

**Creating a
comprehensive
business plan
and financial
projections**



Components of a Business Plan

1. **Executive summary:** Summarize the business opportunity, growth strategy, and financial projections in a concise and compelling manner.
1. **Market analysis:** Provide an overview of the target market, customer segments, competition, and industry trends to support growth hypotheses.
1. **Growth strategy:** Outline the growth hypotheses and strategies that will drive business expansion, including customer acquisition, product development, and market penetration.
1. **Financial projections:** Present detailed financial forecasts, including income statements, balance sheets, and cash flow statements, based on the growth model and assumptions.
1. **Implementation plan:** Describe how the growth strategy will be executed, including marketing tactics, operational plans, and resource allocation.
1. **Risk assessment:** Identify potential risks and challenges that could impact the execution of the growth plan and outline mitigation strategies.

Financial Modelling

- Financial modelling is the process of using a spreadsheet to create a summary of earnings and expenses, particularly for a business. It is used to forecast a business financial performance into the future based on historical data and assumptions.
- It can also be used to ascertain the viability of a project or business idea. It is broadly a decision making tool, useful if you decide to raise capital, grow your business organically or for budgeting.



Your Financial Model is a Translation of Your Business Model

Business model components

Who are your clients?

How do you reach them?

How do you keep them?

How do you deliver your value proposition?

What resources do you need?

Who are your partners?

Financial implications

- Revenue stream: target market, potential market share, pricing model
- Distribution and logistics costs
- Client payment terms
- Marketing costs
- Direct costs: variable costs of producing your product / delivering your service
- Investments: physical assets (equipment), intangible assets (software, R&D, licenses)
- Operating costs: rent, HR costs, administration costs, ...
- Financial resources: source and cost of financing
- Supplier payment terms
- Revenue generation model

Some Tips to Build Your Financial Model

- **Put your assumptions into 1 dedicated excel sheet** that will be your command center
- **Group assumptions by category**
- **Highlight your input cells in a different color:** these should be the only cells that you are allowed to modify once your model is up and running
- **The other cells need to link to your input cells through formulas:** no random numbers plugged within the formulas
- **Break down calculations to avoid long formulas that are difficult to check**
- **Have the same format across sheets:** for example, use the same columns for the different years
- **Insert comment boxes with explanations and sources whenever necessary**
- **If you use different colors, make sure to put a color code**