

Financial Analysis and Decision-Making Model for a Growing Business

Objective:

Develop a financial model to analyze key performance metrics, forecast future performance, and provide actionable insights for senior management.

Key Deliverables:

1. **Dynamic Financial Model:**
 - Create a detailed model in MS Excel to analyze revenue, expenses, and profitability over time.
 - Include interactive components such as dropdowns for scenario analysis (e.g., best-case, worst-case).
2. **Insights and Recommendations:**
 - Interpret the data to identify trends (e.g., revenue growth, cost reduction opportunities).
 - Provide a summary of actionable insights.
3. **Reports and Presentations:**
 - Use MS Word to create a professional financial report.
 - Design an engaging presentation in MS PowerPoint to showcase findings.

Tools Required:

1. **MS Excel:** For building the financial model and data analysis.
2. **MS PowerPoint:** For creating a professional presentation.
3. **MS Word:** For writing a formal report.

Dataset: Financial Performance Data for a Growing Business

Columns:

1. **Date:** Monthly/Quarterly (e.g., January 2024, Q1 2024).
2. **Revenue:** Total revenue generated in the period.
3. **Fixed Costs:** Monthly fixed costs (e.g., rent, salaries).
4. **Variable Costs:** Costs that vary with production or sales (e.g., raw materials, commissions).
5. **Profit:** $\text{Revenue} - (\text{Fixed Costs} + \text{Variable Costs})$.
6. **Market Benchmark Revenue:** Average revenue in the industry for the same period.
7. **Customer Acquisition Cost (CAC):** $\text{Cost to acquire a new customer}$.
8. **Number of Customers:** Total customers for the period.
9. **Revenue per Customer (RPC):** $\text{Revenue} / \text{Number of Customers}$.

Problem:

Analyze the Data

- **Revenue and Profit Trends:** Identify months with high revenue but low profit, or vice versa. Look for correlations between **Revenue** and **Profit**.
- **CAC vs. Revenue:** Determine if higher CAC is leading to higher revenue, or if there's inefficiency in customer acquisition.
- **RPC vs. CAC:** See if customers with a higher **RPC** also have higher or lower **CAC**.
- **Monthly Comparison of RPC:** Track how **RPC** changes month to month and identify any seasonality or trends in customer spending.
- **Revenue, Profit, and Benchmark:** Compare company performance

Build a Financial Dashboard in Excel

Create an interactive dashboard that includes:

- **Key Metrics Summary:** Revenue, Profit, CAC, and RPC displayed prominently.
- **Dynamic Charts:** Use slicers or dropdowns to filter by date or metrics.
- **Profitability Trend Chart:** Highlight profit margins over time.
- **Customer Analysis Section:** Visualize customer growth and RPC trends.

Summarize Insights

1. Write a short report in **MS Word** summarizing your findings:
 - Key trends observed.
 - Areas for improvement (e.g., reducing CAC or increasing RPC).
 - Recommendations for the company to improve profitability.
2. Create a **PowerPoint Presentation** to showcase:
 - Key metrics.
 - Insights with supporting charts.
 - Recommendations for decision-making.