Course: FINA 6323 Advanced Financial Modeling
Credits: 2 credits
Prerequisites: FINA 6322

Description

This course develops the advanced financial modeling tools needed to build, operate and understand the standard business performance, M&A and equity and credit securities analysis models that have become central to sophisticated financial analyses of all operating businesses, transactions and securities.

More than providing supposed answers to the virtually unlimited number of standard questions a financial analyst will come across in a career (e.g. is the proposed new supply-chain value added; is that stock or bond a buy or a sell; how should we price that acquisition; is the branding program generating value; is the proposed merger value added; etc.), this course is aimed at teaching analysts how to analyze – by developing a deep understanding of financial models so that the analyst can use the models to analyze issues throughout their careers, whatever those issues may become.

This course should be of interest to MBA students with a wide range of career interests -- anyone who will touch financial models, which is just about every MBA, no matter what the specific career path might turn out to be.

Objectives

The course focuses on developing and using financial models at three levels:

    1.) develop the Excel tools and standards needed to build and operate complex financial analysis models;
    2.) learn how to use the models as the central tool in the triangulation process that is the reality of actual financial analysis as it is practiced today and
    3.) learn to use the models to understand the entire range of financial relationships that will otherwise cause much confusion for financial analysts, experienced and inexperienced.

Course Project

The main student output for the course is one of the following three types of analyses/reports:

    1.) application of sophisticated business performance metrics and models to evaluate the performance of an actual firm or business unit over a three year period of time;
    2.) application of at least DCF and relative valuation models, enhanced with sensitivity analysis and stress testing, to arrive at a buy, sell or hold recommendation for a specific stock or bond
    3.) application of at least DCF, relative valuation and M&A LBO models, enhanced with sensitivity analysis and stress testing, to arrive at a proposed pricing for an actual merger that will reasonably share the value added between the parties.

The emphasis in this project is application of the financial modeling skills developed during the course and showing that you can apply finance theory, analytics and modeling to practical issues.