

Financial Risks/Opportunities in Supply Management

Objectives

This module is part of the EIPM Certifying Courses Level 1. The module aims to ensure a basic knowledge of business finance in order to:

- Optimise our sourcing strategy to improve our business performance
- Monitor the financial health of current and potential suppliers

Following this module, buyers will be capable of:

- Knowing the contents and purposes of the 3 financial statements
- Using sourcing levers to either reduce cost or free up cash
- Applying ratios to obtain a picture of the financial health of a supplier
- Asking questions to existing or potential suppliers to gain an insight into the financial situation

Target group

- Buyers, lead buyers and commodity managers, who need to evaluate the financial health of their suppliers or develop strategies to improve the financial performance of their own companies.

Duration and location

- 3 days on the Archamps Campus (France).

Methods and tools

- Business simulation
- Video
- 3 Financial Statements
- Supplier assessment sheets
- Working capital sheet
- Performance measures

Content

PHASE	CONTENT
DAY 1	<p> Introductions and expectations Formation of groups to team up to play out 'Bee Finance' a board-based simulation Kick-off to set-up the business simulation and roll-out Quarter 1, under the control of the instructor Perform Balance Sheet, Income Statement & Cash Flow Statement </p> <p> Groups take charge of their company, determine their strategies and make decisions to determine sales orders and strategic spending Roll-out Quarter 2, complete the 3 financial statements Introduction of measures and calculation of company performance, which is published and compared to competition </p>
DAY 2	<p> Review of points covered and those in need of further clarification Perform a SWOT Analysis, decide any changes in strategy as well as provide data for marketing algorithm Roll-out Quarter 3, negotiate business issues with stakeholders, complete the financial statements and company measures </p> <p> Video: Balance Sheet Barrier Presentation on Working Capital Management & Capex decision Prepare market algorithm and roll-out Quarter 4 Complete the financial statements and company measures </p>
DAY 3	<p> Focus on sourcing levers to reduce costs and release cash Overview of improving performance by studying growth, cash generation, profitability, performance, asset management, indebtedness Group exercise to review how they have improved </p> <p> Investigate supplier's financial health with the use of key ratios Involvement in 'Questions to ask your supplier' </p> <p> Overview of financing tools available to suppliers, wishing to expand </p> <p> Exercises on real cases: would you place an order with this supplier? Groups provide conclusions </p>