

Finance and Accounting for Nonfinancial Managers - 3 Days

Improving Financial Literacy

Course 281 Overview

- You Will Learn How To**
- Integrate financial concepts and policies into the management decision and budgeting process
 - Evaluate the financial viability of projects and activities through income statements and balance sheets
 - Employ cash flow to analyze business status
 - Calculate the cost of business activities
 - Control business operations through effective budget management
 - Communicate effectively with financial executives and staff
- Course Benefits** All too often, a manager's performance is measured by how effectively they oversee departmental budgets. To succeed as a nonfinancial manager, knowledge of basic financial principles and the budgeting process is critical. This course transforms financial and accounting concepts into decision-making tools you can use successfully every day. You learn to apply the fundamentals of finance to improve budget management, increase potential profits and assess the financial viability of projects.
- Who Should Attend** Non-financial managers and anyone who wants to develop their knowledge of financial practices to improve their managerial skills.
- Workshop Course** Case studies reinforce the fundamentals of finance presented throughout the course. Participants work in teams to gain experience in:
- Analyzing and creating income statements, balance sheets and cash flow statements
 - Establishing and managing realistic operating budgets
 - Selecting the most profitable projects or activities
 - Calculating a budget to achieve stated financial goals
 - Applying financial principles to real-world situations

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Course 281 Outline

Why Finance Matters

- Demystifying financial jargon
- Generally Accepted Accounting Principles (GAAP)
- Public vs. private financial methodologies
- Accountability and responsibility for financial information

The Key Building Blocks of Financial Control

Decoding the income statement

- Differentiating income, operating and capital expense items
- Putting the pieces together to measure profit and business success
- When a sale becomes a sale: sales recognition

Analyzing the balance sheet

- Evaluating the worth of an established business
- Distinguishing between fixed and current assets and liabilities
- Defining depreciation and amortization
- Linking the income statement to the balance sheet
- Shareholder equity

Cash Flow: The Lifeblood of

Organizations

Making the key connection between business activity and cash flow

- Differentiating between cash flow, profit and net worth
- Connecting cash management to line management
- Credit and cash flow—maximizing benefits and minimizing costs
- How much cash is enough?

The importance of depreciation and amortization

- How depreciation impacts your budget over time
- Methods for calculating depreciation
- Advantages and disadvantages of various key methods
- Impacting the management budget
- Where depreciation rules come from

Managing a Profit or Cost Centre

Selecting the best costing method for your situation

- Absorption, marginal, activity-based costing
- Determining costs in service businesses
- Avoiding costing traps

The unique features of project costing

- Estimating project duration and future costs
- Leveraging debt to your advantage
- Anticipating problems using cost control
- Making estimates based on incomplete information

Choosing projects that optimize shareholders' interests

- Making the financial case using return on investment (ROI)
- Advantages and disadvantages of ROI, payback, discounted cash flow (DCF) and NPV techniques
- Selecting viable projects

A Manager's Guide to Budgeting

Recognizing that budgets are more than numbers

- Budgeting as sociology, not accounting
- The politics of getting a budget approved
- The relationship between a well-designed budget and how others measure your performance
- Managing effectively within budgeting constraints

Comparing budget approaches

- Top-down
- Bottom-up

Types of budgets

- Incremental
- Zero-based
- Rolling
- Others
- Developing the budget numbers

Budgeting as a planning and control tool

- Using the budget to control the business
- Limiting factors
- Budget process and coordination
- Forecasting sales revenues and expenses
- Adjusting the budget to reality

Pulling It All Together

- Applying financial tools and concepts in the real world
- Evaluating a company's health through its annual report
- Comparing public and private sector practices
- Recognizing potential traps in creative accounting
- Learning from recent examples