

# **COST MANAGEMENT AND CONTROL TECHNIQUES**

## **COURSE OVERVIEW**

If you fail to plan; then plan to fail. The preparation of feasibility study requires meticulous planning skills as well as the competences of intuition and emotional control. This course aims at providing participants with the ability to model their feasibility study using Excel and addressing market, technical and financial aspects. Also, participants will be enabled to appraise different investments types such as industrial and service projects.

Budgeting is a must competency for all professionals in the supervisory and managerial levels. Understanding budgeting types, planning a budget, executing and monitoring budgets are covered in this course. Additionally, delegates will practice budgeting cost methods and techniques to design dynamic budget models. They will also design capital budgeting viability models.

## **TARGET COMPETENCIES**

- Strategic Planning and budgeting
- Functions of Management
- Budget Cycle, Process and Approaches
- Cost Analysis Techniques
- Capital Budgeting

## **COURSE OBJECTIVES**

By completely attending this course, participants will be able to:

- Perform the 4 functions of management using case studies
- Practice different types of budget styles, techniques, and methods and determine pros and cons of each type
- Learn and exercise several cost management techniques to better budget for future expenditures
- Acquire in-depth knowledge and application of the capital budgeting tools and techniques.
- Apply different cost mechanism tools and optimization procedures
- Learn how to differentiate between cost elements and their impact on the overall budgeting decisions.

## **TARGET AUDIENCE**

All managers, supervisors and analysts who plan, design, execute, and/or monitor management costs and budgets. Professionals interested in determining the viability and success factors of capital projects.

To register or for complete course Information

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# **COURSE METHODOLOGY**

This course demonstrates core principles in Budgeting and Planning and utilizes Excel in performing modern and creative techniques of Budgeting. Real-life case studies, individual workshops, and team presentations by participants.

## **COURSE OUTLINE**

### **PLANNING AND THE FUNCTIONS OF MANAGEMENT**

- Strategic vs. long-term planning
- The four management functions
- Components of the strategic plan
- SWOT analysis
- Approaches to developing a budget.
- Control is the weakest link!

### **THE KEY FINANCIAL STATEMENTS**

- Income statement
- Balance sheet
- Cash flow statement

### **MASTER BUDGETING**

- Budget development process
- Characteristics of successful budgeting
- Top 10 problems with budgeting
- Types of budgets

### **BUDGETING: PROCESS AND APPROACHES**

- The advantages of budgeting
- The budget processes.
- Rolling budgets
- Operating and capital budgets
- The budgeted financial statements
- Approaches to budgeting:
  - Incremental budgeting
  - Zero based budgeting
  - Flexible budgeting
  - Kaizen budgeting and continuous improvement
  - Activity based budgeting.
- Tools of forecasting
- Direct and indirect costs
- Characteristics of an effective budget
- Problems in budgeting

### **COST ANALYSIS**

- Different costs for different purposes
- Fixed vs. Variable costs
- The Cost-Volume-Profit analysis model
- Contribution Margin analysis
- Examples & Discussion

### **CAPITAL EXPENDITURE BUDGETING AND ANALYSIS**

- Time value of money
- Simple versus compound interest
- Identifying and analyzing cash flows
- The discount rate: using cost of capital
- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Profitability Index (PI)
- Pay-Back Period (PBP)
- Accounting Rate of Return (ARR)
- Approval for Expenditure (AFE)
- Sensitivity and risk analysis

### **COST - VOLUME - PROFIT ANALYSIS (CVP)**

- Identifying the fixed costs and variable costs
- Computing breakeven point in units
- Computing breakeven point in sales
- Assumptions of CVP analysis
- Using CVP in budgeting decision

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