

# Financial Forecasting

Financial models combine historical company performances, market data, and assumptions about the future to forecast everything from capital needs to hiring plans.



## What is a Financial Model?

An effective financial model is a simulation of your business within an excel spreadsheet. How you use it depends on your biggest needs, but the beauty of our models is they can be adaptive to all cases. Most often in early stage companies we find the financial model to be the most useful to help companies understand their burn rate and how far their current cash situation can get them before they need to raise. Similarly, many times founders know they are approaching a new financing round but have little insight into how much should be raised in that round. A good forecast will tell you exactly what will be needed to accomplish your goals.

For businesses farther along in their lifecycle, financial models can be a key tool in setting an annual budget and tracking progress along the way. Moreover, from an outside investor's standpoint, a well thought out and good-looking model may help them feel better about investing into the business. Finally, a dynamic model allows management to imagine many different scenarios and see how the business may look both in the near term and 5 years down the road and compare/contrast to find the best foot forward.

## Why Venture First:

We've built hundreds of financial models and understand that there's no one-size-fits all set of equations. Each model we build is highly tailored to each client and involves an extensive onboarding process with client data-collection, market research, and working sessions.