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Why is it Important to Standardize Financial Modeling?

The Three Main Reasons

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"Using standardized financial modeling guidelines takes a lot of the guesswork out...I was **saving roughly an hour a day!"**

Scott Powell

Chief Content Officer

Why is it important to standardize financial modeling?

Many of the models we encounter today are poorly designed, difficult to maintain, and hard to follow.

These **financial models are the most important decision-making tool** in modern finance.

CFI   **Financial Modeling Guidelines**   macabacus by CFI

Stacking Schedules

**Models can be organized with each schedule on a worksheet**

find more linking errors in these types of models. Second, these models are more difficult to follow and check. Often, more advanced model review techniques are needed in order to follow links across from one tab to another.

Reason to Standardize #1
BRAND COMPLIANCE

You want all your models to look the same, formatted in a similar way. While it is important for both internal and external use, it is even more important when you are sending the models out externally.

In capital markets and equity research, clients will often ask for models. You want those to all look the same coming out of the organization. It's important to have **consistency for your brand**.
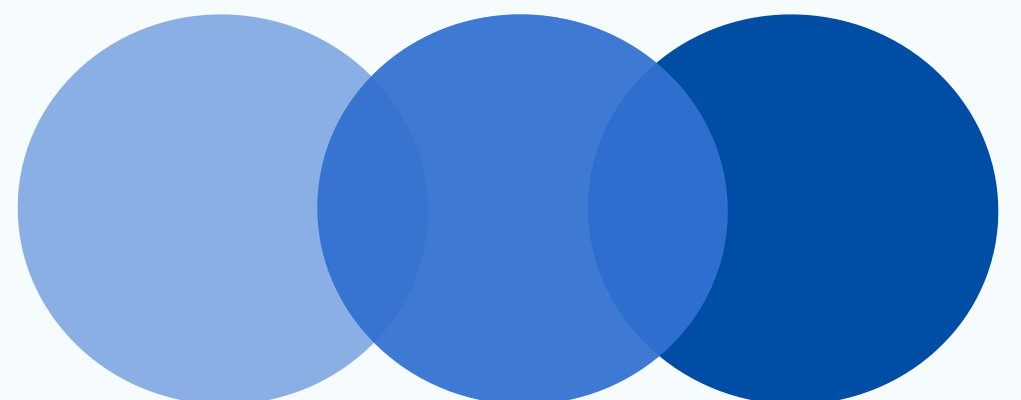
Reason to Standardize #2
REDUCTIONS IN ERRORS

"Every model has an error, you just haven't found it yet"

Jeff Schmidt
VP of Financial Modeling

A defined process how to review models, catch errors, and having guidelines on how to break down models into modular components will make it easier to find errors.

PRODUCTIVITY GAINS

Using standardized financial modeling guidelines takes a lot of the guesswork out and increases productivity.

Scott Powell shares that he was saving "roughly an hour a day" or **about 240 hours per year** as an Excel power user. Which is a lot of time!

Time that you could be spending doing other things.

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Want to learn how to roll-out financial modeling standardization in your organization?

Click the link in the description to watch the **FREE** webinar!