Finance for Operations Managers

GoSkills online course syllabus

Friday, May 17, 2024

Skill level	Lessons	Accredited by
Beginner	35	CPD
Pre-requisites	**Video duration**	**Estimated study time**
None	2h 57m	17h 30m for all materials
Instructor		
Ray Sheen		

Finance Fundamentals

1 **Amount and Timing**

There are two equally important attributes of every financial transaction, the amount and the date it occurred. Both are required for financial reporting and analysis.

2 **Revenues and Profits**

Revenue is the amount of money that a company receives for selling its goods and services. Profit is the amount of money that a company earns after it has paid all its expenses.

3 **Cost and Investment**

Both costs and investments result in spending money. Costs are spending money to run the business and investments are spending money to prepare for the future.

4 **Operations and Ownership**

Operating managers are responsible for managing the day to day business operations. Owners are ultimately responsible for success or failure of the business. Ideally these two groups are working closely together.

Financial Reports

5 **Earnings Statement Part 1**

The Earnings Statement is a financial report that shows business profitability over some time period.

6 **Earnings Statement Part 2**

The Earnings Statement is a financial report that shows business profitability over some time period. This lesson will focus on the revenue portion of the Earnings Statement.

7 **Earnings Statement Part 3**

The Earnings Statement is a financial report that shows business profitability over some time period. This lesson will focus on the expense portion of the Earnings Statement.

8 Balance Sheet Part 1

The Balance Sheet is the financial report that shows what the business is worth at some instant in time.

9 Balance Sheet Part 2

The Balance Sheet is the financial report that shows what the business is worth at some instant in time. This lesson will focus on the Asset side of the Balance Sheet.

10 Balance Sheet Part 3

The Balance Sheet is the financial report that shows what the business is worth at some instant in time. This lesson will focus on the Liabilities and Equity side of the Balance Sheet.

11 Cash Flow Statement Part 1

The Cash Flow Statement is a financial report that shows how well the company was able to convert business activity into cash over some time period.

12 Cash Flow Statement Part 2

The Cash Flow Statement is a financial report that shows how well the company was able to convert business activity into cash over some time period. This lesson will focus on sources of cash.

13 Cash Flow Statement Part 3

The Cash Flow Statement is a financial report that shows how well the company was able to convert business activity into cash over some time period. This lesson will focus on uses of cash.

14 Relationships Between Financial Statements

Each of the financial statements provides insight on an aspect of the business financial status and structure. These accounts across the statements are related, and changes to values will likely impact multiple statements.

Ratios and Measures

15 Profit Measures

When calculating profitability, the different profit measures provide insight into the most significant factors that are creating corporate profit or loss.

16 Return on ... Ratios

Return ratios are normally used for comparing companies or comparing the past performance of a company with its present performance.

17 Working Capital Measurements

The working capital and turnover measurements are used by operations managers to track the efficiency of the operations.

Budgeting

18 Cost Account Characteristics

It is important to know what category of account you are working with when budgeting and tracking spending. The different categories of accounts behave differently so knowing which category you are working with will provide insight into the budgeting and tracking process.

19 Strategic Planning and Budgeting

Most businesses prepare a strategic plan that projects how the company will achieve or maintain a competitive advantage. It is used to guide the budgeting process.

20 Business Budgeting

Business budgets are the financial plan of the business. They are normally created for one year at a time and allocate the spending and revenue across business units, departments and accounts.

21 Estimating

Estimating is used when planning and budgeting business costs or revenues. The estimate needs to include both the amount and the timing of the transaction.

22 Capitalization and Amortization

Whenever a company purchases an asset with long term value, it must be capitalized. Every asset that is capitalized is then depreciated, which is special form of amortization.

23 Depreciation

If you capitalize a fixed asset, you are required to depreciate it on the business financial books.

24 Budget Baseline

Budget baselines should be used if costs must be controlled within a department or on a project.

Business Case

25 Developing a Business Case

The business case provides the business rationale, normally in financial terms, of why a project should be done.

26 Return on Investment (ROI)

Return on Investment is a financial calculation to determine whether the business benefit of an investment is worth the cost.

27 Payback Period

The Payback Period is a Return on Investment analysis that determines the amount of time needed to accumulate enough benefit to pay for the cost of the project.

Variance and Forecasting

28 Cost Behavior

The business financial system records costs based upon the cost account type. The costs are often accrued near the end of fiscal quarter or year.

29 Tracking Operational Expenses

Operational expenses are the normal costs of the business and are tracked by function and cost type. They are either reported as totals on a per unit (unit cost) basis.

30 Cost Variance Reporting

Cost variance reporting is the calculation and reporting of costs that are different than what was expected by the budget or standard.

31 Forecasting Expenses

Financial forecasts for the final cost of activities are created to allow activity managers to make wise business decisions. The approach used for forecasting should vary based upon the nature of the activities being forecasted.

Operations Finance

32 Product Cost

The business circumstances will dictate how best to analyse and assess product cost. Factors to consider are the manufacturing location, material and labor content, and product configurations.

33 Inventory Cost Management

Companies that manufacture products must manage their inventory to keep costs low but availability high.

34 Make versus Buy

Make versus Buy is a decision process to determine if a product, or part of a product, should be made by the company or by a supplier.

35 Productivity

Productivity is a term used to indicate improved efficiency which results in more output for the same input.