

# Value Creation

## INTRODUCTION

- Understanding and measuring the true value created by the business is becoming increasingly important for managers and owners. This training course provides participants with a good understanding of how to measure business success and promote value creation within the organisation.
- By attending this training course, you will be able to make financial decisions that create value and estimate the risk and uncertainty related to the organization. Understand the importance of financial projections for business and decision-making process and assessment of a company's short-term and long-term liquidity needs and make a good judgment of value creation strategies within the organisation.
- This training course is designed to provide the delegates with skills and knowledge using appropriate theory and principals, interactive examples, and applications of various techniques relevant in assessing value creating strategies.

This training course will highlight:

- The decision-making process from the perspective of both the financial and economic analysis
- The nature of financial statements and the key financial tools and techniques relevant in the assessment of business performance
- The analysis of financial information for planning and control.
- The analysis of investment decisions using time-adjusted measures and dealing with risk and uncertainty
- The ability to develop and monitor specific performance indicators and identifying causes on unexpected variance

## OBJECTIVES

Participants attending this training course will:

- Have the ability to measure the business success and promote value creation
- Understand the important factors to consider when making investment decisions
- Understand how to incorporate risk and uncertainty into investment decisions?
- Understand how reliable are the available data, and how is this uncertainty likely to affect the range of results?
- Learn to evaluate the value created through merger and acquisitions or other business activities?
- Understand assessment of value creation strategies

## TRAINING METHODOLOGY

- The training will be delivered through a combination of presentations, group discussions, and exercises. The comprehensive course training manual has been developed to be practical, easy to use and facilitate learning. Multimedia presentations will feature video case studies as well as the opportunity to hear experts from a variety of disciplines.

## ORGANISATIONAL IMPACT

The organisation will have the following benefits:

- How value creation is measured using various technique
- The importance of financial statements as a tool to assist managers in support of more informed and therefore better decision-making.
- The relationship between long and short-term planning, and ability to develop and prepare financial models and operating budgets and the use of Excel models to build financial growth planning models and prepare traditional and activity-based budget models
- Understanding of product standards, flexed budgets, variance analysis and use of the results of variance analysis to improve operational performance
- The application of Discounted Cash Flow (DCF) and other appropriate techniques that will support the company in its more effective analysis of capital investment projects
- How corporate value and shareholder value may be increased through the use of appropriate financial strategies, including mergers and acquisitions, and restructuring.

## PERSONAL IMPACT

Delegates will develop an understanding of:

- Choosing the most appropriate tools and using Excel to develop long-term financial models and budgets
- How to analyse and interpret the financial statements: Balance Sheet; Income Statement; Statement of Cash Flows, in order to make more informed financial decisions
- To develop and manage the financial aspects of their role more effectively, enhance their performance
- Broaden their role in the company, and appreciate how their decision-making may impact on their own department or business unit
- How to improve their self-confidence in dealing with finance and financial professionals
- To liaise effectively with other professionals on financial issues
- The creation of corporate value and shareholder value

## WHO SHOULD ATTEND?

This training course is suitable to a wide range of professionals but will greatly benefit:

- Financial officers, controllers, and accountants
- Treasurers, corporate planning, and business development professionals
- Sales and marketing professionals
- Managers from any other non-financial areas willing to understand the financial aspects of analysis, planning, and control
- Middle and junior management as a useful element in their career advancement

## Course Outline

### The Financial Economic Decision-Making

- The practice of financial/economic analysis
- The value-creating company
- Corporate value and shareholder value
- A dynamic perspective of business
- The agency problem and corporate governance
- Implications of agency problems for organisations

### Assessment of Business Performance

- The nature of financial statements
- The context of financial analysis and decision-making
- Ratio analysis and business performance
- Management's point of view
- Owners' point of view
- Lenders' point of view
- Ratios as a system – pyramids of ratios
- Integration of financial performance analysis
- Economic value added (EVA)
- Predicting financial distress

### Analysis of Investment Decisions

- Applying time-adjusted measures
- Net present value (NPV) and internal rate of return (IRR)
- Strategic perspective
- Refinements of investment analysis
- Equivalent annual cost (EAC)
- Modified internal rate of return (MIRR)
- Sensitivity analysis, scenario analysis, simulation, and NPV break-even

## Projection of Financial Requirements

- Interrelationship of financial projections
- Operating budgets
- Standard costing and variance analysis
- Cash forecasts and cash budgets
- Sensitivity analysis
- Dynamics and growth of the business system
- Operating leverage
- Financial growth plans
- Financial modelling

## New Integrated Performance Measurement Systems

- Beyond Budgeting: Integrating Financial and Pre-financial Information
- The Drivers of Value Creation
- The Balanced Scorecard
- Strategy Maps
- Integrated Reporting