EWOR

4 Types Of Financial Analysis For Any Pre-Seed Founder

➜ Every founder knows a spreadsheet view of their business from the start is a must.
However, that's often where the clarity ends.

?

Which spreadsheet is best for the financial analysis at hand?

Which use cases should I anticipate?

How sophisticated should it be?

What intervals and how far into the future should I forecast?

...

➜ This one-pager provides an overview of the **four most important types of financial analysis in the (pre-)seed context**.

note This is completely independent of whether you're building a biotech start-up, or a micro-influencer productivity tool.

	Financial Model [1]	Liquidity Planning	Market Sizing	Unit Economics Analysis [2]
Audience	Internal/External	Internal	Internal/External	Internal/External
Horizon	Next 2-3 full years	Next 12 months	Today | in 5 years	–
Columns	Months	Weeks	–	–
Primary Goal	Translate your narrative into numbers	Plan to survive	Understand whether the opportunity is big enough	Assess whether it is economically attractive at scale

Most important KPIs	• [€] **Revenues**
	• [€] **Gross Profit** (revenues - COGS)
	• [€] **EBITDA** (Gross Profit - (R&D+SG&A)
	• Relevant **business model-specific KPIs** – e.g. GMV for marketplaces, ARR for SaaS
		• [€] **Cash-in** (e.g. revenues, investment, grants)
		• [€] **Cash out** (costs are due)
		• [€] **Burn** (avg. money in - avg. money out)
		• [weeks] **Runway** (bank balance / burn)
			• [€] **TAM**
			• [€] **SAM**
			• [€] **SOM**
				• Unit as "one item sold": [%] **Contribution Margin** (revenue per unit - variable costs per sale)
				• Unit as "one customer":
				  ◦ [€] **CAC**
				  ◦ [€] **LTV**
				  ◦ [months] **Payback Period**

Common Pitfalls	• Not showing the right KPIs for your business model • Revenues w/o thought-out driver logic • Model not self-explanatory	• Not looking at it & updating it often enough • Underestimating your expenses – make sure you include buffer • Outsourcing the responsibility to non-founders	• Only top-down, not bottom-up • It's not your actual market – don't fall for vanity metrics • Not referring to the respective sources (e.g. reports, interview data) • Not being pragmatic – shouldn't be a sophisticated modeling exercise	• Underestimating CAC or churn • Overestimating recurring purchases • Attributing variable costs to fixed costs • Not being pragmatic – shouldn't be a sophisticated modeling exercise

1. You can find our Financial Model Template here
2. Can be integrated into the Financial Model as a separate worksheet.
   a. Note: Actual financials from the past need to be included as it's foundational for any forecasting.

CAC	Customer Acquisition Costs
COGS	Costs of Goods Sold
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortisation
LTV	Lifetime Value
R&D	Research and Development
SAM	Serviceable Addressable Market
SG&A	Sales, General & Administrative
SOM	Serviceable Obtainable Market
TAM	Total Addressable Market