

# Advanced Budgeting & Forecasting

## INTRODUCTION

- This Advanced Budgeting and Forecasting programme provides an overview of the essential tools and the skills to build world class standards into your planning, budgeting, performance measurement & reporting system, looking at new and best practice techniques, explain how they complement the traditional financial planning tools, and introducing new concepts for measuring and reporting performance to enhance shareholder wealth creation or provide value for money for Stakeholders.

Important elements of this programme include:

- Making your budgeting process more efficient & effective
- Understanding how to motivate managers to “buy into” to the budget process in an honest and effective way
- Using case studies and illustrations from real companies to help delegates understand how to apply different planning, forecasting and analysis techniques
- Participants will also be given a detailed set of handouts that will enable them to review the topics covered at a later date

## PROGRAMME OBJECTIVES

- How to implement advanced planning and control techniques into your budgeting process
- Know how to integrate the budgeting process with the development of the company’s long-term strategic vision
- Know how to provide a decision support structure that provides timely and useful information to decision makers
- Successfully build an integrated planning, budgeting and reporting process
- Know how to forecast costs and revenues with greater confidence
- Apply management tools to the budgeting process that contribute to strategic goals
- Effectively manage the budgeting process
- Identify key performance indicators for effective and focused decision making
- Develop ways to increase profitability and performance through stream lined planning and reporting

## PRE-REQUISITE

- Participants should have a basic understanding of financial statements

## WHO SHOULD ATTEND?

- All professionals responsible for budget preparation and management reporting
- All process owners who require a more in-depth understanding of integrated planning and budgeting techniques,
- Personnel wanting to understand more about Financial planning and cost analysis
- Anyone with direct planning and budgeting responsibility, as well as managers, budget holders, advisors, accountants and business consultants

## TRAINING METHODOLOGY

- Your programme leader will present, guide and facilitate learning, using a range of methods including the use of the programme material, case studies and discussion of “real life” issues in organizations, to ensure the development of skills as well as knowledge
- Participants will learn by active participation preparing both budgets and forecasts using a variety of statistical tools and by using budgets to make management decisions.

## PROGRAMME SUMMARY

- In today’s fast changing world Organisations need to be able to respond rapidly to the challenges and global changes surrounding them. Budgeting and forecasting is an essential part of the success of the organisation.
- This programme provides the essential skills necessary to ensure the successful development of budgeting and forecasting techniques, thereby improving your understanding, development, management and control of budgets within your organization.

## PROGRAM OUTLINE

### Budgets in Today’s International environment Planning In the Organization

- Organizational Planning and Control Framework
- The Product / Information / Decision Support Cycle
- Strategic, Tactical, and Operational Forecasts
- The recognition of risk in Models
- Using Budget Models for Simulation Purposes
- The Drive toward Shareholder Value (EVA®)

### The Strategic Plan

- The purpose of planning and budgeting in business
- Defining the strategic approach to business planning
- Defining strategic assumptions
- Building the strategic planning model using financial data
- Various strategic and tactical approaches to business planning
- Defining the Decision-Support model: Assumptions / Goals and Key Success Factors

## Analysing the Historical Data Using Excel®

- Recognizing the Basic Patterns Inherent in Historical Data
- Using the Exploratory Data Analysis Tools Available in Excel®
- Development of Time Series Models using histograms, moving averages, exponential smoothing and regression analysis
- Using Regression Analysis as a predictor and estimator
- Mastering the use of Exponential Smoothing as a Data Analysis tool
- Single Regression vs. Multiple Regression
- Validation of Time Series Analysis

## Approaches to Budget Development

### Types of Budgets

- Zero Base Budgeting
- Activity Based Budgeting
- Rolling Budgets
- Operational Unit Budgeting
- Programme Budgeting
- Developing the Cash Budget

### Using 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

## Strategic and Operational Cost Analysis Techniques

### Types of Costs

- Identifying fixed, variable and semi-variable costs
- Application of Regression in the development of budgets
- Building the financial simulation model using articulated financial statements
- Building the financial simulation model using simulation

## Developing Manufacturing Standards

- Material Standard Development
- Labour Standard Development
- Factory and Corporate Overhead Standard Development
- Variance Analysis

## Defining and Testing Optimisation Techniques in Models Using Excel®

- Basic Structure of All Optimisation Models
- Different Forms and Applications of Optimization Models
- Developing a Financial Optimisation Model
- Performing Sensitivity Analysis of an Optimisation Model
- Interpreting the Solution of an Optimisation Model to a Non-technical Manager
- Lessons Learned