

Introduction to CFE Module

MODULE INTRODUCTION

The purpose of the **Introduction to CFE** e-course builds on the knowledge gained in the Enterprise Risk Management (ERM) Module in both theoretical and practical ways. You'll see financial statement analysis with modeling and learn about multiple business strategies. You'll also explore how risk exposure and management impacts capital needs and an organizations ability to meet business objectives.

We hope you find this module interesting and applicable as you continue toward your actuarial fellowship.

Module Learning Objectives

After completing this module, you should be able to:

- Understand the external environment analysis and be able to apply it in a business strategy context.
- Analyze and interpret information from external and internal analyses to develop a business strategy.
- Distinguish how various professions may approach business strategy development and execution.
- Discuss the difference between financial accounting (FA) and managerial accounting (MA).
- Name the three basic financial statements and discuss the purpose of each.
- Differentiate between the items that are included on the Balance Sheet, Income Statement and Statement of Cash Flows.
- Analyze the purpose of various financial analysis techniques.
- Identify appropriate financial data and modeling systems for making various business decisions to achieve the business objectives.
- Understand sources and uses for capital across industries.
- Identify, evaluate, and mitigate risk exposures to calculate capital at risk.

Module Sections

The Introduction to CFE module consists of five sections:

- Section 1: Overview
- Section 2: Business Strategy
- Section 3: The Financial Statement
- Section 4: Modeling



- Section 5: Capital Strategies

In addition, this module contains an End-of-Module Test and an End-of-Module Exercise.



SECTION 1: OVERVIEW

In this section, you will learn about the objectives, readings and organization of the module.

SECTION 2: BUSINESS STRATEGY

Introduction

In this section, you will learn about strategic management and strategic competitiveness in general. The section will examine how companies evaluate the external environment to identify opportunities, threats, competition and competitor analysis within a specific industry. The ways that companies evaluate themselves in terms of resources, capabilities, core competencies, and competitive advantages will also be presented. In addition, this section will cover how companies interpret the external environment and their own internal capabilities to develop a business strategy.

Learning Objectives

In this section, you will:

- Explain strategic management and strategic competitive concepts and discuss how they are applied.
- Describe an external environment analysis and apply it in a business strategy context.
- Analyze how and why companies examine their own organization within the context of developing a business strategy.
- Analyze and interpret information from external and internal analyses to develop a business strategy.
- Compare and contrast how various professions may approach business strategy development and execution.

SECTION 3: THE FINANCIAL STATEMENT

Introduction

In this section, you will learn about financial accounting (FA) and managerial accounting (MA).

Learning Objectives

In this section, you will:

- Discuss the difference between financial accounting (FA) and managerial accounting (MA).
- Name the three basic financial statements and discuss the purpose of each.
- Discuss various accounting concepts and conventions that establish accounting standards.
- Describe the accounting cycle and demonstrate how to close the books and prepare financial statements.
- Differentiate between the items that are included on the Balance Sheet, Income Statement and Statement of Cash Flows.
- Analyze the purpose of various financial analysis techniques.

SECTION 4: MODELING

Introduction

In this section, you will learn modeling techniques for achieving business objectives, which are the stated, measurable targets of how to achieve business aims. Strategic competitiveness is achieved when a firm successfully formulates and implements a value-creating strategy. A strategy answers the question “How will we achieve our business objectives?”

Learning Objectives

In this section, you will:

- Identify SMART business objectives.
- Identify key business risks and discuss possible risk solutions.
- Describe modules used by financial institutions.
- Identify scenarios, stress testing and sensitivities.
- Identify appropriate models for making various business decisions.

SECTION 5: CAPITAL STRATEGIES

Introduction

In this section you will learn about the considerations for raising capital, uses of capital by different industries, evaluation of capital structures and capital budgets, consideration of how risk exposure and risk management impact capital needs, and methods to allocate capital.

Learning Objectives

In this section, you will:

- Name and describe sources and uses for capital across industries.
- Identify, evaluate and mitigate risk exposures to calculate capital at risk.
- Use risk capital allocation to achieve an enterprise-wide capital driven strategy.
- Analyze capital metrics to evaluate product performance.

END-OF MODULE-TEST

END-OF-MODULE EXERCISE