

MONEYmaker

Financial Forecasting Part 2

Review

THE LIVEPLAN METHOD

A LIVING PLAN



Lean Forecasting



- All Forecasts are just a guess
- A guess is only valuable if you test the accuracy vs. reality, and learn
- This cycle ensures that your forecasts improve in strategic quality over time

Remaining Forecast Items

Expenses Review

- Expenses
- Personnel
 - Contractor vs. Full-time
 - Direct Labor vs. Regular Labor
- Direct Costs

... **And The Rest of the Forecast**

- Assets
- Taxes
- Dividends
- Cash Flow Assumptions
- Financing

More Advanced Forecasting

Advanced Topic:

Use Accounting Data to Forecast

You can begin a forecast
by importing old data

But I still prefer that you
do last week's
homework!

Advanced Topic:

Compare Forecast vs. Actuals

Ask why your guess is different from reality.

Learn from the answer.

Guess again (and again!)

Advanced Topic:

Compare Forecast/Actuals vs. Industry

Do you know how you
stack up against your
peers / competitors?

Why might that matter?

Let's talk:

**Forecast
Scenarios**

WORKSHOP:

IDENTIFY AT LEAST ONE EXPENSE

When we regroup,
describe 1-5 categories
expenses that your
Venture will need to
support

FOR NEXT SESSION:

1. Please **log in to LivePlan** if you'd like to try using it to forecast your financials.
 - a. If not, ask for help!
2. Have you, your accountant, advisor, or friend **created a forecast or budget** in the past?
 - a. If so, please locate the most recent one
 - b. Simply look at it - what is most confusing to you?
 - c. What aspects make you feel any sort of negative emotion, like *"uncomfortable"* or *"fearful?"*
3. In your LivePlan account (or any other tool/spreadsheet of your choice), generate a viable financial forecast for your venture, including major revenue streams, key expenses, employee salaries, and (if applicable) COGs / direct costs.
 - a. Use a 3-year forecast and display 3 years of monthlies (set this up in preferences).
 - b. Does your forecast indicate that you might need some funding in the future to succeed or grow?
 - i. Tell that story in your forecast.
 - c. Remember that you're just guessing - make the best guess you can before next week.
 - d. Do NOT spend a huge amount of time finding the perfect numbers.
 - e. Do your best to complete all sections, rather than be accurate, for now.
 - f. We will work to refine our work during the next class.