

UCI Extension

Continuing Education

Practical Management for Career Readiness



Essentials of Entrepreneurship: Thinking & Action

Module 2



with David Standen, D.B.A

Entrepreneurial Finance

What's Next?

Feasibility Study

Feasibility Study

Income Statement

Feasibility Study

Income Statement

Cash Flow Statement

Feasibility Study

Income Statement

Cash Flow Statement

Balance Sheet

Feasibility Study

Income Statement

Cash Flow Statement

Balance Sheet

Maybe; Maybe Not

Cash Flow Statement

Do this Monthly

Cash Flow Statement

Do this Monthly

Shows cash on hand

How much cash do we need?

When do we need it?

Cash Flow Statement

Do this monthly

Shows cash on hand

How much cash do we need?

When do we need it?

When will we break even?

From an investment perspective

Cash Flow Statement

Do this monthly

Shows cash on hand

How much cash do we need?

When do we need it?

When will we break even?

From an investment perspective

Operational break even

Income Statement

Done Monthly

Income Statement

Done Monthly

Profitability

Income Statement

Done Monthly

Profitability

Control expenses

Income Statement

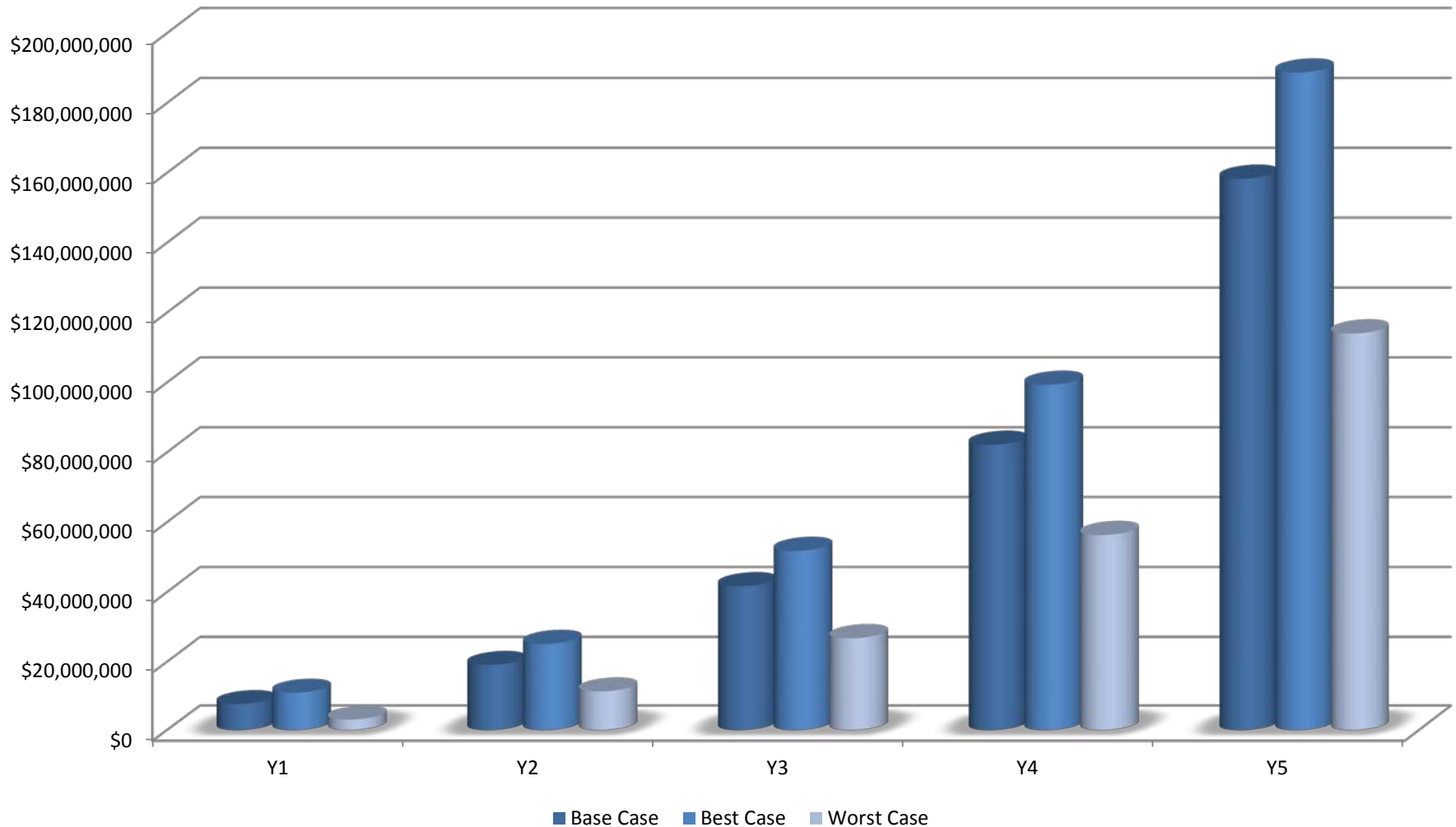
Done Monthly

Profitability

Control expenses

Scenario Evaluation

5-Year Projected Net Income



How Much?

Funding Sought

Company X is seeking \$4 million in investment capital.

		Base Case	Best Case	Worst Case
Net Present Value		\$96,846,566	\$120,376,146	\$59,374,194
Discount Rate	30%			
Internal Rate of Return	(IRR)	624%	27,721%*	244%
Investment Required		\$3,621,730	\$3,784,069	\$3,360,168
Net Income Y1		\$7,629,491	\$10,954,317	\$3,070,858
Investment Break Even (month)		11	2	21

* Due to the cash flow trends of this scenario, IRR does not give an accurate depiction of returns. In this case, NPV is a better indicator of financial performance.

How Much?

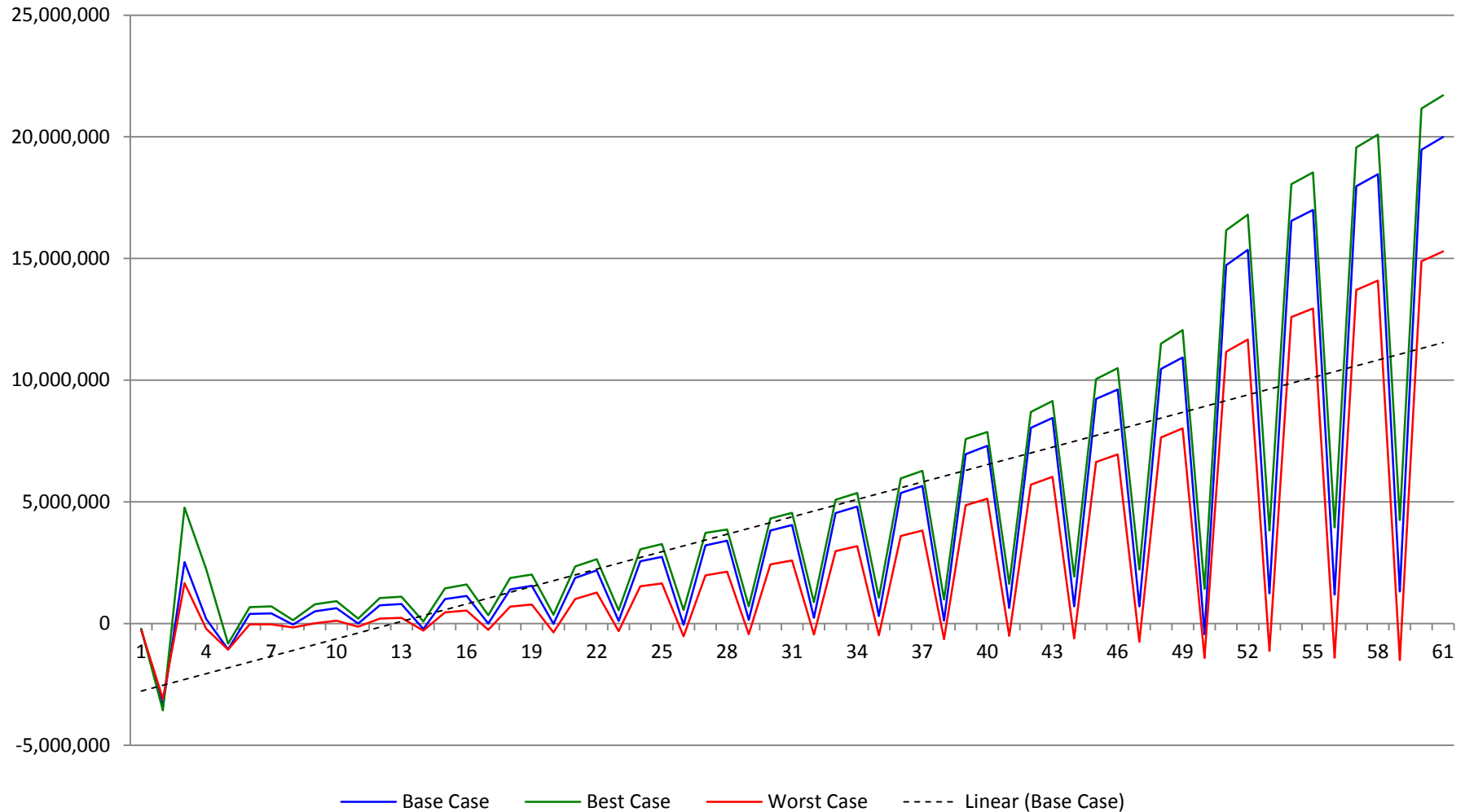
Funding sought = What percentage of the company?

How Much?

Funding sought = What percentage of the company?

Cash Flow Statements and Income Statements quickly show this information

Operating Cash Flows



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