SPECIFIC-CASE

WORKSHEET 9 OF 9

# Sudden 30% Revenue Drop — 90-Day Cash Survival Plan

*Scenario: due to the loss of a major contract, a regulatory change, or an unforeseen market disruption, your business has experienced a revenue drop of approximately 30% in the past 4 weeks and the outlook for the next 60 days shows no recovery. Your cost structure has not yet been adjusted. Fill this worksheet to determine your position and priority actions.*

Complementary worksheet for

*Cash Flow Management Essentials*
by Ibrahim Anwar

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SECTION 1

# What This Is For

A 30% revenue drop that is not immediately matched by a cost structure adjustment will consume cash reserves at a rate that turns a manageable situation into a crisis within 60 to 90 days. This worksheet does not treat the revenue drop as a temporary aberration to wait out — it treats it as a new permanent condition until proven otherwise, and builds the response around that assumption.

The output is not a recovery plan. It is a survival baseline: the minimum revenue level at which the adjusted cost structure breaks even on cash flow. Once that floor is established, every week's actual revenue is measured against the floor — not against the pre-drop level, which is not a useful reference point when the immediate task is staying operational. Recovery starts when the business is reliably above the floor. Everything above the floor starts rebuilding the buffer.

SECTION 2

# Benefits

What you get when you actually run this worksheet on a real situation:

- Establishes the cash break-even floor — the minimum monthly revenue at which the adjusted cost structure is cash-flow neutral — as the primary management target.
- Separates costs by reduction timeline (2 weeks / 30 days / 60 days), creating an implementation sequence rather than a list of aspirations.
- Calculates current runway and adjusted runway, revealing how much additional time the cost reductions buy before the bank conversation becomes unavoidable.
- Provides the priority action sequence in the order that actions have most impact in the least time — variable reductions first, bank notification second, receivables acceleration third.
- Prevents the most dangerous response pattern: waiting for evidence that the drop is permanent before adjusting costs, by which point the window for non-emergency action has closed.

SECTION 3

# Framework To Use

## Floor-First Recovery Framework

*Find the floor before planning the climb. Runway depends on the floor, not the ceiling.*

| | |
|---|---|
| **1** | {'label': 'Week 1', 'text': 'Reduce all variable costs reducible in 2 weeks. Do not wait for confirmation the drop is permanent.'} |
| ▼ | |
| **2** | {'label': 'Week 2', 'text': 'Notify the bank before they notice it in account data. Confirm runway figure to them.'} |
| ▼ | |
| **3** | {'label': 'Week 3', 'text': 'Identify receivables that can be collected early. Contact top 3 customers.'} |
| ▼ | |
| **4** | {'label': 'Week 4', 'text': 'Negotiate temporary term extensions with top 3 vendors only — not all at once.'} |
| ▼ | |
| **5** | {'label': 'Ongoing', 'text': 'Measure weekly revenue against the cash break-even floor, not against the pre-drop level.'} |

SECTION 4

# How To Use

Follow these steps in order. Each one builds on the previous.

1. Fill in the Pre-Drop column first using the prior 12-week actuals — not the budget, not the target, the actual figures.
2. Fill in the Current column for each row using the past 4 weeks of actual figures. This is the real current position.
3. For monthly revenue (row one), enter actual average monthly revenue for the past 4 weeks in the current column.
4. For cash receipts (row two), use the 12-week actual cash receipt average, not invoiced revenue. If DSO has been 45 days, receipts this month may still reflect pre-drop invoices — note this explicitly.
5. For fixed costs row three, enter the costs that cannot be reduced within 30 days without significant consequences: payroll, rent, bank installments, statutory obligations.
6. For variable costs rows four, five, and six, list the specific costs in each reduction window. Be specific — 'marketing spend' is a category; '$2,200 in digital ads that can be paused today' is an action.
7. Calculate net OCF for both columns in rows seven and eight.
8. Enter current account balance in row nine. Calculate weeks of runway at current burn rate in row ten, and at the fully adjusted burn rate in row eleven.
9. Enter unused credit line in row twelve. Calculate total runway including credit in row thirteen.
10. Read the floor target: the revenue level at which the adjusted cost structure produces zero net OCF. That is the number to display in every weekly management meeting until the business is consistently above it.

SECTION 5

# Example Use

*A B2B marketing agency with $85,000 in average monthly revenue loses its two largest retainer clients in the same week — one due to a budget freeze, one due to acquisition by a competitor. Combined, those two clients represented $26,000 in monthly revenue. The remaining clients are retained. The agency has not yet adjusted its cost structure.*

Pre-drop: monthly revenue $85,000, cash receipts $79,000 (DSO 28 days), fixed costs $51,000 (salaries $38,000, rent $8,000, bank installment $5,000), variable costs $14,000, net OCF $14,000.

Current (4-week actual): monthly revenue $59,000, cash receipts still temporarily $72,000 (because pre-drop retainer payments are still clearing), fixed costs unchanged $51,000, variable costs $14,000, current net OCF $7,000 — misleadingly healthy because receipts still reflect the larger pre-drop client base.

The owner notes the receipt lag explicitly: in four weeks, cash receipts will also drop by $26,000 per month. At that point, current net OCF drops to negative $19,000 per month against an unadjusted cost structure.

Variable costs reducible in 2 weeks: $5,200 (freelance contractor on a per-project arrangement, two software subscriptions at $340 combined, digital advertising $900). Variable costs reducible in 30 days: $3,800 (a second freelancer on one-month notice, office supplies budgets). Variable costs reducible in 60 days: $4,000 (one in-house position currently at month 2 of a 90-day probationary period, which the agency decides to conclude at day 60 rather than convert to permanent).

Adjusted fixed costs + reduced variable: $51,000 + $5,000 = $56,000 monthly (after all reductions implemented). Adjusted net OCF at new revenue level: $59,000 − $56,000 = $3,000 per month. Thin but positive. Cash break-even floor: $56,000 in monthly revenue.

Current account balance $48,000. Weeks of runway at current (unadjusted) burn rate: misleadingly long because receipts still clearing. Weeks of runway once receipts adjust (4 weeks from now): $48,000 / ($19,000 / 4.3) = 10.8 weeks. Weeks at fully adjusted burn rate: $48,000 / ($3,000 / 4.3) = 68 weeks. Unused credit line $25,000. Total runway including credit: ($48,000 + $25,000) / ($3,000 / 4.3) = 104 weeks.

The floor is $56,000 per month. Current revenue is $59,000 — already above the floor once all reductions are implemented. The owner implements week-1 reductions immediately, notifies the bank on day 8 (proactively, from a confirmed 68-week adjusted runway), and builds a recovery plan targeting $70,000 monthly revenue within 90 days as the first milestone above the floor with a meaningful buffer.

SECTION 6

# The Worksheet

*Tear this out, copy it onto a fresh sheet, or fill it in directly.*

### Sudden 30% Revenue Drop — 90-Day Cash Survival Plan

*Scenario: due to the loss of a major contract, a regulatory change, or an unforeseen market disruption, your business has experienced a revenue drop of approximately 30% in the past 4 weeks and the outlook for the next 60 days shows no recovery. Your cost structure has not yet been adjusted. Fill this worksheet to determine your position and priority actions.*

| ITEM | PRE-DROP ($) | CURRENT ($) | CHANGE ($) |
|---|---|---|---|
| Monthly revenue | | | |
| Monthly cash receipts (actual, based on 12-week avg) | | | |
| Monthly fixed costs — non-reducible (payroll, rent, installments) | | | |
| Monthly variable costs — reducible within 2 weeks | | | |
| Monthly variable costs — reducible within 30 days | | | |
| Monthly variable costs — reducible within 60 days | | | |
| Net operating cash flow — pre-drop | | | |
| Net operating cash flow — current | | | |
| Current account balance | | | |
| Weeks of runway at current burn rate | | | |
| Weeks of runway at fully adjusted burn rate | | | |
| Credit facility — unused line ($) | | | |
| Weeks of total runway including credit | | | |

SECTION 6 (CONTINUED)

# Reflection Prompts

*After filling in the worksheet on the previous page, work through these.*

1. Priority sequence: (1) Reduce all variable costs in the 2-week window immediately — do not wait for confirmation the drop is permanent. Implementation lag is the most expensive mistake in a revenue shock. (2) Notify your bank before they see it in the account data — a bank conversation started by you from a runway of 10+ weeks is fundamentally different from one started by them at 2 weeks. (3) Identify receivables that can be collected early. (4) Approach only the top 3 vendors for temporary term extensions — not all vendors simultaneously, which signals distress to the entire supply chain.

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2. Find the cash break-even floor: the monthly revenue level at which the adjusted cost structure produces zero net OCF. Measure weekly revenue against that floor — not against the pre-drop level. Recovery is not 'back to before.' It is 'consistently above the cash floor with a growing buffer.' Every week above the floor is a week rebuilding, not waiting.

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SECTION 7

# Tips and Traps

### TIPS

- Note the receipt lag explicitly in row two. In the first 4 weeks of a revenue drop, cash receipts often still reflect the larger pre-drop client base on standard terms. The real cash impact arrives in weeks 5 through 8. This creates a false sense of runway in the early weeks — account for it directly.
- Name specific costs in the variable rows, not category labels. 'Marketing' is not an action. '$900 in digital advertising that can be paused by logging into the platform today' is an action. Specificity determines whether the reduction actually happens.
- Bank notification in week two is not optional. Banks respond very differently to a proactive call from a client with a documented 68-week adjusted runway than to a reactive call from a client who has been quietly managing a declining balance for six weeks. The proactive call opens options. The reactive call closes them.
- Calculate the cash break-even floor before the first management meeting after the revenue drop. The floor is the first number to display on the weekly update slide — not the pre-drop revenue, not the monthly target, the floor.
- After six weeks of weekly revenue measurements against the floor, check whether variable costs that were reduced in weeks one and two have actually been reduced in practice. Some reductions that seemed immediate on paper have quietly reverted because the habit of the old level was easier to maintain.

### TRAPS

- Waiting for month-end financial reports before acting on cost reductions. A 30% revenue drop that is already four weeks old has already consumed four weeks of unrevised burn rate. Every additional week without reduction shortens runway by one week.
- Treating the receipt lag in the first four weeks as evidence that cash flow is still healthy. It is not healthy — it is delayed. The actual impact arrives in 4 to 8 weeks, when pre-drop receivables stop clearing and post-drop lower revenue becomes the only source.
- Approaching all vendors simultaneously for term extensions. This signals financial stress to the entire supply chain at once. A single vendor conversation can be explained by many things. Five simultaneous vendor conversations have one explanation.
- Setting the weekly management target at 'return to pre-drop revenue' rather than 'maintain above floor.' The floor is achievable and confirmable week by week. The pre-drop level is a goal that takes months to verify — during which time the team is measuring failure rather than progress.
- Not calculating the weeks of runway at fully adjusted burn rate before making any other decision. That number determines the urgency of every subsequent action. An adjusted runway of 68 weeks allows measured responses. An adjusted runway of 8 weeks requires immediate escalation to the bank and vendors simultaneously.

SECTION 8

# Appendixes

### Appendix A — Cash Break-Even Floor Formula

```
Cash break-even floor = total monthly costs after all reductions.

Fixed costs (non-reducible)              : $ __________
Variable costs remaining after reductions: $ __________
Total adjusted monthly costs             : $ __________

This total is your floor. The business must generate at
least this much in monthly revenue to be cash-flow neutral
under the adjusted cost structure.

Floor target for weekly measurement:
  Monthly floor ÷ 4.3              = $ __________ per week

Each week: actual revenue > weekly floor? Y / N
Consecutive weeks above floor: ________

Rebuilding benchmark:
  First milestone = floor + 10%    = $ __________
  Buffer milestone = floor + 25%   = $ __________
```

### Appendix B — Priority Action Sequence with Timelines

```
Week 1 (immediate):
  Reduce all variable costs in 2-week window.
  Name each item, dollar amount, and who is responsible:
    Item 1: ____________________  $______  Owner: ______
    Item 2: ____________________  $______  Owner: ______
    Item 3: ____________________  $______  Owner: ______

Week 2:
  Notify bank proactively.
  Script: "We've had a 30% revenue drop in the past 4 weeks.
  Adjusted runway: [N] weeks. We are not drawing on the line
  today. We want to discuss options."

Week 3:
  Contact top 3 receivable customers for early payment.
  List: 1. _____________  $______ due ______
        2. _____________  $______ due ______
        3. _____________  $______ due ______

Week 4:
  Vendor term extension — top 3 vendors only.
  List: 1. _____________  Current terms: ____  Requested: ____
        2. _____________  Current terms: ____  Requested: ____
        3. _____________  Current terms: ____  Requested: ____
```

## Appendix C — Weekly Revenue vs Floor Tracking Row

| Week | Date | Actual Revenue ($) | Floor ($) | Above Floor? | Notes |
|---|---|---|---|---|---|
| 1 | _____ | _____ | _____ | Y / N | ____ |
| 2 | _____ | _____ | _____ | Y / N | ____ |
| 3 | _____ | _____ | _____ | Y / N | ____ |
| 4 | _____ | _____ | _____ | Y / N | ____ |
| 5 | _____ | _____ | _____ | Y / N | ____ |
| 6 | _____ | _____ | _____ | Y / N | ____ |
| 7 | _____ | _____ | _____ | Y / N | ____ |
| 8 | _____ | _____ | _____ | Y / N | ____ |

Consecutive weeks above floor at end of Week 8: _____

Rule: 4 consecutive weeks above floor = begin rebuilding buffer.
0–1 weeks above floor after Week 6 = escalate bank conversation.


WHERE THIS WORKSHEET COMES FROM

# Cash Flow Management Essentials

*Why Profitable Businesses Still Run Out of Money*

by Ibrahim Anwar

This worksheet is one of nine in the *Cash Flow Management Essentials* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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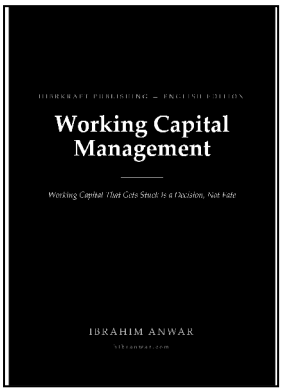


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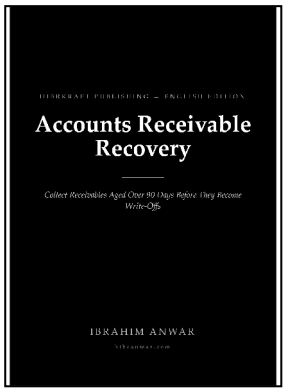


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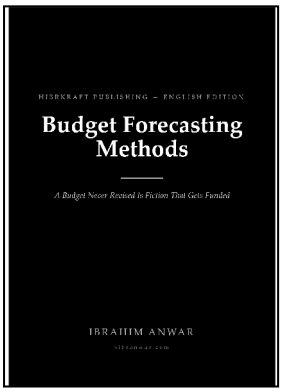


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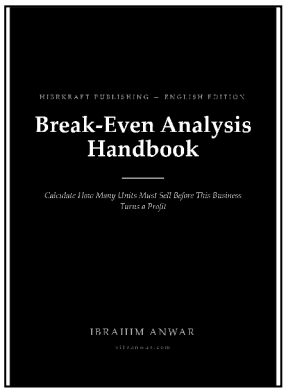


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