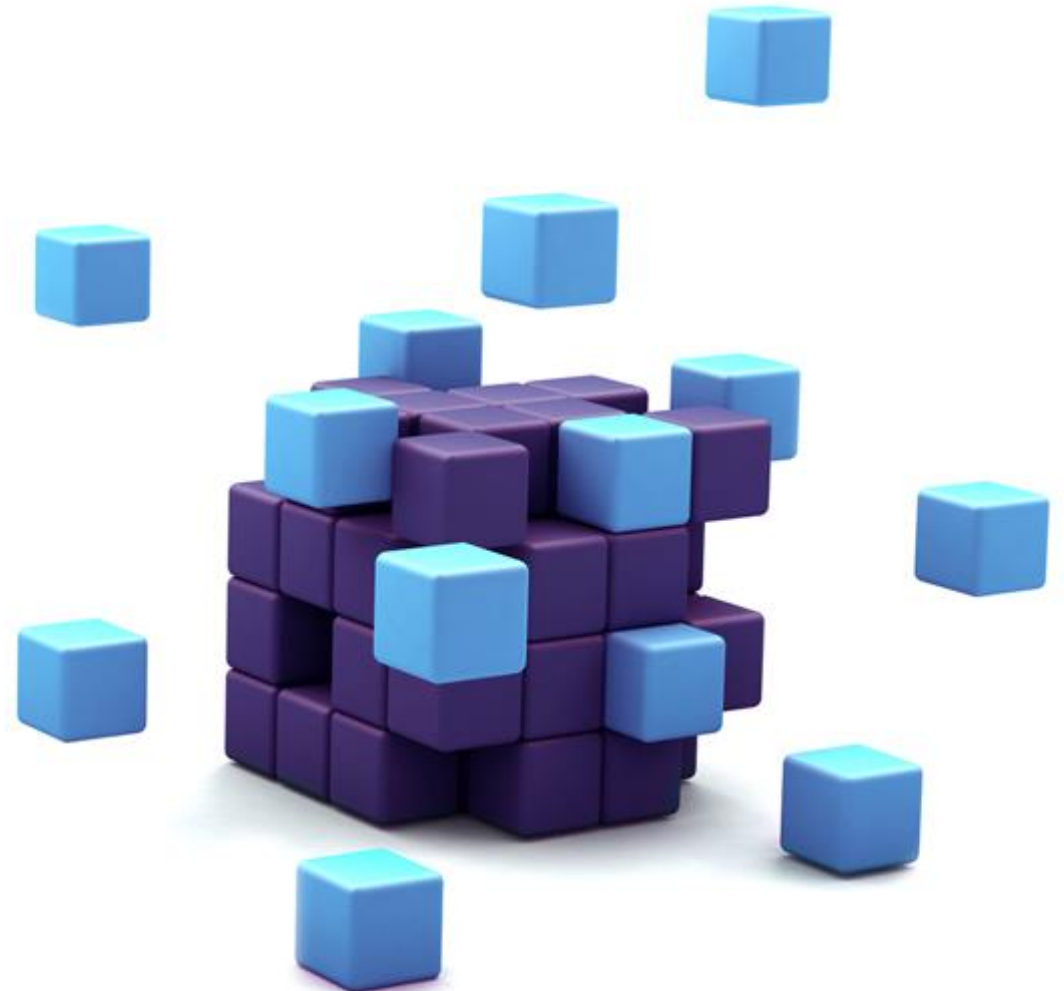


PLANNING, BUDGETING AND FORECASTING 101

SEPTEMBER / NOVEMBER 2018 - 6 CFU

LESSON 1



ICE BREAKER

TWO TRUTHS AND A LIE



COURSE INTRODUCTION

One of the natural **job opportunities** of the **Business Administration and Economics graduated students** are the large Companies, and in particular the Departments of **Administration, Finance and Control**.

A key area of this department is **Planning and Control**, whose **main targets** are:

1

To manage, industrial planning, budgeting, forecasting and reporting processes and the deployment of the Company Control Model

2

To monitor the Financial and Operating results and related KPIs, highlighting gaps and suggesting corrective actions

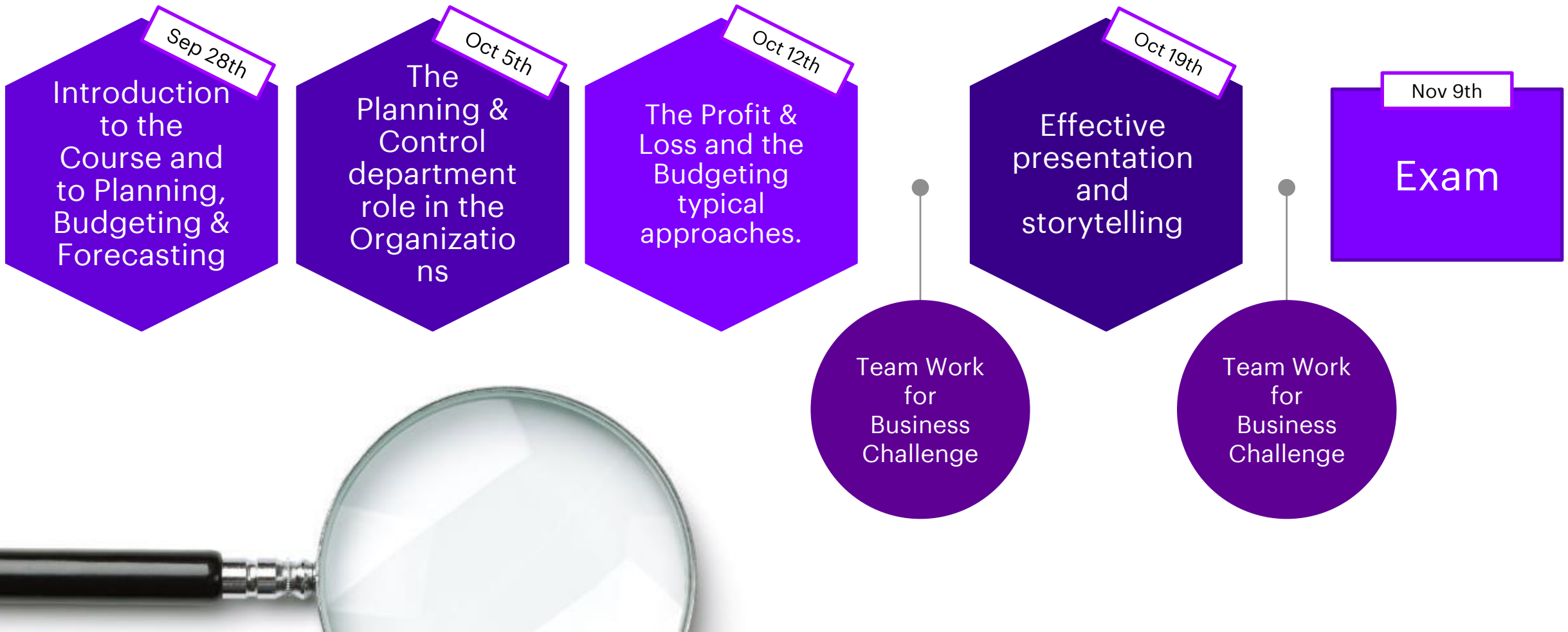
3

To perform economic and financial evaluation for investments



COURSE TARGETS AND STRUCTURE

The aim of this course, which includes a **Business Challenge**, is to **bring students closer to the real working life within the Planning and Control departments**.

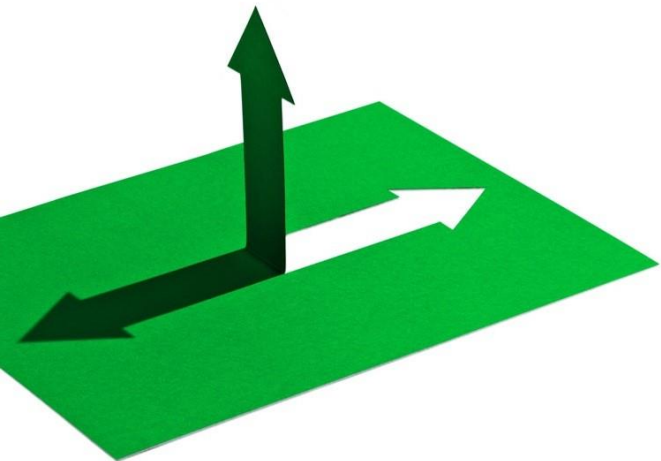


FOCUS ON – TEAM WORK/BUSINESS CHALLENGE

Create
Teams of
6 people

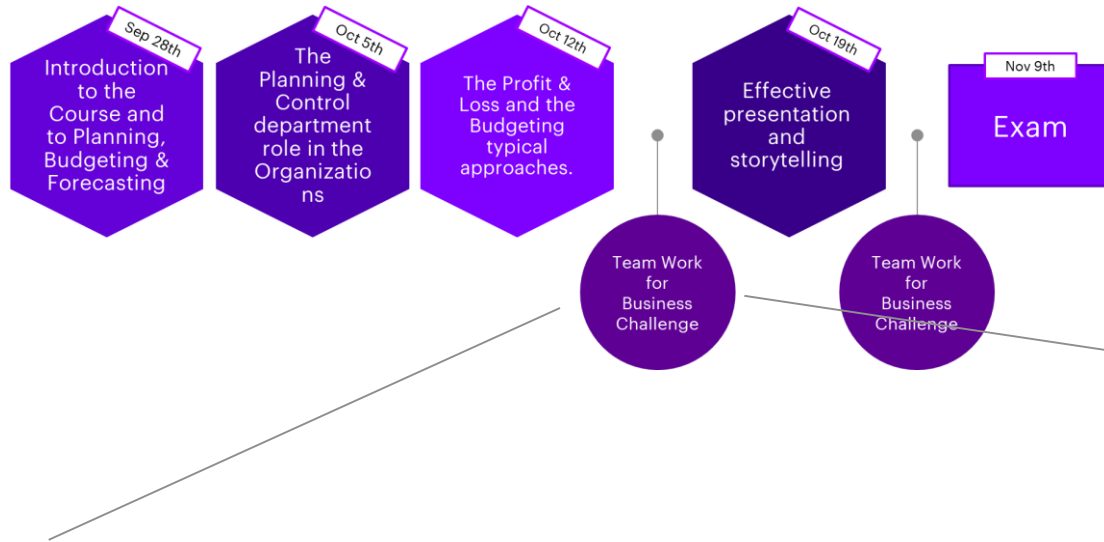
Choose a
Team
name

Choose a
represent
ative per
Team



**BE READY TO SHARE TEAMS
COMPOSITION BY THE NEXT
LECTURE – OCTOBER 5TH**

FOCUS ON – TEAM WORK/BUSINESS CHALLENGE

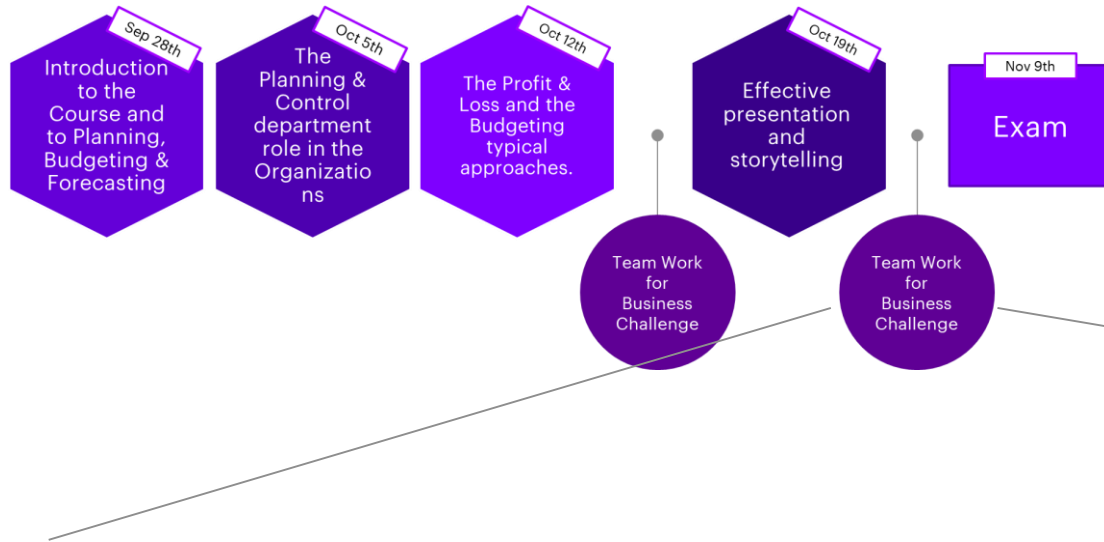


Students **work in teams** to create an **Excel Profit & Loss Planning Model**

(i.e. which will be the Revenues and the Costs of a Company for the next 12 Months?)

Starting from the end of the 3rd lesson - Friday Oct 12th - until the Exam

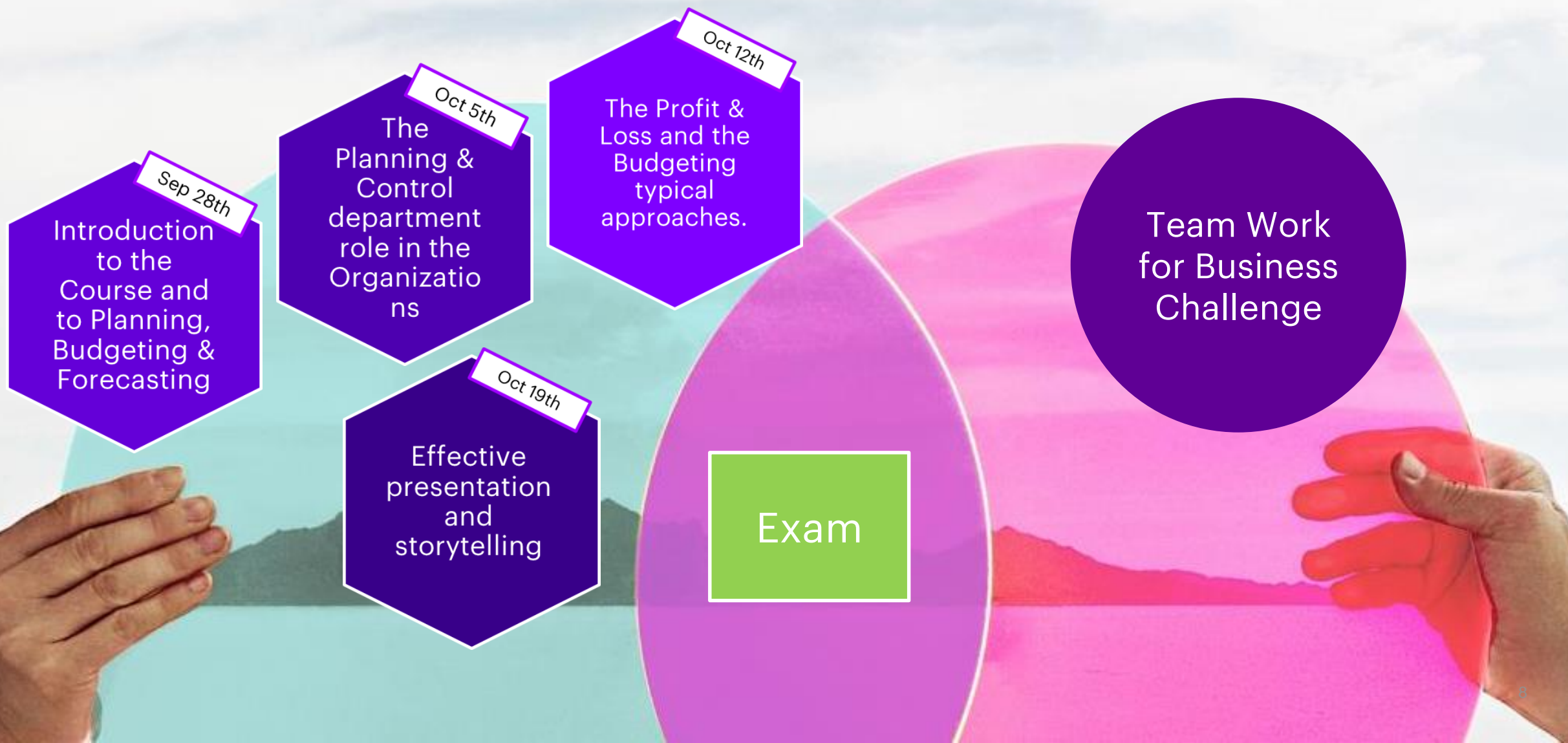
FOCUS ON – TEAM WORK/BUSINESS CHALLENGE



Teams **continue working on the Excel Profit & Loss Model** and **start to create a presentation for the Exam** (e.g. Power Point, Prezi, etc.), **imagining** that they have to **present their P&L Model to the CFO of a large company**

Starting from the end of the 4th lesson - Friday Oct 19th - until the Exam

THE EXAM!



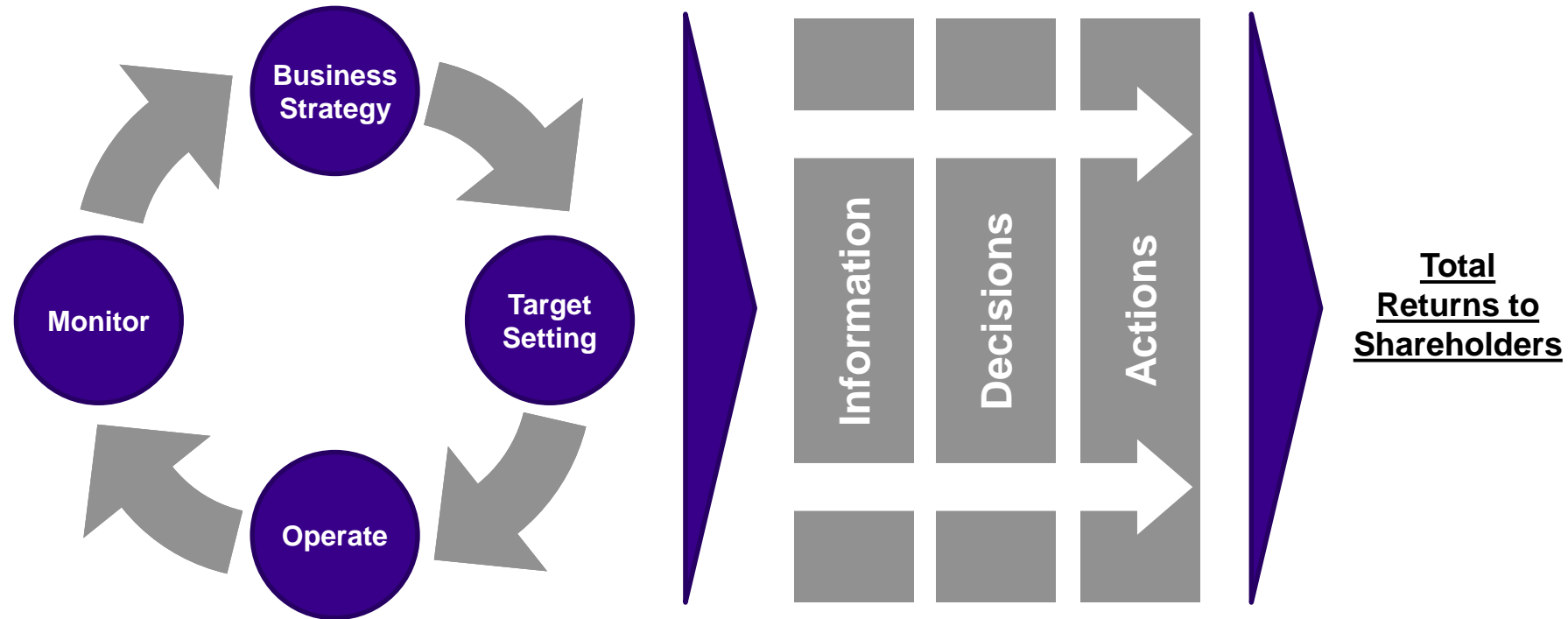
**ANY
QUESTIONS
?**



ENTERPRISE PERFORMANCE MANAGEMENT – AN OVERVIEW

ENTERPRISE PERFORMANCE MANAGEMENT - OVERVIEW

Enterprise Performance Management (EPM) is a strategy and key capabilities required to make decisions and take actions to drive shareholder value.



An effective EPM capability enables to focus and align the organization to the key drivers of its strategy, to plan and forecast based on these drivers, to measure results, and course correctly accordingly.

ENTERPRISE PERFORMANCE MANAGEMENT CAN HELP A COMPANY CREATE VALUE ALONG A NUMBER OF DIMENSIONS

EFFECTIVENESS

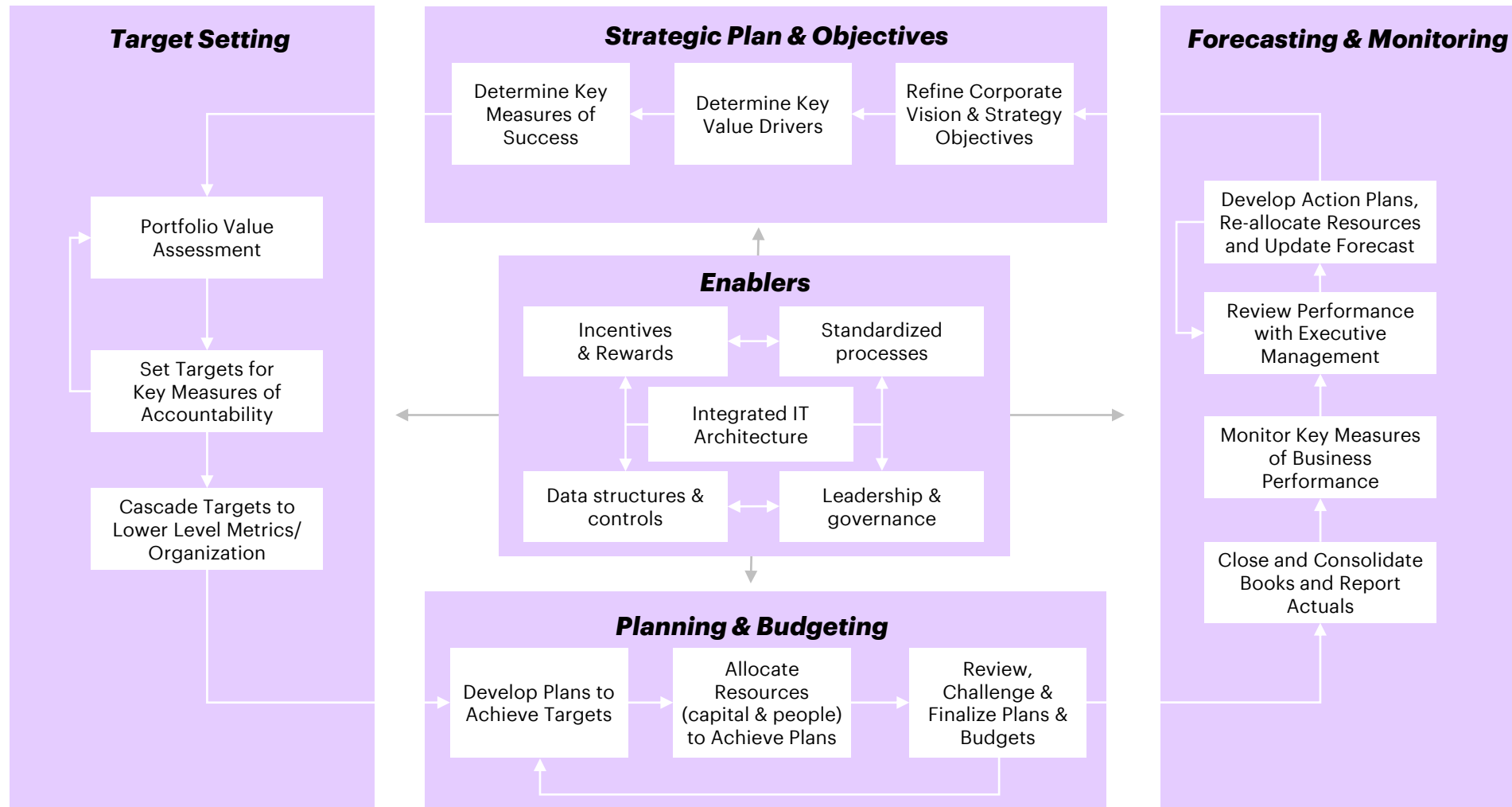
- Focuses and aligns management around the key drivers of value
- Provides fact-based guidance for value-based decision making
- Enables a consistent process and framework for the evaluation of decision trade-offs (current/future) around investments
- Supports driver-based planning and forecasting to enable predictive and dynamic resource allocation
- Balances focus on strategy/operations around key value drivers
- Aligns incentives and rewards closer to shareholder value creation

EFFICIENCY

- Streamlines planning and reporting processes using consistent key drivers of value
- Streamlines decision making
- Improves focus of resource time and effort, eliminates redundant work and minimizes manual intervention and errors
- Integrates processes and controls to improve integrity of data and quality of outputs
- Provides a strong value-based foundation for Infrastructure improvements
- Dynamic learning capability leverages resource time more efficiently

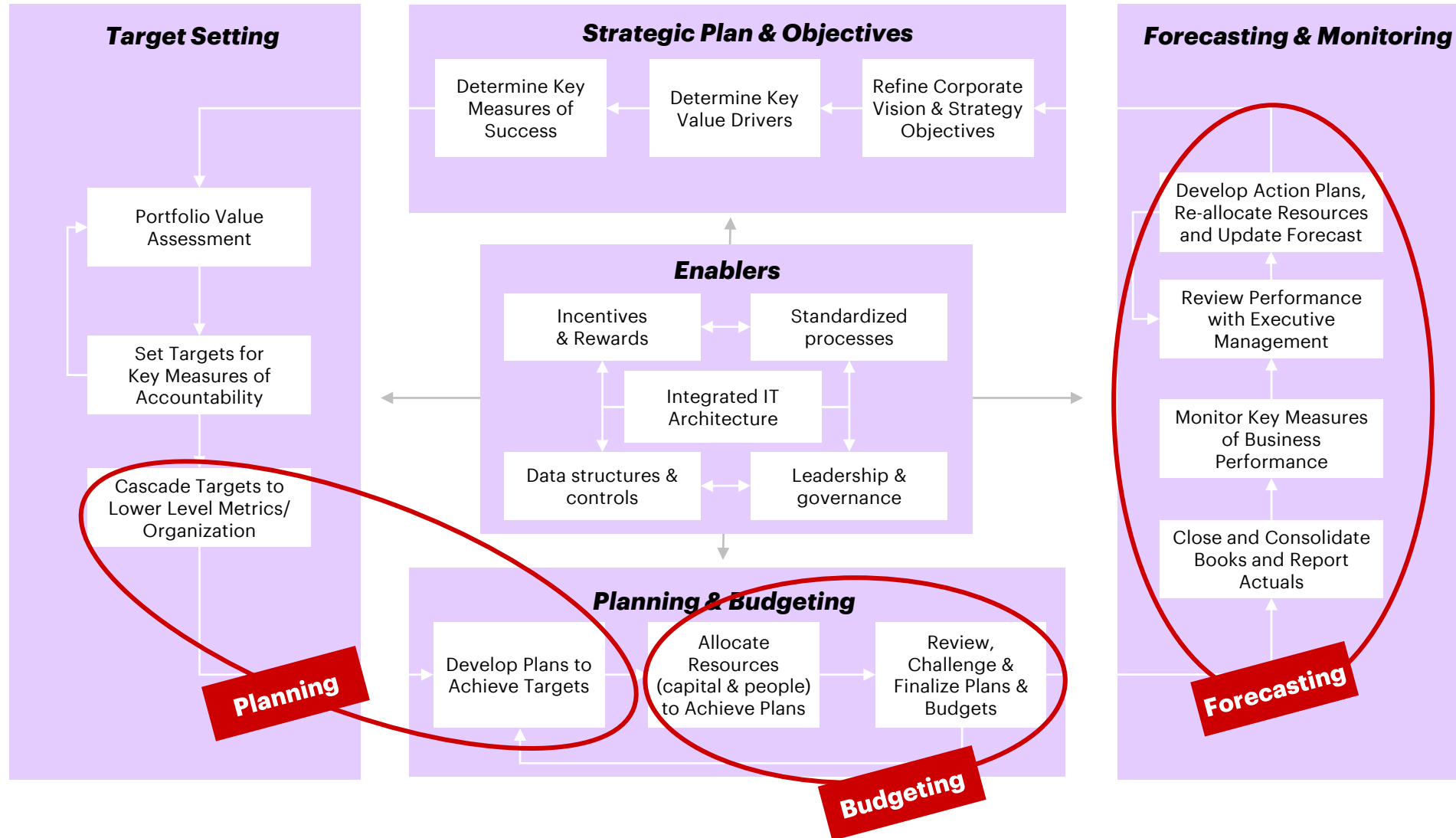
THE ENTERPRISE PERFORMANCE MANAGEMENT FRAMEWORK

PERFORMANCE MANAGEMENT FRAMEWORK



THE ENTERPRISE PERFORMANCE MANAGEMENT FRAMEWORK

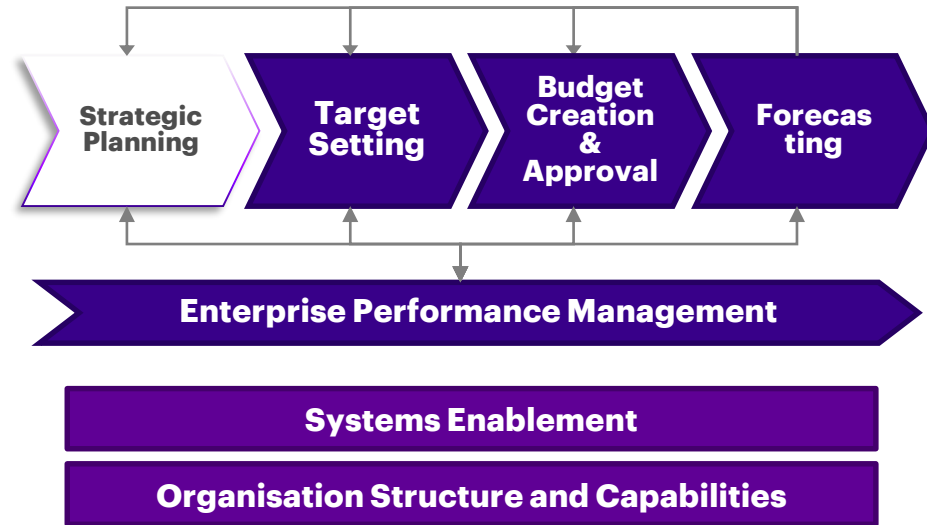
PERFORMANCE MANAGEMENT FRAMEWORK



PLANNING, BUDGETING AND FORECASTING PROCESSES

PLANNING, BUDGETING AND FORECASTING - KEY PROCESSES

- **Strategic Planning** is the development of a long-term plan aimed at establishing the organisation's strategic positioning and driving value creation over and above competitors
- **Target Setting & Operational Planning** is the process of translating the organisation's strategic plan into quantifiable and measurable key performance indicators for each business unit, and establishing specific action plans to achieve the stated goals.
- **Budget Creation & Approval** is the process where targets are translated and expressed into quantitative terms, describing the expected financial performance of the organisation over the next year.
- **Forecasting** is the act of predicting outcomes and is done periodically throughout the year to reflect changes that have occurred both in the internal and external environment since the budget was developed. Its main objective is to provide more accurate and timely information for better and less risky management planning and decision making.



- **Systems Enablement** – The information systems used to capture, retrieve and analyse both inputs and outputs of the planning, budgeting and forecasting process.

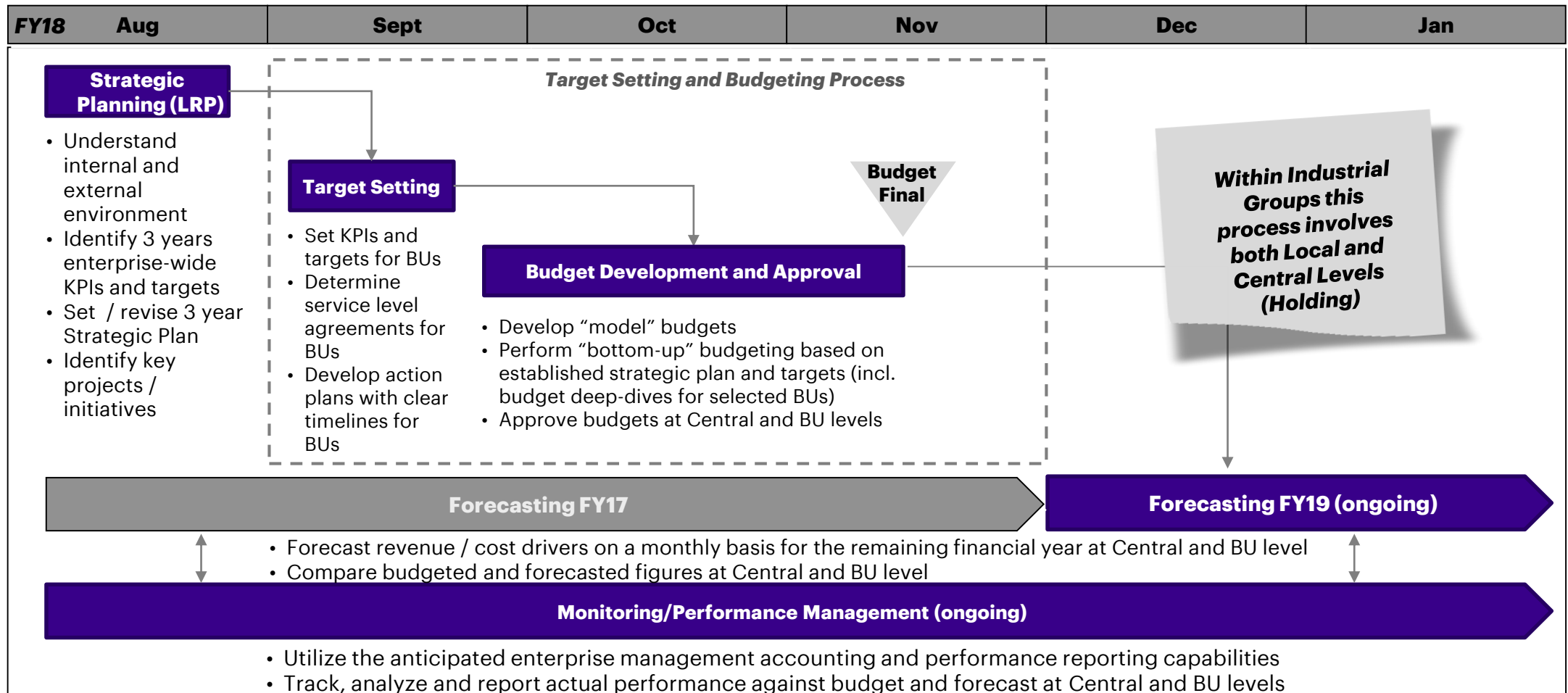
Within Industrial Groups key processes run both at Local and Central Level

- **Organisation structure and capabilities** is the structure in which the finance organisation operates and interacts with the broader business, and the level of financial acumen present throughout the business.

PLANNING, BUDGETING AND FORECASTING – SAMPLE PROCESS TIMING

Leading organizations complete Target Setting and Budgeting in 3 months, spending most of the time on analysis

ILLUSTRATIVE



- An effective **Enterprise Performance Management** capability enables to focus and align the organization to the key drivers of its strategy, to plan and forecast based on these drivers, to measure results, and course correctly accordingly
- **Planning, Budgeting and Forecast** concerns processes followed by the companies in order to be aligned to the Business Long Term Strategy and to constantly monitor the organization positioning.

**ANY
QUESTION?**

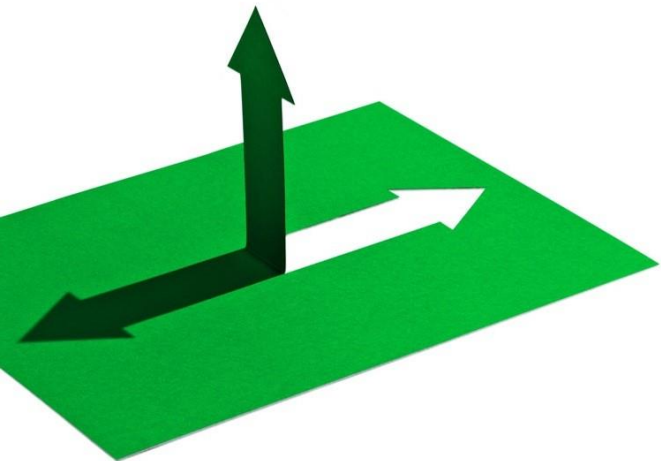


KEY TAKEAWAYS

Create
Teams of
6 people

Choose a
Team
name

Choose a
represent
ative per
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**HAVE A NICE
WEEKEND!**

