365√Financial Analyst

WHO DOES WHAT IN FINANCE?

Company Life Cycle Model

TYPE OF ACTIVITY	ADOPTION Startup	FAST GROWTH Growing Firm	PROFITABILITY Enterprise	LARGE SCALE Large Enterprise	RESTRUCTURING Distressed Firm

INTERNAL

Corporate Finance

The internal set of activities necessary for the organization of financial information and its use in short- and long-term decision-making and corporate administration.

	Startup	Growing Firm	Enterprise	Large Enterprise	Distressed Firm
WHY?	01 Monitor expenses 02 Keep track of available funds 03 Identify financial issues early	01 Understand growth drivers 02 Allocate resources to accelerate growth 03 Improve cash position	01 Study profitability and growth drivers 02 Forecast sales 03 Prepare budgets	01 Study performance across BUs 02 Prepare budgets and forecasts at the BU level 03 Evaluate strategic investments	01 Identify efficiencies 02 Manage cash flows 03 Evaluate asset disposal
WHAT?	**BOOKKEEPING** Collect and organize financial information **COMMUNICATION WITH ACCOUNTING** Send financial information to accounting (outsourced service) on a monthly basis **CASH FLOW MONITORING AND BURN RATE ANALYSIS** Be mindful of expected cash flow timings as funds are limited	**FINANCIAL ANALYSIS** Determine best performing products, services, geographies and types of clients, and study underlying patterns to inform decision-making **CAPITAL ALLOCATION** Identify initiatives and investment opportunities that will boost revenue growth **CASH FLOW MANAGEMENT** Maintain a balance between increasing working capital needs and available resources	**FINANCIAL ANALYSIS** Analyze revenue, cost of sales, Opex, and balance sheet items in an effort to improve financial performance **WORKING CAPITAL MANAGEMENT** Form teams responsible for receivables, payables, and inventory optimization **ANNUAL BUDGETS AND ROLLING FORECASTS** Plan revenue and cost development for future periods (years and months)	**FINANCIAL ANALYSIS AT BU LEVEL** Examine growth and profitability for each business unit within the company Aggregate data at a total company level **ANNUAL BUDGETS AND ROLLING FORECASTS AT BU LEVEL** **REPORTING TO STAKEHOLDERS** Report financial and business data on a quarterly and annual basis (if company is listed)	**PROFIT- VS LOSS-MAKING UNITS** Firms with problems in operational performance need to evaluate different parts of the business and take corrective actions when necessary **ASSET DISPOSAL** A distressed firm needs cash to cover losses and debt payments The finance team can identify non-operating and/or non-essential assets that can be sold to raise cash
HOW? Tools/systems	SPREADSHEET SOFTWARE ACCOUNTING SOFTWARE	SPREADSHEET SOFTWARE BI TOOLS	SPREADSHEET SOFTWARE BI TOOLS ERP SYSTEMS SAP ORACLE	SPREADSHEET SOFTWARE BI TOOLS ERP SYSTEMS SAP ORACLE	SPREADSHEET SOFTWARE BI TOOLS ERP SYSTEMS SAP ORACLE

WHO?	COMPANY: FOUNDER ⇄ EXTERNAL ACCOUNTING	FINANCE MANAGER
		→ ACCOUNTING
		→ FINANCIAL ANALYSIS
		→ TREASURY
			CFO
			→ FINANCE MANAGER
			  → TREASURY
			  → ACCOUNT RECEIVABLES
			  → ACCOUNT PAYABLES
			  → WORKING CAPITAL MANAGEMENT
			→ FINANCE MANAGER
			  → CONTROLLING
			  → FINANCIAL ANALYSIS
			  → FINANCIAL PLANNING & ANALYSIS
				CFO
				→ ACCOUNTING MANAGER
				  → TREASURY
				  → ACCOUNT RECEIVABLES
				  → ACCOUNT PAYABLES
				  → WORKING CAPITAL MANAGEMENT
				→ FINANCE MANAGER
				  → CONTROLLING
				  → FINANCIAL ANALYSIS
				  → FINANCIAL PLANNING & ANALYSIS
				→ STRATEGY AND IR MANAGER
				  → INVESTOR RELATIONS
				  → IN-HOUSE M&A
					CEO Restructuring
					CFO Restructuring

Compilance

An in-house structure that aims to identify, prevent, and mitigate the risks an organization faces.

WHY?

01 Enforce rules and procedures that will improve the organizational structure

02 Protect the organization from fines, lawsuits, and undesired behavior

	Startup / Growing Firm	Enterprise / Large Enterprise / Distressed Firm
WHAT?	**RESEARCH TAX AND LEGAL** Understand the tax and legal frameworks in the jurisdictions in which the business operates **ESTABLISH BASIC RULES AND PROCEDURES**	**INTERNAL AUDIT** Provide independent internal assurances regarding the processes and procedures **RISK MANAGEMENT** Identify, control, and monitor different types or risks
WHO?	COMPANY: FOUNDER → EXTERNAL TAX; → EXTERNAL LEGAL	COMPANY: INTERNAL AUDITOR, RISK MANAGEMENT ANALYST, IN-HOUSE TAX SPECIALIST, IN-HOUSE LEGAL SPECIALIST

EXTERNAL

Commercial Banking

Traditional banking activities are often referred to as "deposit-taking, credit-giving". However, nowadays commercial banks offer additional services such as international transfers, leasing, overdraft products, forex, retail insurance, investment services, etc.

	Startup	Growing Firm / Enterprise / Large Enterprise	Distressed Firm
WHY?	01 Everyday banking operations	01 Everyday banking operations 02 Financing	01 Everyday banking operations 02 Extension/ renegotiation of credit terms
WHAT?	**STARTUP BUSINESS ACCOUNT**	**TRADITIONAL BANKING PRODUCTS** Business accounts, long-term debt financing, trade finance, forex, factoring, leasing, cash management services **RELATIONSHIP BANKING** Working with a dedicated banker or a team of bankers who can offer preferential terms and services	

Investment Firms

Professional investors aim to achieve a high return on investment (ROI). Every type of investment vehicle specializes in deals of a certain size. Throughout a company's life cycle, there will be different types of investors interested in a deal.

	Startup	Growing Firm	Enterprise	Large Enterprise	Distressed Firm
WHY?	01 Fund the start of the business 02 Advisory and networking	01 Fuel growth 02 Advisory and networking 03 Strategic alliances	01 Scale operations 02 Finance acquisitions 03 Prepare for IPO	01 Liquidity for shareholders 02 Gain visibility 03 Obtain acquisition currency	01 Buy "weakness"
WHAT?	SEED CAPITAL STARTUP CAPITAL EARLY STAGE CAPITAL	SERIES A FUNDING SERIES B FUNDING ACQUISITION (PE OR STRATEGIC)	SERIES C FUNDING SERIES D FUNDING ACQUISITION (PE OR STRATEGIC)	IPO LBO ACQUISITION (PE OR STRATEGIC)	LBO RESTRUCTURING
HOW? (Valuation)	COMPARABLE ANALYSIS FUTURE VALUATION MULTIPLE SCORECARD METHOD BERKUS METHOD	SALES MULTIPLES VC METHOD	DCF TRANSACTION MULTIPLES	DCF TRANSACTION MULTIPLES TRADING MULTIPLES	SUM OF PARTS VALUATION MODIFIED DCF DCF VALUATION + DISTRESS VALUE
WHO?	VENTURE CAPITAL ANGEL INVESTORS	PRIVATE EQUITY ANGEL INVESTORS STRATEGIC INVESTORS	PRIVATE EQUITY STRATEGIC INVESTORS	PRIVATE EQUITY STRATEGIC INVESTORS HEDGE FUNDS INDIVIDUAL INVESTORS	PRIVATE EQUITY HEDGE FUNDS

Big 4

Reputable companies that provide independent assurance and advisory services. They also offer due diligence, valuation, M&A advisory, forensics, prospectus preparation, post-merger integration, etc.

	Startup	Growing Firm	Enterprise	Large Enterprise	Distressed Firm
WHY?	01 Financial statement assurance	01 Financial statement assurance 02 Examination of target's financials 03 Target valuation	01 Financial statement assurance 02 Examine a target's financials 03 Target valuation 04 Post-merger integration 05 IPO prospectus preparation	01 Financial statement assurance 02 Examine a target's financials 03 Target valuation 04 Post-merger integration 05 Prepare an IPO prospectus	01 Financial statement assurance 02 Fraud detection 03 Dispute management
WHAT?	AUDIT	AUDIT DUE DILIGENCE M&A ADVISORY	AUDIT DUE DILIGENCE M&A ADVISORY DEALS OPERATIONS PROSPECTUS	AUDIT DUE DILIGENCE M&A ADVISORY DEALS OPERATIONS PROSPECTUS	AUDIT FORENSICS

Investment Banking

The 4 main areas are capital markets (work with firms to raise equity or debt capital), advisory (M&A and restructuring), trading & brokerage (trade on behalf of clients or at own account), and asset management (for institutional clients and high net worth individuals).

	Startup	Growing Firm	Enterprise	Large Enterprise	Distressed Firm
WHY?	01 Rarely use investment banking services	01 Acquisition of a small firm 02 Sale of the business	01 Acquisition 02 Sale of the business 03 Public listing of equity (IPO) 04 Bond issue	01 Acquisition 02 Sale of the business 03 Public listing of equity (IPO) 04 Bond issue	01 Business units spin-off 02 Divestitures 03 Restructuring
WHAT?		M&A ADVISORY	AUDIT EQUITY CAPITAL MARKETS (ECM) DEBT CAPITAL MARKETS (DCM)	AUDIT EQUITY CAPITAL MARKETS (ECM) DEBT CAPITAL MARKETS (DCM)	RESTRUCTURING ADVISORY

Consulting

The business of giving expert advice to clients on a variety of topics such as operations, marketing & sales, strategy & corporate finance, M&A, digital presence, sustainability, transformations, etc.

	Startup	Growing Firm	Enterprise	Large Enterprise	Distressed Firm
WHY?	01 Rarely use consulting services	01 Gain growth know-how	01 Improve operational performance 02 Address scaling issues	01 Improve operational performance 02 Address scaling issues	01 Corporate turnaround
WHAT?		STRATEGY TOP LINE CONSULTING DIGITAL PRESENCE CONSULTING	CORPORATE REORGANIZATION PERFORMANCE BENCHMARKING VALUE CHAIN IMPROVEMENTS COST REDUCTION PROJECTS	CORPORATE REORGANIZATION PERFORMANCE BENCHMARKING VALUE CHAIN IMPROVEMENTS COST REDUCTION PROJECTS	RESTRUCTURING ADVISORY