

## Part VI

# Projecting the Future

...the “Business Way” with Pro Formas

In any formal setting, financial professionals propose new projects through pro formas—whether it is the expansion of a factory building within a corporation, or a new business for presentation to venture capitalists. A good pro forma is a combination of soft intuition and hard business

and financial expertise. Both art and science go into its construction. The book’s synthesis chapter is the creation of such a pro forma. It combines all the ingredients from earlier chapters—financials, comparables, capital budgeting, taxes, the cost of capital, capital structure, and so on.

