

Until you build a cashflow projection for your social enterprise, formulating an investor/funder ask is little more than a crude and risky guess (and funders will know it).

A well thought through financial projection not only allows you to picture the end goal (in terms of business size) but provides a blueprint for achieving that goal.

A cashflow projection makes you think through what kinds of resources would be required to achieve \$x in sales, what the costs would be, and most importantly, where the financial pain points will arise along the way - as every rapid growth business needs working capital to fund growth, whether it's in terms of material supply costs, technology, or staffing.

The points below highlight some of the potential inputs most businesses will need to give through as they build a cashflow model.

Your cashflow projection should inform your 'ask' from a funder. Review our cashflow guidance below to build out your monthly cashflow projection over 2-3 years and ensure all revenue, cost and expense assumptions are built in. The maximum drawdown (ie negative cashflow before you break even) should usually be a basis for your investment/funding ask.

#### REVENUE CHANNELS:

- Partner sales
- Direct sales
- Recurring Vs One off revenue
- Merchandise?
- Consults?
- Other programs?

**FUNDING OPPORTUNITIES:** Build any existing or pending funding opportunities into the projection, whether they be bootstrapping, self-funding, crowdfunding campaigns, grants or sponsorships or

#### COSTS OF SALES & EXPENSES:

- Capital/Development costs at startup.. when and how much?
- Corporate registrations
- Legal/contract costs
- Insurances
- Tax accountancy
- Office & telecommunications costs
- Web/IT: Domain registrations; domain/website hosting; Server/ hosting
- Marketing costs – maybe a % of revenue? (Think printed collateral, merch, design work, social media, google, SEO, marketing staff costs)
- When will directors draw a salary, how much?
- When will BD resources be needed.. don't scrimp on sales
- Admin staff?
- Client support staff?
- Accounting/bookkeeping
- Payroll tax, Income tax?

Once you've worked out your maximum drawdown, think of the related milestones for staggering that cash requirement. Funders (whether investors or grantors) focus risk in funding your enterprise. Now you need to demonstrate that you've thought of the milestones that will trigger staggered funds from the investor to accelerate growth (and how much money will be spent before revenue comes in) Vs what things will trigger a fallback/retreat or pivot in your business model. Once you've done this you're ready to outline your 'ask'.