Leader Guide

Edge Workshop: Week 37
I49 Group, Inc.

Blackbox Modeling

THree steps:

1. *Cash in*
2. *Crank Effort*
3. *Cash Out*

EXERCISE 1. Find a project to evaluate

Find a business or personal project to evaluate. Write it down:

EXERCISE 2. Cash In

Calculate the cash you need to put in. Do not count debt.

EXERCISE 3. Crank Effort

List all it takes to make the project make money. List all tech, people, knowledge, vendors, marketing that will be needed. Keep it high level and use high level estimates.

<u>EXERCISE 4</u>. Cash Out

Calculate the Revenue. Just the income.

Calculate the costs/expenses involved:

Calculate the profit: Total Revenue – Total Expenses

Calculate the costs Return on Investment: Cash Out / Cash In:

<u>EXERCISE 5</u>. Make it less dumb

What assumptions are you making that you need to rethink? What can you delete? What can you simplify or optimize? How can you make it go faster? What can you automate?