



## How to Prepare Your Integrated Financial Plan for Investors

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One of the main things venture capital investors will want to see before committing to investing money in your business is your company's integrated financial plan. This is a model that encompasses all the financial aspects of your business and includes the three primary financial statements — your income statement, balance sheet and statement of cash flows — along with appropriate financial backup.

Therefore, you should take the time to thoroughly prepare your integrated financial plan in such a way that it provides investors with a good overview of every aspect of your company. Venture capital investors are looking for business opportunities where they can achieve a high ROI — and the best way to show that your company will help them achieve this is to prepare an integrated financial plan that clearly demonstrates your company's future growth prospects.

### Challenges in Preparing Integrated Financial Plans

However, many companies face a host of challenges when it comes to preparing integrated financial plans for presentation to the investment community, including the following:

- Their integrated financial plans, which can be very cumbersome and complex, do not adequately address the specific concerns of the venture capital investment community.
- They are unable to get investors to focus on the key items in their integrated financial plans that are most relevant to the company's success.
- Their integrated financial plans are often constructed in such a way that forecasted financials cannot be easily updated with actual financial results. Venture capital investors need to be able to see the right blend of forecasted and actual financial data to make informed investment decisions.

Ideally, integrated financial plans should not only give investors a look at your company's prospects, but they should also be able to be used by management as an ongoing operational tool. However, preparing plans in this way can prove to be very challenging for many businesses.

Your company may face a number of potential negative impacts by failing to properly prepare an integrated financial plan for presentation to the venture capital investment community, including the following:

- Venture capital investors are distracted from focusing on the real financial and operational strengths of your business that could result in positive ROI.
- A lack of flexibility due to poor preparation of integrated financial plans can result in the loss of critical time due to the need to manually update actual financial results for investors.

- A lack of sufficient financial detail that can be easily understood by investors may result in lost investment opportunities for your business.

*Remember:* Your integrated financial plan is the primary way that your company will “sell” itself to the venture capital community. You will only get one shot at this — so it’s imperative that your integrated financial plan be properly constructed so it provides the kind of comprehensive financial information venture capitalists need to see to make an informed investment decision.

An outsourced CFO services provider can offer valuable assistance and guidance in the preparation of your integrated financial plan. Your outsourced CFO will have experience in helping other companies similar to yours prepare integrated financial plans for review by the investment community, so he or she will know exactly what should be included in your plan. An outsourced CFO will also know how to highlight certain components of your integrated financial plan to investors that will help them see how investing in your company will enable them to achieve positive ROI.

In addition, an outsourced CFO will help guide your management team so that everyone is properly focused on the key financial issues that are most critical to the success of your business. The process of preparing an integrated financial plan tends to crystallize management’s thinking. The plan can then become an integral part of everyday financial and operational management.

Your company could realize many benefits by properly preparing an integrated financial plan, including the following:

- You will increase your chances of obtaining financing from venture capital investors.
- You will obtain a valuable tool that can be used for ongoing financial and operational management.
- You will have a clearer idea of which financial items are most critical to your company’s success, which will help drive reporting metrics going forward.

### **Concluding Thoughts**

Before committing to investing money in your business, investors will want to see your integrated financial plan. This is the best way to show investors that your company will help them achieve a high ROI. Your integrated financial plan is the primary way that your company will “sell” itself to the venture capital community — so it’s imperative that your plan is properly constructed. An outsourced CFO services provider can offer valuable assistance and guidance in preparing your integrated financial plan for presentation to the investment community.

### **About CFO Edge**

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