Certificate in Advanced Budgeting and Forecasting

Why Attend

- This course is the second level course in budgeting after 'Effective Budgeting and Cost Control' course. It goes beyond the theory of budgeting as a concept to cover specific steps to make the budget a value-added process in the organization. By building user-friendly models and applying scenario analysis, management will spend less time gathering data and more time analyzing this data for decision making. Several Microsoft Excel tools are used throughout this course for practicality and to provide participants with the skills needed to apply in their organization immediately. Such tools include 'what-if' analysis and the 'solver', among many others.
- The course also highlights some of the main forecasting models and the detailed evaluation of capital budgeting techniques, all of which are applied in Microsoft Excel and put into practice.

Course Methodology

- The course is a hands-on application on how to use MS Excel in budgeting and forecasting. Participants will be involved in exercises, individual and group presentations, and will work on several case studies.

Course Objectives

By the end of the course, participants will be able to:

- Evaluate the budgeting process in their organizations and recommend improvements
- Create budget templates and models for their departments or organizations
- Apply several forecasting techniques to better manage uncertainties in budgeting
- Evaluate capital budgeting decisions using several methods and recommend proper action
- Utilize Microsoft Excel functions and tools in the budgeting process including breakeven analysis and optimization

Target Audience

- Finance directors, managers, controllers, accountants, budget analysts, budget owners and professionals who wish to expand their budgeting knowledge.

Target Competencies

- Budgeting
- Building models in Microsoft Excel
- Forecasting
- Evaluating proposals
- Applying Microsoft Excel functions and tools
- Assessing budgeting process

Budgeting and planning

- Strategy development framework
- The three horizons of growth model
- Strategic budgeting and resource allocation
- Growth-share matrix
- Nine-box matrix
- Budgets and the key financial statements

Budget cycle, process and approaches

- The budget cycle
- Characteristics of successful budgeting
- Making the budget a value-adding activity
- Top ten problems with budgeting
- Choosing the proper budgeting approach:
- Incremental budgeting
- Zero-based budgeting
- Flexible budgeting
- Kaizen budgeting
- Activity based budgeting
- Rolling (continuous) budgets and forecasts
- The master budget and its components
- Operating and capital budgets
- Best practices in budgeting
- Creating a user friendly budget template

Forecasting techniques

- Forecasting models
- Qualitative and quantitative methods
- Steps in developing forecasting models
- Time series and trend analysis
- Data conditioning techniques
- Exponential smoothing and moving averages
- Simple and multiple regression analysis

Modeling projected financial statements

- Micro and macro factors
- Forecasting sales
- Estimating market demand
- Estimating company demand
- Developing sales forecast
- Forecasting cost of sales
- Forecasting operating expenses
- Forecasting key assets and liabilities accounts
- Modeling the income statement forecast
- Modeling the balance sheet forecast

Advanced capital budgeting evaluation techniques

- Business risk and cost of capital
- Classifying investment projects
- Cash flow estimation
- Analyzing investment and operating cash flows
- The time value of money concept
- The required rate of return
- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Multiple internal rates of return
- Modified Internal Rate of Return (MIRR)
- Profitability Index (PI)
- Payback period and discounted payback period
- Capital rationing
- Comparing and evaluating techniques
- Sensitivity and risk analysis

Breakeven analysis and optimization techniques

- Cost Volume Profit (CVP) analysis
- Using CVP to reach a target income
- Single product and multiple products breakeven analysis
- Working with budget constraints
- Building optimization models