

# Financial Modeling for the Social Sector

Build sustainable financial models to scale your impact

## What You'll Learn:

- Distinguish between an operational unit and a head office and the financial relationship between the two
- Estimate the reach and size of your operational unit and identify what costs at scale means to your organization
- Understand how to think about and calculate the funding requirements for building and maintaining a capacity that allows you to innovate, learn, and grow your organization

## Description:

To achieve social impact, leaders in the social sector must find the right business model to achieve sustainability. In this course, you'll learn how nonprofit organizations, social entrepreneurs, corporate entrepreneurs and social change leaders can use financial modeling and creative approaches to market-based funding to scale their work. You'll gain a series of scaffolded templates and instructions so that even someone new to finance can begin to calculate their funding requirements and project future growth.

**Format:** Project-Based Course

## Curriculum:

- **LEARNING TOOLS**
  - 5 reading guides highlighting case studies and examples
  - 5 discussion guides to structure the development of your own theory of change
  - Video tutorials from Erik Simanis, a Partner in the innovation consultancy, TIL Ventures, and core faculty of The Intrapreneur Lab. He is the former Head of Frontier Markets Initiative at Cornell University
- **Section 1: Bottom-Up Financial Modeling Framework**
  - Video: Bottom-Up Financial Modeling
  - Reading: Start With the Numbers
  - Reading: Product and Service Idea vs. A Business Model
  - Reading: 'At-Scale' and 'Steady-State' Operation
  - Activity: Frame Your Financial Challenge

- **Section 2: Bounding the Operational Unit**
  - Video: Bounding the Operational Unit
  - Reading: The Operational Unit vs. the Head Office
  - Reading: Bounding an Operational Unit
  - Reading: Estimating the Operational Unit's Reach
  - Reading: Estimating the Available Target Market
  - Reading: Estimating the Realistic Number of Customers
  - Reading: Converting to Monthly Transaction Numbers
  - Activity: Bounding Your Operational Unit
  
- **Section 3: Total Running Costs**
  - Video: Total Running Costs
  - Reading: What Are Total Running Costs?
  - Reading: Estimating Running Costs for the Operational Unit
  - Reading: Head Office Costs
  - Reading: Estimating Running Costs for the Head Office
  - Reading: Calculating the Total Running Costs
  - Activity: Calculate Your Running Costs
  
- **Section 4: Total Investment Costs**
  - Video: Total Investment Costs
  - Reading: What Are Total Investment Costs?
  - Reading: Estimating Investment Costs for the Operational Unit
  - Reading: Head Office Costs
  - Reading: Estimating Investment Costs for the Head Office
  - Reading: Calculating the Total Investment Costs
  - Activity: Calculating the Total Investment Costs
  
- **Section 5: Achieving Financial Sustainability**
  - Video: Achieving Financial Sustainability
  - Reading: Review of Basic Financial Terminology
  - Reading: Connecting to the Modeling Framework
  - Reading: Calculating Required Price and Gross Margin
  - Reading: Calculating Required Price Point

- Reading: Iterating on Your Model
- Reading: Moving Forward with Rigor
- Activity: Calculating the Price Point for Sustainability

### **About the Course Partner**

Dr. Erik Simanis is a Partner in the innovation consultancy, TIL Ventures, and core faculty of The Intrapreneur Lab. He is the former Head of Frontier Markets Initiative at Cornell University. Erik has guided start-ups, green-field ventures, and corporate new venture teams in Eastern Europe, Africa, South Asia, and Latin America over the past 20 years. His work has been published in leading management journals, including the Harvard Business Review, The Wall Street Journal, Sloan Management Review, and the journal Innovations.