

ENTREPRENEURSHIP IN RENEWABLE, ENERGY EFFICIENCY AND GREEN START UPS

DAY 3 – HOUR ONE – BUSINESS FINANCE
AND ACCOUNTING

March 9, 2012

Accounting

- accounting principles and basics
- quickbooks or quicken
- charts of accounts
- hiring an accountant
- ROI Analysis
- cash flow analysis - techniques
- activity based costing

Sources of Money

- loan applications - debt
- grants including SBIR
- Colorado Bids, RFP's
- landlord financing
- customer financing
- RFP boilerplate, government contract bidding,
- registering
- quick response capability, all resumes in the same format, etc.

Sources of Money - Continued

- supply chain financing
- Colorado Enterprise Fund Colorado
- Office of International Trade and Economic Dev
- Community Development Finance Institution
- Metro Denver Economic Development Corporation – no cash but links to cash
- Business Incubators like CREED/CleanLaunch/Grand Junction
- Angel groups/Investors – Money of last resort

Sources of Money - Continued

- TiE Rockies
- iCAST
- Wells Fargo 100m Enfinity Solar Fund
- helping your customers get financing
- SCORE – no cash but links
- CRES – no cash but links
- SOPE - no cash but links
- Friends and Family

Sources of Money/Resources

- relationship with universities - essential
- invoicing – being paid in advance
- handling accounts receivables to promote cash flow
- vendor financing in addition to credit
- crowd financing – illegal in Colorado
- shareholder agreements
- Foundations – Gates/Stepp

Key Links to Money

- measuring social/environmental impact
- equity financing creating a detailed financial model/plan
- cost estimation procedures budgeting
- revenue forecasting
- cost forecasting - the art cost of goods sold analysis
- valuing your company – part 1

Background Elements to Raising Money and Running Your Business

- spreadsheets and their utility
- including presentation backups with key documents
- contingency planning – and budgeting for them
- new form of "key man" insurance
- catastrophe potential analysis
- Scenario planning

Questions

15 minutes

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DAY 3 – HOUR TWO – ESSENTIAL BACK
OFFICE BUSINESS MANAGEMENT ACTIVITIES

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Understand the Value of Your Business

- valuing a customer
- valuing a strategic partner
- valuing your supply chain
- valuing your distribution system
- valuing your IP
- valuing your inventory
- valuing your reputation
- valuing a business
 - Depends on who is asking – five examples

Risk Analysis and Insurance

- risk analysis/liability analysis
- insurance requirements
- insurance options
- risk is a board issue
- assign risk analysis to one staff person
- avoiding the risks is good business

Risk Avoidance

- filing systems and document management
- risk avoidance tool
- document retention
- off-site back up storage liability analysis
- redundancy of suppliers
- redundancy of distribution partners

Questions

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DAY 3 – HOUR THREE – FINANCE –
ANALYTICAL TOOLS

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Business Analytics

- rent vs. own analysis
- return on investment analytical methods
- financial statements
- ratios to consider
 - Current ratio
 - Debt to assets ratio
 - Inventory turnover
 - Gross profit margin
 - Return on Assets or ROI
 - Growth ratios as percentages

Managing Cash

- accounts payables management
- accounts receivables management
- credit cards
- online payment systems
- monthly cash financial projections
- budget to actual analysis

Overhead Analysis

- cost allocation
- Starbucks – 40% of marketing is in the store
- keeping overhead low
- building systems – overhead, but key

Questions

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DAY 3 – HOUR FOUR – KEY FINANCIAL
METRICS

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Key Business Analytics

- pricing as a function of cost or value or competition
- price leadership
- highest price in the industry
- price evolution

Key Business Analytics

- differentiated pricing – development of a system
- balance sheets or profit and loss statements – which way to run the business
- reserves – how much is too much, not enough

Questions

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DAY 3 – HOUR FIVE – OTHER KEY
FINANCIAL MATTERS

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Advanced Financial Metrics and Taxes

- personal guarantees of loans
- budget for the board of directors
- mentoring and consultation by industry experts
- taxes

Advanced Financial Metrics and Taxes

- tax credits
- tax advantages
- enterprise zones
- tailoring your financial plan.

Questions

15 minutes

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