

Financial Risks / Opportunities in Supply Management

Learning Goals

Following this module, participants will be able to:

- Know the objective, content and presentation of the 3 main statements included in the financial reporting.
- Calculate ratios and ask questions to obtain a picture of the financial health of a supplier.
- Understand the impact of the cost structure on inventory valuation.
- Assess the consequences of some procurement decisions on the financial statements presentation.
- Identify the basic principles of risk assessment.

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.

Methods and tools

- Presentation of the main financial statements .
- Description of financial ratios and cost management principles .
- Definition and use of net present value and internal rate of return.
- Presentation of methodologies to manage risks and to profile suppliers.
- Business game.

Credit for



DAY 1

- Introduction and expectations.
- Financial analysis of 3 financial statements: balance sheet, income statement, cash flow statement.
- Formation of groups to team up and play out "Bee Finance", a board-based simulation game and roll-out quarter 1 under the control of the instructor.
- Groups take charge of their own company and make decisions regarding strategic spendings, which will determine sales order, production and purchases.
- Presentation and description of the most common financial ratios.
- Groups produce their Q1 financial statements and ratios, and compare these to the objectives given by the instructor.

DAY 2

- Review of points covered and those which need further clarification.
- Roll-out Quarter 2, make decision from news given by the instructor.
- Groups produce their Q2 financial statements and ratios, and compare them to the objectives given by the instructor.

- Presentation of the impact of Costing on Inventory Valuation, of Procurement Finance drivers, of Net Present Value and Internal Rate of Return.
- Roll-out Quarter 3, make decision from news given by the instructor, negotiate with instructor when needed.
- Groups produce their Q3 financial statements and ratios, and compare them to the objectives given by the instructor.

DAY 3

- Presentation of methodologies to manage risks and to profile suppliers.
- Roll-out Quarter 4, make decision from news given by the instructor, negotiate with instructor when needed.
- Groups produce their Q4 financial statements and ratios, and compare them to the objectives given by the instructor.
- Instructor presents various documents to allow participants to use these in their daily operations.
- Exercise to assess knowledge acquisition.
- Participants provide conclusions.



This module can also be taken on an independent basis.