

# Financial Analyst Interview Guide

*Step-by-step interview guide for people applying for entry level and intermediate Financial Analyst positions, and similar job openings.*

*From **Jeremy Hopkins**, Interviewer at specialized finance recruitment agency **HW Search***

Financial analyst belongs to popular career choices, especially amongst graduates from financial and economic fields. Survey conducted in the United States showed that in average, **more than fifty people applied for every single entry level financial analyst job opening**, and more than thirty people with qualification and experience applied for every intermediate financial analyst job opening (Financial Analyst II), in the first half of 2016.

As you can guess, **it is not easy to choose a best person for the job out of fifty applicants, especially if the applicants have similar resume and qualification.** In our recruitment agency we use a complex interview template that includes personal, behavioral and technical questions, practical exercises and even a personality test. It is the best way how to choose the right candidate for the job. I have personally interviewed more than one thousand applicants for entry level and intermediate FA roles, therefore I understand:

- Why the most qualified applicant does not get a job in most interviews.
- That most people **focus on completely wrong things in their interview preparation.**
- That everyone can get this job, if they know what to do and **HOW to do it in an interview.**
- What questions are typically asked, what else takes place in the interview, and what is important to do in order to maximize your chances of getting the job.

On the pages of this eBook, I am going to **guide you step by step towards a coveted job contract.**

We will start with **things you should do before going for your interview**, such as how to compose, or change your resume, and how to deal with a personality test.

We will continue with some **tips for your interview attire and your research prior to the interview**.

In the final chapter of first part of this eBook, I will outline some basic rules regarding practical preparation for your interview. To conclude it, **first part of the eBook should help you to get perfectly ready for the interview, and to know exactly what you should do before the meeting, to improve your chances of succeeding**.

In the second part, we will focus on the interview itself.

I will show you how to act, **how to present yourself as a perfect candidate for the job**. I will teach you what to focus on in your non-verbal communication, as well as in your answers.

Subsequently you are going to learn how to deal with behavioral questions in your interview.

**Third part of the book is dedicated to twenty most common questions they use in an interview for positions of Financial Analyst I. and II.** You will understand why they use each question, see the logic behind it, and learn what to answer to every question. Great sample answers follow.

After reading 2<sup>nd</sup> and 3<sup>rd</sup> part of the eBook, and practicing answers to the questions, you should be ready to ace your interview and present yourself as the right candidate for the job.

In the forth part, we will have a look at **practical exercises of financial analysis**, since some companies use such exercises to check your true knowledge of the subject. Each exercise is explained and solved.

Final part of the eBook is **dedicated to interview follow-up letter**.

Once you read through the content, you should know what to do before an interview, during it, and also afterwards. This should help you to get rid of stress, and deliver your best on the big day.

One question you can ask me right now:

*Doesn't the recruitment differ from company to company, from city to city, from country to country?*

Well, there are some variations, especially if we compare small companies, big companies and agencies. These differences are described on the pages of this interview guide.

However, when you are interviewed for a financial analyst position, you can hardly expect to deal with interview questions for nurses or IQ tests for nuclear scientists...

**The principles of recruitment, and the questions, are pretty similar, every time any institution recruits new financial analysts.** Once you understand the principles and questions, and learn how to adapt to the specific conditions of your interview, you will be able to make a great and **long lasting impression**, and succeed in any interview, regardless of country or company.

This eBook is designed to help you in all scenarios. It does not matter if you are interviewed in a small company, in front of a panel of interviewers, or if someone who has no idea of interviewing people talks to you.... *You will be ready to win the heart of every interviewer.*

Enjoy your reading!

Jeremy Hopkins,

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*Independent Career Coach*

## Table of Contents

### **I. Before the interview**

- **Financial Analyst resume – special tips**
- **Diplomas, certifications and recommendations**
- **Personality test**
- **Interview attire**
- **Do not forget to do your homework**
- **Practical preparation and case studies**

### **II. In an interview**

- **Act as an ideal financial analyst would act in their daily job**
- **Perspective of an employer**
- **How to answer behavioral questions**

### **III. Twenty most common FA interview questions and answers**

### **IV. Practical exercises in an interview**

### **V. Leaving the right impression and interview follow up**

### **VI. Final word**

## I. Before the job interview

*Chance favors the prepared mind.*

Success in a job interview is not dependent only upon your answers to interview questions. Your **non-verbal communication** matters, your **demeanor** counts. **What you wear and what you bring** with you is also important.

In the first part of *Financial Analyst Interview Guide*, we will have a look at these things.

### Your resume

It does not matter if you are already invited for an interview, or if you are just trying to get the invitation. You should understand some issues regarding your resume.

First and foremost, you need to understand one thing: Your resume is very similar to resumes of other applicants for the job. All of you graduated from the same field, all of you have none, or close to none working experience (depending on a level of FA job you apply for), all of you possess similar skills and knowledge.

Summarized and underlined, your resume is similar to the resumes of other applicants. Therefore you need to **focus on parts on your resume that can help you to stand out from the crowd**, parts that can catch the eye of the readers—meaning recruiters and HR managers. Let's have a look at those parts.

### Picture on your resume

According to the statistics from our recruitment agency, candidates with picture on their resume were invited for an interview **three times more often** than candidates with no picture on their resume.

One can say it was a coincidence, but I doubt it. People are **visual beings**. One good picture can tell more about your personality and motivation than a lengthy resume.

Therefore you should definitely choose a good picture and place it on your resume, ideally in a top right corner. Dressed in business attire, with a smile on your face, representing positive emotions as a human being, and showing professionalism and focus, should be your goal. If you do not have such a picture, put on some nice clothes and ask your friend to take one picture of you.

This picture can easily catch the eye of the recruiter—and that’s something you should try achieving. If you do not include picture on your resume (more than 60% of applicants do this mistake), your CV will easily get lost in the pile of other documents lying on the table of the HR manager.

## Introduction and/or Resume Objective

*Jeremy Miles*, a reputable career coach from Canada, wrote that **one decides if they invite you for an interview in first eight seconds of reading your resume**. They may, as well as not, read your resume through to the end. But the decision has already been taken in their head, subconsciously, during the first eight seconds of reading your resume. Therefore **the picture and first lines on your resume mark the most important parts**, and you need to pay special attention to them.

Ideally, your objective, or introduction, (first sentences on your resume) **should be short, to the point, and unique**. From my experience, most people do not place objective on their resume. What a mistake! Inspire yourself with the following examples and compose a perfect objective for your purpose.

- *My objective is to obtain a position of financial analyst where I can contribute my skill, knowledge, and experience to a company that will provider me with an opportunity to develop my career in the field of finance.*

- *I am trying to obtain an entry level finance analyst position, in order to develop full potential of my skills, creativity and motivation, to bring value to the financial department of my employer.*
- *Being a detail oriented woman with practical experience in corporate finances, I am looking for a financial analyst job in a company that can benefit from my reporting and forecasting skills, as well as my experience, while I do a job I love to do.*

Note: As you can see, **candidates did not mention only their own goals**. They wrote also about the things they could do for the company, e.g. *the value they can bring to the team*. This is called an **employer-oriented attitude**, and all recruiters try to find this attitude in people. Please keep it on your mind when composing, or changing your resume.

### Other sections on financial analyst resume

Writing about your education and experience is pretty straightforward. However, you should not forget that anyone can read your resume. It can be a professional in financial analysis, but it can also be someone with no knowledge of the terminology, for example an HR Generalist. Therefore I suggest you to **use simple language on your resume**. Keep it clear and simple. Choose good picture, start with a great objective, and follow with list of your education and experience (if you have any). Your resume should not be more than two pages long (actually one page long is the best).

Please, **do not underestimate the importance of your resume, even if you were invited for an interview**. Many people can see the copy again and again, in the process of decision making, once the interviews with you finished. These people would not meet you in person. They will see only your resume and the report from an interview with you, a report someone else has made. For example, financial directors, or the CFO, belong to these gentlemen. The decision makers do not typically participate in interviews with candidates for entry level jobs. They just **confirm or reject** the final decisions of HR people. They may see your resume after the interview and **make a final verdict without ever talking to you for a single second**. Therefore it is very important to improve your resume, doesn't matter if you were already

invited for an interview. **Improve your resume right now and bring few copies to the interview with you.**

### Issue of correspondence

Your resume has its own “non-verbal communication”. I remember an applicant who claimed to be a responsible and detail oriented person. But on his resume, he did not include exact dates of his employments. He mentioned years only (from 2004- 2006).

Another applicant for FA job wrote that he had excellent computer skills. But at the same time, his resume was terribly formatted and apparently he did not even know how to align the picture to the right side of the page in Microsoft Word.

In both cases, **things written on resume did not correspond with the layout and format, with the non-verbal communication of the documents they submitted.** Trustworthiness of these applicants was immediately shattered, and they were screened out.

You should have a look at your resume and think about the issue of correspondence. You can bet that every good recruiter observes such things. Sometimes it is better to **write less and make positive surprises in an interview** than to present yourself as a perfect applicant on a paper, but disappoint the recruiters with your interview presence.

### Diplomas, certifications and recommendations

*Diploma has never made a good analyst.* It is the same with every single occupation. However, for people living in 21<sup>st</sup> century, recruiters and HR managers, diplomas and certifications matter. It is too soon to break the doctrine.

Therefore you should definitely make **several copies of your diploma and bring it to the interview.**

Even if the interviewers do not ask for it, or they do not take it (for whatever reason), the fact that you brought the paper with you **shows that the job is important for you.** It shows that you really care, and therefore you brought every little thing with you. Most applicants bring

only their resume. Try to be better, **try to do more**, in every sense of the word. Interviewers will appreciate it at the end. **“Doing more” attitude** is exactly what they try to find in ideal applicants for any job.

Similar rules apply to **personal recommendations**. **If you can get a written recommendation from your former boss (or teacher), bring it to the interview with you.** If you are a fresh graduate, I suggest you to try and get a recommendation from **a professional who helped you with your thesis (professor, consultant, etc).**

This person has definitely some respect in the eyes of the employers, and they can give good feedback on your financial analysis skills, even though you have no working experience. Such a recommendation, especially from someone important (*for example senior analyst or university professor*) can strongly boost your chances in the interview.

## Personality Tests

Different forms of tests are applied in a process of interviewing applicants for various financial positions. However, for entry level and intermediate jobs, **personality test is typically the only test**. Interviewers can sometimes use IQ test, but one can not prepare for Iq test in advance, so it would make no sense to discuss it on the pages of *Financial Analyst Interview Guide*. Let's turn our focus to the personality test, the exam you can prepare for in advance.

One needs to have suitable personality to do this job, as it goes about a **specific field of work**. That is the reason why personality tests are used in these interviews quite regularly (at HW Search, we use it in every single interview). I am going to show you how to deal with these tests right now. Once you **understand the logic** of the test, it will become **your favorite part of an interview**.

## Form of a test

Typical personality test consists of **fifty statements you should give your opinion to**. You should tick that you either *strongly agree with a statement, agree with it, disagree with it or strongly disagree with it*.

Let me pick five random statements that are used in personality tests, from about 200 options.

- *You ignore small mistakes*
- *You can wait patiently for a long time*
- *You are more relaxed than strict about finishing things on time*
- *You like to plan things before you do them.*
- *You like to take frequent breaks when working on something difficult*

These are five statements from a fifty statements-long test that was typically used in our recruitment agency for interviewing financial analyst job applicants. Candidates should choose if they *strongly agreed, agreed, disagreed, or strongly disagreed* with the statement.

While completing the test, you should **ask yourself the following question: What would an ideal analyst do when deciding about the statement?**

*Would an ideal analyst agree, or disagree with it?* That should be on your mind while doing the test.

Let's have a look at it one by one.

### *1. You ignore small mistakes*

While some decision makers, or HR workers, can and even should ignore small mistakes, **analyst should not tolerate any mistakes**. Even a small mistake in your analysis can prove costly for the company, and that's why an ideal analyst (or ideal applicant for this job) would always tick Strongly Disagree.

### *2. You can wait patiently for a long time*

Analysts collect plenty of data from different sources **and their calculations can sometimes take hours or days to be completed**. What's more, one mistake often means that you have to start from the beginning again. A good financial analyst **should definitely be patient**. Representing such a candidate in an interview, stick to "strongly agree" in the test.

3. *You are more relaxed than strict about finishing things on time*

**If I should pick one person in an entire company who should finish things on time, I would go with a financial analyst.** Therefore, you should “strongly disagree” with this statement in a personality test. You should do so, because a great analyst would disagree with it. They would be pretty strict about finishing things on time.

4. *You like to plan things before you do them*

Lucky people do not need to plan anything in their job, or even in their life (not many are so lucky though). They just need to do tasks assigned to them by the others, and they do it operatively. However, it is definitely not a case for a financial analyst. Someone with a right personality for this job **should definitely have a sense for planning and also prefer to plan their work in advance, as a good plan of an analysis, in accordance with goals of the analysis, is a vital element of each big financial project.** Therefore you should choose “strongly agree” in the test.

5. *You like to take frequent breaks when working on something difficult*

There is no time to take FREQUENT breaks nowadays, especially for a busy analyst, working in a big company. Therefore your answer should be “strongly disagree”, since employers expect from a person they choose to **have an ability to work on difficult tasks for a long time, without taking many breaks.**

As you can see, it is quite easy to complete this test to the satisfaction of the employer. All you have to do is to ask yourself the following question, when deciding about your answers in the test:

- **What would a good (or an ideal) analyst answer?**

And then you should choose the same answer.

*Note: Maybe you noticed that I chose **strongly agree** or **strongly disagree** all times. To only agree or disagree with something shows hesitation. You should not hesitate. You should have **clear vision, firm opinions and know what you want**. That is why you should choose “**strongly agree**” or “**strongly disagree**” in the vast majority of cases. However, if you are*

*not 100% sure about some answers in a personality test, you can choose the “mild option”, ticking that you just agree or disagree with a statement.*

Find below five other statements from the test. Would you agree or disagree with them, in your job interview for position of financial analyst?

- *You are somewhat a of a thrill-seeker*
- *Your stuff is often kind of messy*
- *When you go someplace, you are never late*
- *You hate to give up if you can't solve a hard problem*
- *You do not like to take orders*

(Right answers: 1. SD, 2. SD, 3. SA, 4. SA, 5. SD)

Do not be afraid of a personality test. All you have to do is **to think about it from a point of view of an ideal analyst**. You should have enough time for this way of thinking in your interview. In general, good financial analyst is *positive about himself and the others, patient, well organized, focused, mathematical, upbeat, and a team player. And they are an employee ready to take orders from then bosses.*

*Note: This technique can be applied in every other “normal” form of personality testing. However, if you need to deal with a **strange form of a test**, e.g. a test consisting of questions such as “which of this circles is angry” or “which of these colors is the most blue”, there is not too much you can do to prepare for it in advance.*

Good news is that companies are ceasing to use those weird forms of personality tests, because the benefits of using them are questionable. If there is a test in your interview, it will be likely the one with agree-disagree options I described in previous paragraphs. And now **you should be ready to deal with it with smile on your face.**

## Interview Attire

In an ideal world, personal preferences, physical appearance and attire of job applicants would have no effect on the final decision of the interviewers.

But **we do not live in an ideal world**. Personal preferences, as well as your physical appearance, can make a difference in an interview.

While it is foolish to believe that good attire can win you a job contract, **it is also foolish to believe that wrongly chosen attire can not ruin your chances of getting a job.**

After all, attire can help you with **good first impression**, and that is made just once. So, what to wear?

Business outfit is your best choice for all financial analyst interviews. **The better you look, the more serious you appear in the eyes of the interviewers.** Your clothes should be **well ironed and neat, since that would reflect your detail oriented, organized, and responsible personality**, something they try to find in you.

Your clothes reflect who you are, do not forget it. Financial analysts should be **money-oriented**. Therefore it is good to put on something expensive, if you have such attire. Nice ring, glasses, or watch will do the trick.

## Subconscious game

There is one trick most job seekers do not know about. It is putting on attire that somehow reflects the colors of the company, their identity.

In a world of business, every company has the identity. Colors are an integrated part of this identity. You name it—IBM has its blue, Target has the red, STARBUCKS has the green. We could continue for hours... In fact, each company has some colors that represent their values and business.

If you manage to mix the colors of the institution on your cloths, something strange will happen.

A scientific study proved that if job seekers use the colors of the company on their attire (color of a shirt, of a tie, etc), the interviewers will have better feeling about their application.

A subconscious process happens in the minds of interviewers. They see someone as a good adept to join the company, **just because the colors of their dress match the colors of their company, the colors that belong to their corporate identity**. Clever job seekers use this simple trick to their advantage....

So, identify their colors (website or company logo should help you) and adjust the colors of your attire accordingly.

## Practical preparation

**Everyone can talk about doing a job, but not everyone can actually do it....** Specialized financial recruitment agencies, as well as many employers, try to screen out the talkers in the interviews, and they use practical tests for this purpose.

### What form of a test to expect?

First of all, it won't go about any difficult test, such as a complex case study, or an extensive cash flow statement analysis. These tests are applied, but only in interviews for senior FA roles, and there won't be enough time for them in a typical interview session anyway.

For entry level and intermediate jobs, you can expect one of the following tests:

### *MS Excel – make a chart, report data.*

Nearly all financial analysts have to work with MS Excel (or with similar software) on a daily basis. Recruiters may provide you with raw data, and tell you *to make a specific chart, to report it, or draw some conclusions using simple financial modeling functions MS Excel offers*. It is nothing difficult, but I still suggest you to practice with MS Excel before your interview, making charts and trying to use simple FA functions.

### *Simple case study*

*"You have the following data from the balance sheet and P&L statement for company XYZ for 2015 FY:*

*Fixed Assets 2014: \$10,500,000*

*Fixed Assets 2015: \$11,500,000*

*Variable Assets 2014: \$4,230,000*

*Variable Assets 2015: \$6,345,000*

*Gross Income 2012: \$5,132,000*

*Tax rate: 20%*

*Count the return on assets ratio in the given period.*

This is a popular form of practical test in a financial analyst interview. It is a simple one, but **interviewers can understand a lot of things while you work on the task.** They can observe your methodology of work, whether you focus or not, the calculations you do, the way you write and do things in general. They can assess your communication skills, see what terminology you use when talking, if you are able to speak about things in a simple way, etc. Such a **simple case study can actually tell a lot about your readiness for a job.**

I suggest you to polish your practical knowledge of basic financial indicators, because the chances of dealing with similar case study are rather high.

While you work on the task, you should stay focused, and calm. Focus on your tasks, and do not let the fact that someone is watching you distract you. Work systematically, double check your results, and talk about the solution in a simple language. Do not forget to keep eye contact while presenting it.

*Note: To see solution of this particular case study, see Exercise 1. in section IV. – Practical Exercises*

### *Working with a financial software*

Interviewers may ask you to work with the finance planning or analysis software they use in their company. This will happen especially in smaller companies, since they often operate on **tight budgets, and do not like to change things**. They want to hire someone who can work with their software, and does not need any special training before starting the job.

Honestly, there is little you can do to prepare for this particular test, since there are many software options... Nobody can work with all products for financial modeling and analysis.

What I suggest you to do is downloading a software that offers a free trial, for example FA products from Money Tree (you can download it here: <http://www.moneytree.com/products/Trials> ) and make few analysis with it prior to your interview.

Most of the financial software products are similar and **working with one should help you to work with other as well**, even if the user interface differs.

In a worst case scenario, you can say that you do not have the SW, but can work with similar products from Money Tree. That would **show that you really care, and did your best to prepare for the job**. In any case, working with any software will help you to feel more confident in an interview.

*Note: If you are preparing for an interview in a big company, do not bother yourself with different software. If they hire you, they will train you to work with all software products you'll need in your daily job.*

You will find more exercises that our agency uses to interview FA job applicants, together with solutions, in the 4<sup>th</sup> part of Financial Analyst Interview Guide, called practical exercises.

## II. In an interview

There are few more things you should understand before you enter the room for your interview. Let's have a look at them right now.

### Act as an ideal financial analyst would act in their daily job.

This is a magical sentence. If you follow this single advice, it will win you many job interviews in your life.

Most job seekers believe that their answers to interview questions decide about success or failure in an interview. But if you asked some HR managers and recruiters, they would tell you exactly the same thing I am going to tell you right now:

Your presence, non-verbal communication, as well as your overall demeanor is even more important than your answers to interview questions.

*Let's have a look at the ideal personality for a role of financial analyst.*

An ideal candidate for this job is **focused and responsible**. They **do not tolerate mistakes**, they are perfectionist. They are **always on time, loyal** to the employer. They enjoy doing the things analysts do on daily basis. In fact, they're **passionate about their work and about numbers in general**. They **can think critically and analytically, and work independently**, without a need of supervision or help. They can **communicate with staff members from all departments** of the company).

And you should act in the same way in your interview. What does it mean?

You definitely should:

- *Be bang on time, not a minute late for the interview.*
- *Bring as many things as you can with you (not only your resume).*

- *Talk in numbers; include facts and numbers in your answers whenever you can.*
- *Stay focused in an interview; listen all time, never ask them to repeat a question*
- *Speak to the point, use a lot of financial terminology.*
- *Work on given tasks without asking for additional information, without help, trying to deal with each task independently.*
- *Work rather cautiously and systematically, always double check everything important (like you would do in your job).*
- *Look at things and problems from the point of view of the employer; giving suggestions on better production effectiveness anytime there is an opportunity for such suggestion.*
- *Talk nicely about people, about yourself, about the job you want to get.*

If you follow this advice, interviewers will get the feeling that you have the right **personality for an analyst**. And that is priceless for every employer...

HR people know that you can always be trained to work in specific software environment, or introduced to some advanced tasks of your job. However, **once you do not have the right personality, you will never become a great analyst**, either at their company, or anywhere else.

Please, keep it on your mind and **try to present yourself in a right way, in every moment of the interviewing process.**

Job description should help you to understand what abilities and behavior characterize good FA, if my description was not satisfactory.

Once you understand it, all you have to do is to **present yourself in a same way in an interview.**

**Act, as an ideal financial analyst would act in their daily job.**

## Perspective of an employer

Most job seekers think only about themselves. Let me show you an example:

When inquired about a reason for their application, most people talk about *challenging job, good working environment, potential for career growth, excellent salary, etc.* However, **this is a perspective of an employee.**

Think about it for a while—the employer is not interested in your career growth, your salary expectations, and all these things. **Companies care for their own gains and business, not for yours.**

Just a small group of job seekers have an ability to **look at things from a perspective of an employer.** They use different answers to the same question about a reason for their job application:

- *They apply for the job as they believe to be good analysts, and have an ability to create perfect plans, reports and financial forecasts..*
- *They believe to **bring added value to the corporation, if they are hired.***
- *They apply because they really like the company, the vision and goals they have, the working environment, and they believe to fit perfectly in it.*

Simply they do not speak about what they want to gain as financial analysts, but what the employer can gain from the employment relationship with them.

In the next chapter, called twenty most common financial analyst interview questions, I will show you brilliant answers that **correspond with the perspective of an employer.** It is important to understand it before you practice the answers from this eBook. It should **become a part of your mindset—to think about an employer first.**

If you manage to do that, you will find the right answers, and succeed in nearly every job interview.

Look at things from the perspective of an employer. Leave your ego at home. It is the only way to succeed in a tough competition of dozens job seekers, who try to get every available financial analyst job.

## How to answer behavioral questions

Answers to behavioral questions can sometimes decide a winner in an interview. They ask you about your behavior in various work-related situations, trying to forecast what you would do in similar situations in the future. Let's have a look at a typical behavioral question:

*Describe a time when you faced a particularly demanding deadline to prepare a report or forecast. How did you react? What was the result?*

Many times, I heard applicants reply to this question:

- *I do not have such an experience.*
- *This is my first job application for analyst job.*
- *I have never been in the situation.*

All of these answers were bad. Candidates could hardly get any points for their answers, **because they did not answer the question at all.**

We will analyze and answer specific behavioral questions in the following chapter. However, **there is one rule you should remember: Never say that you can not answer a question.**

If you really haven't experienced certain situation, I suggest you to use the following formulation:

- *I have not been in such a situation before. However, if it happened, I would do the following: ...*

This should be your third option. Before opting for it, you should think about real situations from the past, or think up one before the start of your interview. Anytime answering behavioral questions, you should do the following:

1. Talk about situations that really happened to you and explain your behavior.
2. If there wasn't any real situation, but you thought up one, you should use it for your answer.
3. If there was not any situation from the past, and you did not prepare your answer upfront, use the following formulation: *"I have not been in such a situation before. However, if it happened, I would do the following: ..."*

### III. 20 Most Common Financial Analyst Interview Questions

Based on my experience with interviewing candidates for entry level and intermediate analyst jobs, I chose and analyzed twenty most common interview questions.

We will have a look at **personal, behavioral and technical questions**. Practical exercises are outlined and explained in the forth chapter of the book.

There is a short hint for every question. The hint describes **why the interviewers ask the question and what you should focus on when answering**. Several **sample answers** follow the hints. Feel free to use them as an inspiration for your own interview answers.

The following questions are analyzed on subsequent pages:

1. **Why do you want to become a financial analyst?**
2. **This job can be repetitive. What would motivate you to do it well every day?**
3. **Why should we hire you?**
4. **What are your strengths and weaknesses?**
5. **What was the biggest mistake you did in your job?**
6. **Describe a time when you faced a particularly demanding deadline to prepare a forecast, plan, or an analysis.**
7. **Describe a situation when you had problems to communicate something to your boss, or to your colleagues.**
8. **What was the worst financial forecast you have made in your life so far?**
9. **Describe a situation when you were under pressure in work.**
10. **Have you created month-end sales reports?**
11. **What profitability models have you used for forecasting a project? Which model do you consider to be the best one?**
12. **Are you familiar with developing business casing and ad-hoc analysis?**
13. **Where do you see yourself in five years time?**
14. **Can you explain financial models?**

15. What programs would you use to prepare illustrated technical reports using graphs, spreadsheets and draw charts?
16. What methodologies do you use while carrying out a financial analysis?
17. When you are given a large financial analysis project, what is the first thing you do?
18. How do you calculate a company's cash flow?
19. Which stocks do you frequently track? Why?
20. Do you have any questions?

## 1. Why do you want to become a financial analyst?

Hint: To ask *why you chose this career*, or *why financial analysis*, or *why do you want to become an analyst* are some typical starting questions in the interviews.

**You should not refer to the past while answering.** To say that you want to be an analyst because you studied finance and banking would be like saying you have to do the job, instead of wishing to do it. **Speak about the future, your career goals, your motivation and skills** when explaining the reasons of your preferences.

### Sample answers:

- *I like to work with numbers. To report and plan, forecast, to discover ways of improving profit margins and cost reduction and helping the managers to take the most effective decisions is what I really enjoy doing.*
- *My goal is to become a financial manager in a few years time. But I need to understand all processes and cash flow in a company, before I can apply for the job. I believe I can acquire the experience on a position of a financial analyst in your company. That's the reason for my application.*
- *Every one has some skills and is good in doing something. I am good in financial analysis and I like to do my job. That is why I want to get this position, and why I did*

*not apply for any other role. I have always dreamed of having the job of an analyst I, chose my college accordingly, and I took all steps to reach my goal one day. Perhaps the day is today.*

## 2. This job can be repetitive. What would motivate you to do it well every day?

Hint: Analysts typically carry out a limited number of tasks in big companies, day after day. Without a doubt the job can feel repetitive, and therefore you should **focus on your preference for routine jobs**. Some people like challenging roles, others prefer routine, and that's exactly your case (or at least you should try convincing the employer about that). A good feeling from a well-done job can resonate in your answer.

Alternatively you can say that **from your point of view, the job is not routine if one has the right attitude**.

### Sample answers:

*- To be honest with you, I prefer routine jobs. Once I learn to do things, I do my job well and have a good feeling about the work. Jobs where you learn new things all time are really not my cup of coffee. I simply prefer routine, but once I learn to do my tasks, I enjoy doing them and can perform on a high level, day after day.*

*- I focus on relationships. If I enjoy time with my colleagues, if I feel like a member of a hard-working team, it makes me happy and motivated to work hard all time. It does not matter if the job is repetitive.*

*- From my point of view, this job is not repetitive. Even if you carry out a limited number of tasks, you get new data each day, there are problems you need to solve, and people you need to talk to. Many different things happen in an office on a daily basis. The job is fun to do, not a repetitive one.*

### 3. Why should we hire you?

**Hint:** Most job applicants say that they have the best qualification and experience, or the best education. That's a rather silly choice of an answer....

First of all, all interviewed applicants meet the basic requirements of experience and qualification. **They would not be invited for an interview if they did not meet them.**

Secondly, you do not know the other applicants. How can you tell that you have better qualification, or skills, or experience? It is impossible to say, and only interviewers can tell, at the end of all interviews.

Other people have a tendency to use one of the following answers:

- **Because I am the best candidate for this job.** *This is too general.*
- **Because I want this job badly.** *Interviewers are not concerned about your wants and needs. They do not care about what you want.*
- **I fulfill the requirements for the job.** *All applicants meet the requirements, at least most of them. Meeting the requirements is not a reason why we should prioritize you to someone else.*
- **I have no idea.** *If you have no idea, how can an employer know why they should hire you?*

As you can see, **there are many bad ways to answer this question.** So, what is the right one?

The right way consists in talking about something unique, some value you can bring to the institution, you and only you, something that differentiates you from the other applicants for the job.

While it is tough to give sample answers suitable for you (each of us is different and can bring different form of value to the company), I will list at least couple of good answers from other applicants.

#### Sample answers

- *I believe that an analyst is really an important employee. The quality of their job can strongly influence the overall financial results of the business. It is not only someone who should prepare reports and plans. It is someone who should communicate with other staff members and constantly look for ideas of reducing expenses and improving profit margins. It is also someone who should forecast the future, and give clear suggestion on possible improvements. From my personal experience, not many people have this attitude towards the job. I have the attitude, and believe I'd be a really good choice for this position.*
  
- *I really love this job. I study a lot and try to become a top-notch analyst. I do not do it only for money, or because I graduated from the college. I really love this job, and enjoy doing it every day. I believe that with my approach I can make some difference for your company, and also help to motivate other team members to work harder, and to enjoy their time in work. Obviously, I do not know the other candidates, but if you find someone better, I will be happy to see him getting the job, and helping you to prosper.*

#### 4. What are your strengths and weaknesses?

Hint: This is one of the **most typical interview questions**. Sometimes I have the feeling that interviewers use it just because everybody else uses it.

However, **it is not as difficult as many job seekers perceive**. In a good answer you should talk about a **strength that is related to the job of a financial analyst, and about weaknesses that are not related** (or at least not so much) to the job. You can even talk about a weakness that may be considered strength by some employers, for example being impatient, or wanting to do everything on your own.

Anyway, you should not claim to have no weaknesses. **We are human. We have weaknesses**. Pick one that is not very important, and elaborate on it with your efforts to improve. That is what the interviewers want to hear from you.

### Sample answers:

- *I have a tendency to be impatient. I also want to do things on my own, just to ensure it was done precisely. From my strengths, I can mention good computing skills and an ability to understand simple logic behind complicated financial issues.*
- *My computer skills are not as good as they should be. I attend evening courses and practice at home, trying to improve on my skills. From the strengths, people say that I am responsible, and it has never happened to me that I did not finish my work in time, or that I forgot to do something in job.*

### 5. What was the biggest mistake you made in your job?

Hint: Everyone makes mistakes. Interviewers do not expect to hire a financial analyst who has never made a mistake in their job, or in their personal life. Oppositely, **they try to find an analyst who are aware of their mistakes, are not ashamed to acknowledge them, and can learn something from their mistakes.**

It does not matter what mistake you talk about. The most important thing is to be able to admit your mistake, analyze it, and take it as a lesson.

### Sample Answers

- *I understand that mistakes can prove costly in this job. Therefore I would double check everything and do my best to avoid making mistakes. However, this is my first job application, so I do not have experiences with making big mistakes, some that influenced something important in a company. I made many mistakes in personal life,*

*some of them hurt, but I try to take each mistake as a lesson, and an opportunity to do things better next time.*

- *Customer approached me in my previous job while I was busy. I sent her to my colleague, I refused to help. My colleague was unable to solve her request, because it was my specialty and responsibility, not theirs. She came back and was very angry, reported it to the manager, and said she would never come to our store again. I apologized in public, and we offered her a free gift. She accepted the gift, but left the store anyway. I understood it was a mistake, and that I created a lot of work for the others, without any serious reason. Since then I prioritize helping the customer to all other duties.*
- *Once I made a wrong cash flow analysis, simply because I mixed up fiscal years. I gave recommendations to management based on it and that nearly resulted into an improper action, because my suggestions were based on false analysis. Luckily, my supervisor found the mistake and nothing bad happened. I learned a lesson and since then I always double check the letterheads, to avoid the same mistake.*

6. Describe a time when you faced a particularly demanding deadline to prepare a forecast, plan, or an analysis. How did you react? What was the result?

**Hint:** Meeting deadlines is crucial in the world of finances. You should pick a time when you met a tight deadline, when you prepared the documents on time.

Interviewers test also your listening skills with questions that consist of more parts. Many applicants forget to answer one or two parts of a question, and they lose points for that. Listening skills are very important for financial analysts, in fact for everyone who works in the team.

**Therefore you should be focused, listen carefully, and answer each part of the question.**

Talk not only about a situation, but also about your reaction, and the final outcome.

If it goes about your first job application, **you can talk about an experience from college.** After all, meeting a deadline is meeting a deadline. Attitude is important, not the particular situation you'd talk about.

**Sample answers:**

- *I had to meet tight deadlines in my last job all time. As a cost accountant, I was responsible for preparing customized financial reports for weekly meetings of financial management. They let me know what sort of reports they needed and what I should prepare, just few hours before the meeting, or a day at best. However, I did not panic. I always tried to keep my things organized, so I wasted little time when preparing an actual report for the managers. Except of one case, I always managed to prepare the reports on time.*
- *While working in sales (feel free to use examples from other fields of work, if you have no experience with jobs in finance sector) employer set a sales target I had to meet every month. In February 2015, on the 21<sup>st</sup>, I was 60% behind target. I decided to work overtime, to push myself to the limit, to do everything to meet the target on the 28<sup>th</sup>. At the end I reached only 90% of the sales volume, but it was still a good result, considering that February is weak month for sales. Regarding preparing financial reports, plans or forecasts, I was never forced to meet any deadline, as this is my first application for a job of an analyst.*

7. Describe a situation when you had problems to communicate something to your boss or to your colleagues.

Hint: Financial analyst talks **daily with people from all departments of the company.** A suitable candidate for this job **should be able to communicate financial terminology in a**

**very simple way**, so people who have no idea what ROI, CF or P&L means will understand them.

You should focus on professional communication between you and your colleagues in your answer. **To talk about some personal issues you had with people in the office is not something I'd recommend.** Nobody wants to hire an analyst who remembers and talks about problems they had with their former colleagues.

Your attitude and way of thinking matters in the answer, not the particular situation you talk about.

### Sample answers

- *I struggled to communicate with people from marketing and sales, as I love numbers and talking in financial terminology. But I realized that even though my explanations seemed simple to me, they were difficult to follow for other people. Actually it led into a couple of conflicts on the workplace. I thought about it and decided to change my behavior. I started to use simple terminology and brought a lot of charts and presentations to every meeting outside of financial department. It actually helped a lot, and the communication problems ceased to exist.*
- *This is my first job application, so I have never been in similar situations. If it happened, if I struggled to communicate with people, I would prepare a PowerPoint presentation with charts and illustrations, trying to explain things to the people in their own language—be it marketing, or sales. I know it would be difficult, but I would be patient, and I'd try to use practical examples and comparisons to help them understand.*

## 8. What was the worst financial forecast you have made?

Hint: Forecasting belongs to principal duties of every financial analyst. And while forecasting is mostly about analyzing historical data, finding patterns and trends and estimating the future numbers accordingly, good analyst also uses their intuition, trying to figure out what's going to happen on the market.

Specify not only the bad forecast you made, but also why you made it, and use this opportunity to show the employer that you understand different forecasting methods.

### Sample Answers:

- *Once I used the Bayesian Method to forecast the prices on the stock market. It was at school, for my seminary project. However, the real market prices were very different to the estimations from my forecast. It ruined the theoretic part of my work and I had to start from scratch. On the other hand, I learned that Bayesian Method is not sufficient, and I started to use combination of more methods, especially Bayesian and Reference Class, to make my forecasts accurate.*
- *Once I worked on sales volume forecast for all products from the portfolio, including new products. I decided to apply budget expense method and consulted different managers from the company to find out what their expectations were. I also included my own market analysis in the forecast. However, real sales volume was 20% below my forecast, what was very bad for us. I understood that managers were over optimistic about the new line of products, and we should include more historical data in the analysis, as well as available data about the competitors. That would bring more realistic estimations. Anyway, I learned the lesson, and would do it better next time.*

## 9. Describe a situation when you were under pressure in work.

Hint: Sad but true, stress-free working environment slowly ceases to exist. Big American corporations purposely create stressful environment, **as they believe to achieve better productivity of employees** in such an environment.

Their recruiters want to hear **that you can cope with pressure, or, even better, that you actually enjoy being under pressure in work.**

### Sample answers:

- *Last two weeks before my state exams were very stressful. To be honest, I wasn't the best companion. I was quite nervous and angry when talking to people. But I learned a lesson: stress did not change anything to better. I had only problems because of my behavior, and my grades did not reflect my real knowledge of financial analysis. That's why I decided to try to be relaxed all time, even if the job is stressful for other people. It makes no sense to create too much pressure on you.*
- *As you can see, I am under pressure right now. This interview is very important for me. I take my job seriously and that's why I am sometimes stressed. However, I believe I work better under pressure, so I do not try to get rid of it completely. Once I leave the office, I always find time to relax and recharge my batteries.*
- *My last job was quite stressful. We had to achieve difficult sales targets, and the whole department was under pressure. To be honest, I did not like such an environment and that's why I applied for a job of an analyst at your company. I know that the workload is going to be heavy here, but it is different to the situation in sales. In my previous job there wasn't any team, and I had to deal with everything on my own, without any training, or support from experienced colleagues. Everyone minded their own business only. That was difficult and stressful, but I still managed to achieve good numbers. I just didn't enjoy the environment, and that was the primary reason why I left the job.*

### 10. Have you created month-end sales reports?

Hint: Month-end sales reports are one of the basic reports analysts create. If you have no experience with the task, **you can learn it now, and say in an interview that you are able to create them, and have the experience.** It can be done easily in Ms Excel, or Open Office.

A typical month-end sales report monitors numbers of sales of different products in different locations and compare each number with the same indicators from previous month. For example:

| Product | Location | Sales | Last  |    | Change  |
|---------|----------|-------|-------|----|---------|
|         |          |       | Month |    |         |
| BMW Z3  | London   |       | 72    | 80 | -11,11% |
|         | Bristol  |       | 13    | 13 | 0,00%   |
|         | Oxford   |       | 24    | 12 | 50,00%  |

*(Sample report monitors sales of BMW Z3 cars in three cities, in two consecutive months.)*

Have you created this type of a report before? If you have, mention software you used, as well as **why this report matters**. If you did not, say that you know how to prepare the report, and why analysts should create it for the entire portfolio of products.

#### Sample Answers:

- *I have been creating month-end sales reports in my previous job, on a regular basis. Actually, I have been creating very detailed sales reports, segmenting the market as much as possible, so we could draw better conclusions based on my reports, and make accurate forecasts for next months. I used MS Excel to prepare the reports.*
- *I have never done it in job, and they did not teach us to do it at school. However, I try to study at my own and understand the importance of basic reports such as month-end sales. Therefore I know how to make the report and how to interpret it, in both short term and long term horizon.*

11. What profitability models have you used for forecasting a project? Which model do you consider the best?

Hint: This is a technical question from theory. **Profitability models belong to a basic knowledge of every good analyst.** All you should do is listing some models you have used

for forecasting, either in your job, or in school, and say which one was the best in given situation.

If you can, focus on the practical application of the model, why you chose it and why it was wise to apply it. It should convince the interviewers that you can do your job and understand the role of financial analyst.

### Sample answers:

- *I have used historic, financial and analytic profitability models for forecasting a project, both in school and in my job. However, it's tough to say which one is the best model. In the past, I would go for historic model, anytime it was possible to apply it. However, markets are evolving as fast as ever and therefore a little analytics is needed nowadays.*
- *Personally I support trend models. I typically use a lot of historic data and try to discover the trend. I also use competition analysis, to find out what the profitability trends are, to estimate overall market trends. This is, I believe, the best way of forecasting the project, as it gives the most complete insight, and allows the managers to make qualified decisions.*

## 12. Are you familiar with developing business casing and ad-hoc analysis?

Hint: People have a tendency to use a simple answer: “Yes, I am familiar with it.” While it is not the worst possible answer, it is not a good one. **Interviewers can easily think that you said it just because it's obvious such knowledge is needed.** They would not use the question if the knowledge was not needed (*the same applies to every interview question that starts with “are you familiar with, can you, are you able to, would you not mind, etc.”*).

Therefore, you should always elaborate on your answer. Say when you used the method for the last time, or what you personally think about the application.

### Sample answers:

- *I am an amateur trader on the stock market. Ad-hoc analysis belongs to the most common tools I use before making any decision. Regular reporting available on free financial portals is not sufficient, at least not for me, so I do a lot of personal ad-hoc analysis. I have also some experience with developing a business case, but that's mostly from school, not in real business environment.*
- *I am familiar with both concepts. Each good analyst should be familiar with them. I have in my computer a few great templates for business case, and I use them when I need to develop a case, and present it to another person. I hope to get a chance to develop business cases in my new job, as it's something I find quite fascinating.*

### 13. Where do you see yourself in five years from now?

Hint: Interviewers ask this question to find out two things. Primarily they want to see if your career goals match the possibilities they can offer.

If you apply for a position in a big company, there will **always be some options for career growth**. In this case you should tell that you would like to hold a senior financial analyst position in five years time.

On the other hand, **possibility of promotion is limited in small companies**. They typically want to hire an analyst who'd be happy with the job for many years to come.

In such a case, you should stress that you simply want to do your job well in five years time, and do not aim for any big changes in life.

Of course, you do not have to stick to the promises you made in job interviews.... You can leave them in three, six, nine months. It's your choice! But while they interview you for a job, you should **tell them what they want to hear from a right candidate**.

Second intention behind this question is to see whether you think about your own career only, **or if your goals relate to the goals of their institution**. Try to connect your personal goals with the goals and visions of their company, if possible.

In any case, you should have at least some goals on your mind, because **every responsible employee has some goals**. To say that you do not think about the future would be rather a bad answer....

**Sample answers:**

- *My goal is to be a successful analyst in five years time, a man who is proud of the achievements of the company, and actively contributes to these achievements, with their exceptional job and accurate forecasts and reports. If I arrive at this point in five years time, I will be very happy in life.*
- *My goal is to have a senior role in financial department in five, or in ten years time. I believe that I can learn a lot in this company, and if I do a good job here, there will be many options to progress, step by step, until I can achieve my final goal. Before it happens, however, I need to start from the basics, and this job is perfect for that.*

#### 14. Can you explain financial models?

Hint: This is another **technical, theoretic question**. You should say what financial models are, and where do we use them. That's it.

However, if you have any experience with financial modeling, you can mention it briefly in your answer. Practical example will never harm your chances of getting a job.

**Sample answers:**

- *Financial modeling is an exercise in either asset pricing or corporate finance, an exercise of quantitative nature. Saying it differently, it is about translating a set of hypotheses about the behavior of markets or agents into numerical predictions. To show you an example, based on the hypotheses that dollar will grow constantly the next year, a rise of the trade deficit will be 5%.*
- *The process by which a firm constructs a financial representation of some, or all, aspects of the firm or given security is called financial model. Financial models can*

*be constructed in many ways, either by the use of computer software, or with a pen and paper. What's most important, however, is not the kind of user interface we use, but the underlying logic that encompasses the model. A model, for example, can summarize investment management returns, such as the Sortino ratio, or it may help estimate market direction, such as the Fed model.*

## 15. What systems and programs would you use to prepare illustrated technical reports using graphs, spreadsheets and draw charts?

Hint: While I personally continue to use pen and paper for my analysis and forecasts, most corporate people prefer computers. Employers want to find out if you have experience with preparing reports in software environment.

Microsoft Excel won't disappoint the recruiters. It is a universal tool, and to say that you prefer to use it will be a good answer.

However, a company where you apply for a job may use different software package. Because of that, you should stress that you believe to be **capable of learning to work with any financial software.**

### Sample answers:

- *I prefer to use MS Excel, because I have been working with it since childhood, and my skills are exceptional. I am able to prepare illustrated technical reports, as well as to apply the most advanced mathematical and analytical functions on the go. However, I believe in my computer intelligence, and would easily learn to use any program for the same purpose, if it was needed.*
- *I like to use Reports Ultimate, since it is fast and offers a large variability of visual execution for both spreadsheets and charts, what helps when presenting my reports to people without sufficient knowledge of financial terminology. However, I am able to work with MS Excel also, and am ready to learn to work with any other software of your choice, if needed for the job.*

## 16. What methodologies do you use while doing financial analysis?

Hint: Many methodologies can appear in your answer to this question. However, as a good analyst, **you should always mention a combination of methods**, since the interviewers prefer to hire candidates who do their very best to maintain the highest possible accuracy of their analyses and forecast.

If you apply for your first job, you can mention methods you learned at school.

### Sample Answers:

- *To make a best possible report or forecast, I always do both vertical and horizontal analysis. In fact, I always think about the project and the goal of my work to determine which method is the best one, and how deep I should go, as sometimes it would be a waste of time to use more than one methodology. I have experience with ad-hoc and comparative analysis also, especially with application for complex projects.*
- *We used all methods on the college, including vertical, horizontal, trend, comparative and fundamental analysis. From what I have learned, it is always better to use more than one method, to be able to analyze the project in detail and make good forecasts regarding future sales and profitability.*

## 17. When you are given a large financial analysis project, what is the first thing you do?

Hint: Work of financial analyst should be integrated with work of other people. Therefore you should neither start to work on specific analysis, nor decide about the methods you would use, immediately after they assigned you a large project.

**The first thing you should do is to understand (or set) goals of your analysis.** Once you understand why you do it, and who will work with it later, once you have clear goals, only then can you set **milestones**. Based on the goals and milestones, you should be able to choose the proper methods, allocate your work, and start doing the tasks in a right order.

Explaining it in a similar way will help you to **convince the interviewer that you understand not only charts and numbers, but also business** and your true role in their company.

### Sample answers

- *First thing I do is consulting the management to understand what the goal of the analysis is, and what they expect me to find out, what information they need. Knowing that I can structure my work, prepare a project plan, and start carrying out the analysis, step by step.*
- *Firstly I try to understand the goals of the large analysis. I ask myself few questions: “Why this analysis?” “What should I find out?” “Who is going to use my reports and forecasts, and for what purpose?” Once I understand the answers to my questions, I am able to set right goals and choose suitable methods for attaining them. This is the first thing I do before starting to work on any large FA project.*

## 18. How do you calculate company’s cash flow?

Hint: A simple question, one each applicant for FA job **should answer without any hesitation**. Interviewers are just checking if you are in the right place, in the right interview ☺. They want to see if you aren’t a book-worm who might get A+ from financial analysis at school, **but who have no practical knowledge of the analysis**.

When answering these basic questions, you should simply say what they inquire about. Do it clearly, do not hesitate. You can use a short answer, or make a basic definition and elaborate on it with further explanation.

## Sample answer

- *To calculate company's cash flow, you need to sum up cash flow from operating activities, cash flow from financial activities and cash flow from investing activities. All of these indicators can be both positive and negative, depends on the activities of the business.*

*Cash inflows from operations include cash received from sale of goods or services, collection of receivables from customers, cash interest and cash dividends received. Cash outflows from operations include cash payments for goods purchased, cash payments for notes to suppliers, cash payments to employees, cash paid for taxes, fees, and fines, and interest paid to creditors.*

*Cash inflows from financing activities include cash proceeds from sale of stock, cash received from borrowing, cash received from contributions and investment income. Cash outflows from financing activities include cash paid towards principal on debt, cash paid to reacquire equity or buying back shares of stock, and dividend payments to shareholders.*

*Cash inflows from investing activities include collected principal on notes, cash proceeds from sale of equity such as stocks or bonds, and cash received from sale of assets or physical property such as plants and equipment. Cash outflows from investing activities include cash paid to acquire debt, cash payments to buy equity interest, and disbursements made to purchase assets or physical property such as plants and equipment.*

## 19. Which stocks do you frequently track and why?

Hint: This question is typically used in institutions that recruit **analysts for stock market**, such as trading firms, investment banks, insurance companies.

Interviewers in these corporations understood that **someone who has no personal interest in the stock market can hardly do a good job analyzing the market**. It is a repetitive job, and workload is heavy, so if someone is not interested, they will get bored quickly, and eventually they'll leave the job.

You should find two or three stocks/indices to follow, based on your location, industry preference, investing activities, or any other reason.

You should speak about it with enthusiasm, and know the latest prices. That's the way to **convince the recruiters about your honest interest in the stock market.**

The question tests your trustworthiness as well. If you say you track a stock, but do not know the market price for the given day, they will start doubting other answers you made before.

### Sample answers

- *I track stocks of Google, Facebook and Yahoo, simply because I am very interested in technology and plan to make a small investment in one of these companies.*
- *I track mostly S&P, 500 Index and IPC, just to have good overall picture of the economy, and trends. I do not track particular stocks in the indices, because I do not need it for any purpose and it would be just a waste of time. Once I need it in my job, I am ready to track any stock. However, I like to track Euro/USD ratio, as currency market is my personal interest.*

## 20. Do you have any questions?

**Hint:** You should ask one or two questions if there's an opportunity. Asking a question shows that you care about the job, and are motivated to get it once the interview finishes.

However, you should not ask about something that was clearly outlined on the job description, or already said in an interview. Good things to inquire about are the **next steps of recruitment process, company culture, or working environment.**

### Sample answers:

- *Can you tell me something more about the collective in financial department?*
- *How does a typical working day of an analyst look in your company?*
- *What are the next steps of recruitment process?*

- *What kind of securities do you mostly work with?*
- *What are the goals of your financial department for the next fiscal year?*

## Right preparation for the interview questions

As you can imagine, **one can get dozens of different questions in financial analyst interview**. We tried to cover all important subjects in our selection, based on the **most updated information and experience**. But after all, your interviewers can still use **different wording**, or completely different questions, to **assess the same capacities**. However, it is impossible to list, and to prepare for all possible questions. If you tried to do it, it would only lead to increased stress levels, and at the end of the day you would hardly remember a single answer.

The key to success lies in **mastering the right principles and attitudes interviewers seek in the best applicants (and in their answers to interview questions)**. We outlined it in detail in our interview answers, as well as in other parts of this book. Learn from it, and master those principles and attitudes.

Once you succeed, it should be easy for you to find a good answer, doesn't matter if the interviewers use the exact question from our list, change the wording, or use a completely different question.

Your interview preparation should be based on understanding the thinking of the interviewing panel, and knowing what attitudes and opinions they seek in the candidates for the job. That's the **only possible way to be perfectly prepared and ready for each question**, because after all, nobody can tell the exact questions they will ask in your interview. It simply depends on too many external factors.

## IV. Practical exercises in the interviews

Your practical skills of financial analysis will be often tested with a **simple case study, or an exercise**. On the following pages I will outline few exercises we typically used in our agency for recruiting financial analysts. I'll describe right solutions, as well as how to present them in your interview to impress the interviewers. Good presentation points out to your excellent communication skills, and understanding of financial analysis, which will further strengthen your chances of getting a job.

### Exercise 1:

*"You know the following data from the balance sheet and P&L statement of company XYZ for 2015 and 2016 fiscal year:*

*Fixed Assets 2015: \$10,500,000*

*Fixed Assets 2016: \$11,500,000*

*Variable Assets 2015: \$4,230,000*

*Variable Assets 2016: \$6,345,000*

*Gross Income 2016: \$5,132,000*

*Tax rate: 20%*

*Calculate the return on assets ratio for 2016 FY.*

Solution:

Return on assets (ROA) is calculated in the following way:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

To be able to calculate ROA, you need to calculate average total assets firstly. Average total assets can be calculated by dividing the year-end total assets of two fiscal periods by 2. In our

example, Average Total Assets =  $(\text{Fixed Assets 2015} + \text{Fixed Assets 2016} + \text{Variable Assets 2015} + \text{Variable Assets 2016})/2 = \mathbf{\$16,287,500}$

You need to calculate net income also. It is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. You do not know the revenues, costs of depreciation, and interest rates. However, you know the Gross Income in 2016 was \$5,132,000 and you know the tax rate is 20%. From the given data, you can calculate the Net Income, ceteris paribus, as:

$$\text{Net Income 2016} = \text{Gross Income 2016} - (\text{Gross Income 2016} \times \text{Tax Rate}) = 5,132,000 - 1,026,400 = \mathbf{\$4,105,600}$$

Now, when you have calculated Net Income for 2016, as well as Average Total Assets for the 2016 FY, you can easily calculate ROA, using the formula:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

$\text{ROA} = 4,105,600 / 16,287,500 = \mathbf{0.252}$  (or 25.2%)

After you solved an exercise in an interview, you should explain your solution, and say what the numbers indicate for the company. In this case, a good answer will be:

**Each dollar of invested capital generated 25 cents of net profit in 2016.**

You can elaborate on it, saying that you can not consider if the ROA was good or not, as you know neither the industry in which the company operates, nor possess historical data from previous fiscal periods to compare if managers allocated the resources better as they did in previous periods.

## Exercise 2:

You have the following data from cash flow statement of company XYZ for 2016:

**Total Cash Flow From Operating Activities: \$796,100**

Depreciation: 144,700

Adjustments to net income: (- 42,000)

Changes in accounts Receivable: 26,400

Changes in Liabilities: 244,300

Changes in Inventories: (-32,200)

Changes in other operating activities: 54,000

Capital Expenditure Investments: (- 184,000)

**Based on the give data, calculate the net income of company XYZ in 2016.**

Solution: Total Cash Flow From Operating Activities (TCFO) is calculated in the following way:

TCFO = Net income + Depreciation + Noncash Expenses + Changes in Working Capital.

There is a **gimmick in this exercise**, and that is the Capital Expenditure Investment volume. Capital Expenditures belong to Cash Flow from Investing Activities, not to Cash Flow from Operating Activities. Therefore, we will not use the number in our calculation at all.

We have the data we need, plus we have one additional indicator: Adjustments to net income. Therefore, to calculate Net Income in 2016, we will use the following formula:

Net Income = TCFO – (Depreciation + Noncash Expenses + Changes in WC) + Adjustments to NI

Net Income = 796,100 – (144,700 + 26,400 + 244,300 – 32,200 + 54,000) + 42,000 = **400,900.**

**Answer:** Based on data from cash flow statement, net income of XYZ Corporation in 2016 FY was \$400,900.

### Exercise 3:

You have the following income statement for company XYZ, for years 2011 and 2012:

| <b>Income Statement For Company XYZ FY 2011 and 2012</b> |             |             |
|--|-------------|-------------|
| <i>(Figures USD)</i>                                     | <b>2011</b> | <b>2012</b> |
| Net Sales  | 1,500,000   | 2,000,000   |
| Cost of Sales  | (350,000)   | (375,000)   |
| Gross Income   | 1,150,000   | 1,625,000   |
| Operating Expenses (SG&A)                                | (235,000)   | (260,000)   |
| Operating Income   | 915,000     | 1,365,000   |
| Other Income (Expense)                                   | 40,000      | 60,000      |
| Extraordinary Gain (Loss)                                | -           | (15,000)    |
| Interest Expense   | (50,000)    | (50,000)    |
| Net Profit Before Taxes (Pretax Income)                  | 905,000     | 1,360,000   |
| Taxes  | (300,000)   | (475,000)   |
| Net Income   | 605,000     | 885,000     |

Task: Interpret the data. Did the management of the company do a good job in 2012, or a bad one?

**Solution:** You always need data from at least 2 fiscal years, to be able to compare them and **deduce the effectiveness of the managerial decisions**. You can compare data both vertically and horizontally, while **you should be focused on things that are under certain level of control of management**, such as sales, operating expenses, cost of sales, etc.

**Interpretation:** Between the years 2011 and 2012, Company XYZ managed to increase sales by about 33% ( $[(\text{Sales } 2012 - \text{Sales } 2011) / \text{Sales } 2011]$ ), while reducing its cost of sales from 23% to 19% of sales ( $\text{Cost of Sales \% in } 2012 = \text{Cost of Sales } 2012 / \text{Net Sales}$ ). Consequently, gross income in 2012 increased significantly, which is a huge plus for the company's profitability. Also, general operating expenses have been kept under control,

increasing by a modest \$25,000. In 2011, the company's operating expenses represented 15.7% of sales, while in 2012 they amounted to only 13%. That is a good sign again. As a result, the bottom line - net income - for the company in 2012 has increased from \$605,000 in 2011 to \$885,000 in 2012. The positive inter-annual trends in all income statement components, both income and expense, have lifted the company's [profit margins](#) (net income / net sales) from 40% to 44%. In conclusion, the company management has been doing really well, if we do not consider the better economic climate in 2012, when compared to 2011, and other unknown variables.

### **Conclusion**

Company XYZ experienced a major increase in sales for the reviewed period, and they were also able to control the expense side of the business. That's a sign of an efficient management, and they should continue on the same track.

*Note: Similar case study can be applied to any field of financial analysis. All you have to do is to keep your concentration, focus on right indicators, and compare them in different reporting periods to draw conclusions.*

### **Source for quick preparation:**

Probably the best, and the simplest to use, source to practice calculating various economic and financial indicators is this one:

<http://www.zenwealth.com/BusinessFinanceOnline/RA/RatioCalc.html>

Please, have a look at it and polish your knowledge of the most common indicators. After practicing exercises from this eBook, and working with the above mentioned page for at least sixty minutes, you should do well in all simple case studies they may present you in your financial analyst interview.

## V. Leaving the right impression and interview follow up

Most job applicants do not use the chance to make a good last impression in an interview. Once the interview ended, **you should thank the interviewer for their time, praise them for their efforts, and simply leave a room in a positive and friendly manner.** That is called *leaving a good last impression*.

Even if you do not have a good feeling about the interview, you should do this. You should control your emotions, and leave the room with a smile on your face.

Last look into the eyes, firm hand shake, and good last impression can do a lot, especially if the interview is undecided, and the members of the interviewing panel can't choose between a few best candidates.

In similar cases personal preferences will play the role, and a good last impression will help you to be the one they eventually choose.

What's more, I suggest you **to send a follow up letter** one day after your interview. You can inspire yourself with a following letter:

*Dear Mr. Jenkins,*

*I want to thank you for giving me a chance to present myself in the interview for corporate financial analyst position at XYZ Company.*

*After the interview with you, I am really motivated to work on this position. I like the vision, goals and ideas of the institution, as well as the working environment.*

*I hope you will make a right decision, and I wish you all the best in your job.*

*Best Regards*

*Your name*

*Your phone number*

*Your email*

It is always good **to send a short thank you note** (you can find countless samples online), in order to demonstrate your interest for the job, which still lasts after the interview.

Follow up letter can not win you a job contract. But it can help you to get one, or to open some doors that lead to other job openings. It is easy to send a letter, and you should do so after every job interview. Please, do not be like the majority of job seekers.... The majority is screened out. You do not want to be. **We should build bridges, not fences.**

## Final Word

Interview for financial analyst position belongs to the most difficult interviews.

One competes against dozens of other applicants with similar qualification and experience. What's more, interviewers use tricky personal, behavioral, and technical questions, and they often use a personality test and practical exercise to test your skills. They try to get a complete picture of your abilities, and they want to uncover some important, and some minor, differences between you and other job applicants.

However, interviewers are only people, like I and you.... They have their desires, like to be praised for their work, and they can not resist hiring an applicant who presents themselves as an ideal applicant for a job of an analyst. That's how it really is in every interview.

If you use the knowledge from this book, if you present yourself in a right way, bring everything with you, and give right answers to the interview questions, **they will have no other option to employing you.**

I suggest you read the entire text once again, mock the answers to interview questions, and practice the exercises, and financial indicators. Doing so, you should be ready to ace your interview, and get a job of a financial analyst. Many did it before, and I am sure you also can!

*Thank you for reading, see you in an interview!*

**Jeremy Hopkins,**

*Your Personal Job Interview Coach*