



Day 1

Program Overview

- Introduce Course/PCI/Staff
- Course components and learning objectives

Team Formation

- Participant introductions
- Team formation exercise

Purpose of Financial Reporting

- Principals of Finance/Accounting
- GAAP & SOX

Financial Statements

- Three key statements
- Overview of each

Income Statement

- Period based
- Components & accounts
- Matching concept
- **Client latest income statement**
- Simulation income statement

Balance Sheet

- Assets
- Liabilities
- Owners Equity
- **Client latest balance sheet**
- Simulation balance sheet

Simulation Overview

- Concepts
- Definitions
- Transaction flows

The Simulation - Period 1

Decisions

- Initial capitalization
- Pricing decisions
- Capacity decisions
 - Staffing
 - Equipment
 - Processing/Production
- Purchase equipment, materials
- Pay operating expenses and debt

Discuss Results of Period 1

Cash Flow Statement

- Sources and uses of cash
- Operating activities
- Investing activities
- Financing activities
- Client latest cash flow statement
- Simulation cash flow report

The Simulation - Period 2

Decisions

- Cash planning
- Strategy evaluation
- Pricing decisions
- Re-tune capacity decisions
- Revenue recognition

Post and Discuss Results of Period 2

Product Costing & Cost of Goods/Services Sold (COGS)

- Cost behavior (variable and fixed)
- Components of COGS
- Costing process and drivers

Financial Implications of Working Capital Management

- Why and where does it impact results?
- Composition
- Impacts of over & under investment
- Performance measures

The Simulation - Period 3 - 4

Decisions

- Cash planning
- Strategy evaluations
- Pricing decisions
- Re-tune capacity decisions
- Inventory management: raw materials, finished goods, days of supply
- Cost of inventory; inventory strategy

Post and Discuss Results of Period 3 - 4

Measurements

- Ratio Analysis
 - Gross margin
 - Contribution margin
 - Operating and net margins
- Break-even and CVP analysis
- Ratio Analysis
 - Debt & liquidity
 - Efficiency
 - Returns

The Simulation - Period 5 - 6

Decisions

- Same as periods 3-4 with more metrics
- #### **Post and Present Results of Period 5 - 6**
- #### **Assess health of your business**

End of Day 1 - Teams Report Out

Day 2

Capital Expenditures and Project Analysis

- Capital vs. expense
- Depreciation concepts

Capital, Appropriation Requests (CAR) and Return on Investment (ROI)

Cost/Benefit Analysis (*walk through case and project analysis requirements*)

- Profitability analysis
- Payback
- Time value of money and discounted cash flows
- Net present value
- Internal rate of return (IRR)

Risk and Financial Analysis

- What is risk?
- How do we deal with it in capital analysis?

Cost Benefit Case Study -

Analyze New Product Introduction

- Prepare Presentations: Sell "go/no go" recommendation on the simulation's new product to management
- Review applicability of this technique to various business proposals

Presentation

- Cost benefit analysis for new product
- Team decision - go/no go?

The Simulation - Periods 7 - 8

- Business Strategy: Market segment, market share, price point, inventory, operating decisions, investment decisions

Make all decisions taking into account your capital project (new product) decision

Budget and Forecasting

- Overall process
- Objectives
- Basic Steps
- Pro's and Con's
- Forecasting basics - market and share
- Forecasting exercise for Simulation Periods 6-9; revenues, costs

Prepare budget for multi-product environment

The Simulation - Periods 9 - 10

- Pricing decisions
- Production and capacity decisions
- Supply chain decisions
- Financing decisions

Post and Discuss Results of Periods 11 -12 Including:

- Comparison to forecasts
- New product launch impacts
- Ratio and margin results
- Comparison among teams

Final Presentation

- 3 key financial reports
- Met relevant ratios and metrics
- How healthy is the business?
- Pricing decisions and strategies
- CAR process
- Impact of new product on financials
- Risk assessment