

Cash Flow Analysis & Forecasting as a mean to survive from the current financial crisis

The current global financial crisis is believed to be the largest economic crisis since the Great Depression of 1930's. This financial crisis has reached such scale, scope and speed that it has defied the ability of government authorities and other stakeholders to effectively manage the situation as economic havoc spreads across the globe. Depression, for the first time in generations, has crept back into the lexicon of economists and media commentators. Despite clear advance warnings signals, the crisis did not contained before, and reached a tipping point beyond which decision makers seem to have lost control of events. The most obvious impact of the crisis is the lack of liquidity in the credit markets. How should companies react? With the supply of cheap credit cut off, companies across the world are turning their attention to the one line on their balance sheets that they took for granted - cash. Before the crisis struck, company's indicators of success were increasing earnings per share and growing revenues. The most critical metric now is cash. Forecasting cash flows accurately, today, is imperative. More than ever in this current climate, cash flow is important as it is often better to manage internal cash flows to fund the business operations than to rely on external funding.

Scope

Positive cash flows are indeed the lifeblood of any organization. In an economy marked by uncertainty cash flow analysis is the single most essential survival tool of any business. This seminar will provide managers with a greater understanding of the crucial role that cash flow and working capital management plays in the successful operation of any organization.

Attendees will learn:

- Techniques of Cash Flow and Working Capital Analysis and Forecasting.
- How to implement risk analysis into the Cash Flow forecasts.
- Using the Statement of Cash Flows to Better Understand Operating Results and to Effectively Plan and Control Business Growth.
- Why cash flow forecasts can fail.

Who should attend?

This seminar is designed for controllers, business analysts, financial planners, consultants and treasury staff responsible for preparing short and long term cash forecasts.

Learning model

This intensive three-day seminar promotes teamwork and collaboration. Participants are exposed to various case studies that their handling fosters interaction. Case studies offer multiple levels of learning, compelling participant to identify relevant issues and apply the tools they taught to their own situations and companies. Hands-on tools and models, built in class, will facilitate in-depth understanding of the fact that positive cash flows can make the difference between great businesses and disastrous ones.

Course Agenda

DAY ONE

The Financial Crisis in perspective

- The fundamental problems behind the crisis:
 - Insolvency
 - Lack of liquidity
- How companies will be affected?

Objectives and uses of Cash Flow forecasts

- Liquidity management
- Identifying and avoiding cash shortages
- Determining funding requirements
- Planning capital investments
- Banking relationship and loans covenants

Introduction to Cash Flow principles and concepts

- Basic Cash Flow Analysis
- Introduction to preparation of the Statement of Cash Flows
- Cash Flows From Operations, Financing and Investing Activities
- Case Study: understanding and using the statement of Cash Flows

DAY TWO

Working capital and Cash Flow Analysis

- Working capital and business failures
- The cash conversion cycle
- Understanding the dynamics of working capital
- Monte Carlo simulation & sensitivity analysis of WC parameters
- Cash Flow and working capital ratios
- Case Study: Effective management of working capital

Establishing the essential forecasting techniques

- Forecast information system environment and data collection
- Key questions for establishing an adequate forecast solution
- Forecast modelling – structure/solution

Designing and formatting the forecasts

- Forecasting horizons and formats
- Mechanics of modelling financial statements

DAY THREE

Case Study - Apply a built-in-class model to:

- Manage accounts receivables and short-term borrowings
- Manage cash flows for business growth
- Monitor working capital ratios and covenants evolution