

Reverse Financials

Seconds''

Idea: _____

Specifications

Income Stream

Income Stream

Assumptions and Calculations

Required profit

How much profit (before tax) would make the initiative worthwhile?

e.g. 10 Mio. EUR (10% of current profits)

Return on sales %

What is your expected profit in relations to your sales?

e.g. 15%

Required revenues

What is the annual turnover your business has to generate?

Calc.: Profits / Return on sales %

Allowable costs

How much costs should your business be allowed to produce?

Calc.: Revenues - profit

Revenue model(s)

Define 1 or more revenue models that generate income.

e.g. Pay per kg, annual subscription

If you use an additional income stream ...

Revenue split

If you have multiple sources of income, how is the split between them?

e.g. 80%

e.g. 20%

Revenue per stream

How much turnover must be achieved per income stream?

Calc.: Required revenue x revenue split

Ø price per unit

What do you think the average customer is willing to pay for a unit?

e.g. 22 EUR without VAT

of units to be sold

Ho many units do you have to sell to reach your sales target?

Calc.: Revenus per stream / price per unit

Units per customer

How many units does a customer buy on average per year?

e.g. 2.5

of customers

How many customers does the business need in order to achieve its sales target?

Calc.: # of units / units per customer

of new customers

How many new customers must be acquired per year?

e.g. 75% of 10'000 customers = 7500

Customer acquisition costs (CAC)

How much money do you have to spend to acquire a new customer?

e.g. 12 EUR per customer

Total CAC

What is the total marketing budget your business needs to attract new customers?

Calc.: # of new customers x CAC

Direct costs per unit

What are the direct costs (material, shipping etc.) of selling a unit?

e.g. 10 EUR for manufacturing

Total direct costs

What are the total direct costs of your business?

Calc.: Direct costs x # units

Total indirect costs

How high are the indirect costs that cannot be allocated to an individual unit (overhead)?

e.g. 500'000 EUR for overhead

Anticipated costs

What is the sum of all your costs per year?

Calc.: Stream 1+2 total CAC + total direct + total indirect costs

Cost buffer

Now you can calculate how high your cost buffer is. Do you have enough buffer for unexpected costs?

Calc.: Allowable costs - anticipated costs