

Budgeting, Forecasting and monthly cash flow modeling

This 3 in 1 course will teach you about budgeting, forecasting and monthly cash flow modelling.

The financial budgeting course will teach you about the entire budgeting process from start to finish, including how to create a disciplined culture of budgeting in your organization, the various methods for building budgets, techniques to analyze results, and how to increase the chances of organizational performance improvements. You will learn to forecast future performance by better analyzing revenue and cost drivers with quantitative and qualitative methods. In Monthly cash flow modelling course, you will learn to build a rolling 12-month cash flow forecast model from scratch complete with assumptions, financials, supporting schedules and charts. The course will look at how to forecast revenues, operating expenses and changes in balance sheet items to arrive at monthly cash flow. From there we will assess the financial impact of the forecast on the business, decide if capital needs to be raised, evaluate credit metrics, and create elegant charts to inform management and make executive decisions. All Excel template in this course is given to participants and can be used as an example in our own work.

Who should take this workshop?

This workshop is critical for those who are responsible for financial management, budgeting, and forecasting within their organizations departments and is required to build monthly financial models in their job. This may include professionals working in financial planning and analysis (FP&A), accounting, treasury, financial reporting, corporate development, etc. Career paths may include accounting, finance, treasury, and corporate development.

What you will learn in workshop

By the end of this workshop, participants are able to:

- Understand the principles behind best practice financial management
- Explain the importance of budgeting within a strategic framework
- Build a robust budgeting process within their organization
- Know when and where to use various budgeting approaches such as zero-based budgeting
- Forecast future performance by better analyzing revenue and cost drivers
- Use effective variance reporting to track organizational performance
- Make use of Excel functions and tools that are particularly suited to the budgeting process.
- Apply a structured approach to monthly cash flow modeling in Excel

- Build up the assumptions and formulas required to forecast the business month by month
- Understand how to forecast the financial statements based on the business plan
- Calculate the monthly cash flow
- Analyze the impact of the forecast on the company's balance sheet and capitalization
- Output relevant graphs to illustrate the cash flow profile to management

Course Curriculum

Modul A: Budgeting and Forecasting

1. Budgeting within a Strategic Framework

Barriers to strategy execution
 Translating the strategy into a business plan
 Balance scorecards
 Top reasons to budget
 What to watch out for

2. Building a Robust Budgeting Process

The master budget
 3 categories of budgets
 Manufacturing company example
 Retail company example
 Service company example
 Where to start with budgeting
 Steps in the budgeting process
 Psychology and target setting
 Top down vs bottom up involvement

3. A Practical Guide to Developing Budgets

4 approaches to budgeting
 Incremental budgeting
 Activity based budgeting
 Value proposition budgeting
 Zero based budgeting
 Beyond budgeting

4. Forecasting Techniques

Cost types
 Modified cost types
 Cost structure and earnings volatility
 Cost Analysis
 Breakeven analysis and margin of safety
 Sensitivity analysis with data table

- Cost control matrix
- Quantitative forecasting methods
- Moving average
- Simple linear regression
- Equation of a line regression
- Multiple regression
- Interpreting regression output
- PEST analysis
- Porter's 5 forces

5. Tracking Budget Performance with Variance Analysis

- What is variance analysis
- Volume vs price variance
- Cost variance
- Variance impact and waterfall chart data
- Root cause analysis
- Presenting results of variance analysis

6. Applied Budgeting Tools and Techniques in Excel

- Budgeting tools templates
- Goal Seek tool in Excel
- Solver tool in Excel
- Consolidate function in Excel
- Pivot table overview
- Setting up a pivot table in Excel
- Beyond Excel

Modul B: Monthly Cash Flow Modeling

1. Financial Modeling Best Practices

- Robust rolling forecast models
- Inputs and assumptions
- Processing and formulas
- Outputs and graphs
- Modeling best practises and tradeoffs

2. Modeling Cash Flows Review

- Operating cash flow
- Investing cash flow
- Financing cash flow and circular references

3. Building Your Financial Model in Excel

- Overview of the modelling process
- Time periods
- Historical assumptions and drivers
- Forecast assumptions and drivers

Income statement: revenue to EBITDA

Balance sheet: AR, inventory & AP

Supporting schedules: PP&E

Supporting schedules: debt schedule

Cash flow statement and cash balance

4. Enhancing Your Model

Conditional formatting

Data validation

Protecting the worksheet

Auditing the model

Charts and graphs