
Introduction



The role of this workbook is to provide you with the tools to forecast the financial operations of your business. This workbook focuses on helping you forecast the cash needs of your business, with an emphasis on the cash requirements during the critical startup phase and initial months of operations. It includes sections on:

- Startup expenses
- Sales and revenue
- Monthly operating and other expenses
- Determining your startup and operating cash needs

We've designed the workbook to be a companion to *Finance Without Fear: A Guide to Creating and Managing a Profitable Business*. If you haven't read *Finance Without Fear*, you might want to do so in conjunction with using the tools in this workbook.

It's also designed to be used in conjunction with the Business Forecasting Model that's available through our website at www.FinanceWithoutFear.com. You'll find instructions for accessing this model in the workbook's Appendix.

Structured to be used as a hands-on business forecasting tool, the workbook is divided into six sections. The key elements necessary to successfully forecast the financial operation of your business are described first, then you'll have an opportunity to conduct some research and make notes about the estimates for your business, and finally you'll use the Business Forecasting Model to develop financial projections.

Specifically, *Section 1* focuses on the planning of your business. In this section, you'll have the opportunity to think through your reasons for starting the

business, the products or services you'll offer, and how you expect your business to compare to the industry and your competitors.

Section 2 is devoted to projecting your startup expenses. In this section, we'll guide you through the identification and estimation of the startup expenses of your business.

In *Section 3*, we'll help you estimate the pricing, cost of goods sold and sales volume for your products or services.

Section 4 is devoted to the estimation of the monthly operating expenses and well as to the estimation of any payments you must make to your lenders or owners.

Section 5 focuses on using the information from the earlier sections to develop cash flow projections and to determine the startup cash needs of your business.

Section 6 is dedicated to analyzing the sensitivity of your key assumptions and estimates.

Note that although the printed tables in this workbook are taken from the spreadsheet model, to get the most out of this workbook and the Business Forecasting Model, you should download the model and work through it as you read the sections in the workbook.

Let's begin by reviewing some of the material you'll need to forecast the cash flows and financial statements for your business.