8. Financial Plan

*Your Financial Plan should be frosting on a cake. You have outlined a great business concept, demonstrated a real need in the marketplace, shown how you will execute your ideas, and now will show how much money everyone is going to make.*

Summarize estimates made in previous sections:

A. Annual unit sales: ______________
B. Price per unit: ______________
C. Variable cost per unit (production and sales): ______________
D. Fixed costs (admin, production, and sales): ______________
E. One-time start-up costs (eqpmt, mktg, legal, etc.): ______________
F. Working capital rqd (receivables, inventory, etc.): ______________

Calculate estimated annual gross revenues and income:

G. Estimated annual revenues (A×B): ______________
H. Estimated annual variable costs (A×C): ______________
I. Estimated annual contribution margin (G−H): ______________

Calculate break-even figures:

J. Contribution margin per unit (B−C): ______________
K. Annual break-even quantity (D÷J): ______________
L. Ratio of break-even to expected quantities (K÷A): ______________

Estimate the money you will initially need to start your business:

M. Total up-front funds required (E+F): ______________
N. Additional units to cover up-front funds (M+J): ______________
O. Break-even quantity with up-front funds (K+N): ______________

Calculate financial performance figures:

P. Payback period for startup funds (M+I): ______________
Q. Annual return on start-up investment (I÷M): ______________
R. Variable cost to price ratio (C÷B): ______________
S. Contribution margin ratio (I÷G): ______________