

Startup Variables:

- 1) How much capital do you need to launch?
- 2) What physical resources do you need to purchase?
- 3) What legal protections will you need to purchase?
- 4) What software/web development must be paid for?
- 5) Other expenses prior to Launch.

Income Variables:

- 1) How many products or services do you plan to sell a month?
- 2) At what price?
- 3) Is there interest income?
- 4) Is there donation/sponsorship income?
- 5) What is your projected growth rate per year?
- 6) Other...

Expense Assumptions:

- 1) What is your cost of goods sold?
- 2) What is your labor expense?
- 3) What is your marketing/promotion expense?
- 4) What is your interest expense?
- 5) What is your tax rate?
- 6) Other...

It is important to be as detailed as possible. If this venture is to be your primary source of income then everything from meals to cell phone bills can be considered business expenses to be included in your model. Once you have gathered ALL of you income and expense variables you are ready to create your model in Excel.

Using Excel:

On the left hand side of your spreadsheet include all of your labeled assumptions in the same column. On the right had side you will be creating your model following GAAP guidelines shown below (generally accepted accounting principles).