

# € TRAINING

Understanding Finance to Influence Strategic  
Decisions



27 - 31 May 2024  
Lisbon (Portugal)



# Understanding Finance to Influence Strategic Decisions

REF: F176 DATE: 27 - 31 May 2024 Venue: Lisbon (Portugal) - Fee: 5940 Euro

## Introduction:

A good understanding of strategic analysis and decision-making and the links between these and finance enables all managers at every level to make better strategic decisions and achieve improved performance.

This course has been designed to build on the theoretical framework by developing practical tools and techniques for analyzing and evaluating strategic alternatives and making strategic financial decisions.

## Course Objectives:

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

- Develop strategic thinking
- Use the strategic management process to develop missions and objectives and carry out strategic analysis and decision-making
- Forecast financial data using various Excel models
- Understand the structure of the income statement, balance sheet, and cash flow statement, and analysis of the cash operating cycle, for improved financial performance, and better management of working capital and cash flow
- Identify the alternative sources of finance and financial or capital structure, and evaluate the models of optimum capital structure and minimization of the weighted average cost of capital WACC
- Use the technique of discounted cash flow DCF for capital budgeting and evaluation of capital project investment, using net present value NPV, internal rate of return IRR, equivalent annual cost EAC, and the profitability index PI
- Use the techniques of uncertainty analysis and risk analysis and develop appropriate risk management tools of insurance and hedging of interest rates and foreign currency exchange rates.
- Understand the influence of financial considerations on an organization's strategic decision-making
- Improve their self-confidence in dealing with finance and financial professionals
- Coordinate effectively with other professionals on financial issues.

## Targeted Audience:

- General Management
- Estimating, Costing, and Project Management
- Asset Management
- Any other financial or non-financial professionals that need or wish to understand the financial aspects of the strategic decision-making process

## Course Outlines:

### Unit 1: Fundamentals of Strategic Planning:

- What is strategy?
- Strategic management
- Strategic analysis
  - Mission

- Objectives
- Strategic decision-making
- The strategic planning process
- Environmental analysis
- Resources analysis
- Strategic choice and strategic decision-making
- Strategic implementation
- Corporate objectives and accountability
- Forecasting financial data

## Unit 2: Fundamentals of Financial Statements:

- Financial statements
- Balance sheet
- Income statement
- Alternative asset valuation methods
- Cash flow statement
- Common size or horizontal trend analysis of financial statements
- Vertical trend analysis of financial statements
- Segmental analysis of financial statements
- Value-added analysis of financial statements
- Understanding the cash flow cycle and the operating cycle
- Break-even and multiple product break-even analysis

## Unit 3: Capital Structure and Leverage:

- Sources of funds
- Capital cost models
- Cost of equity
- Cost of debt
- The weighted average cost of capital WACC
- Can we determine a company's optimal capital structure?
- Capital structure models
- Preparing projections to determine financing needs

## Unit 4: Capital Budgeting:

- Future values, present values, and DCF
- Capital budgeting principles
- Methods of evaluating capital investment projects
- Accounting rate of return ARR and payback
- Net present value NPV versus internal rate of return IRR
- How do you choose which method to use?
- Equivalent annual cost EAC method
- Capital budgeting methods
- Capital asset pricing model CAPM versus arbitrage pricing theory APT
- Does it make a difference whether we lease or buy?

## Unit 5: Managing Financial Risks:

- The value of perfect information VOPI

- Types of risk
- Risk management principles
- Talking to your bankers about managing risk
- How to develop the tools for your company?
- How to minimize risk?
- Insurance and hedging
- Interest rate and foreign currency exchange rate risk