

Finance for non-financial managers

Our 'Finance for non-financial managers' program is comprised of 10 bitesize workshops which last approximately 60-90 minutes, where each module builds on the previous module, forming a structured developmental pathway in finance. Our 'Finance for non-financial managers' program will enhance the financial knowledge of participants, helping them to make more informed decisions, and building their confidence to raise issues and justify decisions. The program can run as a suite of virtual classes or as an in-class solution where the modules are blended into a half day or one day workshop format. You can also pick and choose from the 10 modules to design your own workshop based on your needs. We can also tailor the program to reflect your KPIs and management information to make the learning very relevant to your organisation.

Converting margin/profit into cash flow • The importance of cash flow • Cash versus profit • Drivers of cash flow • EBITDA, working capital and capex • Strategies to grow EBITDA • Strategies to reduce working capital • Efficient capital allocation and management • Adjusted operating cash flow • Link to internal MI

Value creation and value creation strategies in the business • What is business value? • Value capture tree • Translating actions into value impact • Testing actions against their commercial impact • What can I do in my role to directly impact the value tree?

Balance sheet drivers in the business • High-level view of capital allocation in the business • The cost of holding capital • Capital drivers - working capital and core assets • Working capital and Investment management strategies • Link to internal MI

How is commerciality measured in your business? • A look at your specific KPIs • Commercial management information • Understanding the income statement • Revenue, costs and margin • Business gross margin, adjusted operating profit and EBITDA • Link to internal Management Information (MI)

Managing margin/profitability across categories/product suites • Product/service segmentation • Bundling and unbundling • Customer service strategy • Measuring marginal and total margin • Measuring A&P effectiveness • Link to internal MI

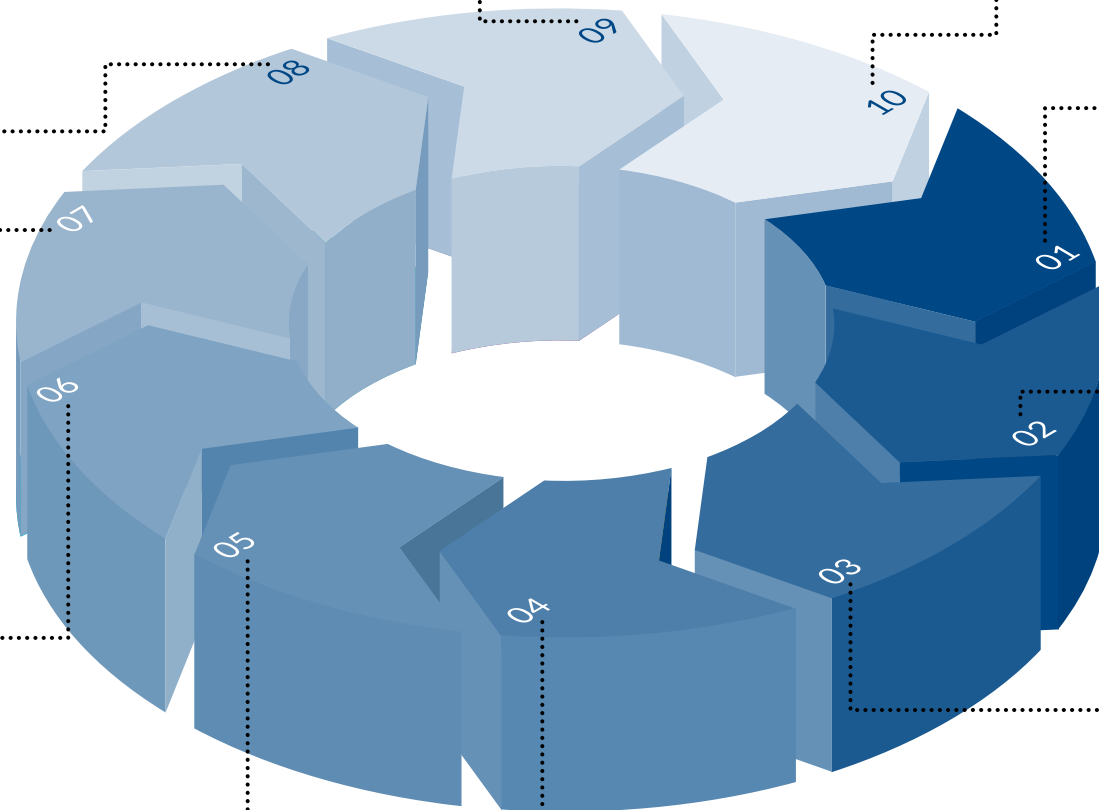
Revenue management strategies in your business • Drivers of revenue • Pricing and volume • Product/service mix • Impact on margin • Revenue management strategies in your business and other industries • Core and marginal revenues sources • New revenue sources - the impact of new product development • Link to internal MI

Margin/profit attribution across the value chain in your business • The value chain • Procuring services and supplier management • Input to output conversion in the business • Distribution of products and services • Attributing cost to value centres, products and services • Assessing product and service margin/profitability • Link to internal MI

What are the core costs in your business? • Core and hidden costs in your business • How are costs captured in your business • Costing approaches - standard costing, absorption costing and marginal costing approaches • How products and services are costed - linking resource consumption to activity • Link to internal MI

Approaches to pricing in your business • Pricing products and services in your business • Pricing versus cost of delivery • Pricing below cost (loss leaders), cost-based pricing, market-driven pricing, target costing • Price elasticity and price change customer/client tolerance • Link to internal MI

How costs behave in your business and cost management strategies • Fixed, variable and other costs in your business • The budget setting process • Forecasting costs based on the level of expected activity • Challenging costs incurred • Learning from the 7 wastes • Lean delivery of service • Cost management strategies in your business • Interpreting internal cost information • Delivery of efficient and effective service improvements • Link to internal MI



Commercial decision making

Our commercial decision making workshop will enable your managers to make more robust, commercially-focused decisions on behalf of your organisation. The workshop will provide your managers with

- A logical step-by-step approach to making commercial decisions
- Frameworks to help evaluate a decision after consideration of all possible options
- Tools to make effective long-term investment decisions and measure ROI
- Practical tools to help identify and evaluate risks associated with the investment options
- Frameworks to financially appraise options and take into account all relevant cash flows.

6) Financially appraising the options

to make a decision • Identifying relevant cash flows for the decision • Sunk costs • Fixed overheads • Buy or lease decisions • Long term capital appraisal

5) Identifying and evaluating risks

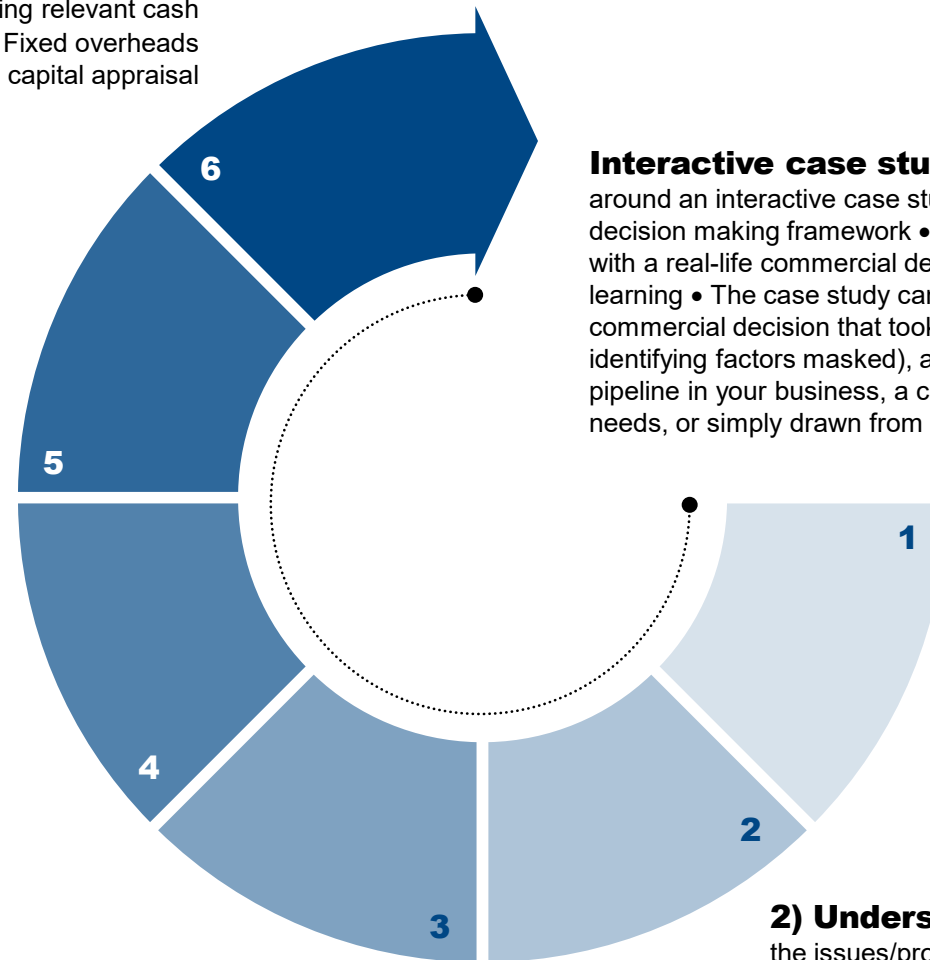
• A framework for assessing and evaluating risks • Identifying risks • Quantifying risks • Evaluating risks

4) Assessing options

• Decision making tools for evaluating options • Relevant cash analysis - what revenues and costs are relevant to the decision and which are not • Grid analysis - constructing a matrix to aid decision making • Paired comparison analysis - highlighting the relevant importance of different options • Decision trees - a structure for laying out options • PEST analysis - assessing options against the future external environment

3) Generating options

• Generating all possible options • The importance of the do nothing option • The 'half way house' option • Options that increase flexibility



Interactive case study

• The workshop is centred around an interactive case study which is aligned to the six stage decision making framework • Participants, in teams, are presented with a real-life commercial decision where they have to apply their learning • The case study can be centred around an actual commercial decision that took place in your business (with identifying factors masked), a future commercial decision in the pipeline in your business, a case study we create based on your needs, or simply drawn from one of our generic case studies

1) Decision-making framework

• Understanding the situation • Deciding on the issues/problems to solve • Generating options • Assessing the options • Identifying and evaluating the risk(s) • Financially appraising the options to make a decision

2) Understanding the situation

• Deciding on the issues/problems to solve • What does commercial decision making mean in your organisation • What does commercial success mean? • What opportunities does the organisation face in the marketplace? • Taking positive and commercially robust decisions

Commercial selling skills (consultative selling)

A workshop that provides a practical framework for sales professionals to demonstrate the tangible financial benefit of your product and solutions to customers. Prior to the workshop we will develop, with you, a value driver framework built around a client prospect or target industry. Based on this framework, the workshop explores how your (prospective) customers measure commercial success and the KPIs that they use to monitor and drive performance in their business. The workshop will provide a practical understanding of how your products and solutions can be positioned in a commercially compelling way to resonate with senior management, clearly demonstrating value add to the customer in a financially quantifiable manner.

Application of learning to various customer profiles

- For a selection of customers, participants are required to apply the framework to identify the key performance levers of the business
- They are then required to decide which set of products/solutions will have most impact on the customer and to quantify this impact with likely sensitivities

Key measures of financial performance

- Income statement measures - sales, gross profit, EBIT, EBITDA, net income
- Understanding the commercial context
- Balance sheet measures - fixed asset utilisation, working capital management

Working capital & supply chain management

- Working capital components
- Managing working capital
- Minimisation - risk versus reward
- Understanding the trade-offs
- Managing inventory - forecast to fulfil strategies, WIP, finished goods, raw materials
- Effective supply chain management
- The impact of waste on working capital
- Design impact on working capital
- Impact of production efficiency on working capital

Making effective investments

- How customers appraise investments
- What makes an effective investment for a customer
- Investment appraisal techniques
- Value drivers in capex requests
- Positioning your products/solutions in a capex context

Increasing efficiency

- Through-put and process management
- Automation management
- Efficient design principles
- Identifying and eliminating bottlenecks
- How can your products/solutions help enhance operational efficiency?

Balance sheet management

- Types of fixed assets
- Fixed and tangible fixed asset utilisation
- Strategies to enhance utilisation - increased efficiency, effective investment, knowing when to divest

Measuring value in a customer

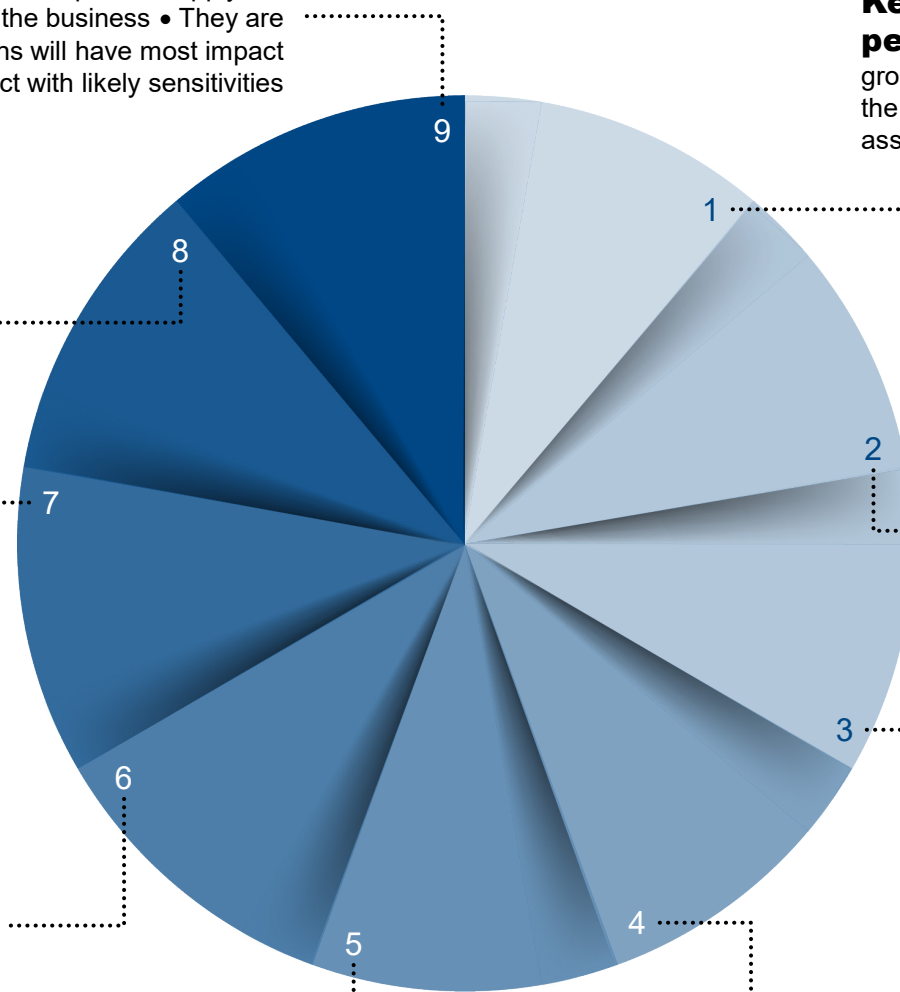
- The concept of economic profit
- Measuring return - return on capital
- Drivers of return - margin, asset utilisation
- Drivers of margin
- Drivers of asset utilisation

Cost dynamics of a customer

- Types of cost
- Cost behaviour
- Measuring operational leverage
- How your products/solutions can impact operational leverage
- Costing techniques - standard (absorption) costing and marginal costing
- Understanding the impact of your products/solutions on reported costs
- Structuring a solution to reflect a customer

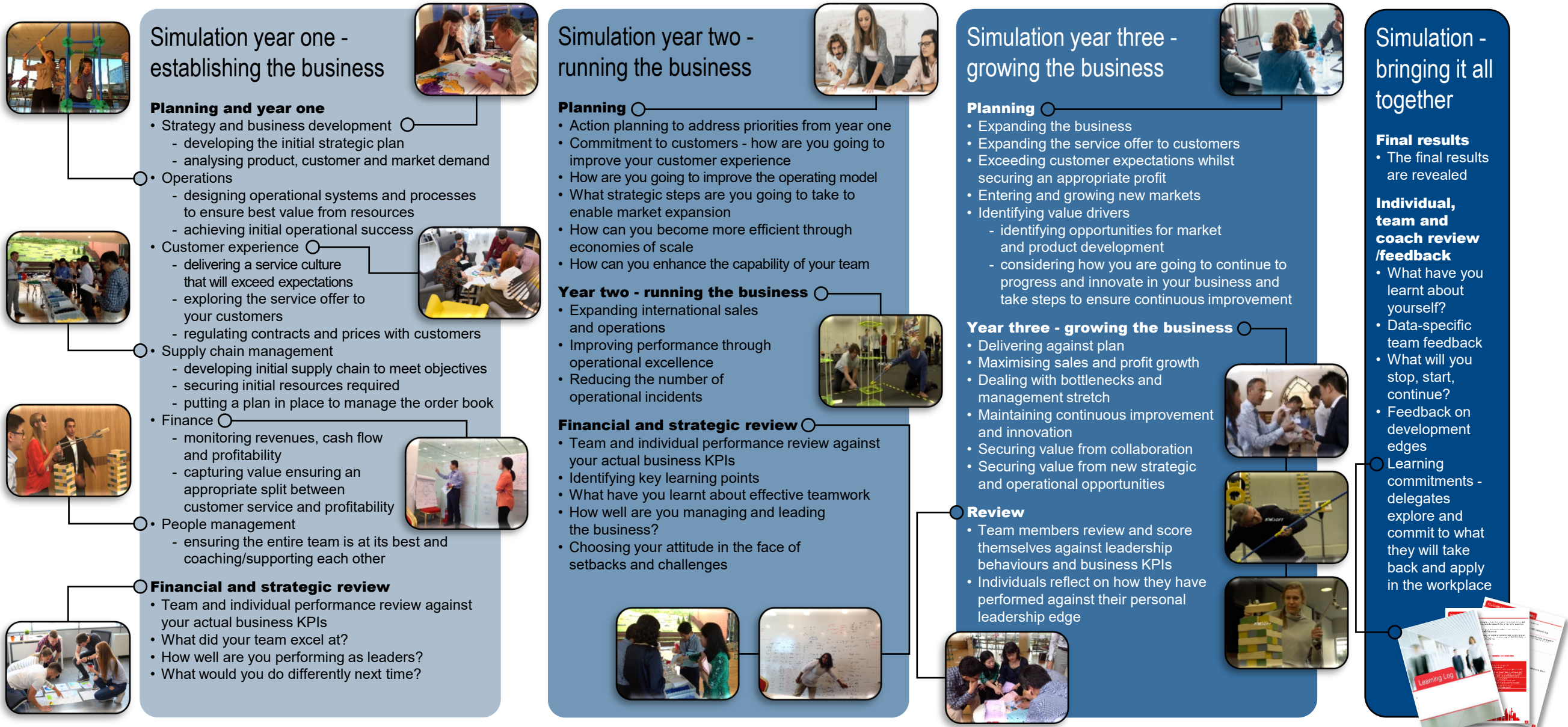
Non-capital investment

- Investing in intangibles
- Capturing R&D
- Measuring R&D effectiveness
- Marketing effectiveness
- What products/solutions you offer customers in this area?
- Key intangible investments cross industry



Business simulation - driving commercial success

Our **Commerciality** business simulation will provide your people with a real-time opportunity to practice and focus on the key skills they need to adopt to drive the commercial success of your business. In teams, participants are responsible for setting up, managing and growing an operational business. Each business has to wrestle with the complexities of strategy, finance, solution design & delivery, customer service and a changing competitive landscape whilst working collaboratively and effectively as a team to deliver against their strategic goals and KPIs. Each simulation we run for our clients is unique to them - we would work in close partnership with you to ensure we immerse the simulation around your strategic and commercial context. We currently have two versions of the simulation available - virtual and physical. The virtual version can be run across 1 day, or phased across an existing virtual program in 1 or 2 hour chunks. The physical simulation* can run as a 1 or 2 day solution depending on your needs.



* The photos and information on this page are based on the physical simulation. By-and-large, our virtual/online business simulation follows the same learning journey, but the simulation itself is set in a different business scenario to the physical simulation. Get in touch for more information.

Business simulation - operational effectiveness

This business simulation focuses on helping your participants understand your business model and your KPIs and gain first-hand insights into how their behaviour impacts on each. Centred around our unique **InformationExchange** simulation, participants have to design and tailor a end-to-end business solution for a commercial customer and negotiate a deal before proceeding. The simulation helps raise participants awareness of the impact they have on financial outcomes, and by changing their behaviour accordingly, how they can positively impact the bottom line and future growth. They are also better able to take decisions and know how to make the correct cost, risk and value trade-offs.

Simulation briefing

Commercial management in your business

- What does commercial management mean?
- Review of your operating model
- High-level review of your income statement and balance sheet
- Review of your KPIs
- Key figures and drivers of performance in your business
- What changes in behaviour and operations will improve performance

Simulation briefing

- Working in small teams, participants are required to design a business solution process to meet a brief from a commercial customer
- Teams enter an arena and have to build a structure which will allow items of data (simulated by balls) to be transmitted in a complex end-to-end process
- Each team is allocated a segment in the arena and are briefed on the components available to build their part of the structure

Simulation planning

- Teams plan how they are going to construct a process to transmit data as effectively as possible to meet customer needs
- They must also consider how they will measure end-to-end performance



Phase 1: Developing a business solution for a commercial customer

Briefing with a customer

- Role played by an actor, the customer sets out a business solution with three different requirements
- Each customer requirement increases value add for the customer and would generate a higher revenue

Constructing the budget

- Each team is required to construct a budget of the capital and operating costs for each of the three different value offerings

Negotiating with the customer

- The team meet with the customer and present their solution, highlighting the value in their proposition, along with costings
- Customer will seek discounts and award contracts accordingly
- Teams must try and hold their nerve when being challenged in commercial discussions, negotiating with the customer to create a win-win situation of serving the customer, but generating an acceptable return for the business

Building and delivering the customer solution

- Delivering the business solution to specification, on time and to budget
- Achieving operational excellence in the end-to-end process
- Refining the process where necessary to drive efficiency
- Measuring end-to-end performance

Delivery to the customer

- Going live with the customer and delivering the solution

Financial and team review

- Review of commercial performance and key figures for the teams - what was and was not commercially successful?
- Review of customer satisfaction
- What represents good commercial behaviour and how can we embed this back in the workplace?



Phase 2: Change of customer requirements

Integrating the end-to-end process

- Teams receive a schedule of customer requirements - key requirement is that data must be transmitted in a maximum time
- There will be a list of other requirements which teams will have to prioritise

Improving operational effectiveness

- New components become available at varying costs which can be integrated into an existing system or the system can be completely redesigned
- Build, design and operate the new improved end-to-end process
- Teams gain value according to customer requirements, costs and measures

Financial and team review

- Cost of meeting the customer objective
- Cost benefit of the new redesigned system
- Was the redesigned system over-engineered
- What did you do that had a positive impact on the business?
- What were the barriers?
- How can we embed the learning back to the workplace?

