

## Toolkit 2: The Cash Confidence Grid

*Companion to \*So, You've Built Yourself a Job?\**

**THE PROBLEM:** Most owners only realise they're in financial trouble when the bank account runs dry.

**THE PAYOFF:** This simple weekly grid gives you a clear picture of your cash runway. You'll know if you're safe, exposed, or heading for danger — and have time to act before it's too late.

### HOW TO USE (4-WEEK CYCLE)

- 1) Record your **Starting Cash Balance (Week 1)** from your bank account.
- 2) For each week, enter **Inflows** and **Outflows**, then calculate the **Net Position** (Inflows – Outflows).
- 3) Update **Cash Balance** each week: previous balance + this week's net position.
- 4) Calculate **Buffer (weeks)**: Cash Balance ÷ this week's outflows (or ÷ average outflows if they swing).
- 5) Review the trend and use the Next Moves to adjust.

Category	Week 1	Week 2	Week 3
Inflows			
Outflows			
Net Position			
Cash Balance			
Buffer (weeks)			

**Formula:** Buffer (weeks) = Cash Balance ÷ Weekly Outflows

### RULES OF THUMB (INTERPRET YOUR NUMBERS)

- If your **buffer** is less than 4 weeks of expenses, you're exposed — one bad month could sink you.
- If your **net position** is negative for 3 weeks in a row, you're heading for a crunch. Fix outflows or increase inflows fast.
- If your **inflows** are steady but your **buffer** keeps shrinking, costs are eating your runway — cut or re-price quickly.

### NEXT MOVES

- Aim to build a buffer of at least 8 weeks — it's the difference between panic and peace of mind.

- Track your grid every Friday. Over time, you'll see patterns and know where to act first.

## WORKED EXAMPLE (WHAT THE STORY MIGHT LOOK LIKE)

Assumption: Starting Cash Balance (Week 1) = \$12,000

Category	Week 1	Week 2	Week 3	Week 4
Inflows	\$12,000	\$11,500	\$11,000	\$21,000
Outflows	\$9,000	\$11,500	\$10,000	\$10,000
Net Position	+\$3,000	\$0	+\$1,000	+\$11,000
Cash Balance	\$18,000	\$18,000	\$19,000	\$30,000
Buffer	2.0	1.6	1.9	3.0

**Reconciliation** Start \$15,000 → W1 +\$3,000 = \$18,000 → W2 +\$0 = \$18,000 → W3 +\$1,000 = \$19,000 → W4 +\$11,000 = \$30,000. Buffers each week are calculated using that week's outflows.

