FINANCIAL ACUMEN:
FINANCIAL MODELING SERIES

- Building a Modeling Culture
- Financial Modeling: Techniques and Best Practices
- Three Statement Financial Modeling
- Top-Line Modeling

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FINANCIAL ACUMEN:
FINANCIAL MODELING SERIES

Building a Modeling Culture

COURSE LENGTH

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

DESCRIPTION

Financial professionals build models so frequently that they rarely think of them as a process or means of communication to be actively managed. It is often taken for granted that they create a language that is spoken every day as part of their work in decision-making, simulations, representations and forecasting. This course advocates for financial professionals to create a culture where models are developed and deployed in a way that makes them useful, shareable and sustainable across the organization.

LEARNING OBJECTIVES

- Understand why the modeling process should be durable and long-lasting
- Learn how models can be more shareable—designed for ease of communication and have the ability for ownership to be transferred
- Discover tips for ensuring your models meet your objectives

AGENDA

- Work environment and business culture
  - Why culture matters
  - How do we create "culture"?
  - Enterprise risk management
- Model culture
  - What is a model?
  - Building a "model" culture
  - Characteristics of a model culture
- Building a sustainable culture
  - Foundational principles
  - Model limits
  - Governance structure
  - Policies, procedures, and controls
- Roles and responsibilities
  - Role validators
  - Ongoing monitoring
  - Model inventory
  - Other controls
  - Case study: code walkthroughs
- Building a sharable culture
  - Consistent data and calculations
  - Linking to objectives
  - Sharable design

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Building a Modeling Culture

— Building a “useful” culture
  - Useful models
  - Context of a marketplace
  - Longevity vs immediacy trap
  - Precision vs accuracy trap
  - Case study: SmallCo

— Designing the cultural plan
  - Vision of a “model” culture
  - Principles and stakeholders
  - ERM Framework

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FINANCIAL ACUMEN:
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Financial Modeling: Techniques and Best Practices

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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Financial Modeling: Techniques and Best Practices

- 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

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FINANCIAL ACUMEN:
FINANCIAL MODELING SERIES

Three Statement Financial Modeling

COURSE LENGTH

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

DESCRIPTION

Three-statement models are the foundations for more advanced financial analysis, projections, and valuation. A three-statement model links the profit and loss, balance sheet, and cash flow statements into one dynamically integrated financial model to provide valuable inputs into forecasts of future earnings, cash flows, and risks. Through hands-on examples in Excel, participants build from scratch integrated three-statement models that reveal the impacts on profitability and risks in response to changes in real-world scenarios to support informed decision-making. Examples and illustrations utilize financial and treasury applications.

LEARNING OBJECTIVES

- Analyze annual reports and basic flows among the three financial statements
- Build integrated profit and loss, balance sheet, and cash flow statements step-by-step
- Project financial statements and conduct discounted cash flow valuations
- Use analytical tools such as ratios and common-size analysis to evaluate profitability and risks
- Apply financial statements modeling and analysis techniques to solve problems in the planning and analysis process

AGENDA

- Introduction
  - Accounting aspects of the three financial statements
  - Interactions of the three financial statements
  - Examples of basic flows among the three financial statements
- Building an integrated financial statements model
  - Setting the stage
  - Building the income statement step-by-step
  - Building the balance sheet assets step-by-step
  - Building the balance sheet liabilities and equity step-by-step
  - Building the cash flow statement step-by-step
- Advanced modeling techniques
  - Introducing control accounts and the BASE calculation
  - Variations in balancing
  - Iterative calculations and circular references
  - The cash sweep and interest calculations
- Application of the integrated financial statements modeling
  - Sensitivity and scenario analysis
  - Ratio analysis
  - Forecasting
  - Discounted cash flow

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Top-Line Modeling

COURSE LENGTH

Two 2-Hour Virtual Sessions or
One Half-Day In Person

DESCRIPTION

Financial professionals are frequently tasked with creating effective models that are accurate and dynamic. Top-line modeling, or "revenue modeling," brings a specific set of challenges. The power of an effective revenue model comes from the ability to account for volatility and variable inputs. This course introduces the key techniques and best practices for building revenue-specific financial models that account for seasonality and uncertainty. 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

- Estimate expected revenue growth rates
- Conduct time series analysis and forecasting-soothing and seasonality
- Conduct regression analysis and forecasting
- Model revenue uncertainty using simulations

AGENDA

- Introduction (5%)
- Examining the historical growth rates (10%)
- Estimating the expected growth rates (20%)
- Practice and discussions (10%)
- Modeling time series data and forecasting accuracy evaluations (10%)
- Modeling revenue with seasonality (10%)
- Modeling revenue using regression analysis (25%)
- Modeling revenue uncertainty using Monte Carlo simulations (10%)

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