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# Cost Planning, Control & Optimization in a Major Oil & Gas Company

## INTRODUCTION

- Cost control within the Oil & Gas Industry presents certain challenges. Costs must be managed without compromising either safety or production. This innovative Cost Planning, Control & Optimization in a Major Oil & Gas Company training course presents the delegates with practical tools and techniques which can easily be applied right now within their company and work. It also introduces delegates to emerging tools and techniques to develop for the future.
- This training course will help the delegates to save their employers money without damaging the business. This Cost Planning, Control & Optimization in a Major Oil & Gas Company training course will feature practical, engaging, and innovative techniques from different organisations. This training course will also help the delegates to identify and deliver savings without damaging performance, capability, strategy, delivery, or safety.

## OBJECTIVES

- As a result of this Cost Planning, Control & Optimization in a Major Oil & Gas Company training course, delegates will gain better control of costs and it will provide opportunities for immediate savings and long term sustainable saving for the organisations. Delegates will be engaged, challenged, and motivated to make a significant difference within their organizations.

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

- Proactively manage costs
- Seek opportunities for cost reduction
- Effectively control costs
- Make better use of cost budgets, plans and forecasts
- Understand project appraisal
- Control costs with projects

## ORGANISATIONAL IMPACT

By attending this Cost Planning, Control & Optimization in a Major Oil & Gas Company training course, participants will provide benefits for their organization through the following:

- Participants will develop a set of transferable skills which will improve their powers of cost planning helping the company to increase profit, improve cash flow whilst minimizing costs and risk
- The new skills will help them to make more informed and hence better management decisions
- The use of practical case studies and illustrations of real companies will help delegates understand how to apply different planning, forecasting and analysis techniques in a work situation
- The knowledge gained can be shared amongst other departments of the company to improve the financial culture of the entire organisation
- Strategic Thinking and Appreciation of the links between costing, budgets, and Strategic Financial Plans
- Application of Effective Forecasting Techniques
- Identification of the most appropriate Financing and Optimal Capital Structures
- Development of Modern Approaches to Costing, Planning, Budgeting and Budgetary control
- Capital Investment appraisal, Cash Forecasting and Budgeting

## PERSONAL IMPACT

- Develop an understanding of today's major issues in cost planning and control
- Develop your professional skills, powers of analysis, evaluation, and decision-making
- Be able to make more informed and hence better planning, budgeting, and cost reduction techniques
- Make improved finance and capital budgeting decisions, which will increase your importance to your organization
- Absorption Costing, Marginal Costing and Cost-Volume-Profit (CVP) Analysis, Activity Based Costing (ABC), and Activity Based Management (ABM)
- Application of Discounted Cash Flow (DCF) techniques of Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR), Equivalent Annual Cost (EAC), and the Profitability Index (PI) for Capital Project Investment Appraisal and Capital Budgeting
- Be able to identify areas in which they may be able to contribute to improvements in the financial performance of your company which will help improve your career development

## WHO SHOULD ATTEND?

- This Cost Planning, Control & Optimization in a Major Oil & Gas Company training course is essential for many professionals but especially for managers with financial responsibility for departments or projects or those who are involved in the analysis of costs to support decisions within the business.

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

- Finance Managers
- Budget Holders
- Project Managers
- Professional Engineers
- People providing direct support to the above

## Course Outline

### Cost, Profit, Risk and Cash

- Costs and Profit
- Objectives - Mission & Vision - Profit Now vs. Profit Later
- Strategy and How It Guides Cost Management Decisions / Strategy Models and Costs Management
- Cost vs. Value / Value Focused Approaches Profit Drivers
- Costs and Cash
- Cash vs. Profit
- Cost – Cash and Non-cash
- Costs Management vs. Cash Management / Capital vs. Revenue Managing Capital Cost / Managing Revenue Cost
- Cost and Risk
- Introduction to Risk
- Cost and Risk

### Costs & Costing

- Understanding and Working with Costs
- Cost vs. Value
- Value Based Cost Management / Thinking
- Plan for Cost Reduction and Profit Improvement
- Fixed and Variable Costs Income Statement
- Break-even Analysis / Contribution Margin
- Costing Approaches – Full Absorption, Marginal, ABC
- New Ideas in Cost Management – Lean Principles / ABC – Big data
- Oil & Gas Issues

## Planning and Forecasting Costs / Risk

- OPEX Planning Approaches
- Value Engineering Approaches Applied to OPEX and Personnel Incentives
- G&A Cost Planning and Valuation
- Forecasting Tools and Techniques
- What is Risk?
- Modelling Costs and Profit and Risk
- OPEX Long-term Forecast
- OPEX Planning and Performance Monitoring
- Software Used in OPEX Planning and Performance

## Investment Appraisal and Projects – Capital Budgeting

- Building Cashflow Models for Decision Making
- CAPEX Planning System
- Factors Used to Evaluate the Efficiency of CAPEX Projects, Annual Investment Program
- CAPEX Planning in Oil Companies
- Applying Time-adjusted Measures - The Time Value of Money
- Net Present Value (NPV) and Internal Rate of Return (IRR) / EVA and NPV
- Sensitivity Analysis, Scenario Analysis, Simulation, and NPV Break-even / Monte Carlo Analysis
- The Importance of Flexibility and Options
- Dealing with Risk and Changing Circumstances

## Budgets and Cost Control

- The Budgeting Process
- The Role of Budgeting
- Annual Budgeting Process
- Identifying and Resolving Budgeting Variances
- Different Budgeting Systems in Use Today
- Budgeting Tips and Techniques
- Variance Analysis
- Beyond Budgeting

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