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# Training Managers on Budgeting Basics



# Today's Presenter

**Lianabel Oliver**

**OBALearn**

Lianabel Oliver is the Founder and Chief Executive Officer of OBALearn, an educational technology venture aimed towards a global market. She has over 23 years of experience and is a recognized expert in the fields of strategic planning, cost management, and management accounting. She has extensive industry experience in the areas of accounting and management.



## Resource

**Eduardo Nin**

**Management Consultant**

Eduardo Nin is a CPA and management consultant with significant industry experience in financial and cost management. Formerly, he worked as Director of Finance at Hewlett Packard Company in various HP facilities in the US and Puerto Rico.



# Interaction During the Program

- Use the general chat to communicate with anyone in the class.
- Feel free to ask questions and make comments at any time.

# Participant Introduction

In the general chat window, please

**INTRODUCE YOURSELF**

with your name, location, and industry.

# Overview

Planning versus budgeting

Financial competencies required

How to assess the knowledge gap

Key factors to consider in designing  
your training strategy



Plan **FIRST**,  
budget later

# Participant Interaction

What is a budget?

Please enter your definition in the chat window.

# The Budget

Quantifies in monetary terms the action plans of the company over a short period of time.



# Planning

Identification of **long-range** goals and the strategies and action plans



# Budget

Quantifies plans into **monetary terms** in the short-term.

# Participant Interaction

In the general chat window, list some reasons why companies plan.



**RESOURCE ALLOCATION**



**CONTROL**



**FEEDBACK**

A diverse group of eight business professionals, including four men and four women of various ages and ethnicities, are standing in a row in a bright office setting. They are all smiling and holding a large, blank white banner that spans the width of the group. The banner is held up by their hands, and the word "COMMUNICATION" is printed in large, bold, black capital letters across its center. The background features large windows with white frames, and the floor is a light-colored tile.

**COMMUNICATION**



# **EXTERNAL DEMANDS**



# **SIMULATIONS**

What do  
you need



# Poll

What skills do your managers lack?

**Choose all that apply**

- A. Lack of financial literacy.
- B. Lack of knowledge on our planning process.
- C. Lack of skills on how to estimate spending.
- D. Inability to analyze spending variances.
- E. Inability to take action.
- F. My managers have the necessary skills.
- G. I have no idea.

# Key Competencies

Basic financial literacy

Knowledge of the planning cycle

Budgeting skills

# **1st Key Competency**

## Basic financial literacy

**Financial statements**

**Accrual accounting**

**Basic cost concepts**

# Basic financial literacy

## Financial statements



The image shows a financial statement with a magnifying glass focused on the 'Balance Sheet' section. The document is titled 'Balance Sheet' and lists various assets and liabilities. The data is presented in two columns for the years Dec 31, 2007 and Dec 31, 2006.

	Dec 31, 2007	Dec 31, 2006
<b>Assets</b>		
in € m		
Cash and due from banks	8,632	7,008
Interest-earning deposits with banks	21,815	19,199
Central bank funds sold and securities purchased under resale agreements	13,597	14,285
Securities borrowed	55,961	62,943
Financial assets at fair value through profit or loss		
of which €158 billion and €87 billion were pledged to creditors and can be sold or repledged		
at December 31, 2007 and December 31, 2006, respectively		
Financial assets available for sale	1,474,103	1,104,850
of which €117 million and €23 million were pledged to creditors and can be sold or repledged		
at December 31, 2007 and 2006, respectively		
Equity method investments	42,284	38,037
Other assets	3,366	2,541
Income tax assets	198,892	176,524
Deferred tax assets	2,409	3,241
Total assets	2,825,349	1,564,850
<b>Liabilities and equity</b>		
in € m		
Deposits	451,345	411,314
Central bank funds purchased and securities sold under repurchase agreements	176,741	158,239
Securities loaned	9,585	21,114
Financial liabilities at fair value through profit or loss	366,177	354,515
Other short-term borrowings	63,412	45,433
Other liabilities	171,636	144,126
Provisions	1,000	1,100
Income tax liabilities	4,519	3,285
Deferred tax liabilities	8,124	101,363
Long-term debt	126,102	101,363
Equity	8,340	4,772
Total liabilities and equity	1,564,850	1,564,850

# **Basic financial literacy**

## Accrual accounting



# **Basic financial literacy**

## Basic cost concepts



## **2nd Key Competency**

Knowledge of the  
planning process

# **Key information**

Critical events

Due dates

Responsibilities

Information needed

Interdependencies

# **3rd Key Competency**

## Budgeting skills

Specific techniques to estimate the numbers by line item

# Assessing the knowledge gap



# What is the desired **business outcome**?



Ability to plan and fiscally manage  
areas of responsibility

What are the **critical behaviors** linked to these business outcomes?



# What are the **critical behaviors**?

- Link short-term objectives to resources.
- Identify interdependencies.
- Estimate the cost.
- Identify opportunities.
- ACT on variances.
- Anticipate unforeseen situations.

# **What are knowledge and skills required to drive these behaviors?**

Basic financial literacy

Knowledge of the planning cycle

Budgeting skills

# Poll

What type of training on budgeting is available for your managers?

**Choose all that apply**

- A. 3<sup>rd</sup> party online training
- B. 3<sup>rd</sup> party public seminars
- C. Live, in-house training
- D. Blended learning
- E. The school of hard knocks

# What should be your training strategy for teaching managers how to budget?

You cannot teach budgeting in a vacuum.

It needs to be a **comprehensive program**,  
not just a one-day training.

Financial statements

Accrual accounting

Accounting terminology

Basic cost concepts



# Teach planning first!

- The functions of a plan
- Budgets and forecasts
- How your planning cycle works
- How to analyze your environment
- How to develop strategies and action plans



Tie short-term plans to resource requirements.  
Analyze cost structure and estimate critical line items.



Decisions on  
**CONTENT** and **DELIVERY**  
will affect the  
**training effectiveness**  
and  
**COSTS.**

# Content

## In-house

Cost = Medium to high

OR

## Outsourced

Cost = Low to medium

# Delivery Methods

- Instructor-led, live
- Instructor-led, online
- Blended learning
- Online self-study
- Manuals

# Delivery Blended



## Online

Establish a base level of knowledge



## Live

Collaboration and interaction

# Mentoring



# Key Questions to Answer

What is the **desired business outcome**?

**Who** need to be trained?

What **skills** do they lack?

**How much** am I willing to invest?

Are **in-house resources** available?

How will I **measure** the outcome?

# **FINANCIAL TRAINING**

## **Pays for Itself!**

Improved decision making  
Better utilization of resources

RESULTS IN

Increased profits

# Final thoughts....

Teaching managers to budget effectively is  
**NOT** a one-time event.

It requires **mentoring** and **follow-up**.

For online training, HR must ensure  
managers are **accountable**.

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[www.obalearn.com](http://www.obalearn.com)

- Free online courses
- Financial Q&A
- English-Spanish glossary
- Blog on financial and training topics

Use the code

**ATD25**

to save 25% on our Premium Plans

*\*Discount valid through March 2nd*

# Increase your financial literacy with our eBook!

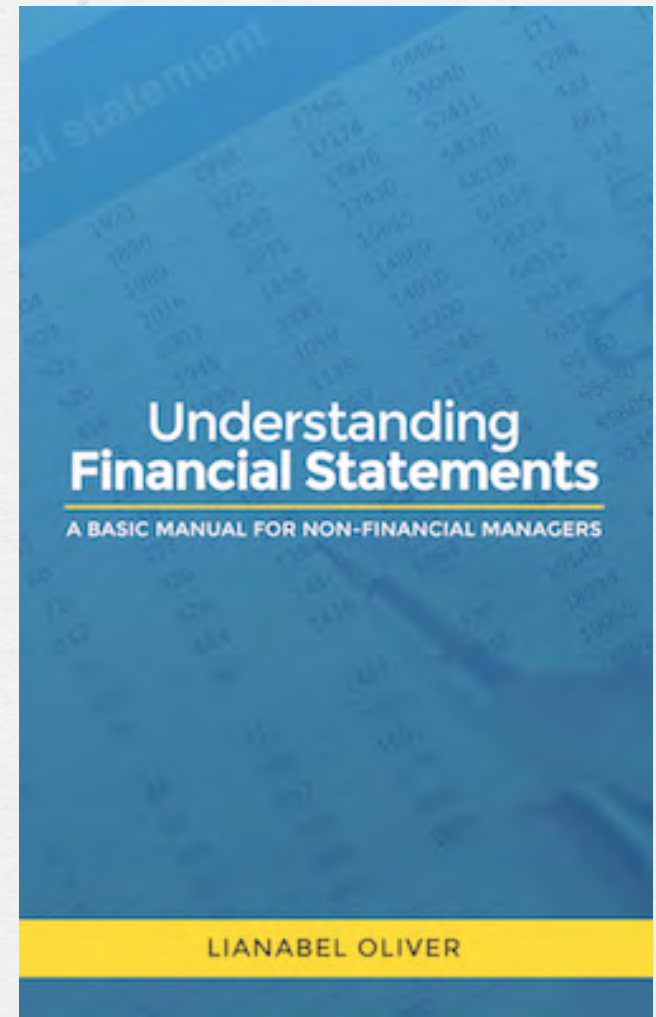
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