

**FINANCIAL ACUMEN:**
FINANCIAL MODELING SERIES

Financial Modeling: Techniques and Best Practices

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COURSE LENGTH

Three 2-Hour Virtual Sessions or
One Full Day In Person

DESCRIPTION

Financial professionals are frequently tasked with creating effective models that are accurate and dynamic. The power of a financial model comes from the ability to change the inputs and analyze the impact on outputs. This course introduces the key techniques and best practices for building financial models that facilitate a rational and rigorous decision-making process. Through hands-on examples in Excel, participants build from scratch financial models that produce baseline and dynamic outputs in response to changes in real-world scenarios. Examples and illustrations utilize financial and treasury applications.

LEARNING OBJECTIVES

- Define, collect and validate data needed to complete a task
- Evaluate and build financial models that produce baseline and dynamic outputs in response to changes
- Analyze the outputs, conduct sensitivity/scenario/simulation analysis and make recommendations
- Use financial models and theory to address problems in the planning and analysis process

AGENDA

- Identify/define business problem
 - Interactive PDCA framework
 - Diligent planning upfront
 - Understand the end product
 - Specify model outputs, inputs, and input-output logic
- Choose, build, and refine financial models
 - Case study 1: Copper Mining Company (CMC)
 - Valuing the opportunity
 - Discounted cash flow
 - The end product and underlying questions
 - Input vs output logic
 - Data validation
 - Information needs and acquisitions
 - Seek missing information
- Choosing and building models
 - Analyze model results
 - Selecting or rejecting an existing model
 - Model building best practices
 - Critical excel model building
 - Test and validate models
 - Breakeven/sensitivity/scenario/simulation analysis
 - Conclusions and recommendations

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- Analysis and conclusion
 - Test reasonableness of conclusion
 - Break even and sensitivity analysis
 - Problems with scenario analysis
 - Simulation analysis
 - Histogram of results
 - Common problems with risk analysis techniques
 - Draw conclusions and recommendations
 - Essential report components