

Growth Fundraising Forecasting Model

Manufacturing

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Client

Our client is a privately-owned UK business manufacturing components for use in the construction or renovation of residential properties.

Purpose

The initial purpose of the model was to demonstrate the strategic business plan to potential funders and then become an operational budget and forecasting tool for regular use by the finance team as part of their reporting and budgeting process.

Approach

Forecast worked closely with the client to ensure a thorough understanding of the business model and the drivers underpinning the company's performance. This included spending time with the operations and finance teams to gain insight into the manufacturing process for inclusion in the model.

The financial model was designed to best practices standards and the development team provided the client with demonstrations at key milestones to further refine the tool to meet the needs of the business. Importantly, the financial model allowed the user to quickly scale up through easy-to-use assumptions to demonstrate the execution of the business plan, the earnings potential and serviceability of debt commitments.

Key features of the model:

- Integrated Income Statement, Balance Sheet and Cashflow
- Detailed modelling of the manufacturing and sales aspects of the business operation

- Manufacturing operation module allows the user to enter assumptions regarding machinery asset and people resource production capacities/constraints, with alert flags identifying when forecast sales volumes breach these constraints
- Flexibility to be used as a strategic planning tool and as a shorter-term budget & forecasting tool
- User can run sensitivities quickly and store a number of these scenarios in the model for comparison
- Interactive dashboards highlighting the performance of the retail outlets
- Capacity for new funding sources and new manufacturing and sales facilities

Outcome

The Forecast team worked closely with the client and to tight deadlines dictated by the fundraising process. Through collaboration with the finance and operations teams, Forecast was able to develop a robust tool that addressed a number of use cases, saving the client time running various scenarios and providing forecasts and projections that were auditable.

The transparent best practice features of the tool allowed 3rd parties to follow the model assumptions and calculations logic, particularly useful for discussions with potential funders and during the due diligence process. The end result for our client was a successful growth funding round. The tool will now be integrated into the finance function for both near-term and longer-term budgeting and strategic planning purposes.

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