

FINANCIAL FUNDAMENTIALS / FINANCIAL BASICS

From practice to practice, the seminar participant experiences in a complex business simulation exactly the dynamics and forces that must be maintained in the everyday business of a controller, who carries strategic decisions, financial overview and also at all times be able to assess exactly how well or badly his company is doing.

Within three intensive seminar days the participants are guided to a basic understanding of strategic management and controlling.

By means of a simulated business situation, financial policy and strategic decisions are made in small groups.

The effects of decisions have a direct impact on the simulated course of business. Success is then analysed. During the entire simulation process, the participants are trained in business discussions.

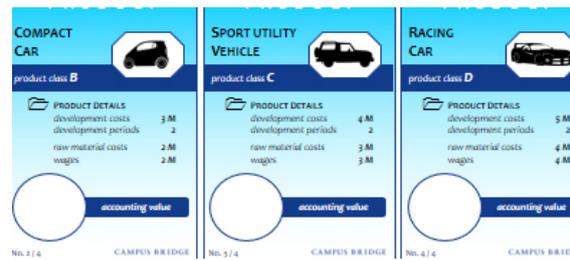
Start of the company simulation:

With a limited initial budget of 20 million CB cash and a functioning basic equipment of the simulated company. The participants are put in small teams in the situation to steer the enterprise immediately. In the absence of company documentation, the teams start with their first analysis.

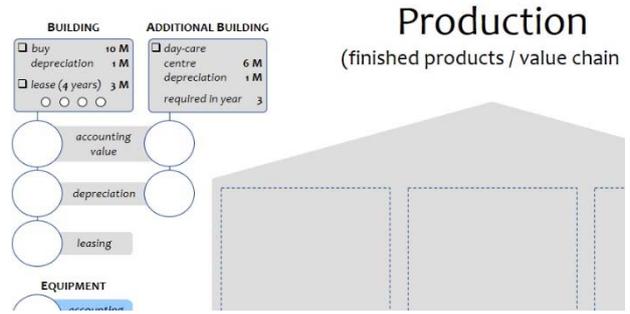
- 1.) The first step is to form your own picture of the business situation.
- 2.) First decisions regarding new or expanded business capacities are made.
- 3.) It is to be planned with which products one would like to be active on which markets.
- 4.) A business plan for the near future must be drawn up and presented to the public in a fictitious press conference.
- 5.) Then the operative business begins. The financial situation has to be secured. The participants will buy, sell, negotiate and produce in competition between the participating groups.
- 6.) The annual financial statements will be prepared and evaluated with key figures.
- 7.) New investment decisions are calculated.
- 8.) Wrong decisions are corrected.
- 9.) After the first simulated financial years, the results achieved are presented at a new press conference and compared with the plans.



Products: Product variants can be manufactured or developed within a product portfolio. The products are subject to different market expectations. Development costs and sales prices vary. The participating groups are in competition with each other.



Production: Based on a given production capacity, investment can be made in new production technology and capacity, with varying material consumption and throughput times. Purchase or lease? How profitable will the investment be with dynamic or static investment calculation methods ?



Markets: The market in which you are active is your home market. However, you can expand to other foreign markets. This requires developing a market and calculating market development costs and advertising costs for the target markets. At the same time, distribution costs will be incurred for the transport of goods. These costs vary depending on the target country.



You can serve both national and international premium markets - or low-cost markets. Your sales on premium markets depend on your marketing activities and the resulting market shares. You can achieve higher sales prices on the premium markets.

On the low-cost markets, you can achieve lower sales prices. However, the sales potential of these markets is high, so that there is hardly any danger of not being able to sell your capacities.

You also have to keep an eye on the financial market, because you can invest your funds in the money market. Either you invest in other companies or you invest your money as a savings deposit, which you can call up at any time. Of course, both the investments and the loans you can take out are subject to varying interest rates. The interest rates on your loans also depend on your credit rating and the risk you take when using them. You will negotiate your credit terms in individual bank meetings. Exchange rates also influence your company's profits. With regard to exchange rates, sales and procurement prices can develop positively or negatively for you.



The procurement market is subject to natural fluctuations due to inflation or the price development of raw materials. You can find out about prices and development trends through our own or externally procured market research.

The ongoing business activity:

As already mentioned, you first orient yourself and document your company's inventories in a balance sheet. The accompanying technical discussion will show you how this works.

Which products? Markets?	Which quantities? Chances / Risks?	Turn over? Liquidity?	Costs (total/per unit)? Factories?	Development of capacities? Profit?	Investme Ebit?			
	YEAR 1		YEAR 2		YEAR 3		YEAR 4	
production (A, B, C, D)								
market (discount / premium)	discount	premium	discount	premium	discount	premium	discount	pre
average price cost per unit								
structure costs								
sales per unit								
quantities								
total sale								

BALANCE SHEET

YEAR:

Then plan your procedure for the next 4 years. You draw up a business plan which you will present. This means that you forecast key performance indicators that you have worked out in the accompanying technical discussion. You plan turnover, products to be sold and markets to be worked on.

ASSETS		EQUITY & LIABILITIES	
FIXED ASSETS		SHAREHOLDERS EQUITY	
intangible assets		share capital	M
unlimited useful economic life	M	reserves	M
limited useful economic life	M	profit-loss carry-forward	M
intangible assets total	M	net profit for the year	M
land & buildings			M
incoming store	M		
production (half-ready)	M	SHAREHOLDERS EQUITY TOTAL	
intermediate	M		
production (finished)	M		
distribution warehouse	M	LIABILITIES	
additional buildings 1-3	M		
land & buildings total	M	provision for pension fund	M
equipment	M	long-term bank loans	M
incoming store	M	short-term bank loans	M
production (half-ready)	M	payables	M
intermediate	M	tax provisions	M

Now start your operative business.

You buy or lease machines, you rent, buy or lease production halls and warehouses. You will get to know the advantages and disadvantages of various forms of financing in an expert discussion. You will buy raw materials, produce your products, open up markets and sell your products in the competitive environment of other suppliers. You will strive to meet your agreed delivery deadlines, because if you deviate from agreed delivery quantities or times, you may be subject to contractual penalties. In addition to the ongoing business, it is your task to keep the company on course for success in the long term. For this reason, your product range should always be state-of-the-art. This also requires investments in your active research and development.

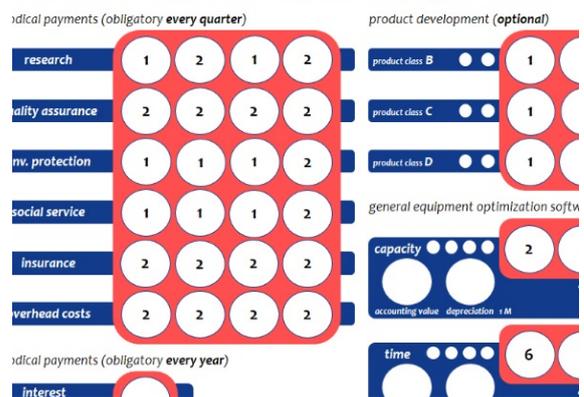
You record your business activity quarterly in the balance sheet and income statement. You determine the most important key performance indicators on a quarterly basis. At the end of each year, you evaluate the annual financial statements you have prepared yourself. The evaluation of the annual accounts refers to liquidity, profitability and stock key figures.

At the end of the second fiscal year, you make a first statement on your business figures.

You will learn in a professional discussion how you can better control and plan investment decisions using investment calculation procedures.

Are the planned values correct or must the planning be readjusted? With your newly prepared knowledge on investment calculation, you can check the potential and correctness of your investment planning. Now at the latest you have the opportunity to free yourself from unskilled decisions. Perhaps you are liquidating assets and deciding on a reorientation.

Accessory Costs / Strategic Inves



You also have the opportunity to specialize and sell finished products to your competitors who may have sales obligations and cannot meet them with their own capacities.

You make decisions about negotiating possible cooperations with competitors in order to drive other competitors out of the market. This works as long as the regulatory authority approves it or does not sanction it.

At the end of the simulation, your individual company situation will be evaluated. It will be analyzed and discussed which company has which key figures and how the company situation is to be judged.

Finally, real existing annual financial statements can be analysed and discussed in an expert discussion.

Seminar language: English or German

