



Company Workbook

Business model and value proposition

We focus on **refining your existing value proposition** through a circular economy lens. The aim is not to create a new value proposition, but to identify opportunities for more sustainable practices, potential by-products, and new revenue streams.

We start by reviewing your current value proposition and exploring how **circular economy principles** can enhance it. This helps uncover opportunities to improve resource efficiency, reduce waste, and connect with eco-conscious customers.

Next, we work on **market segmentation** to define the customer groups that will benefit most from your refined offering. You will draft your top segments, share insights in pairs and small groups, and begin to prioritise which segments to focus on.

We also introduce the fundamentals of **market research**, with a strong focus on **assumptions**. You will learn how to identify key assumptions about your value proposition and customer segments, understand why testing them is critical, and prepare for the real customer interviewing and validation that will take place in Workshop 2.

Finally, we use the **Value Proposition Canvas** to structure and reflect on the refined offering, ensuring it integrates both commercial and environmental considerations. By the end of the day, you will leave with a clearer value proposition, initial segment definitions, and practical experience in assumption testing.

At the end of this chapter:

- You gained a clear understanding of your **value proposition**, integrating circular economy principles.
- You identified and validated your top market segments and key assumptions.
- You learned how to conduct market research to refine your business strategies and test customer needs.

Framing the Circular Economy (CE) context

Think of your business: where could circular economy trends create new market opportunities? Write down 1 example.

Value Proposition

Exercise: your value proposition statement

For [ideal customer] who [has this specific pain or problem] our [product name] is a [product category] that provides [main benefit and reason to buy]. Unlike [the primary alternative or competitor] our product [has this unique selling proposition].

Definition of Value Proposition (VP)



We define a value proposition to communicate the benefits of our product/service to our customer (group)s.

1. Customer: Who are you trying to reach? (be as specific as possible). For whom would your product or service be the first choice? Describe your customer in terms of their attitude towards the product category, and their behavior, values or situation, (for example: include gender, occupation, income, place of residence, education, household size and/or composition).

- **CE lens:** Add criteria such as eco-conscious consumers, SMEs with sustainability commitments, or organisations under green procurement rules. Consider willingness to pay for eco-products, or current practices like waste separation or recycling.

2. Competition: What are your competitors offering and how are you different? Which alternative solutions are available on the market? Describe your direct competition (others with a similar product or service), indirect competition (others that fulfil the same function), or 'share of wallet' competition (different products that can use up the money that would be spent on yours).

- **CE lens:** Compare not only on price/quality but also on sustainability impact. Are you offering less waste, longer product lifespan, or reduced carbon footprint than alternatives? Are your competitors ignoring CE trends that you can capitalise on?

3. Problem: What specific problem does this customer group have in relation to your product or service? Which need or expectation does the product or service fulfil for your customers? Are you helping them to: Satisfy a new set of needs? Improve the performance of a product or service? Afford something they now can't? In some other way?

- **CE lens:** Highlight CE-related pain points such as high waste costs, lack of repair/reuse options, dependence on non-renewable inputs, or pressure to meet sustainability regulations.

4. & 5. Benefit: How do customers benefit from your offer? How does your product or service solve the 'problem' of your customers? Describe the functional benefit (what the product does) and emotional benefit (how the end-users feel, what it means to them).

- **CE lens:** Benefits can include lower lifecycle costs, waste reduction, easier repair or reuse, compliance with CE policy, or improved reputation as a sustainable choice. Emotional benefits may include pride in eco-friendly behaviour, trust in greener suppliers, or peace of mind about long-term use.

6. Reason to believe: Are there any qualifications, certificates or study results to prove your claimed benefits? Are there any tests done? Does your company or staff have certain certificates? Has it proven to outperform existing solutions?

- **CE lens:** Include eco-labels, recycled content standards, repair guarantees, lifecycle analysis, or alignment with Rwanda's CE roadmap. Provide measurable data: tonnes of waste reduced, % of recycled inputs, CO₂ avoided.

7. Key Statement: What makes your offer most attractive for customers? What is the most compelling reason for your customers to choose you above the competition? Describe which benefit or need convinces customers of superior value. Does it save money or time? Affect their reputations? Reduce fears? Limit negative social consequences? Make them feel better? Does it make the world a better place? Condense this into a single statement that conveys the essence of the benefit.

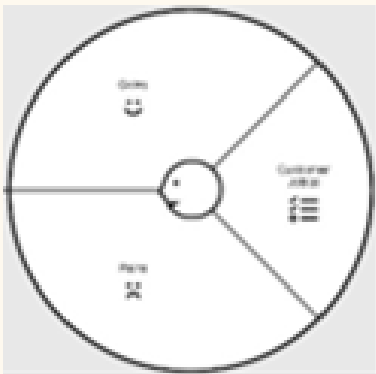
- **CE lens:** Craft your statement to highlight both business and CE value.

Value Proposition Canvas (VPC)

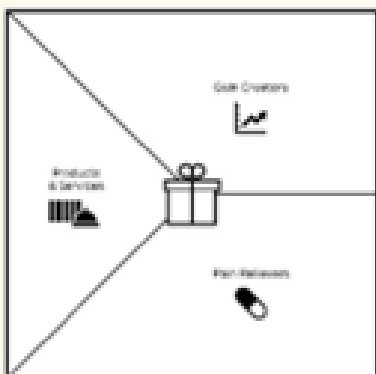
Template linked [here](#).

Expanding your VPC with CE triggers

Customer side



- Eco-jobs: meeting sustainability targets, reducing waste, lowering carbon.
- Eco-pains: high disposal costs, resource scarcity, risk of “unsustainable” image.
- Eco-gains: cost savings through efficiency, green brand value, access to eco-markets/finance.



Value map side

- Circular products/services: reusable, repairable, recyclable, modular, made with secondary/raw materials.
- Circular pain relievers: lower resource use, ensure regulatory compliance, reduce lifecycle costs.

- Circular gain creators: measurable impact (CO₂ avoided, waste reduced), appeal to eco-conscious buyers, support for green financing.

Reflect on CE opportunities for your business

Think of your business: where could circular economy trends, as well as customer needs, pains and gains, create new market opportunities?

Which customer's pains are you solving in a way that creates a 'willingness to pay'?

How are you different from your competitors (if there are no direct competitors, think of a substitute product i.e. if you sell coffee – how are you different from other hot beverages and why would people switch to coffee) and how much are people willing to pay for the additional value you offer?

What are the functional (tangible) benefits?

What are the emotional benefits of using your product or service? How do people feel after using your product or service? Would they 'pay' for that feeling? Or does it 'save' them from future expenses (i.e. healthy nutrition will lead to lower medical costs in the future)?

What is the 'reason to believe' in your product or service? How many satisfied customers do you have? What certification can you show? Are you endorsed by industry players? What research supports your products / service?

Market Segmentation

Segmentation Framework

Within a target group or broader market, you can have several segments, so you must divide the group(s) into clear and manageable customer segments. Do you focus on farmers, SMEs, or households? Segmentation means going beyond one broad category and breaking it down into smaller, more specific groups. For example, within households you might distinguish between those living in rural versus urban areas, or within agribusinesses between cooperatives and individual farmers. In the scope of this programme, circular economy practices can be part of these distinctions, such as households separating waste versus those that do not, or cooperatives that process organic waste versus conventional farming groups.

1: Define your customer segments: split your target group into meaningful and measurable sub-groups that reflect different needs, behaviours, or demographic profiles. Look at purchasing habits, levels of income, product usage patterns, or location. At the same time, explore where circular practices are already visible: SMEs sourcing recycled inputs, farmers experimenting with eco-fertilisers, or corporates applying green procurement rules. Defining segments in this way ensures you capture not only business diversity but also readiness for circular economy solutions. Naming your segments clearly (e.g. "urban eco-consumers," "traditional bulk buyers," "green procurement corporates") will help you later tailor your approach to each group.

2 Define differentiating characteristics: once you have identified your segments, specify the factors that allow you to compare them. Classic characteristics include age, gender, household size, sector of activity, access to media, or the percentage served by competitors. To this, add CE-related dimensions such as willingness to pay for eco-friendly products, compliance with CE policies, participation in recycling or repair schemes, or existing sustainability commitments. These combined characteristics give you a richer picture of each group, showing not just who they are, but also how far along they are in adopting circular practices. This makes it possible to weigh both commercial and CE relevance when deciding where to focus.

3 Make an assessment: For each segment, assess its importance to your business. Consider: Who are you already selling to? Who is most likely to be attracted by your product's benefits? In what way do you meet each segment's needs? Who can be reached most easily and quickly, given your sales channels and capacity? At the same time, evaluate how open each segment

is to circular solutions. For example, households already separating waste, cooperatives turning organic waste into compost, or companies with green procurement policies may adopt circular products faster and at lower cost. Use these combined insights to assign each segment a priority level of High, Medium, or Low. High-priority segments are those that offer strong potential and readiness for circular practices – the “low-hanging fruit” for both sales and CE adoption. Because resources are limited, start here. This focused approach ensures your marketing and business activities are both commercially effective and aligned with circular economy opportunities.

Segmenting the market				
Segment Name:	Segment A:	Segment B:	Key advantages	Segment C:
Characteristics				
Characteristic 1				
Characteristic 2				
Characteristic 3				
Characteristic 4				
Characteristic 5				
Characteristic 6				
Characteristic 7				
Segment importance	High/medium/low	High/medium/low	High/medium/low	High/medium/low

Choose your Top 3

Choose your top 3 most important segments and write them in the next box:

Key Factor	Segment A:	Segment B:	Segment C:
Main characteristics			
Value proposition			
Pricing / revenue streams			
Total number of customers (market size)			
Current market share			
Percentage of our total revenue			
Channels			
Segment importance			

SEGMENT A		
Key Factor	Segment A:	Segment B:
Main characteristics		
Value proposition		
Pricing model / revenue streams		
Total number of customers (market size)		
Channels		

Market Research & Product/Service Insights

Introduction to Market Research

Market research is a vital process for understanding your market environment and making informed decisions. It allows you to **gather essential insights** into customer needs, competitor activities, and industry trends, helping you fine-tune your business model and stay competitive. Conducting regular market research enables you to identify opportunities, manage risks, and develop strategies that are aligned with both customer expectations and market demands.

The goals of market research are clear: first, it helps demonstrate **market interest**, which is critical for your business's sustainability and attracting potential investors. It also allows you to gather detailed **customer information**, ensuring you can effectively sell to or retain your customers. Market research provides feedback on your products or services, helping you adapt and **stay relevant**. Finally, it supports the development of an **effective pricing strategy**, giving you a clear understanding of what customers are willing to pay and how to position your offerings.

Ways to do market research

Talk directly to customers: Short interviews, surveys, or informal conversations allow you to hear directly from your target audience about their needs, habits, and preferences. This is vital because it helps validate or challenge your assumptions from the very people who will drive demand. In the context of circular economy integration, this is also an opportunity to uncover whether customers are interested in sustainability aspects like waste reduction or recycling.

Test willingness-to-pay: Testing different price points or directly asking customers what they would pay for your product/service can help ensure your pricing aligns with market expectations. Understanding the market's price tolerance, especially for a circular offering, is key to refining your revenue model and identifying the most profitable pricing strategy. This step helps you avoid overpricing or underpricing, which could either alienate potential customers or leave money on the table.

Observe competitors: By visiting competitors' stores, checking online, or speaking with customers of alternatives, you gain a better understanding of what your competitors are offering and how they position themselves in the market. Observing competitors is an important part of market research, particularly when you're considering integrating circular economy principles into your offering. It helps you identify gaps or areas where your circular solution could stand out, either in product design, sustainability practices, or pricing.

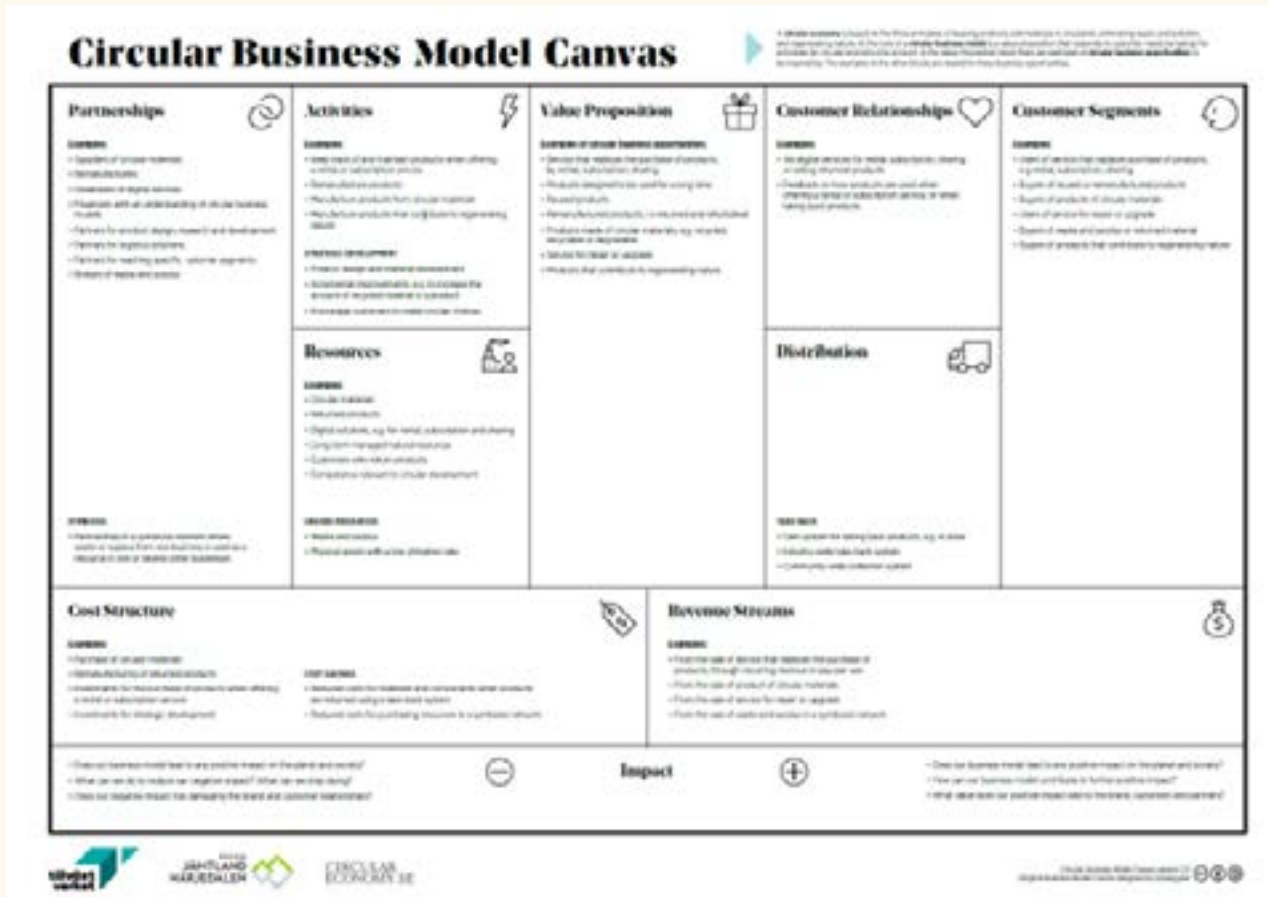
Map your value chain: In a circular economy context, it's essential to understand the players in your value chain -who creates waste, who needs recycled inputs, or who offers repair services. Mapping out your value chain helps you spot areas where circular opportunities can be integrated, from sourcing sustainable materials to finding partners who can help you close loops in the supply chain. This exercise also helps identify potential collaborators and areas where your business can reduce its environmental footprint

Scan policies & trends: By reviewing circular economy roadmaps, regulations, and consumer trends, you can stay ahead of the curve and ensure your business model is aligned with future market expectations. For instance, new policies promoting sustainability or consumer preferences for green products could influence demand for your offering. Understanding these trends allows you to position your business effectively, anticipating changes that might affect both your operations and market strategy.

Measure & track over time: Keeping a simple log of customer insights, prices, competitors, and market policies helps you build a clear picture of trends over time. Tracking these factors allows you to adapt quickly, refine your business strategy, and ensure that you are constantly meeting customer needs. As you collect more data, you can use it to test hypotheses made during customer interviews or assumptions related to circular economy integration, thus fine-tuning your market strategy and pricing model.

Circular business model canvas

The Business Model Canvas (BMC) is a tool to present your business in a one-page overview, initially developed by Alexander Osterwalder at Strategyzer. There is also a Circular Business Model Canvas, developed by Tillväxtverket, Jämtland Härjedalenverket, and circulareconomy.se. It describes the same components with questions more tailored to the circular economy.



You can use below template to work on your own circular economy business model canvas:

The Business Model Canvas				
Partnerships	Key Activities	Value Proposition	Customer Relationships	Customer segments
	Key Resources		Distribution	
Cost Structure			Revenue streams	

Product & service innovation and costing

We focus on costing and product/service innovation within a circular economy (CE) framework. The aim is to ensure your products or services are priced sustainably while exploring new opportunities for innovation that respond to both market needs and CE principles.

We start by **reviewing your current cost structure** and introducing costing models that incorporate all direct and indirect costs, contingencies, and circular economy considerations. This helps you understand how to set prices that are both profitable and sustainable, avoiding common pitfalls such as underpricing or missing hidden costs.

Next, we work on **product and service innovation** by linking CE principles, human needs, and existing solutions. You will generate innovative ideas individually and in small teams, combining elements in creative ways to explore new product or service concepts.

We also introduce the fundamentals of **customer interviews and validation**. You will design mock interviews to test assumptions about market segments, product/service features, and willingness to pay, first within the group and then with real customers as part of homework exercises.

Finally, you reflect on how the **insights from costing and customer validation** inform your product/service development. By the end of the workshop, they will leave with a draft costing model, initial pricing strategy, innovative product/service concepts, and practical experience in designing and testing customer interviews.

At the end of this chapter:

- You have built a costing model and set sustainable prices, including circular economy considerations.
- You generated innovative product/service ideas by linking CE principles, human needs, and existing solutions.
- You designed and tested customer interviews to validate segments, assumptions, and product/service features.

Defining cost structures and Pricing models

Costing: the concept

Costing is the process of calculating the costs associated with running your business and determining the pricing of your products or services. Understanding all costs ensures that your business remains sustainable, prevents losses, and allows you to make informed decisions about growth, pricing, and circular economy integration. Defining your cost structure is one of the most critical steps in building a resilient business. It goes beyond simply adding up expenses; it is a strategic exercise that helps you see where your money is going, which activities or resources are most expensive, and how different costs interact with each other.

By carefully mapping all costs, both direct and indirect, you gain a clear picture of what it truly takes to produce your product or deliver your service. This understanding is essential for setting prices that are not only competitive but also sustainable over time. A well-defined cost structure protects your business from hidden losses, such as unexpected material price increases, overlooked labour costs, or compliance fees, which can erode profits as your business scales. It also enables smarter decisions about growth, investment, and resource allocation.

Within a circular economy, knowing your costs allows you to spot opportunities to reduce expenses or create additional value through more sustainable practices, such as using recycled materials, designing for durability, or implementing take-back systems. Ultimately, a thorough cost structure forms the foundation for financial stability, strategic pricing, and innovative thinking that aligns profitability with sustainability and ethical business practices.

Common pitfalls in costing

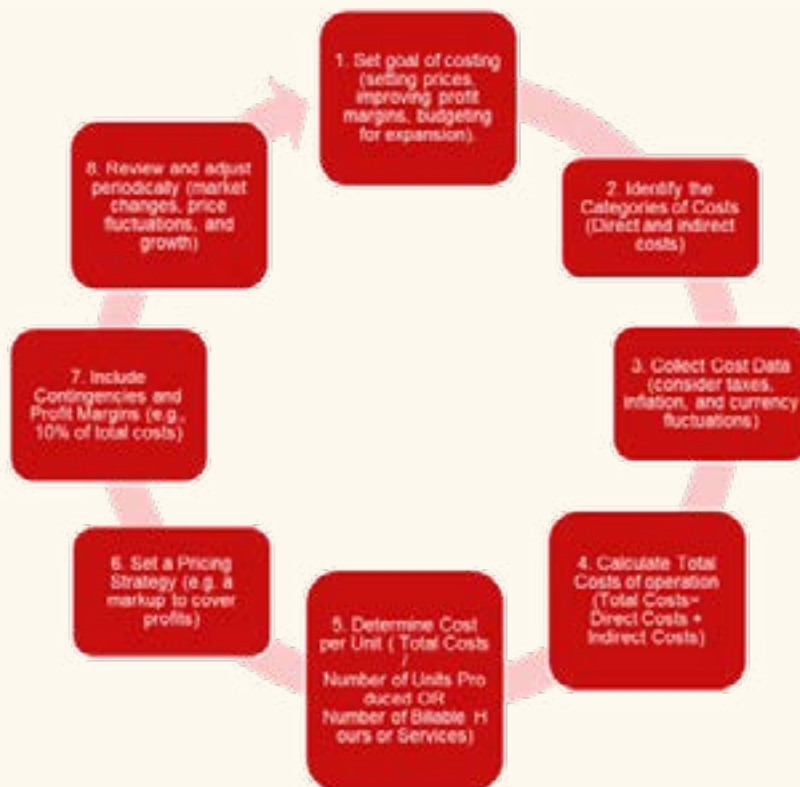
Even with the best intentions, many businesses make mistakes in defining their cost structure, which can undermine profitability, growth, and sustainability. Being aware of common pitfalls helps you anticipate challenges and ensures that your pricing and cost management strategies are realistic, comprehensive, and aligned with both business and circular economy principles.

A few of the most frequent pitfalls include:

- **Selling below cost:** Setting prices too low can seem attractive to customers, but it risks generating losses as your business grows. This often happens when some costs are overlooked or underestimated. Examples include unpaid or irregular labour costs, hidden taxes, and fees that may not be obvious upfront.
- **Ignoring compliance costs:** Businesses often underestimate or forget regulatory expenses, such as local permits, certifications, or safety inspections. Missing these costs can create unexpected financial pressure and even legal issues.
- **Underestimating distribution and logistics:** Transport, fuel, and last-mile delivery can represent a significant portion of costs, particularly in contexts where infrastructure is less developed. Failing to account for these properly can erode profit margins.
- **Overlooking marketing and promotional expenses:** Advertising, social media campaigns, flyers, and events all require budget allocation. Ignoring these costs can limit your ability to reach customers effectively and impact revenue projections.
- **Neglecting depreciation and replacement of machinery or equipment:** Equipment wears out, breaks down, or becomes obsolete. Not accounting for its replacement cost or depreciation can create financial gaps in the long term.
- **Underestimating utility costs:** Electricity, water, internet, and other operational utilities fluctuate and can be significant, especially in manufacturing or service-heavy businesses. These costs should be carefully monitored and included.
- **Ignoring raw material price fluctuations:** Especially for imports or commodities, prices can change due to global market shifts, seasonality, or supply disruptions. Failing to plan for these variations can suddenly make a previously profitable product unviable.
- **Neglecting packaging, storage, and waste costs:** Spoilage, waste management, and storage requirements are often underestimated, particularly when applying circular economy principles, such as using recycled or reusable packaging.
- **Overlooking financing costs:** Interest on loans or other forms of borrowed capital must be factored into pricing. Ignoring these costs can make your financial projections overly optimistic.

By anticipating these pitfalls, you can create a more accurate and sustainable cost structure. Include all costs, even rare or irregular ones, to avoid hidden losses. Set pricing that covers current expenses and accounts for inflation, currency fluctuations, and unforeseen changes, such as regulatory shifts or seasonal demand. Considering costs through a circular economy lens can also reveal opportunities to reduce waste, improve efficiency, and innovate your product or service. This careful approach ensures your pricing is resilient, supports growth, and aligns profitability with sustainable practices.

Costing cycle



The costing cycle is a structured approach to understanding and managing all the expenses involved in running your business. It provides a step-by-step framework that helps you not only calculate costs accurately but also set prices that are sustainable, profitable, and aligned with circular economy principles. Following the costing cycle ensures that no cost is overlooked, that pricing decisions are informed, and that your business can adapt to changes in the market or operating environment.

Steps of the costing cycle

- The first step in is to **set the goal of costing**. This involves defining what you want to achieve with the costing exercise, such as determining sustainable product prices, improving profit margins, or budgeting for future growth and expansion. Having a clear goal helps you focus on the data and decisions that matter most.
- Next, you **identify the categories of costs**. Costs are typically divided into direct costs, which are directly tied to producing a product or delivering a service, and indirect costs, which support the overall operations but are not linked to a single unit of output. Mapping these categories carefully ensures you capture the full financial picture.
- Once costs are categorised, you **collect cost data**, considering all relevant factors such as taxes, inflation, and currency fluctuations. This step ensures that your calculations reflect the true financial realities of your operations, including external risks that can affect profitability.
- The fourth step is to **calculate the total costs of operation** by combining direct and indirect costs. This total provides the baseline from which you can determine unit costs, set prices, and plan for contingencies.
- Next, you **determine the cost per unit**, which is the total cost divided by the number of units produced or services delivered. This step translates your overall expenses into actionable insights for pricing and profitability.

- After understanding unit costs, you **set a pricing strategy**. This includes deciding on appropriate markups to cover desired profits while remaining competitive. Pricing should reflect not only costs but also market conditions, value to the customer, and sustainability objectives.
- The seventh step is to include **contingencies and profit margins**, such as a percentage of total costs to cover unexpected expenses or risks. This buffer helps protect your business from unforeseen events, fluctuations in material prices, or sudden regulatory changes.
- Finally, you **review and adjust costs periodically**. Markets, input costs, and business priorities evolve, so it is essential to revisit your cost structure, pricing, and assumptions regularly. This ensures that your pricing remains sustainable, your business stays profitable, and your operations continue to align with circular economy principles and long-term strategic goals

Defining pricing models

A pricing model is the method used to set the price of a product or service. It considers costs, market expectations, and the value delivered to customers. Defining a pricing model clearly is important to ensure all costs are covered, profits are sufficient, and pricing remains consistent. It helps you respond to changes in costs, demand, or regulations. A clear pricing model also allows you to test different approaches, adjust based on feedback, and integrate circular economy practices without losing profitability. It provides a solid basis for sustainable and informed pricing decisions.

Six factors to consider

Selecting a pricing strategy is not a one-size-fits-all decision. The right approach depends on several factors that influence both your costs and your potential revenue. By analysing these factors, you can choose a strategy that balances profitability, market acceptance, and sustainability.

- **Market dynamics:** Understand the state of your market. Is it saturated with competitors, growing rapidly, or serving a niche segment? This affects how aggressive your pricing should be and how much flexibility you have.
- **Target audience:** Consider who your customers are, their income levels, preferences, and buying habits. Pricing too high may exclude key customers, while pricing too low may reduce perceived value.
- **Competition:** Review competitor prices and offerings. How does your product or service differ? Knowing the competitive landscape helps you position your pricing strategically.
- **Cost structure:** Ensure your pricing covers all costs, direct and indirect, and aligns with profit goals. The pricing strategy must sustain operations and support growth.
- **Perceived value:** Pricing should reflect the value customers see in your product or service. This may differ from the actual cost, but it determines willingness to pay and customer satisfaction.
- **Regulatory constraints:** Be aware of rules that affect pricing, such as price controls, taxes, or other legal restrictions. Compliance prevents penalties and protects your business reputation.

13 Pricing strategies

There are several approaches to setting prices, each suited to different situations. Understanding these helps you choose a strategy that balances competitiveness, profitability, and customer perception.

- **Competition-based pricing** focuses on setting your price based on what competitors charge. It is useful in markets where products are similar and customers compare prices directly.

- **Value-based pricing** sets the price according to the perceived value to the customer rather than production costs. This is effective when your product offers unique benefits or solves a critical problem.
- **Cost-plus pricing** adds a fixed markup to the cost of producing the product. It ensures costs are covered and provides predictable profit margins.
- **Penetration pricing** starts with a low price to quickly gain market share, then increases the price gradually as customers adopt your product or service.
- **Skimming pricing** sets a high initial price, then lowers it over time as competition grows. This works for innovative or high-demand products where early adopters are willing to pay more.
- **Dynamic pricing** adjusts prices in real time based on demand, seasonality, or customer behaviour. It is common in industries such as travel, e-commerce, and utilities.
- **Bundling and discounts** combine products or offer volume discounts. This encourages larger purchases and can increase overall revenue.
- **Psychological pricing** uses strategies to make prices appear more attractive, such as setting \$9.99 instead of \$10. It leverages customer perception rather than costs.
- **Geographic pricing** adjusts prices based on location and local purchasing power. This accounts for differences in income levels, taxes, and logistics costs.
- **Freemium pricing** offers a free basic version while charging for premium features. It attracts a broad audience and converts users to paid plans over time.
- **Economy pricing** focuses on affordability to attract price-sensitive customers. This often involves minimal branding and lower production costs.
- **Prestige pricing** sets a high price to position the product as a luxury or high-status item. It signals quality and exclusivity to the customer.
- **Subscription or recurring pricing** charges customers on a regular basis for ongoing access to a product or service. It provides predictable revenue and encourages customer loyalty.

We can now input our revenues and costs into:

- An annual overview:

The image shows a screenshot of a financial spreadsheet with multiple columns representing months (JAN to DEC) and rows for different categories. The spreadsheet is divided into sections: 'Sales & Revenue', 'Variable cost expenses', and 'Fixed cost expenses'. Each section has a table with columns for 'Description', 'Jan', 'Feb', 'Mar', 'Apr', 'May', 'Jun', 'Jul', 'Aug', 'Sep', 'Oct', 'Nov', 'Dec', 'Total Revenue', and 'Total Costs'. The data cells contain numerical values, many of which are '0' or '1000000'. The spreadsheet also includes logos for 'GIZ Rwanda' and 'Circular Economy Innovation Sprint'.

- Your investment 1-pager

[Logo of company] | **[Name of Company]**

Company Summary
[Short description of company]

Customers
[]

Team
[Team member(s)]

Products / Services
[Description of products and services – images(s) encouraged]

Growth Plan
[Describe how you plan the business and what demand you plan to meet]

Financials

	2022 (RWF)	2023 (RWF)	2024 (RWF)	2025 (RWF)	2026 (RWF)
Revenue					
Cost Of Goods/ Services					
Gross Profit					
Expenses					

Funding to date
[Amount and sources]
Specify if funding is not repaid yet

Investment need
[Amount you currently need]
Specify if required to franchise or seasonal

Reason for Raise
[Use of funds specified]
List investment items

Product / service innovation in the Circular Economy

Product and service innovation in the circular economy involves designing and improving offerings to use resources efficiently, extend their lifespan, and enable reuse, repair, or recycling. Innovation is not limited to the physical product; it also includes the way services are delivered around it. By integrating circular economy principles, you can create value while reducing environmental impact and waste, and respond to changing customer needs.

Innovation areas

Innovation can occur across multiple stages of a product’s life cycle, from sourcing materials to end-of-life management. The table below summarises key areas where innovation can be applied for both products and services, with examples to guide your thinking.

Innovation area	Product innovation	Service innovation
Materials & inputs	Recycled, renewable, or bio-based materials; non-toxic alternatives	Supplier partnerships for circular materials; sourcing consultancy
Product design	Modular, durable, repairable, easy-to-disassemble	Product-as-a-service (rental, subscription); design-for-service offerings
Production & manufacturing	Energy-efficient processes, low-waste production, additive manufacturing	Shared manufacturing, on-demand production, process optimisation services
Packaging	Reusable, recyclable, biodegradable, minimal packaging	Take-back schemes, refill programmes, returnable packaging services
Logistics & distribution	Lightweight, stackable, easy-to-transport products	Reverse logistics, collection services, optimised delivery and redistribution
Use & consumption	Long-lasting, multifunctional, upgradable products	Leasing, rental, sharing, subscription models
Maintenance & repair	Durable components, standardized parts for easy repair	Repair, refurbishment, maintenance contracts, mobile repair services
End-of-life / recovery	Designed for recycling, remanufacturing, upcycling	Collection, recycling, reselling, refurbishment, resource recovery services
Digital & tracking	Smart products with sensors to monitor use, condition, or performance	Digital platforms for predictive maintenance, usage tracking, product-as-a-service management

Mash-up: don't lose your great ideas, write them down

Write down one (or more) idea(s) to innovate in your own business

Market research: Customer interviews

Reflection: What is the value of customer feedback?

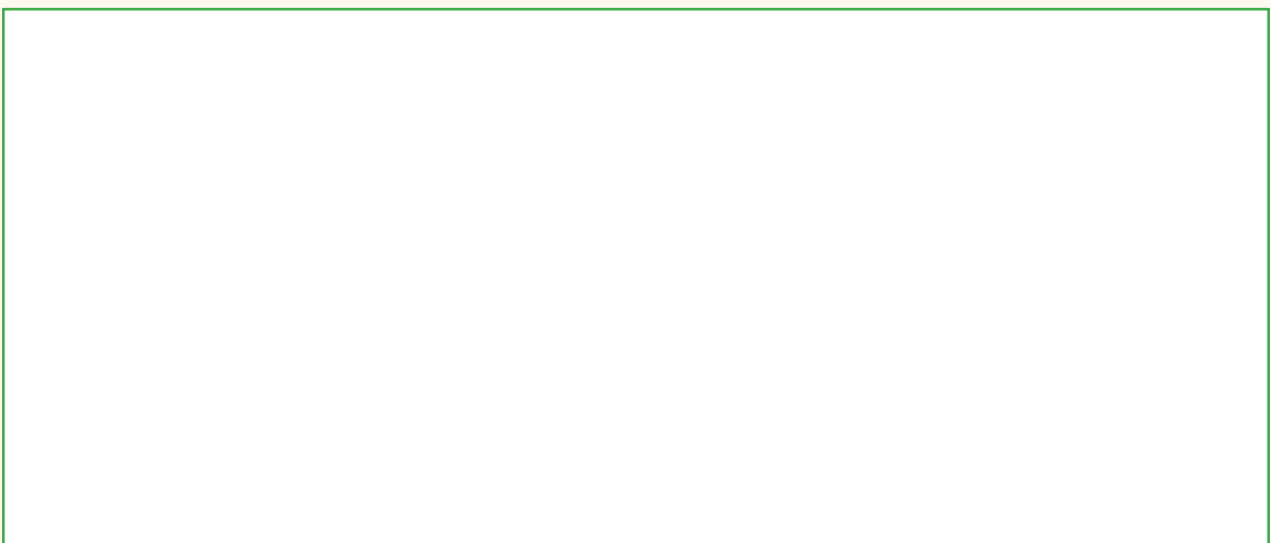
How does feedback link to improving product/service features?



Exercise: Draft your interview questions

In your Workbook write 5-10 open questions to test customer needs, behaviors, willingness-to-pay, and CE practices.

- For your top 1 selected markets segment
- For the innovative CE idea (product/service) that you want to test



Checklist: review before chapter 3 and 4

From Chapter 1

- Top-3 customer segments.
- Document findings from customer/market research.
- Refine CE value proposition (key statement) for each segment.
-

From Chapter 2

- Finalize Costing Model (Excel) and work on a draft Investment One-Pager.
- Complete customer interviews for your top 3 market segments.
- Test and refine your CE value propositions using insights from the real customer calls.
- Document key learnings and adjustments in your products/services.

3. Financials

At the end of the chapter:

- You analysed financial health of the business using key statements and ratios.
- You developed realistic, data-driven financial projections.
- You are able to communicate investment needs clearly and convincingly.

Financial statements

Understanding your financial statements is essential for running a sustainable and investment-ready business. These documents give a clear picture of your company's financial health, show how it generates and uses cash, and help identify areas for improvement.

1. Balance sheets: Shows what the company owns (assets) and owes (liabilities) and the residual interest (equity). Evaluates whether the company has enough short-term assets to cover its short-term liabilities (liquidity).

Key components:

- Current Assets
- Fixed Assets
- Current Liabilities
- Long term Debt
- (>12 months)
- Total Equity

2. Income statements: Provides a breakdown of revenues, expenses, and resulting profit or loss. Determine whether the company is generating sustainable earnings.

Key components:

- Revenue
- Cost of revenue
- Gross profit
- Operating Expenses
- Other Income
- Tax and Interest
- Net Income

3. Cash flow statements: Divides cash flow into Operating Activities, Investing Activities: and Financing Activities. Determine if the company generates enough cash from operations to sustain itself.

Key components:

- Beginning cash
- Operating activity

- Investing activity
- Financing Activities
- Ending cash

Financial health

Financial ratios show how well your business is performing and whether it is on track to be sustainable and investment-ready. Using key ratios from your income statement, you can assess profitability, efficiency, coverage, and growth. These ratios help identify strengths, weaknesses, and areas for improvement in your business operations.

1. Profitability ratios: show how much profit your business generates at different stages of its operations

- Gross profit margin is the percentage of revenue remaining after covering production costs.
- Operating profit margin measures the efficiency of core business operations
- Net profit margin shows percentage of revenue left as profit after all expenses, taxes, and interest

2. Efficiency ratios: indicate how well the business manages its costs

- Operating expense indicates the proportion of revenue consumed by operating expenses

3. Coverage ratios: show the ability of the business to meet financial obligations

- Interest coverage ratio (in case of debt) measures how easily a company can meet its interest payments

4. Growth ratios: track the change in business performance over time

- Revenue growth rate highlights the increase or decrease in sales over a period

Example: Fictive Company

Assuming the following data for a company, we look at the calculations as displayed below:

- Revenue: \$500,000
- Cost of Goods Sold (COGS): \$300,000
- Operating Expenses: \$120,000
- Operating income: \$80,000
- Tax Rate: 25%
- Net Income: \$60,000
- Last year's revenue: \$450,000

1. Profitability

Gross profit margin

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Revenue}} \times 100$$

$$\text{Gross Profit} = \text{Revenue} - \text{COGS} = \$500,000 - \$300,000 = \$200,000$$

$$\text{Gross Profit Margin} = \frac{200,000}{500,000} \times 100 = 40\%$$

Interpretation: The company retains \$0.40 from each dollar of sales after covering production costs. A higher gross margin indicates good control over production costs.

Operating profit margin

$$\text{Operating Profit Margin} = \frac{\text{Operating Income}}{\text{Revenue}} \times 100$$

$$\text{Operating Income} = \text{Revenue} - (\text{COGS} + \text{Operating Expenses}) = \$500,000 - (\$300,000 + \$120,000) = \$80,000$$

$$\text{Operating Profit Margin} = \frac{80,000}{500,000} \times 100 = 16\%$$

Interpretation: The company earns \$0.16 in operating income from every dollar of sales. This reflects the efficiency of its core business.

Operating profit margin

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenue}} \times 100$$

$$\text{Net Profit Margin} = \frac{60,000}{500,000} \times 100 = 12\%$$

Interpretation: After accounting for taxes, the company earns \$0.12 for every \$1 in revenue.

2. Efficiency

Operating Expense

$$\text{Operating Expense Ratio} = \frac{\text{Operating Expenses}}{\text{Revenue}} \times 100$$

$$\text{Operating Expense Ratio} = \frac{120,000}{500,000} \times 100 = 24\%$$

Interpretation: 24% of the company's revenue is consumed by operating expenses. Lower ratios are favorable as they suggest efficient cost management.

3. Coverage

Interest coverage Ratio

This ratio is not applicable, as the company does not have interest expenses. Without debt, the company faces no financial leverage costs, which is generally seen as a low risk scenario.

If the company had interest payments, it would be deducted before tax, i.e.

- Operating income: \$80,000
Interest expense: \$10,000
- Tax Rate: 25% * 70,000 = \$17,500
- Net Income: \$52,500

$$\text{Interest Coverage Ratio} = \frac{\text{Operating Income}}{\text{Interest Expense}}$$

$$\text{Interest Coverage Ratio} = \frac{80,000}{10,000} = 8$$

Interpretation: The company can cover its interest payments 8 times over with its operating income. A higher ratio means the company is less burdened by debt costs.

4. Growth

Revenue Growth rate

Suppose the company's revenue in the previous period was \$450,000.

$$\text{Revenue Growth Rate} = \frac{\text{Revenue (Current Period)} - \text{Revenue (Previous Period)}}{\text{Revenue (Previous Period)}} \times 100$$

$$\text{Revenue Growth Rate} = \frac{500,000 - 450,000}{450,000} \times 100 = 11.1\%$$

Interpretation: The company's revenue increased by 11.1% compared to the previous period. Positive growth signals an expanding business.

Financial health summary

- **Gross Profit Margin (40%):** Indicates strong control over production costs.
- **Operating Profit Margin (16%):** Reflects operational efficiency.
- **Net Profit Margin (16%):** Improved profitability since there's no interest burden.
- **Operating Expense Ratio (24%):** Signals cost control; lower ratios are favorable.
- **Interest Coverage Ratio (N/A):** No debt eliminates financial risk.
- **Revenue Growth Rate (11.1%):** Shows expansion; positive growth is a good sign.

Exercise: Assess the financial health of your own business

Calculate the ratios from your own one-pager. Remember you'll need the following data:

- Revenue: _____
- Cost of Goods Sold (COGS): _____
- Operating Expenses: _____
- Operating income: _____
- Tax Rate: ____%
- Net Income: _____
- Last year's revenue: _____

Gross Profit Margin (X%)**Operating Profit Margin (X%)****Net Profit Margin (X%)****Operating Expense Ratio (X%)**

Interest Coverage Ratio (X)

--

Revenue Growth Rate (X%)

--

What do these ratios mean for CE businesses?

Financial ratios are useful for any business, including those in the Circular Economy (CE). They give a snapshot of how healthy a company is financially and whether it can sustain its operations. For CE businesses, these ratios help show if the company is balancing profits with the additional costs and efforts needed to reduce waste, reuse materials, and operate sustainably.

Profitability ratios, like gross profit margin, operating margin, and net profit margin, show how much money remains after covering costs. For CE businesses, these ratios may be lower at first because circular practices often require upfront investment in recycled materials, product redesign, or take-back systems. A lower margin is not automatically a problem if it contributes to long-term sustainability and resource efficiency.

Efficiency ratios, such as operating expense ratio, indicate how well a business is managing its costs. CE businesses often have more complex operations, like recycling logistics or remanufacturing processes, which can increase costs. These ratios help identify areas where the business can optimise operations without compromising circular practices.

Growth and coverage ratios are also important. Revenue growth shows whether customers are adopting circular products, while interest coverage indicates if the business can manage debt while investing in circular operations. Together, these ratios help CE businesses make informed financial decisions while staying true to their sustainability goals.

Audited statements

Audited statements provide an independent verification of a company's financial records. They help ensure accuracy, identify risks, assess reporting systems, and provide recommendations for improvement.

The audit process typically includes planning (reviewing prior audits and defining procedures), fieldwork (examining accounts, interviewing staff, and analysing financial data), reporting (drafting and presenting findings), and follow-up (ensuring corrective actions are implemented).

For businesses, especially those seeking investment, audited statements offer credibility and transparency, helping attract funding and improve internal financial management. It is essential to **separate personal and business finances**, using a corporate account for all business transactions.

Profitability

In Workshop 2 we covered the theory of costing, including how to map all costs, set prices, and ensure your business remains financially sustainable. Now that you've had time to reflect and calculate your ratios, it's time to review these insights.

In this exercise, you will review how you currently price your products or services and **critically assess whether your pricing covers all operational costs**, including salaries, compliance costs, depreciation, logistics, and inflation. You will also consider market factors such as customer willingness to pay, segment size, competitors' prices, and economic trends.

Using the **same financial template**, review your numbers, calculate your true cost per product or service, and pair up with another participant to discuss where your pricing can be adjusted, how to improve your ratios, and what your ideal price should be to ensure both profitability and sustainability.

Exercise: Profitability

How do you assess your own profitability?

- Do you cover all (foreseen) costs in your price (including compliance costs and a salary for yourself)?
- Your ratios and how you can improve these (lower costs, increase price)
- What customers are willing to pay
- The market size of your segments
- What competitors are charging
- Inflation rates

Write down your reflections here:

How can you improve your profitability? Write down three actions:

Financial projections

Financial projections are essential for strategic decision-making, attracting investors, and securing funding. They help you understand where your business is heading in both the short and long term, show how much capital you need, and highlight where your money will be spent. Well-prepared projections also give a clear sense of the potential valuation of your business and demonstrate to others that your business model is viable and profitable.

Accurate financial projections provide a glimpse into your company's strategic thinking and growth roadmap. They allow decision-makers to allocate resources effectively and show investors that your business understands its operations, costs, and revenue potential. Even simple projections can make a big difference when it comes to planning for growth, preparing for risks, or securing funding.

Key components of financial projections

Financial projections help you plan your business, make informed decisions, and attract investors. They provide insight into your expected revenues, costs, expenses, investments, and cash flow.

The five key components are:



1. Revenue Projection: Revenue projections estimate the total income your business expects to earn from selling products or services over a specific period.

Units Projections

- Analyze historical sales data and trends.
- Consider market demand and customer preferences.
- Evaluate the impact of marketing and sales strategies.
- Assess the effectiveness of distribution channels.
- Account for seasonality and cyclical patterns in sales.
- Factor in changes in pricing and promotional activities.

Price Projection

- Analyze market trends and historical price data.
- Understand industry dynamics and factors influencing prices.
- Evaluate the cost structure and pricing strategies of the business.

Growth Rates

- Inflation.
- supply and demand dynamics.

- pricing strategies of competitors
- Seasonality of sales

2. Cost Projection: Cost projections estimate the direct costs of producing goods or services, including materials, labor, and production overheads.

Purchase price

- Analyze historical cost data.
- Assess market trends and consumer behavior.
- Evaluate operational efficiency.
- Consider raw material costs.
- Review labor expenses.
- Assess distribution costs.

Units Projections

- Analyze historical sales data and trends.
- Consider market demand and customer preferences.
- Evaluate the impact of marketing and sales strategies.
- Assess the effectiveness of distribution channels.
- Account for seasonality and cyclical patterns in sales.
- Factor in changes in pricing and promotional activities.

Growth Rates

- Inflation.
- supply and demand dynamics.
- Supplier strategies.
- Seasonality.

Cost-Reduction Strategies:

- Renegotiate supplier contracts for better pricing.
- Improve operational efficiency.
- Invest in technology or automation to reduce labor costs.

3. Expense Projection: Expense projections estimate all non-production costs needed to run the business, such as marketing, staffing, and overheads.

List of expenditures category:

- Product Lifecycle

- Advertising Channels
- Staffing and Salaries
- Business Strategy
- Market Conditions

Purchase price

- Supplier Relationships
- Market Conditions
- Economic Factors
- Technology Advancements

Growth Rates

- Inflation,
- supply and demand dynamics,
- Supplier strategies
- Seasonality

4. Capital Expenditure (CapEx) Projection: Capital expenditure projections plan for long-term investments in assets or initiatives that support business growth.

- Capital Expenditure Items
- Strategic initiatives
- Expansion plans
- Long-term goals
- Technological advancements
- New product or service lines

Timing of Capital Expenditures

- Project timelines
- Milestone targets
- Operational Needs

Cost of Capital Expenditure Items

- Interest rates
- Inflation
- Overall market conditions

▫ **Investment Decisions Consider:**

- ▶ What are the current conditions of the fixed assets, and do they require upgrades or replacements for optimal performance?
- ▶ What technological advancements are available that can enhance the efficiency, productivity, or longevity of the company's operations?
- ▶ What is the current price of the capital expenditure, and is it expected to increase or decrease in the foreseeable future?
- ▶ When is the ideal timeframe for the investment to be made, considering factors such as market conditions, project deadlines, and budgetary constraints?

5. Cash Flow Projection: Cash flow projections show the expected inflows and outflows of cash, helping you manage liquidity and plan for expenses, debt repayment, and investments.

It is a financial tool that offers insight into the future cash movements of your business. It outlines anticipated cash inflows from sales, investments, and financing activities, as well as expected cash outflows for expenses, investments, and debt repayments.

IMPORTANT: when can you pay yourself a salary, when can investors see their money back, how much debt can you repay each month?

Financing Need

- Current and Future cash positions
- Working Capital Requirements
- Expansion Projects
- Research and Development Initiatives
- Equipment Purchases
- Inventory Management
- Marketing and Advertising Campaigns
- Hiring and Training Expenses

Timing of Financing

- Project timelines
- Milestone targets
- Operational Needs

Type of Financing Required

- Current Capital Structure
- Risk Tolerance Rate
- Availability of Financing

Financial projections: cycle

Financial projections are created through a systematic cycle. This helps you make realistic forecasts, prepare for investors, and support business decisions.



1. Identify your audience: Before starting, ask: who will use these projections?

Type	Possible Goal
Lender/Investor	Under promise – over Deliver
Self/Employees	Aspirations

2. Identify your goals: Before starting, ask: who will use these projections?

- Is it to securing financing?
- Is it to forecasting the future?
- Is it for performance measurement?
- Is it for planning and budgeting?
- Is it to supporting decision-making?

3. Identify the method of projections: Decide the timeframe for your projections

Forecasting methods	Use	Math involved
1. Top-Down Method	Starts with a broad view of the market, then narrows down to specific business units.	When detailed company data is not available
2. Bottom-Up Method:	Begins with detailed estimates for individual components, then aggregates them for a comprehensive forecast.	When detailed data is available

4. Identify projection period: Decide how you will create the projections

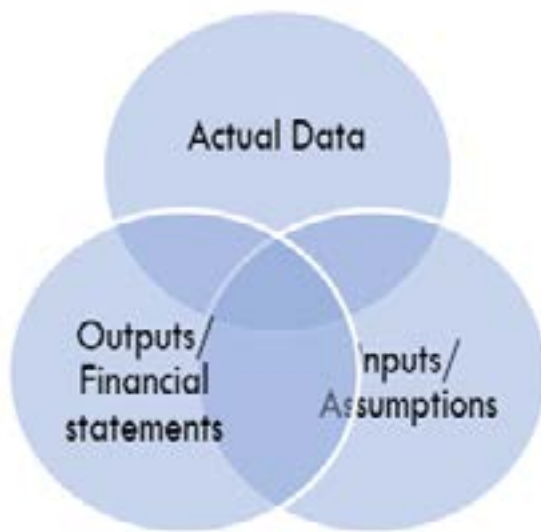
Types	Prepared for	Purpose
1. Long term projections	Senior management, board of directors, investors, and strategic partners	Provide a strategic roadmap for achieving long-term business objectives
2. Short term projections	Operational managers, department heads, finance teams, and lenders.	Manage short-term liquidity, cash flow, and operational efficiency.

5. Gathering data: Collect all relevant data on your business operations, past financial performance, market trends, and costs.

Tip: Data may be incomplete, especially in early-stage or small businesses. Make informed assumptions based on:

Types	Description	Example
1. Primary source of data	Historic performances	<ul style="list-style-type: none"> Historic financial statements Production report Sales Reports Payroll Financial Reports
2. Secondary source of data	Macroeconomic information, industry reports	<ul style="list-style-type: none"> Official Government websites Research

Tip: Data is incomplete (especially in our context) so you will likely make assumptions based on the data that is available to you.



6. Build assumptions

Document the assumptions clearly for transparency. Consider:

- SWOT analysis and risks
- Future business condition
- Market trend
- Customer behavior
- Competitive landscape
- Pricing dynamics

Key Assumptions to Make:

- Revenue assumptions
- Expense assumptions
- Cost assumptions
- Capital expenditure assumptions
- Cash flow assumptions

Types	Description	Example
Seasonal	Has Monthly Variance	<ul style="list-style-type: none"> • Increase in production during the holiday sales
Straight-line	Same throughout the year	<ul style="list-style-type: none"> • Other normal months

7. Link everything

- Ensure that all projections are consistent
- Revenue affects cost of goods sold and gross margin
- Expenses and investments impact cash flow
- Cash flow influences financing needs and investor returns

Use templates or build your own Excel sheets to link the statements.

8. Documentation

Document your entire process and all data sources in your data room in case investors have questions about how you made your assumptions and the feasibility of your projections

Each statement as discussed in workshop 4 (Income statement, Balance sheet and Cash Flow Statement) should have a projection.

Projections are made by (a combination of):

- CEOs
- COOs
- Finance managers
- Other department manager (sales, marketing, finance)
- Financial Analysts
- Consultants

Business Model-specific exercise

What do margins and projections look like for your type of business model? Do some research and write down your reflections below:

Your own financial projections

In this exercise, you will create a simplified financial projection for your company. Use the table below to summarise your insights based on your current knowledge, assumptions, and any research you have done.

1. **Revenue model:** Describe how your company generates income. Include all products or services and how they are priced.
2. **Cost structure:** List the main costs of your business (fixed and variable) that affect your profitability.
3. **Scalability:** Consider whether your business can grow without proportionally increasing costs. Indicate potential for expansion.
4. **Profit margins:** Estimate your expected gross and net profit margins based on current or projected sales and costs.
5. **Cash flow risk:** Identify the main risks that could affect your cash flow (e.g., delayed payments, seasonal sales, high fixed costs).

Factor	Your company:
Revenue model	
Cost structure	
Scalability	
Profit margins	
Cash flow risk	

Own investment ask

An investment ask is a clear and concise statement that tells potential investors how much funding your business needs, what it will achieve with that funding, and in what timeframe. It helps investors quickly understand your goals and the impact of their investment.

Formula: "We seek X funding to achieve Y outcome in Z timeframe."

- **X funding:** The exact amount of money you are requesting.
- **Y outcome:** The specific result or milestone that will be achieved with the funding.
- **Z timeframe:** The period in which you plan to reach the outcome.

Now it's your turn! Write your own investment ask below:

4. Funding and Investment

Understanding funding

Types of funding

Types of funding: Bootstrapping, Friends & Family, Crowdfunding, Grants, Debt (MFI/Bank), Angel Investors, Venture Capital

Which type of funding is appropriate depends on business based on stage, revenue, and growth potential

Reflection exercise

List funding sources your company has accessed or is considering

· Identify which type(s) of funding are most suitable for your current investment needs

Investment process stages



Reflection Exercises:

Where your company currently is in the investment process? Note the next steps needed to advance to the next stage below:

Preparing for Investment & Investment Readiness

Preparing for Investment & Investment Readiness

- Strong value proposition and scalable business model
- Financial health: revenue, profit, cash flow
- Governance and operations: transparency, accountability, structure
- Market potential and traction: evidence of growth and demand
- Essential investment documentation: business plan, one-pager, financial projections, dataroom

Reflection exercise

Evaluate your company against each readiness component

Identify top 3 areas for improvement to strengthen investment readiness

Investment Readiness Assessment: Debt

► Is your character ready for debt capital investment?

This element is all about the character of the borrower(s). Lenders are concerned if the borrower is honest and if he will make the greatest effort to pay back his debts. For the most part, it is not possible to evaluate the character of a borrower in quantitative terms, but characteristics such as experience, management skill and past financial decisions.

- Do you have experience with running a company?
- Do the team members contribute experience in various field e.g. marketing, finance, technical knowledge?
- Do team members have an adequate educational or industry background?
- Have you had debt funding before and can you provide past repayment records?
- Does the company have good relations with suppliers and distributors?

► Is your capacity ready for debt capital investment?

The lender will assess the financial ability of the potential borrower to pay back the loan. This assessment is done based on the history of the business, the past repayment record, on-going cash-flows and assets. Profitability and cash-flows are pivotal, as the lender will research, if the borrower has the cash-flow to meet the debt obligations over a short term and the profitability to meet long-term obligations.

- Do you have a three-year past financial (revenue, expenses, cashflow) record?
- Do you have a 3-5 year forecast of financial statements?
- Can you provide track records of profitability, e.g. through showcasing financial ratios such as the profit margin over time?
- Can you provide information on your customer segments and recurring purchases?
- Can you outline precisely how you intend to repay the loan (months, seasonality, moratorium)?

► Are the conditions good for debt capital investment?

Conditions refer to the environment as well as the personal opinion and policies of the bank/creditor, including the local and general economy, repayment rates, economic conditions that exist for the business as well as the values, prejudices and past experiences of the creditor with that type of loan in question.

- Do you have a good understanding about the general economic conditions?
- Are you well informed about the local economic conditions (including risks)?
- Are you aware of the repayment schedules and interest rates that are currently common practice and able to match these?
- Do the organisation's values match with the values of the creditor?
- Do you know the common policies of the creditor?

► **Is the capital ready for debt capital investment?**

In this case the term capital is equivalent to business equity. Creditors are particularly interested in the debt to equity ratio, as it presents financial stability and the commitment of the borrower. Usually, the upper acceptable debt-to-equity ratio is 2:1.

- Have you invested your own money into the business?
- Did you take personal risks to establish the business?
- Is the debt to equity ratio of the organisation below 2:1?
- Can you provide additional solvency ratios such as the debt service coverage ratio?
- Can you provide liquidity ratios such as current, quick and cash ratio?

► **Is the collateral ready for debt capital investment?**

Furthermore, the lender assesses if the liquidation values of the assets are sufficient to pay back the financial obligation, in case the business fails.

- Are you aware that if you do not have sufficient cash to repay the loan, you need to sell the organisation's assets?
- Can you provide additional forms of security such as property that will be a repayment source in case the loan cannot be repaid? Please list at two potential assets that could serve as collateral:
- Have you calculated the liquidation values of buildings, equipment etc. that could serve as collateral?
- Are all your directors and board members aligned on the type of funding and is there a board resolution for this loan request?
- Can you provide reference letters from key community members?

Investment Readiness Assessment: Equity

► Are your ideas and the stage of your business ready for equity investment?

Equity investors need to see proof of commitment, traction and management.

- Are you working on the enterprise full time?
- Do you have paying customers?
- Are you serving multiple customer segments?
- Are the necessary systems and processes in place?

► Is your team and organizational structure attractive for investors?

Equity investors invest in people and teams, and not just in ideas.

- Do you have experience with running a company?
- Is there technical/product development as well as sales and marketing experience in the team?
- Do you have an industry-specific board of directors?
- Can you provide references?

► Is there a market for your product and is your company capable of capitalizing on the market?

Equity investors need to be convinced that there is market for your product or service, and that you are able to capture a market share and eventually grow the market share

- Do you know the size of your market?
- Do you know your competitors? If the model can easily be copied by competition, is there enough room for multiple players in the market?
- Do you know your customer acquisition cost and profit margin per customer?
- Do you have a growth strategy beyond your country of operations?

► Is your finance team and financial management strong enough to attract investors?

Equity investors need to see some good quality financial data before they can decide to invest. Investors often require audited financial statements of financial results from previous years.

- Do you have a finance expert in your team?
- Do you have a three-year financial (revenue, expenses, cashflow) forecast?
- Have you calculated your break-even point?
- Are expected returns realistic and data-driven?

► **Is the impact your company is making attractive for investors?**

There is a growing number of investors that have an interest that goes beyond the financial returns of the investment. They are also looking for social and/or environmental impact.

- Do you have a clear impact focus?
- Do you know what your social, environmental or economic impact will be?
- Do you know how you will engage low-income or vulnerable groups and/or communities?
- Are there metrics and indicators (a framework) in place to capture impact?

► **Is the choice for this investor clear and aligned with investor preference?**

There are different types of investors and the investor needs to be convinced you are a good match for their portfolio.

- Have you already received equity funding?
- Are you willing to give up equity (and what is your valuation / proposed percentage)?
- Can you explain why you approached this investor?
- Can you outline your need for (specific) technical support along with your investment?
- Do you have sufficient resources including legal assistance to start the procedure for negotiating and closing a deal for equity investment?

Drafting the Investment Ask

One-line investment ask formula: “Our company in [X product/service] in [X country], with [X traction], is looking for [X amount] in [X type of financing] for [X use of funds].”

Reflection Exercises:

Draft your own one-line investment ask

Critically review your draft from an investor's perspective

Note next steps to finalize your one-pager, projections, and other key documents

Checklist: next steps

From Chapter 3

- Finalise and refine your financial projections
- Review your financial ratios and design a plan to improve them

From Chapter 4

- Finalize Investment 1-pager
- Review investment ask
- Identify a funder



Make It
Go Around

SUPPORTED BY :



IMPLEMENTED BY :

