

Your guide to
**Staying solvent
during early
growth**

<https://innoboost.eu/>



Supported by



Financial Planning & Management for Startups



- ✓ Forecasting Revenue & Costs
- ✓ Sensitivity Analysis
- ✓ Burn Rate & Runway
- ✓ Cash Flow & Budgeting



A summary toolkit for staying solvent while scaling.



Why Finance Matters Early?

- High proportion of early-stage failures stem from cash exhaustion.
- A solid financial view lets you make decisions, pivot with confidence, spot gaps, and negotiate from strength.
- Treat numbers as a decision compass, not just compliance.



Revenue Forecasting – Foundations

- Start with clear revenue drivers: number of users, licenses, transactions, services.
- Build bottom-up: $\text{units} \times \text{price} \times \text{timing} \rightarrow \text{monthly revenue}$.
- Layer assumptions: conversion rates, ramp speed, retention.



Cost Forecasting – Foundations

Forecast revenue and track predicted v actual.

Split fixed (rent, salaries) and variable (hosting, support, shipping).

Track costs by phase: MVP → pilot → commercial rollout.

Include “hidden” items: compliance, insurance, FX, bad debt.

Result: a transparent picture of gross margin and break-even.



COST

Unit Economics

$CAC = \text{total acquisition spend} \div \text{new customers}$

$CLV = \text{average revenue per customer} \times \text{lifespan} \times \text{gross margin}$

Relationship between them e.g., Healthy SaaS: $CLV \geq 3 \times CAC$ and payback <12 months.

Test unit economics early — before scaling spend.



Customer Acquisition Costs

CAC is the fundamental unit economic that determines your company's capital efficiency and ultimately its viability. When founders underestimate CAC by 3–5x (which happens regularly), they:

- Run out of cash before achieving product-market fit
- Build teams and burn rates that their economics can't support
- Make promises to investors they can't keep
- Miss opportunities to design more capital-efficient GTM models



The Data-Driven Approach to CAC

Sophisticated founders know that CAC assumptions **must be built from the bottom up**, based on:

- Channel-specific experiments with **measurable conversion rates**
- **Fully-loaded costs** including personnel, content, tools, and overhead
- Realistic estimates based on **comparable companies**
- Recognition that **CAC typically increases as you scale** beyond early adopters
- Sensitivity analysis showing **best/worst case scenarios**

Example: A founder projects CAC of €500 for their SMB security product. Their first channel experiments **revealed costs closer to €2,200**. Rather than ignoring this reality, they quickly pivot to a partner distribution strategy that brings acquisition costs back under €700, **saving the business** before burning through their seed funding.



Sensitivity Analysis – Purpose

- Ask “**what if?**” on key levers: price, churn, CAC, adoption speed, support costs.
- Build **3 cases**: Optimistic, Base, Downside.
- Quantify impact on revenue, burn, runway.
- Helps prioritise actions and prepare board / Investors.



Scenario Planning – Execution



- Convert sensitivity into **3-year financial models**.
- **Document assumptions** for each scenario.
- **Pre-plan triggers**: when to invest, slow spend, or fundraise.
- Present as **charts** → quick visual of **risk & opportunity**.



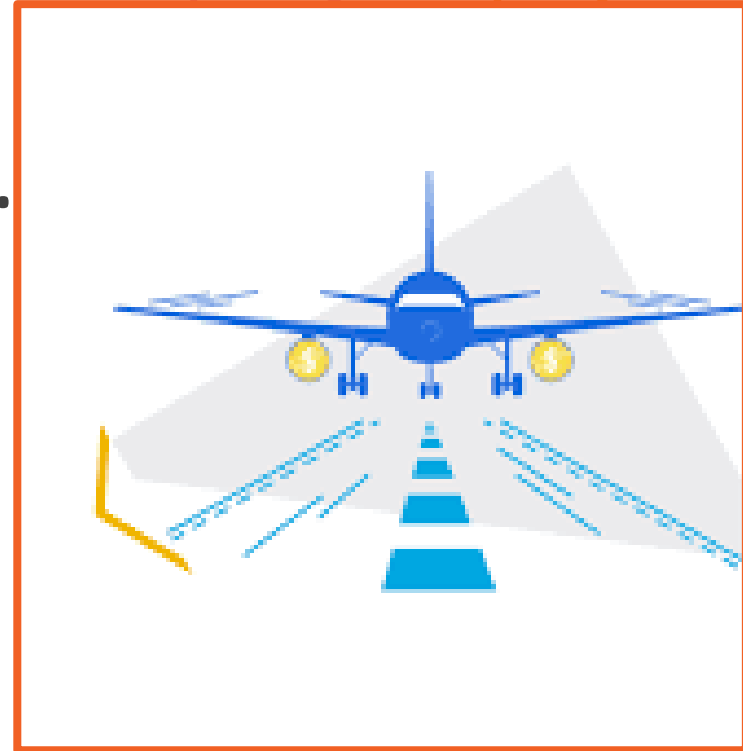
Understanding Burn Rate

- Gross burn: **all monthly cash outflows.**
- Net burn: gross burn **MINUS** inflows.
- **Analyse burn composition:** payroll, marketing, infra, ops.
- **Benchmark** vs peers to spot overspend.



Calculating Runway

- **Runway = current cash ÷ net burn.**
- Include expected revenue or new capital to **extend runway.**
- Model “**burn after funding**” to see **post-raise life.**
- Keep an **updated runway graph** in investor packs.



Cash Flow Management

- **Profit \neq cash:** track timing of receivables, payables, taxes.
- Maintain **3-month forward cash calendar.**
- **Automate collections; negotiate supplier terms.**
- Reserve **2–3 payrolls as minimum safety.**



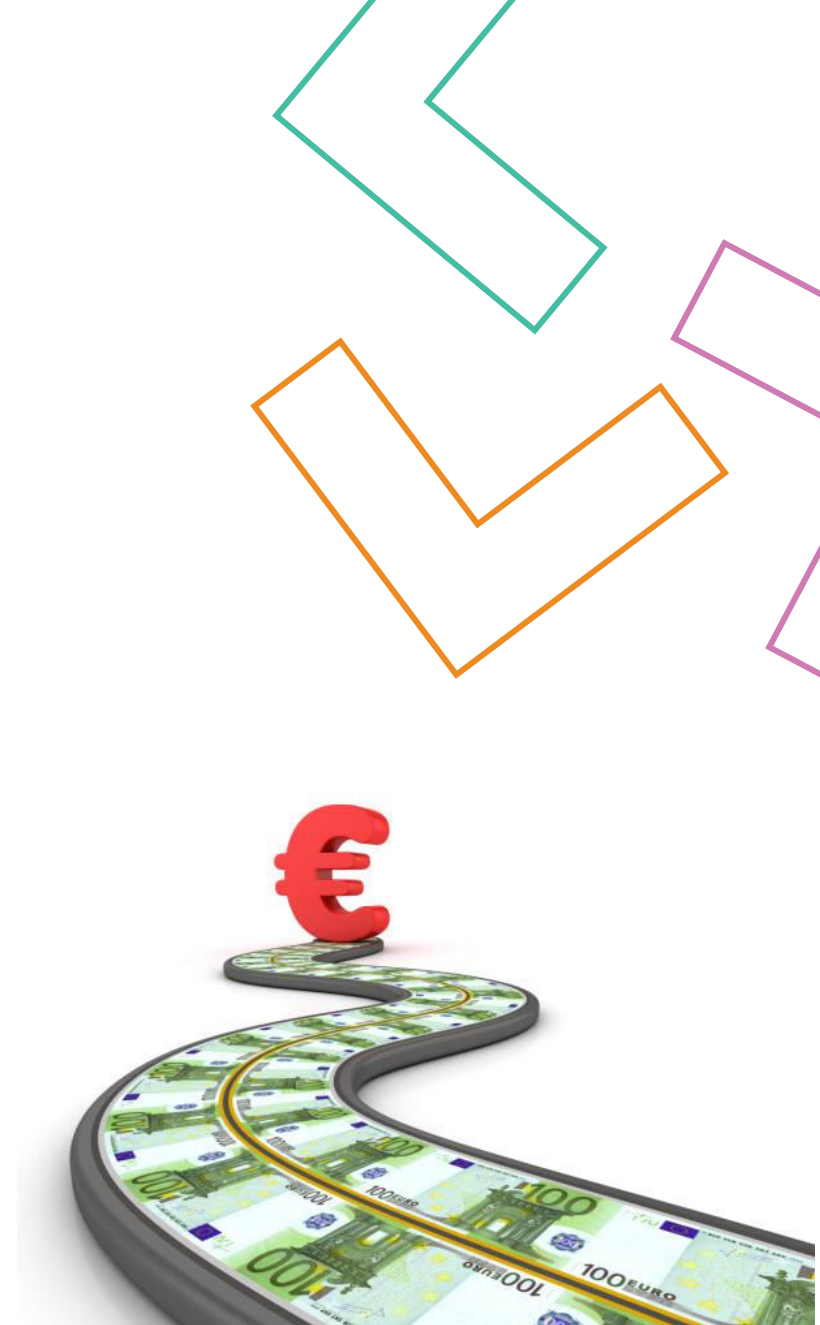
Budgeting for Startups

Build a **rolling 12-month budget** linked to roadmap.

Start with broad buckets: Product, GTM, Ops, G&A.

Update quarterly with **forecast vs actuals**.

Use as an accountability tool, not a straightjacket.



Monitoring Gross Margins

Monitoring Gross Margins

Margin = (Revenue – COGS) ÷ Revenue.

Track by **product line** or **customer cohort**.

Use **margins** to **inform pricing, packaging, automation** priorities.

Beware “**growth that destroys margin**”.



KPI Dashboard

Core fields: cash, burn, runway, revenue, CAC, CLV, churn, margin.

Add 1–2 metrics per function (product, sales, CS).

One-page view → **trend charts** + owner for each metric.

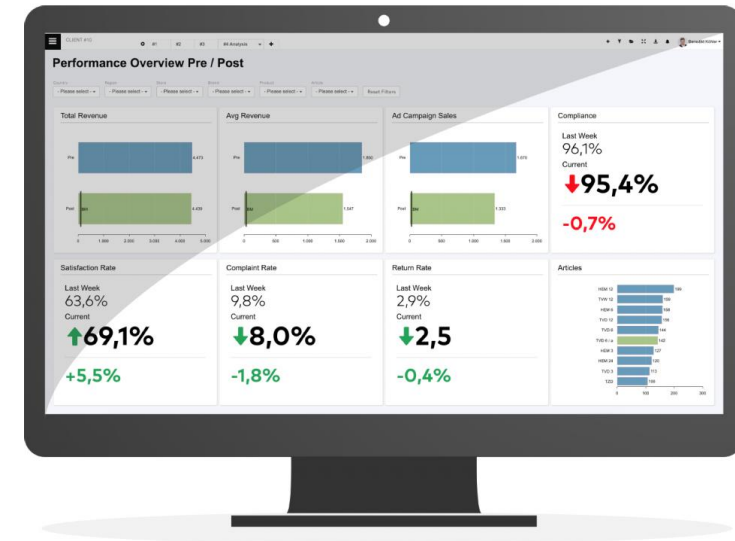
Review monthly; share with team.

Reporting Rhythm

Monthly package = P&L, cash flow, dashboard, commentary.

Quarterly = deeper look at runway, plan vs actual, funding.

Keep investor updates concise, focusing on actions and learning.



Investor Communication

Present **forecasts, sensitivities, and runway** clearly.

Own the narrative on variances vs plan.

Good news = “**why it worked**”;
bad news = “**how we’ll fix**”.

Builds trust and improves
funding odds.



Common Pitfalls to Avoid

Overestimating revenue ramp or conversion.

Ignoring lag between sales and cash collection.

Scaling costs pre product–market fit.

Tracking metrics that don't link to cash or profit.



Follow our Journey



<https://innoboost.eu/>

Supported by

