

# THE AVENTIS CFO PROGRAM

In today's world, financial rigor and strategic insight need to be tightly linked. Senior financial executives play a key role in strategy development and execution by working closely with the CEO. As the CFO, you are called upon to identify and assess profitable business ventures, explore mergers and acquisitions opportunities, establish partnership and alliances, and determine strategic growth strategies.



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**AVENTIS**  
SCHOOL OF MANAGEMENT

# DYNAMIC AND CHANGING REGULATORY ENVIRONMENT

In this rapidly changing business environment, the role of a CFO has evolved from been a financial gatekeeper to a strategic partner and advisor. Most CEO and board member now expect a competent CFO to be a "partner in strategy", wearing multiple hats including chief compliance officer, chief investment advisor and key communicator with regulatory bodies, agencies and the stakeholders. These new roles and responsibilities requires you to secure a deeper understanding of strategy, leadership and communication skills. In fact, most CFOs surveyed acknowledged the fact that increasingly, more is expect them to be active members of the senior-management team and contribution to the overall business direction and strategy. Without proper management training, CFOs are finding it increasingly demanding to balance these multiple and conflicting roles which includes strategic and operational responsibilities. Financial competency is no longer sufficient to meet the changing requirements.



## THE CHANGING ROLE OF THE CFO – "STANDING TALL IN CHALLENGING TIMES"¹

The bankruptcy of Lehman Brothers exposed a lack of transparency and the potential magnitude of counterparty risk in the global financial system. Suddenly credit markets froze, and banks, consumers and companies scrambled to deleverage, reduce their debt and improve their balances sheets. The current crisis has exposed some of the key risks in the global economy and created major uncertainty as to its future direction. In the pre September 12, 2008 time:

- Treasuries were riskless and rates were stable
- Risk premiums did not change over short periods
- Last year's earnings and cash flows were a good starting point
- Macro variables only mattered at the margin
- Capital markets were open and accessible

In the post September 2008 era CFOs must contend with two distinct challenges: They must manage their short-term credit, cash and performance needs (despite receding pricing-power) and they need to effectively position and utilize assets with an eye toward post-recession growth.

The ASM CFO Program is the definitive program, providing you with the insights and tools required to enhance your skills and management know-how. This 5 Day intensive Program aims to equip CFOs and aspiring CFOs with the latest frameworks and applications to keep up with the changing roles and responsibilities of today's CFO. The program will bring these issues to the forefront for discussion with top faculty drawn from Europe who will share ideas, discussed best practices, and are committed to the betterment of the industry. The curriculum that is presented here will deal with these issues over an intensive 5 days period divided into 10 sessions.

## INCORPORATING THE LATEST STRATEGIC DEVELOPMENT FRAMEWORK

The program incorporates the latest strategic development framework to equip CFOs with the capability to contribute towards strategy development and value creation. Heighten your competitiveness by combining financial discipline with strategic insight. Through exercises in integrating finance, strategy formulation and alternative growth strategies, participants will come away with stronger leadership skills and ways to apply real-options thinking to strategy formulation.

## SCENARIO-BASED PLANNING

Participants will learn to apply the latest concepts through scenario-based planning that allows comparison of business performance according to changing market sentiments and global economic situation. Through this highly effective tool, participants will learn to better manage financial and cyclical risk, develop strategies and contingency plans and developing alternative growth strategies.

## COMPREHENSIVE CURRICULUM

- The redefined role of the CFO
- Strategic Planning Under Uncertainty
- Integrating Finance and Strategy
- Using Financial Data To Drive Value-Creating Growth
- Managing Risk Sarbanes-Oxley compliance
- Applying Real-Options Thinking to Strategy Formulation
- Corporate treasury management & Funding Strategies
- Alternative Growth Strategies

## HOW PARTICIPANT WILL BENEFIT

Participants attending the ASM CFO Program will benefit from relevant expert insight into these challenges and more importantly some of the solutions being adopted by industry leaders and regulatory bodies. Participant will also be equip with the skills and knowledge to:

- Contribution to strategy formulation
- Improve internal controls and ensure sound and timely financial reporting
- Master proven techniques for managing financial risk
- Effectively monitor business performance against scenario planning
- Clearly articulating business strategy to both internal and external stakeholders
- Inspire and energize the team towards the pursuit of company's goal and vision

### Professor Dan Levin



- Ph.D., Business and Applied Economics, The Wharton School of Business, University of Pennsylvania
- MBA, Finance, Hebrew University of Jerusalem
- BA, Economics and Statistics, Hebrew University of Jerusalem

Dr. Levin holds a Ph.D in Business and Applied Economics at The Wharton School, and was on the faculty of Wharton School, Tel Aviv University and CUNY, New York. Currently he serves as an adjunct faculty at Helsinki School of Economics and Business, and at Baruch College, New York. Dr. Levin is also an international expert on the use and assessment of advanced financial technologies in business and military applications with over 35 years of consultancy and advisory experience.

In the last 10 years focusing on advanced financial applications for evaluating business potential & applications for investment purposes. He is also a board member in numerous investments, financial institutions. Dr. Levin has also published numerous journals and other publications over his 35 years of experience. As an international financial expert, Professor Dan Levin has developed several financial & portfolio analysis tools using Microsoft excel. He has presented in conference throughout New York, Europe and Asia

### Professor John A. Griffith



Professor John is one of Aventis most experience faculty with over 25 years professional experience in executive management positions across all corporate areas including posts of Chief Finance Officer Curtin University; Finance Director Health and Education Departments of Western Australia; Executive Director Corporate Services; Director Infrastructure and Services and Director of Human Resources. In these positions John has gained extensive experience and knowledge from involvement in strategic planning; budget planning/co-ordination/ management; corporate reporting; change management; corporate governance. Professor John has also been providing accounting and business courses for Murdoch, Notre Dame and Curtin universities.-including off-shore programs in Singapore. John has demonstrated the rare skill of being able to effectively relate his extensive working experience to his courses, thereby enhancing the participants' interest, understanding and learning.

Professor John is also a Fellow of the Australian Society of Certified Practicing Accountants (FCPA) and has an Accounting major from Curtin University. He has also been a member of multiple-boards / management committees /state councils /national and state working groups for community organizations and professional associations.

# PROGRAM STRUCTURE

## SESSION 1: REDEFINING THE ROLE OF THE CFO

Chief Financial Officer traditionally has been seen as responsible for adding up the numbers and delivering them to the board of directors and senior management team. The CFO's job was to make sure the numbers were correct, and served up in a timely fashion. They would have to stand up to auditors, analysts, shareholders, and the IRS. That role is becoming more complex with the various new requirements of SOX, FASB and "Fair Value Accounting".

### Objectives and Expectation

- Introduction to Finance & key financial Principles
- Importance of Financial knowledge for Business leaders

### Key Financial Review

- Analyzing Financial Performance
- Reviewing annual reports and using key indicators
- Reviewing key financial statements
- Capital Structure

## SESSION 2: FINANCIAL STATEMENT ANALYSIS

### Analysis of Financial Statements

- Three financial statements game
- The three financial statements – how they link, how they differ
- Key Areas of focus for effective management

### Building up Balance Sheet

- Assets and liabilities
- Profits and cash flows Analysis
- Financial statement analysis

## SESSION 3: MAXIMIZE THE VALUE OF THE FIRM

The emphasis throughout this program is on the practical aspect of financial concepts and techniques to enable participants to be informed participants in discussions at their workplace on business financial performance. The course will use financial statements and management reports of organizations to explain and demonstrate concepts, and stimulate discussion.

### Strategic Investment Decision

- Budgeting
- Corporate structure
- Funding

### Corporate Governance

- Indicators of financial stress
- Overview of audit function

## SESSION 4: APPLIED CORPORATE FINANCE

In this session we will review the framework for corporate finance decisions that address the followings topics:

- Invest in projects that yield a return greater than the minimum acceptable hurdle rate. The hurdle rate should be higher for riskier projects and reflect the financing mix used - owners' funds (equity) or borrowed money (debt). Returns on projects should be measured based on cash flows generated and the timing of these cash flows; they should also consider both positive and negative side effects of these projects.
- Choose a financing mix that minimizes the hurdle rate and matches the assets being financed.
- If there are not enough investments that earn the hurdle rate, return the cash to stockholders.  
The form of returns - dividends and stock buybacks - will depend upon the stockholders' characteristics.
- Manage the short-term credit, cash and liquidity needs

## Session 5: Strategy Formulation and Execution

### The Investment Decision – Risks and Hurdle rates

Most CFOs participating in a recent Deloitte's event, "CFO Vision 2009: Standing Tall in Challenging Times," expect their Cost of Capital to increase. In the post 2008 era:

- Treasuries are risky and spreads get wider
- Risk premiums are changing in the short term
- Last year's earnings and cash flows are not such a good starting point
- Macro variables are important
- Capital markets are not open and accessible

In this session we will discuss the impact of these development on the cost of equity and capital and its implication on the investment decisions, i.e., the higher risk premiums for both debt and equity translate into higher costs of capital for all firms. Even if we are optimistic and assume that returns on projects will revert back to what they were pre-2008, this translates into

- Fewer investments by firms, translating into lower real economic growth
- More short term investments, relative to long term investments

## SESSION 6: MEASURING RETURNS

When forecasting earnings, we have generally looked at

- Historical values: Especially as we get deeper and richer data bases, we can look at historical averages for almost every input in valuation.
- Industry averages: At the same time, as more firms get listed globally, we have industry averages for margins, returns and every other input in valuation.  
Implicit in both approaches is the assumption of mean reversion, i.e., that there is a historic norm for most values that we converge back to. Mean reversion can fail in spectacular fashion, if there is a structural break with the past. Holding on to the past, when the world has changed around you, is a recipe for disaster.

In this session we will specify the various components of returns:

- Cash flows from existing assets (to both equity and the firm)
- Cash flows from growth opportunities (to both equity and the firm)
- Cash flows associated with a "terminal value" for a mature and stable company

We will handle uncertainty by employing a scenario analysis examining how an investment/project will do under different scenarios. In its simplest form, this can be a best/worst case. In its more complete forms, the value of an investment can be examined under likely scenarios including more sophisticated tools like simulations (that we will review shortly).

## SESSION 7: FINANCIAL RISK MANAGEMENT

The current crisis has exposed some of the key risks in the global economy and created major uncertainty as to its future direction. CFO must contend with the following risks in the global economy:

- Failure of policy interventions
- Further bank failures
- Expanded defaults in secured and unsecured consumer loans
- Currency fluctuations
- The return of inflation

### Bringing together the Stakeholders

Addressing the need of CFOs to effectively position and utilize assets with an eye toward post-recession growth we will adopt a more complete view of risk management in this session. We will discuss risk management as encompassing both risk hedging at one end and strategic risk taking on the other. The Chinese symbol for risk best captures this duality. It is a combination of danger (crisis) and opportunity, representing both the downside and the upside of risk. We will consider all aspects of risk management and examine ways in which CFOs can pick and choose through the myriad of risks that they face.

- Which risks they should ignore
- Which risks they should reduce or eliminate (reviewing the various hedging tools)
- Which risks they should actively seek out and exploit.

In the process, we will look at the tools that have been developed in finance to evaluate risk and examine ways in which we can draw on other disciplines – corporate strategy and statistics, in particular – to make these tools more effective.

## SESSION 8: CRITICAL FINANCING DECISION – THE "OPTIMAL FINANCING MIX"

Since many CFOs anticipate increasing interest rates or continued challenges in refinancing debt, it is not surprising that many companies are working to lower their debt and reduce the costs of debt service. We expect CFOs to continue deleveraging in the coming years. Currently, banks are the primary source of capital for both short and long term investments. Despite the end of "covenant light" loans and difficulties in securing loans, bank financing appears to be the source of choice for the coming year. Given the changing financial landscape and continuing strains and failures in the banking sector, we expect CFOs, alongside the CEO and other stakeholders, to continue diversifying their sources of capital.

In this session we will review the "debt-equity trade off", discussing the advantages and disadvantages to debt. As the cost of "distress" is higher than we thought we have to consider the followings: The crisis of 2008 illustrated that capital markets can shut down even for large companies in developed markets. We assume that banking authorities and regulatory capital ratios have made bank runs a thing of the past. While banks may become tighter in granting credit in bad times, they are assumed to be willing to lend to companies with good credit standing. The huge losses incurred on sub-prime mortgages and other securities devastated the capital at banks and imperiled this assumption as well. The implications for CFOs will be discussed, i.e.,

Less debt in the optimal financing mix: If we hold all else constant and increase bankruptcy costs (to reflect higher distress costs) and agency costs (as lenders worry about oversight), debt becomes a less attractive option, relative to equity. That should reduce optimal debt ratios across the board.

Dynamic (as opposed to static) optimization: The dramatic changes in equity risk premiums, default spreads and bankruptcy costs over a few months illustrates the dangers of the static target ratio approach, where firms set a target debt ratio (whether rationally or not) and stick with it for decades.

## SESSION 9: LINKING FINANCIAL DECISIONS TO VALUE

In this session we are reverting back to the corporate finance decision framework (discussed in the first session) by studying the impact of specific investing decisions, financing decisions and dividend decisions on the company value.

Specifically, this impact will be illustrated in a valuation of:

- A large, publicly traded U.S. corporation (Disney);
- A small, emerging market commodity company (Aracruz Celulose, a Brazilian paper and pulp company).
- A manufacturing company that is a part of a family group (Tata Chemicals).
- A financial service firm (Deutsche Bank).
- A small private bookstore (Bookscape).

## SESSION 10: WRAPPING IT ALL - PANEL DISCUSSION AND EXCHANGE OF IDEAS

Sharing of experience amongst participants to examine how most CFO are adapting themselves to these changes.

Participants will also participate in panel discussion sharing key challenges and exchanging Peer feedback on personal action plans Panel discussion is highly effective as it provide participants with the platform to exchange strategies and information in a confidential environment with a dedicated group of likeminded peers whose goal is to enhance the skill set of one another.



# PROGRAM DETAILS

## APPLICATION CHECKLIST

To be considered for the ASM CFO Program, we require you to provide all of the following:

- a completed application form, essays and personal statement
- a one-page CV or resume
- official academic transcripts or certificates (if any)
- a copy of passport page with picture and identification information
- a non-refundable application fee of S\$ 200

Your application will be reviewed as a whole, taking into account all aspects of your experience and contribution. Your application is forwarded to the program director who will evaluate it to ensure that the program corresponds to your objectives and profile.

Candidates are notified of the admission decisions within 2 weeks of submitting a complete application. Interested participants are encouraged to submit their application early as places are limited. Course materials will also be forwarded to participants prior to the commencement of the class to allow time for pre-reading and preparation.

## COMMITMENT

The workload will be heavy and, therefore, each participant must plan to devote their commitment to effectively benefit from the interactive nature of the program.

## INVESTMENT

The total investment for this program will be

- 28th June – 2nd July 2010 Intake: S\$12.800
- 28th March – 1st April 2011 Intake: S\$13.800

Course fee includes tuition fees, instructional materials, lunches and refreshments but exclude accommodation for foreign delegates. No refunds are possible for any part of the package that is not taken

## ASM CFO PROGRAM CERTIFICATION

Upon the successful completion of the ASM CFO Program, participants will be conferred the "ASM CFO Program" Certificate awarded by Avenir School of Management.



# REGISTRATION (FAX TO 65-6720-2222)

Yes! Please sign me up for Advanced Management Program on

- June 2010       March 2011

### PARTICIPANT 1

Name (Prof/Dr/Mr/Mrs/Miss/Mdm):

Organisaiton:

Designation:

Department:

Tel:

Fax:

Email:

### PARTICIPANT 2

Name (Prof/Dr/Mr/Mrs/Miss/Mdm):

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