

What Are Financial Projections?

- It is an itemized list of how you get your money (revenue) and where you spend it (expenses)

Why Do I Need Financial Projections?

- **They are good to have if you need to raise money**
 - Banks require financial projections to help ensure you avoid any fatal financial flaws
- **It forces you to evaluate your finances in an organized manner**
- **F.P. help make sure you don't run out of money (working capital)**
 - Helps you plan for future costs (property taxes, insurance, new equipment, etc)
 - Can help ensure better financial success than just "winging it"
 - Helps the owner understand what they will truly make from the business on an hourly basis (Owner's Benefit)

What Does A Financial Projection Look Like?

- See sample Financial Projection template

Next Steps: What Resources Are Available?

- **Financial Projection template** (the handout)
- **Kansas SBDC @ Pitt State** – FREE Industry Market Research & Business Advising
- **Pittsburg State University Small Business Development Center Contacts**
 - **Randy Robinson**, Regional Director: rrobinson@pittstate.edu, 620-235-4924
 - **Dacia Clark**, Assistant Director: dclark@pittstate.edu, 620-235-4933
 - **Mindy Lee**, State Marketing Manager: mindy.lee@pittstate.edu, 620-235-4961
 - **Main Office**: ksbdc@pittstate.edu, 620-235-4921





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Financial Projections Template

Where do you get your money (revenue)?

(What chunks of items can you split your revenues into? You can also think about how payment is made. Does the customer pay at the counter, online, does the check come in the mail or some other way?)

Sale Price of Item (Write in \$ amount, Ex. \$10) – What are you going to sell the item/service for to the public?

Ex. Massage service - \$60/1 hour, widget = \$20/each

Cost of Item (Write in \$ amount, Ex. \$10) – How much does it cost you to make that item/service?

Ex. What is the cost of ingredients needed to produce item? How much labor is needed to produce item? How much time is needed to produce item? All of those costs will go into the final cost of the item/

Helpful Hint: Note: Under note area write either Know, Guessed or Check. If you are confident in the answer write Know. If you guessed at the answer write Guessed. If you want us to check the answer, write Check.

Name of Item(s)

Sale Price of Item/Service

Cost of Item

Note

Table with 4 columns: Name of Item(s), Sale Price of Item/Service, Cost of Item, Note. The table contains 10 empty rows for data entry.



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Where do you spend your money (expenses)?

(What expenses will I have no matter what? – fixed costs)

Not all of these Item's will apply to your business. If they don't apply please write NA (Not Applicable) in the note section.

Helpful Hint: If monthly charge multiply by 12 to get yearly cost. If quarterly charge, multiply by 4 to get yearly cost. If biannual charge, multiply by 2 to get yearly cost.

Note: Under note area write either Know, Guessed or Check. If you are confident in the answer and the numbers that you wrote in the Year 1, Year 2 and Year 3 column write Know. If you guessed at the answer write Guessed. If you want us to check the answer, write Check.

Item	Year 1	Year 2	Year 3	Question(s)	Answer(s)	Note
Business Liability Insurance				What is the amount that you pay and how often do you pay it and in what month(s) do you pay it in?		
Business Liquor Liability Insurance				What is the amount that you pay and how often do you pay it and in what month(s) do you pay it in?		
Building Hazard Insurance (Fire, Etc.)				What is the amount that you pay and how often do you pay it and in what month(s) do you pay it in?		
Licenses & Permits				Are you required to have any licenses or permits to run your business? What is the amount? How long does the license last for? What is the renewal fee and how long does the renewal last for? What month will the permit be paid in? What month will the renewal be paid in?		



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Item	Year 1	Year 2	Year 3	Question(s)	Answer(s)	Note
Labor						A separate sheet called Labor Expenses will help you get this #
Phone				Multiply monthly charge by 12 to get yearly cost		
Internet				Multiply monthly charge by 12 to get yearly cost		
TV				Multiply monthly charge by 12 to get yearly cost		
Gas				Multiply monthly charge by 12 to get yearly cost		
Water				Multiply monthly charge by 12 to get yearly cost		
Electric				Multiply monthly charge by 12 to get yearly cost		
Accounting fees				Are you going to have someone do your books and/or pay your taxes? If so how often and how much are you going to pay them?		
Legal fees						
Exterminator				How many times does exterminator come, what is cost each time they come and what month(s) do you pay them?		



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Item	Year 1	Year 2	Year 3	Question(s)	Answer(s)	Note
Marketing and Advertising						
Office Supplies						
Ongoing Repairs and Maintenance						
Property Taxes						
Misc Supplies (toilet paper, paper towels, Kleenexes, etc)						
Loan				Write down name of who you pay the loan to, what your monthly payment is, what the interest rate is and what the balance is in the Answer section. Multiply the monthly payment by 12 and put the answer in Year 1, 2 & 3 if applicable.		
Loan				Same as above		



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Item	Year 1	Year 2	Year 3	Question(s)	Answer(s)	Note
Credit Card				Write down name of who you pay the credit card bill to, what your monthly payment is, what the interest rate is and what the balance is in the Answer section. Multiply the monthly payment X 12 and put in Year 1, Year 2 and Year 3 if applicable.		
Credit Card				Same as above		
Credit Card				Same as above		



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Where do you spend your money (expenses)?

(What expenses will I have that fluctuate? – variable costs)

Note: Under note area write either Know, Guessed or Check. If you are confident in the answer and the numbers that you wrote in the Year 1, Year 2 and Year 3 column write Know. If you guessed at the answer write Guessed. If you want us to check the answer, write Check.

Item	Year 1	Year 2	Year 3	Questions	Answers	Note
Raw materials				Where are you getting this number? Is it a % of revenues, based on # of widgets sold, etc?		
Production supplies				Where are you getting this number? Is it a % of revenues, based on # of widgets sold, etc?		
Freight				How often to you ship items?		



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