



# 33 Critical Financial Projection Questions Investors Will Ask

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# 33



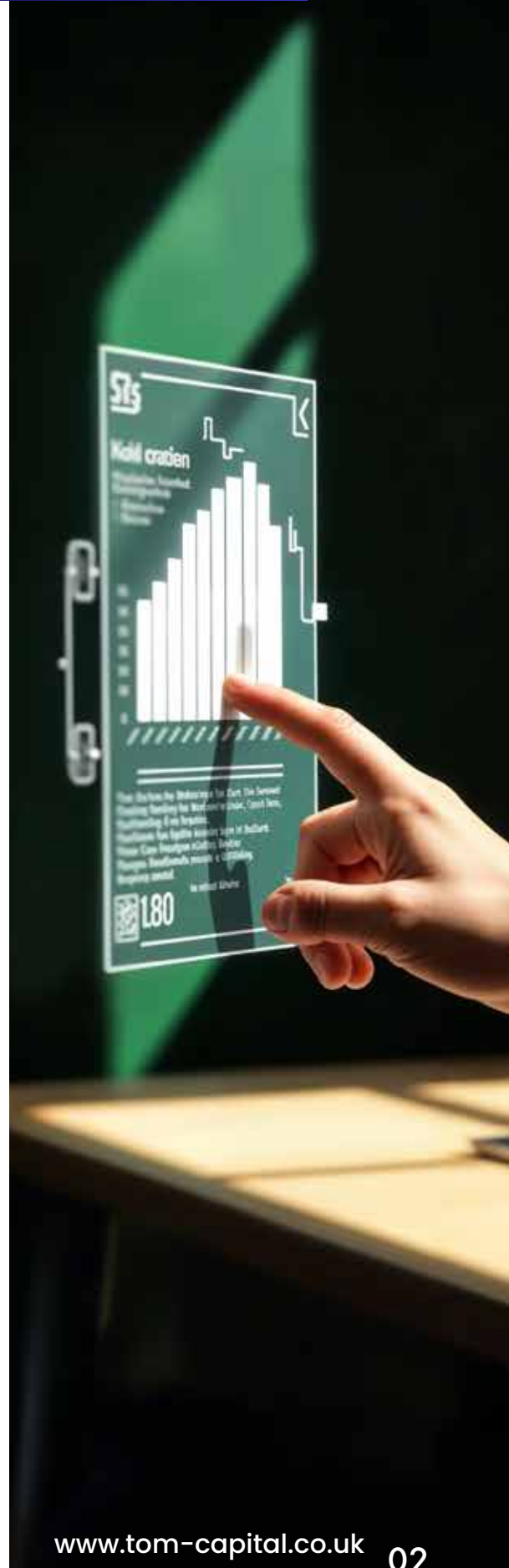
## Critical Financial Projection Questions Investors Will Ask

When you're raising money, investors will want to know your financial projections inside out — not just the numbers, but the assumptions and thinking behind them.

Below is a comprehensive list of 33 financial projection questions that every business owner should be ready to answer before approaching investors.

# Revenue & Growth Projections

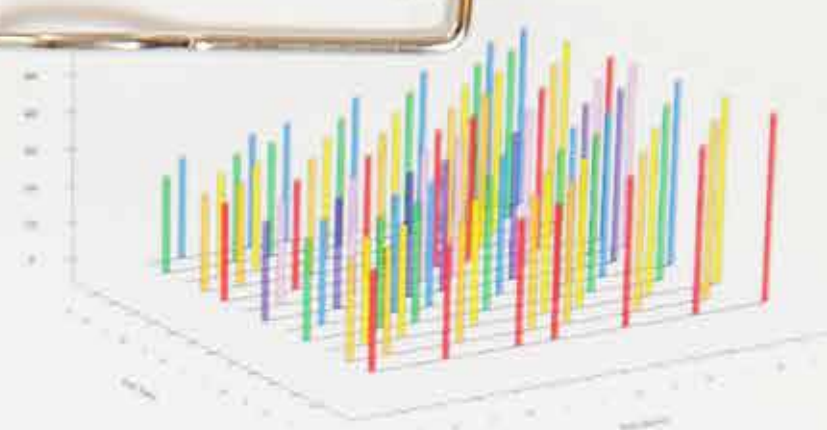
01. How did you calculate your revenue projections?
02. What are the key drivers behind your revenue growth?
03. Are your revenue projections based on actual sales, market research, or assumptions?
04. What percentage of your revenue comes from new customers versus repeat customers?
05. What pricing model are your projections based on?
06. What is your customer acquisition strategy, and how does it link to your revenue growth?
07. How realistic are your revenue projections compared to competitors?
08. What happens if revenue growth is slower than projected?
09. Do you have any signed contracts or letters of intent to support these projections?
10. What percentage of your pipeline is likely to convert into actual sales?





## Costs & Margins

11. What are your fixed and variable costs?
12. How did you calculate your gross margin?
13. What happens to your margins if your costs increase by 10%?
14. Have you factored in inflation or rising supplier costs?
15. How will your margins improve as you scale?
16. What is your monthly cash burn rate?
17. What are your top three cost drivers?
18. How much of your costs are linked to customer acquisition?
19. What are your assumptions around staffing and payroll?
20. How quickly can you scale back costs if revenue doesn't meet projections?



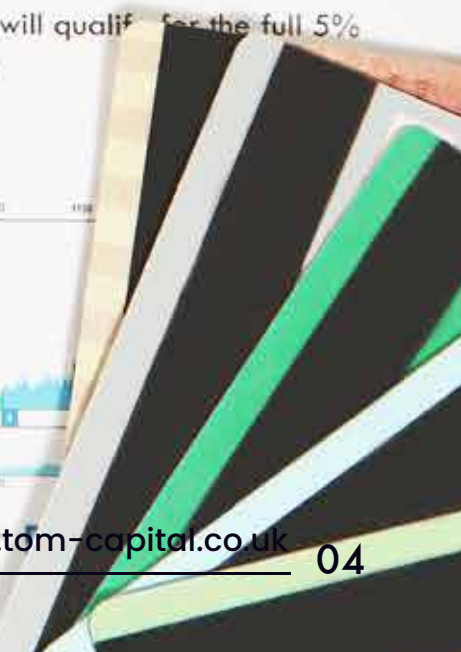
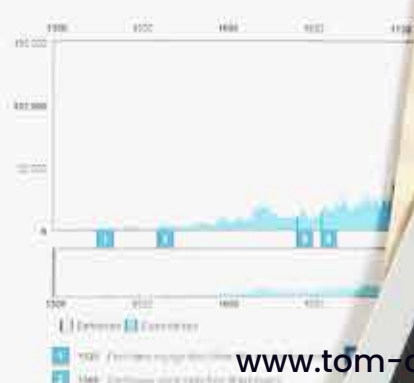
boy that we do not understand why they have  
 deducted 5% from the four invoices mentioned in  
 your letter of 22 January.

**QQQ (PowerShares QQQ Trust) Nasdaq QM**  
 10-Sep-2012 **Open 69.28 High 69.40 Low 68.49 Close 68.54 Volume**

# Profitability & Break-Even

21. When will you reach break-even?
22. What are the key milestones that will drive profitability?
23. What assumptions have you made about customer retention and churn rates?
24. What gross margin do you need to hit break-even?
25. What are the biggest risks to hitting profitability?

Offer them instead what Mr Harvey suggested more each month, they will qualify for the full 5% - 2.5%. If their orders continue to total £5000 or more, they will receive a discount from 1 August.



# Cash Flow & Funding

When you're raising money, investors will want to know your financial projections inside out – not just the numbers, but the assumptions and thinking behind them.

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26. How long will this investment last based on your cash burn rate?
27. When will you need to raise more money?
28. What happens if you only raise half the money you're asking for?
29. Do your projections include repayment of existing debt?
30. What contingency plans are in place if revenue or funding falls short?



A young man with short brown hair, wearing a dark blue suit jacket over a white shirt, is smiling broadly and looking upwards and to the right. He is shaking hands with another person whose arm is visible on the left side of the frame. The background is a bright, out-of-focus office interior with large windows.

## Top Tip:

Investors aren't just looking at your numbers – they're looking at how much thought you've put into them.  
Be ready to defend every assumption.