

Budget Management and Cost Control

3 Days

Introduction

A budget is the formal expression of the plans and objectives of management that covers all phases of operations for a specific period of time. Without clearly outlined budgets, organizations are unable to predict profits or losses or create plans for the future ultimately leading to failure. This programme will provide a foundation for:

- Determining how to select a budgeting system that suits your organization's specific needs
- Learning how to construct a budget to reflect your long-term objectives and performance targets
- Gaining unique and practical insight if how to pinpoint budget variances
- Adding credibility to your budget proposal
- Developing budgets for all activities of your company

Who Should Attend?

Whether you're developing a budget or implementing one, learning the proven techniques in this workshop will make all the difference in the strength and success of your budget and your career. So, if you're a:

- Senior personnel
- Supervisor
- Administrator
- Department head
- Key player on any budgeted team
- Purchasing decision-maker

This workshop is right for you!

Programme Objectives

- The ability to know what budget points are justified and be able to prove it!
- Instant insight into potential budget problems before you have to live with them
- An understanding of budget types and processes, and how each impacts your operations
- A complete glossary of terms dealing with each aspect of your budget process
- Confidence that your discussions with financial administrators won't leave you struggling to understand budgeting concepts or terminology
- The tools necessary to meet your budget goals, whatever the economic environment
- The assurance that your budget will cover all your operating needs including surprises - without padding

Training Methodology

You will learn by active participation during the programme through the use of exercises, case studies, practical workshops, syndicates and group discussions.

Programme Summary

This training session is presented in a manner that will make budgeting, costing and decision-making techniques more easily understood by people from every discipline across the organisation. Case studies and practical exercises are used to emphasise key issues and underpin learning by relating them to typical business scenarios.

Programme Outline

- What is Budgeting?
- Aligning the Organization's Budget with the Strategic Objectives
- The 5 Ps
- What is Cost Accounting
- Understanding different types of Expenses
 - Variable costs
 - Fixed costs
 - Direct costs
 - Indirect costs
- What is a Budget?
- The 4 Budget Functions
 - Planning
 - Coordinating and communicating
 - Monitoring progress
 - Evaluating performance
- Responsibility Centres
 - Cost/Expense
 - Standard cost
 - Discretionary expense centres
 - Revenue centres
 - Profit centres
 - Investment centres
- Types of Budgets
 - Short term versus Long term
 - Fixed versus Rolling budgets
 - Incremental versus Zero-based budgeting
 - Kaizen budgeting
 - Activity Based Budgeting
- The Master Budget

- Setting Assumptions
- Tips for setting assumptions
- Preparing the Operating Budget
 - Calculating Revenues/Income
 - Calculating Cost of Goods Sold
 - Calculating Costs/Expenses
 - Developing alternative scenarios
- Creating Financial Budgets
 - Capital Investment
 - Cash Budget
 - The Importance of Cash
- The Human Side of Budgeting
 - Who should be involved?
 - Top Down versus Participatory Budgeting
 - The advantages and disadvantages of each
 - Iterative budgeting – a compromise
- Tips for negotiating Your Team's Budget
- What-If and Sensitivity Analysis
- Tips for Effective Budgeting
- Monitoring Your Budget
 - Reviewing data in a timely fashion
 - Actuals versus budget
 - Taking corrective action
 - Giving feedback