



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 Flowers Foods	- Accounting is not equivalent to economics - Financial statements have a standard structure and consistent elements - Earnings (net income) and cash flows can diverge	- Finding key financial statements - Differentiating between assets and expenses - Revenue and expense recognition
Module 2	Analyzing Financial Statements - Flowers Foods - Dave's Killer Bread	- Ratios are a way to analyze, standardize, and compare many things - Key ratios for financial statement analysis are P-to-B, PE, and gross margin	- Calculating valuation and profitability ratios - Matching company financials to industries with ratios
Module 3	Valuation Using Comps Albertsons	- Market prices are a way to value public companies - Ratios from comparable public companies can substitute for market prices	- Calculating enterprise value - Calculating enterprise value to EBITDA ratio
Module 4	Discounting and Cost of Capital - Sparkle! - Flowers Foods	- Simple formulas relate FV to PV - A good business is a growing perpetuity - The cost of capital ("K") is the rate to turn FV into PV - K can be estimated with two statistics ("beta" + the "market risk premium") + the risk-free rate	- Simple discounting exercises - Using PV to analyze a legal doctrine - Choosing among payment options for settlement of a lawsuit - Valuing a law degree - Valuing 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 • Sparkle! • Flowers Foods	• 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	• 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 • BP Oil Spill • Adams v. Adams • Matrix v. Rawlings • Disney v. Children’s Television • Golden Telecom	• 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	• 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.