# **Video Title**: The Art of Startup Finance: The Startup Finance Pyramid

**Video URL:** <https://www.youtube.com/watch?v=eqDQlAf3-Qo>

**Run Time/Source:** 3.03, Kauffman Founders School/YouTube

**Close Caption Available:** Yes

Businesses need financing throughout the life of the business. But startup financing is different from financing in other stages of the business life cycle. Bill Reichert, from the Kauffman Founders School provides a powerful overview of startup finance for entrepreneurs. In this video, Reichert introduces us to the Financial Pyramid. At the base of the pyramid, or Foundation, we are introduced to the Balance Sheet and the concept of capitalization. The next level is the Processes used in the financial model, which are the Income Statement and the Cash Flow Statement. The third level in the financial pyramid is the model---our business model and the business model formula. In stage four, we examine our long-term forecast and develop an operating budget. The top level of the pyramid is where we monitor our financial plan through monthly financial statements and developing a management dashboard.

Questions:

1. What role does the balance sheet play in financial management?
2. What does the Income Statement tell stakeholders of the business?
3. What is a business model?