VALUE CREATION



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GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Introduction

Value Creation Training Course gives senior managers a working method for turning strategy into measurable economic value. It starts from the premise that growth alone does not create value, and that capital has a cost which every investment must beat. Participants examine how revenue quality, cost structure, capital efficiency, and risk combine to determine whether a business is worth more next year than it is now. Furthermore, the programme connects value drivers to the operating decisions managers control daily. In addition, it covers value-based performance measurement, portfolio choices, and investor communication. As a result, attendees can lead value creation rather than simply report it.

Value Creation Course Objectives

- Define economic value creation and distinguish it from accounting profit and revenue growth.
- Apply shareholder value analysis using Economic Value Added and cash value added.
- Estimate the weighted average cost of capital and use it as an investment hurdle rate.
- Identify the value drivers behind revenue quality, margin, and capital intensity.
- Measure return on invested capital and compare it with the cost of capital.
- Apply discounted cash flow valuation to business units and strategic options.
- Build a value creation roadmap linking strategy to financial outcomes.
- Use the Balanced Scorecard and value driver trees to align measures across the organization.
- Evaluate portfolio decisions, including divestment, restructuring, and capital reallocation.
- Communicate value creation plans credibly to boards, investors, and lenders.

Course Methodology

- Executive case discussions on value creation and destruction.

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- Hands-on modelling of Economic Value Added, return on invested capital, and cash flow.
- Value driver tree exercises that link operations to financial results.
- Group work on portfolio reallocation and divestment decisions.
- Board-style presentations with structured challenge and feedback.

Who Should Take This Course

- Chief executives and managing directors.
- Finance directors and chief financial officers.
- Business unit and division heads.
- Strategy and corporate development leaders.
- Investment and portfolio managers.
- Senior controllers and performance managers.
- Consultants advising on value and growth strategy.

Value Creation Course Outlines

Day 1: What Value Creation Really Means

- Accounting profit versus economic value.
- Shareholder value analysis and total shareholder return.
- Capital charge and the cost of capital concept.
- Economic Value Added and cash value added.
- Value creation and destruction across industries.
- The link between strategy, capital, and return.
- Case discussion: diagnosing value destruction in a mature business.

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Day 2: Value Drivers and Financial Foundations

- Revenue quality, pricing power, and customer retention.
- Cost structure, operating leverage, and fixed cost discipline.
- Capital intensity and asset productivity.
- Working capital as a value lever.
- Return on invested capital calculation and interpretation.
- Weighted average cost of capital estimation.
- Workshop: building a value driver tree for a business unit.

Day 3: Valuing Strategic Options

- Discounted cash flow for business units and projects.
- Free cash flow forecasting and terminal value.
- Sensitivity and scenario analysis on value drivers.
- Growth options, real options, and staged investment.
- Make, buy, or partner decisions and their value effects.
- Restructuring, turnaround, and synergy assessment.
- Case exercise: valuing two competing strategic options.

Day 4: Portfolio Management and Capital Allocation

- Portfolio logic and the role of the corporate centre.
- Ranking businesses by return spread over cost of capital.
- Divestment criteria and exit decisions.
- Capital reallocation and investment governance.
- Merger and acquisition value creation and integration.

- Balanced Scorecard alignment with value targets.
- Simulation: allocating capital across a portfolio under constraints.

Day 5: Leading, Measuring, and Communicating Value

- Translating value strategy into unit-level targets.
- Key performance indicators that connect to value.
- Incentive design and value-based management.
- Integrated reporting and value communication.
- Engaging investors, analysts, and lenders.
- Governance and ethical dimensions of value decisions.
- Capstone: presenting a three-year value creation roadmap.

Conclusion

By successfully completing Value Creation Training Course, participants will gain a connected understanding of how strategy, capital, and operations combine to produce economic value. They will acquire the ability to calculate return on invested capital, apply Economic Value Added, value strategic options, and reallocate capital with discipline. As a result, they can lead value creation across their organizations. Gentex Training Center delivers this programme with a strong focus on executive application and measurable outcomes.

FAQs for the Value Creation course

Q1 What is the "Value Creation" course about?

It explains how companies generate economic value beyond accounting profit, covering cost of capital, return on invested capital, Economic Value Added, value driver analysis, capital allocation, and portfolio decisions.

Q2 What are the key benefits of the "Value Creation" course?

Participants identify where value is created or destroyed, set investment hurdles with a proper cost of capital, and reallocate resources towards higher-return activities. They also communicate value plans to boards and investors with evidence rather than optimism.

Q3 What skills will I gain from the "Value Creation" course?

Economic value measurement using Economic Value Added and cash value added; return on invested capital analysis against the cost of capital; value driver identification and linkage to operational decisions; and strategic option valuation using discounted cash flow, real options, and portfolio reallocation.

Q4 What tools, methods, or standards are covered in the "Value Creation" course?

The course covers Economic Value Added, cash value added, shareholder value analysis, total shareholder return, return on invested capital, weighted average cost of capital, discounted cash flow, free cash flow forecasting, real options analysis, value driver trees, the Balanced Scorecard, capital allocation governance, and integrated reporting.

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Q5 How is the "Value Creation" course applied in real-world practice?

Participants diagnose value destruction in a mature business, build a value driver tree for a unit, value two competing strategic options, allocate capital across a portfolio under constraints, and present a three-year value creation roadmap. Each exercise mirrors boardroom-level strategic work.