

User Guide for Cash Flow Template for a Small Startup

Welcome to your customized ModelSheet Template! We are delighted that you have chosen ModelSheet to get the most out of your spreadsheet models. In order to use your ModelSheet template effectively, we urge you to take a few minutes to read the description of what the template contains and the tips for using the template.

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1 What the Cash Flow for a Small Startup Does

Your *Cash Flow for a Small Startup* Template¹ helps you to organize the components of your cash flow in and out of the company, and to plan and track the actual cash flow against plan. The model organizes your cash flows into cash sources and cash uses.

- Cash Sources: you specify the receipts accounts that record all transactions in which you receive cash from customers and investors.
- Cash Uses: you specify the spending accounts that record all transactions in which you spend cash, including expenses and purchases of a capital items.

ModelSheet offers several planning templates for small startups. We recommend starting with *Sales Plan for a Small Startup*, next *Cash Requirements for a Small Startup*, then this template *Cash Flow for a Small Startup*, because the information from each of these templates is useful in setting up the following templates.

2 Entering Data into the Cash Flow Template

Cells where you can enter data without breaking the model are shaded blue. You can edit this workbook like any Excel workbook, but you may change or break the model if you enter data or formulas in cells other than the blue input cells.

When you customized the template, you specified the number of accounts in each category (such as receipts accounts and cash expenditure accounts). You can change the names of these accounts in Excel on the Labels worksheet. You cannot change the number of such accounts without making a new customized template.

You can make a forward-looking plan, and also change the plan to record actual cash flow data when each time period is ended. If you are making a forward-looking plan, enter the label “Plan” in the appropriate blue cells in the row labeled “Actual or Plan” at the top of the cash flow. When you fill in actual data for a time period, change this label to say “Actual”.

¹ This template is an enhanced version of a cash flow template used by SCORE (Service Corps of Retired Executives), an organization of counselors to small businesses. See <http://www.score.org>.

2.1 Enter Cash Receipts

Enter the data for cash receipts in the blue cells in the receipts section of the cash flow, classified according to the receipts accounts in the template.

2.2 Enter Cash Flow Data

Enter the data for cash spending in the blue cells in the cash spending section of the cash flow. The model will compute the cash flow from this data.

2.3 Document Assumptions Behind the Numerical Input Data

When you customized an Advanced version of the Cash Flow Template, you had the option to include a separate worksheet that organizes your assumptions, in words. If your template has worksheet 'Assumptions', then (1) edit the names of the assumptions as you wish on the worksheet 'Labels' (not on worksheet 'Assumptions'), and (2) Enter or edit the statements of the assumptions in the blue cells on worksheet 'Assumptions'.

3 How to Understand the Variables and Computations in the Template

3.1 How to Use Excel Comments

Each variable in the Model has an Excel Comment attached to the worksheet cell that displays the name of that variable. Each Comment explains what the variable is and often tells you how it is used in the Model. At the end, each Comment displays the "formula name" of that variable, if the formula name differs from the displayed name.² The presence of an Excel Comment is indicated by a small red triangle in the upper right corner of the cell containing the variable display name.

Moving the mouse cursor over the cell, or left-clicking on the cell, causes the Excel Comment to appear.

3.2 How to Use the Labels Worksheet to Understand Variables and Dimensions in the Model

The "Labels Worksheet" tab is located towards the extreme right of the workbook tabs next to the "Formulas" tab. The "Labels Worksheet" is divided into two parts: top and bottom. The top portion displays the Model's *variables* arranged alphabetically by the variables' Formula Names; the bottom portion displays the Model's *dimensions* arranged alphabetically by the dimensions' Formula Names.

In the top portion of the worksheet, the first column lists the variables alphabetically by Formula Name; the second column shows the corresponding variable Display Name, and the third column shows the variables' definitions (the same definitions as in the Excel Comments). This tabular presentation of variables and their definitions provides the quickest way to get an overview of the Model's contents.

The bottom Portion of the "Labels Worksheet" shows the *dimensions* used in the Cash Flow Model. Dimensions are a way of segmenting and organizing variables. For example, the variable Revenue can be broken out into various dimensions or categories of Revenue: Product Revenue, Channel Revenue, Location Revenue, and Customer Segment Revenue. The Dimensions portion of the Labels worksheet shows the structure of these various dimensions, how they are rolled up, and what they mean. Thus, the Channels dimension is itself split into Direct and Indirect segments; the Locations Dimension is divided into three segments (Americas, Asia, and Euro Zone); the Products and Customer Segment dimensions are similarly divided.

If looking at the "Variables" portion of the "Labels Worksheet" is the best way to get an overview of the Model's variables and what they mean, examining the "Dimensions" portion of the "Labels Worksheet" is the best way to get an overview of how those variables are conceptually organized.

3.3 How to Edit Display Names, Comments, and the Model Start Date in the "Labels Worksheet"

You can change or edit the contents of any of the shaded cells in the "Labels Worksheet" to facilitate the overall readability of the Model's worksheets and enhance the understandability and accessibility of the Model and its reports.

² Display names are set to whatever is most helpful in the Excel workbook. The formula names must be unique, descriptive, and contain no spaces. Therefore each variable in the Model has a display name that appears in Excel, and a formula name that appears in the underlying ModelSheet formulas.

- You can change the display name of any variable, dimension or dimension item: These changes will propagate throughout the workbook automatically. Changes in a display name are generally made to make the name more readable or meaningful. Sometimes, however, you might change the display name of a variable *to more closely match the variable formula name*. Provided the sacrifice in readability and intuitiveness is small, the greater the congruence between the display and the formula names, the easier it is to understand the model.
- You can change the model start date located at the top of the worksheet. The new start date propagates throughout the model, including formulas and date labels. This feature greatly extends the useful life of your template.
- ✓ **Note:** We recommend that you change the model start date by a whole number of the largest time periods in your model. For example, if the basic time grain of your model is quarters, then change the model start date by a whole number of quarters. If your model contains annual sums, then change the model start date by a whole number of years, so the annual sums continue to function correctly.
- You can change the text of a comment associated with any variable or dimension. These new changes will NOT propagate through the workbook, so the "floating" Excel Comments in the worksheets will remain the same as before, because Excel provides no means change the comments automatically. HOWEVER, you can submit the edited "Labels Worksheet" to ModelSheet and receive a new template in which the altered comments ARE reflected in the Excel Comments. (The changes in the display names will be reflected in the new template as well.)

Being able to change the display names in one place and have the changes propagate throughout the Model is a very useful and desirable capability because it facilitates and enhances the understandability and usability of the model.

4 More Advanced Cash Flow Templates

If you think you need a more advanced cash flow template, ModelSheet Software offers several versions that have more detailed tracking of cash sources, cash uses, and optional line of credit. See <http://templates.modelsheetsoft.com/modelsheettemplates/cash-flow-templates.aspx> for more information.

5 License Terms

You may use this Model(s) or Template(s) and any derivative works in the work of your firm, employer and one client or associate. You may not use, sell or transfer the Model(s) or Template(s) for the operation or analysis of an organization that is not your firm, your client or your employer or your associates. For a full description of License terms, see the license agreement on our website at:

http://www.modelsheetsoft.com/template_eula.aspx

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