

# Budgeting, Forecasting and the Planning Procedure

## Combined Method To Financial Planning

### Introduction

The theoretical foundation and required abilities to create world-class strategic planning, forecasting, and budgeting processes are provided by this training course on budgeting, forecasting, and the planning process. A strategy is an organization's long-term plan outlining how it will accomplish its overarching policy. Participants in this training programme will be able to create a framework that strives to achieve world-class levels of organisational performance and management by connecting plans to yearly budgets and objectives.

A budget is a short-term plan that outlines how an organisation will quantify the operational tasks necessary to realise its long-term goals. The skills and forecasting methods taught in this training session will enable participants to create a budget as a plan and to utilise control budgets and analysis of deviations to actual to determine areas in which financial performance may be improved.

### **This training session on Course N Carry will emphasise:**

- Relationships between forecasting, budgeting, and strategic financial planning
- Useful Excel and Other Forecasting Methods to Aid with Budgeting and Financial Planning
- Effects of alternative financing techniques on financial plans, as well as business and financial risk
- Both conventional and contemporary costing methods are employed in the budgetary process.
- The best practices for cash forecasting and budgeting, capital investment budgeting, operating budgeting, and budgetary control

### Objectives

**After completing this course on budgeting, forecasting, and the planning process, participants will be able to:**

- Boost their capacity for strategic thought and involve them in the budgeting and strategic management procedures of the company.

- Utilise forecasting methods that are best compatible with the strategic planning and budgeting of their company.
- Utilise the strategies related to the following fundamentals of financial management: cash flow, time value of money, risk, and shareholder wealth maximisation.
- Recognise how expenses behave and choose the costing techniques that work best for financial planning, budgeting, and budgetary management.
- Create operational budgets, capital expenditure budgets, and cash flow predictions using best practices that align with the strategic goals of the company.

## Training Methodology

In this training course, analytical methodologies, case studies, and examples will all be presented. Worked examples that are pertinent will demonstrate the concepts, instruments, and methods in an authentic setting. Discussions in groups will encourage the sharing of ideas and experiences.

The applicability of the subjects presented will be reinforced by the interactive team case studies and activities. Your Instructor's guidance and vast practical experience, together with his understanding of forecasting, budgeting, and strategic planning, serve to support these. The goal is to make studying mathematics entertaining, thus challenging ideas are reduced and presented in an understandable visual format wherever feasible.

## Organizational impacts

**The following improved knowledge and skill set that participants in this training session on budgeting, forecasting, and the planning process will bring back to their organisation:**

- Understanding the connections between budgets and strategic financial plans through strategic thinking
- Utilising Efficient Predictive Methods
- Risk Management and Analysis
- The process of determining the best financing options and ideal capital structures
- Creation of Contemporary Methods for Planning, Budgeting, Costing, and Budgetary Control
- Cash Forecasting and Budgeting for Capital Investment Projects

## Personal Impact

**The following areas will see a significant improvement in the delegate's planning and budgeting skill set:**

- Financial planning, strategic analysis, and the use of strategy maps such as the Balanced Scorecard
- Utilising Qualitative and Quantitative Forecasting Methods and Instruments, as well as

- Activity Based Costing (ABC), Marginal Costing, Cost-Volume-Profit (CVP) Analysis, and Activity Based Management (ABM)
- Creating Cash Budgets and Forecasts, Operating Budgets, and Utilising Activity Based Budgeting (ABB), Flexible Budgets, and Variance Analysis to Control Spending
- Assessment of substitute Funding, Capital Structure Optimisation, and Calculation of Equity, Debt, and Weighted Average Cost of Capital (WACC)
- Utilising Discounted Cash Flow (DCF) Methods for Capital Project Investment Appraisal and Capital Budgeting: Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR), Equivalent Annual Cost (EAC), and Profitability Index (PI)

## Who should attend?

Anyone active in budgeting and planning in businesses, organisations, and governmental, educational, and health care organisations should find this Course N Carry training course appropriate. It is equally beneficial to those employed in the accounting, treasury, costing, and finance departments, as well as to all other financial and non-financial professionals that oversee budgets or participate in planning processes, such as:

- Supervisory Personnel
- Supervisors of Projects
- Professional advisors and consultants who want to improve their ability to think strategically, make decisions, and renew and update their knowledge of planning, forecasting, budgeting, and the connections between these concepts

## Course Outline

### Day 1

#### Finance and Strategic Management

- Strategic analysis, strategic decision-making and assessment, and strategic execution
- The Connections Among Performance Measurement, Forecasting, Planning, Budgeting, and Strategy
- Strategic aptitude and avoiding the Death Spiral
- Maximising shareholder wealth and creating value for both corporations and shareholders
- Corporate Governance, Financial Strategy, Dividend Policy, and the Agency Issue
- Extended-Term Loans
- Debt and Equity; Weighted Average Cost of Capital (WACC); Cost of Debt.
- Equity utilising Dividend Growth and Capital Asset Pricing Model (CAPM)
- Optimisation of Capital Structure Models to reduce WACC
- Linking strategies to performance measurement with strategy maps: The Balanced Scorecard

## Day 2

### Risk analysis, Forecasting, and Financial Planning

- The Process of Financial Planning and Excel Modelling
- Instruments and Strategies for Statistical Forecasting
- Time series, trend progression, linear regression, exponential smoothing, Pareto analysis, moving averages, and correlation
- Estimating both the short- and long-term sales revenue and price
- Value-based pricing, life-cycle costing, kaizen costing, full cost pricing, marginal cost pricing, target cost pricing, Bowman's strategy clock, and Porter's generic strategy of cost leadership and differentiation
- Making the Best Product Mix Decisions with Excel
- Working capital, short-term financing, and the cash operating cycle
- Excel-based cash flow forecasting and analysis of both direct and indirect cash flows
- Risk and Uncertainty
- Risk to Business
- Risk to Finance
- Organising Risk
- Irregular Risk
- The Options Available to Reduce and Alleviate Risk

## Day 3

### Techniques for Cost Analysis

- Expense Patterns and Practices
- Direct and Indirect Costs, Fixed and Variable Costs
- Costs of Products and Periods
- Allocating Costs and Taking Up Overhead
- Complete Costing vs Absorption
- The Marginal Costing Method
- Excel is used for "what-if" and cost-volume-profit (CVP) analysis.
- Both activity-based management (ABM) and activity-based costing (ABC)

## Day 4

### Performance Enhancement, Budgetary Control, and Budgeting

- To Budget or Not to Budget: Why and Why Not
- Steps involved in creating a budget
- Establishing the Master Budget

- Variance analysis and responsibility accounting
- Using flexible budgets, standard costing, and budgetary control to assess management and organisational performance
- Benefits, Drawbacks, and Behavioural Elements of Budgeting
- The Quarrel between the Costing System and Performance Improvement
- Including continual performance improvement and lean thinking in the budget process

## Day 5

### Evaluation of Projects and Capital Planning

- Money's Time Value
- Future Values
- Current Values
- Cash Flow Discounted (DCF)
- Evaluation of Capital Investment Projects
- Payback, Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR), Accounting Rate of Return (ARR), Discounted Payback, and Equivalent Annual Cost (EAC)
- Project Hazard
- Simulation, scenario analysis, sensitivity analysis, and NPV break-even
- Rationing of Capital
- The Profitability Index (PI) and Capital Budgeting