



Checklist 7: How To Calculate Your Company's Financial Needs

Project Name: _____

Date: _____

Yes No

For any business to succeed it is essential to have a realistic idea of the amount of capital, you need to invest in your business. You might not be able to get your business going if you don't have enough money, and in addition to this, you cannot ask investors for money without knowing how much money your business requires. This checklist shows how to calculate the financial needs of your business so you start with a realistic idea of the money you'll need for your startup.

- 1 Calculate your one-time costs: These costs include legal fees, the cost of registering your business, the cost of starting a business inventory, the fees for licenses and permits, buying machinery, real estate and/or vehicles. It is recommended that your business also has a website for advertising and information purposes, so the cost of website development is a one-time cost that you will have to incur.
- 2 Calculate your recurring expenses: These are those costs that you will have to incur periodically, as they are involved in the day-to-day running of your business. These costs include lease payments, salaries, overhead costs, and the fuel of any delivery vehicles you may have.
- 3 Once you have added the one-time and recurring costs, calculate, given on the basis of your projected sales, the money you will have at your disposal that may be used for emergency needs.
- 4 This fourth step requires some research on your part. Go out into the market, or interact with other business owners and suppliers to put a value on your one-time and recurring costs. This is where you will get an accurate estimate of the money you will need.
- 5 Then calculate all the money you have available from your various funding resources at your disposal.

Notes



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- 6 Calculate the amount of money you are predicting to make in the start-up period.
- 7 Now compare the values in Step 5 and Step 6, and if you're available money is less than the money you are predicting to make, you have a financial shortfall, and you need more funding, or you need to cut back some costs. If there is no shortfall, you are set to go.

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