

Introduction to Strategic and Corporate Finance

Duration: 4 days

Strategic and Corporate Finance is often perceived as being relevant only to those who are employed in the higher ranks of an organisation's finance department. This is not, or certainly should not be, the case.

This course provides an introduction to the subject for non-financial managers who already hold, or who aspire to, senior managerial positions in medium to large sized organisations.

It is designed to help participants understand the reasons why the finance department is setting certain financial targets or policies and to enable them to contribute to discussions on these matters.

Although intended for non-financial managers it is strongly recommended that those wishing to attend the Introduction to Strategic & Corporate Finance course should possess at least a basic understanding of business finance.

The course will consist of lectures, discussion topics, practical exercises, video presentations and case studies.

Who should attend this course?

The course has been designed to meet the needs of managers and directors who possess a rudimentary understanding of finance but whose roles are essentially non-financial. It is particularly suitable for:

- Recent appointees to senior management positions
- Experienced middle managers with senior management potential
- Professionals who are keen to build on their current level of financial awareness

Course Objectives

- To provide a broad overview of the fundamentals of strategic and corporate finance
- To explain the principles of value creation
- To show how strategic and corporate objectives are set and how performance is monitored and controlled
- To ascertain the most appropriate and cost-effective way of financing a project
- To explain how companies identify and manage financial risk
- To assess the merits of using alternative valuation methodologies to measure to what extent management is creating or destroying value

On completion of the course, participants will be better able to:

- Understand the basis on which a company sets its strategic and corporate objectives
- Prepare, in outline, a budgetary control system which will enable a company to implement its financial strategy at operational level and monitor progress
- Select appropriate appraisal methods and criteria to prepare a capital investment proposal
- Differentiate between a variety of long-term funding options
- Calculate the weighted average cost of capital where funding is available from more than one source
- Analyse a number of competing investment proposals to:
 - ascertain which will generate the highest return
 - assess the degree of risk
 - select the most cost-effective method of funding
- Use scenario planning and sensitivity analysis as forecasting tools
- Understand and apply the principles of value based management
- Make a judgement about the most appropriate way to 'grow the business'

Course Outline

Day 1

Financial Planning and Control

- Course Introduction and Aims
- Principles of Value Creation
- Creating Shareholder Value
- The Planning Cycle
- Financial Forecasting
- Setting Objectives
- Gap Analysis
- Implementing Strategy
- The Budgetary Control Process
- Case Study

Day 2

Creating Value

- The Options
- The Investment Decision
- Project Analysis
- The Screening Process
- The Time Value of Money Principle
- Net Present Value and Internal Rate of Return
- The Financing Decision
- Cost of Capital
- Capital Asset Pricing Model
- Case Study

Day 3

Sources of Finance

- Internally Generated Funds v. External Funding
- Loans, Bonds and Debentures
- Over-exposure to Debt
- Gearing Ratios and Lending Covenants
- Fixed and Variable Interest Rates
- Case Study

Managing Risk

- Currency Exchange Rates
- Hedging
- Forward Contracts

Day 4

Calculating Value

- Return on Capital
- Total Shareholder Return
- Economic Value Added
- Market Value Added

Increasing Shareholder Value (or may be not)

- Organic Growth
- Mergers and Acquisitions
- Diversification and Divestment

Rewarding Shareholders

- Dividend Policy
- Special Dividends
- Share Buybacks

Miscellaneous Issues

- Balanced Scorecard
- Zero Based Budgeting
- Case Study

Course review