

To the Reader:
I hope these notes will help you. If you have any suggestion,
or you don't understand something, please let me know at
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11.12.2019

IBICI

FINANCIAL PLANNING

Budgeting → economic part of business

how much will you spend
and how much will
you have in return

↳ know the economic value of your project

FINANCIAL STATEMENT (Bilancio)

Definition (see slide for more details)

Formal record of financial activities of an entity

• also as employee you have one: you get your salary
and you pay taxes accordingly; the employer
manages this ↳ slts, depending on income, percentage

↳ bustapaga, "dichiarazione dei redditi"

• same for business entities:
taxation for companies: IRES, fixed ~ 23/24%

This report tells the ^{fiscal} agency how much you get / spend ...

STRUCTURE

Balance Sheet

• Assets, liability, owners, equity... } also buildings...
⇒ how rich is the company
(Statement of financial position)

Income Statement

• Revenues, expenses in past year (1st Jan - 31st Dec.)
(eg. chairs)
eg. produce 10 000 chairs → sell them → costs coverage

(also

Cost of machines, renting ...

Investments of machines is reported over more years

• CHANGES IN EQUITY (notary)

eg. laser cutter → span e.g. of 5/10 years

• CASH FLOW

Availability of money at a certain moment
(need for cash to buy materials)

DOCUMENTS

①

~~Balance Sheet~~ → Gross margin = cost - income for selling

CONTO ECONOMICO
(Income Statement)

→ Net margin = after amortisation costs...
(rental, marketing, salaries)

value of income

cost

→ Cut taxes (25%) → profit

② (STATO PATRIMONIALE) - (Balance Sheet)

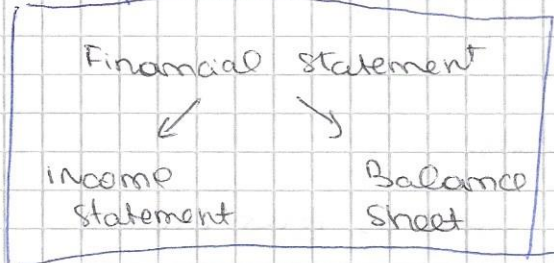
- Social capital → amount to start company
eg €10'000 for SRL

→ value of machinery/assets

→ shares of other companies (asset as well)

→ IP: Intellectual property eg. Patent as asset
(has a commercial value)

Recap



More on Canvas Model

Study of a Business Model

Cash flow is in the bottom part (Cost structure, Revenue stream)

↑
Money in - Money out

• Take care of cash flow weekly (rare),
monthly and yearly
done on big factories (huge numb)

SIMILARITY WITH WATER (log out slide)

- Milestones to get more money (not all at once)
(also if you have an investor, 1M in Euros over time)
- How much is needed to start? How much is needed to spend?

⇒ keep some money in the tank, otherwise debts

Uel Brooks "It can be done!"

It is important to know your finances in order to
analyse WHAT can you do and WHEN can you release
your product.

Understand how well do your hypotheses fit the reality
- how much will you sell?
- at what price?

Big companies (Google, FB, Amazon) did not have income at
first, only then later sold data to their real customers

It is also important to explain your idea and your
business process to VC in order to convince them
that your idea is successful and what will happen
to your money (the money they are investing in you)

↳ Also OWNERSHIP of idea (are you really the ideator?)

Cash flow analysis also for better understanding of idea

VARIABLES

- Sales income : water in
- Variable costs : water out
- Fixed, infrastructure costs : water out

Parameters for profitability → EBITDA

Earning before
Interests, Tax,
Depreciation, Amortization

EBITDA depends on sector of activity (energy, pharma, ICT, ...)

↳ represents company's ability to make money

- Assets (car, ...) : water out
↳ investments you do

- Cash burn (IN-out) : water in

idea : prepaid cards / SIMs for phones

At the beginning : telecom Italia was asking for payment
after the month of usage

Then : pay in advance → the water was there before need for it
(introduced by Vodafone, probably)

CALCULATIONS

- Periods (divide year in 4) → time scale
- Justify sales volume (expected)
- Minimise / postpone investments
- Visualize cash flow

these are all elements of
a
working
sheet
presenting your ideas

HOCKEY STICK (see slide)

(costs don't disappear, but just consider first
slot of product)

Patient or aggressive? → green vs red cash flows

↓ (A)
less risky,
less reward

↳ (B)
greater exposure,
more income

↓
As an investor, see if
B is worth it (learn model)

TUNING

Sequential improvements (Alpha - Beta versions)

eg. Airbnb and their web platform

IDEAS

- From these analyses understand the sustainability of your project
- Don't expose "unsafe" parts of your plan (eg. lots of taxes at once)
- Self confidence → also for showing the investors you know what you talk about

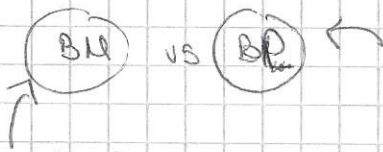
BUSINESS PLAN

Doc. explaining idea, implementation
market analysis
profit-loss

WHY

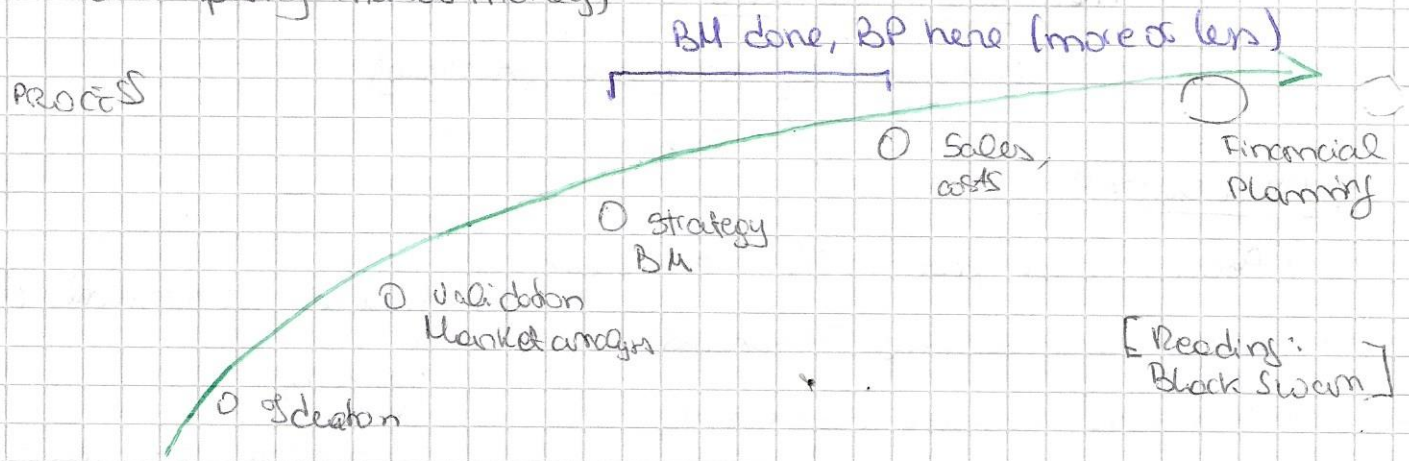
- Show feasibility
- Communicate idea
- Get funding

Needed if you want a loan →



after BM, write it down
(also after having validated idea)

Conceptual approach
(create - deliver value)
(how a company makes money)



[Reading: Black Swan]

PUTTING (contents) → see slide

Unit9 has a model / template for startups (spin-offs)

When to do a BP? → when you need funding, when it's specifically requested, when you want more insight into how your company functions

Better concentrate on something else otherwise