

# Gutenberg Research Financial Modeling Community



## Financial Modeling Cooperative Education Program

### *A Real-World, Real-Time Financial Modeling Experience*

#### *Bootcamp Program*

Dealing with uncertainty is one of the most difficult aspects of a career in equity research or asset management. Even if an analyst is able to accurately project a company's earnings and cash flows, there is no guarantee of how the market will react to the results. Prospective analysts must therefore develop a level of comfort in dealing with uncertain outcomes, in addition to learning the fundamental modeling concepts, in a world of imperfect data.

Our Cooperative Modeling Program incorporates each of these critical components into your financial modeling development. We use a *real-world* company as the subject of our training, not a theoretical textbook example. Financial reporting can be complex, and companies are selective in what they disclose. A real subject company will help you learn how to deal with shortcomings in data availability, while you apply the techniques commonly used in professional practice.

Our program is taught in *real-time*, meaning you will build a financial model and project earnings for the subject company before the company reports quarterly results. On the night of the company's earnings release, we will read the filing, listen to the conference call, and update our models together as a group. This approach will help you practice developing a forecast in a scenario where the outcome is uncertain, but in a fun and relaxed setting.

The program is designed to complement your current education, be it traditional college business curriculum, or on-the-job training and professional designations. This makes it a true *cooperative learning experience*, giving you the opportunity to expand the knowledge you are building, and apply it in a practical format.

### How is This Program Different From Other Modeling Classes?

In order to fully learn the financial modeling process, you must gain an understanding of:

- 1) The mechanics of building a model,
- 2) How to develop a forecast thesis,
- 3) How to correctly enter your thesis into the model, and
- 4) How to use the model output effectively to run scenarios and estimate target valuations.

Most modeling courses focus on the mechanics of building a model, while our program addresses each of the areas above. The real-time nature of the program will make it feel more like on-the-job experience, rather than a classroom style training course.

*A Truly Cooperative Experience...Even With Other Modeling Programs:* If you have already taken a modeling course, you may want to consider our program as a way to practice the concepts you have learned, in a real-world setting. Or you may want to access a different perspective on modeling. Many of our past students have taken other modeling courses, and found our program to be complementary, unique, and beneficial to their overall development.

## Program Summary

Our program includes all of the critical aspects of financial modeling, from building the model (all three financial statements), to forecasting and valuation. The following is a summary of some of the key components of the program:

- Building a three-statement financial model.
- Developing a forecast thesis and entering it into the model.
- Forecasting the Income Statement, segment details, Balance Sheet, and Cash Flow Statement.
- Setting a target valuation using market multiples and Discounted Cash Flow (DCF).
- Estimating the DCF inputs (Beta, ERP, CAPM, & WACC).
- Using your model to prepare for an earnings release.
- Adjusting your model for changes in circumstances (interest rates, volatility, etc.).

**The Training you want, the experience you need:** If you choose to publish your model with an earnings preview or review note, you are effectively a contributor to the Gutenberg Research community. At this point you will have crossed the threshold of financial modeling training into production of analytical work. Therefore, you may choose to list your time with Gutenberg Research under the “Experience” section of your resume. If an employer calls us for verification of your experience, we will provide the confirmation for all students who have completed the program and published their work. However, it is important to not misrepresent your experience as employment, so please make it clear that you are a *Contributing Research Analyst*. For additional guidance please refer to our resume examples.

What is Included	Bootcamp Program
Program Cost	\$499
Access to the online training hub and pre-recorded video training sessions	Yes
One-day live bootcamp class (in-person)	Yes
Access to live earnings review class (virtual meeting)	Yes
Access to live Federal Reserve FOMC meeting review (virtual meeting)	Yes
Live question support in class	Yes
Question support via email	Yes
Access to the exam	Yes (optional)
Model review and feedback	Yes (optional) <sup>1</sup>
Model publishing support on GutenbergResearch.com	Yes (optional)
eBook: <i>Financial Modeling for Equity Research</i>	Yes <sup>2</sup>
eBook: <i>Procrastinator’s Guide to Financial Modeling (SBUX)</i>	Yes
Printed copies of the book	Yes <sup>3</sup>

## Program Details

**A Fully Integrated Modeling Experience:** The primary curriculum follows our textbook with assigned readings and practice problems. In addition, there are pre-recorded training sessions, which are complemented by live video conference meetings. Our program provides a one-company example for a truly integrated experience. This means:

- You will learn how the three financial statements are linked together through multiple accounts,
- Your target share valuation will be based on multiple approaches, and linked to the earnings and cash flows from your financial statement model, and
- Your share valuation will be linked to external financial metrics (primarily interest rates and volatility). This will give you much needed insight on how general market conditions can impact your forecast.

Students will have the option to submit an earnings model for review and take an exam which is administered online. In addition, those who complete the program and submit a model will be given the option to have their work published on GutenbergResearch.com.

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<sup>1</sup> The program includes one review of your finished model. Refer to the Program Schedule table for details.

<sup>2</sup> The program tuition includes electronic copies of both books. Amazon.com is our exclusive eBook provider so the electronic delivery will come directly from Amazon, to the email address used at the time of registration.

<sup>3</sup> Printed copies of the textbooks which will be distributed on the day of the live bootcamp session in class. Students must be present to receive the printed copies of the books.

The program is broken-down into four primary modules. In Module 1, we will build a three-statement model for the subject company (Starbucks Corp). ***Given that there will not be enough time during the one-day bootcamp to build the full model from start to finish, a sample of accounts from each financial statement will be covered. After each financial statement is complete, student will receive a template with the completed equations to keep the class moving. Students who wish to build the entire model from start to finish will have access to pre-recorded videos which cover the entire process.***

Next, we will enter key inputs into the model to create a financial forecast (Module 2). We will then use the forecast to estimate a target share valuation (Module 3). Module 4 will complete the learning process with feedback on your model, and a review of the actual results after the company reports earnings.

### Program Schedule Overview

The following schedule includes tentative program dates with the details of key deliverables. These estimates represent general guidelines, depending on when the subject company reports results, as well as the schedules for individual classes. Final dates will be distributed to participants at the start of each semester.

Program Schedule		Spring 2023
Subject Company	Starbucks Corp	
Live Bootcamp Session	Date and Location TBD 9:00am to 6:00pm	
Curriculum release date (access to the pre-recorded videos and electronic copies of books)	TBD	
Starbucks Earnings Release	Fiscal 1st Quarter 2023 Call Expected Thursday 2/2/2023	
<b>Module 1: Building a Three-Statement Model</b>		
<b>Session 1: Introduction to Financial Modeling</b>		
<p><b>Topics covered:</b> Fundamental Principles of Modeling, the earnings cycle, basic Excel functionality, and model layout.</p> <p><b>Suggested Assignment:</b> Watch pre-recorded Chapter 1 demonstration videos. Read Chapter 1 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter.</p> <p><b>NOTE:</b> The Suggested Assignments can be completed after the bootcamp session. These are designed to reinforce the ideas discussed in class.</p>	9:00am to 9:30am	
<b>Session 2: Building the Income Statement</b>		
<p><b>Topics covered:</b> Model setup, entering historic data, selecting the drivers of the earnings forecast, and adjusting for non-GAAP items.</p> <p><b>NOTE:</b> A sample of Income Statement accounts will be covered during the bootcamp session. All other accounts will be covered on the pre-recorded videos.</p> <p><b>Suggested Assignment:</b> Watch pre-recorded Chapter 2 demonstration videos. Read Chapter 2 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter. Read the Income Statement section of Step 1 in <i>The Procrastinator's Guide to Financial Modeling</i> to assist you in building the Income Statement of your Starbucks model.</p>	9:30am to 10:30am  15 minute break	
<b>Session 3: Balance Sheet and Cash Flow Modeling</b>		
<p><b>Topics covered:</b> Completing the historic financials, modeling assets/liabilities/equity, Cash Flow Statement modeling, and the primary links between the financial statements.</p> <p><b>NOTE:</b> A sample of Balance Sheet and Cash Flow Statement accounts will be covered during the bootcamp session. All other accounts will be covered on the pre-recorded videos.</p> <p><b>Suggested Assignment:</b> Watch pre-recorded Chapter 3 demonstration videos. Read Chapter 3 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter. Read the Balance Sheet and Cash Flow Statement sections of Step 1 in <i>The Procrastinator's Guide to Financial Modeling</i> to assist you in building your Starbucks model.</p>	10:45am to 12:15pm  1 hour lunch break	
<b>Module 2: Using the Model to Create an Earnings/Cash Flow Forecast</b>		
<b>Session 4: Model Calibration &amp; Forecasting</b>		
<p><b>Topics covered:</b> Considering historic trends, adjusting for seasonality, adjusting for changes in circumstances, considering management's guidance, reviewing the consensus estimates, and incorporating your forecast thesis into the model.</p> <p><b>Suggested Assignment:</b> Watch pre-recorded Chapter 4 demonstration videos. Read Chapter 4 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter. Read Steps 2 and 3 in <i>The Procrastinator's Guide to Financial Modeling</i>.</p>	1:15pm to 2:15pm  15 minute break	
<b>Module 3: Using the Forecast to Create a Target Share Valuation</b>		
<b>Session 5: The DCF Inputs (Beta, ERP, CAPM, and WACC)</b>		
<p><b>Topics covered:</b> Calculating the Equity Risk Premium, deriving beta using the regression function in Excel, calculating the required return on equity using the Constant-Sharpe approach, calculating the Weighted Average Cost of Capital.</p>	2:30pm to 3:30pm	

<p><b>Suggested Assignment:</b> Watch pre-recorded Chapter 5 demonstration videos. Read Chapter 5 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter.</p>	
<p><b>Session 6: Discounted Cash Flow Valuation</b>  <b>Topics covered:</b> Using a two-stage DCF approach, calculating and understanding the DCF valuation.  <b>Suggested Assignment:</b> Watch pre-recorded Chapter 6 demonstration videos. Read Chapter 6 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter.</p>	3:30pm to 4:00pm
<p><b>Session 7: Market Multiple-Based Valuation</b>  <b>Topics covered:</b> Separating net cash or other assets/liabilities, historic multiples, competitor/industry average multiples, considering risk through a price band.  <b>Suggested Assignment:</b> Watch pre-recorded Chapter 7 demonstration videos. Read Chapter 7 of <i>Financial Modeling for Equity Research</i>, and complete the "Concept Quiz" questions at the end of the chapter. Read the valuation sections of Steps 2 and 3 in <i>The Procrastinator's Guide to Financial Modeling</i>.</p>	4:00pm to 4:45pm  15 minute break
<p><b>Optional Model Deliverable:</b> Final model including forecast and target share valuation, with description of assumptions. You may also submit your versions of the ERP Model if you have selected to enter your own interest rate/volatility projections.  <b>Model Publication:</b> Students will have the option to publish their model for the Gutenberg Research Financial Modeling Community along with a description of their work and forecast assumptions.</p>	Submission date to be discussed in class
<b>Module 4: Preparing for, and reviewing the company's results</b>	
<p><b>Session 8: How to Use the Model</b>  <b>Topics covered:</b> Scenario and sensitivity analysis, preparing for the release, and updating the model after the release  <b>Suggested Assignment:</b> Watch pre-recorded Chapter 8 demonstration videos. Read Chapter 8 of the text, and complete the "Concept Quiz" questions at the end of the chapter. Read Steps 4 and 5 in <i>The Procrastinator's Guide to Financial Modeling</i>.</p>	5:00pm to 6:00pm
<p><b>Live Meeting (Virtual Class):</b> This meeting will focus on updating the Starbucks model live, in real-time, after the company releases their quarterly results. The instructor (John Moschella) will update the Base Case version while explaining to the students how to update their models.</p>	Starbucks Fiscal 1st Quarter 2023 Call Expected Thursday 2/2/2023 5:00pm EST
<b>Optional Final Session</b>	
<p><b>Live Meeting (Virtual Class): Federal Reserve FOMC Meeting</b>  The instructor (John Moschella) will update the Equity Risk Premium (ERP) Model live as the FOMC releases their Policy Statement on interest rates. The meeting will concluded with a demonstrate of how to incorporate the latest ERP Model output into the subject company's model to capture the valuation impact of the changes in interest rates.</p>	Wednesday 2/1/2023 1:45pm EST
<b>Final Exam</b>	
<p>The exam will be multiple choice, and administered online at GutenbergResearch.com. Additional details about the exam will be provided in class.</p>	You may complete the exam anytime between 1/1/2023 and 2/28/2023

### The Curriculum

We will be using a combination of pre-recorded training videos, live class meetings, and textbook assignments throughout the program. The textbooks include: *Financial Modeling for Equity Research* (third edition) and *The Procrastinator's Guide to Financial Modeling* (first edition). Electronic versions of the books are included with the program, and will be delivered to the email address used at registration **on the curriculum release date (refer to Program schedule for details)**.

*Financial Modeling for Equity Research* was written in 2019 with FedEx Corp as a subject company. While circumstances have changed in the last few years, the examples in the textbook provide important insight which reinforces the concepts taught in all four modules of the program. *The Procrastinator's Guide to Financial Modeling* was published in 2022 and features Starbucks as a subject company. This resource will help you with the specific detail required to build your Starbucks model.



## Resume Ideas

Here are a few ideas which may help you decide how to incorporate your experience with Gutenberg Research onto your resume or LinkedIn profile. Remember to update the bullets to fit your specific situation. For example, if you choose to publish your model with an earnings preview or review note, you are effectively a contributor to the Gutenberg Research community. At this point you will have crossed the threshold of financial modeling training into production of analytical work. Therefore, you may choose to list your time with Gutenberg Research under the “Experience” section of your resume. If an employer calls us for verification of your experience, we will provide the confirmation for all students who have completed the program and published their work. However, it is important to not misrepresent your experience as employment, so please make it clear that you were a Contributing Research Analyst.

If you choose not to publish your work you could adapt this example to exclude the last two bullets and move the summary to the “Education” section.

<u>Experience</u>	
<b>Gutenberg Research</b> <i>Contributing Research Analyst</i>	New York, NY <i>December 2022 – February 2023</i>
<i>Completed eight financial modeling courses, and performed the following tasks:</i>	
<ul style="list-style-type: none"><li>• Constructed a dynamic model for Starbucks Corp, with integrated Income Statement, Balance Sheet, and Cash Flow Statement forecasts.</li><li>• Adjusted the GAAP financial statements to reflect non-GAAP restructuring costs and other non-recurring items.</li><li>• Performed independent research to develop an earnings and cash flow forecast.</li><li>• Calibrated the model to incorporate my forecast thesis for the company and compared my estimates to management’s guidance and consensus analyst expectations.</li><li>• Calculated a target share valuation using Discounted Cash Flow (DCF) and market multiple valuation methodologies.</li><li>• Forecasted the Equity Risk Premium (ERP) using assumptions for market returns, volatility, and interest rates.</li><li>• Calculated Starbucks’ Beta using regression analysis and derived the required rate of return on equity for Starbucks using my ERP and Beta estimates.</li><li>• Performed scenario and sensitivity analysis ahead of Starbucks’ October-2022 earnings release.</li><li>• Updated my Starbucks model to reflect the latest results after the earnings conference call, and incorporated management’s latest guidance into my forecast.</li><li>• Wrote and published an earnings preview article which described the forecast thesis reflected in my earnings model.</li><li>• Published an earnings review article after the company’s conference call to describe the changes made to my model after the release.</li></ul>	
<u>Published Works</u>	
<b>Starbucks Corp (NASDAQ:SBUX) Earnings Preview Article and Forecast Model</b> <b>Published:</b> January 25, 2023 <b>Description of Model:</b> This model uses estimates of average revenue per store and number of stores disaggregated by segment, to project future revenue. Ratio analysis is used to complete the Income Statement, Balance Sheet, and Cash Flow Statement. <b>Model available for download:</b> <a href="#">Link to your model</a>	

## Notes From the Instructor—My Background



I have spent the last 15 years analyzing companies in various capacities. After earning a BSBA in Finance, MS in Accounting and MBA from Northeastern University, I began my professional career at PricewaterhouseCoopers (PwC) in New York as an Assurance Associate in the Financial Services practice. At PwC, I participated in a rotational assignment within the Financial Service Research Institute studying the bank mergers of the 2008 financial crisis, drawing on my previous experience as a bank examiner with the Federal Deposit Insurance Corporation (FDIC).

After PwC, I spent five years at UBS where I worked first as a Capital Specialist, and then as an Equity Research Associate. In my research role I built and maintained earnings models, contributed to research reports, and participated in client conferences, covering the Semiconductor and Semiconductor Capital Equipment Industries. I then moved to General Electric Capital Corp in 2014 as a Risk Analyst where I built regression models to predict asset losses based on various macroeconomic scenarios. After the sale of most of GE Capital’s assets, I started a consulting firm which provides capital planning support to banks, in addition to running Gutenberg Research, a financial modeling community.

Over the last few earning seasons I have been experimenting with different approaches to deliver the best possible experience to my students. I am very proud of how the program has developed. If you are interested in furthering your financial modeling education, I think you will find my program beneficial, unique, and fun. I am looking forward to another semester, and hope you decide to join the team!

## Ready to Get Started?

For additional details, to sign-up for program updates, or to enroll visit [GutenbergResearch.com/modeling-education](https://GutenbergResearch.com/modeling-education)