

Strategic Planning, Forecasting & Budgeting



Overview

Many organisations use budgeting and forecasting as a means of providing and updating tactical operating plans and controlling costs; but world class organisations use these, and other powerful tools, within a framework specifically designed to develop and execute business strategy and manage organisational performance.

This leading-edge seminar explains:

- The key steps in designing and executing effective business strategies
- How to translate strategy in to budget objectives to manage execution
- The most useful forecasting techniques for planning and budgeting
- Best practice in preparing and implementing budgets
- How to use budget variances to monitor and learn about strategy execution
- How the power of Excel can be used in forecasting and budgeting
- Modern approaches to profit and strategic decision making

Course Objectives

The objectives of the seminar are to enable delegates to:

- Develop strategic thinking, understand and participate in the strategic management process; help develop their company's vision and carry out strategic analysis and strategic decision making
- Understand and use strategy maps to convert strategy in to objectives as the basis for preparing and implementing operating budgets
- Understand and use powerful tools for executing and managing strategy including: balanced scorecard, budgets, variance analysis and rolling forecasts
- Develop and use powerful 'what-if', and other, forecasts using Excel
- Use advanced costing methods to understand cost behaviour and provide product and customer profit analysis for strategic decision making

- Understand the key principles of financial strategy; determine cost of capital, optimum funding and capital structure; use discounted cash flow (DCF) tools for investment decisions; understand, manage and forecast the key drivers of organisational cash flow

Training Methodology

The seminar is in a highly participative workshop format with formal presentations, case studies and interactive worked examples. Relevant examples and case studies are provided to illustrate the application of each of the topics covered, including participative exercises using Excel. Each learning point is reinforced with appropriate practical examples and exercises.

Organisational Impact

The organisation will gain through:

- Managers using strategic thinking in planning, budgeting and forecasting
- Adopting a strategic forward looking approach in the Finance function
- Knowledge and application of 'what-if' forecasts in strategic decision making
- Improved strategic decision-making skills used by delegates
- High quality input and output from organisational budget system
- Greater insight in to drivers of organisational performance
- More effective and productive internal management meetings

Personal Impact

Delegates will learn to take a strategic approach to budgeting and decision-making. The seminar is particularly valuable for finance professionals who would like to move 'out of the back-room and in to the front line of high level strategic decision-making.

Delegates will learn to understand and use these powerful modern strategic management and budgeting tools:

- Strategic analysis tools: Porter's five forces; PESTLE; SWOT; risk analysis
- Strategic themes and strategy maps
- Financial analysis tools: return on investment; profit margin; asset utilisation
- Balanced scorecard
- Activity based costing (ABC) and budgeting (ABB) methods
- Rolling forecasts and 'what-if' forecasts
- Discounted cash flow tools for capital investment decisions
- Strategic and performance management systems
- Advanced Excel forecasting skills

Who Should Attend?

Planning, forecasting and budgeting skills are valuable and, indeed, essential at many relevant positions in an organisation, in particular:

- Financial professionals, finance controllers, key finance team members
- New trainees with finance-related responsibilities
- Managers with a direct responsibility for divisional profit performance
- Managers responsible for relationships with banks and external institutions
- Head office team involved in strategic planning and decision making
- Department heads, process owners, administrative managers involved with budget management, financial and technical professionals, sales and marketing professionals, project professionals, and anyone who needs to understand how to develop their department budgets

Course Agenda

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Course Agenda

Day 1

What is "strategy"?

- Why actions often speak louder than words for successful organisations
- How a strategy is developed and how/why it continues to evolve
- Quantitative vs. Qualitative consideration

Laying the foundations for a successful organisation

- Mission and vision statements
- Strategies
- Objectives
- Goals

Developing and executing a strategy

Development and analysis

- Reviewing existing competencies
- SWOT analysis
- Porter's Five Forces
- PESTEL analysis
- Ansoff's matrix
- Blue Ocean Strategy

Execution

- Right people, right time, right now
- Total quality management

- SMART implementation

A strategic perspective in budgeting and forecasting

- Definitions of budgeting and forecasting

Importance of structures

- Business structure
- Physical structure
- Operational structure
- Responsibility structure
- Financial structure

Cost model

- Activity based costing
- Value chain analysis

- Case studies and discussions

Day 2

Variance analysis and forecasting in context

Improve your forecasting skills to turn historical data into future management information to assist your strategic planning, emphasising the importance of targeted variance analysis.

Forecasting with excel

- Building a good forecast
- Common methods of financial forecasting
- Characteristics of a good forecast
- Steps in creating financial forecasts
- Creating reasonable underlying assumptions
- Development of pro forma financial statements
- Forecasting the cash budget
- Ratio analysis template

Risk-based budgeting and forecasting

- Case studies and discussions

Day 3

Matching rolling forecast time periods to your organisational cycle

- Rolling forecast time period vs level of detail for your organizational needs
- Determining the time spent on planning and budgeting
- Relating your rolling forecast to month end

Identifying and using business drivers in the rolling forecast

- Identifying drivers specific to your organisation and processes
- Linking rolling forecasts with the reality of past results

Designing and implementing rolling forecasts

- Incorporating the variables to establish accurate indicators and benchmarks
- Creating an adaptive performance measurement framework
- Measuring against benchmarks rather than budgets
- Linking activity based budgeting (ABB) in a rolling forecast process
- Software solutions supporting rolling forecasts

Critical success factors: Managing and controlling the implementation

- The key building blocks for an effective rolling forecast process
- Obtaining early management buy-in and stakeholder acceptance of the need for change
- Developing the business case for change, identifying costs and estimated benefits
- Techniques for avoiding the pitfalls associated with implementation

Linking rolling forecasts with your strategic planning

- Using a rolling forecast as a management tool
 - Integrating forecasts into the strategy review
 - Strategy, plans and performance indicators
 - Linking rolling forecasts to your financial reporting
 - Fast tracking month end close
 - Changing from reporting actuals to budget and replacing this with actuals to forecast
 - Complementing your financial reporting with KPI reporting
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- Case studies and discussions

Day 4

Budgeting

Day 4 looks at how to make the budget and the budgeting process useful for the organisation.

- "Best practice" quantitative budgeting
- The factors that govern the model structure
- The foundations of a budget model
- Why templates don't work
- The budget cycle
- Reasons for budgeting
- Types of budgets and budgeting methodologies
- Budget risk
- Factors to consider in developing a budget
- Capital budgeting
 - Definitions
 - Key capital investment decisions
 - Capital budgeting process
- Practical issues
 - Model bias - how to get stakeholder ownership
 - Methods of building model assumptions
 - Being able to update with actual data as it becomes available
- Practical example: Developing a budgeting model

Budget management

- Managing costs
- Proactivity
- Reactivity

Cash flow and working capital management

- Case studies and discussions

Day 5

Analysis and reporting

What do we do with budgeting/forecasting results? This session discusses the analytical and business skills for your work place and how you would manage the process strategically in practice.

- Case studies and discussions
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Value added global accounting and financial solutions

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