

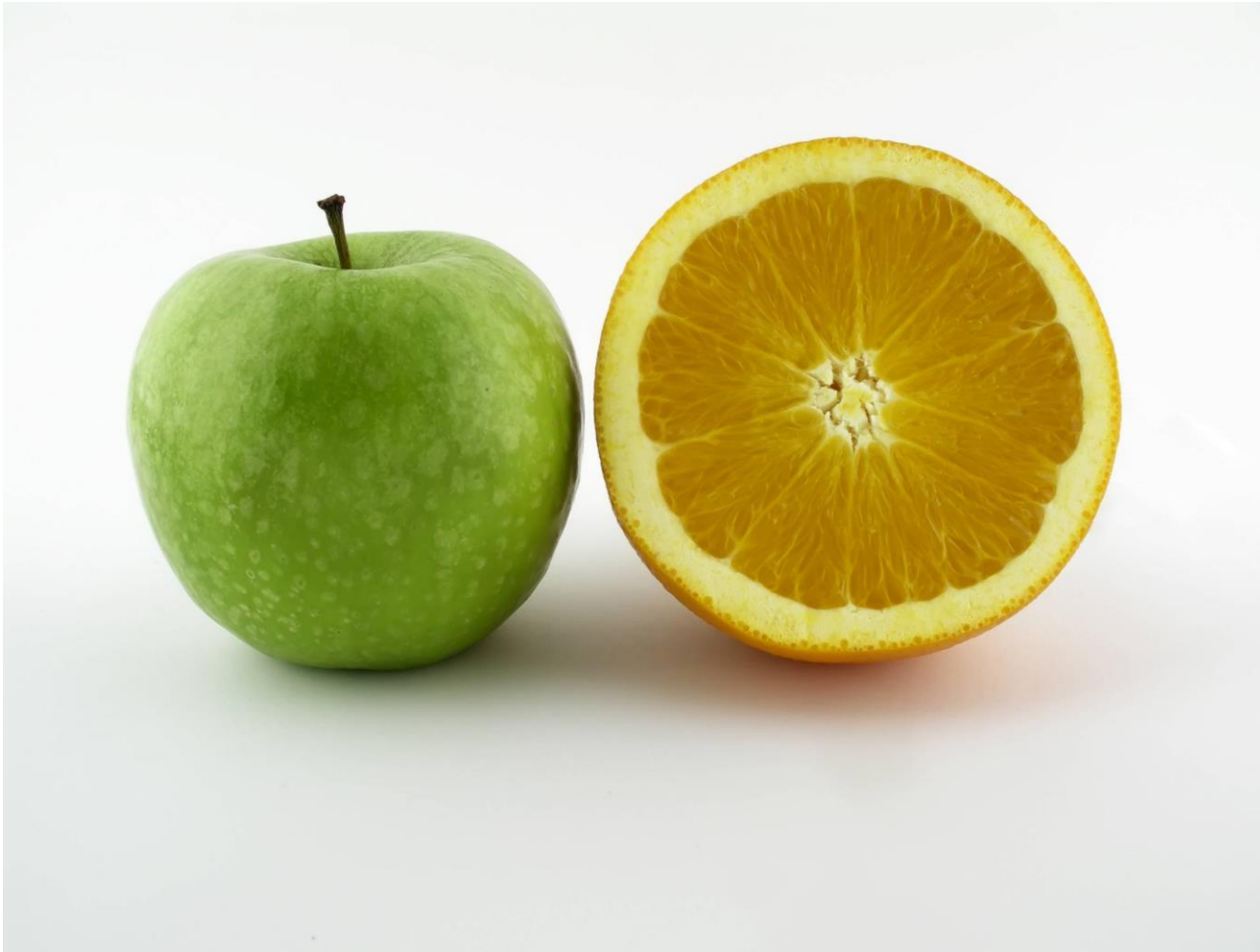


CELEMI

THE POWER OF LEARNING

BUSINESS FINANCE FOR EVERYONE

Manufacturing – Sales



"Invite people to think like business owners..."



... so they can base their future decisions on sound business thinking."

The purpose

To develop business acumen:

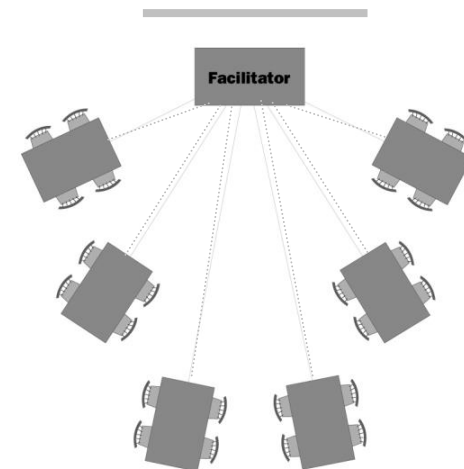
- To create a common frame of reference
- To explore and discover the key value drivers
- To realize the potential for improvements



The seminar in a nutshell

General information

- Target groups
 - Middle and first line managers as well as co-workers.
- Time
 - 6 to 8 hours.
- Number of participants
 - Virtually unlimited.
Typical seminar: 20-24 participants (5-6 teams)
- Simulation
 - Board based
- Facilitation
 - Trainers certified by Celemi



The seminar at a glance – the flow

- **Opening – setting the scene**

Your own organization:

- What are we up against?

- **The Manufacturing – Sales simulation**

Scenario:

- "From mediocrity to excellence in 3 years"

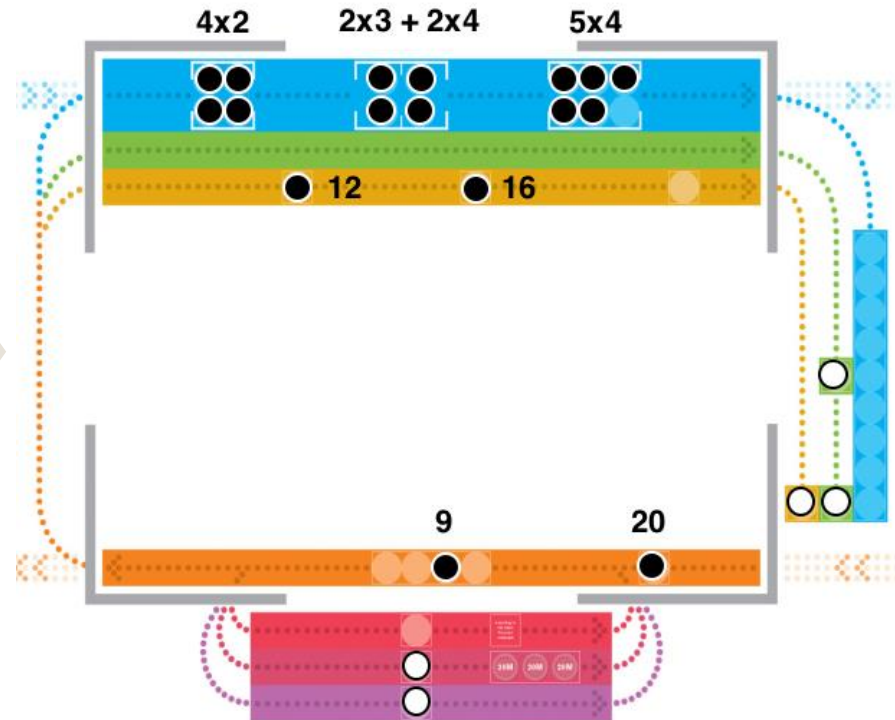
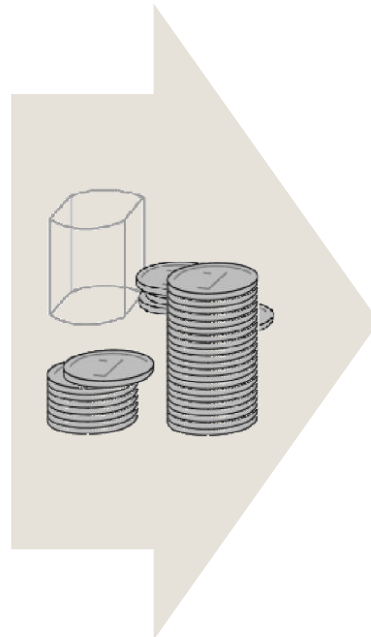
- **Next steps – the way forward**

Back to your own real world:

- What is our potential for improvements?
- What can we do to tap them?

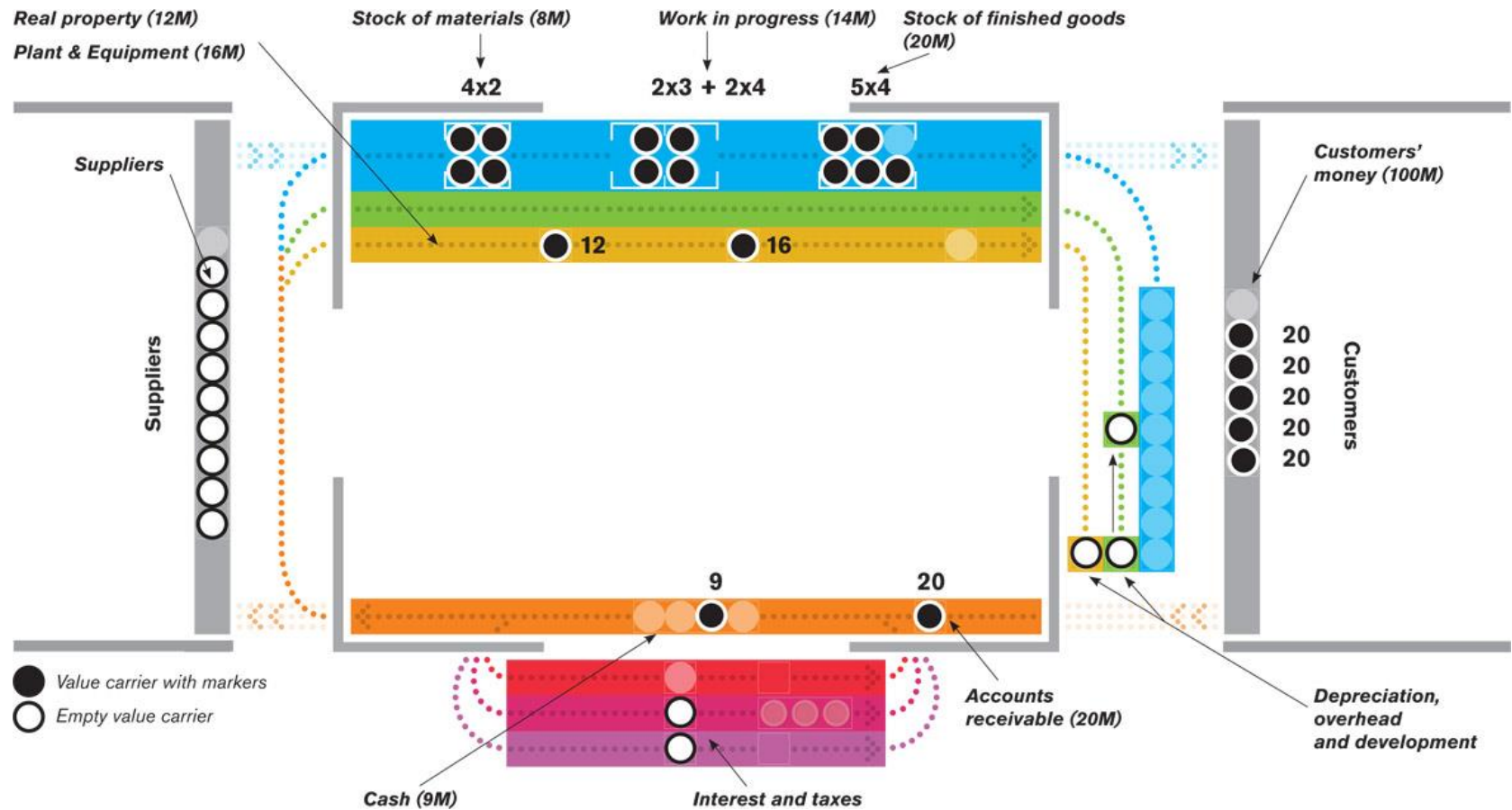
This is how business finance comes to life

ASSETS	Year 0
Cash and bank	9
Accounts receivable	20
Materials	8
Work in progress	14
Finished goods	20
Total current assets	71
Plant and equipment	16
Real property	12
Total fixed assets	28
TOTAL ASSETS	99



The model company's finances are represented by value markers and value carriers which allow the teams to imitate the circulation of capital during the financial year.

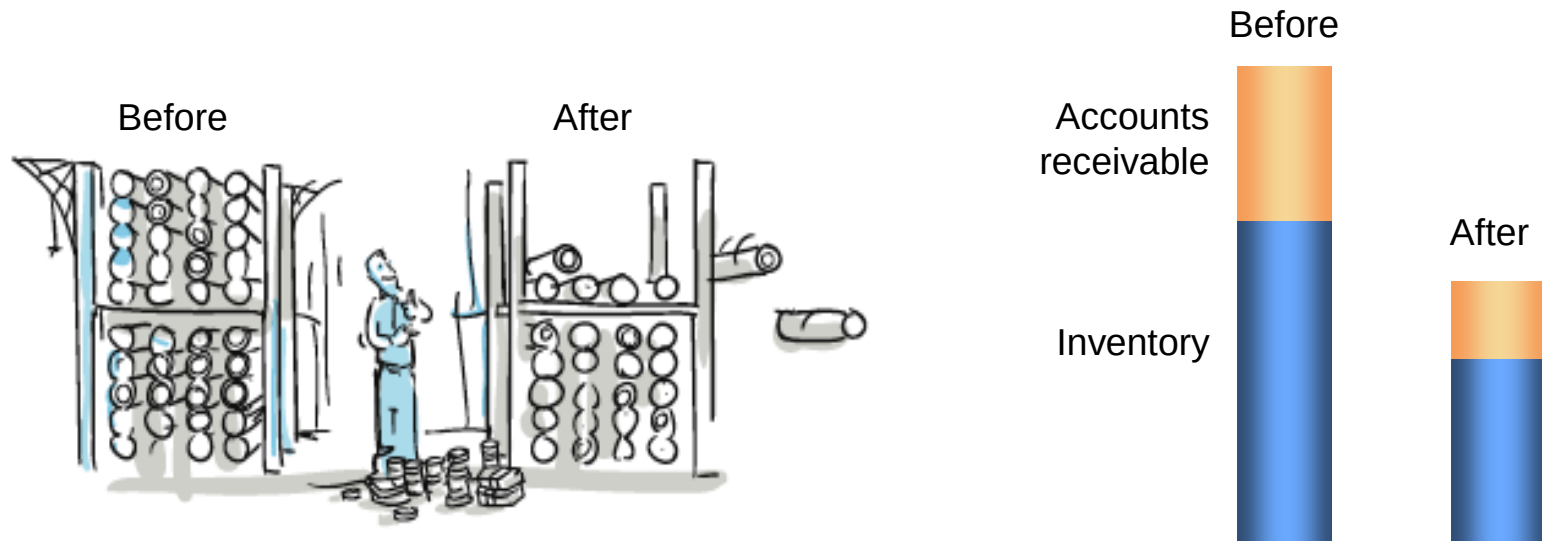
This is how business finance comes to life



The scenario

Year 1: Focus on working capital – "Turning deadwood into cash"

- Working capital down 50%
- Return on equity up 300% (from 5 to 14%)



The scenario

Year 2: Going for economy of scale – Competition gets tougher!

- Price cut
- Major investments
- Cash-flow concerns

GI FINANCIAL WEEKLY

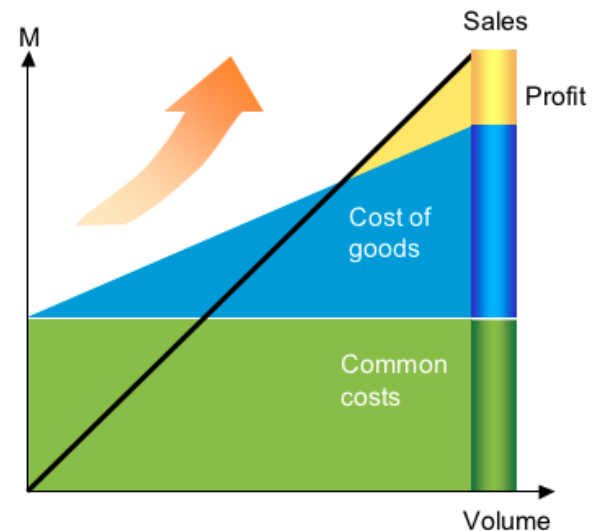
The competitive landscape is changing quickly.

- Demand is growing.
- Supply is growing even more.
- As a result:
Prices are falling rapidly.

Year 1

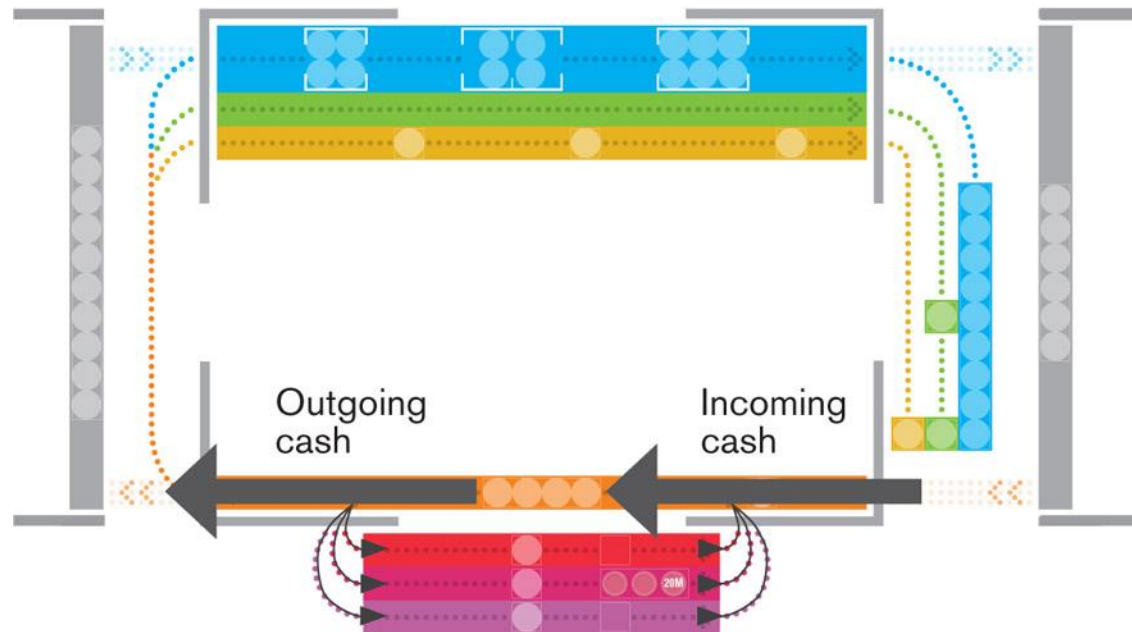


Year 2



The scenario

Year 2: Focus on cash



“Profit is an opinion. Cash flow is fact.”

The scenario

Year 3: Build a customer base for short- and long-term sustainable profit

A competition between the teams!

- Volume
 - Can we grow the business with the customer...?
- Loyalty
 - Will they continue doing business with us...?
- Image value
 - Will they attract other customers...?
- Price sensitivity
 - Do we need to offer lower prices?
Or could we raise prices?
- Payment terms
 - Are we expected to lend money to our customers? How much, for how long?

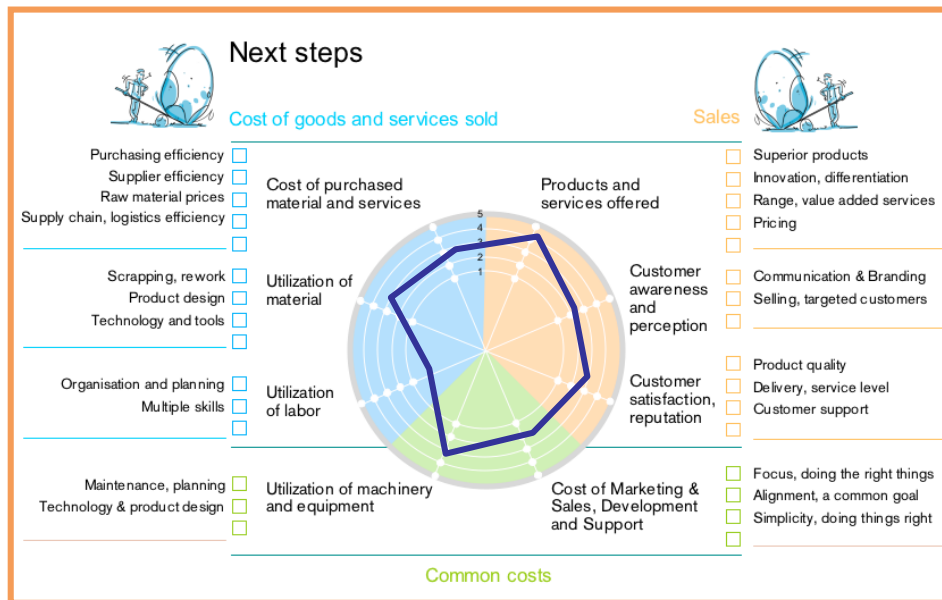
PERIOD 1 Cost of goods sold 2M	AQUAR Sales 4M Accounts Receivable (2M)										
Order: 2 units at 2M/unit Terms: This is a one-period contract											
Characteristics and trends <table> <tr> <td>▲ Volume</td><td>Growing</td></tr> <tr> <td>▲ Loyalty</td><td>Medium</td></tr> <tr> <td>▲ Image value</td><td>Low</td></tr> <tr> <td>▲ Price sensitivity</td><td>High</td></tr> <tr> <td>▲ Payment terms</td><td>9 weeks</td></tr> </table>		▲ Volume	Growing	▲ Loyalty	Medium	▲ Image value	Low	▲ Price sensitivity	High	▲ Payment terms	9 weeks
▲ Volume	Growing										
▲ Loyalty	Medium										
▲ Image value	Low										
▲ Price sensitivity	High										
▲ Payment terms	9 weeks										

The next steps activity

The way forward

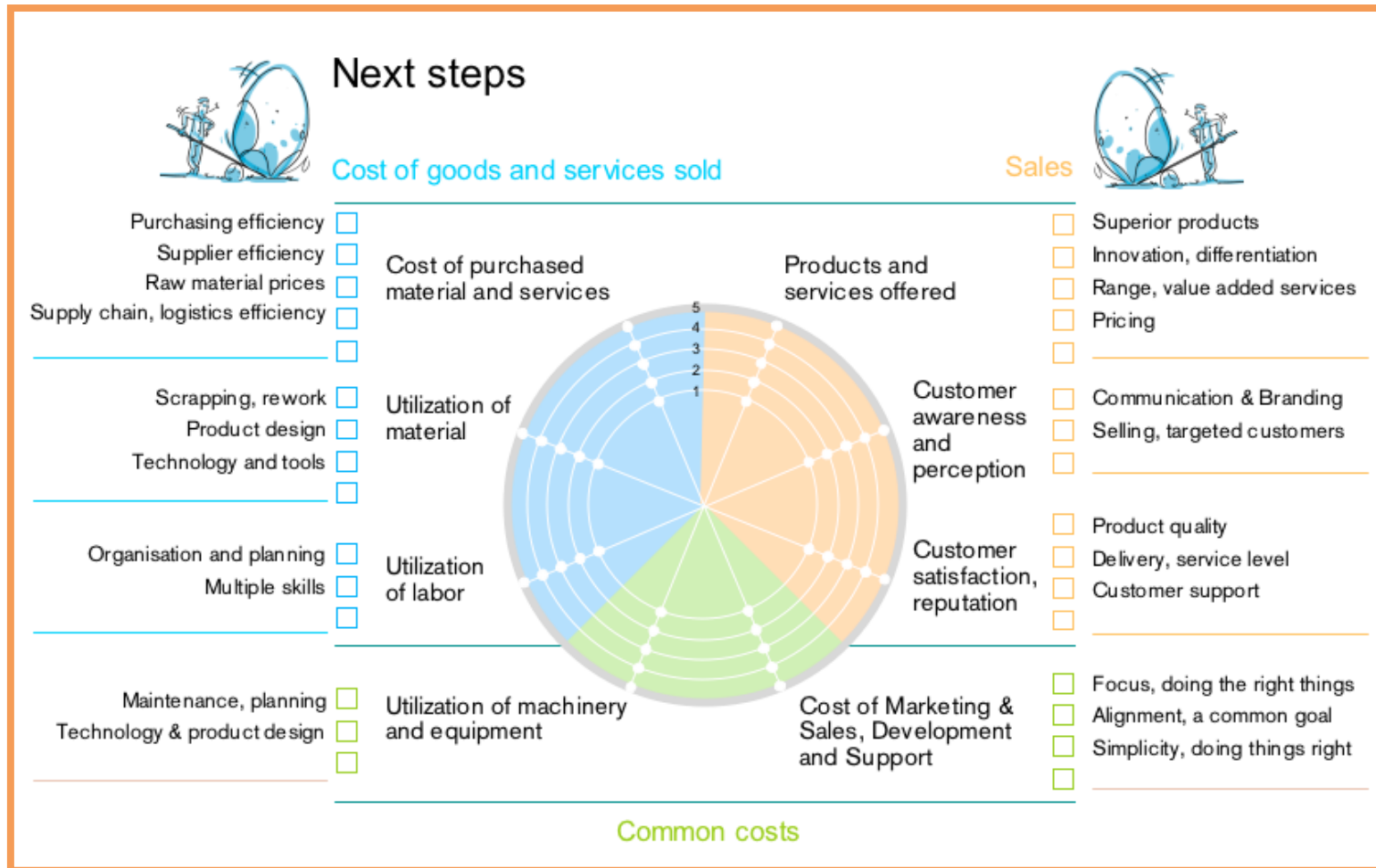
Link to own area of responsibility:

- Assess your current performance as a company.
- Select 5-10 value drivers (levers) to bridge the gaps.
- Share your conclusions and discuss the way forward:
How can you make a difference?



The main purpose of this activity is to secure that the learning gained results in sustained and useful knowledge!

The next steps activity



All in all

- **Through the simulation participants learn how:**
 - Daily decisions impact the company strategically and financially.
 - Small changes in operations can significantly improve bottom line results.
 - Their business generates profits today – and how it will need to generate profits in the future.

... This will pave the way for sound future business decisions.

“You know the program is effective when people from manufacturing, sales and marketing become sensitive to each other’s needs and understand how the operation works.

...But the exciting part is that they actually begin to apply their new knowledge on the job, which in turn helps them remember it. Months later retention is still high.”

– Manager, Sales & marketing learning programs, 3M

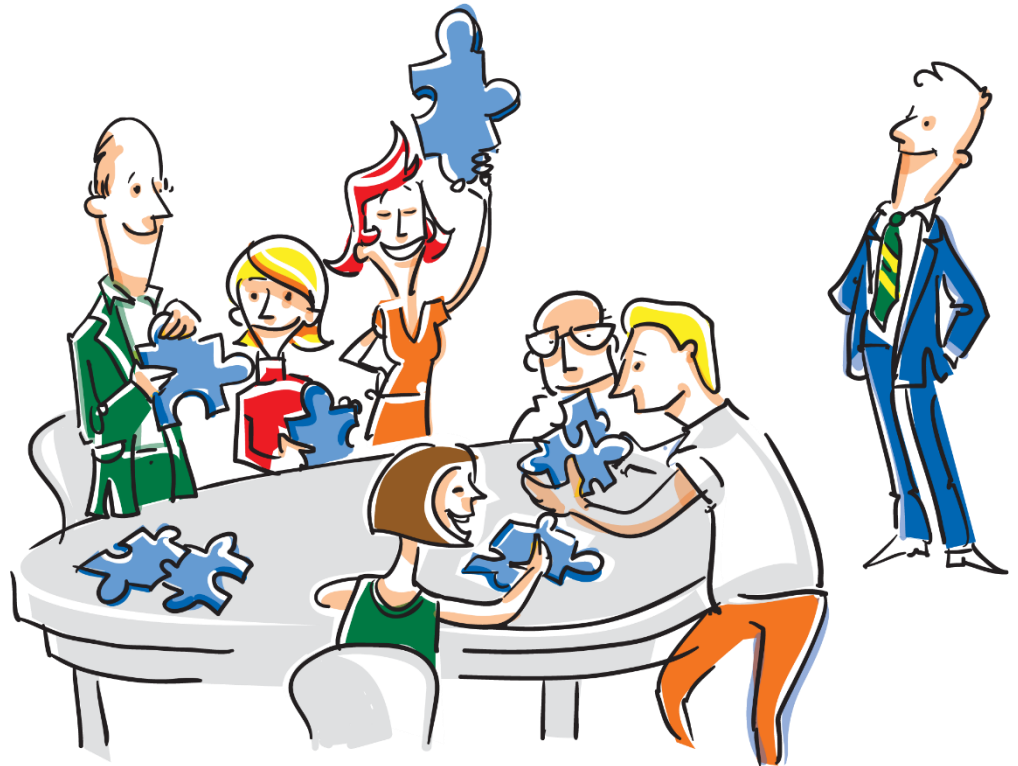
Concepts in the simulation

- Business finance
 - KPI's
 - Balance sheet
 - Profit and loss statement
 - Cash flow
 - Working capital
- Value drivers
- Economy of scale
- Value added services
- Sales efficiency, long-term vs short-term
 - Product range
 - Targeting customers
 - Pricing
 - Payment terms

The guiding principles behind

“You cannot simply absorb other people’s knowledge...

...you must create your own.”



Client references - examples

SIEMENS

>45 000 employees



>32 000 employees



MOTOROLA

>30 000 employees

 **BASF**

The Chemical Company

>12 000 employees



eurocopter
an EADS Company

>3 000 employees

“Pursuing the Value Management programme has saved the Group around €1 billion in costs... We could not have accomplished this without Celemi Apples & Oranges.”

– Jürgen Hambrecht, CEO, BASF