

Business & Financial Modeling

Level: moderate-advanced

Scope: To develop professional models in less time and with greater accuracy. This intensive course is packed with cutting-edge spreadsheet design ideas and simulation exercises to bring your modelling skills to the next level. By the end of this course, you will be able to design sophisticated spreadsheets needed in any business environment.

Who should attend: Any accounting or finance professional, with moderate experience in financial modelling. This course is ideal for:

- Financial decision makers
- Management Accountants
- Financial Controllers
- Strategic Planners
- Operational Managers
- Business Analysts

Structure: With a step by step approach this course guides participants through the various techniques of advanced modelling. Through tutorial and various workshops the course leads participants to becoming confident financial modellers, equipped with skill set and experience actually needed in business.

Course Documentation

All delegates will receive comprehensive course documentation for future reference, including a CD-Rom containing the course exercises with solutions, as well as example spreadsheets.

Pre-Course Needs Analysis:

Be sure to register at least 30 days in advance to receive your free pre-course assessment. This will enable us to better understand your specific objectives and interests.

Course Agenda

Designing a Financial Model

- What are we trying to model?
- Objectives of Financial Modeling
- Fitting the financial model within the corporate strategic plan
- Linking goals, decisions and constraints

The Business Modeling Process

- Defining the outputs.
- Identifying the critical factors that determine the outputs
- The Modeling checklist

Forecasting

An examination of the different types of forecasting techniques that can be used in financial modeling

- Linear regression
- Non-linear forecasting
- Moving average
- Exponential smoothing

Practical exercise: Using regression analysis to produce a forecast

Modelling Financial Information

- Understanding modeling techniques for P&L, balance sheet and cash flow
- Estimating growth and margins
- Understanding the importance of fixed and working capital expenditure assumptions

Practical exercise: Completing a monthly budget model to demonstrate the inter-relationships between cash flow, income statement and balance sheet, and to demonstrate good model structure.

Business valuation techniques

- Assessing the value of future cash flows using discounted cash flow techniques
- Calculating the cost of capital (WACC)
- Assessing terminal values

Practical exercise: Valuing an ongoing concern company using Free cash flow and NPV

Optimization Models

- Setting up the spreadsheet
- Using Solver

Practical exercise: Using solver to find the optimum solution

Risk Sensitivity

- Building what-if sensitivity analysis using:
 - Working capital
 - Credit analysis
- Adding a scenario analysis to a cash budget model

Practical exercise: Comparing scenarios. Creating and comparing 3 scenarios in a 10-year project model

Monte Carlo Simulation - MCS

- Generate Random Numbers
- Finding the frequency of their occurrence

Practical exercise: Using MCS to assess the probability of a required output of a financial model

Case Study - The mobile telecom industry

- Market Modelling
 - Demand analysis
 - "Diffusion" curves showing the take-up of a new technology
- Revenue Modelling
 - Revenue Decomposition
 - Bottom Up vs Top Down Modelling Approach
- Triangularization of Projections