

€ TRAINING

Effective Budgeting, Planning & Control



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Introduction:

Budgets are an essential financial tool, which aid, planning, decision making, resource allocation, coordination, and control.

Without the necessary skills Budgets can be badly prepared and/or implemented leading to poor decisions, mis-use of vital resources, poor coordination, and a lack of control or even too much control resulting in missed opportunities.

Conference Objectives:

At the end of this conference the participants will be able to:

- Develop the skills to Plan Budgets within a sound Strategic Plan.
- Develop the skills to Prepare Budgets using:
 - Appropriate Forecasting Techniques including Time Series Models,
 - Exponential Smoothing, Regression, and Correlation Analysis and.
 - Costing Methods such as Activity Based Costing.
- Develop the skills to effectively implement Budgets by.
 - Becoming aware of the problems/limitations of budgets and the conditions required for their success.
 - Integrating the budgeting process with the development of the company's long-term strategic vision.
 - Identifying key performance indicators for effective and focused decision making.
 - Performing "What If" and Sensitivity Analysis to evaluate the implications of changes in major factors of production and consumption.
 - Recommending various courses of action to manage the implications of "What If" and Sensitivity Analysis.
 - Implementing advanced planning and control techniques such as:
 - Variance Analysis into the budgeting process.
 - Providing a decision support structure that provides timely and useful information to decision-makers.

Targeted Audience:

- Financial managers, finance controllers treasurers and inventory managers.
- Senior managers with direct responsibility for financial management and control.
- Accountants, sales, and purchase managers and managers responsible for relationships with banks.
- Any manager, at a medium and senior level, who is a part of the financial decision-making team.
- New interns and trainees with finance-related responsibilities.
- Department heads, process owners, administrative personnel associated with budget management, financial and technical professionals, sales and marketing professionals, project managers, and anyone who needs to understand how to develop cost projections for their department, projects.

Conference Outlines:

Unit 1: The Essentials of Budgeting:

- Strategic Planning, Forecasting, Budgeting, and Costing - Defined.
- The inter-relationship of Strategic Planning, Forecasting, Budgets, and Costing.
- The Benefits & Limitations of Budgets and the Essential Features & Conditions Required:
- An Evaluation of Various Types of Budgets, e.g.
 - Fixed.
 - Variable.
 - Zero Based.
 - Activity-Based.
 - Capital Budget.
- The Essential Features of Activity-Based Budgeting:
 - Developing the ABB application model.
 - Budgeting for Processes rather than Departments.
 - Defining Key Cost Drivers.
 - Defining Key Activities.
 - Development of ABB Cost Standards.
 - Developing the Activity-Based Budget.
- Preparing The Master Budget using Excel:
 - Sales Budgets.
 - Production Budgets.
 - Cash Budgets.
 - Capital Budgets.
 - The Master Budget

Unit 2: Forecasting Future Sales, Costs, Exchange Rates, Interest Rates, etc:

- Determine the Purpose or Objective of Forecasting.
- Methods of Forecasting using Qualitative and Quantitative/Statistical Analysis.
- including the Exploratory Data Analysis Tools Available in Excel®:
 - Their Use & Limitations.
 - Recognizing the Basic Patterns Inherent in Historical Data.
 - Time Series Analysis.
 - Exponential Smoothing.
 - Correlation and Regression Analysis.
- Presenting initial forecasts to decision-makers.
- Forecasting future Market/Sector developments using Qualitative Analysis - SWOT Analysis and LEPESTE & Co Analysis.
- Implementing Forecasts into the Budget.
- Considering Hedging Strategies where variables such as Exchange Rates and Interest Rates cannot be forecast accurately:
 - Forwards, FRAs, Futures, Options, and Swaps.

Unit 3: Preparing and Implementing Budgets Based on Forecasts:

- Preparing the Sales Budget.
- Determining the price, credit policy, discount policy, and currency.
- Preparing the Production Budget.
- Preparing the Cash Budget.
- Make finance and investment decisions.
- Preparing Capital Budgets.

- Use Excel®, to evaluate various Capital Projects using Present.
- Value, Future Value, Net Present Value, Internal Rate of Return, Modified Internal Rate of Return and Discounted Payback models.
- An Introduction to "What If" and Sensitivity Analysis to evaluate the implications of changes in major factors of production and make strategic decisions.
- Implementing Budgets Successfully.
- The Conditions Required.
- The Management Skills Required.

Unit 4: Break Even Analysis, Sensitivity Analysis, and What If Analysis:

- Break-Even Analysis, Cost Behaviour and Sensitivity Analysis:
 - Identifying Fixed, Variable and Semi-variable costs.
 - Identification of the level of sales/profit in order to break even.
 - Identification of critical costs.
 - Determining resources requirements.
 - What if Analysis using Excel and leading software.
- Performing "What If" and Sensitivity Analysis to evaluate the implications of changes in major factors of production and consumption on the Cash Budget and Profit & Loss Account.
- Identification of key performance indicators for effective and focused decision making.
- Recommend various courses of action to manage the implications of "What If" and Sensitivity Analysis.
- Developing Budget Re-Projection and Best Case / Worst Case Scenario Models:
 - Planning for contingencies.
 - Developing various scenarios.
 - Using the Scenario tool in Excel® to explore the variable sets of assumptions while tracking the impact to the base model.
 - Building the financial simulation model using probabilistic Monte Carlo simulation.
 - Building the financial simulation model using deterministic simulation.

Unit 5: Variance Analysis, Reporting, Control, and Decision Making:

- Accounting Systems, Accountability, and Responsibility Systems.
- Essential Elements of a Costing System.
- Establishing and Implementing a Costing System.
- Undertaking Variance Analysis and Presenting a Variance Report to decision-makers.
- Evaluation of the results.
- Making Strategic Decisions based on the Variance Report/Business Planning.