

COURSE TITLE: Corporate Performance Measurement 5 Days

<p>Course Objectives:</p>	<ul style="list-style-type: none"> • To explain the meaning of ROI and its components • To describe the use of ROI to analyze performance and contribute to decision making • To describe various forms of ROI and how they are used to evaluate investment activities • To describe ways to analyze sales revenues, costs, profits, and investment centers • To describe recent developments in ROI: return on information technology (ROIT) and return on technology investment (ROTI) • To describe residual performance measures such as residual income return on investment and economic value added (EVA)
<p>Course Outline:</p>	<p><u>Section 1 – The importance of ROI and its use to analyze performance</u></p> <ul style="list-style-type: none"> • Understand how owners view profitability • Compare the profitability of two companies • Calculate a ROI using information about profit and investment • Understand the role of profit margin and asset turnover in profit planning • Understand the relationship between return on equity and return on investment • Understand how leverage affects the return on equity • Understand the advantages and disadvantages of ROI • Understand the impact on segments of using target ROIs

Section2 – ROI and decision making and variations of ROI

- Understand how managers make decisions based on ROI and cost of capital
- Understand how managers might use variations of the ROI to improve decision making
- Understand the contribution of ROI in budgeting
- Understand the differences in assessing segment performance and assessing manager performance using ROI
- Understand issues regarding how to define the asset base, the relevant liabilities to deduct, and the appropriate value of assets
- Understand the gross margin return on investment(GMROI)
- Understand the components of the GMROI
- Understand the differences between the GMROI and the ROI
- Understand how to improve the GMROI
- Understand the contribution margin return on investment (CMROI)
- Understand the nature of fixed costs and variable costs
- Understand the difference in the contribution margin income statement and the gross profit income statement
- Be able to compare the CMROI and the GMROI to the ROI
- Understand the relationship between cash flow and quality of earnings
- Understand the cash return on investment

Section 3 – Analyzing sales revenues, costs and profits

- Understand how to analyze sales revenues
- Understand the effect of the market on sales revenue performance
- Understand the effect of market variance, market share variance, and sales price variance on sales
- Understand the impact of market variance, market share variance, sales price variance, and collection variance on profit

- Understand price and quantity variances
- Understand the cost behaviour of variable and fixed costs
- Understand budget variances

Section 4 – ROI and investment centers

- Understand the characteristics of an investment centres
- Understand the advantages and disadvantages of decentralized management versus centralized management
- Understand alternative means of setting transfer prices

Section 5 - Return on Technology Investment: ROTI and ROIT

- Understand operations technology and infrastructure technology
- Use the value chain approach to analyze the impact of technology investments
- Evaluate the impact of technology investment on upstream and downstream links in the value chain
- Find available vendor models to estimate the ROI of a technology investment
- Evaluate the effect of technology on a basic business process by determining process objectives and metrics and the effect of technology on the process
- Understand the basic components of return on information technology, or ROIT: investment, costs, and benefits
- Determine the payback or return on a technology investment (ROTI)
- Calculate the dollar-impact of an improvement in productivity

Section 6 - Residual Performance Measures: RI and EVA

- Calculate residual income RI and residual

	<p>income return on investment</p> <ul style="list-style-type: none"> • Understand how RI overcomes one problem associated with ROI • Understand the determination of a company's minimum expected rate of return and be able to calculate the weighted average costs of capital • Understand the rationale behind economic value added • (EVA), Stern Stewart's proprietary measure • Understand the modifications made to operating earnings and how the cost of capital is determined using EVA • Understand market value added and how it relates to EVA
<p>Who should attend:</p>	<ul style="list-style-type: none"> • All managers who have an impact on investment and expense decisions • Employees that are likely to take up above positions in the not too distant future • Those persons who prepare corporate performance reports for management
<p>What they will learn:</p>	<p>Attendees will learn:</p> <ul style="list-style-type: none"> • the importance of return on Investment: ROI • how to use ROI to analyze performance • the application of ROI to decision making • how to analyze sales revenue and profits • using ROI for investment centers • how to apply ROI to technology investments: ROTI & ROIT • How to use other residual performance measures: RI and EVA
<p>Seminar competencies:</p>	<ul style="list-style-type: none"> • A comprehensive understanding of English is essential in order to achieve a positive interaction with the instructor and among the attendees. • Attendees must be fairly numerate in order to



	<p>be able to undertake the calculations associated with the case studies.</p> <ul style="list-style-type: none">• Attendees should be uninhibited and be sufficiently confident to ask questions and participate in debate.
Seminar outline:	<ul style="list-style-type: none">• Based primarily on lectures, the course will include a number of case studies which will be undertaken in team format. These will be designed to ensure that attendees have understood the content of the lectures.