

Financial Management for Projects and Contracts Training

Description

Intorduction

With increasing competition and focus on corporate earnings, project and contract managers are held accountable, not just for achieving technical and scheduling goals, but also for meeting profitability targets and other cost related measures.

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This training session explores the financial metrics that are commonly used and also examines the less frequently thought of financial impact of typical operating decisions and actions. Building on your competencies, you will examine the inner mechanics of how finance and accounting can impact your project.

Objectives

- Communicate more effectively with accounting and financial personnel
- Read, understand, and analyse accounting and financial data
- Expand your work in project scheduling and cost control to encompass additional financial metrics and tools
- Minimise project financial risk
- Develop and apply tools for comparing project financial returns
- Understand how finance often drives organisational decisions and evaluations of project performance

Day One

Fundamentals of Finance

- Financial accounting concepts
- Generally accepted accounting principles
- Reading and understanding financial statements
- Financial analysis
- Managerial accounting

- Business case consideration
- Cost vs. revenue
- Profitability measures
- ROS
- ROA/EVA
- ROE
- IRR
- Time value of money
- Discounted cash flows
- Direct vs. indirect costs
- Fixed vs. variable vs. semi-variable costs
- Break-even analysis

Day Two

Contract Profitability – Pricing

- Pricing strategy and tactics
- Profit planning
- Cost estimating
- Cost-based pricing
- Market-based pricing
- Value-based pricing
- Profit objective
    - Market structure
    - Follow-on business
    - Risk
    - Z score
- Market structure
    - Follow-on business
    - Risk
    - Z score

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Day Three

Asset Management – Cash is King

- Cash
- Timing of cash flows
- Accounts receivable
- Inventory
- Equipment
- Revenue recognition
- Financing arrangements

Day Four

Terms & Conditions (Ts & Cs) – Best Prices

- Value, cost, and risk
- Asset-friendly Ts and Cs
- Unfavourable Ts and Cs
- Metrics to evaluate

Day Five

Cost Estimating What Works Best

- Cost estimating methods
- Planning and scheduling
- Making sense of historical data
- Experience curves
- Relationship between cost estimating and pricing

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