



Setting & Controlling Budgets



26 August - 6 September



Lisbon (Portugal)

# Setting & Controlling Budgets

course code: F2002 From: 26 August - 6 September 2024 Venue: Lisbon (Portugal) - course Fees: 4500 Euro

## Introduction

Setting & Controlling Budgets properly and accurately is fundamental to every successful business. This seminar shows how budgeting is linked to strategy, costing and performance measurement. The purpose of the seminar is to clarify the jargon and methodology of budgeting within the areas of managerial accounting and performance measurement.

## Key learning objectives include:

- Strategic planning
- The linkages between planning, budgeting, costing and performance measurement
- The features of budgetary control
- Cost analysis: fixed vs. variable costs (CVP analysis); direct vs. indirect costs (traditional method and activity-based costing)
- The role of full costing and contribution margin
- Advantages and disadvantages of budgeting

## Objectives

- Link finance and operation for budgeting purposes and strategy execution
- Learn how to build a comprehensive performance measurement system
- Master traditional techniques and recent best practices
- Develop an understanding of the corporate budgeting process
- Be able to interpret the financial impact of strategic directions
- Understand the problems of overheads allocation and how Activity Based Analysis may aid decision-making and pricing strategies

## Training Methodology

The seminar is based on a combination of interactive activities - group and individual exercises, case studies, and discussions.

The environment will be a supportive one in which individuals with varying degrees of experience will be encouraged to share the approaches they currently use as well as try out new ones that they encounter on the seminar. The seminar speaker will be on hand to answer any questions a delegate may have and to act as a facilitator for building and applying new approaches.

## Organisational Impact

- Better understanding of the strategic planning process
- Cost and budgeting awareness will be enhanced
- Higher chances to select a budgetary system that works
- Broadened knowledge of performance management techniques
- Better attitude to link cost and budgeting to strategy and performance measurement
- Deeper understanding of cause and effect relationship for budgeting purposes

## Personal Impact

- Delegates will understand the budgeting methods most useful to them
- They will understand how to construct a relevant and efficient budget
- They will learn to evaluate the usefulness of costing techniques in accurately calculating and ensuring profitability
- They will reinforce and expand their knowledge by linking budgeting to strategy and performance measurement
- They will broaden their understanding by linking financial and operational issues
- They will have better awareness of non-financial implications of budgeting

## SEMINAR OUTLINE

### DAY 1

#### Strategic and Financial Planning

- Financial vs. managerial accounting
- Exploring the linkages between strategy, budgeting, costing and performance measurement
- Understanding what strategic planning is and why it is important
- Mission; Vision; Strategy; Goals and Objectives
- The outside environment and the internal context: SWOT and PESTEL analysis
- What is happening in your company
- Looking for the drivers of value creation
- Examples and cases

### DAY 2

#### The Framework for Budgeting

- What is a budget - why create a budget?
- The budgeting framework
- Various types of budgets
- The budgeting process and the human side of budgeting
- Sales forecasting and budgeting schedules
- What is the budgeting process in your company?
- Top down vs. bottom-up budget; incremental vs. zero-based
- Examples of budgetary schedules

### DAY 3

#### Cost Analysis for Budgeting

- What is costing? Defining costs
- Cost behavior - Fixed and variable
- Breakeven models - The Equation Method
- The contribution margin concept
- Direct and indirect costs
- Traditional vs. Activity Based Costing
- Product vs. period costs
- Case study and examples

## DAY 4

### Budgeting: case study day - Controlling the budget variances

- What is the situation in your organization?
- Is budgeting organized by department and/or projects?
- Budget variance analysis
- Describe the difference between a static budget and a flexible budget
- Compute flexible-budget variances and sales-volume variances
- Explain why standard costs are often used in variance analysis
- Integrate continuous improvement into variance analysis
- Case study, examples and exercises

## DAY 5

### Beyond Budgeting: Broadening Performance Measurement Systems

- Advantages and disadvantages of budgeting
- How to improve budgeting in your organization
- What next? Beyond the Budget...
- The Balanced Scorecard: linking Strategy to budgeting to Performance Measurement
- Financial perspective, Customer perspective
- Internal Business Process perspective, Learning and growth perspective
- Developing and adapting the scorecard
- Case study illustration