

Module 05 : Planning finances

cewas



Resource Recovery and Reuse
(RRR) Entrepreneurship

Introductory video module 5: Planning finances

“Hi and welcome to module 5: Planning finances

My name is Michael. I am one of the founders of cewas – the center for entrepreneurship in water and sanitation. I have been training & coaching hundreds of entrepreneurs like you in the past 10 years.

I will be your trainer for this module and will guide you through the most important steps for planning your finances.

So, in the last module, you got an overview of the most important waste-to-energy, waste-to-nutrients, and waste-to-water technologies. Furthermore, you also got insights into how to plan logistics and manage your business risks. And last but not least you should now have a rough idea how much your machines and equipment will cost and how many staff you need to operate and maintain them.

Now, what you don't yet know is how much you will earn by selling your RRR products. But hey, that's the most important part! This will decide whether you will end up being rich or poor! So that's why we will do some financial planning in this module.

I have seen hundreds of fantastic business ideas in this field, but unfortunately not that many entrepreneurs that had their finances under control.

That's why financial planning is extremely important! It will help you to evaluate the financial feasibility of your business and take better decisions regarding your selling price or the scale or the capacity of your technology. At the end of the day we do financial planning, so we know whether you

- 1) will make no money at all,
- 2) You will make just enough to survive,
- 3) or ideally make that much that you can build up a thriving business

But Financial Planning is not only for you internally. It is also important for others. For example, your investors. Or your bank. They want to know your numbers. And you need to convince them that they are promising but realistic at the same time. Only then they will invest their money!

In this module, I will guide you through the main steps for forecasting your profits (or losses!) over the next 5 years. You will learn how to come up with a profit & loss statement. And you will be able to analyse if your selling price is high enough, if you are operating cost-effectively and if you are operating at the right scale.

Now let's be honest: No RRR business will make money from day one. It will take time. Sometimes years.

And in some countries, resources are simply too cheap, and it is impossible to be profitable by selling RRR products alone. In these countries you will need additional revenue streams to make it. This might be funds from donors. Or subsidies from the government. Or something else. However, ideally you can show that over the long run those needed "additional" revenues can be decreased – and that you will be profitable in the long run!

In addition to the whole profitability part, you will also learn how to forecast your cash flow. That is the amount of cash going in and out of your bank account. Now, the issue is if there is no money left on your account – it is over. You are bankrupt, and this can happen anytime, even if you are super profitable. So, you need to forecast your cashflow carefully – so you do not end up with bad surprises at the end of the month!

So, to get started with crunching some numbers! Click below to go ahead with watching the video of week 1 below!"