

# MEGA GUIDE

# FP&A FINANCE EXCEL

**300  
PAGES**



**SWIPE**

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**The purpose of this guide is to summarize the content I share on LinkedIn.**

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save it for you  
and follow me  
to see my future  
posts.**



# About me

**My name is  
Nicolas Boucher.**

**I have more than 14  
years' of experience  
in FP&A, Finance  
and Controlling  
working as  
Head of Finance &  
Controlling and  
Financial Auditor.**



# MY COURSE

**Start your FP&A career &  
get the salary increase  
you deserve.**

**New:  
Purchased  
Power Parity  
Discount**

***Link on  
my LinkedIn  
Profile***



# TESTIMONIAL 1

**Sahil Kumani:**

**„Nicolas' course is tailor-made for professionals wanting to take the next step in their career.**

**His 1-on-1 consultation was also a great addition to the course. Nicolas was a good listener and gave very specific ideas about some of the roadblocks I faced."**

**Nicolas Boucher**

# TESTIMONIAL 2

**Enid Silva:**

**„I am very happy with the course.**

**I'm very much into the PVM so, I have dug a lot on that and ran some tests with my company information.**

**Those are coming very very well“.**

# TESTIMONIAL 3

**Judit Kovi:**

**"Yes I would recommend the course.**

**It is a very practical and comprehensive material to get insight into FP&A processes. "**

# 10 SKILLS FOR YOUR FINANCE CAREER

1



***SWIPE***

# Why this 10 skills guide?

To give finance professionals a roadmap to speed up their career.

## How this guide works?

For each skills, I explain:

- Why you should learn it
- What to learn

# Enjoy !

# **SECTION A**

# **TECHNICAL SKILLS**

**1/ Financial Analysis**

**2/ Budgeting & Forecasting**

**3/ Cost Accounting**

**4/ Accounting Principles**



# 1

# FINANCIAL ANALYSIS



Nicolas Boucher

# Why learning it

**Financial Analysis helps you translate figures into insights.**

**Insights lead you to give recommendations.**

**Recommendations will help identifying actions.**

**Actions will bring value to your company.**

# What to learn

## 1/ FINANCIAL ANALYSIS

- **Price Volume Mix**
- **Sensitivity Analysis**
- **Variance Analysis**
- **Horizontal Analysis**
- **Vertical Analysis**
- **Headcount Analysis**
- **Scenario Analysis**
- **Break-Even Analysis**

# 2

# BUDGETING & FORECASTING



# Why learning it

## 2/ BUDGETING & FORECASTING

**Accounting is usually looking at the past events and translate them into figures.**

**Budgeting and Forecasting is looking into the future.**

**You will help the company define what to do to reach its goals.**

# What to learn

## 2/ BUDGETING & FORECASTING

- **Budget Process**
- **Incremental Budgeting**
- **Activity Based Budgeting**
- **Zero Based Budgeting**
- **Rolling Forecast**
- **Risks and Opportunities**
- **Sales Forecasting**
  - **Opportunity Stage**
  - **Sales Force Composite**
  - **Lead driven**
  - **Market Build-Up**

# 3

# COST ACCOUNTING



# Why learning it

## 3/ COST ACCOUNTING

**Cost accounting gives a transparent view on the profitability of the company.**

**You will be able to compute and analyse the profitability of your products.**

**Your analysis will help the company working on their product mix and improving their products' costs.**



# What to learn

## 3/ COST ACCOUNTING

- **Standard Costing**
- **Manufacturing Variances**
- **Activity Based Costing**
- **Duration Based Costing**
- **How to compute an hourly rate**
- **How to define a material price**
- **How to calculate manufacturing overheads**

# 4

# ACCOUNTING PRINCIPLES



# Why learning it

## 4/ ACCOUNTING PRINCIPLES

**It gives you a general understanding of any GAAP.**

**Your control environment must be set up to respect these principles.**

**You will be able to explain accounting principles and their importance to non finance people.**

# What to learn

## 4/ ACCOUNTING PRINCIPLES

- **Accrual principle**
- **Conservatism principle**
- **Consistency principle**
- **Cost principle**
- **Economic entity principle**
- **Full disclosure principle**
- **Going concern principle**
- **Matching principle**
- **Materiality principle**
- **Monetary unit principle**
- **Reliability principle**
- **Revenue recognition principle**
- **Time period principle**

# **SECTION B**

## **SOFT SKILLS**

**5/ Finance Business  
Partnering**

**6/ Storytelling**

**7/ Business Acumen**

# 5

# FINANCE BUSINESS PARTNERING



Nicolas Boucher

# Why learning it

**Understanding what the other departments need.**

**Provide them insights.**

**Finance business partners turn traditional Finance from a siloed and self centered department to modern finance:  
a cooperative and value added team.**

# What to learn

- **Building Relationships**
- **Communication skills**
- **Influencing skills /  
Conversational techniques**
- **Turning Data into Insights**
- **Adapting your style to  
others**
- **Problem solving**
- **Commercial Decision Making**
- **Teamwork**
- **Leadership**



# 6

# STORY-TELLING



Nicolas Boucher

# Why learning it

**“The world rewards the people who are best at communicating ideas, not the people with the best ideas”. David Perell**

**Knowing how to translate figures into decision makes more valuable.**

# What to learn

- **How to lead a presentation**
- **Define your narrative**
- **Use the right data**
- **Use the right visualisations (colors, graphs)**
- **Simplify finance for non finance people**

# 7

# BUSINESS ACUMEN



Nicolas Boucher

# Why learning it

**Business Acumen is something you need to develop during your whole career.**

**Having an understanding of the business and making the decisions having the best outcome will make you a more valuable finance professional.**

# What to learn

- **Industry specificities**
- **The value chain of your product**
- **The different stakeholders in the market (clients, competitors, distributors, suppliers)**
- **Basic understanding of the main business functions (for example: marketing, HR, manufacturing...)**

# SECTION C

## TOOLS

8/ Power BI

9/ Power Query

10/ Quickbooks

# 8

# POWER BI





# Why learning it

**PowerBI is taking over the business intelligence front-end market.**

**Right now, most of the companies are transitioning to PowerBI as their tool for business intelligence.**

**If you want to make better report and dashboard, this is the best solution.**

# What to learn

- **Connect two tables**
- **Create measures**
- **Choose the most appropriate chart based on your goals**
- **Link several reports together to make a dynamic and drill down dashboard**
- **DAX language**

# 9

# POWER QUERY



# Why learning it

**80% of the time is spent preparing the data and only 20% on analysing the data.**

**You need to automate repetitive tasks like import data, filter data, transform data and formulas.**

**To make the best out of Power BI and Excel, knowing Power Query is a must.**

# What to learn

- **How to import data from different sources**
- **How to transform the data (select columns, transpose)**
- **Filter data based on criterias**
- **How to create new calculated columns**
- **Power Query M formula language**

# 10

# QUICKBOOKS



# Why learning it

**Quickbooks is the number one accounting software for the SMEs.**

**If you are in accounting, knowing Quickbooks makes you employable at most of the SMEs.**

**If you want to launch your own accounting services, this the first software to learn.**

# What to learn

- **Basic features**
- **How to set up Quickbooks for a new company**
- **Customize Quickbooks to meet the specific needs of your business**
- **How to make custom reports**
- **Connection with other software through the API**



# SUMMARY

## Technical Skills

- 1/ Financial Analysis
- 2/ Budgeting & Forecasting
- 3/ Cost Accounting
- 4/ Accounting Principles

## Soft Skills

- 5/ Finance Business Partnering
- 6/ Storytelling
- 7/ Business Acumen

## Tools

- 8/ Power BI
- 9/ Power Query
- 10/ Quickbooks

# THE CFO CHECKLIST

2

BY NICOLAS BOUCHER



# YOU JUST STARTED AS A NEW CFO?



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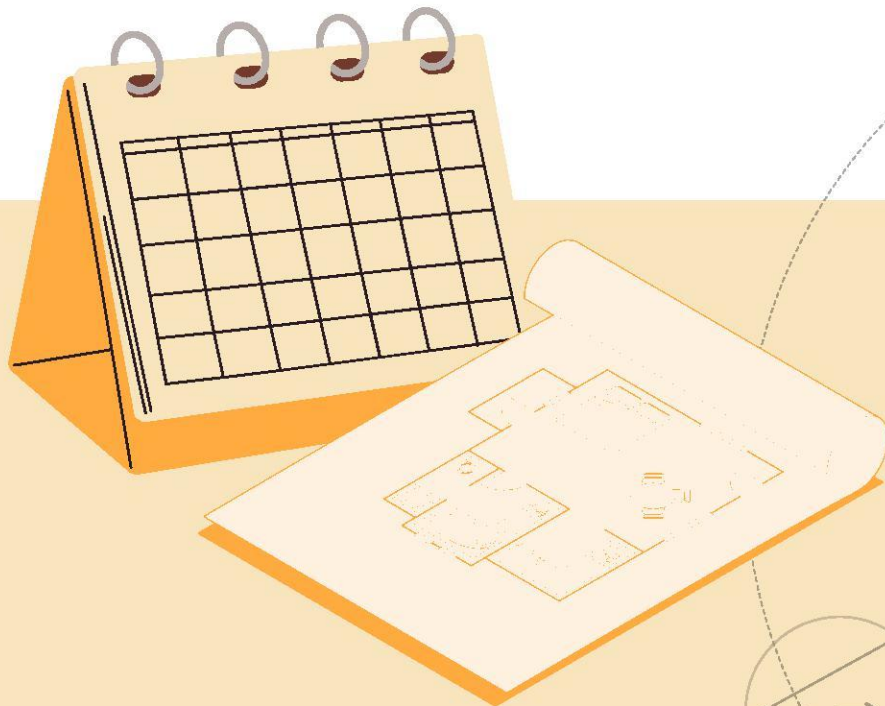
HERE ARE **20 THINGS** YOU  
NEED TO DO TO BECOME A  
**SUCCESSFUL CFO**



# ESTABLISH A WORKING RELATIONSHIP WITH THE **BOARD OF DIRECTORS**



# DEVELOP A STRATEGIC PLAN FOR THE NEXT 3-5 YEARS



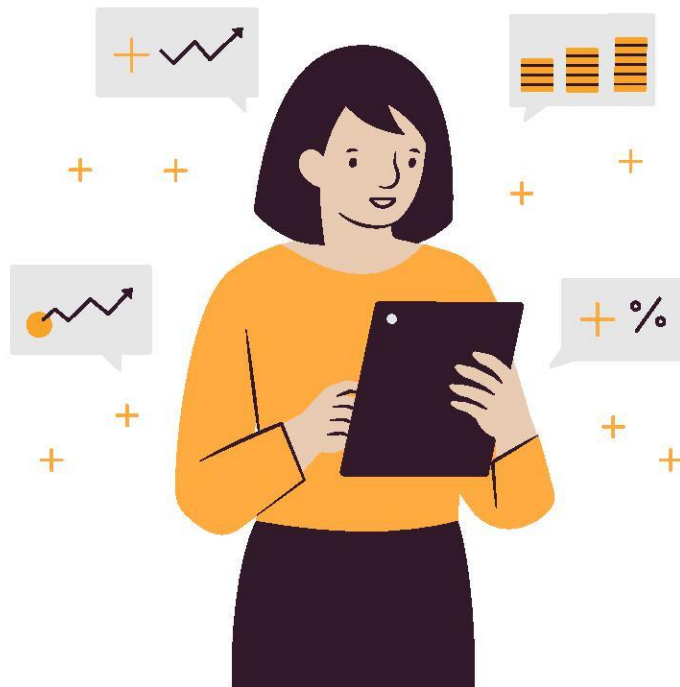
# ASSESS THE CURRENT FINANCIAL POSITION OF THE COMPANY

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# EVALUATING EXISTING FINANCIAL SYSTEMS AND PROCESSES



# — **IDENTIFY AREAS FOR COST SAVINGS AND REVENUE GROWTH**



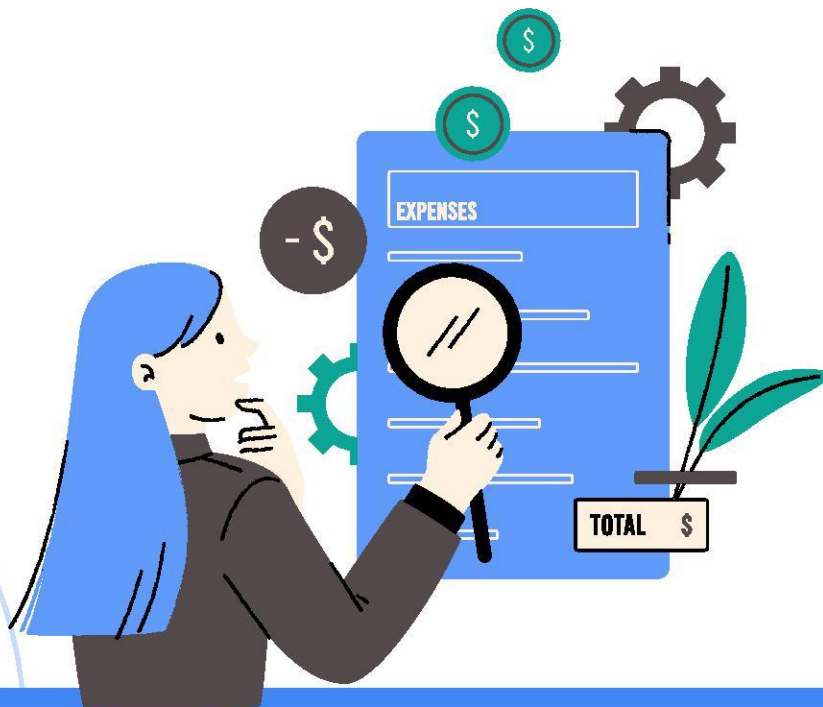


# DEVELOP A COMPREHENSIVE BUDGET FOR THE UPCOMING YEAR

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# REVIEW SHORT-TERM & LONG-TERM FINANCIAL GOALS



# ESTABLISH FINANCIAL POLICIES & PROCEDURES

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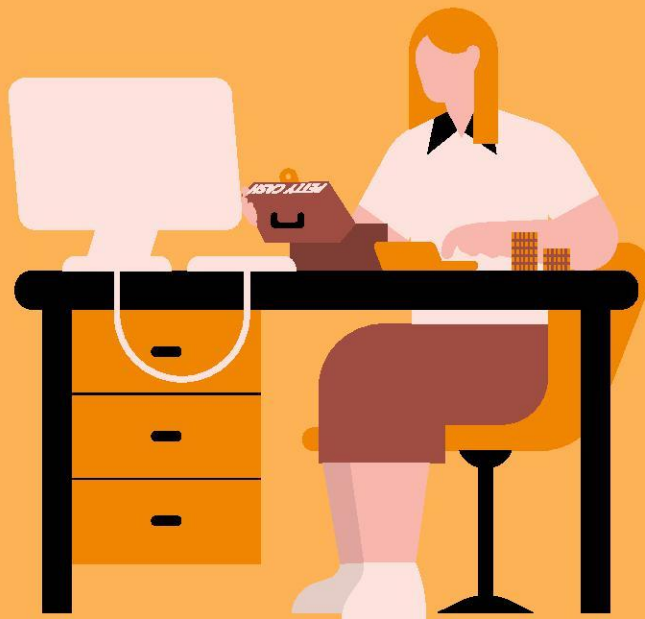
# REVIEW THE COMPANY'S BANKING RELATIONSHIPS

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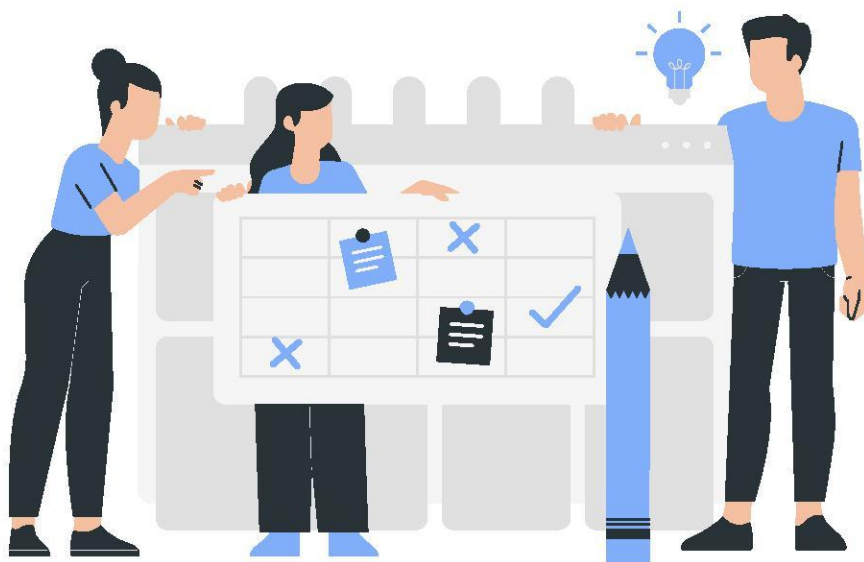
# DEVELOP A CASH FLOW MANAGEMENT PLAN

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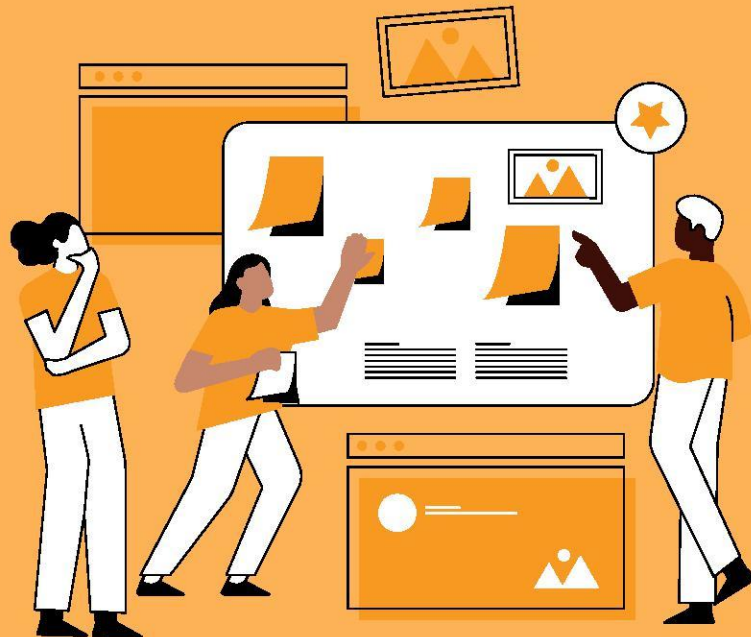




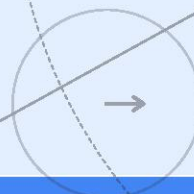
# DEVELOP A CAPITAL EXPENDITURE PLAN



# REVIEW CURRENT INVESTMENTS & MAKE RECOMMENDATIONS



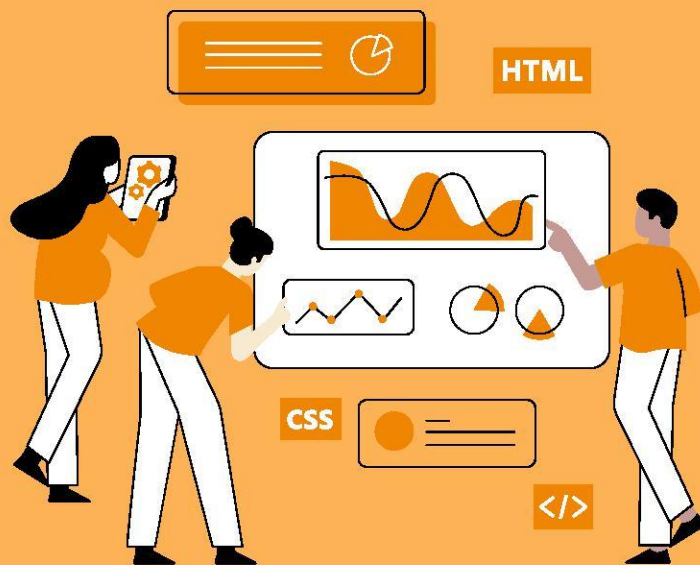
# EVALUATE CURRENT TAX STRATEGIES & MAKE RECOMMENDATIONS





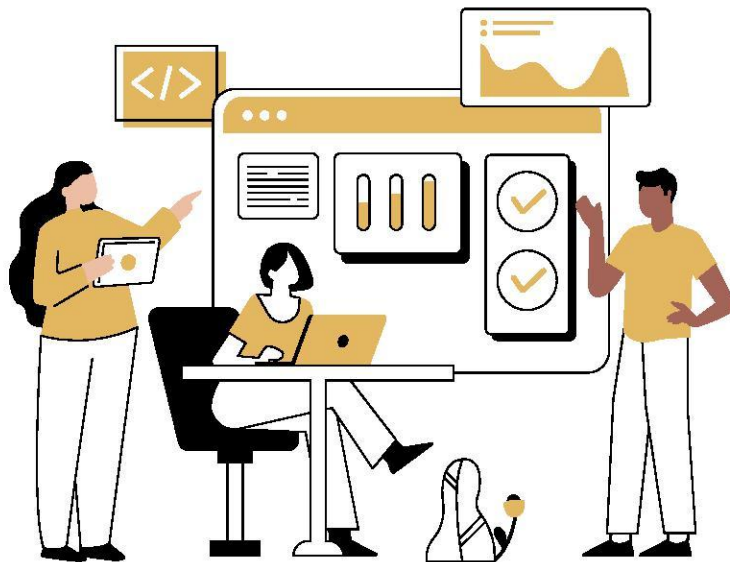
# DEVELOP A RISK MANAGEMENT STRATEGY

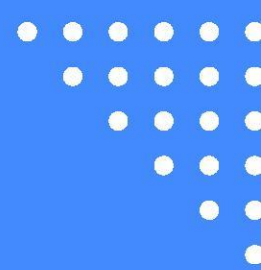
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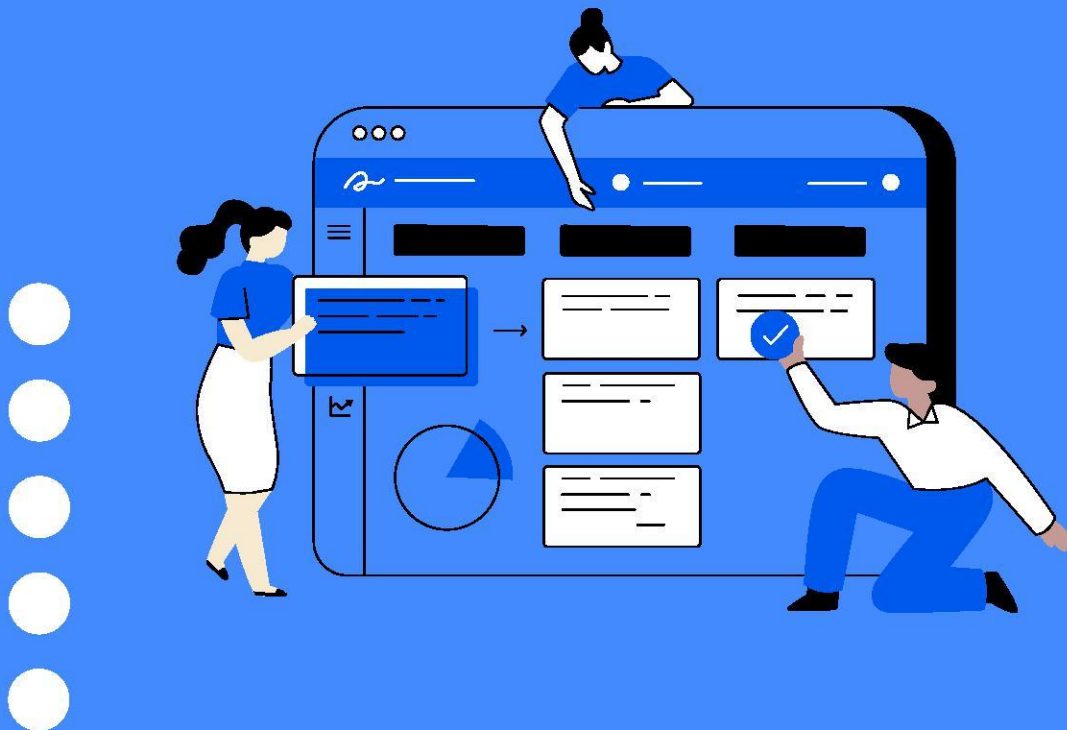
# ESTABLISH INTERNAL CONTROLS

(to ensure compliance with applicable laws and regulations)





# DEVELOP A FINANCIAL REPORTING SYSTEM

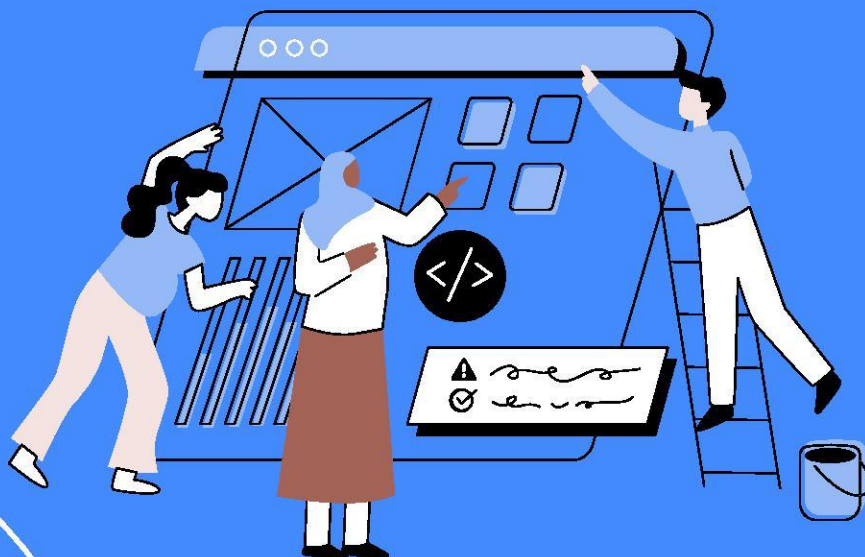


# ESTABLISH A SYSTEM TO TRACK KEY PERFORMANCE INDICATORS



# EVALUATE CONTRACTS & MAKE RECOMMENDATIONS

---





# DEVELOP A STRATEGY FOR DEBT MANAGEMENT



# REVIEW EXISTING COMPENSATION PLANS & MAKE RECOMMENDATIONS



# DO YOU WANT TO MOVE TO FP&A?



**CHECK MY COURSE  
FOR FP&A  
LINK ON MY  
LINKEDIN PROFILE**



# CFO CHECKLIST

1. Establish a working relationship with the board of directors
2. Develop a strategic plan for the next 3-5 years
3. Assess the current financial position of the company
4. Evaluate existing financial systems and processes
5. Identify areas for cost savings and revenue growth
6. Develop a comprehensive budget for the upcoming year
7. Review short-term and long-term financial goals
8. Establish financial policies and procedures
9. Review the company's banking relationships
10. Develop a cash flow management plan

# CFO CHECKLIST

11. Develop a capital expenditure plan
12. Evaluate current investments and make recommendations
13. Evaluate current tax strategies and make recommendations
14. Develop a risk management strategy
15. Establish internal controls to ensure compliance with applicable laws and regulations
16. Develop a financial reporting system
17. Establish a system to track key performance indicators
18. Evaluate current contracts and make recommendations
19. Develop a strategy for debt management
20. Review existing compensation plans and make recommendations

# BEST

# INFOGRAPHICS

# 3



***SWIPE***

# HOW TO BECOME A CFO



BY NICOLAS BOUCHER

## PROVEN TRACK RECORD

- **Leadership**

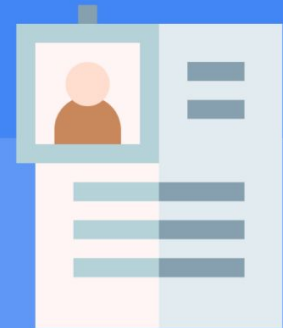
Demonstrate that you have led people and organizations

- **Business partnering**

Show how you work hands in hand with other departments to bring value to the company

- **Technical skills**

Have a good understanding of accounting, corporate finance, FP&A, tax, treasury and systems



### HOW TO ACQUIRE EXPERIENCE



Navigating between **technical and analytical** jobs to get a **broader profile**.

Get **experience in one industry** is a main differentiator factor, especially in high growth industries.

### GET OPERATIONAL EXPERIENCE



Get at least a 2-year experience in a **production site** or in an **operational business** unit, especially if you have worked only in central organisations.

### GET RESPONSIBILITIES



**Understand your industry and have a sense of commercial mechanisms** with all stakeholders involved.

**Take part of strategic discussions** & learn how other departments operate.

# Road to becoming a Chief Financial Officer

BY NICOLAS BOUCHER

## 1 Which type of CFO do you want to be?



CFO of a  
Start-up



CFO of a  
Medium-sized  
Company



CFO of a  
Listed  
Company



CFO of a  
Small Company



CFO of a  
Division

## 2 Which skills do you need?



### Leadership

You will be a leader in the company and you need to **drive** the people



### Business partnering

You need **to work hand in hand with the other departments** to bring value to the company



### Technical skills

Leverage on your **knowledge** in accounting, corporate finance, FP&A, tax, treasury and systems.

## 3 Experience

- You can acquire the experience by navigating between **technical and analytical jobs** which gives you a broader profile
- You need a proven **track record** where you have demonstrated the skills listed above
- Start with smaller team and get more and more responsibilities along your career or get a **diversity** in the role you get
- Make sure you get an **operational** experience



# FP&A to CFO



BY NICOLAS BOUCHER

## BUILD EXPERIENCE



Get exposure to different roles within FP&A, Controlling and Finance.

This experience is there to help you build the **skills, relationships and knowledge** you need to become a good CFO.

## BUILD YOUR BUSINESS ACUMEN



Understand your industry and have a **sense of commercial mechanisms** with all stakeholders involved.

**Take part of strategic discussions**, contract negotiations with clients/suppliers & learn how other departments operate.

## BUILD THE SKILLS



Get a strong finance and accounting understanding.

Understand how these 3 financial statements interact with each other: **Income Statement, Balance Sheet, Cash Flows**.

## BECOME A LEADER OF THE COMPANY



You will have to cover a lot of many **non finance topics** (HR, commercial, strategy, tools, legal, ESG...).

**Start to think and act like a leader now.** Participate in all leadership discussions with strategic implications.

## LEARN HOW TO BUILD A TEAM YOU TRUST

You will need to **surround yourself with people who can help you** translate the strategic objectives of the company in productive daily tasks.



# DO'S AND DON'TS FOR FINANCE MANAGERS

BY NICOLAS BOUCHER



## INSTEAD OF

**Staying confined** in the office

**Focusing solely** on figures

**Ignoring** technological advancements

**Punishing employees** for taking initiative

**Being inconsistent** in communication

**Being detached** from teams

**Relying solely on others** for technical knowledge

**Focusing solely** on minor details

**Requiring validation** for every decision

**Allowing stagnation** in roles



## DO THIS

**Be accessible and engaged** with teams

**Balance analysis** with a broader outlook

**Stay up-to-date** with tech trends

**Encourage & reward** initiative employees

**Foster open and regular** communication

**Build strong relationships** with teams

**Expand** technical skills and knowledge

**Balance attention** to detail with a big picture perspective

**Be confident** and make informed decisions

**Encourage growth** and development

BY NICOLAS BOUCHER



# ROAD TO FP&A



**FINANCE STORYTELLING**

**5**



**FINANCE BUSINESS PARTNERING**

**4**

**3**

**MANAGE THE BUDGET PROCESS**



**2**

**MASTER ANALYSIS METHODS**



**1**

**KNOW YOUR ACCOUNTING BASICS**



MADE BY NICOLAS BOUCHER



# FP&A VS CONTROLLER

BY NICOLAS BOUCHER

## FINANCIAL PLANNING ANALYST



Focused on analysing and forecasting.

The role is more focused on the future of the financials.

Main activities:

- Budgeting & Forecasting
- Financial analysis
- Scenario modeling
- Management reporting
- Insights from financial and non financial data
- Business partnering
- Finance Storytelling



## CONTROLLER



In English speaking countries, a Controller is in charge of Accounting and Financial Reporting.

It's like a senior manager accountant.

The role is more focused on the past and current financials.

Main activities:

- Transactional finance
- Oversees accounting
- Standard financial reporting
- Cost controlling
- Internal controls
- Processes & tools



## DIFFERENT DEFINITIONS IN EUROPE

In continental Europe, the definition is different.

Controlling (Analysis, Budgeting) is differentiated from Finance (Accounting). Hence, you might find controlling roles in Germany or France which are actually the same roles than a FP&A role in USA.

# 10 WAYS TO IMPROVE CASH

BY NICOLAS BOUCHER



1

**Forecast and adjust spending,** and work with the finance team to manage cash flow.



6

**Optimize the working capital level** based on the growth plan of the company.

2

**Negotiate with suppliers and customers better payment terms.**



7

**Negotiate payment facilities and debt programs** with financial institutions.

3

**Manage accounts receivable & payable. Implement cash management policies and procedures.**



8

**Implement a liquidity performance plan** to activate levers across the organisation

4

**Align cash objectives with other departments.**



9

**Build and monitor a cash flow planning** aligned with the company's forecasts.

5

**Use technology** (treasury software, liquidity planning tool) to improve cash flow management.



10

**Communicate and educate** about cash flow management

BY NICOLAS BOUCHER



# CapEx vs OpEx

BY NICOLAS BOUCHER



## CAPITAL EXPENDITURES



### Definition:

Refers to costs associated with acquiring, maintaining or improving fixed assets. Can be depreciated over time.

### + PROS

Provides long-term benefits in terms of increased productivity, efficiency & competitiveness.

Helps build a company's asset base which can provide additional income in the future.

### Examples of CapEx:

New factory building, machines, licenses softwares for multiple years

### — CONS

Has substantial upfront costs with high impact on cash

No guarantee that the investment made will yield desired results in terms of profits

## OPERATIONAL EXPENDITURES



### Definition:

Current expenses and refers to the day-to-day costs of running a business.

### + PROS

Opex costs can be managed more easily since they do not involve large upfront costs.

Flexibility to adjust spending levels in response to changing market conditions or customer needs.

### Examples of OpEx:

Salaries, rent, office supplies, advertising & marketing expenses...

### — CONS

Tend to increase over time due to inflation

Lacks the long-term benefits that come with CapEx investments in terms of increased productivity, efficiency and competitiveness.



# DEFERRED REVENUE & EXPENSES



BY NICOLAS BOUCHER

## DEFERRED REVENUE

### What is Deferred Revenue?

It's the part of the revenue you invoiced in advance for products or services that are going to be delivered in the future.

### Recorded as Liabilities

They are recorded as "Liabilities" when the billed is issued to the customer (the product or service is due to the customer).

Then in each period you recognize a part of it as revenue recognition and decrease from this amount the liabilities.

### Examples :

- Rent payments received in advance
- Annual subscription payments received at the beginning of the year



## DEFERRED EXPENSES

### What is Deferred Expenses?

Costs that have been invoiced from your suppliers but not incurred. These expenses are typically for goods or services that will be used in the future.

### Recorded as Assets

They are recorded as "Assets" when the billed is issued by the supplier (the product or service is to be received from the supplier).

Then in each period you recognize a part of it as expenses incurred and decrease from this amount the assets.

### Examples:

- Yearly Rent
- Annual advertising fees
- Advance payment of insurance coverage



# Cash vs Accrual

BY NICOLAS BOUCHER

## CASH ACCOUNTING



Is recorded when a payment from a client is received (**cash in**) or when a payment of a supplier is made (**cash out**).



Does not recognize accounts receivable or payable. More often used by **small business** due to its **simplicity**.



## ACCRUAL ACCOUNTING



Expenses recorded when the **service incurred** or when a **good is received** regardless of when the money is actually paid.



Used by **middle and big companies** to reflect the economic reality of debit and credit positions in a **specific period of time**.



# BALANCE SHEET ANALYSIS



BY NICOLAS BOUCHER



## Quick Ratio

**Goal:** Check the **solvency** of a company and **how fast can they repay** their short term debts with their quick assets.

**Formula:**  $\text{Quick Assets} / \text{Current Liabilities}$   
(where Quick Assets = Current Assets - Inventory)



## Asset Turnover

**Goal:** The higher the number, the less **assets you need to make revenues**.

**Formula:**  $\text{Turnover} / \text{Net Tangible Assets}$



## Working Capital

**Goal:** Measure the **capital used to finance the daily operations**.

**Formula:**  $\text{Current Assets} - \text{Current Liabilities}$



## Inventory Turnover

**Goal:** Measure how many **months inventory** do you have on your balance sheet.

**Formula:**  $\text{Cost of Goods Sold} / \text{Average Inventory}$



## Cash Conversion Cycle (CCC)

**Goal:** Check how many days you need to **convert your cash out** (for inventory in cash in (from sales)

**Formula:**  $\text{Days of Inventory Outstanding} + \text{Days Sales Outstanding} - \text{Days Payable Outstanding}$

# HOW TO BE A BETTER BUSINESS PARTNER

Made by Nicolas Boucher

## HERE ARE 6 WAYS TO PUT YOURSELF IN YOUR BUSINESS PARTNER'S SHOES:



Understand expectations  
from the hierarchy of your  
business partner



Interact with their team



Learn about the specificities  
of the department



Shadow your business  
partner one day to learn  
how a typical day looks like  
for him/her



Build a relation of trust where  
he/she can share their chal-  
lenges and motivations



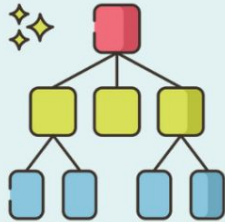
Learn about the history of  
your business partner to  
understand how they got  
where they are today



# Sales Forecasting

*Source* Nicolas Boucher

*This infographic presents you the different techniques to forecast sales.*



## Scenario planning

Under scenario planning, you brainstorm different circumstances and how they impact sales.

## Sales Force Composite Method

Sales representatives forecast sales for their territory or accounts.



## Market Build-Up

Based on data about the industry, you estimate the global demand and you apply your estimated market share to obtain your sales forecast.

## Lead-driven

Analyse each lead source and assign a value based on historical sales data from each of the lead source.



## Opportunity Stage

Based on where the prospect is in your pipeline, you calculate the chances of the deal closing.

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# 3 EASY CAREER MOVES



BY NICOLAS BOUCHER

1

## TRANSITION WITHIN YOUR FINANCE FUNCTION

### Move to another job within Finance

(accounting, FP&A, project controlling, treasury, tax, etc.).

### Move to another speciality within your field:

(example for accounting: management accounting, accounts payable, accounts receivable...).

2

## TRANSITION TO A NEW DEPARTMENT

Why are you valuable for other departments?

You can **leverage your connections and processes knowledge**.

3

## WORK FOR ANOTHER UNIT

You can add value to another unit. You will **bring your experience** and understanding of the processes to be **rapidly operational**.



# FP&A METHODS

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1



**Budget vs  
Actuals**

2



**Horizontal**

3



**Vertical**

4



**Project  
Variances**

5



**Price Volume  
Mix**

6



**Standard  
Costs**

7



**Sensitivity**

8



**Pareto**

9



**Headcount**

# FP&A

# QUIZ

#1



**SWIPE**

4

# INTRO

**10 questions to test  
your FP&A skills.**

**Don't forget to  
share your score in  
the comments!**

# Question 1

**What is the best method to analyse sales?**

**A. Price Volume Mix**

**B. Compare the absolute value of sales year to year**

**C. Calculate the % increase of sales vs last year**

# **SWIPE TO SEE THE ANSWER**



# Answer

What is the best method to analyse sales?

A. Price Volume Mix



# Question 2

**What is the activity based budget method?**

- A. Method to budget each basic function first and then secondary functions**
- B. Budgeting method using the market activity of last year and apply a % to derive the sales to budget**
- C. Top-down approach where you derive the activities needed (input) to achieve your targets (output)**



# **SWIPE TO SEE THE ANSWER**



# Answer

What is the activity based budget method?

C. Top-down approach where you derive the activities needed (input) to achieve your targets (output)



# Question 3

**What is the zero based budgeting method?**

**A. Method taking the last year budget as the reference for next year budget and not making any change to save time**

**B. Budgeting method using no bottom up input (zero input) and only perform a top down approach**

**C. Budgeting method where all expenses must be justified for each new period**

# **SWIPE TO SEE THE ANSWER**



# Answer

What is the zero based budgeting method?

C. Budgeting method where all expenses must be justified for each new period



# Question 4

**What is the best chart to analyse monthly data over more than 6 months?**

**A. Line chart**

**B. Stacked 100% column chart**

**C. Waterfall chart**

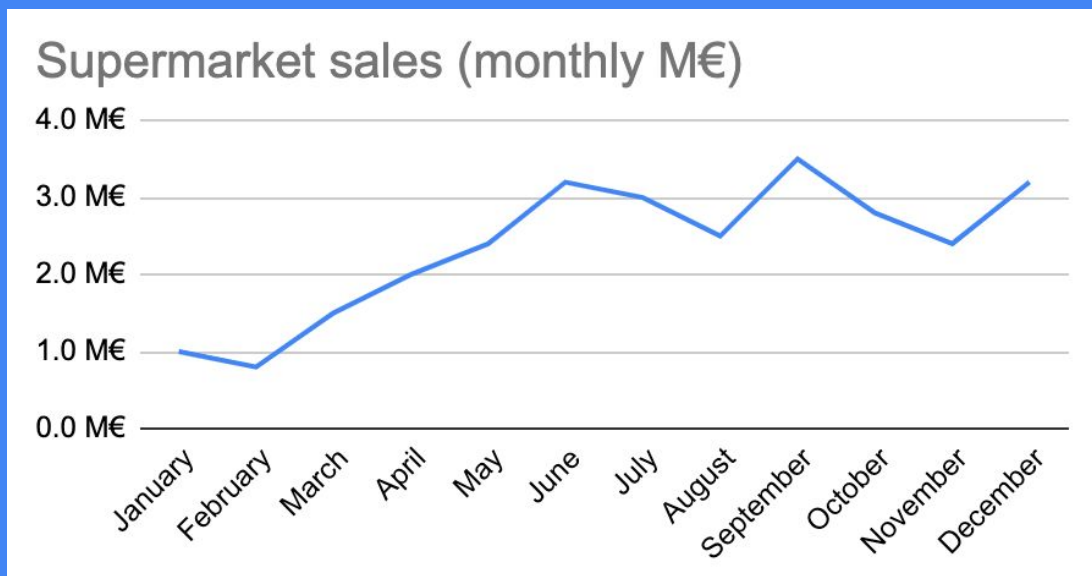
# **SWIPE TO SEE THE ANSWER**



# Answer

What is the best chart to analyse monthly data over more than 6 months?

A. Line chart





# Question 5

**What means FTE?**

- A. First Time Employee**
- B. Full Time Equivalent**
- C. Full Temporary Employee**

**SWIPE TO SEE THE  
ANSWER**



# Answer

What means FTE?

B. Full Time Equivalent



# Question 6

**What means management span?**

**A. Level of responsibilities of a manager**

**B. Number of subordinates or direct reports a supervisor is responsible for**

**C. Number of different levels of reporting in the organization, from the CEO down to the “shop floor”**

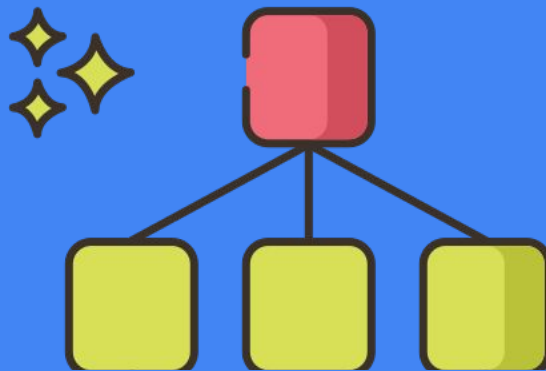
# **SWIPE TO SEE THE ANSWER**



# Answer

What means management span?

B. Number of subordinates or direct reports a supervisor is responsible for



# Question 7

**What is the horizontal analysis ?**

**A. Comparing a financial statement line item over various reporting periods (or a budget reference)**

**B. Method of analyzing financial statements that list each line item as a percentage of a base figure within the statement**

**C. Analysis of the structure costs**

**SWIPE TO SEE THE  
ANSWER**





# Answer

What is the horizontal analysis ?

A. Comparing a financial statement line item over various reporting periods (or a budget reference)



# Question 8

**How do you calculate the exchange rate effect?**

**A. Change of Exchange rate \* Budgeted Price in Foreign Currency \* Budgeted Volume**

**B. Change of Exchange rate \* Actual Price in Foreign Currency \* Budgeted Volume**

**C. Change of Exchange rate \* Actual Price in Foreign Currency \* Actual Volume**

**SWIPE TO SEE THE  
ANSWER**



# Answer

How do you calculate the exchange rate effect?

C. Change of Exchange rate  
\* Actual Price in Foreign  
Currency \* Actual Volume



# Question 9

**When reporting figures, what should you do?**

- A. Just send the figures**
- B. Send the figures in Excel and a print screen in the email**
- C. Sent the official report by Excel or PDF, a print screen in the email of the Key Figures and comments + recommendations**

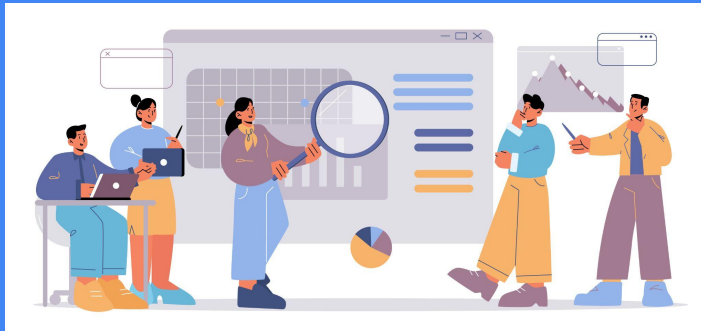
**SWIPE TO SEE THE  
ANSWER**



# Answer

When reporting figures,  
what should you do?

C. Sent the official report by  
Excel or PDF, a print screen  
in the email of the Key  
Figures and comments +  
recommendations



# Question 10

If your current profit is 15%. You want to give a discount of 5%. How much more volume do you need to maintain the profit at 15%?

- A. 5%
- B. 25%
- C. 50%

Volume increase in % necessary to maintain the same amount of profit in € after giving a discount

Profit (in % of sales) before change	Price discount (price reduction in %)				
	-1%	-2%	-3%	-4%	-5%
5%	25%	67%	150%	400%	-
10%	11%	25%	43%	67%	100%
15%	7%	15%	25%	36%	50%
20%	5%	11%	18%	25%	33%
25%	4%	9%	14%	19%	25%
30%	3%	7%	11%	15%	20%
40%	3%	5%	8%	11%	14%
50%	2%	4%	6%	9%	11%



# **SWIPE TO SEE THE ANSWER**



# Answer

If your current profit is 15%. You want to give a discount of 5%. How much more volume do you need to maintain the same profit in €?

C. 50%

Volume increase in % necessary to maintain the same amount of profit in € after giving a discount

Profit (in % of sales) before change	Price discount (price reduction in %)				
	-1%	-2%	-3%	-4%	-5%
5%	25%	67%	150%	400%	-
10%	11%	25%	43%	67%	100%
15%	7%	15%	25%	36%	50%
20%	5%	11%	18%	25%	33%
25%	4%	9%	14%	19%	25%
30%	3%	7%	11%	15%	20%
40%	3%	5%	8%	11%	14%
50%	2%	4%	6%	9%	11%

# FP&A

# QUIZ

## #2



# 7

**SWIPE**

# INTRO

**5 questions to test  
your FP&A skills.**

**Don't forget to  
share your score in  
the comments!**

# Question 1

**How do you calculate the margin variance?**

**A. Price effect + Volume effect + Cost effect**

**B. Price effect + Volume effect + Cost effect + Mix effect**

**C. Price effect + Volume effect + Mix effect**



***SWIPE TO SEE  
THE ANSWER***

# Answer 1

**How do you calculate the margin variance?**

A. Price effect + Volume effect + Cost effect

**B. Price effect + Volume effect + Cost effect + Mix effect**

C. Price effect + Volume effect + Mix effect

# Question 2

**In Project Controlling, what is the earned value of a project?**

- A. % of real completion x Budget value**
- B. Cash in - cash out**
- C. % of revenue**



***SWIPE TO SEE  
THE ANSWER***

# Answer 2

**In Project Controlling, what is the earned value of a project?**

**A. % of real completion x Budget value**

B. Cash in - cash out

C. % of revenue



# Question 3

**What is the best way to forecast efficiently the salary costs?**

- A. Summing up each of the forecasted salary costs of all employees**
- B. Actual average salary costs per FTE x planned FTE x salary increase factor**
- C. Actual salary costs x salary increase factor**



***SWIPE TO SEE  
THE ANSWER***

# Answer 3

**What is the best way to forecast efficiently the salary costs?**

A. Summing up each of the forecasted salary costs of all employees

**B. Actual average salary costs per FTE x planned FTE x salary increase factor**

C. Actual salary costs x salary increase factor

# Question 4

What is the best order to plan your budget?

- A. Headcount > Sales > Cash
- B. Cash > Headcount > Sales
- C. Sales > Headcount > Cash



**SWIPE TO SEE  
THE ANSWER**

# Answer 4

**What is the best order to plan your budget?**

A. Headcount > Sales > Cash

B. Cash > Headcount > Sales

**C. Sales > Headcount > Cash**

# Question 5

**How can you use the IBCS standards?**

- A. To standardize reports**
- B. To analyse costs**
- C. To plan a project**



***SWIPE TO SEE  
THE ANSWER***

# Answer 5

**How can you use the IBCS standards?**

**A. To standardize reports**

B. To analyse costs

C. To plan a project

**Thank you for  
taking the Quiz.**

**Now, share your  
score in the  
comments!**

**Check the next pages  
for more explanations  
on the answers.**

**Nicolas Boucher**



# FP&A

# QUIZ

## #3



# 8

**SWIPE**



# INTRO

**5 questions to test  
your FP&A skills.**

**Don't forget to  
share your score in  
the comments!**

# Question 1

**What is a sensitivity analysis?**

**A. Assesses the correlation between the valuation of a stock & the market**

**B. Assesses how much the demand moves if you change the price**

**C. Assesses the effect of a single parameter at a time while holding all other parameters constant**



***SWIPE TO SEE  
THE ANSWER***

# Answer 1

## What is a sensitivity analysis?

A. Assesses the correlation between the valuation of a stock & the market

B. Assesses how much the demand moves if you change the price

**C. Assesses the effect of a single parameter at a time while holding all other parameters constant**

# Question 2

If you sell a product 50\$ with COGS per product being 30\$ and you have 10,000\$ fixed costs, what is your break even point??

A. 5,000

B. 500

C. 333



**SWIPE TO SEE  
THE ANSWER**

# Answer 2

If you sell a product 50\$ with COGS per product being 30\$ and you have 10,000\$ fixed costs, what is your break even point?

A. 5,000

B. 500

C. 333

# Question 3

**Which method should you use to analyse the sales actuals vs budget if you have the budget and actuals details by product?**

- A. Price variance**
- B. Price Volume Mix**
- C. You should not analyse product by product**



***SWIPE TO SEE  
THE ANSWER***

# Answer 3

**Which method should you use to analyse the sales actuals vs budget if you have the budget and actuals details by product?**

A. Price variance

**B. Price Volume Mix**

C. You should not analyse product by product

# Question 4

**You need to improve your reporting, in which order would you do it?**

**A. Challenge the requirements / Delete parts of the report / Automate**

**B. Automate / Challenge the requirements / Delete parts of the report**

**C. Delete parts of the report / Challenge the requirements / Automate**



***SWIPE TO SEE  
THE ANSWER***



# Answer 4

**You need to improve your reporting, in which order would you do it?**

**A. Challenge the requirements / Delete parts of the report / Automate**

**B. Automate / Challenge the requirements / Delete parts of the report**

**C. Delete parts of the report / Challenge the requirements / Automate**

# Question 5

**What is the best way to compare the P&L of two companies which have different sizes?**

- A. Vertical analysis**
- B. Horizontal analysis**
- C. Sensitivity analysis**



***SWIPE TO SEE  
THE ANSWER***

# Answer 5

**What is the best way to compare the P&L of two companies which have different sizes?**

- A. Vertical analysis**
- B. Horizontal analysis
- C. Sensitivity analysis

# 5 SKILLS TO MASTER IN FP&A



8

**SWIPE**

# 1. ANALYSIS

Learn how to analyse

- sales
- margin
- overhead
- headcount

Be more valuable and  
help get better insights.

## 2. BUDGETING

Master the budget process.

Be a pro at **strategic** planning and have closer relation with management.



# 3. BUSINESS PARTNER

**Be a great finance business partner.**

**It will allow you to navigate within the organisation and make things **move forward.****



## 4. OPTIMIZATION

Know how to optimize reporting in order to;

- Add value to the company
- Be able to report efficiently



# 5. STORYTELLING

The world rewards the people who are best at communicating ideas, not the people with the best ideas.



# DO YOU WANT TO MOVE TO FP&A?



**CHECK MY COURSE  
FOR FP&A  
LINK ON MY  
LINKEDIN PROFILE**

# PROBLEM SOLVING

9



***SWIPE***

# MASTER PROBLEM SOLVING

**As a financial analyst, you will encounter many problems that require quick and effective solutions.**



# PRACTICE

Find opportunities to practice solving problems on a regular basis.

For example, you could build a simple **break-even** model to identify the minimum volume of sales needed for a company.

# BREAK PROBLEMS

By breaking problems down into smaller subproblems, you can tackle them more easily.

For example, to forecast a company's revenue, try first to look at it at revenue by client.

You might find that 80% of the revenue is done with 5 clients.

# TAKE ANOTHER ANGLE

**5 ways to look at a problem:**

- 1. Rename the problem**
- 2. Reformulate it on the reverse**
- 3. Open your mind**
- 4. Put stuff into boxes**
- 5. Reverse-engineer**

# ASK FOR HELP

Your colleagues or superiors may have different experiences and insights that can help you see the problem in a new way.



Nicolas Boucher



# KEEP LEARNING

When you make a mistake as a financial analyst, it's important to understand what went wrong and how you can avoid making the same mistake in the future.



# SUMMARY

- 1. Practice regularly**
- 2. Break problems down into smaller parts**
- 3. Look at the problem from different angles**
- 4. Don't be afraid to ask for help**
- 5. Learn from your mistakes**

# TURN DATA INTO INSIGHTS

10



**SWIPE**

# 1. NON FINANCIAL DATA

Find a **common identifier** between finance and with non financial information.

Example: link revenue with a sale document to add information about the client, the distributor...

# EXAMPLE

**Example: link sales with a sale document where you will get the information about the client, the method of distribution, the contract, etc.**

## **2. LOOK FURTHER INTO THE PAST**

**Standard comparisons are done over 1 or 2 years.**

**But if you extend your analysis over 5 years, you reduce the effects of one-off events and you are able to validate trends.**

# 3. GROUPING

Identifying trends if you sell 100s of products to 100s of clients can be tricky.

**Solution: group your items in 3 to 5 categories.**

It allows pareto analysis (80/20) and make more sense of the detailed data.

# 4. VISUALIZATION

Our brains have difficulties to compare more than 3 data points.

**Solution: convert the data into a graph, you can easily spot trend and outliers.**





## 5. GET HINTS

**Use your network** and ask around what are the issues people are having.

**Get advice from your operational business partner on where to look at to find insights.**



# PVM Analysis

How to  
apply it in  
real life



11

**SWIPE**

# DEFINITION

## PRICE

Effect of price  
keeping quantity  
constants



## VOLUME

Selling more  
products, even  
at the same mix  
and price, will  
increase sales



## MIX

Even keeping  
total quantities  
and prices the  
same, sales can  
increase if we  
sell a higher  
proportion of  
expensive  
products

Quantity

## PRICE VOLUME AND MIX ANALYSIS

# FIND INSIGHTS



**Use the PVM analysis to detect  
the factors impacting your  
revenue.**

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**In the next pages, we are going to see what you can detect and what to do next.**

# You detect an increase in volume with negative mix effect



## Next step:

**Check if the changes in volume is really aligned with the product portfolio strategy and why we decide to sell more of the cheaper products**

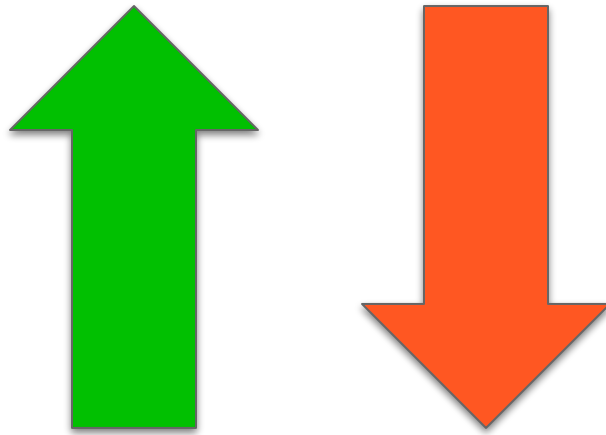
# There is a new or one-off business event



**Next step:**

**Investigate business events and take measures**

# You notice product cannibalism



## Next step:

**Review product portfolio strategy and  
prioritize**



# Impact from new and discontinued products



**Next step:**

**Revalidate business case assumptions**

# Price changes



## Next step:

**Validate prices.**  
**Perform elasticity & sensitivity analysis to**  
**choose the best price and supply chain**  
**combination**

# Discount effects



## Next step:

**Verify impact on profit and revisit discount strategy if use and results are not aligned with goals of the organisation**

# Exchange rate impact



**Next step:**

**Check for hedging strategies if the effect is significant**

# SUMMARY

Causes for variance	Next steps
Interaction Between Volume and Mix	Check if the changes in volume and the impact on the mix are aligned with the sales strategy
New/One-off Business Effect	Investigate business events and take measure
Product cannibalism	Review product portfolio strategy and prioritize
New and discontinued products	Revalidate business case assumptions
Impact of Changes in List Price on Revenue	Elasticity and sensitivity analysis to choose the best price and supply chain combination
Discount	Verify impact on profit and revisit discount strategy if use & results are not aligned with goals of the organisation
Exchange rate effect	Check for hedging strategies if the effect is significant

# VERTICAL ANALYSIS

12



***SWIPE***

# DEFINITION

**Analysis of  
financial statements  
looking at each line  
item as a percentage of  
a base figure within the  
statement**

# RATIO P&L

**One of the most common ratio to use is to state each line in terms of the percentage of sales**





# RATIO BALANCE SHEET

For balance sheet you  
can calculate ratios as  
percentage of  
**total assets**



# RATIO CASH FLOW

**In the cash flow statement you can compare each inflow or outflow as a percentage of the **total inflow****



# EXAMPLE

## Vertical analysis

**Amazon.com Inc.**

**Consolidated Income Statement**



US\$ in millions

12 months ended:	Dec 31, 2020	% of sales	Dec 31, 2021	% of sales	Change in US\$m	Change in %	Change of % of sales
Net product sales	215,915	55.9%	241,787	51.5%	25,872	12%	-4.5%
Net services sales	170,149	44.1%	228,035	48.5%	57,886	34%	4.5%
<b>Net sales</b>	<b>386,064</b>	<b>100.0%</b>	<b>469,822</b>	<b>100.0%</b>	<b>83,758</b>	<b>22%</b>	<b>0.0%</b>
Cost of sales	(233,307)	-60.4%	(272,344)	-58.0%	(39,037)	17%	2.5%
<b>Gross profit</b>	<b>152,757</b>	<b>39.6%</b>	<b>197,478</b>	<b>42.0%</b>	<b>44,721</b>	<b>29%</b>	<b>2.5%</b>
Fulfillment	(58,517)	-15.2%	(75,111)	-16.0%	(16,594)	28%	-0.8%
Technology and content	(42,740)	-11.1%	(56,052)	-11.9%	(13,312)	31%	-0.9%
Marketing	(22,008)	-5.7%	(32,551)	-6.9%	(10,543)	48%	-1.2%
General and administrative	(6,668)	-1.7%	(8,823)	-1.9%	(2,155)	32%	-0.2%
Other operating income (expense), net	75	0.0%	(62)	0.0%	(137)	-183%	0.0%
<b>Operating income</b>	<b>22,899</b>	<b>5.9%</b>	<b>24,879</b>	<b>5.3%</b>	<b>1,980</b>	<b>9%</b>	<b>-0.6%</b>
Interest income	555	0.1%	448	0.1%	(107)	-19%	0.0%
Interest expense	(1,647)	-0.4%	(1,809)	-0.4%	(162)	10%	0.0%
Other income (expense), net	2,371	0.6%	14,633	3.1%	12,262	517%	2.5%
<b>Non-operating income (expense)</b>	<b>1,279</b>	<b>0.3%</b>	<b>13,272</b>	<b>2.8%</b>	<b>11,993</b>	<b>938%</b>	<b>2.5%</b>
<b>Income before income taxes</b>	<b>24,178</b>	<b>6.3%</b>	<b>38,151</b>	<b>8.1%</b>	<b>13,973</b>	<b>58%</b>	<b>1.9%</b>
Provision for income taxes	(2,863)	-0.7%	(4,791)	-1.0%	(1,928)	67%	-0.3%
Equity-method investment activity, net of tax	16	0.0%	4	0.0%	(12)	-75%	0.0%
<b>Net income</b>	<b>21,331</b>	<b>5.5%</b>	<b>33,364</b>	<b>7.1%</b>	<b>12,033</b>	<b>56%</b>	<b>1.6%</b>

Source: <https://www.stock-analysis-on.net/NASDAQ/Company/Amazoncom-Inc/Financial-Statement/Income-Statement>

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# PROS

- 1. Using ratios allows to compare financial statements which differs in size.**
- 2. You can also analyse the relationship between the financial statements line items. For example overhead as a % of sales.**
- 3. You can benchmark or give common targets to units with different size**

# CONS

**Only tells the performance in relation with one item (for example sales).**

**If this item is significantly lower/ higher than expected or has an anomaly, the ratio has less value.**

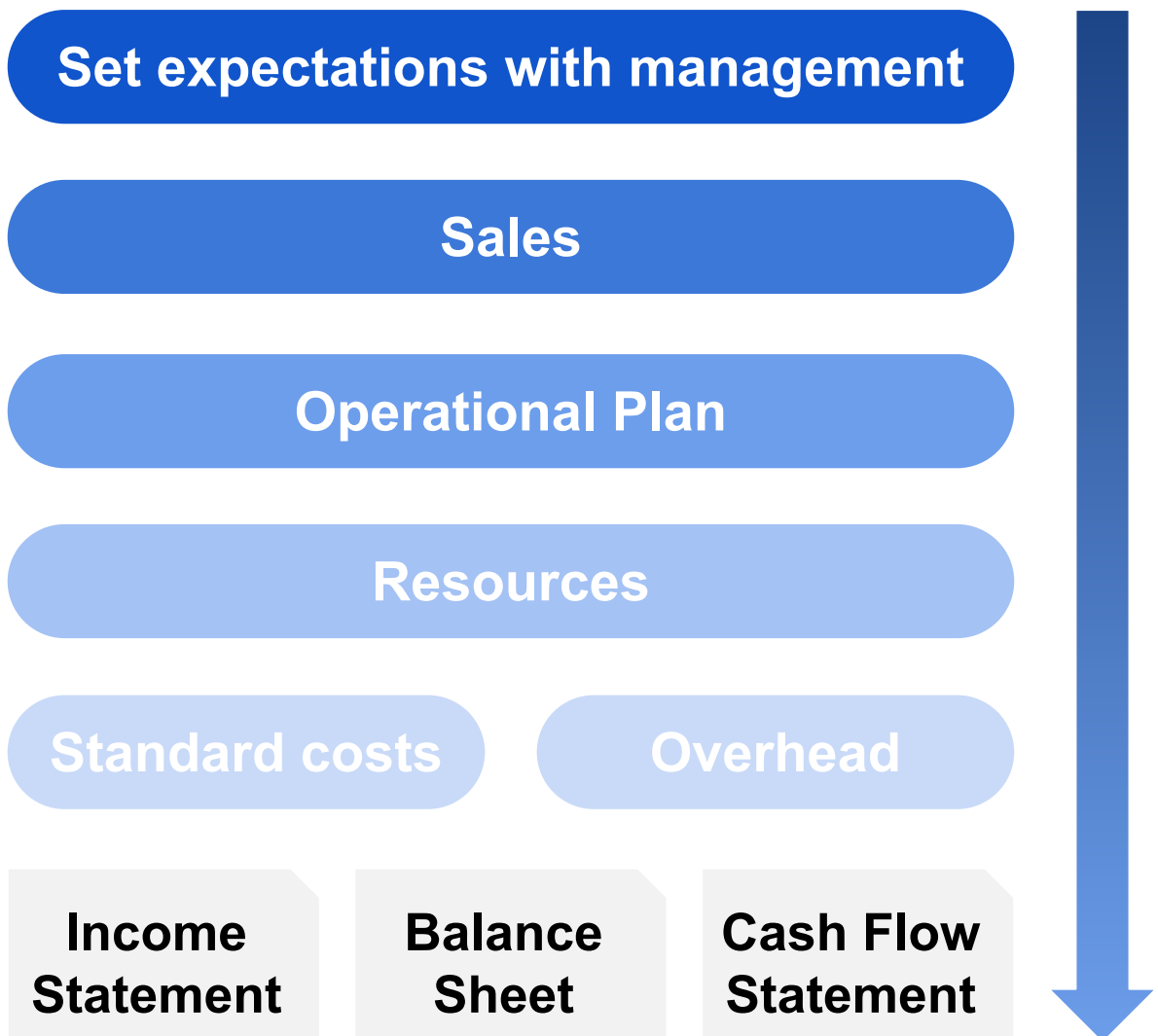
# BUDGETING PROCESS

13



***SWIPE***

# BUDGETING PROCESS



# 1. SET EXPECTATIONS

Understand expectations  
from management about

- Growth
- Implementation of strategy
- Profitability
- Lessons learned from the past



## 2. PLAN SALES

- Choose the most appropriate method
- Plan with **sufficient details** to be able to run analysis
- Pay attention to factors impacting changes
- Ensure accuracy of phasing
- Prepare **what if analysis** with impact on resources and profitability

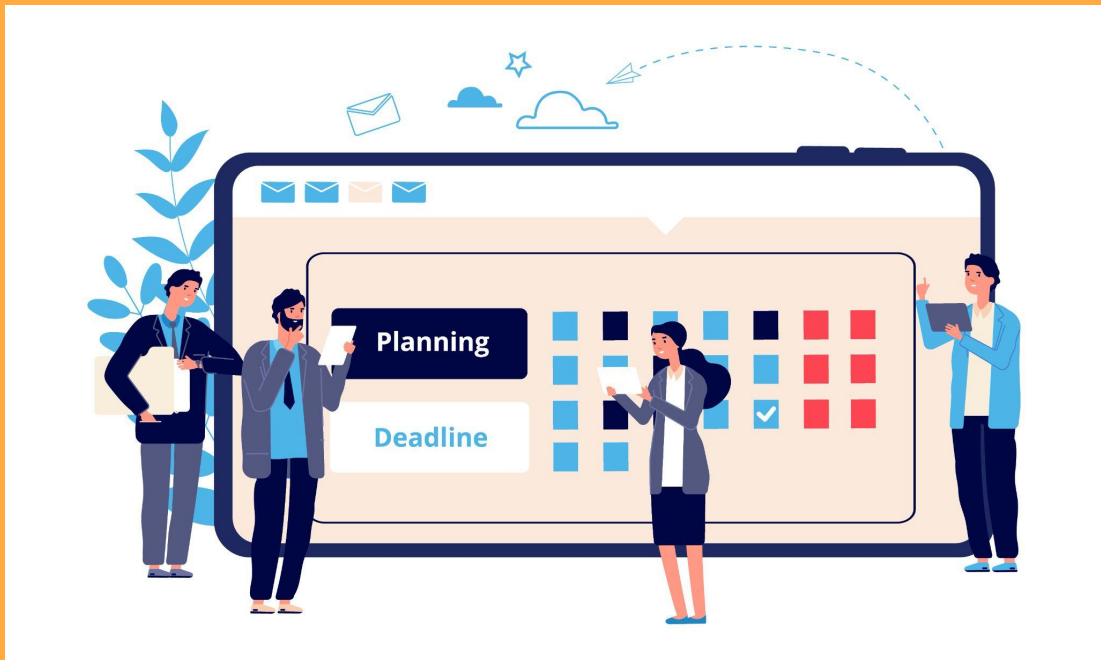
# 3. OPERATIONAL PLAN

- Plan production and delivery
- Plan workload



# 4. PLAN RESOURCES

- Plan direct **headcounts & capacity**
- Plan material needs
- Plan **investments**



# 5. STANDARD COSTS

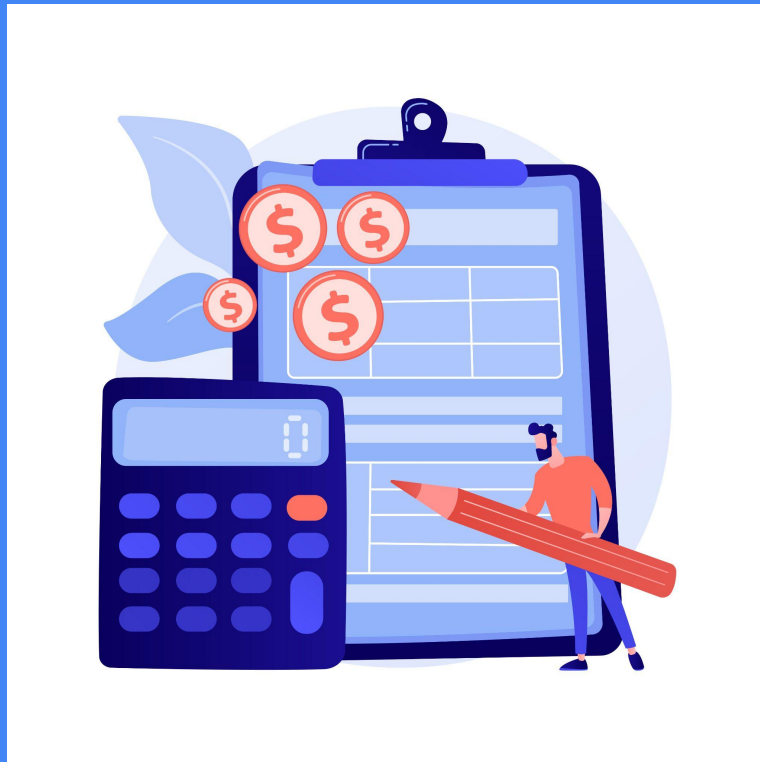
**Compute:**

- **Direct labor: hours/unit and hourly rate**
- **Material: quantity & price**
- **Manufacturing overhead allocation**



# 6. OVERHEAD

- Department budget
- Allocations of overhead costs



# 7. FINANCIAL STATEMENTS

- Income Statement
- Balance Sheet
- Cash
- **Communicate** results and cascade down key figures and action plan

**BONUS**

# **ROLE OF FINANCE**

- **Coordination**
- **Consistency**
- **Documentation**
- **Communication of targets and results**



# ZERO-BASED BUDGETING

14



***SWIPE***



# DEFINITION

**Budgeting method  
where all expenses  
must be justified  
for each new period**



# PROCESS

**It starts from a “Zero-Base”:  
every function within the  
organisation is analysed for  
its needs and costs.**

**Budgets are then built around  
what is needed for the  
upcoming period  
regardless of the previous one.**

# PROS

- **Ideal when you want to decrease significantly your costs**
- **Challenges the status quo**
- **For newcomers, it's a good opportunity to change things**

# CONS

- Time intensive
- Cultural acceptance



# EXAMPLE

## How a Traditional Budget looks like:

### Traditional Method

	Prior year	% change expected	Budget
Salary costs	€300,000	5.0%	€315,000
External services	€50,000	3.0%	€51,500
Rent	€20,000	2.0%	€20,400
<b>Total costs</b>	<b>€370,000</b>	<b>4.6%</b>	<b>€386,900</b>

# EXAMPLE

## How a Zero Based Budget looks like:

### Zero Based Budgeted

	Prior year	Comment	Budget
Salary costs	€300,000	Only 2 headcounts needed and 5% inflation	€210,000
Number of headcounts	3		2
External services	€50,000	3.0%	€22,500
Tax services	€30,000	Scope reviewed: only 3 out of 4 services needed	€22,500
Consulting	€20,000	Stop project as not strategic	€0
Rent	€20,000	Reduction of surface planned (-10%) + 2% inflation	€18,360
Total costs	€370,000		€250,860

Change vs prior year -32.2%

# FORECAST

METHOD  
RISKS &  
OPPORTUNITIES

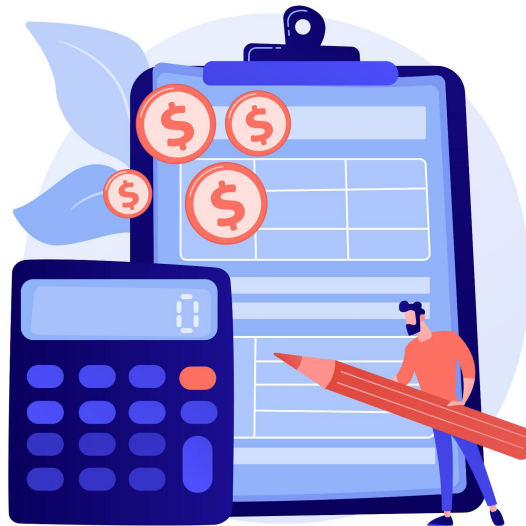
15



***SWIPE***

# DEFINITION

**Add impact**  
of significant events  
to the **key figures** of  
your budget.





# PROCESS

1. **Identify significant events for your business.**
2. **Estimate for each of them their impact on the key figures (commercial, EBIT, cash).**
3. **Add them to your budget to obtain your forecast**

# PROS

- **No need to recalculate all the details**
- **Fast method** to reforecast

# CONS

- **Prone to omission**
- **Only limited to few significant impacts**



# EXAMPLE

How a

Risks and Opportunities

Forecast looks like:

	Q1 2022	Q2 2023	Q3 2022	Q4 2022	Total FY 2022
Revenue budgeted	€100,000	€130,000	€120,000	€150,000	€500,000
Opportunity on client A lost		-€10,000	-€12,000	-€8,000	-€30,000
Deal with distributor X delayed	-€10,000	-€11,000	-€10,000		-€31,000
Total risks	-€10,000	-€21,000	-€22,000	-€8,000	-€61,000
Client Y won (not budgeted)		€20,000	€15,000	€20,000	€55,000
Improvement of conversion rate	€5,000	€6,000	€5,500	€6,000	€22,500
Total opportunities	€5,000	€26,000	€20,500	€26,000	€77,500
Total risks & opportunities	-€5,000	€5,000	-€1,500	€18,000	€16,500
New Forecast	€95,000	€135,000	€118,500	€168,000	€516,500

# **SALES FORECASTING OPPORTUNITY STAGE**

**16**

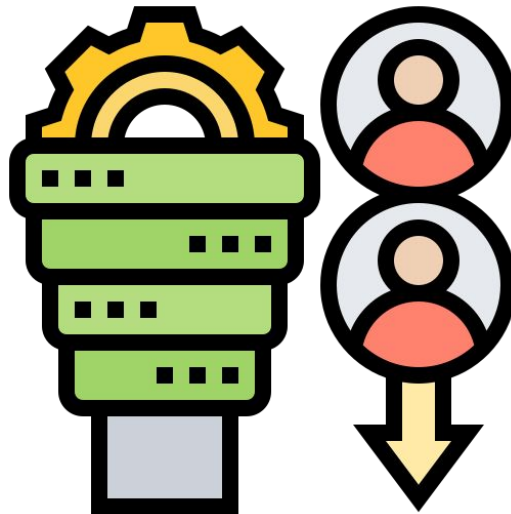


***SWIPE***

# 1

# DEFINITION

**Based on where the prospect is in your pipeline, you calculate the chances of the deal closing.**



# 2

# PIPELINE



## 3

## EXAMPLE

Average sales value      €400,00  
per client                              0

Opportunity stage	Number of leads	Win rate probability	Weighted Forecasted sales value
Discovery	500	5%	€10,000,000
Pre-Qualification	300	10%	€12,000,000
Qualification	200	20%	€16,000,000
Proposal	100	40%	€16,000,000
Evaluation	60	50%	€12,000,000
Decision	30	70%	€8,400,000
Negotiation	10	90%	€3,600,000
Close	5	100%	€2,000,000
<b>Total</b>	<b>1,205</b>		<b>€80,000,000</b>



# ROLLING FORECAST

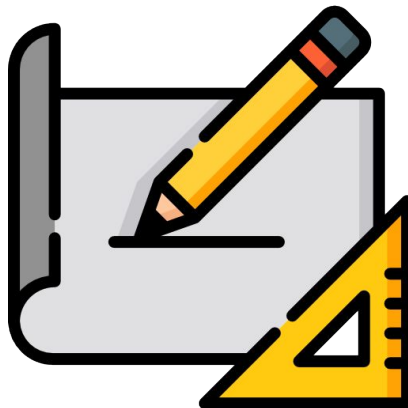
17



***SWIPE***

# DEFINITION

**A rolling forecast is a management tool that enables organizations to continuously plan (i.e. forecast) over a set time horizon.**



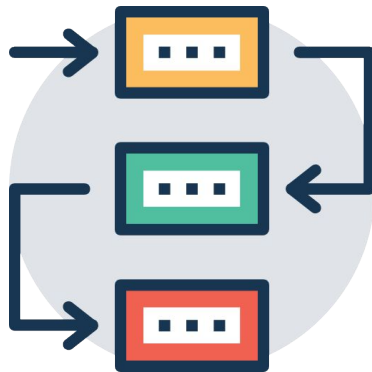
# APPLICATION

**A rolling forecast will re-forecast the next twelve months (NTM) at the end of each month or each quarter.**



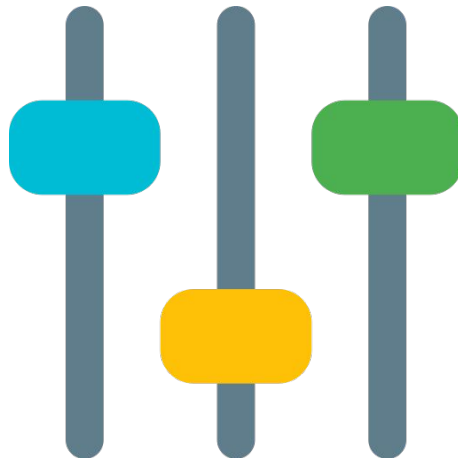
# WHY USING IT?

**With the Rolling Forecast  
you always have a view  
over the next 12 months.  
With the traditional  
budgeting this view  
shrinks overtime.**



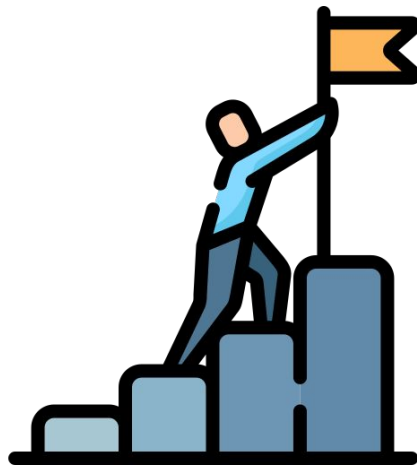
# ADVANTAGES

**Less time consuming**  
**More accurate**  
**short-term view**  
**Recalibration of**  
**mid-term forecast**



# CHALLENGES

**Difficulty to implement  
Forecast changing  
constantly  
Need for planning tools**



Source:

<https://www.wallstreetprep.com/knowledge/rolling-forecast-best-practices-guide-fpa-professionals/>

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**WANT TO  
SUCCEED IN YOUR  
NEXT INTERVIEW ?**

**CHECK MY LINKEDIN PROFILE**



# CAPEX

## HOW TO BUDGET AND CONTROL

18



***SWIPE***



# STEP 1

## Definition of your CAPEX:

1. Evaluate if it is a **CAPEX or OPEX**
2. Assign the right fixed asset category and corresponding **depreciation method**
3. **Type of CAPEX**  
(recurring, one-off, growth, replacement...)

# STEP 2

## Prioritization

**Classify the future investments based on their importance for your organisation and their ROI.**



# STEP 3

## PHASING

**Plan the phasing of your investments:**

**When to order**

**When to start using it**



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# STEP 4

## CASH

**Evaluate the Cash Impact of your Investment:**

- For small investment, define in which quarter the cash will be paid
- For bigger CAPEX, prepare a cash curve based on the payment milestones

# STEP 5

## REPORTING

**Record and report periodically:**

- Investments approved
- Investments ordered
- Investments acquired
- -Cash movements



# STEP 6

## CONTROL

- **Approve/deny investment based on budget and business case**
- **Benchmark against the industry (% of sales, % depreciation costs in hourly rate)**
- **Arbitrage on use of cash**

# SUMMARY

- 1 Definition**
- 2 Prioritization**
- 3 Phasing**
- 4 Cash**
- 5 Reporting**
- 6 Control**

# INFOGRAPHIC

## 9 LEVERS TO

## IMPROVE YOUR

# CASH FLOW

# 19



***SWIPE***



# 9 levers to improve your Cash Flow

*Made by Nicolas Boucher*

1

## Sales

Improve payment terms with clients (negotiate down payments and short payment terms), accelerate the closing of deals

2

## Finance

Automate reporting, improve understanding of cash flow statements, bring transparency to management, escalate collection issues, use factoring to accelerate cash payment from receivables

3

## Collection of overdues

Automate the dunning process and escalate significant issues to management & key account manager

4

## Project

Compute and monitor the cash balance of each project

5

## Sales administration

Optimise the process between a cash milestone achievement and the issuance of the debit note to your client

6

## Procurement

Avoid down payment and push the payment terms as far as possible

7

## Inventory

Monitor level of inventory against forecasted sales, reduce lead time, optimise stock buffer, reduce delays

8

## Management

Translate cash targets in team & individual objectives, put cash on the management reviews agenda, follow up cash as KPI

9

## Culture

Communicate, explain, repeat: it's a culture shift

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CCC:

CASH

CONVERSION  
CYCLE



20

***SWIPE***

# DEFINITION

**Days to convert  
inventory into cash  
flows from sales.**

# FORMULA

$$\text{CCC} = \text{DIO} + \text{DSO} - \text{DPO}$$

**where:**

**DIO=Days of inventory outstanding**

**DSO=Days sales outstanding**

**DPO=Days payables outstanding**

# ADVANTAGES 1/2

**CCC traces the lifecycle of cash used for a business activity.**

# ADVANTAGES 2/2

**Improving at least  
one of the  
3 components (DIO,  
DSO & DPO)  
has a direct positive  
impact on the CCC.**

# 3 WAYS TO IMPROVE CASH

21



***SWIPE***

# 1

# FORECAST

**PLAN AND ANTICIPATE  
SIGNIFICANT  
PAYMENTS.**

**FOCUS ON THE MAIN  
LEVERS TO ACHIEVE  
THE UPCOMING CASH  
INFLOWS.**





**2**

# **INVOICING**

**SEND YOUR INVOICE  
ON THE DAY  
YOU REALISE THE SALE.**

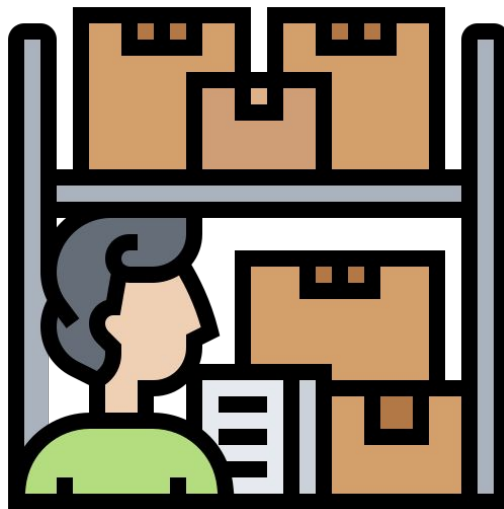
**MAKE IT DIGITAL TO  
AVOID POSTAL DELAYS.**



**3**

# **INVENTORY**

**TARGET  
SLOW MOVING  
INVENTORY  
AND REDUCE IT.**



# WORKING CAPITAL REQUIREMENT

22



**SWIPE**

# INTRO

**5 reasons why you should understand the Working Capital Requirement and its effect on Cash.**



# DIRECT IMPACT

Changes in working capital requirement (WCR) have a direct impact on your cash balance.

When WCR goes up, cash goes down.

When WCR goes down, cash goes up.

# OLD ITEMS

Analysing WCR allows you to identify old receivables & increasing stock.

A timely review can prevent unexpected depreciation of old items.



# GROWTH

**WCR is a good indicator of financing needs for growing companies.**

**Plan your WCR based on your growth forecasts & secure the required financing.**

# INVENTORY

Identify the impact of your supply chain plan on your cash.

More inventory = less cash.

Align priorities: client needs, lead time & financing capabilities to define the right inventory level.



# PAYMENT TERMS

**Client and Suppliers  
payment terms directly  
impact your receivables &  
payables.**

**Manage it well &  
you will be less  
dependent on  
external  
financing!**



# THE 13 MAIN ACCOUNTING PRINCIPLES

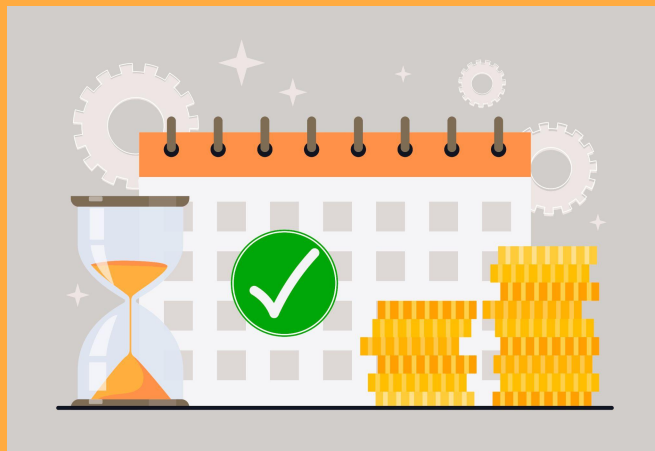
23



**SWIPE**

# 1. ACCRUAL

Transactions need to be recorded in the time period in which they occur, regardless of when the actual cash flows for the transaction are received



## 2. CONSERVATISM

**Requires company accounts to be prepared with caution and high degrees of verification.**

**All probable losses are recorded when they are discovered, while gains can only be registered when they are fully realized.**

# 3. CONSISTENCY

Once you adopt an accounting principle or method, you should **continue to use** it until a demonstrably better principle or method comes along.

# 4. COST

A business should only record its assets, liabilities, and equity investments at their **original purchase costs**.



# 5. ECONOMIC ENTITY

Transactions of a business should be **kept separate** from those of its owners and other businesses.



## 6. FULL DISCLOSURE

A company should include in or alongside its financial statements **all of the information** that may impact a reader's understanding of those statements.



# 7. GOING CONCERN

A business **will remain** in operation for the foreseeable future.



# 8. MATCHING

Companies need to report expenses **at the same time** as the revenues they are related to.



# 9. MATERIALITY

All items that are reasonably likely to impact investors' decision-making must be recorded or reported in detail in a business's financial statements.

# 10. MONETARY

Business transactions should only be recorded if they can be expressed in terms of a currency. In other words, anything that is non-quantifiable should not be recorded a business' financial accounts.

# 11. RELIABILITY

Only those transactions that **can be proven** should be recorded.



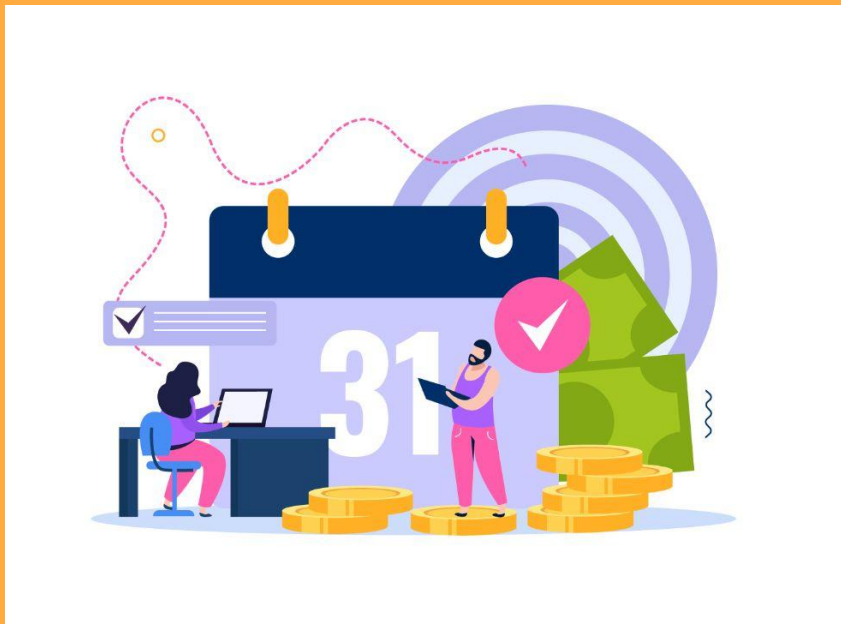
# 12. REVENUE RECOGNITION

You should only recognize revenue when it is earned.



# 13. TIME PERIOD

A business should report their financial statements appropriate to a specific time period.



# ACTIVITY BASED

# COSTING



24

**SWIPE**



# DEFINITION

Activity-based costing (ABC) is a cost accounting method.

The goal is to allocate overhead costs more precisely.

# ABC

# SPECIFICITIES

**In traditional cost accounting, overhead costs are allocated using only one arbitrary rate.**



# SPECIFICITIES

**But ABC allocates the overhead more accurately.**

**How?**

**By arranging overheads activities in cost pools.**



# COST POOLS

A cost pool is a

group of costs

either based on:

- a cost center,
- a group of cost centers or
- a measurable activity  
(measured as a % of the  
total time spent by a group  
of people).

# EXAMPLES

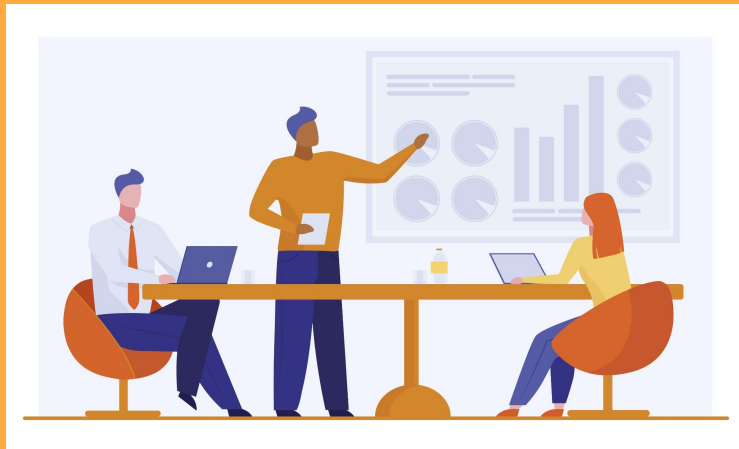
Cost pools could be:

- Warehouse management
- Customer service
- Maintenance
- R&D
- Technical trainings
- Warranty costs



# MEASURES

After defining cost pools, you need to define the **unit measures**. You will use the unit measures to allocate the cost pools to the products.



# EXAMPLES

**Unit measures** could be:

- number of units produced
- number of orders
- amount of material used
- percentages
- square meters used



# 1/ CASE STUDY

**Let's imagine a manufacturing company called "TOP DESK". They produce desk for offices.**

**They have 2 products:**

- a standard desk and**
- an electric standing desk**



## 2/ CASE STUDY

**They have 10M€ overheads related to the products:**

- Logistics: 5M€**
- R&D: 2M€**
- Customer service: 2M€**
- Warranty & repairs: 1M€**

# 3/ CASE STUDY

**Traditional** cost accounting:  
Overhead are allocated to  
each direct hour.

Let's say there are 500,000  
direct hours worked.

$$10,000,000\text{€} / 500,000 \\ = 20\text{€ overhead per hour}$$

# 4/ CASE STUDY

## Activity Based Cost accounting:

	Cost	Measure	# units measure total	Cost per unit
Logistics	5 M€	Number of orders	25,000 orders	€200
R&D	4 M€	R&D Hours	20,000 hours	€200
Customer service	0.5 M€	Number of customers	10,000 customers	€50
Warranty & repairs	0.5 M€	Number of returns	1000 returns	€500
<b>Total</b>	<b>10 M€</b>			

# 5/ CASE STUDY

## Comparison:

**Traditional Cost accounting: overhead allocated based on total direct hours worked for each product.**

<b>Traditional Cost accounting</b>	<b>Total Hours worked</b>	<b>Overhead allocated</b>
Standard desk	350,000	7.0 M€
Electric Desk	150,000	3.0 M€

# 6/ CASE STUDY

## Comparison:

**ABC: overhead allocated  
based on  
activity:**

ABC	Units	Overhead allocated
Logistics	25,000	5.0 M€
<i>Standard desk</i>	<i>20,000</i>	<i>4.0 M€</i>
<i>Electric Desk</i>	<i>5,000</i>	<i>1.0 M€</i>
R&D	20,000	4.0 M€
<i>Standard desk</i>	<i>2,000</i>	<i>0.4 M€</i>
<i>Electric Desk</i>	<i>18,000</i>	<i>3.6 M€</i>
Customer service	10,000	0.5 M€
<i>Standard desk</i>	<i>7,500</i>	<i>0.4 M€</i>
<i>Electric Desk</i>	<i>2,500</i>	<i>0.1 M€</i>
Warranty	1,000	0.5 M€
<i>Standard desk</i>	<i>200</i>	<i>0.1 M€</i>
<i>Electric Desk</i>	<i>800</i>	<i>0.4 M€</i>
<b>Total Overhead</b>		<b>10.0 M€</b>
<b><i>Standard desk</i></b>		<b><i>4.9 M€</i></b>
<b><i>Electric Desk</i></b>		<b><i>5.1 M€</i></b>

# 7/ CASE STUDY

## Conclusion:

Having a more accurate overhead allocation method helped improve the **transparency** on the **profitability** of each product.

# PROS

## ABC advantages:

- More accurate
- Multiple rate can be used
- Better view on profitability of a product
- Can help reduce the structure cost by choosing activity having an heavy impact on product cost

# CONS

## ABC disadvantages:

- **Difficult to implement**
- Cannot be used for external report as you mix COGS and SGA in the product costs
- Needs to have the right **level of details**
- Needs a consistency of methods



**Let me know in the  
comments which  
method do you  
prefer:**

**ABC method**

**or**

**Traditional cost**

**accounting method.**

10

# CHART DESIGN TIPS



***SWIPE***

25

# 10 CHART DESIGN TIPS

1

## Choose the right chart for your data

Choose your charts based on what you want to say about your data and the type of data you have.



2

## Don't use legends in your chart design

Instead of using a legend, label data points and data series directly on the chart.



3

## Highlight some details and downplay others

Use color, size, or weight to highlight key data points. Reserve bright, contrasting colors for the most important elements.



4

## Eliminate unnecessary complexity

Remove unnecessary chart elements like outlines, gridlines, and backgrounds to keep the focus on the data.



5

## Encourage comparison in your chart design

Include multiple datasets within a single chart with a few small, simple charts side-by-side to encourage comparison.



# 10 CHART DESIGN TIPS

6

## Use titles and annotations to tell a story

Titles, captions, and annotations can be used to frame a narrative around each chart.



7

## Show the right amount of data

Find that balance between complexity and clarity to create a chart that's both legible and persuasive.



8

## Find the best aspect ratio for your data

Find the aspect ratio at which the average slope of the data line most readable (~45 degrees).



9

## Do the math (so your readers don't have to)

Instead of asking your viewer to make lots of visual comparisons on the fly: do the math yourself and chart the result.



10

## Make your chart design memorable

Use visual metaphors, find a new perspective, or tie your data to concrete, relatable examples to make your chart design memorable.



# EXCEL TIP #1

## HOW TO MAKE A COMBO CHART IN EXCEL?

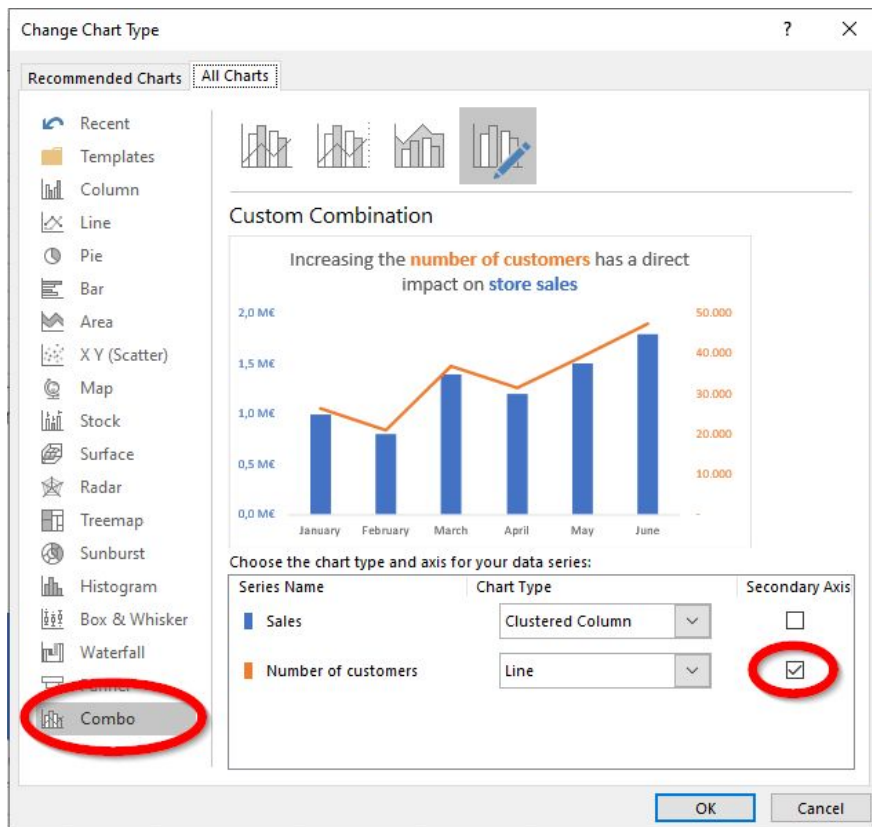


26

# OFFICE 2019

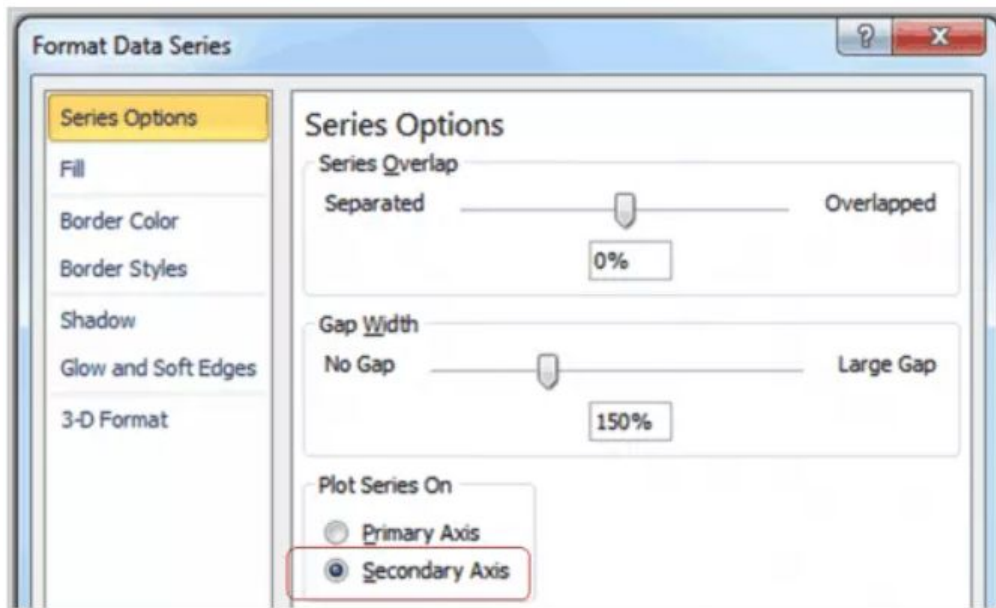
EXCEL TIP #1

1. Select your chart
2. Go to Design in the Excel Ribbon
3. Select Change Chart Type
4. Choose Combo
5. Click secondary Axis



# OFFICE 2010

- 1. Select one of the series in your chart**
- 2. Right-click “Format Data series”**
- 3. Select Secondary axis**
- 4. Right-click again on the serie and choose “Change serie Chart type”**
- 5. Choose another chart type**



# **EXCEL TIP #2**

## **LINK A TEXTBOX TO A CELL**

**27**



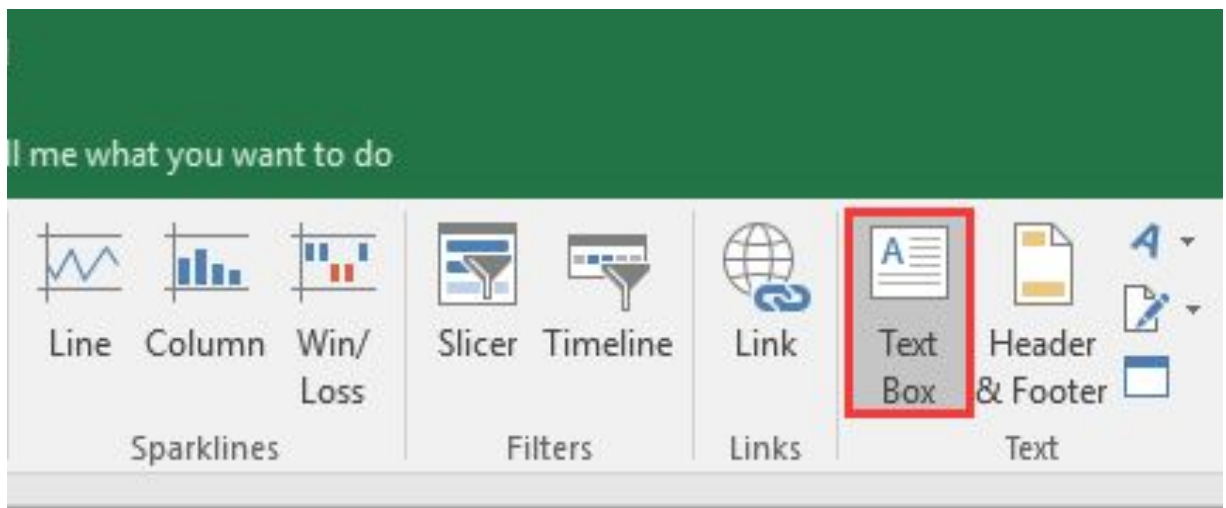
# **LEARN HOW TO LINK A TEXTBOX TO A SPECIFIC CELL**

**IN 2 EASY  
STEPS**

# 1. INSERT THE TEXT BOX

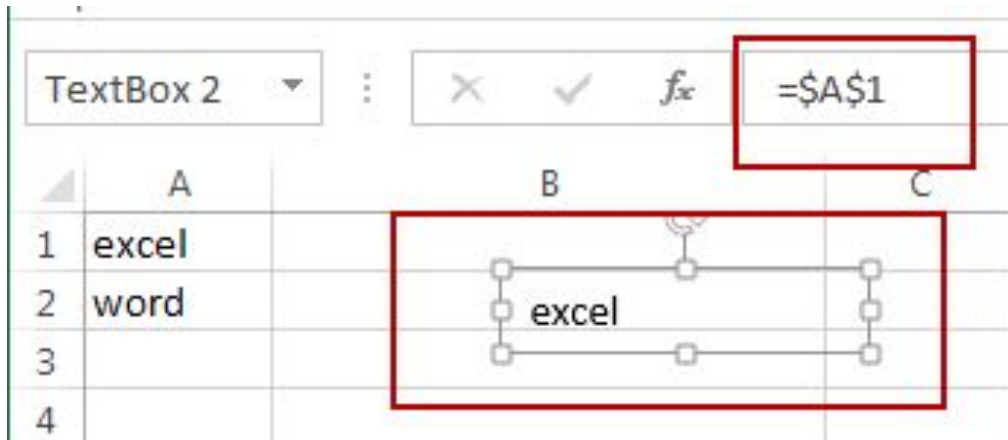
EXCEL TIP #2

- **Click the Text Box button under Insert tab.**
- **Insert a textbox in your worksheet.**



## 2. TYPE FORMULA

- **Select the text box.**
- **Go in the formula bar.**
- **Type in “=” symbol.**
- **Click on the cell you want to link.**



# **EXCEL TIP #3**

## **REPORTING FIGURES IN THOUSANDS AND MILLIONS**

**28**

# **NEED**

**You have to report  
figures in thousands or  
in millions.**

**You are dividing your  
numbers by 1,000 or  
1,000,000 to show your  
numbers in thousands  
or in millions.**

# HOW TO DO IT

- 1. Select your cell with the number you want to show in thousands**
- 2. Right-click and select "Format Cells"**
- 3. The "Format cells" dialog opens**
- 4. Go to the "Number" view**
- 5. In the Category, select "Custom"**
- 6. Type or select the following format: #,##0**
- 7. If you want to show thousands, add a comma at the end of the syntax: #,##0,**
- 8. If you want to show millions, add two commas at the end of the syntax: #,##0,,**

# EXAMPLE

Format Cells

Number Alignment Font Border Fill Protection

Category:

- General
- Number
- Currency
- Accounting
- Date
- Time
- Percentage
- Fraction
- Scientific
- Text
- Special
- Custom

Sample

1,000.0 K

Type:

###0.0, "K"

\_( \$\* #,##0\_ );\_( \$\* ( #,##0 );\_( \$\* "-??\_ );\_( @\_ )

"Wk" 0

...

??,??0.0???;-?,??0.0???

\_( \* #,##0.000\_ );\_( \* ( #,##0.000 );\_( \* "-??\_ );\_( @\_ )

\_( \* #,##0.0\_ );\_( \* ( #,##0.0 );\_( \* "-??\_ );\_( @\_ )

0,

#,##0,

0.0,

0, "K"

###0.0, "K"

Delete

Type the number format code, using one of the existing codes as a starting point.

OK Cancel

# BONUS

## Bonus 1:

-If you want to show a k after the figures for thousands, use : #,##0,"k"

-If you want to show a k after the figures for thousands, use : #,##0,,"m"

## Bonus 2:

-If you want to show decimals, use the following format: #,##0.0, (for thousands).

## Bonus 3:

-Use this technique to convert your numbers format in your Pivot tables value to have automated reports.

1. In the Pivot Table, select one of the cells with the value you want to format
2. Right click and select "Value Field Settings"
3. Click Number Format at the bottom of the dialog box.
4. In the Format Cells dialog box, in the Category list, click the number format that you want to use



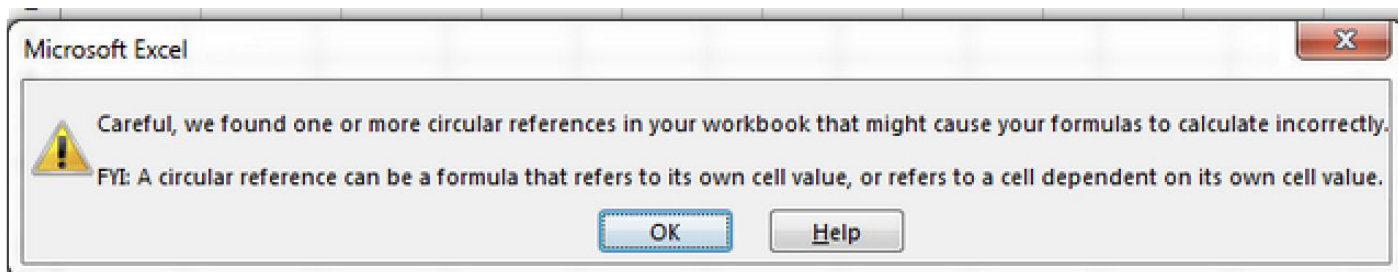
# **EXCEL TIP #4**

## **HOW TO SOLVE CIRCULAR REFERENCES**

**29**

# NEED

**Do you get Warnings  
from Excel about  
Circular Reference but  
never pay attention to  
it?**



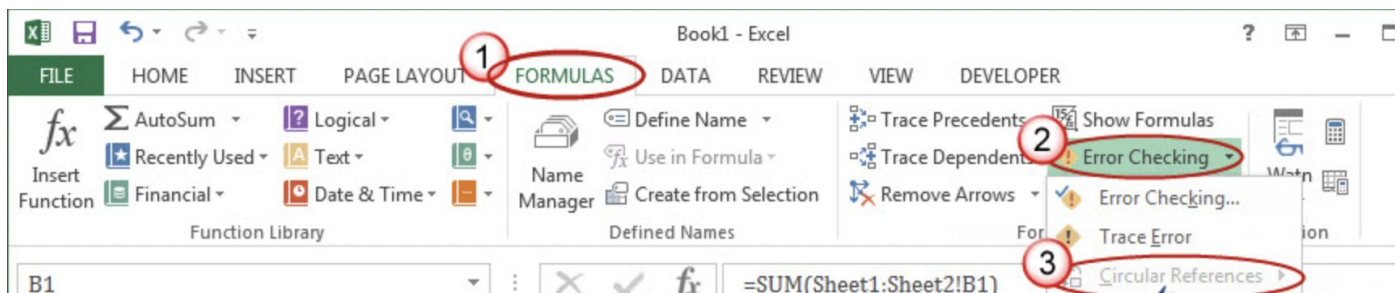
# HOW TO DO IT

**Just go to:**

**Excel Ribbon**

- 1. Click “Formulas”**
- 2. Click “Error Checking”**
- 3. Click “Circular references”**

**Then Excel shows you the list of cells with circular references if you have some**



# **EXCEL TIP #5**

## **HOW TO REPEAT ROW LABELS**

**30**

# NEED

**You have a table with row labels not repeated.**

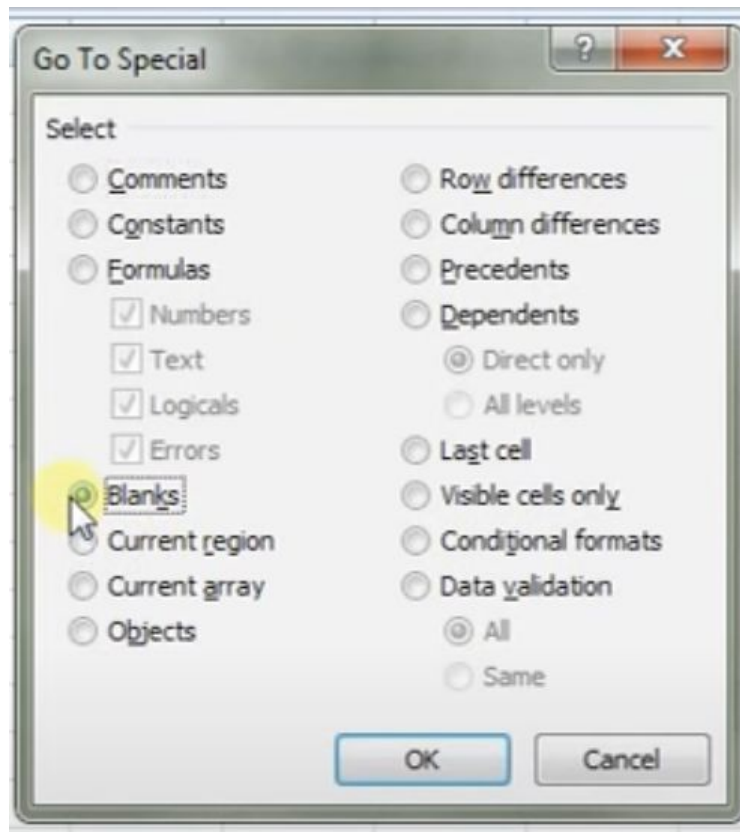
**Problem: you can not use this table to make a pivot table.**

	B	C	D	E
38	Name	Account	Date	Amount
39	Bayshore Water	Fuel	4/28/2012	24.00
40			5/5/2012	24.50
41		Utilities	5/12/2012	25.00
42			5/12/2012	38.75
43	Cal Gas & Electric	Office expenses	1/21/2012	156.22
44			2/25/2012	122.51
45			3/24/2012	113.89
46			4/21/2012	118.50
47	CalOil Company	Rent of other business	2/10/2012	66.56
48			3/17/2012	52.48
49			4/7/2012	72.74

# HOW TO DO IT

- 1) Select the columns with the empty row labels.**
- 2) Press the F5 function key**
- 3) Click Special...**
- 4) Select Blanks and click OK (all blank cells in the data will be selected)**
- 5) Press the = sign once and the UP arrow key once (you will see a formula appearing in a cell).**
- 6) Press CTRL+ENTER to finish**
- 7) All the blank cells will now be filled in with the values. Note that they are all formulas and must be converted to values.**
- 8) Copy the entire range and paste as value**

# EXAMPLE



# Thank you for reading this guide !

If you like it,  
save it, for you,  
**share it** around  
and **follow me**  
to see my future  
posts.

