FINANCIAL 5 MISTAKES
STARTUPS MAKE

A little planning goes a long way in avoiding disarray in the finance function. Avoid distractions in these areas and build your financial foundation for growth.

CASH MANAGEMENT 1

How much money do we have and how far will it take us? What's plan B (and C and D) for raising cash? Debt, equity, equipment financing? These are questions that CEOs should be able to answer with precision, but to do so requires a good cash forecast that includes a realistic view of inflows, outflows and the likelihood of achieving milestones in a specified timeframe.

BUDGETING PROCESS 2

Budgeting can be an important part of team building. It aligns a management team and engenders important and difficult decisions. Too often sales are overestimated and the time to achieve targets is underestimated. Budgets should be realistic and build in upside, base case and downside scenarios.

VARIANCE ANALYSIS 3

Budgets are not enough. Use financial results as a feedback loop to refine budgeting and forecasting efforts. Using actual results against assumptions is the best way to figure out what's working and what isn't. Then be decisive to reinforce the good and correct the bad.

DEVELOP PROPER METRICS 4

What 5 or 10 metrics or KPIs (Key Performance Indicators) will really turn the needle and make an impact on business? Its crucial for the team to discuss and agree on KPIs. Then create daily, weekly or monthly dashboards for one view of the truth and accountability. Great for managing priorities and your Board, too.

SEIZE THE DAY 5

Entrepreneurs scrap and save as they develop and sell their product. However, there comes a time when the team must move from conservative to aggressive. This make-or-break moment is more often missed. Resources need to be allocated for people, marketing, sales and product. Identifying when is the path to greatness. The right advisor can help secure the right path.

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