

ACC 609 – SPRING 2021

BUSINESS ANALYSIS CHALLENGE – PART B

LEARNING OUTCOME

To apply steps 4, 5 and 6 of the Business Analysis Framework (see below) to a public company and conclude on its value from the perspective of the role you play.

REQUIREMENT

Part B of the business analysis challenge is entirely individual and must incorporate the steps 4, 5 and 6 of the BAF:

- 4) Forecast financial statements.
- 5) Company valuation.
- 6) Sensitivity analysis & risk management, including sustainability and climate change risks.

RULES & GUIDANCE

- 1) You must continue using the same company from your Part A business challenge.
- 2) You must work individually for Part B of the challenge
- 3) You must choose **one** (1) of three (3) possible roles:
 - a. **Consultant:** Make recommendations to improve the company's future performance to maximize its valuation as if you are a consultant hired by an executive inside the company.
 - b. **Investment Banker:** Pitch the company from Part A to a different company of your choice as if you are hired by the company in Part A as an investment banker with the goal to sell this company.
 - c. **Equity Research Analyst:** Recommend buy, hold, or sell the company's shares as if you are working as an Equity Research Analyst.

GUIDANCE

- 1) The cut-off date for including new information about your company is June 13, 2021. This means you are **not** required to incorporate information that becomes publicly available after that date; however, you may do so if you wish.
- 2) Assume that your reader did not see Part A [you do NOT need to repeat Part A. However, it is recommended you summarize some of the key points (this should take no more than one page). If you are using some of the information, you should reference where the reader will find the detail in Part A.
- 3) Address the role you have chosen and ensure you include appropriate analysis to satisfy what you are required to address in your role.

SPECIFICATIONS: DEADLINES, FORMAT, AND SUBMISSION

The main text should be on 8.5" x 11" paper with 1" margins and a font size no smaller than 11 point. There is no prescribed format for referencing. You must, however, reference your sources and provide a bibliography. The important aspect is that you identify and provide references for all quotes and material used in the preparation of your reports.

Submit Part B of the challenge before **Tuesday, July 27th at 11:59PM** into the appropriate UW LEARN drop-box. A late penalty of 5% will be applied starting at 12:00AM on July 28th and for every subsequent 24-hour period.

The deliverable for **Part B** should be ONE PDF document that includes:

- Forecasting F/S
 - Forecasting approach.
 - Key assumptions in your forecast.
 - Summarized/condensed forecasted financial statements & key ratios / KPIs.
 - Analysis and conclusions based on your role.
- Business valuation:
 - Key valuation assumptions.
 - Valuation conclusion: Range of equity value presented in football field chart including range of valuations using at least 3 different methods (one MUST be DCF):
 - DCF (required).
 - Comparable company valuation.
 - Precedent transactions valuation.
 - Current analyst forecast.
 - Analysis and conclusion based on your role.
- Risk management and sustainability
 - Sensitivity analysis.
 - Consideration of risk as appropriate by your role.
 - Considerations of sustainability and climate change risk as appropriate by your role.

The Part B submission should be a 12 page (single-spaced) [maximum] memo summarizing your findings, with exhibits forming the remaining pages (to a maximum of 20 pages). Your submission should:

- Include the list of references used to complete **Part B**.
- Be assembled into ONE logical, electronic PDF submission that includes any relevant analysis you performed in spreadsheets as appendices. Remember, it should read as one document and formatting of appendices matters as well.
- PLEASE ALSO submit your excel analysis as a separate file.
- Submit a copy of the company's financial statements as a separate file.
- Label the files so the content is easily identifiable.

The 20-page limit does not include the header page or the bibliography.

ASSESSMENT METHOD

Part B represent 30% of your course grade. Its content will be assessed using a final version of the draft rubric.

DRAFT RUBRIC

Part B component	Evaluation Criteria
Context	<ul style="list-style-type: none">- Provides appropriate and concise context from Part A (max one page)
Forecasting F/S	<ul style="list-style-type: none">- Complete and accurate set of financial statements (income statement, balance sheet and cash flow)- Provide valid assumptions used in preparing forecast.- Analysis of forecast as appropriate by role.- Concludes appropriately based on role.
Business Valuations	<ul style="list-style-type: none">- Complete, including 3 valuation approaches and valuation football chart.- Thorough and accurate valuation analysis that is easy to follow and understand.- Concludes appropriately based on role.
Risk & sustainability considerations	<ul style="list-style-type: none">- Appropriate sensitivity analysis.- Thorough risk and sustainability considerations analysis based on role.- Concludes appropriately based on role.
Communication, structure, and formatting	<ul style="list-style-type: none">- Structured analysis that is easy to follow / read.- Communicates in a way that is concise and understandable.- Considers the role being played when communicating.- Format meets Part B specifications and is consistent throughout entire document

TURNITIN POLICY

Turnitin will be used for Part B as set out in the course syllabus.