

**SOCIAL**  
alpha<sup>↗</sup>



MASTERCLASS



**FINANCING FOR  
SCALING UP**



SPICE ROUTE  
FINANCE





# CONTENTS

- Scaling- A CFO's Perspective
- A revenue plan
- Understanding key drivers of plan
- Improving your runway and unlock working capital
- Budgets: How do they add value
- Reviews and dashboards
- Pricing
- Avoiding compliance risk

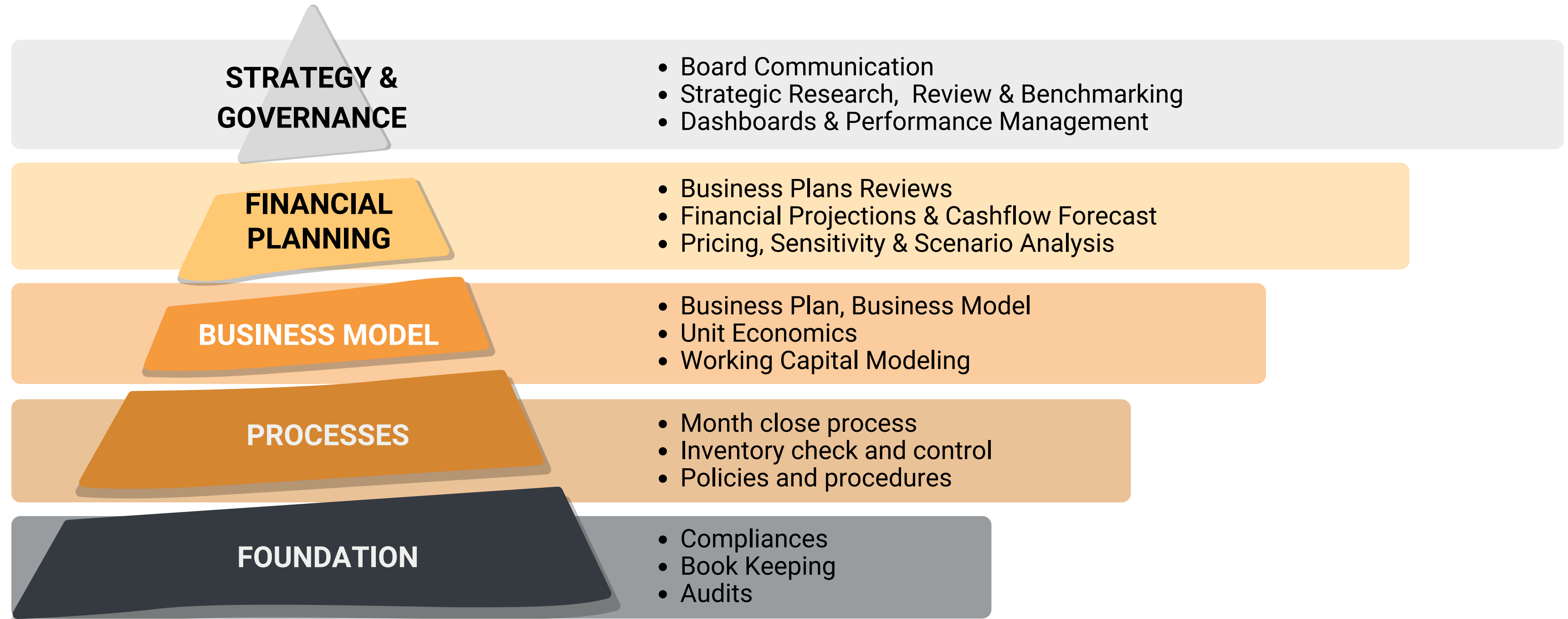




# SCALING - A CFO'S PERSPECTIVE



# THE CFO OFFICE PYRAMID



THE CFO OFFICE PYRAMID

# SCALING - A CFO PERSPECTIVE



Repeating  
what is  
working



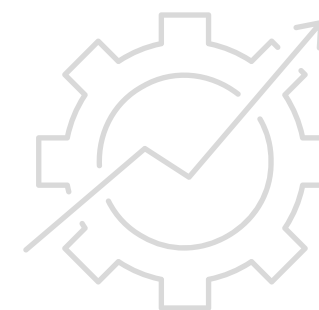
Control  
over your  
*unit*  
*economics*



When you  
stop  
experimenting



Sales cycle  
determines  
time and cost  
of scaling



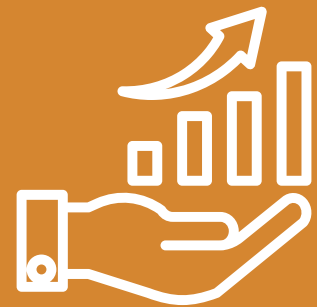
Pick one  
or two  
metrics



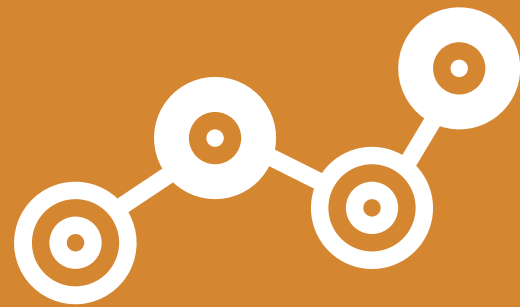
Tradeoffs  
between growth,  
risk of growth  
and capital exist

# GROWTH HACKING

## VIEWS OF GROWTH HACKING EXPERTS



Focus on growing volumes



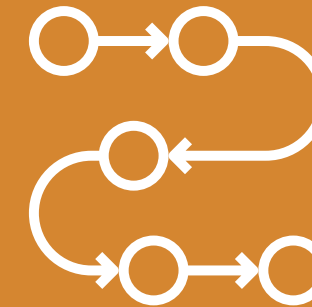
Metrics considered include things like DAU, MAU, growth



Targets are more consciously used in strategy creation



Goal is to reach as many people as possible



It is a short term process and cannot be pursued forever

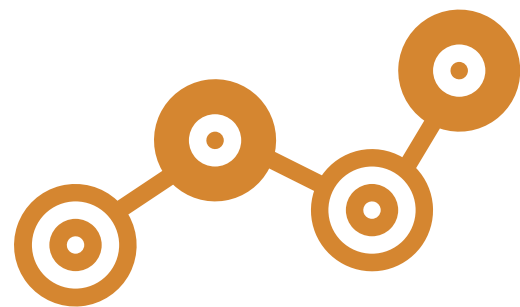


Key stakeholders: management, investors, employees

## VIEW OF GROWTH HACKING FROM A CFO LENS



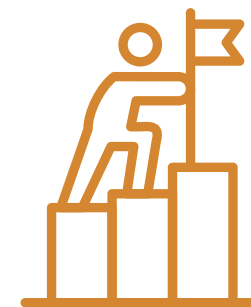
Focus on growing values



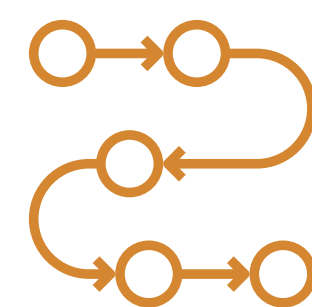
Metrics considered include things like ARPU, break-even point



Runway and targets are consciously used in strategy creation



Goal is to keep organization efficient



It is a perpetual process



Key stakeholders: investors, board of directors & management



# TOOLS USED TO SCALE



# A REVENUE PLAN

Creating a revenue budget sets the foundation for your business planning process and will have impact on the entire funding strategy. Here are few ways of creating a revenue plan:

Sales  
Growth  
Modelling

Growth of price  
and volume  
inflation

Unit volume growth

Market Size and  
Market Market Share

Unit Market  
Size and  
Growth and  
impacts  
due to  
pricing of  
product /  
service

Volume  
Capacity  
Approach :  
Relevant  
where revenue  
plan is linked  
to the capacity  
to produce

Revenue Driven  
by investment in  
R&D and  
Marketing Spends

Manpower Based  
Revenue plan with  
Tiered Pricing for  
each type

Revenue Plan basis the  
produce/service roadmap

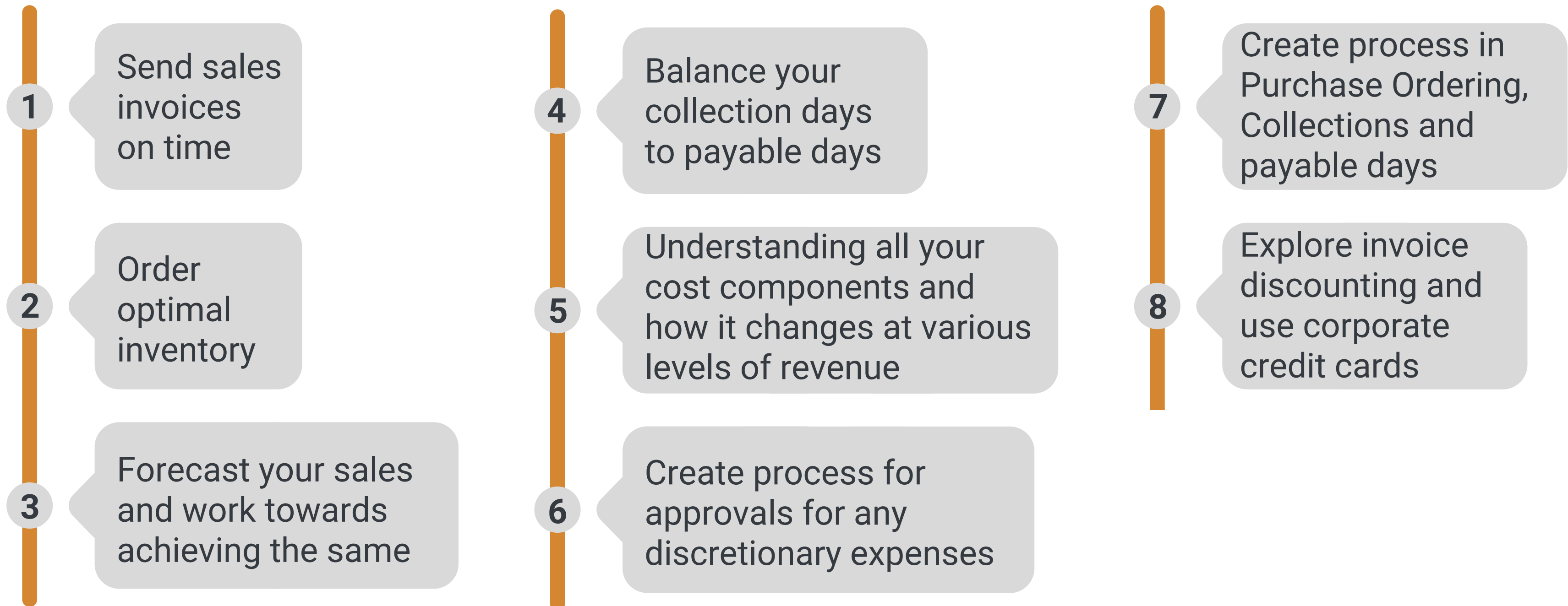




# UNDERSTAND KEY DRIVERS OF YOUR PLAN

Project Based	SaaS	Product & Service Company	Manufacturing	Marketplace	E-commerce
<ul style="list-style-type: none"> <li>Operational Milestones</li> <li>Payment Milestones</li> <li>Outsourcing Cost</li> <li>Manpower cost</li> </ul>	<ul style="list-style-type: none"> <li>CAC</li> <li>LTV</li> <li>CLV</li> <li>Unit Market Cost</li> <li>Customer Conversion</li> <li>ARR + MRR</li> </ul>	<ul style="list-style-type: none"> <li>Bill of Materials</li> <li>Direct Labor Cost</li> <li>Contribution Margin</li> </ul>	<ul style="list-style-type: none"> <li>Capacity</li> <li>Capex</li> <li>Fixed Cost</li> <li>Variable Cost</li> <li>Overheads</li> </ul>	<ul style="list-style-type: none"> <li>GMV</li> <li>Customer conversion</li> <li>Market Fragmentation</li> <li>Average order value</li> <li>Net promoter score</li> <li>Conversion rate</li> <li>CAC</li> <li>LTV</li> </ul>	<ul style="list-style-type: none"> <li>GMV</li> <li>Customer conversion</li> <li>Average order value</li> <li>New vs returning customers</li> <li>Clickthrough rate</li> <li>Logistics, Shipping</li> </ul>
<p><b>B2B, B2C, B2B2C, B2G</b></p>			<p><b>Gross Burn, Net Burn &amp; Runway</b></p>		

# IMPROVE YOUR RUNWAY & UNLOCK WORKING CAPITAL



# BUDGETS: HOW DO THEY ADD VALUE?

It is very important to have a detailed financial plan (operational budgets) in place which explain how each variable in your business can impact your finances

Provides clarity on **Processes**

Provides clarity on **Resources** to be utilised

Provides clarity on the Expected **outcomes**

**Identifies gaps** in cost structure for elimination

**Identifies resource gaps** to meet the target, leading to effective resource allocation

Identifies cost, **profit and revenue centers** and also finds ways to optimize & drive performance

Helps to link **milestones** and the resources needed to meet them

**Tracks changes** between actual and estimated resource allocations and costs

A **5 year Budget** will have monthly plan for 1st year, Quarterly plan for 2nd and 3rd year, Yearly plan there after



# KEY SCALING PILLARS



## Working Capital Management

- Ordering the optimal inventory
- Invoicing customers on time and collecting proactively
- Manage credibility with creditors and set up expectations

## Unit Economics and Understanding the Price Value Metrics

- Key cost components of your business
- Sensitivity on various changes in cost components
- Understand the target segment and sales cycle

## Policies and Processes

- Bill processing and approval mechanism
- Having service and vendor contracts
- Budgets and budgetary controls

## Forecasting

- Revenue forecasting and sales funnel
- Manpower and Hiring plans
- Expense Forecasting

# BASIC FINANCIAL MIS OF YOUR COMPANY



## Income Statement



Revenue - Services/Product

Cost of Goods Sold

SG&A

Ebitda

Interest Cost

## Balance Sheet



Share Holders Equity

Cash, Debtors and Inventory

Trade Payables

Statutory Payables & Accruals

Loans - Short term/Long term

## Cashflow Statement



Cash profit

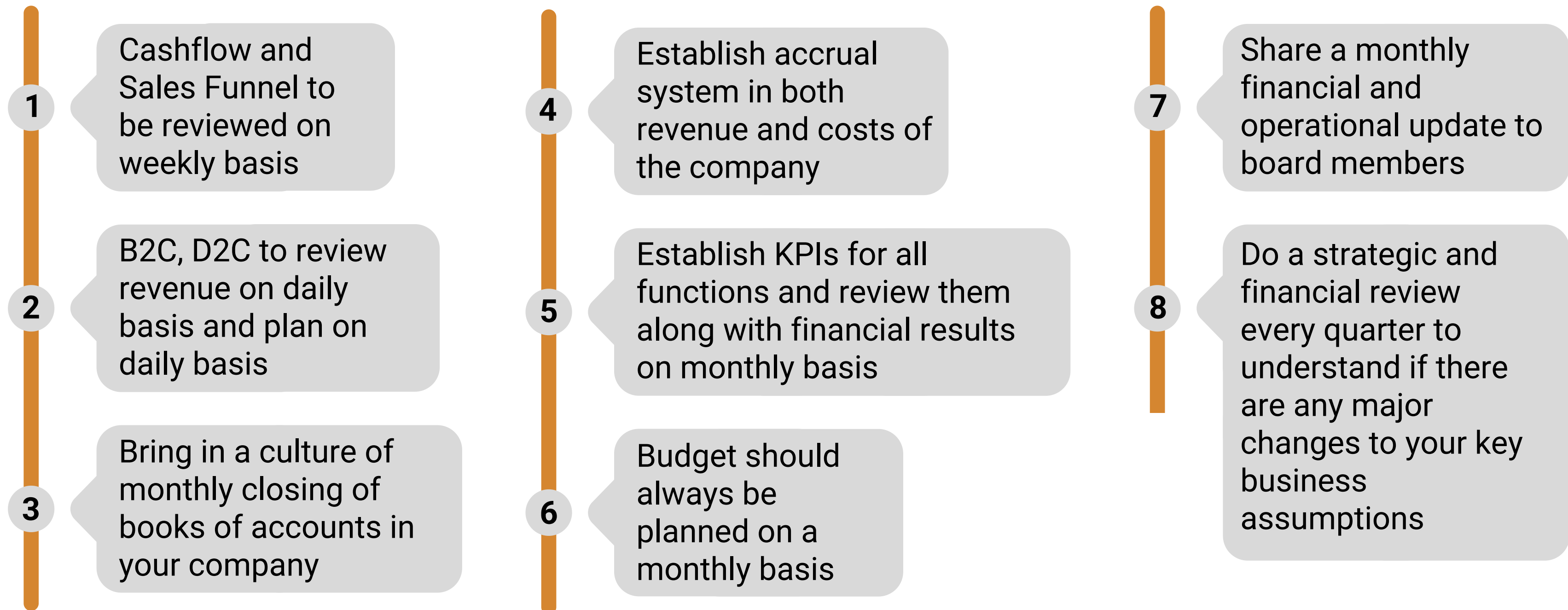
Working capital changes

Loan repayments

Advances and collections

Bank overdraft

# REVIEWS & DASHBOARDS



# HOW YOUR STARTUP CAN WIN WITH RIGHT PRICING?

Price to the value  
what customer  
perceive and not  
the cost

Your pricing  
determines  
acquisition strategy  
and sales cycle

Innovation pricing is always  
hard and ensure you focus on  
early adopters. Growth pricing  
is a different ball game

Understand the  
relation  
between cost,  
price and value

Your pricing  
will define your  
target  
customer

Dont press the volume  
button until you  
understand the optimal  
price

Keep increasing the  
price by 5% until you  
see a pushback in  
volume

Understand the  
pricing vs complexity  
of your product /  
Service

# AVOIDING COMPLIANCE RISK



Stay informed about relevant laws and regulations.

Implement internal policies and procedures to stay under control.

Regularly audit and review compliance measures.

Dedicate time in a week to review compliance

Educate employees on compliance requirements

Seek external/expert help when needed





# THANK YOU

## KNOW YOUR MENTOR

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Net cash used in operating activities	(283)	(276)	(843)
<b>Financing</b>	<b>4,186</b>	<b>14,355</b>	<b>12,380</b>
Short-term debt maturities of 9 months	0	(1,000)	0
Common stock issued	208	660	544
Common stock repurchased	(1,042)	(5,052)	(2,976)
Common stock cash dividends paid	(1,683)	(1,363)	(3,024)
Net cash used in financing	(2,513)	(6,751)	(5,382)
<b>Investing</b>	<b>(8,627)</b>	<b>(934)</b>	<b>(1,055)</b>
Additions to property and equipment	(498)	(491)	(934)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(8,627)	(69)	(9,502)
Purchases of investments	(10,047)	(5,896)	(21,346)
Maturities of investments	6,061	1,836	8,886
Sales of investments	7,835	2,603	15,371
Securities purchased	(292)	447	(358)
Net cash used in investing	(5,568)	(1,570)	(7,883)

# APPENDIX



# MONTHLY UPDATE TO YOUR BOARD

Here are some of the key points you should cover

