



## ***BUILDING A FINANCIAL MODEL***

*(for a Manufacturing Project)*

### **SUMMARY:**

Many professionals build models to assess the impact and feasibility of undertaking new projects. This course reviews project economic concepts and focuses on the skills required to design and create a financial model to help a company decide whether it should invest in a new project.

The course material includes model design, logic, construction, financial concepts and accounting treatment.

Various intermediate Excel tools along with helpful keyboard shortcuts will also be covered throughout the course.

*Timing:* This course requires 1 – 2 days, depending on the amount of material to be covered.

Experts in financial  
modeling training

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### **LEARNING TOPICS:**

#### **Review Project Economics Concepts**

- ✓ Discuss the following key business items that impact any project:
  - Capital expenditures, including the various types
  - Incremental revenues and costs
  - Various types of costs, including fixed and variable
  - Efficiency gains or losses at the facility from the project
  - Income taxes
  - Working capital

#### **Design and Structure a Financial Model**

- ✓ Design and layout a financial model clearly and logically
- ✓ Discuss the need for a model to serve as a marketing tool
- ✓ Create clearly defined inputs and assumptions sections
- ✓ Connect strings of data to create assumptions and footnotes

#### **Build Scenarios and Financial Forecasts**

- ✓ Use switches to create effective scenarios and value drivers
- ✓ Forecast and build-up the project's revenues and expenses
- ✓ Develop a cash flow projection for the project
- ✓ Incorporate widely used financial and arithmetic functions
- ✓ Use logical functions to create complex formulas

#### **Evaluate the Project**

- ✓ Incorporate a schedule to evaluate the project's returns
  - Net Present Value (NPV)
  - Internal Rate of Return (IRR)
  - Payback and Discounted Payback periods
- ✓ Build a strong summary page to display the results
- ✓ Use various sensitivity tools to sensitize the project's returns
- ✓ Conditionally format output tables to highlight specified results
- ✓ Set up print ranges to optimize the appearance of printed output

*Design and create a financial model to help decide whether a company should modify and/or expand its production facilities*