>	5,000	1.0 M€
R&D	20,000	4.0 M€
<i>Standard desk</i>	2,000	0.4 M€
<i>Electric Desk</i>	18,000	3.6 M€
Customer service	10,000	0.5 M€
<i>Standard desk</i>	7,500	0.4 M€
<i>Electric Desk</i>	2,500	0.1 M€
Warranty	1,000	0.5 M€
<i>Standard desk</i>	200	0.1 M€
<i>Electric Desk</i>	800	0.4 M€
Total Overhead		10.0 M€
<i>Standard desk</i>		4.9 M€
<i>Electric Desk</i>		5.1 M€

7/ CASE STUDY

Conclusion:

Having a more accurate overhead allocation method helped improve the **transparency** on the **profitability** of each product.

PROS

ABC advantages:

- More accurate
- Multiple rate can be used
- Better view on profitability of a product
- Can help reduce the structure cost by choosing activity having an heavy impact on product cost

CONS

ABC disadvantages:

- Difficult to implement
- Cannot be used for external report as you mix COGS and SGA in the product costs
- Needs to have the right level of details
- Needs a consistency of methods

**Let me know in the
comments which
method do you
prefer:**

ABC method

or

Traditional cost

accounting method.

10 CHART DESIGN TIPS

25



SWIPE

10 CHART DESIGN TIPS

1

Choose the right chart for your data

Choose your charts based on what you want to say about your data and the type of data you have.



2

Don't use legends in your chart design

Instead of using a legend, label data points and data series directly on the chart.



3

Highlight some details and downplay others

Use color, size, or weight to highlight key data points. Reserve bright, contrasting colors for the most important elements.



4

Eliminate unnecessary complexity

Remove unnecessary chart elements like outlines, gridlines, and backgrounds to keep the focus on the data.



5

Encourage comparison in your chart design

Include multiple datasets within a single chart with a few small, simple charts side-by-side to encourage comparison.



10 CHART DESIGN TIPS

6

Use titles and annotations to tell a story

Titles, captions, and annotations can be used to frame a narrative around each chart.



7

Show the right amount of data

Find that balance between complexity and clarity to create a chart that's both legible and persuasive.



8

Find the best aspect ratio for your data

Find the aspect ratio at which the average slope of the data line most readable (~45 degrees).



9

Do the math (so your readers don't have to)

Instead of asking your viewer to make lots of visual comparisons on the fly: do the math yourself and chart the result.



10

Make your chart design memorable

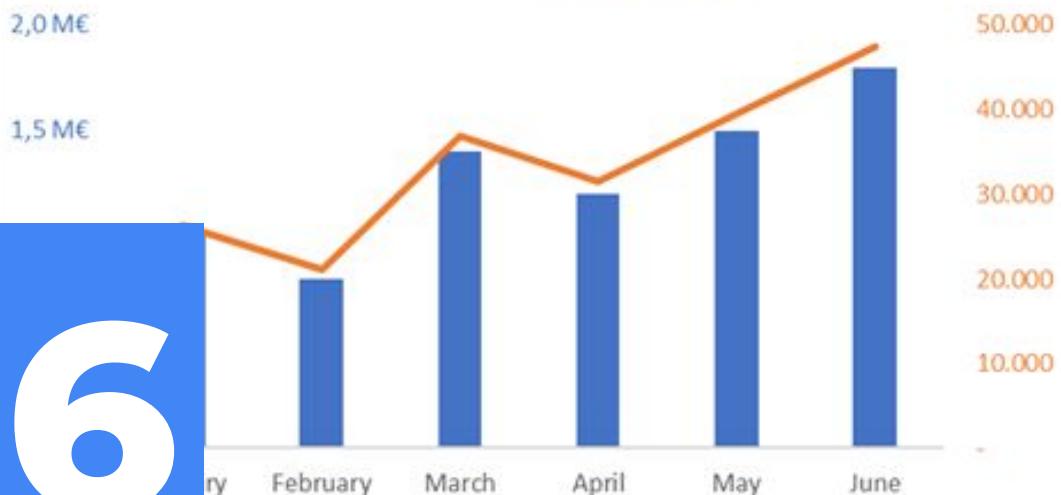
Use visual metaphors, find a new perspective, or tie your data to concrete, relatable examples to make your chart design memorable.



EXCEL TIP #1

HOW TO MAKE A COMBO CHART IN EXCEL?

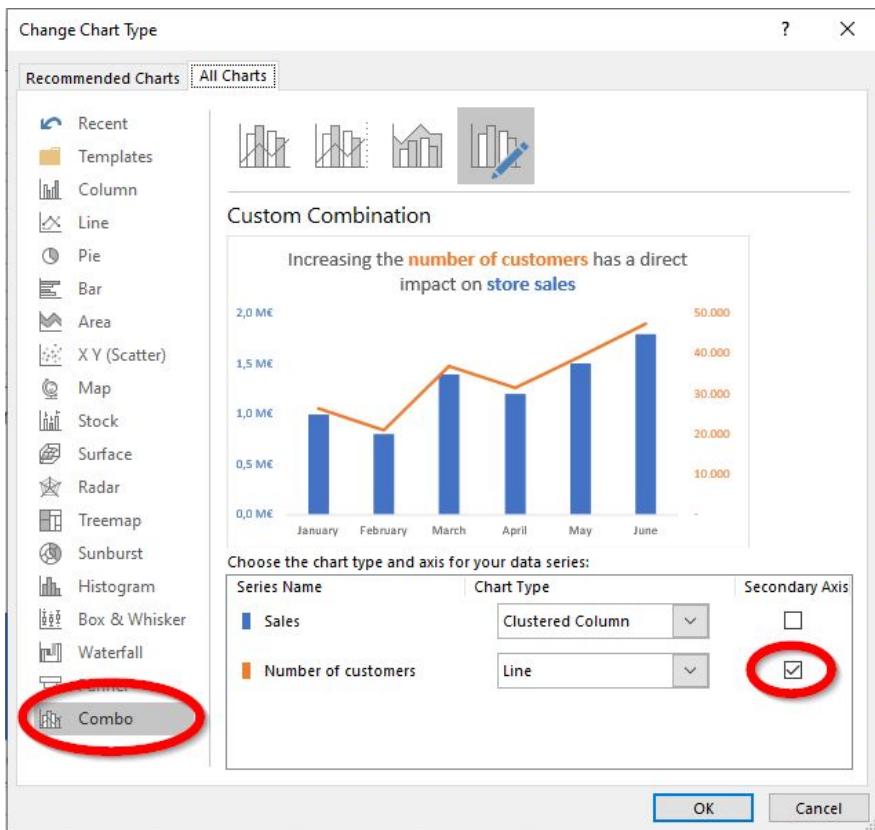
Increasing the **number of customers** has a direct impact on **store sales**



26

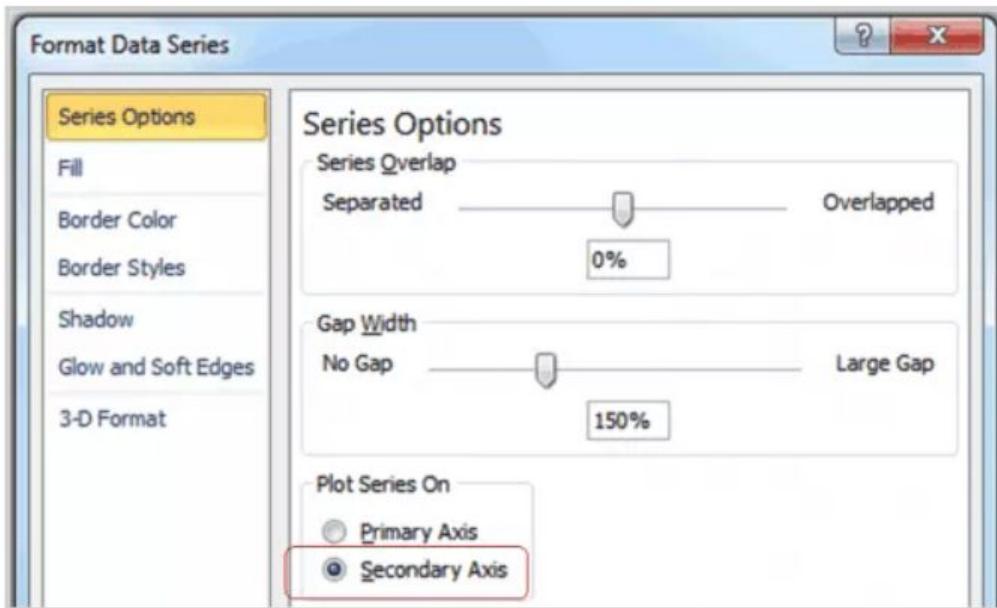
OFFICE 2019

- 1. Select your chart**
- 2. Go to Design in the Excel Ribbon**
- 3. Select Change Chart Type**
- 4. Choose Combo**
- 5. Click secondary Axis**



OFFICE 2010

- 1. Select one of the series in your chart**
- 2. Right-click “Format Data series”**
- 3. Select Secondary axis**
- 4. Right-click again on the serie and choose “Change serie Chart type”**
- 5. Choose another chart type**



EXCEL TIP #2

**LINK A TEXTBOX
TO A CELL**

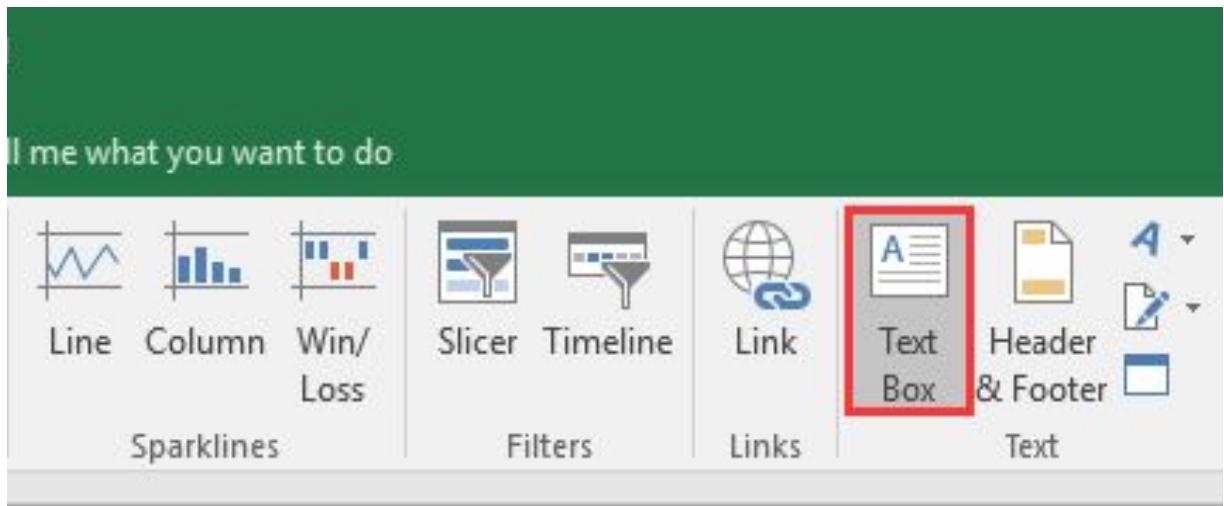
27

LEARN HOW TO LINK A TEXTBOX TO A SPECIFIC CELL

IN 2 EASY
STEPS

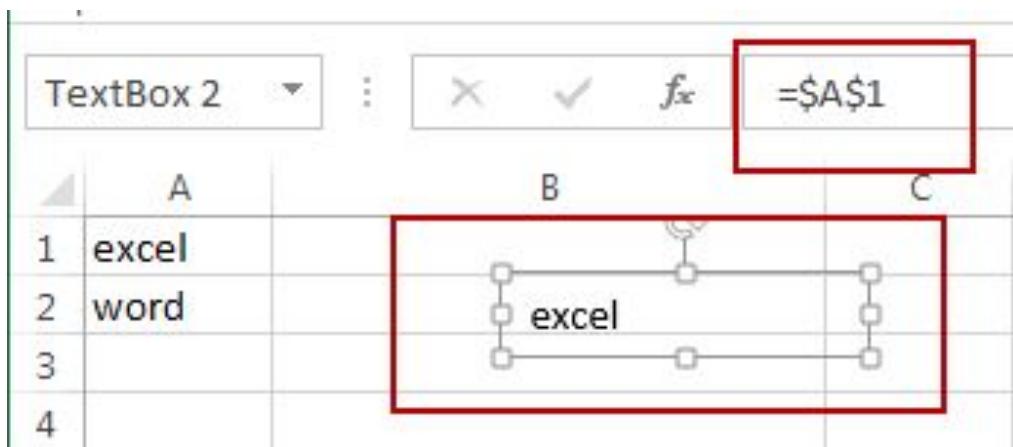
1. INSERT THE TEXT BOX

- Click the Text Box button under Insert tab.
- Insert a textbox in your worksheet.



2. TYPE FORMULA

- **Select the text box.**
- **Go in the formula bar.**
- **Type in “=” symbol.**
- **Click on the cell you want to link.**



EXCEL TIP #3

**REPORTING
FIGURES IN
THOUSANDS AND
MILLIONS**

28

NEED

You have to report figures in thousands or in millions.

You are dividing your numbers by 1,000 or 1,000,000 to show your numbers in thousands or in millions.

HOW TO DO IT

- 1. Select your cell with the number you want to show in thousands**
- 2. Right-click and select "Format Cells"**
- 3. The "Format cells" dialog opens**
- 4. Go to the "Number" view**
- 5. In the Category, select "Custom"**
- 6. Type or select the following format: #,##0**
- 7. If you want to show thousands, add a comma at the end of the syntax: #,##0,**
- 8. If you want to show millions, add two commas at the end of the syntax: #,##0,,**

EXAMPLE

Format Cells



Number Alignment Font Border Fill Protection

Category: General Number Currency Accounting Date Time Percentage Fraction Scientific Text Special Custom

Sample
1,000.0 K

Type: #,##0.0, "K"

#,##0.0, "K"
(\$* #,##0);_(\$* (#,##0);_(\$* "-??_);_(@_)
"Wk" 0
;;;
??,??0.0????;-??,??0.0????
(* #,##0.000);_(* (#,##0.000);_(* "-??_);_(@_)
(* #,##0.0);_(* (#,##0.0);_(* "-??_);_(@_)
0,
#,##0,
0.0,
0, "K"
#,##0.0, "K"

Delete

OK Cancel

Type the number format code, using one of the existing codes as a starting point.

BONUS

Bonus 1:

**-If you want to show a k after the figures for thousands,
use : #,##0,"k"**

**-If you want to show a k after the figures for thousands,
use : #,##0,,,"m"**

Bonus 2:

**-If you want to show decimals, use the following format:
#,##0.0, (for thousands).**

Bonus 3:

**-Use this technique to convert your numbers format in
your Pivot tables value to have automated reports.**

- 1. In the Pivot Table, select one of the cells with the
value you want to format**
- 2. Right click and select "Value Field Settings"**
- 3. Click Number Format at the bottom of the dialog box.**
- 4. In the Format Cells dialog box, in the Category list,
click the number format that you want to use**

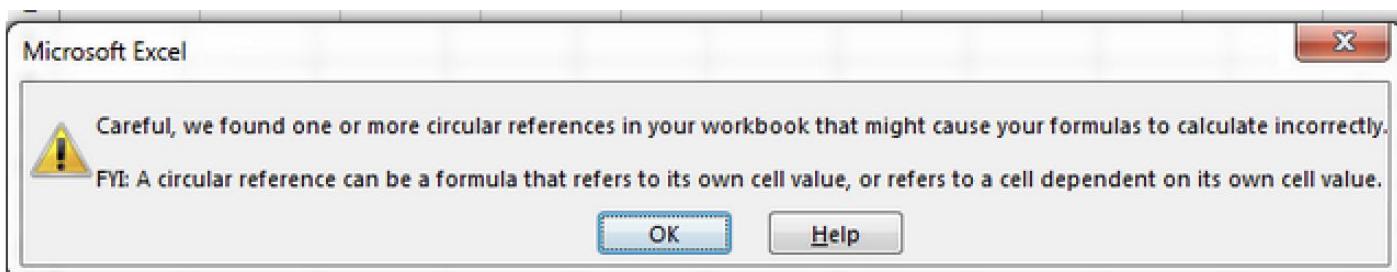
EXCEL TIP #4

HOW TO SOLVE CIRCULAR REFERENCES

29

NEED

**Do you get Warnings
from Excel about
Circular Reference but
never pay attention to
it?**



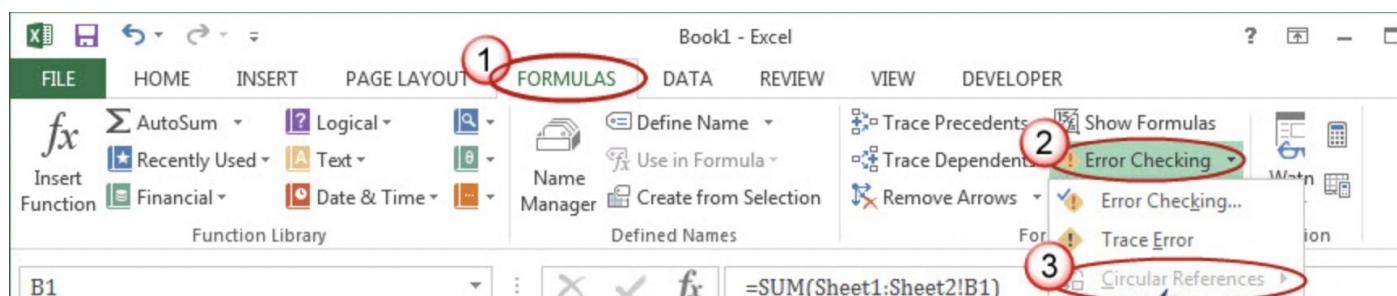
HOW TO DO IT

Just go to:

Excel Ribbon

1. Click “Formulas”
2. Click “Error Checking”
3. Click “Circular references”

Then Excel shows you the list of cells with circular references if you have some



EXCEL TIP #5

HOW TO REPEAT ROW LABELS

30

NEED

You have a table with row labels not repeated.

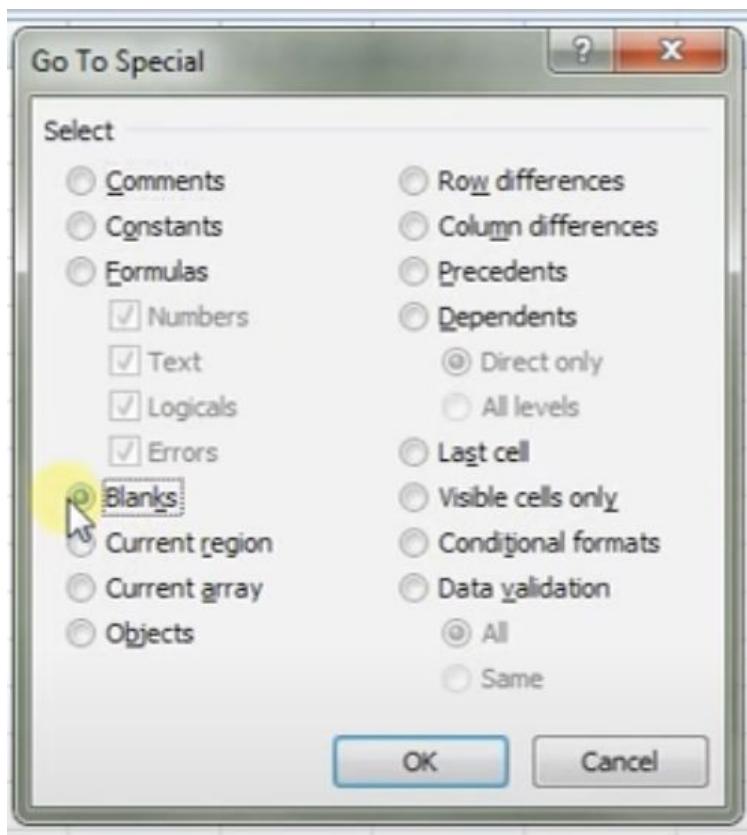
Problem: you can not use this table to make a pivot table.

	B	C	D	E
38	Name	Account	Date	Amount
39	Bayshore Water	Fuel	4/28/2012	24.00
40			5/5/2012	24.50
41		Utilities	5/12/2012	25.00
42			5/12/2012	38.75
43	Cal Gas & Electric	Office expenses	1/21/2012	156.22
44			2/25/2012	122.51
45			3/24/2012	113.89
46			4/21/2012	118.50
47	CalOil Company	Rent of other business	2/10/2012	66.56
48			3/17/2012	52.48
49			4/7/2012	72.74

HOW TO DO IT

- 1) Select the columns with the empty row labels.**
- 2) Press the F5 function key**
- 3) Click Special...**
- 4) Select Blanks and click OK (all blank cells in the data will be selected)**
- 5) Press the = sign once and the UP arrow key once (you will see a formula appearing in a cell).**
- 6) Press CTRL+ENTER to finish**
- 7) All the blank cells will now be filled in with the values. Note that they are all formulas and must be converted to values.**
- 8) Copy the entire range and paste as value**

EXAMPLE



Thank you for reading this guide !

If you like it,
save it, for you,
share it around
and **follow me**
to see my future
posts.

