DEVEN DAVIS

# Financial Model Starter Templates

## The 5 Spreadsheets Every Founder Needs Before Their First Investor Meeting

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Entrepreneur Track

WHY THIS MATTERS

# The Model That Kills Deals

You're sitting across from an investor. The conversation is going well. They lean forward and say: "Walk me through your model."

That moment kills more deals than bad products, mediocre teams, or crowded markets combined. Not because the numbers are wrong. Because there are no numbers—or worse, there are numbers but the founder can't explain where they came from.

Investors don't expect perfection at the early stage. They expect rigor. They want to see that you understand your business mechanically: how you make money, how you spend it, how long you can survive, and what it costs to grow.

Here's what that costs you. If you're raising $500K and you get five investor meetings, each one where you stumble on the numbers is a meeting you don't get back. The investor doesn't call back. The intro doesn't lead to a follow-up. And the three months you spent getting those meetings — the warm introductions, the accelerator demo day, the cold email that finally landed — are gone. Not because your business was bad. Because your model wasn't ready.

These five templates fix that. They are not magic. They are a forcing function—a structured way to translate your business assumptions into numbers that investors can interrogate, challenge, and ultimately believe.

**Every number in a good financial model traces to an assumption. These templates make you write down those assumptions before you write down the results. That discipline is what separates fundable founders from founders who "are still working on the model."**

> *Investors fund conviction. Your model is how you prove yours.*

## How to Use This Guide

Read each template section, then build it in a spreadsheet. Every section includes:

- The structure of the template (rows, columns, logic)
- How to fill it in correctly
- What investors will ask about it

The companion spreadsheet templates are available at devendavis.com/resources. Use this guide and the templates together. Print both. Work through them with a pen.

By the time you finish all five, you will have a complete financial picture of your business—one you can defend in the room.

TEMPLATE 1

# The Startup P&L

*Your profit and loss statement built month-by-month from first principles*

The P&L is the backbone of your financial model. It shows revenue, costs, and whether your business is moving toward profitability or burning through runway. Every investor will ask to see it. Build it month-by-month, starting from Month 1, for 24–36 months.

## Revenue Section

Start here. Revenue is not a guess—it is a calculation. Every cell should trace to an assumption you can defend.

| ROW | WHAT IT TRACKS | WHERE THE NUMBER COMES FROM |
|---|---|---|
| Total Customers (Start) | Customers at beginning of month | Carry forward from prior month's ending balance |
| New Customers | Customers added this month | Assumption: growth rate or marketing channel output |
| Churned Customers | Customers who left this month | Assumption: monthly churn % × beginning customers |
| Total Customers (End) | Customers at end of month | Start + New − Churned |
| Revenue per Customer | Average monthly revenue per customer | Your pricing model. May vary by tier. |
| **Total Revenue** | **Monthly revenue** | **Total Customers (End) × Revenue per Customer** |

## COGS Section

Cost of goods sold (COGS) are the direct costs tied to delivering your product or service. Gross margin = Revenue − COGS. This ratio matters enormously to investors.

| ROW | WHAT IT TRACKS | WHERE THE NUMBER COMES FROM |
|---|---|---|
| Direct Costs | Materials, production, fulfillment | Per-unit cost × units; or % of revenue |

| | | |
|---|---|---|
| Payment Processing | Stripe, PayPal, etc. | ~2.9% + $0.30 per transaction |
| Customer Support | Support labor or tools tied to delivery | Hourly rate × hours per customer; or flat fee |
| Total COGS | Sum of all direct costs | Sum of rows above |
| Gross Profit | Revenue minus COGS | Total Revenue – Total COGS |
| **Gross Margin %** | **Profitability on each dollar of revenue** | **Gross Profit ÷ Total Revenue** |

## Operating Expenses (OpEx)

These are your fixed and semi-fixed costs—what you spend to run the business regardless of how many customers you have.

| EXPENSE CATEGORY | NOTES |
|---|---|
| Salaries & Contractor Fees | Fully-loaded cost including payroll taxes and benefits |
| Marketing & Advertising | Paid ads, content, events—whatever acquires customers |
| Software & Tools | SaaS subscriptions, infrastructure, analytics |
| Professional Services | Legal, accounting, consulting |
| Rent & Facilities | Office, coworking, warehouse—zero if fully remote |
| Insurance | General liability, E&O, D&O as applicable |
| Travel & Entertainment | Sales trips, conferences, team offsites |
| Miscellaneous | Everything else. Don't use this as a dump bucket. |
| Total OpEx | Sum of all operating expenses |

## Bottom Line

| ROW | FORMULA |
|---|---|
| Net Income (Loss) | Gross Profit – Total OpEx |
| Cumulative Cash Position | Prior month cash + Net Income (Loss) this month |

## How to Use This Template

1. Start with assumptions, not outputs. Build a separate "Assumptions" tab. Every variable—growth rate, churn, revenue per customer, cost per hire—lives there. The P&L tab reads from it. This makes scenarios fast and audits clean.
2. Months 1–3 should look ugly. If your model shows profitability in Month 2, something is wrong. Early months should show losses. Investors know this and they're not scared of it. They're scared of models that hide it.
3. Run three scenarios. Base case (your plan), bear case (half the growth you expect), and bull case (double the growth you expect). Show all three. It demonstrates that you've stress-tested your assumptions.

### WHAT INVESTORS LOOK AT

- Gross margin trajectory — Is it improving as you scale, or deteriorating? Deteriorating margins at scale are a structural problem.
- Month of breakeven — When does the business stop losing money? Is the timeline believable given the growth assumptions?
- Burn rate — How much cash is consumed each month? Does the capital being raised cover the burn to breakeven with buffer?
- Assumption reasonableness — Are the inputs grounded in reality, or do they require capturing an implausible market share in Year 1?

TEMPLATE 2

# Unit Economics Calculator

*CAC, LTV, and payback period — the three numbers that define your business model*

Unit economics answer the most fundamental question in any investor meeting: do you make more money from a customer than it costs to acquire them? If the answer is no, or "we haven't calculated that," the conversation ends.

## Customer Acquisition Cost (CAC)

FORMULA

**CAC = Total Sales & Marketing Spend ÷ New Customers Acquired**

*Example: $5,000 spent ÷ 25 new customers = $200 CAC*

Use a specific time period—one month, one quarter, or one year—and be consistent. Include all sales and marketing costs: ad spend, salaries of your sales team, commissions, tools, events, and content production. Founders who only count ad spend are undercounting. Investors know this.

## Lifetime Value (LTV)

FORMULA

**LTV = Average Revenue per Customer × Average Customer Lifespan**

*Example: $50/month × 14 months average lifespan = $700 LTV*

If you don't have historical data yet, use your best estimate of average customer lifespan based on your product category and pricing model—and say so explicitly. Estimated LTV based on honest assumptions is more credible than fabricated historical data.

For more precision, use gross profit per customer rather than revenue: LTV = (Revenue per Customer − Variable Cost per Customer) × Average Lifespan.

## LTV:CAC Ratio

| RATIO | SIGNAL | WHAT IT MEANS |
|---|---|---|
| **Below 1:1** | This doesn't work | You lose money on every customer. No growth fixes this. |
| **1:1 – 2:1** | Concerning | Marginal. May be acceptable in high-volume, fast-payback models. Explain the path to improvement. |
| **3:1** | Good | Healthy baseline. You make $3 for every $1 you spend acquiring customers. |
| **5:1 or higher** | Strong. Why aren't you spending more? | You're underinvesting in growth. This is a strong argument for the capital raise. |

## Payback Period

FORMULA

**Payback Period = CAC ÷ Monthly Revenue per Customer**

*Example: $200 CAC ÷ $50/month = 4 months to recoup acquisition cost*

Payback period is how long until a customer has paid back what it cost to acquire them. Shorter is better—especially if your business is capital-constrained. For SaaS companies, 12 months or less is generally considered healthy. For e-commerce, 3–6 months. Payback period above 18 months creates cash flow strain even when LTV:CAC looks good on paper.

## What the Template Calculates

Beyond the point-in-time ratios, the Unit Economics Calculator tracks these across time:

- Month-by-month trends in CAC as marketing channels mature
- LTV evolution as you improve retention and expand revenue per account
- Red/yellow/green status indicators that flag when ratios move outside healthy ranges
-

Improvement projections showing what happens to the ratio if churn drops by 20% or CAC drops by 15%

**WHAT INVESTORS LOOK AT**

Unit economics matter more than revenue at the early stage. An investor will forgive low revenue. They will not forgive a broken unit economic model. Before your first investor meeting, know your CAC, LTV, LTV:CAC ratio, and payback period cold—and know the two or three assumptions they depend on.

TEMPLATE 3

# Startup Runway Tracker

*How long does your capital last — and what changes that number*

Runway is the single most important number for a pre-profitability startup. It tells you how much time you have. Time is the only thing you can't raise more of.

CORE FORMULA

**Runway (months) = Cash on Hand ÷ Monthly Net Burn**

*Monthly Net Burn = Total Cash Out − Total Cash In (revenue + other income)*

Use net burn, not gross burn, once you have revenue. Gross burn is total spend. Net burn is total spend minus revenue. Both matter—investors will ask for both—but net burn drives the runway calculation.

## What the Template Shows

| OUTPUT | WHAT IT TELLS YOU |
|---|---|
| Current Runway | Months of operation remaining at current burn rate |
| Runway with Funding | Months remaining if the current raise closes (input the raise amount) |
| Revenue Needed for Infinite Runway | The monthly revenue figure at which net burn reaches zero |
| Danger Zone Alert | Flags in red when runway drops below 6 months |
| Scenario Modeling | What happens to runway if burn increases 20%, decreases 20%, or revenue doubles |

## The Rules of Runway

1. Start fundraising at 9–12 months of runway remaining. Raising money takes longer than you think. Starting at 6 months means you're negotiating from fear. Starting at 12 months means you're negotiating from confidence.

2. Never let runway drop below 3 months without a term sheet. Three months is not enough time to close a round. If you're below three months and without capital lined up, your only options are bridge financing or radical expense cuts.
3. Revenue is the best runway extension. A $10,000 increase in monthly revenue has the same effect on runway as raising an additional $100,000—and it doesn't dilute your cap table. The runway tracker makes this math visible.

**WHAT INVESTORS LOOK AT**

- How long does the raise extend runway, and does that get the company to a meaningful milestone?
- What are the major burn drivers, and are any discretionary?
- What is the plan if the raise takes 6 months longer than expected?
- At what revenue level does the company become default-alive (able to operate indefinitely without additional capital)?

TEMPLATE 4

# Break-Even Analysis

*The exact customer count and date when your business stops losing money*

Break-even analysis answers the question investors ask before they ask about growth: can this business become self-sustaining? It tells you the precise number of customers (or units) you need to cover all your costs.

CORE FORMULA

**Break-Even Customers = Fixed Costs ÷ (Revenue per Customer − Variable Cost per Customer)**

*Example: $20,000 fixed costs ÷ ($100 rev − $25 variable cost) = 267 customers to break even*

## Breaking Down the Inputs

| INPUT | DEFINITION | COMMON EXAMPLES |
|---|---|---|
| Fixed Costs | Costs that don't change based on customer volume | Salaries, rent, software subscriptions, insurance |
| Revenue per Customer | Monthly or per-unit revenue from one customer | Subscription price, average order value |
| Variable Cost per Customer | Cost that increases with each additional customer | COGS, fulfillment, processing fees, support hours |
| Contribution Margin | Revenue per Customer − Variable Cost per Customer | What each customer contributes toward fixed costs |

## What the Template Outputs

- Exact break-even customer count at current pricing and cost structure
- Break-even timeline based on your current growth rate from the P&L
-

Sensitivity table showing how break-even shifts if pricing changes, variable costs change, or fixed costs change

- Visual break-even chart plotting total revenue vs. total costs—the crossover point is where the business becomes viable

## Why This Matters for Founders

Break-even analysis forces a discipline that most early-stage founders avoid: it makes explicit exactly what scale is required for the business to be viable. That number is either achievable within the capital being raised, or it isn't.

If your break-even requires 10,000 customers and your growth model projects 500 in Year 1, you have a problem worth solving in the spreadsheet rather than discovering in Year 2.

**WHAT INVESTORS LOOK AT**

- Is the break-even customer count realistic given the addressable market and growth trajectory?
- How sensitive is break-even to pricing? A 10% price increase often cuts break-even customers by 20–30%.
- What happens to break-even if the team needs to hire one additional person?
- Is the company building toward break-even deliberately, or is it growing revenue while costs scale faster?

TEMPLATE 5

# Use of Funds Summary

*Where the money goes and what it makes possible*

The use of funds slide exists in every investor deck. What most founders don't realize is that investors read it to assess judgment, not just allocation. How you plan to deploy capital reveals whether you understand what drives your business.

## Sample Use of Funds Table

| CATEGORY | % OF RAISE | DOLLAR AMOUNT | WHAT IT UNLOCKS |
|---|---|---|---|
| **Product & Engineering** | 40% | $200,000 | 2 engineers for 12 months; ship v2 feature set |
| **Sales & Marketing** | 25% | $125,000 | 1 SDR + $75K ad budget; 10× current customer acquisition |
| **Operations & Infrastructure** | 15% | $75,000 | Compliance, legal, accounting, cloud infrastructure |
| **G&A & Overhead** | 10% | $50,000 | Founder salary, insurance, software, miscellaneous |
| **Reserve / Buffer** | 10% | $50,000 | Unexpected costs, timeline slippage, market adjustments |
| **Total Raise** | 100% | $500,000 | — |

## The Four Rules of Use of Funds

1. Always include a buffer. 5–15% reserve is professional, not weak. It signals that you understand things take longer and cost more than planned. Investors who have been in the room when a company ran dry will appreciate it.
2. Tie spending to milestones. "Product development: 40%" is incomplete. "Product development: 40% — funds hiring of 2 engineers to deliver v2 by Q3, enabling enterprise pricing tier" is a commitment. Milestones make your use of funds auditable.
3.

Don't hide founder salary. Include it in G&A at a reasonable market rate. Investors know founders need to eat. What they distrust is founders taking outsized compensation from a seed raise. Reasonable and transparent beats zero and suspicious.

4. Show what the money makes possible—not just what it pays for. Every line item should answer: and then what? If you spend $125K on sales and marketing, what does that produce? How many customers, at what conversion rate, generating what revenue?

**WHAT INVESTORS LOOK AT**

- Does the allocation match the stated growth strategy, or is there a mismatch between the plan and the spend?
- Is there enough runway in this raise to reach a meaningful milestone that de-risks the next raise?
- What happens if sales takes twice as long to ramp? Is the model stress-tested?
- Is founder compensation appropriate for stage and market—enough to be sustainable, not so much that it signals misaligned incentives?

PUTTING IT TOGETHER

# How to Present to Investors

You now have five financial models. The question is how to use them in the room. Investors don't want a 45-minute Excel tutorial. They want to see that you understand your business. Here is the five-minute financial walkthrough that covers the ground most investors actually care about.

## The 5-Minute Financial Walkthrough

1. Start with unit economics. Lead with LTV:CAC and payback period. This establishes that the fundamental engine of your business is sound before you talk about scale. It sets the tone for everything that follows.
2. Walk the P&L to breakeven. Show where you are today (losses are fine—don't apologize), and identify the specific month your model projects breakeven. Explain the two or three assumptions that drive that timeline.
3. Show runway and the raise logic. How long does the company have at current burn? How does this raise change that? What milestone does the raise get you to, and why does that milestone matter for the next round?
4. Close with use of funds. Walk through the allocation in 60 seconds. Tie each bucket to a specific output. This is where you demonstrate that you've thought rigorously about capital deployment, not just capital acquisition.

## The Questions They'll Ask After

**PREPARE ANSWERS BEFORE THE MEETING**

**"What's your biggest assumption?"**

Know it. It's probably your growth rate or churn. Name it honestly and explain what evidence you have that it's realistic.

**"What happens if growth is 2× slower than the model?"**

Run the bear case before the meeting. Know the answer. Bonus points: show the scenario in the model without being asked.

**"What's your churn rate?"**

If you don't have historical data, say so and explain your estimate. If you do have data, know it precisely. Investors check.

**"When do you raise again?"**

This signals whether you've thought about the full capital roadmap. The right answer: "If this round closes and the model performs, we raise our [Series A / next round] at [milestone] in approximately [timeframe]."

> *The model isn't what you're selling. The model is proof that you understand what you're building. Build it that way.*

BONUS: THE NUMBERS CHEAT SHEET

# The 5 Numbers Every Investor Asks For First

Before you walk into any investor meeting, know these five numbers cold. Not approximately. Exactly. An investor who hears "I think our CAC is around $200" and an investor who hears "Our blended CAC is $187, down from $240 last quarter because we shifted 30% of spend from paid to referral" — those are two different conversations. The second one leads to a term sheet.

1. Monthly Burn Rate. Total cash out minus total cash in this month. This is the first number because it determines how much time you have. If you don't know your burn within $500, stop everything and calculate it before your next meeting.
2. Runway. Cash on hand divided by monthly burn. Every investor calculates this in their head within 30 seconds of seeing your financials. Know it before they do.
3. CAC (Customer Acquisition Cost). Total sales and marketing spend divided by new customers acquired. Include everything — salaries, tools, ad spend, events. Undercounting CAC is the most common mistake founders make, and investors always catch it.
4. LTV:CAC Ratio. Lifetime value divided by acquisition cost. Below 3:1, you need to explain the plan to improve it. Above 5:1, you need to explain why you're not spending more on growth. Both are good conversations to have.
5. Gross Margin. Revenue minus cost of goods sold, divided by revenue. This number tells an investor whether your business model can scale profitably. A 70%+ gross margin means you have room to invest in growth. Below 40%, investors will ask hard questions about unit economics.

Write these on an index card. Keep it in your pocket during investor meetings. Not to read from — to reference if your mind goes blank under pressure. It happens to everyone.

BONUS

# How to Talk About Numbers When You're Not a Numbers Person

Most impact founders started with a mission, not a spreadsheet. That's fine. Investors don't expect you to be a CFO. They expect you to understand your own business. Here's the difference.

## Three Rules for Non-Finance Founders

1. Never apologize for the numbers. "I'm not really a numbers person, but..." kills credibility instantly. You don't need to be a numbers person. You need to know YOUR numbers. Those are two different things. Replace "I'm not a numbers person" with "Let me walk you through how we think about this."
2. Talk about the story behind the number, not just the number. "Our CAC is $187" is a fact. "Our CAC dropped from $240 to $187 over the last quarter because we launched a referral program that now generates 30% of new customers at $40 each" is a business insight. Investors fund insight, not spreadsheets.
3. Own what you don't know. "We don't have enough data to calculate churn yet — we launched four months ago. Based on our first 60 customers, we're seeing 8% monthly, and here's what we're doing to bring that down." That answer is more fundable than a fabricated 2% churn rate that falls apart under questioning.

The models in this guide do the math for you. Your job is to understand what the numbers mean, know the assumptions behind them, and tell the story of where they're headed.

> **The 10X Guarantee:**
>
> Build these five models. Walk into your next investor meeting with numbers you can defend. If this guide doesn't save you at least 10 hours compared to building from scratch — email us and we'll refund every penny. You keep the templates. No questions, no hassle.

YOU ARE HERE: NUMBERS READY

# You built the business plan. You have the five core models. Now you need every model you'll ever need.

Remember what I said earlier — different business models demand different financial architectures. SaaS cohort analysis. E-commerce inventory modeling. Marketplace two-sided economics. Hardware COGS waterfalls. Cap table modeling. Scenario analysis that shows an investor three futures in one spreadsheet.

The Model Factory is 15–20 plug-and-play financial models covering every business type, every raise stage, and every question an investor will ask about your numbers.

What's inside:
• 15–20 sector-specific financial models — SaaS, e-commerce, marketplace, hardware, and more ($300 value)
• Cap table template with dilution modeling ($97 value)
• Scenario analysis framework — base, bear, bull cases in one spreadsheet ($47 value)

Total value: $444. Your investment: $17.

The No-Brainer Guarantee: Open the Model Factory. Pick any template. If it doesn't save you at least 10 hours compared to building from scratch, email us for a full refund. You keep every model.

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