Stages of the Valuation exercise

365 Careers

Valuation	Description	Theoretical framework	Stage of process
Industry analysis	Understand the mechanics of the industry and the way value is created for customers	**Michael Porter's 5 forces**	New entrants; Suppliers; Competition; Clients; Substitutes
Company analysis	Get to know well the company: its stage of development, SWOT analysis	**Life cycle model**	Start-up; Growth; Maturity; Decline
Product positioning	What is the company's strategy to win market share?	**Porter's Generic Strategies**	Cost leadership; Differentiation; Cost focus; Niche
Gathering of financial information	Analysis of publicly available financial data; Check whether financial statements are clean and coherent		
Hypothesis and scenarios	Build scenarios for the future development of the firm's business and financials. Often the top-down and bottom-up approaches are used		
Financial Modelling	Organize and manage efficiently the findings from previous stages; Build a clean, easy to understand dynamic Mathematical output		

Stages

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