

Teach yourself how to build a Business Case for any industry including mining

1g Hands On Modelling 'Intro&Audit'

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Spend only a few seconds/minutes on each page

This website may contain errors so always check your own work and have it audited by a competent person

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At the very beginning of a business model, there should be: -

- a clear introduction,
- the status of audit and
- perhaps a log of the changes that have been made during the course of the evaluation

Level 3: Decision making

Level 2: Evaluating the pusiness/project

Level 1: Hands-on economic modelling



A big mystery box in black and white!

How many models have you opened:

- where you face vast areas of words and numbers.
- where the tabs of the worksheets are not labelled so you do not know the overall architecture.
- where there is no description of what the model is intended to compute, of the person responsible, of the state of audit and of any warnings.
- where you look for NPV or some other result and try to work back through what is happening
- where you need to rely on emails and documents to understand who is doing what.
- where inside the model there is no visible record of the source of every parameter
- where it is a convoluted mess



Too many models are like that!

←They quickly become derelict!

That is why each of your models should <u>begin</u> with a brief **'Introduction & Audit'**.

It will be quick to create and it will be so helpful for others.



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'Intro & Audit':

In a **one sheet assessment of a business** it will be at the top of the worksheet. It will show:

Name of project & Date Who to contact What is its purpose Warnings

Audits

Colour Coding

Contact										
Peter Card - petercard@xxx.com.au telephone +614 xxxx xxxx										
Purpose										
This evaluation is a preliminary assessment of Company AB	с.	·								
Warnings										
1. This data for sales is an interim forecast.										
2. The model and its input data has not been properly audite	ed by an independen	t person								
Audits										
Self audit	Peter Card	2-Jul-21								
external peer	Yet to be completed									
Understanding the colour coding is easy										
13 Aug2021 S White, "Sales Plan for Operations to 2025"										
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	It has its source - date, person and document - always visible in blue font in the row immediately above. (Not a						t as a hidd			
67.4	Any input data, algorithm or result that is dubious or needing verification is in pink font									
	Every item which is referenced across from another worksheet is in green font									
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	The complete row is referenced across including its title in column A as a check that the correct data is being referenced									
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'Intro & Audit':

In a **comparison of alternatives** it can be at the top of the first worksheet together with common inputs and the results.



'Intro & Audit': In a **long, detailed and complex model** it can be the first worksheet.

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'Log of Changes':

In a **long, detailed and complex model** it might take months to work through lots of ideas, new information, variations and changes. So it will be wise to add a **"Log of Changes"** to the bottom of this first worksheet. The project leader, colleagues and you are likely to forget the exact detail of each change and so need a handy record to show the impact on results (usually on NPV). You are responsible for the evaluation model and therefore you must remember to record every change.



9



File names

Because I am in control of my work, I have developed the habit of giving each model a fully descriptive file name.

For example:

2023 05 29 Project Diamond - concept study with low prices version #5 PBC



'Intro & Audit'

Old fashioned modellers or people in a hurry won't like this because they are: -

- 'too busy' getting a numeric result
- too disorganised
- too guarded
- too worried about being so open with colleagues
- too proud of their "trophy model" which is their 'private domain'
- too worried about being made redundant if everyone else can easily follow their model. ← I worked with a person like that!

Competent modellers realise that a 'Intro&Audit" will set up their model for rapid understanding and give other people a feeling of confident in the workings.

