



Financial Analysis and Valuation for Lawyers

Financial Analysis and Valuation for Lawyers is designed to help you navigate your organization or client's financial goals while increasing profitability and minimizing risks. Through examples of business valuations and presentations from real-world practitioners, you'll learn how to interpret financial data, make a business case, and know what types of experts can help support your argument.

Modules	Case Studies	Takeaways	Key Exercises
Module 1	Understanding Financial Statements <ul style="list-style-type: none">Flowers Foods	<ul style="list-style-type: none">Accounting is not equivalent to economicsFinancial statements have a standard structure and consistent elementsEarnings (net income) and cash flows can diverge	<ul style="list-style-type: none">Finding key financial statementsDifferentiating between assets and expensesRevenue and expense recognition
Module 2	Analyzing Financial Statements <ul style="list-style-type: none">Flowers FoodsDave's Killer Bread	<ul style="list-style-type: none">Ratios are a way to analyze, standardize, and compare many thingsKey ratios for financial statement analysis are P-to-B, PE, and gross margin	<ul style="list-style-type: none">Calculating valuation and profitability ratiosMatching company financials to industries with ratios
Module 3	Valuation Using Comps <ul style="list-style-type: none">Albertsons	<ul style="list-style-type: none">Market prices are a way to value public companiesRatios from comparable public companies can substitute for market prices	<ul style="list-style-type: none">Calculating enterprise valueCalculating enterprise value to EBITDA ratio
Module 4	Discounting and Cost of Capital <ul style="list-style-type: none">Sparkle!Flowers Foods	<ul style="list-style-type: none">Simple formulas relate FV to PVA good business is a growing perpetuityThe cost of capital ("K") is the rate to turn FV into PVK can be estimated with two statistics ("beta" + the "market risk premium") + the risk-free rate	<ul style="list-style-type: none">Simple discounting exercisesUsing PV to analyze a legal doctrineChoosing among payment options for settlement of a lawsuitValuing a law degreeValuing Flowers Foods with a DCF model, including debt, using assumed forecasts

Modules		Case Studies	Takeaways	Key Exercises
Module 5	Forecasting and Discounted Cash Flow Modeling	<ul style="list-style-type: none">• Sparkle!• Flowers Foods	<ul style="list-style-type: none">• FCFs and not income are used to model enterprise value• Ratios can help create and test FCF forecasts• Usually we forecast 3-10 years, then end with a “terminal” year (“TY”), including terminal growth (“g”)• Common sense can help estimate” g”• Lawyers can ask 20+ questions to probe and test the reliability of forecasts used to value companies	<ul style="list-style-type: none">• Calculating EBIT• Finding and calculating inputs to a set of DCF forecasts• Estimating and using growth forecasts• Completing a set of DCF forecasts for Flowers Foods
Module 6	Valuation Disputes and Advocacy	<ul style="list-style-type: none">• BP Oil Spill• Adams v. Adams• Matrix v. Rawlings• Disney v. Children’s Television• Golden Telecom	<ul style="list-style-type: none">• Accounting, finance, and valuation are key elements in many legal disputes• Present value, discounting, the perpetuity formula, and the DCF model are all used by lawyers in various ways in real lawsuits• Accounting, finance, and valuation, like law, involve constrained judgment	<ul style="list-style-type: none">• Estimating profit and compensation from the BP Oil Spill Fund for a company harmed by the spill• Valuing the hedge fund partnership interest of a husband involved in a divorce• Calculating harm from a breach of contract• Calculating the benefit from the misappropriation of intellectual property• Deriving the fair value of a company using the DCF model and given inputs

Learning requirements: In order to earn a Certificate of Completion from Harvard Online, participants must thoughtfully complete all 6 modules, including satisfactory completion of the associated quizzes, by stated deadlines.