

Financial Planning

Problem Definition

The Goal?

- Is this a viable project?
- Can/Should we bring this to market?

Financial Pro formas

- What are they?
- Why are they used?

Determine forecast model

Make “educated” assumptions

1. Annual volume
2. Sales price
3. Material and labor cost
4. Other items

Profit / Loss statement

- Revenue
 - How many at what sales price?
- COGS
 - How many at what cost?
 - Material cost
 - Labor cost
- Expenses
- $\text{Revenue} - \text{COGS} - \text{Expenses} = \text{Net Income or P/(L)}$

Assignment

Develop pro forma P&L statement

1. Year 1 – by month
2. Annualize Years 2-5 with some growth

	January	February	March	April	May	June	July	August	September	October	November	December	Total 2025	2026	2027	2028	2029
Revenue																	
COGS																	
Material																	
Labor																	
Expense																	
Profit/(Loss)																	

1 page P&L due 3/28

Reminder - Marketing results due 3/28