


Financial Analysis for Non-Financial Managers

A photograph of a modern office lounge. It features a white sofa, a blue armchair, a dark wood coffee table with magazines, and a large abstract painting on a blue wall. Large windows in the background offer a view of the outdoors.

Accelerate your understanding
of core financial dimensions
of business and develop the
financial literacy to communicate
your decisions both inside and
outside of your organization.

Financial analysis is the process of evaluating businesses, projects, budgets, and other finance-related transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment. Progressing towards greater leadership positions means learning to cut through greater complexity. It means broadening your understanding of the entirety of your business, in order to make the most effective strategic and tactical decisions. Finance is one of the core pillars of any business organization. Building financial understanding into your decision-making is critical as you advance. So too is developing the financial literacy to communicate your decision both inside and outside of your organization.

Financial Analysis for Non-Finance Managers accelerates your understanding of the core financial dimensions of business. The program empowers you with a robust valuation-based framework to make strategic decisions on future investments - and to assess the impact of past decisions you and your business have taken. The program will explore decision-making frameworks within the firm, using evaluation tools to evaluate the impact and efficacy of different projects. It will take a deep dive into valuation at the firm level, getting to grips with new techniques and mechanisms to estimate the value of an enterprise.

Develop your understanding of the financial dimensions of business

The course covers the fundamentals of financial analysis and managerial accounting. Tailored to non-financial executives and managers, the program introduces basic financial statements and how your organization can effectively leverage financial information to make sound strategic decisions.

Key learning concepts in the program curriculum

Financial Analysis for Non-Finance Managers will take a deep dive into valuation at the firm level. You will emerge with the understanding, knowledge and skills to make solid financial forecasts and better strategic decisions, while accurately monitoring past investments. Hone your expertise in financial accounting and build the confidence to communicate your plans and results to both financial and nonfinancial audiences.

Skills you will develop:

Analytical thinking, data driven decision making, financial acumen.

Key benefits

- Enhance your literacy of financial statements and terminology
- Improve your understanding of how strategic decisions impact financial metrics
- Gain insights into how revenues, costs and profits are allocated to products, customers, and divisions
- Learn methodologies of financial decision making based on rigorous, but intuitive, frameworks including net present value (NPV), Internal Rate of Return (IRR), and Economic Value Added (EVA).

CONTENT OVERVIEW

The program content is delivered over 4 days requiring you to work on multiple levels. Each day develops one part of the financial analysis framework, addressing overall the three following topics:



Financial Acumen

You are aware of the basic financial statements: Balance Sheet; Income Statement; and Statement of Cash Flows. But in order to help you use them effectively as a manager we will address the following questions:

- What unique set of information does each one of these financial statements contain?
- What information is still lacking?
- How are these financial statements connected to each other, and how can you exploit these connections to make better decisions?
- How do you use the financial statements to evaluate the success or failure of past strategic decisions?



Drivers of Financial Decision Making

Effective leaders are able to leverage financial information to make strong strategic decisions. You will explore the diverse inputs and the processes you need to follow to enhance your decision-making. This means thinking deeply about key questions:

- How do you link financial and non-financial performance measures to your projects or overall organization's strategy and objectives?
- Why is it vital to include opportunity costs and exclude sunk costs in value-based decision making?
- How can you develop a method for identifying relevant information for every type of organizational decision?
- What are the trade-offs of using performance measures to explicitly incentivize employees? the success or failure of past strategic decisions?



Valuation Framework

Leading with impact and confidence means bringing different concepts together, and thinking deeply about how your decision-making can create value for your organization. We will explore some of the key dimensions involved:

- Why is the metric Return on Invested Capital (ROIC) important?
- How can we use ROIC to evaluate productivity?
- How does ROIC relate to free cash flow and valuation?
- What are the preferred methods we can use to make strategic decisions based on forecasts of ROIC and value?

PROGRAM SYLLABUS

Financial Acumen

- What information is contained in the Balance Sheet, Income Statement and Statement of Cash Flows?
- What information is missing from these statements?
- How are these statements connected to each other?
- How can I use these statements when making strategic decisions?

Decision Making: Information Needs

- Why is it necessary to understand cost behavior?
- How do costs behave?
- What financial information should I focus on – and what should I ignore when making strategic decisions?
- How can I effectively measure profitability?

Financial Statement Analysis

- What is Return on Invested Capital (ROIC)?
- Why is ROIC so important to firms?
- How can I use ROIC measures to evaluate the productivity of investments?
- How can I use ROIC to evaluate the profit margins from sales?

Value Based Management

- Why is cash flow so important to value creation?
- How do I link ROIC to cash flow?
- How can I forecast ROIC?
- What are the preferred decision-making rules that utilize ROIC and cash flow?

Budgeting

- What is budgeting? budgeting process and budget implementation
- Budget reviews and how to prepare and monitor budget?
- Measuring organization performance against budget

Performance Evaluation

- What are the commonly used measures of performance evaluation?
- Under what conditions are these measures consistent with long-term value creation?
- When are these measures inconsistent with long-term value creation?
- How do you link financial and non-financial performance to your organization's strategy and objectives?


PARTICIPANTS PROFILE

Financial Analysis for Non-Financial Managers is designed for managers and executives who require a better understanding of the financial impact of strategic choices.

They are typically:

- Decision makers within an organization overseeing significant resources
- Mid- to senior-level executives without extensive training in managerial accounting or financial analysis
- From functional areas outside of Finance, including: Operations; Production, Marketing; Research and Engineering; Legal; Strategy and General Management

For senior level executives who already possess some basic skills in finance and accounting but wish to develop these further we recommend PALGNET's Finance for Executives program. Finance for Executives is a 5 day program that begins with a review of the basics of financial analysis, but moves on to more advanced topics such as the cost of capital; capital structure decisions; and mergers and acquisitions – among other topics.



ACTION LEARNING PROJECT (OPTIONAL)

Your Action Learning Project (ALP) is a unique opportunity to apply your learning to your own business context. The ALP will take you on a step-by-step journey to develop a financial perspective on a current business decision you are facing. You will identify a specific strategic opportunity and then quantify the predicted financial effects of various possible outcomes following a recommended action.

Working directly with a learning coach, you will design the ALP that best fits with your personal learning objectives. If you are part of a team attending the program with colleagues from the same organization (for public programs), you have the option to work with your coach to structure a more ambitious team ALP to collaborate and work on together.

There are three phases to the ALP process:

- First, you will agree on the scope of your ALP with the learning coach, to make sure it aligns with the learning objectives of the program and culminates in a concrete goal.
- Second, you will apply the tools and concepts to your ALP from your daily learning context.
- Third, following the completion of the course work you will synthesize your submissions to propose a concrete strategic recommendation based on solid financial analysis. Your final submission will be subject to peer review. All participants will review two to four other submissions and provide peer feedback post training. The final ALP and peer review process normally takes between 10-14 days after the program content finishes.

APL objectives:

- Use financial analysis to articulate a key management challenge.
- Use the valuation tools from the course to propose a compelling forward-looking strategy to tackle the challenge.
- Back up the planned execution of your recommended strategy with a convincing financial evaluation.

CONTACTS



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