

## Leading Your Human Resource Toward Value Creation : Using the *Training Roadmap*

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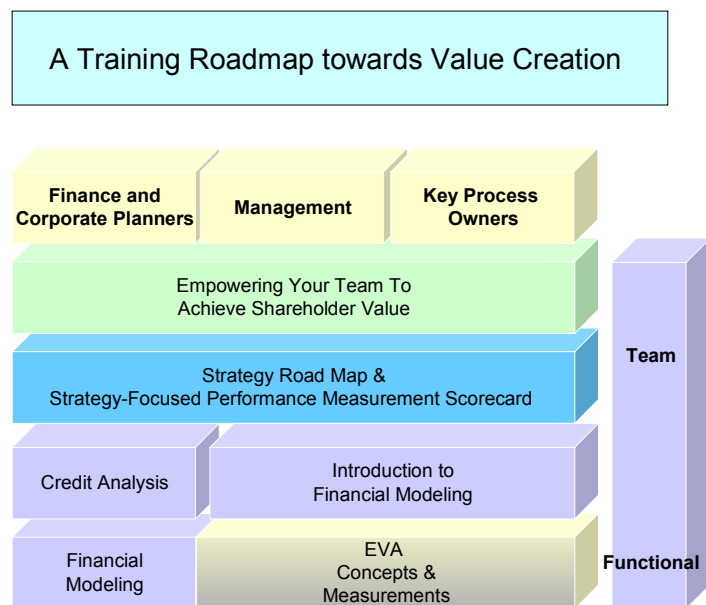
The need to create shareholder value is a constant refrain you hear in the corporate world today. No corporate is immune from having to make a return commensurate with the risk taken. Failure to address this issue can lead to shareholder value destruction and investors shying away from additional capital injection at times when it is most needed to fund expansion and growth to ward off competition. In short, performance measurement and management is what keeps senior executives awake these days.

Corporates are faced with mounting pressures from stakeholders demanding results and are compelled to address these issues with an urgency like never before.

Following the success of its Financial Modeling workshops, **Thinkmasters** has developed a compendium of training workshops under the theme :

***"Helping professionals create value"***

to meet the needs of the professionals seeking to create value for their enterprises ( figure 1 ) .



**Figure 1 : Training Workshops : Helping Professionals Create Value**



### ***The Strategy Roadmap and Strategy-Focused Performance Measurement Scorecard***

is targeted at corporate planners and finance executives focussed on developing corporate strategy and implementing a performance measurement scorecard. The workshop equips participants with an understanding of competitive strategy, competitive forces at work and how to categorise them using Michael Porter's Model for

Competitive Strategy Analysis. Case studies and role plays will enable participants to identify and prioritise value drivers drawn from different perspectives of the business, and analyse the cause-and-effect of resources deployed to achieve objectives. Templates will be provided for participants to easily interpret their findings and form a holistic view of the business and the strategy to create value. In so doing, participants will surface the optimal strategy for a corporate to adopt in order to exploit its core competencies through an iterative process.

With a corporate strategy and a performance measurement scorecard firmly in place, corporates may also find it necessary to quantify value drivers in dollar-value terms and understand its ultimate effect on Enterprise Value. This can be achieved through **Financial Modeling for Analysis and Valuation**, a 3-day workshop covering detailed mapping of value drivers including competitive advantage period, revenue growth and productivity strategy, working capital expenditure, and tax management.



Once constructed, the model proves extremely robust, working in tandem with the overall corporate strategy for better measurement and management of resources.

Participants will model the value drivers which give rise to value creation and understand their impact on Market Value Added. A robust financial model will prove useful, for example, to understand how an initiative like the launching of a new product with related capital expenditure is likely (or not) to enable the corporate to maintain its competitive period, and create the necessary Return on Invested Capital (**ROIC**) to clear its hurdle rate. Enterprise value will be derived using Free Cash Flow (**FCF**) and this will be reconciled to the EVA method of computing Enterprise Value (**EV**). The end results, and use of different methods will be thoroughly examined.

For the busy senior executive intent on getting a snapshot overview of Economic Value Added, a 1-day workshop entitled **"Economic Value Added – Concepts and Measurements"** serves to build the foundation necessary to lead the corporate towards shareholder value creation. Participant will be led through key concepts in Value Creation like Economic Value Added (**EVA**), Free Cash Flow (**FCF**), Market Value Added (**MVA**) and the **MVA ratio**. Participants will review and understand key value drivers by stress testing each one against the strategy roadmap, and working through mini case studies and examples to track the effect of value drivers on Enterprise Value.



Though brief, the workshop is comprehensive in exploring and underpinning the rationale behind value creation, and equips senior executives with contemporary corporate finance, management theory and practice to lead their teams toward value creation.

Finally, to strengthen the case for effective implementation for the strategy workshop, the 2-day residence workshop ***Empowering Your Team to***



***Achieve Shareholder Value Creation*** gives participants the opportunity for a corporate retreat to build teamwork and encourage leadership skills in value creation initiatives. Participants will drill down on value creation work processes, and examine how projects can be rewarded against a risk-return matrix. By taking time out to examine their

respective areas of competency within the organisation, participants contribute toward value creation by identifying appropriate value drivers to map objectives, benchmark standards and set initiatives, and understand the cause-and-effect analysis on the overall corporate strategy where customer-centric-ness entails an outside-inside perspective to ensure success for the corporate. The retreat will serve to facilitate in the buy-in process, and value creation gaps surfaced can be immediately analysed through breakout / brainstorming sessions

## **Related Courses**

Participants who have extensive experience in financial modelling and value creation are also encouraged to attend a 1-day workshop on ***FM for Risk Management Using Advanced Excel and VBA Programming***.

This workshop is relevant to strategic planners that are involved in the management of a portfolio of investments and are keen to understand the dynamics of diversification and learn how to seek optimal return: maximising expected return against a unit of risk (Volatility). Variance and covariance matrices will be mapped and understand how correlation impact efficiency frontier of portfolio.



Programming techniques will be taught to provide flexibility in creating what-if scenarios using Solver and Goal Seek functions. These will be applied to examples where the end result is held constant by changing 2 variables, and where you need to solve for an optimal result with constraints.

To better appreciate the effect of financial leverage on Enterprise Value, participants are also encouraged to attend a 3-day ***Applied Credit Analysis and Value Creation*** workshop which will closely examine the effects of financial leverage and its effect on Enterprise Value.

Participants will be taught on how to track financial leverage, a key value driver, through the rating system used by major banks as well as external rating agencies. A credit rating system will be introduced, and this should be mapped against the financial model for Economic Value Added in order to gain a holistic view of the credit rating within the overall value creation framework.



Learn how to map a credit scoring system to highlight early warning signs of deterioration in credit and its effect on the cost of funds and Enterprise Value. Participants are given the opportunity to learn to track their radar screen for potential hotspots and risks, using a Financial Modelling template integrating ratios for both value creation as well as overall credit rating.

For example, examine the effect on financial ratios when embarking on high risk acquisitions through debt to achieve a revenue-growth strategy, which later falls short of anticipated targets. Participants benefit from developing in-house policies to maintain a targeted credit rating, imposing internal pricing policies for external funding, and formulating a set of covenants that will internally trigger a default scenario before discovery by third party lenders, and learning to take appropriate remedial action quickly in order to address those scenarios effectively.

**For further details, please contact us for courses details and dates**

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