Financial Planning & Analysis

FINANCIAL ACUMEN: FORECASTING SERIES

— Improving Forecast Accuracy

— Integrating Rolling Forecasts

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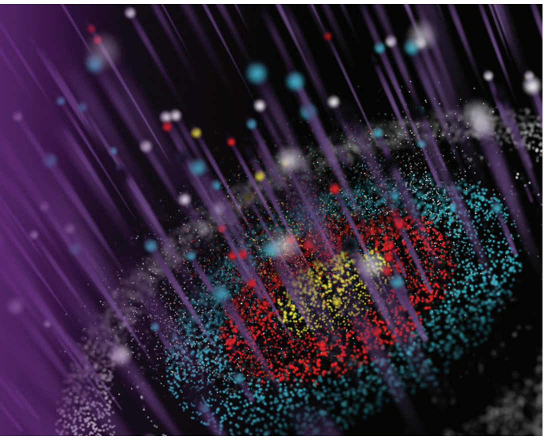
Improving Forecast Accuracy



COURSE LENGTH

Two 2-Hour Virtual Sessions or
One Half-Day In Person

DESCRIPTION

Forecasts are all but guaranteed to be wrong. Nevertheless, companies should always aspire to be as accurate as possible. This course is designed to provide participants with implementation-ready and theoretical approaches for improving the accuracy of forecasts. Discover how to identify key business drivers of growth and improve future visibility for agile decision-making. Learn how to implement simple yet powerful modeling techniques to remove guesswork; increase confidence; and mitigate risk through data integration, scenario management, and predictive simulation.

LEARNING OBJECTIVES

— Develop cross-departmental forecasting processes and workflows allowing forecasts to be updated regularly and efficiently

— Identify which elements of the forecast need the most diligence and which elements expose the organization to risk

— Review a driver-driven and flexible financial model to accommodate changing internal and external information

— Assess whether agile planning and automated reforecasting tools are right for your organization

AGENDA

— Why is forecast accuracy important?
- Forecast accuracy a value of leadership
- Consequences of poor forecasting
- When is seeking better accuracy worth the investment?
- Can forecast accuracy lead to greater operational improvement?

— How to improve forecast accuracy
- Mathematical models vs analytical judgement
- Setting KPI'S, leading indicators
- Utilization of historical results and current economic trends
- Reassessment of prior period forecasts
- Manual overrides of forecasting methodology
- Establishing and availability of automatic forecasting methods

— Business drivers and forecast accuracy
- Identifying business and economic behaviors
- Identifying within what range of time, volume, and other constraints is a forecast accurate
- Identifying the critical lead time for determining the most appropriate forecast horizon and intervals
- Case Study: Based in Excel with a financial forecast model to demonstrate these points

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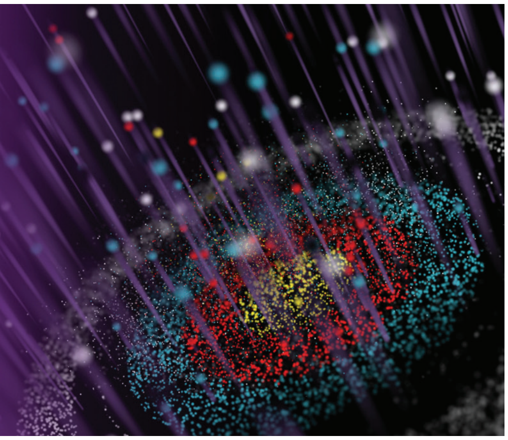

Improving Forecast Accuracy

- Building and simulating more accurate forecasts
  - Building and testing prior to roll out
  - Data collection
  - Deliberate bias
  - Forecast analysis
  - Scenarios and sensitivities
  - Cross departmental (especially IT) buy in to ensure forecast tracking occurs
  - Utilizing Average Percentage Error (APE)
- Case study
  - Based in Excel, with a pro-forma financial forecast model to demonstrate these points
  - Analysis of the simulation to identify integrity and opportunity for improvement
  - Actuals vs forecast tracking, scenarios and sensitivities

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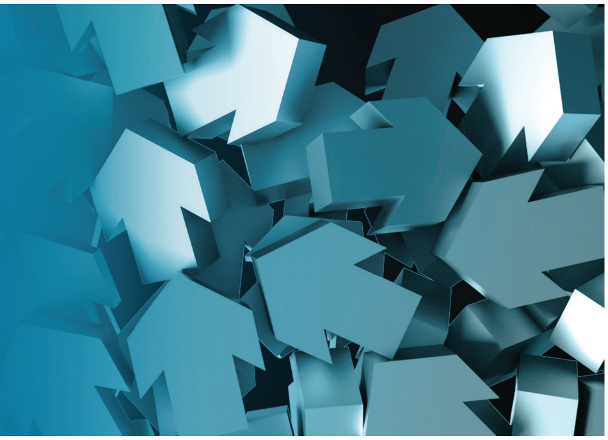
Integrating Rolling Forecasts



COURSE LENGTH

Two 2-Hour Virtual Sessions or
One Half-Day In Person

DESCRIPTION

Rolling forecasts are a popular topic in today's financial best practices. Companies are increasingly moving away from exclusive reliance on traditional budgeting due to its inflexibility and reactive perspective. Instead, companies are favoring dynamic, forward-looking forecasts that can incorporate flexible assumptions, contemplate various scenarios, be updated regularly and drive business growth. As corporate financial planning and analysis groups become more important, static budgets and rolling forecasts will coexist, with the latter serving as a key tool for strategic decision-making.

This course explores how rolling forecasts assist business professionals and leadership in making more educated decisions and taking more calculated risks. Using customized case studies and real-life examples, participants are "implementation-ready" and able to apply the theory and practices to their work. Gain confidence in the process for building and managing rolling financial forecasts, and walk away knowing how to create an effective rolling financial forecast.

PREREQUISITES

Participants should have the following qualifications:

— Intermediate-to-advanced understanding of finance and accounting concepts and theory

— Basic-to-intermediate understanding of Microsoft Excel and financial modeling

LEARNING OBJECTIVES

— Learn the benefits, limitations and differences between static annual budgets and rolling forecasts

— Demonstrate the effectiveness of rolling forecasts as a management decision-making tool

— Create a checklist of steps for creating a rolling forecast

— Learn Excel modeling best practices relevant for forecasting

— Learn what modifications can translate static budgets into flexible, integrated rolling forecasts

AGENDA

— What is forecasting?
  - Introduction to forecasting and application in business
  - Static forecasting vs budgeting
  - Consequences of poor forecasting

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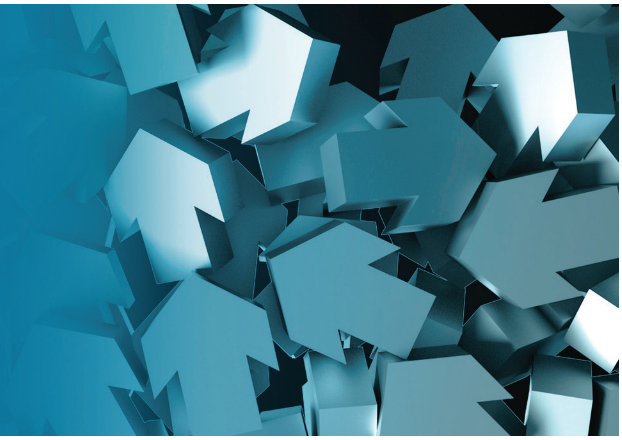
Integrating Rolling Forecasts



- Fundamentals of forecasting
  - Establish appropriate time horizons
  - Establish appropriate time intervals
- Introduction to rolling forecasts
  - Purpose of rolling forecasts
  - Key benefits of rolling forecasts
  - Types of rolling forecasts
- How to create and update rolling forecasts
  - Process
  - Data collection
  - Value-drivers analysis
  - Forecast analysis
  - Scenarios and sensitivities
- Technology in forecasting
  - MS Excel/MS Access
  - Enterprise performance management (EPM) and enterprise resource planning (ERP)
  - Stand-alone forecasting platforms

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