

# € TRAINING

Budgeting, Forecasting and the Planning  
Process



21 - 25 October 2024  
Madrid (Spain)



# Budgeting, Forecasting and the Planning Process

REF: F1264 DATE: 21 - 25 October 2024 Venue: Madrid (Spain) - Fee: 5300 Euro

## Introduction:

This leading-edge Budgeting, Forecasting, and the Planning Process 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 course will enable delegates to develop a framework that links strategies to annual budget 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 Budgeting, Forecasting, and the Planning Process 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.

## Course Objectives:

At the end of this course the participants will be able 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 practice to develop operating budgets, capital expenditure budgets, and cash flow budgets and forecasts in line with organizational strategic objectives

## Targeted Audience:

- 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

## Course Outlines:

### Unit 1: Strategic Management and Financing:

- Strategic Analysis, Strategic choices, and evaluation, and strategic implementation
- The Links between Strategy, Forecasting, Planning, Budgeting, 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 Optimisation Models to minimize WACC
- Using Strategy Maps to link strategies to Performance Measurement: The Balanced Scorecard

## Unit 2: 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

## Unit 3: 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

## Unit 4: 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 organizational 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

## Unit 5: 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