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**Skills needed for Financial Modelling**

Let's talk about the skills that you need to be a good financial modeller.

Spread sheeting or technical Excel skills - they are probably the easiest skills to get. There are lots of resources that you can use to improve your Excel skills. I will put a link a list of my favourite online blogs and resources for the purpose of learning Excel and learning financial modelling. It's very, very hard to be a top notch financial modeller if you haven't got really good Excel skills. That's why you do need to be good at Excel in order to become a good financial modeller. Of course there is a lot more to being a financial modeller than just having really good Excel skills. I know people who are fantastic at using Excel but they don't know the first thing about financial modelling. Whilst you do need to have good Excel skills to be a financial modeller there are a few other things that you need to know.

Secondly, I've put industry knowledge. That is something that you guys who have been working in your industries for quite a while probably know quite well. There are things that are specific to your industry that need to go into your financial model. That is probably the skill that I struggle with. I'm a career financial modeller. I'm a consultant and I go into organisations and help them with their financial models so I know a little bit about lots and lots of different industries but what I don't know is one particular industry really, really well. There are particular things about your industry that you will know and you will be able to apply to your financial models.

Accounting knowledge; you don't need to be an accountant but you do need to have some basic accounting knowledge. You need to know what a P & L looks like and you need to be able to put together a balance sheet. You can beg, borrow and steal a lot of this stuff, where

## Financial Modelling in Excel

you put together your financial model, you can ask someone does this look right? Have I calculated the tax correctly? You need to understand some basic accounting principles in order to put together a financial model.

Business knowledge is important. Knowing if it is a good investment. What cost capital should we use to evaluate this project, that sort of thing.

Design skills are important. This is something that financial modellers are often not very good at. We're very good at getting the numbers right but when it comes to communicating the output or the design of the model, sometimes we are not so good at that. We need to get the layout right. You need to make it look attractive. Think about how your model looks for something viewing it. People do actually trust your financial model more if you make it look nice. It's true. They've done research on it and it does show that people will actually trust your numbers more if you format it, make it look nice and make it look presentable. It looks more professional as well.

Communication and language skills - we're sometimes not good at that as well. We financial modellers like to hide away in our offices and work on our formulas but we often need to communicate the output or the results of the financial model to the Board, to your executives and they want to hear from you because you're the person who's put together the financial model. You need to be able to communicate the results and the output of your financial model to your team or to your senior managers. Not only do you need to communicate the results but you often need to get data out of people or you might need to get approval for your project. Those are other reasons why you would need to communicate and to get information from other people. Getting data out of people can be quite challenging. People get a little bit protective about their data. They don't like to always give it to you, so those are some skills that you might need to develop throughout your career as a financial modeller.

Numeracy skills - if you are a numerate person, a person who loves numbers, somebody who likes working with numbers, being able to add up quickly that certainly helps. So that is definitely a skill that a good financial modeller has.

## Financial Modelling in Excel

Lastly, ability to think logically. Being able to logically step through the calculations, the format and the way something has been put together in your financial model is important as well.

Those are a couple of skills that you need to be a good financial modeller.