

GULF INSTITUTE



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Understanding Finance to Influence Strategic Decisions

INTRODUCTION

- It is essential to fully understand how finance influences strategic decision-making because it provides the foundation for an organisation's economic survival, development, growth and future prosperity.
- Are you familiar with the core principles of finance and their links with strategic decisions, and financial planning?
- Are you able to use the financial tools, techniques and know-how that influence strategic decision-making and apply them practically in real-life business situations?
- This exciting and user-friendly, Understanding Finance to Influence Strategic Decisions training seminar deals with, for example, how to avoid unachievable strategic plans and budgets, non-value-adding project investments, high costs of capital, high exposures to financial risk. It illustrates and reinforces the use of the essential financial tools and techniques and will enable non-financial and financial professionals at every level to make better-informed decisions to improve financial performance, and increase corporate value and shareholder value.

This training seminar highlights:

- Linking business and financial strategic decision-making processes with financial planning and budgeting
- Clarification of the financial statements and their links with financial planning, budgeting and decision-making
- Alternative costing systems, budgeting and measurement systems that support financial decision-making
- Capital investment decisions using DCF, and financing decisions, capital structure, and WACC
- Linking KPIs to strategy using a balanced scorecard, and management of interest rate and foreign currency exchange rate risk

OBJECTIVES

- Think strategically and use the strategic management process and its links to KPI systems as a basis for improved decision-making to maximise shareholder wealth
- Analyse and interpret the income statement, balance sheet, and statement of cash flows, and use appropriate costing and measurement systems for more effective planning and budgeting, management of working capital and cash flow, and improved financial performance
- Identify the alternative sources of long-term finance, and evaluate the models of optimum capital structure and minimisation of WACC
- Apply the technique of DCF for evaluation of capital project investments, and capital budgeting
- Use the techniques of uncertainty and risk analysis and develop appropriate risk management tools, and insurance and hedging of interest rates and foreign currency exchange rates

TRAINING METHODOLOGY

- This Understanding Finance to Influence Strategic Decisions training seminar is presented in a very hands-on way to suit individuals with varying levels of financial knowledge and experience. The Instructor, in addition to his own commercial career experiences, uses a variety of proven adult learning teaching and facilitation techniques to provide a thorough training in the subjects covered.
- This training seminar is conducted along workshop principles with presentations, numerous worked examples, and real-world experiences and many real-world business scenarios. Interactive team case studies and exercises reinforce the application of each of the learning points. Difficult mathematical concepts are minimised wherever possible and handled in a visual way that is easy to understand – our aim is for this to be an enjoyable learning experience.

ORGANISATIONAL IMPACT

You will go back to your workplace with an up-to-date and relevant skillset that will benefit your organisation through:

- Recognising the important ways in which finance influences strategic decision-making
- Developing the ability to think strategically – long-term and wide-ranging – and understanding the factors that impact on strategic decision-making
- Understanding how the key financial statements and alternative costing systems are used as the basis for developing financial plans and budgets
- Evaluating the financial consequences of alternative strategic decisions relating to for example investment and capital structure, with the aim of maximisation of shareholder wealth
- Mitigating and minimising financial risk through risk analysis and the effective use of the appropriate techniques of risk management
- Communicating more effectively with financial professionals and sharing throughout the organisation the knowledge gained from the seminar

PERSONAL IMPACT

- This Understanding Finance to Influence Strategic Decisions training seminar will greatly improve your understanding of how strategies are developed and the influence of financial factors on strategic decision-making and the impact of the consequences of those decisions through:
- An appreciation of the various analytical models used in the formulation of strategy, and the links between strategic objectives and financial and non-financial KPIs using a balanced scorecard
- A clear understanding of exactly how the financial statements and alternative costing systems are used to support effective decision-making, financial planning and budgeting
- Evaluating how two of the most important features of corporate finance, capital structure (the proportions of debt and equity financing) and WACC, critically impact on organisational performance and the maximisation of shareholder wealth
- Being able to apply the DCF techniques of NPV, IRR, MIRR, and EAC to evaluate new capital project investments, and the techniques of capital budgeting, capital rationing and the PI to determine how financial resources may be optimally allocated between alternative investment projects
- Considering how risk may be most effectively managed using the appropriate risk management tools, and insurance and hedging of interest rates and foreign currency exchange rates
- Improving your self-confidence to be better placed to deal with financial and other professionals on financial and strategic issues

WHO SHOULD ATTEND?

- An understanding of how finance influences successful strategic decision-making is crucial for every role and at every management level in any organisation. This Understanding Finance to Influence Strategic Decisions training seminar is essential for a wide range of professionals from companies, corporations and governmental organisations, and in addition to interns, financial analysts, financial controllers, accountants and others active in the planning process this training seminar will greatly benefit business professionals working in:
 - General Management, Sales and Marketing
 - Estimating, Costing, and Project Management
 - Operations and Engineering
 - Procurement and Logistics
 - Asset Management
 - Human Resources
- And any other financial and non-financial professionals that need or wish to understand the financial aspects of the strategic decision-making process

Course Outline

Linking Strategic Management and Decision-Making with Financial Planning and Budgeting

- Strategy and Strategic Management
- Vision, Mission, and Objectives
- Key Features of Strategic Decision-making
- Rolling-out and Implementing Strategies
- Value Creation and Maximisation of Shareholder Wealth
- Corporate Objectives, Accountability, and Corporate Governance

The Financial Statements and Their Links with Planning and Financial Decisions

- The Three Key Financial Statements
- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Sources of Internal and External Financing
- Cost of Equity, Cost of Debt, and the Weighted Average Cost of Capital (WACC)
- Capital Structure Models to minimise WACC
- Preparing a long-term Financial Plan to Determine Financing Requirements

Costing Systems and Measurement Systems that Support Financial Decision-Making

- Costs and Activities
- Cost Behaviour
- Fixed Costs and Variable Costs
- Cost-Volume-Profit (CVP) Relationships, Break-even and Sensitivity Analysis
- Direct and Indirect Costs
- Activity Based Costing (ABC) and Management (ABM)
- Refining the Costing System for Improved Decision-making

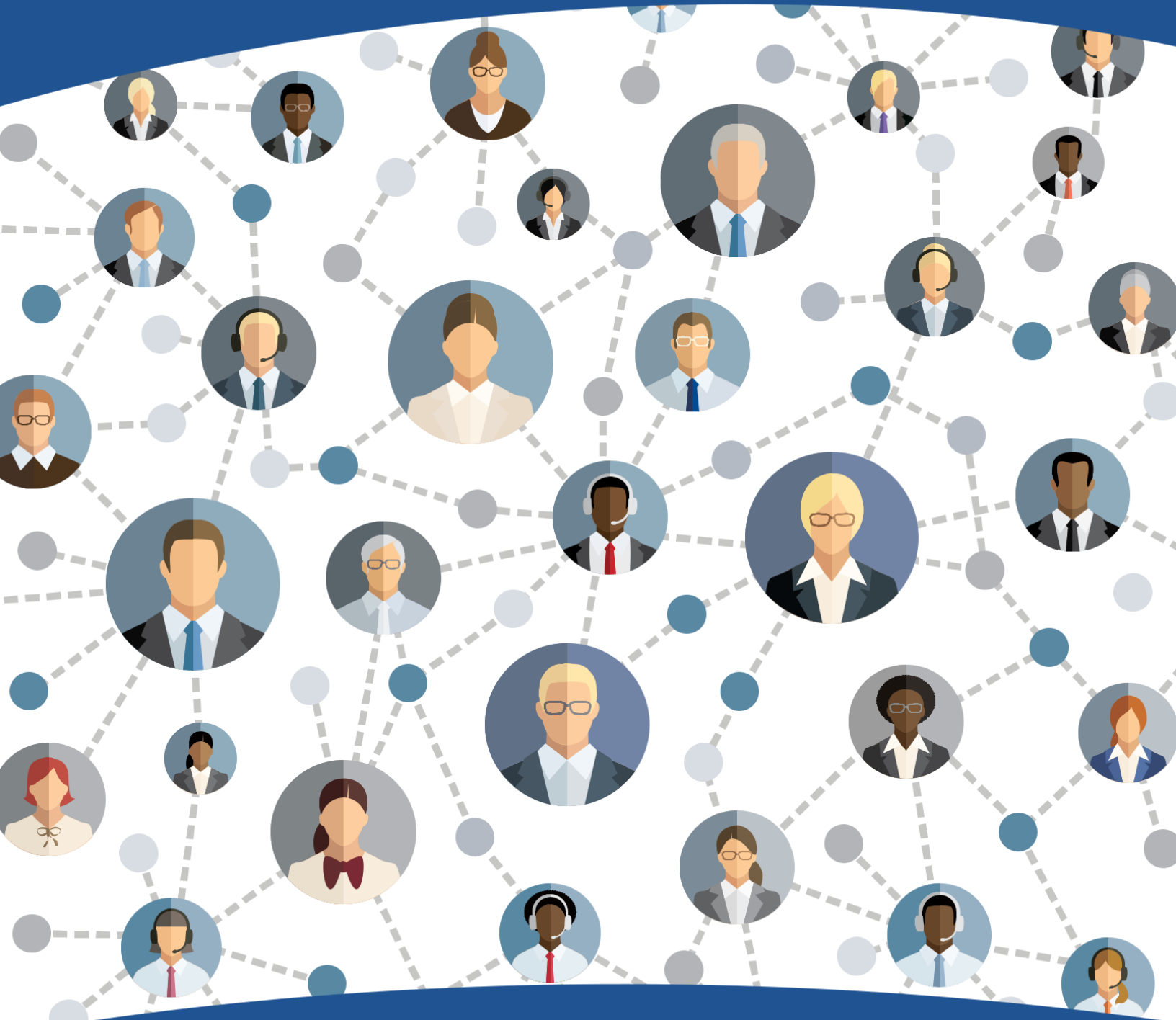
Capital Investment Decisions

- Future Values, Present Values and Discounted Cash Flow (DCF)
- Capital Budgeting Principles
- Evaluating Capital Investment Projects using Accounting Rate of Return (ARR) and Payback
- DCF Evaluation Methods of Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR), Equivalent Annual Cost (EAC)
- Deciding on which Investment Appraisal Methods to use
- Capital Budgeting, Capital Rationing and the Profitability Index (PI)
- Further Factors to Consider in Investment Appraisal

Linking Performance Measures to Strategic Decisions and Financial Risk Management

- Linking Strategic Objectives to Key Performance Indicators (KPIs) in a Balanced Scorecard
- Obstacles to Achieving Strategic Objectives created by the Accounting and Costing System
- Uncertainty and Risk Analysis
- Types of Business Risk and Financial Risk
- Risk Management Principles
- Development of Risk Management Tools to Mitigate and Minimise Risk
- Insurance and Hedging
- Interest Rate Risk and Foreign Currency Exchange Rate Risk

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