

## Worksheet: Financial Analysis

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**This worksheet should help you to develop a rough set of financial projections for your budding venture. Many of the models used here are derived from Larry Tannenbaum's statements in the lecture video of this section. Make sure to review his comments and slides as necessary when preparing your model.**

**The example materials in this section of the CD provide a sample financial model that may help you to get started.**

- 1. Write a detailed timeline for your venture, indicating key engineering, regulatory, and hiring milestones.**
- 2. Using that timeline, insert your employees into a 5 to 7-year business model, providing them with salaries commensurate with your expectations for their expertise. Assume a yearly pay increase for those employees, and assume a multiplier (1.5-2x) for indirect costs for each employee.**
- 3. Based on sales projections and the amount of development you anticipate, include costs of goods sold and costs for development materials into your financial plan. Unit costs may decrease as unit sales increase over time.**
- 4. Based on your total market size and a reasonable estimate of market penetration over time, estimate your unit sales over time. Remember that product cannot be sold in the US until after regulatory approvals are obtained.**
- 5. Using all of this information together, produce an operating statement for your company, and indicate the number of financing events anticipated, with the amount required in each round. How long will your company need before it is profitable?**
- 6. Once you have adjusted your financial model as necessary, go back to your business plan and complete the financial modeling section as well as any other sections that may have been lacking this information.**