

SESSION 12: WHERE'S THE CASH? RIGHT ON THE MONEY!

Cash Flow Projection

Cash flow projection is a budgeting and goal-setting tool that you'll use to estimate your business income and expenses over a period of time. It estimates how much cash will come into your business from sales, investments and borrowing. It also estimates how much cash will flow out of your business to pay expenses, buy equipment, and take care of other business costs. *It is the most important managerial financial projection you will make!*

What will cash flow projection do for you? It will help you decide how much capital you need to cover your start-up expenses, and how much capital you might need to borrow to cover your operating expenses during the first year you're in business.

It will also tell you whether your business can support loan payments during its start-up phase. This is important to bankers and other lenders, who want to see that your business can cover projected expenses at the projected revenue level, and support debt payments as well.

Learning to use a cash flow projection is a step-by-step process. You'll calculate your projected cash receipts and cash disbursements for a 12-month period, including your start-up costs. Ideally, you should also project your cash flow for two more years following.

If projected cash receipts (cash in) are greater than cash disbursements (cash out), you'll have a **positive cash flow**. If projected cash receipts are less than cash disbursements, you'll have a **negative cash flow**. Negative cash flows are indicated by enclosing the number in parentheses, like this: (\$1,000).

Follow the steps below, and use the *Cash Flow Projection Worksheet* found on the following pages to get started.

Preparing the Cash Flow Projection

There are lots of ways to fill out a cash flow projection, but try the following steps your first time through. Start with the START-UP column on the worksheet. (*Note:* Consider making enlarged copies of the worksheets.)

Step 1: Beginning Cash Balance

Fill in the amount of cash you have available to start your business on the line (A) Beginning Cash Balance under the START-UP column.

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Preparing the Cash Flow Projection—continued

Step 2: Determine Your Start-Up Costs

Determine all the costs you will have in starting your business. These could include equipment purchases, deposits, licenses, fees and other costs that you have to cover before opening your business.

All of these costs are recorded in the **START-UP** column, in the proper categories. Here are the steps you'll need to follow after you have recorded your start-up expenses:

- 1. Since there won't be any CASH IN yet, put a zero (0) on the Total Operating Cash In (B) line under the START-UP column.
- 2. Now add up all the (C1) Variable Expenses (lines 6 through 11) that you recorded under the START-UP column, and put the total on the Total Variable Expenses (C1) line.
- 3. Next, add up all (C2) Operating Expenses (lines 12 through 30) that you recorded under the START-UP column. Put the total on the Total Operating Expenses (C2) line.
- 4. Calculate (D) Net Operating Cash by starting with Total Operating Cash In (B)-which is zero (0) in the START-UP column—and subtracting Total Variable Expenses (C1) and Total Operating Expenses (C2). This will be a negative number at this point, because there's no cash coming in yet, but there's cash going out for start-up expenses. Indicate that it is a negative number by enclosing it in parentheses ().
- 5. Since there's still no cash coming in, put a zero (0) on the Total Other Cash In (E1) line under the START-UP column.
- 6. Record any Capital Purchases (Assets) expenses that you're planning during start-up on line 34 under the START-UP column. Then, put that total on the Total Other Cash Out (E2) line.
- 7. The (E) Net Other Cash line is the difference between the Total Other Cash In (E1) number (which is zero, since there's no cash coming in) and the Total Other Cash Out (E2) number. Your result will be a negative number again, so show it in parentheses () under the START-UP column.
- 8. Now, you can add (D) Net Operating Cash and (E) Net Other Cash to get (F) Net Monthly Cash. In the START-UP column, this amount represents the total cash that will be going out of your business for all of your start-up expenses before you open your doors for business. Again, since you don't have any revenue yet, this number will be negative.



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Preparing the Cash Flow Projection—continued

Step 3: Determine Your Ending Cash Balance for the Start-Up Column

Last, you determine (G) Ending Cash Balance by adding your Beginning Cash Balance (A) and Net Monthly Cash (F) together, and writing the result on the (G) Ending Cash Balance line under the START-UP column.

This last part of Step 3 is critical. The Ending Cash Balance from the START-UP column goes at the top of the January column on the worksheet as the BEGINNING CASH BALANCE for the first month of business. That's how this worksheet will continue to work: The Ending Cash Balance in one column goes to the top of the next column, to start the next month as the Beginning Cash Balance.

Now, you're at a critical decision point. Do you have enough Beginning Cash to cover your anticipated start-up expenses? If not, where will you get it? If you borrow to cover your start-up costs, will you be able to borrow again to cover your operating costs? Just working through this first START-UP column will help you think about what it will take to get the doors open.

If you decided that you'd need to borrow money to cover your start-up costs, this amount would be recorded in the CASH FROM INVESTMENT or LOAN ACTIVITIES section of the worksheet, on line 31 or 32. Then, you would refigure the (F) NET MONTHLY CASH and (G) ENDING CASH BALANCE to include the cash coming in from investments or loans.

[*NOTE*: The first time you run through your cash flow projection, don't make any assumptions about borrowing. Let's see how the whole cash flow projection works out, and then decide how much you'll need to borrow.]

Step 4: Operating Cash Out—Operating Expenses

To prepare your first cash flow statement, start with the easiest section. Most people find this to be the **Operating Expenses (C1)** portion of the **Operating Cash Out (C)** section. It's relatively simple to make assumptions about operating expenses, because they usually don't change every month. Remember, these expenses are the ones you have to pay no matter how much you sell, like rent, telephone, and salaries. Other costs, such as utilities and advertising, may vary from month to month, but can be estimated.

Complete this section by recording your operating expenses for all 12 months across the worksheet. You can change the expense category names to suit your business. But don't total anything down the columns yet. You'll tackle this later.

A word of caution: You're trying to estimate when cash will actually go out of the business, so be careful that you don't just write in the same amount each month for things that will actually vary. For example, if you know that your phone bill will be higher in the summer because of more orders, don't just write in \$100 per month because you think you'll spend \$1200 for the year. Write in the actual cash amounts you think will be spent each month (e.g., \$50 in January, but \$200 in June). "Straight-lining" (posting the same amount each month) is not a good idea!



Preparing the Cash Flow Projection—continued

Step 5: Operating Cash In

The next section is (B) Cash In From Operations. Here, you need to project your sales. There are many ways to do this, but one of the best is to estimate the number of units you'll sell, and multiply that number by your anticipated sales price.

Service businesses can estimate the average number of jobs for the period. To get a sales figure, multiply that number by the *average* amount you think each job will earn. If you plan 20 jobs at an average price of \$50 each, your monthly sales would be \$1,000.

Start-up retail stores often estimate sales based on research about similar stores and their history of sales. Use your network, and seek the advice of people who know about the type of business you're planning. Then, estimate the amount of inventory you think you can sell per month at a given price. For a service business, estimate the hours, days, or projects you expect to bill per month.

The worksheet has several lines for Operating Cash In. You can change the names on those lines to match your product lines. That's a good way to keep track of the cash flowing in from each line, instead of lumping it all together. Again, estimate the sales all the way across the worksheet for the full 12 months. Don't forget to think about the seasonality of your business.

Step 6: Variable Expenses (Cost Of Goods Sold)

Variable Expenses (section C1 on the cash flow worksheet) vary with sales, so it's easiest to project them as a percentage of your projected sales. Sometimes, COGS varies depending on the time on the year (seasonality).

Retail businesses need to estimate when inventory will actually be purchased and paid for. Remember, the cash flow projection reflects when cash actually goes out of the business to pay for expenses. Inventory cost is not recorded as a percentage of the sale made, but by when the payment for inventory is made.

Estimate your variable expenses, and record them across the worksheet for all twelve months. Again, keep your business's seasonality in mind. If you're buying inventory, think about when that inventory needs to be in the store, and when you'll have to *pay* for it. Remember, this is a projection of when cash will flow out of your business. (Do you see the importance of credit here?)

Step 7: Other Cash Out

Next, look at (E2) Other Cash Out. In this section, you record purchases of equipment or machinery; the principal portion of any business loan payments; and other cash payments that are related to the "investing" activities of your business.

Step 8: Other Cash In

This is where you show other cash you receive that is related to "investing" in your business, (e.g., loan proceeds; cash you loan or give to your business as contributed capital; interest on investments, etc.).



Preparing the Cash Flow Projection—continued

Before you figure your Other Cash In, this is a good time to get a feel for your cash balance, which might help you decide if you need additional cash for that month. Start with January, and add down the column to find the following:

- 1. First, add all your sales together to get Total Operating Cash In (B)
- 2. Next, add all of your Variable Expenses to get your Total Variable Expenses (C1)
- 3. Then, add all of your Operating Expenses (C2)
- 4. Last, subtract Variable Expenses (C1) and Operating Expenses (C2) from Total Operating Cash In (B) (B minus C1 minus C2). Write that answer on the (D) Net Operating Cash line. This will give you an idea of how your business will operating on a cash basis for that month. Can your cash sales (and any Accounts Receivable you collect) support the variable and operating expenses of your business? Will you need cash to make the purchases of assets or other items you listed in the (E2) Other Cash Out section?

You can do this preliminary step for each month, by adding down the columns for that month. But don't make any real decisions yet! This step is just to give you a feel for how each month's cash activities are looking. This may also be a good time to revisit the concept of the break-even point, since you've now estimated your fixed and variable expenses. See the *Break-Even Worksheet* in Session 9, and reconsider how you priced your products.

Step 9: Adjust Your Numbers

In this step, you can adjust your numbers based on how much cash you need to operate your business (and make equipment or other capital purchases). For instance, suppose you believe that in your first month, you'll still be building sales. When you subtract your variable and operating expenses from the total of your sales, the loss gets bigger. You next add up all the investments you'll have to make to operate during those early months, and the loss grows still larger.

Don't worry—many businesses lose money during the first few months of operations! The question is, how much will your business need, and can you borrow that much?

Document Your Assumptions

This is a good time to check your assumptions about the way money is flowing in and out of your business. You also need to write those assumptions down on the *Notes to the Cash Flow Worksheet* shown following the *Cash Flow Projection Worksheets*. The lines on the *Notes Worksheet* match the number lines on the *Cash Flow Projection Worksheet*. Write down your reason for the amounts you posted to that category of expense or revenue on the corresponding lines. Your reader needs to be able to tell how you decided on the amounts you put into your worksheet, so be as clear as you can.

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Preparing the Cash Flow Projection—continued

Look at both the EXPENSES and CASH IN sections of your worksheet to see if you made any unrealistic assumptions, and adjust them accordingly. Have you projected too low? Too high? Checking your assumptions at this point will make your projections for the next month that much more realistic.

Step 10: Ending Cash Balance

NOTE: You must do this calculation one column (month) at a time.

Once you've finished adjusting your numbers, you can add (A) Beginning Cash Balance to (F) Net Monthly Cash, which will give you (G) Ending Cash Balance. This then becomes your beginning cash balance for the next month.

Step 11. Year Total

Add across the worksheet to get the yearly total for each line EXCEPT the first line (A) Beginning Cash Balance, and the last line (G) Ending Cash Balance.

- 1.) Add lines 1 through 36, and record the totals under the YEARLY TOTAL column.
- 2.) Add down the YEARLY TOTAL column to get Total Operating Cash In (B), Total Variable Expenses (C1), Total Operating Expenses (C2), Total Other Cash In (E1) and Total Other Cash Out (E2).
- 3.) Calculate (D) Net Operating Cash for the YEARLY TOTAL column, by following the same formula as before: D = B C1 C2.
- 4.) Calculate (E) Net Other Cash for the YEARLY TOTAL column, by subtracting E2 from E1.
- 5.) Calculate (F) Net Monthly Cash for the YEARLY TOTAL column, by adding D + E.
- 6.) Beginning Cash at the start of the year is the same as the Beginning Cash at the beginning of the START-UP column. Copy that number from (A) under the START-UP column to line (A) under the YEARLY TOTAL column.
- 7.) Finally, add (A) and (F) under the YEARLY TOTAL column to get (G) Ending Cash Balance for the year. This should be the same as the Ending Cash Balance in December.

You'll need to follow these steps closely as you try to work through your first *Cash Flow Projection Worksheet*. You may find it easier to take out the worksheet pages, and turn to these instructions as you go through the steps.

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Preparing the Cash Flow Projection—continued

Forecasting Your Sales

Before you can begin filling out your *Cash Flow Projection Worksheet*, you need to think about your sales forecast.

Sales Forecast Worksheet–Products

If you're selling products, forecast the number of units of each product, and when they will be sold during the year. "Price" is your selling price per unit. It could be a retail selling price if you're selling directly to the customer, or wholesale selling price if you are manufacturing and selling to wholesalers. Multiply the number of units by the price per unit to get the amount of sales for the month. Add the columns across to get a total for the year.

Months	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
Product #1:													
Units Sold													
Price Per Unit													
Total Sales													
Product #2:													
Units Sold													
Price Per Unit													
Total Sales													
Total - All Product Sales													

Sales Forecast Worksheet-Services

If you're selling a service, the forecasting is much the same as for a product. The difference is that your "unit" might be one hour, one day, or one job. You need to determine the price you will charge per unit of your service. Multiply the number of units times the price per unit to get the amount of sales for the month. Add the columns across to get a total for the year.

Months	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
Service #1:													
Units Sold													
Price per Unit													
Total Sales													
Service #2:													
Units Sold													
Price per Unit													
Total Sales													
Total - All Product Sales													

Now, you're ready to begin the *Cash Flow Projection Worksheet* on the following pages. Use the instructions on the previous pages to start filling it out.

Cash Flow Projection Worksheet—Months 1-6

	Months	START-UP	1 Januarv	2 February	3 March	4 April	5 Mav	6 June		
(A) B	EGINNING CASH BALANCE		oundary	residury	Maron	Арш	indy	ounc		
(B) CASH IN FROM OPERATIONS										
Oper	ating Cash In									
1.	#1 Product/Service									
2.	#2 Product/Service									
3.	#3 Product/Service									
4.	#4 Product/Service									
5.	#5 Product/Service									
	Total Operating Cash In (B)									
(C) C	PERATING CASH OUT									
(C1)	Variable Expenses (Cost of Good	ls Sold)								
6.	Inventory Purchases									
7.	Materials									
8.	Packaging/Delivery									
9.	Other Direct Labor									
10.	Commissions									
11.	Other									
	Total Variable Expenses (C1)									
(C2)	Operating Expenses			1	1	1	1			
12.	Advertising/Promotion									
13.	Bank Service Charge									
14.	Credit Card Fees									
15.	Delivery									
16.	Health Insurance									
17.	Insurance									
18.	Interest									
19.	Miscellaneous									
20.	Office									
21.	Payroll									
22.	Payroll Taxes									
23.	Professional Fees									
24.	Salary (owner)									
25.	Subaristiana and Duca									
20.	Supplies									
27.	Taxes and Licenses									
20.	Litilities and Telephone									
30	Other:									
Tc	tal Operating Expenses (C2)									
(D) N	et Operating Cash (B - C1 - C2)									
(E) C	ASH FROM INVESTMENT or LOA	AN ACTIVITIES								
(E1)	Other Cash In									
31.	Investments in Business									
32.	Loan Proceeds									
33.	Other:									
	Total Other Cash In (E1)									
(E2)	Other Cash Out							·		
34.	Capital Purchases (Assets)									
35.	Loan Principal Payments									
36.	Other:									
	Total Other Cash Out (E2)									
(E) N	et Other Cash (E1 - E2)									
(F) N	et Monthly Cash (D + E)									
(G) E	nding Cash Balance (A + F)									

Cash Flow Projection Worksheet—Months 7-12 and Yearly Total

	Months	7 Julv	8 August	9 September	10 October	11 November	12 December	YEARLY TOTAL		
(A) B	EGINNING CASH BALANCE	,								
(B) CASH IN FROM OPERATIONS										
Oper	ating Cash In									
1.	#1 Product/Service									
2.	#2 Product/Service									
3.	#3 Product/Service									
4.	#4 Product/Service									
5.	#5 Product/Service									
	Total Operating Cash In (B)									
(C) C	PERATING CASH OUT									
(C1)	Variable Expenses (Cost of Good	ls Sold)								
6.	Inventory Purchases	,								
7.	Materials									
8.	Packaging/Delivery									
9.	Other Direct Labor									
10.	Commissions									
11.	Other									
	Total Variable Expenses (C1)									
(C2)	Operating Expenses									
12.	Advertising/Promotion									
13.	Bank Service Charge									
14.	Credit Card Fees									
15.	Delivery									
16.	Health Insurance									
17	Insurance									
18.	Interest									
19.	Miscellaneous									
20	Office									
21	Pavroll									
22	Payroll Taxes									
23	Professional Fees									
24	Rent or Lease									
25.	Salary (owner)									
26	Subscriptions and Dues									
_0. 27	Supplies									
28	Taxes and Licenses									
29.	Utilities and Telenhone									
30	Other:									
ло. Тл	tal Operating Expenses (C2)									
N (U)	et Operating Cash (R - C1 - C2)									
E) C										
(E) (C	Other Cash In	ACTIVITIES								
	Investments in Rusinoss									
32	Loan Proceeds									
، <u>ح</u> . ۲۹	Other:									
	Total Other Cash In (E1)									
E3)	Other Cash Out									
) 2/	Canital Purchasos (Assots)									
2F	Loan Principal Paymenta									
55. 26										
50.										
(E)	at Other Cash (Et . 52)									
(E) N	et Uther Cash (E1 - E2)									
(⊢) N	et Monthly Cash (D + E)									
(G) E	nding Cash Balance (A + F)									



Monthly Cash Flow Projections—continued

Notes to the Cash Flow Projection Worksheet

Line Item #	Notes
1.	
2.	
3.	
4.	
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36.	

Cash Flow Projections—Years Two and Three—Summary Worksheet (See notes next page)

(N En	ote: Beginning Cash Balance is ding Cash Balance from Year 1)	ANNUAL SUMMARY	(Note: Beginning Cash Balance is Ending Cash Balance from Year 2) ANNUAL SUMMARY					
(A) E	EGINNING CASH BALANCE		(A) BEGINNING CASH BALANCE					
(B) C	ASH IN FROM OPERATIONS		(B) CASH IN FROM OPERATIONS					
Oper	rating Cash In		Ope	rating Cash In				
1.	#1 Product/Service		1.	#1 Product/Service				
2.	#2 Product/Service		2.	#2 Product/Service				
3.	#3 Product/Service		3.	#3 Product/Service				
4.	#4 Product/Service		4.	#4 Product/Service				
5.	#5 Product/Service		5.	#5 Product/Service				
	Total Operating Cash In (B)			Total Operating Cash In (B)				
C) (PERATING CASH OUT		(C) OPERATING CASH OUT					
C1)	Variable Expenses (Cost of Good	ls Sold)	(C1)	Variable Expenses (Cost of Good	ds Sold)			
алу Б.	Inventory Purchases		6.	Inventory Purchases	····,			
7.	Materials		7.	Materials				
3	Packaging/Delivery		8	Packaging/Delivery				
	Other Direct Labor		9	Other Direct Labor				
10	Commissions		10	Commissions				
 1	Other		11	Other				
· · · · •	Total Variable Expenses (C1)			Fotal Variable Expenses (C1)				
			(02)					
02)	Advertising/Promotion		12					
12.	Rank Sonice Charge		12.	Ravertising/Flomotion				
13.	Credit Card Face		10.	Darik Service Charge				
4.			14.	Delivery				
5.			15.	Delivery				
6. -7	Health Insurance		16.	Health Insurance				
7.	Insurance		17.					
8.	Interest		18.	Interest				
9.	Miscellaneous		19.	Miscellaneous				
20.	Office		20.	Office				
21.	Payroll		21.	Payroll				
22.	Payroll Taxes		22.	Payroll Taxes				
23.	Professional Fees		23.	Professional Fees				
24.	Rent or Lease		24.	Rent or Lease				
25.	Salary (owner)		25.	Salary (owner)				
26.	Subscriptions and Dues		26.	Subscriptions and Dues				
27.	Supplies		27.	Supplies				
28.	Taxes and Licenses		28.	Taxes and Licenses				
29.	Utilities and Telephone		29.	Utilities and Telephone				
30.	Other:		30.	Other:				
Т	otal Operating Expenses (C2)		T	otal Operating Expenses (C2)				
D) N	let Operating Cash (B - C1 - C2)		(D) N	Net Operating Cash (B - C1 - C2)				
E) C	ASH FROM INVESTMENT or LOA	AN ACTIVITIES	(E) C	ASH FROM INVESTMENT or LOA	AN ACTIVITIES			
E1)	Other Cash In		(E1)	Other Cash In	1			
31.	Investments in Business		31.	Investments in Business				
32.	Loan Proceeds		32.	Loan Proceeds				
33.	Other:		33.	Other:				
	Total Other Cash In (E1)			Total Other Cash In (E1)				
E2)	Other Cash Out		(E2)	Other Cash Out				
34.	Capital Purchases (Assets)		34.	Capital Purchases (Assets)				
35.	Loan Principal Payments		35.	Loan Principal Payments				
36.	Other:		36.	Other:				
	Total Other Cash Out (E2)		1	Total Other Cash Out (E2)				
E) N	let Other Cash (E1 - E2)		(E) N	let Other Cash (E1 - E2)				
F) N	et Monthly Cash (D + E)		(F) N	let Monthly Cash (D + E)				
	Indian Oceb Delever (t							
(G) E	nding Cash Balance (A + F)		(G) E	Ending Cash Balance (A + F)				



Cash Flow Projections—Years Two and Three—Summary

Annual Cash Flow Projections—Years Two and Three

If you're using your plan to obtain money from traditional financing sources, you'll need to include cash flow projections for a period of three years. Three-year projections are also highly recommended as a management tool. Your first-year cash flow projection may not reflect a long enough timeframe for you to judge your business's financial performance, especially during start-up. It often takes the second and third year to give a true picture of how a typical year will flow.

Some lending institutions accept the second- and third-year financial information in summarized annual form. Use the worksheet on the previous page to complete a cash flow projection for years 2 and 3.

- Step 1: Carry your ending cash balance from the Year One worksheet to the Beginning Cash Balance of the second year. Then. repeat Steps 1 through 11 for Year 2. Use the same method for Year 3. Be sure to mark the years clearly on the worksheet. And don't forget to adjust for anticipated price increases, inflation, and so on.
- Step 2. You should have a separate sheet of notes to go along with the Year 2 and Year 3 projections, to explain to the reader how you came up with the numbers.

"What If...?"

Now that you've put together your first cash flow projection, you should have a pretty good idea of the amount of start-up capital you'll need to get your doors open. You made some forecasts of sales and expenses, to see how your first year of business would go. Based on those forecasts, will you need to borrow? If so, how much? Are you sure you couldn't do some adjusting to minimize your borrowing requirements?

A "What If" analysis lets you see what happens to your cash position if you change certain assumptions that you made while doing your projections. What if sales go up faster than you projected? What if the equipment costs more than you anticipated? What if you can't sell as much as you thought?

1. Look at your cash flow projection. What are some of the "What Ifs" you can test, to see what effect they have on your cash flow? (*Example:* What if my sales go up by an extra 10% during the first year?)

2. How will you decide how much capital you'll need to start your business?

Your Worksheets Assignment Due for Session 13

Learning to work with a cash flow projection sheet takes time. Work through the worksheets again using different assumptions. It will take some research to determine which expenses to include in the Operating Expenses section. Make sure you document your assumptions on the *Notes to the Cash Flow Projection*.

If you feel you need additional help to complete your *Cash Flow Projection Worksheet*, be sure to let your instructor know.

Writing Your Business Plan

Using the information you've gathered, and the worksheets in this session, write the following sections of your business plan. Follow the headings and subheadings just as they appear below.

Section VI. The Financial Plan

A. Investment Required for Start-Up

Start-up Costs/Needs

Review the START-UP column on your **Cash Flow Projection Worksheet**. Summarize the total estimated expenses required to launch your business, including what those costs are and how you estimated them. Indicate how much capital you have available now, and how much additional capital you'll need to cover your start-up expenses.

Investments Required—Bank Loan/Self

Explain where you'll get the additional cash required for start-up (from yourself, family, friends, other investors, microlenders, etc.). State what percentage of the money will come from owner investment (equity), and what percentage will come from borrowing (debt).

Then, look at your **Cash Flow Projection Worksheet**, and state whether you'll need additional capital to cover operating expenses during your first year of business. Describe where you think you'll get that additional capital.

NOTE: These instructions continue on the next page.



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Writing Your Business Plan—continued -



B. Cash Flow Projections

Monthly Cash Flow Projection—Year One

Make a <u>copy</u> of your completed **Cash Flow Projection Worksheet** for Year One, and include it in this section. Be sure to include the **Notes to the Cash Flow Projection**.

NOTE: If you're using your plan to determine whether you can get money from traditional financing sources, you'll need to include cash flow projections for a period of three years. Following the instructions in the worksheets, repeat the projection process for years 2 and 3, and include those cash flow projections here also. Explain the differences in projections for Year 1, 2 and 3, including any notes and assumptions unique to years 2 and 3.