Evening Class
Session #4
Tonight’s Training Team
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Ingenuity18 Submission Details

What do you need to prepare? (1 of 2)

The Idea
• What problem are you trying to solve? (300)
• What is the solution to that problem? (300)

The Market
• What is the market need for this product or service? (200)
• Is there a social need for this product or service? (200)
• Who are your customers? (200)
• How do you intend to reach your customers & what is your marketing strategy? (200)
• Who are your main competitors? (200)
• How is your product/service innovative or different? If you have no competitors, explain why (200)

Key dates & Info

Proposal submission deadline: 23rd March
Pitches: 9th – 16th April
Ideas Summit: 23rd – 25th February
Gala Dinner: 24th April

What do you need to prepare? (2 of 2)

The Money
• How do/will you generate income? What operating budget do you have? (300)

FOR A NEW BUSINESS:
• How much start-up money do you need? (300)

FOR AN EXISTING BUSINESS:
• How do you plan to fund the next stage of growth? (300)
• Estimate your income and expenditure for the next 2 - 3 years. (200)
• SWOT analysis (500)
• 30 second Pitch (50)
“Entrepreneurs are Risk Takers”

Potential sources of cash / help

- Friends, family, fools
- Crowdsourced
- Banks (Loans, Credit Cards, Mortgage)
- Angel Investors
- Venture Capitalists
- Charities & Foundations
- Government (regional, national, supranational)
- Retained earnings (internal business case)
- ???

Choosing the “right” finance option

- What type of organisation are you?
- What stage is your business at?
- What level of cash do you need?
- Do you need something other than cash?
- What are your strategic goals? (growth, exit, etc)

- Align your efforts to gain investment with the right source(s) whenever possible

Financial analysis

- You need to show evidence of (or potential for)
  - Cash Flow
  - Will the business be able to cover costs as they arise?
  - Sustainability
  - Will the business survive over the long haul?
  - Profitability
  - Will the business generate a surplus, and if so when?
  - Profit and loss forecasts / breakeven chart

Exit options

How will investors get their money back?

- Your timeline is important for an investor
- Investors may be looking for a considerable return on their investment
- Identify potential exit points (pros, cons, risks, etc)
The "Valley of Death"

- Investment(s)
- Grants
- Loans
- Sales Income (Goods or Services)
- Government tax incentives (e.g., R&D Tax Credit)

- What's the lead time from invoicing to receiving?
- Are you including VAT or not?

What are your costs? (potentially)

- Capital Expenditure
- Staff (salary, pension, PAYE, bonuses, etc)
- Rent
- Manufacturing costs
- Distribution costs
- IT & Telephony
- Marketing & PR
- Travel & Subsistence
- Finance & Accounting (bank fees, accounting fees, taxes, etc)
- Legal (advice, patent costs, etc)
- ???

Current & future cash in your company?

- Become obsessed with cash flow
  - Cash IN
  - Cash OUT
  - What’s in the Bank?

- Model and project this
- Regularly monitor this
- Actively run scenarios / what ifs?

Cash Flow – e.g., Excel

- You can produce a credible first guesstimate
- It’s critical to sense check this with others
- You *will* need to iterate your initial cashflow (too expensive? too little resource? etc, etc)

- Remember to run alternative scenarios (lower / delayed income, higher costs, etc)
- Present a summary in any pitch or plans
- Use appropriate visuals

To summarise financials . . .
Session #5 is at 6.30pm on Thursday 22nd March in B52, Bus Sch South

- [Various] (David Park)
- Guest Entrepreneur #5 (YES Team members – TBC)
- Ingenuity18 Submission Q&A