



THE ARC TRAINING GROUP
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 A Profit Enhancement Firm
 Providing Educational and Consultative Services to the
 International Business Community

Seminar Fact Sheet

FORECASTING AND BUDGETING FOR PROJECT MANAGERS COURSE No. ARC019

SEMINAR OVERVIEW

Today's Project Managers face ever-increasing challenges. Corporate streamlining has placed many of the financial projection responsibilities heretofore done by the finance group in the lap of the Project Manager. Developing the cost justification for the Project, together with the annual budget can be a daunting task. Project managers spend hours developing the Work Breakdown Structure (WBS), only to abandon it when developing budgets and Discounted Cash flow Models. This leading-edge program will incorporate the WNBS, with a unique approach to budgeting to provide you with a sound basis to predict the true cost of any proposed project.

Excel® is the toolbox of choice for model development. Put these two concepts together, and you have THE leading-edge budgeting and forecasting course available. You will explore the budget development process; how decisions affect the "bottom line;" and what budget variances are saying. At the same time, you will learn how to use the leading-edge tools available on Excel®.

WHO SHOULD ATTEND:

Project Managers, Financial Support Personnel, financial and technical professionals and anyone who needs to understand how to develop cost projections for their projects.

AUDIT PROFESSIONALS	FINANCIAL PROFESSIONALS	TECHNICAL PROFESSIONALS	OPERATIONAL PROFESSIONALS	STRATEGIC MANAGEMENT
Staff	Staff	■ I / T	Supervisors	■ Managers
■ Seniors	■ Controllers	■ Engineers	■ Team Leaders	■ Directors
■ Managers	■ Directors	■ Proj. Managers	■ Managers	■ Vice Presidents
■ Directors	■ VP's & CFO's	■ ISO & Quality	■ Plant Managers	■ CEO's

WHAT WILL BE COVERED

You will learn the importance of incorporating the Vision and Focus of the project into the project budget development. You will learn how to apply effectively a wide array of budgeting techniques. You will leave this program with the tools, techniques and confidence to develop budget models that not only reflect the true cost of the resources required by the project, but also give you the ability to explore alternative project justification techniques using Excel® tools as Solver, Scenario, Goal Seek, Regression, and Monte Carlo Theory.

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HOW YOU WILL BENEFIT:

At the end of this program, you will be able to:

- Integrate the WBS into the forecasting and budgeting process
- Explore the total capability of Excel[®] as a budgeting and forecasting tool.
- The principles of Activity-Based Budgeting (ABB)
- How revenues are recognized
- How expenses behave
- How to develop NPV, IRR, MIRR and other capital spending justification models.
- Discover how to translate the Work Breakdown Structure (WBS) into project cash requirements.
- Understand how to apply ABB, using Excel[®], to your project budget process
- Develop the project budget
- Defining the Project Deliverables in terms of Activities, Resource Requirements, and Cash Requirements
- Defining and Quantifying Risks
- Developing the Discounted Cash Flow Model
- How to Incorporate Monte Carlo Theory into Forecasts

PROGRAM AGENDA

DAY ONE

PROJECT MANAGEMENT IN TODAY'S FINANCIAL MANAGEMENT ENVIRONMENT

- Organizational Planning Framework
- The Product / Information / Decision Support Cycle
- Strategic, Tactical, and Operational Forecasts
- The recognition of risk in forecasts
- Situations that require models
- Models and Shareholder Value (EVA[®])

THE WBS AS A BUDGETING TOOL

- Development of the Project Objectives and Deliverables
- Development of the WBS as a function of the Project Deliverables
- Development of the Key Performance Indicator Matrix

ACTIVITY-BASED BUDGETING AS AN EFFECTIVE BUDGETING TOOL

- Theory of ABB
- ABB and the WBS
- Defining Cost Drivers
- Defining Resource Requirements
- Defining Consumption Rates
- Developing the ABB Model
- **“Hands-on” Session**

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CASE EXERCISE - PART I

In order to enhance the learning process, and to provide a structured environment to reinforce the skills learned in each section, you will work as part of a management team, developing a real budget of a real process.

DAY TWO:

STEPS IN BUILDING FINANCIAL MODELS

- The Nine-Step Model Development Framework
- The Eight Rules of Strategic Thinking
- Identification of Forecast Validation Criterion
- Determination of Model and Forecast Horizons
- Validation of Models and Forecasts
- **“Hands-on” Session**

THE ROLE OF ASSUMPTIONS IN FINANCIAL FORECASTING

- How Financial Project Models are Put Together
- Assumptions
- Incorporating the Work Breakdown Structure in the Cash Flow Model
- Creating the Discounted Cash Flow Model
- Developing and Using Benchmark Values

PROJECTING CASH INFLOWS

- Determining the cash inflows that will be developed by the project
- Determining “Year 1” in a multi-year construction project
- Impact of corporate taxes
- Determination of sales or use pricing using target costing
- Projecting sales or usage volumes
- Projecting new product introduction and speed to market
- Developing the bases for cost projections using revenue assumptions

CASE EXERCISE - PART II

DAY THREE:

THE NATURE AND BEHAVIOR OF COSTS

- The behavior of costs
- Non-Cash Expenses
- Expenses vs. Expenditures
- Cash vs. GAAP Accounting
- Cost / Volume / Profit Analysis

PROJECTING CASH OUTFLOWS

- Projecting costs
- Using Activity-Based Budgeting to project expenditures
- Applying the Key Performance Indicator Matrix to the Budget Development Model

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- Identification of activities critical to objective achievement
- Determining resources requirements – Using the Work Breakdown Structure as a forecasting tool

THE TIME VALUE OF MONEY

- The impact time has on the value of money.
- Understand the various interest calculations
- Using WACC and ROIC as benchmarks
- Net Present Value, Internal Rate of Return, Modified Internal Rate of Return, Discounted Payback Periods
- Using MIRR and a basis for capital project evaluation

Applying Monte Carlo Theory to Project Forecasts

- Nature of Monte Carlo Theory
- Deterministic v. Probabilistic Models
- Using Monte Carlo Software as an extension of Excel
- Converting the Deterministic Model into a Probabilistic Model
- Demonstration of Monte Carlo Software

COMPLETION AND PRESENTATION OF CASE EXERCISE

PROGRAM SUMMARY AND WRAP-UP

SEMINAR PRICING AND LOGISTICS

Duration: 3 Days	Program Level: Introductory
Seminar Fee: \$ 10,500	Average Cost / Attendee: \$ 420
Prerequisites: None	Advanced Preparation: None
Maximum Attendance: 25	CPE Hours: 24
Delivery Method: Group Live	Booking Instructions: (904) 268-1148
<p>This fee includes all instructor travel, living and professional fees, and all participant materials. The client is responsible for training facility, audio-visual requirements, and other creature comforts. For information regarding refund, complaint and program cancellation policies, please visit our website at www.arctraining.com, or call our offices at (904) 268-1148.</p>	
<p>For additional savings to your organization, invite participants from companies in your area who may also be interested in this program. The ARC Training Group places no restrictions on who you can ask to join your group.</p>	



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