

# Financial Strategy & Operational Cost Analysis

Securing the Runway to Profitability  
(Target: September 2026)

Goal: Breakeven

Start:  
Capital Infusion

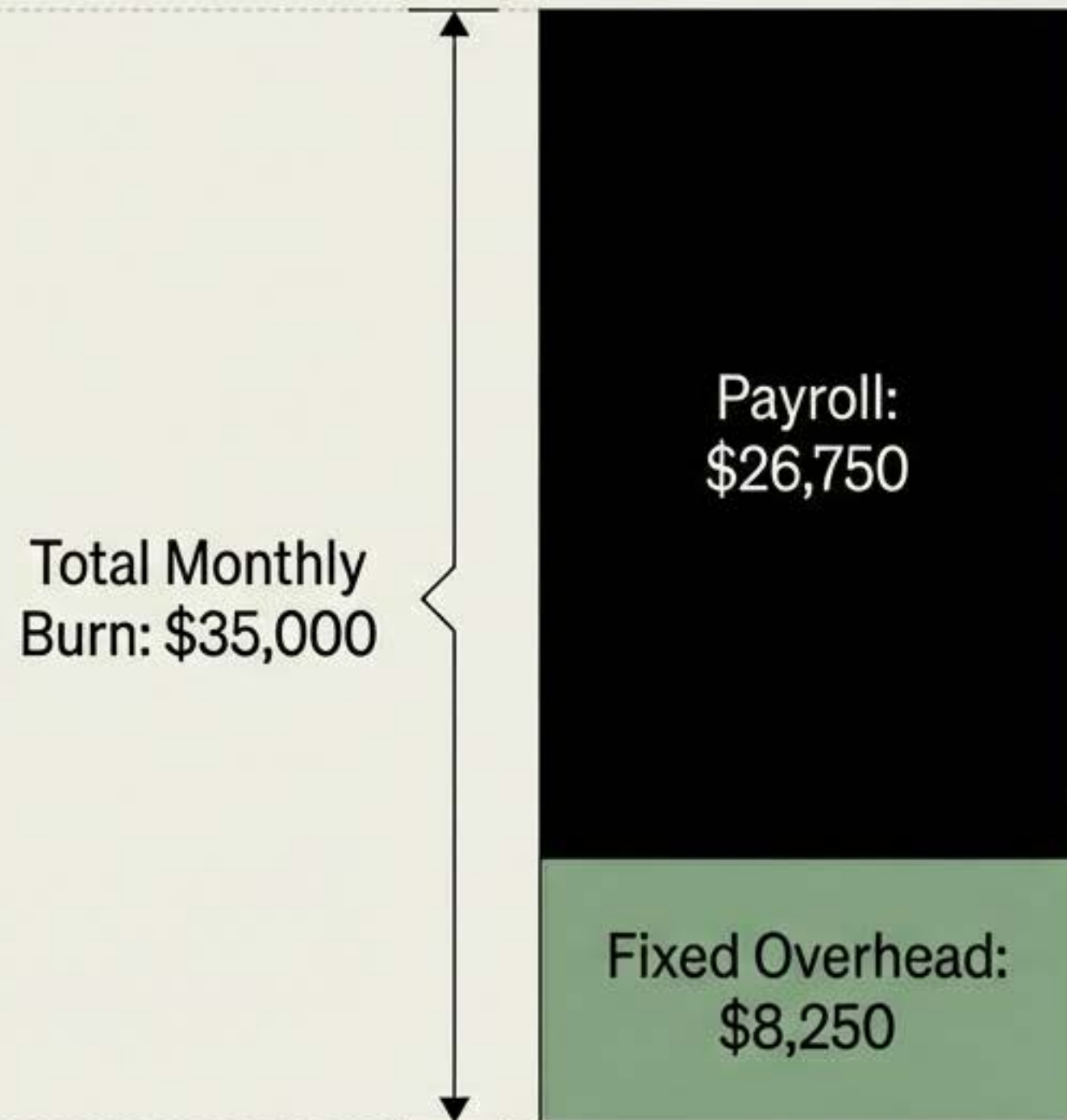
# Solvency requires a **\$685,000** cash buffer to reach the September 2026 breakeven



Minimum Cash Need	Runway Duration	Objective
<b>\$685,000</b>	<b>9 Months</b>	Absorb operational losses and CapEx until stabilization.

The firm faces a clear financial reality: subscription revenue must grow immediately to cover the burn rate. Working capital is the lifeline that bridges the gap between current cash flow and the 2026 stabilization point.

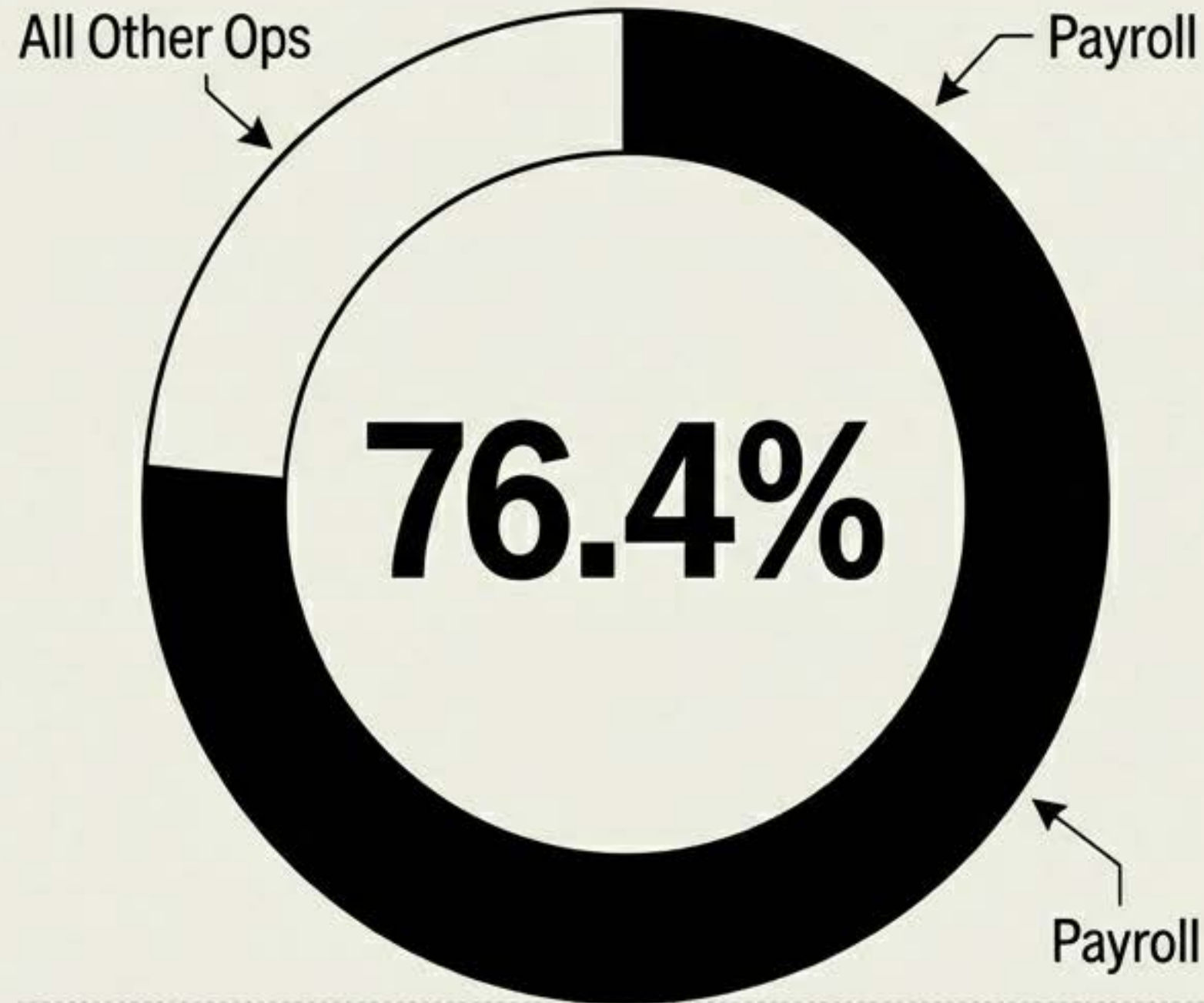
# The minimum viable budget is \$35,000 per month



## Solvency Threshold Drivers

- Subscription revenue must cover 100% of **fixed costs** first.
- Hourly consulting revenue acts only as a buffer for spikes.
- Total fixed overhead (Rent, IT, Insurance, Utilities) is \$8,250—significantly lower than labor costs.

# Payroll dominates the budget at **76.4%** of total expenses



Monthly Cost:	\$26,750
Headcount:	35 FTEs (including Managing Partner)



## Optimization Checklist

- Confirm average salary load including employer taxes.
- Track utilization by role immediately. (Risk: Idle staff = Failure)
- Phase hiring based on the pipeline, not projections.

# Real estate creates a \$4,500 monthly fixed obligation

Monthly Cost

**\$4,500 /  
Month**

Constraint	Optimization Checklist
<p>Capacity for 35 employees. This is a rigid cost; it requires a signed lease (12 months) and cannot be cut instantly.</p>	<ul style="list-style-type: none"><li><input checked="" type="checkbox"/> <b>Lease Term:</b> Keep under 3 years (36 months) to avoid being trapped.</li><li><input type="checkbox"/> <b>Density:</b> Target 150 sq ft per person.</li><li><input type="checkbox"/> <b>Negotiation:</b> Aggressively pursue Tenant Improvement (TI) funds.</li><li><input type="checkbox"/> <b>Alternatives:</b> Consider co-working or hybrid models to reduce footprint.</li></ul>

# Essential infrastructure adds **\$1,800** to the fixed monthly floor



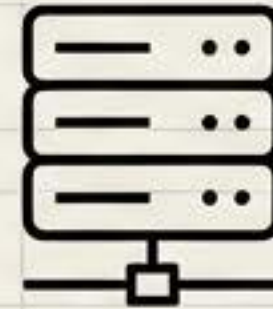
**Liability Insurance**  
**\$1,200 / month**

**Why:**

Mandatory risk mitigation for errors/omissions.  
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**Action:**

Shop quotes annually. Avoid high deductibles that shift risk back to the firm.  
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**IT & Cloud Hosting**  
**\$600 / month**

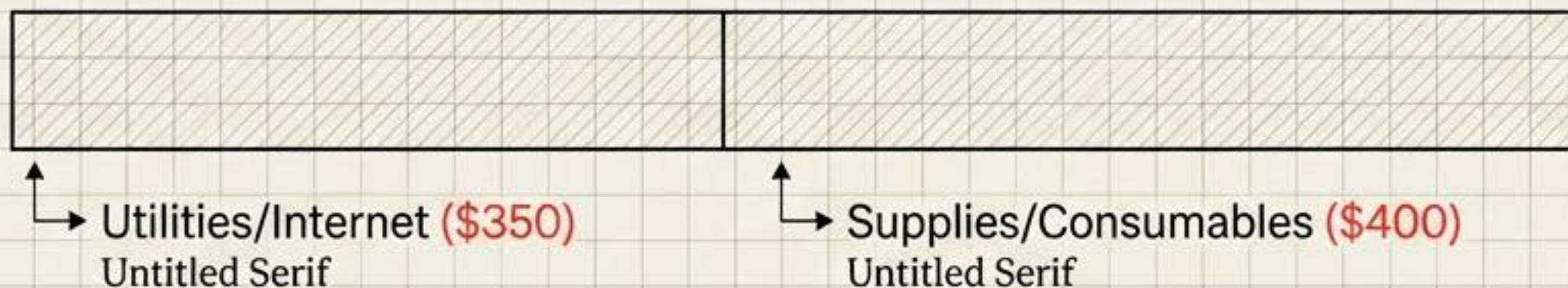
**Why:**

Secure online portal and system maintenance.  
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**Action:**

Audit unused cloud instances every six months. Negotiate annual hosting contracts.  
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# Operational friction costs **\$750** monthly in utilities and supplies



These friction costs must be covered before a single dollar of revenue is generated. While small individually, they total \$9,000 annually.

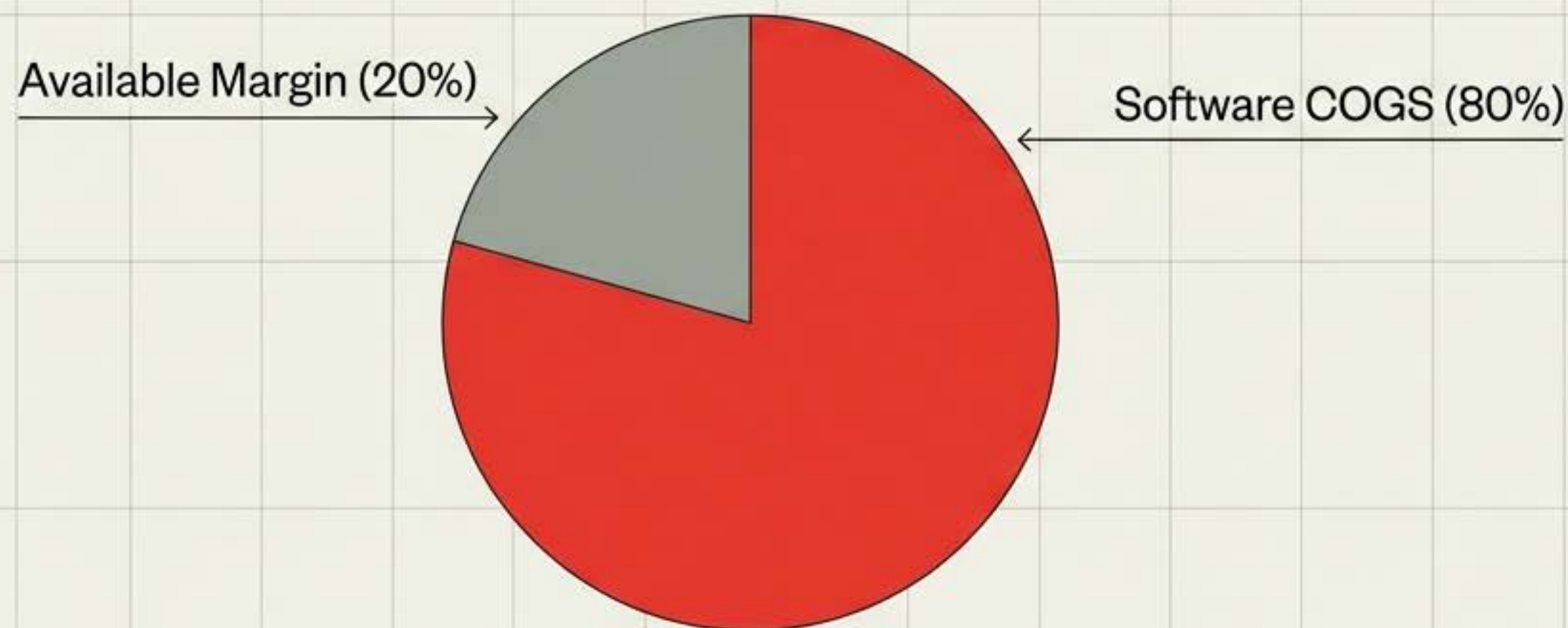
## Operational Discipline

Consolidate vendors for supplies (Target 10% volume savings).

Audit utility usage quarterly (watch for summer spikes).

Negotiate annual internet contracts rather than month-to-month.

# WARNING: Software licensing is projected at 80% of revenue

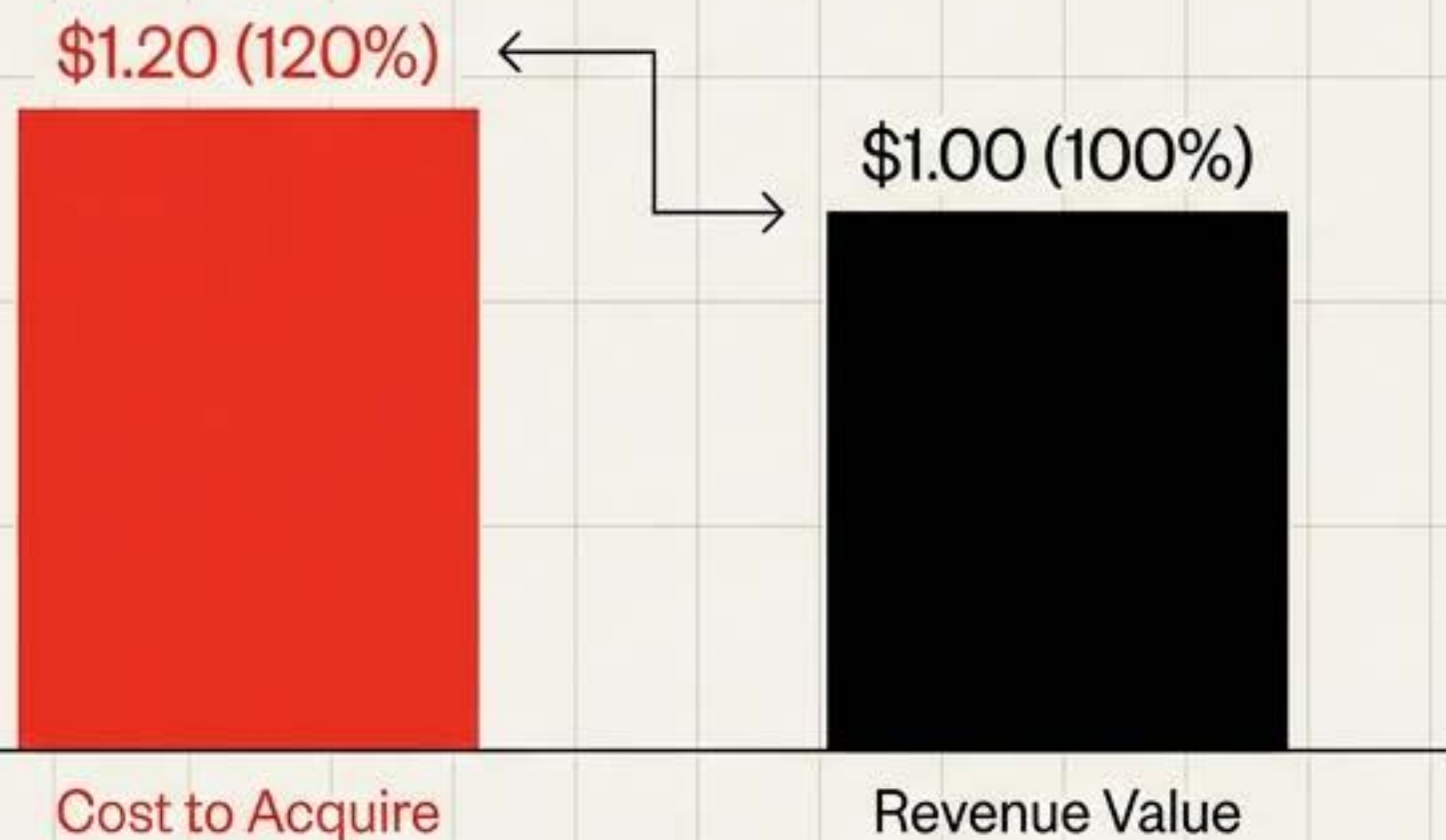


## Corrective Actions

- Negotiate volume discounts immediately.
- Stop paying for unused seats—downgrade if onboarding slows.
- Avoid enterprise tiers; prioritize monthly flexibility.

**Critical Risk:** With only a 20% gross margin, covering the \$26,750 payroll becomes mathematically impossible.

# CRITICAL ERROR: Marketing spend is 120% of projected revenue

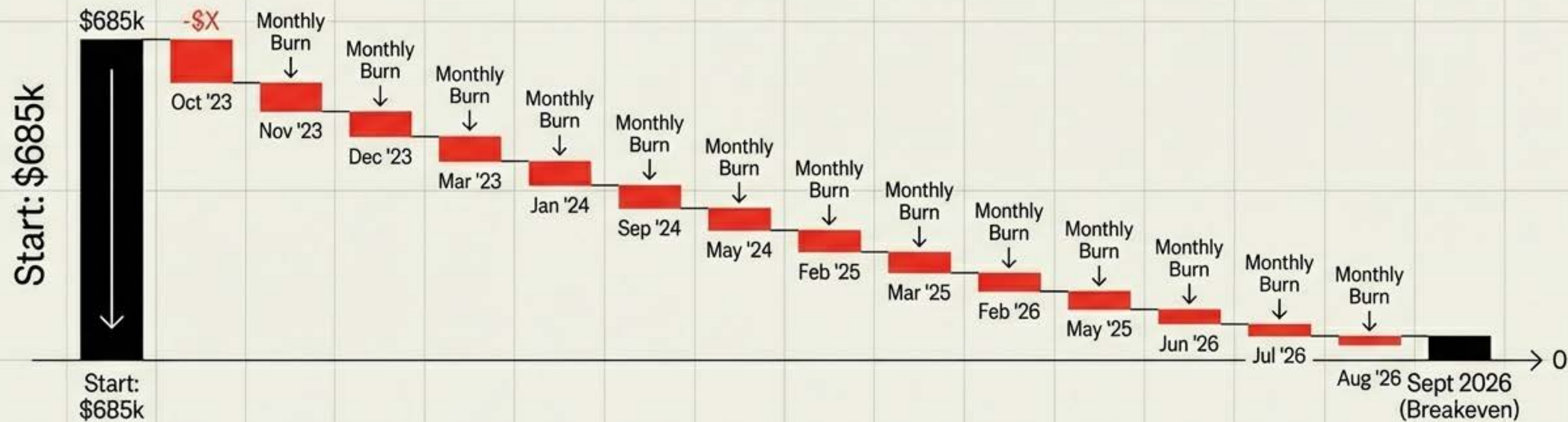


Current Plan: \$4,000/month (120% of revenue).  
Target State: <\$1,000/month (<30%).

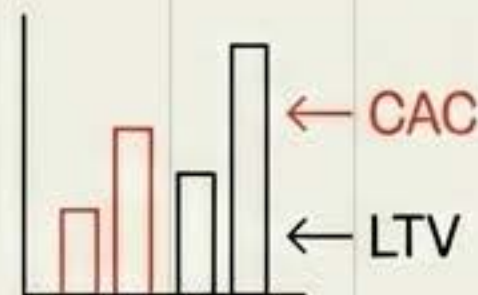
## Immediate Pivot

1. Pivot to organic growth and partnerships immediately.
2. Pause all paid ads.
3. Benchmark CPA (Cost Per Acquisition) against Subscription Value.

# Managing the \$685k runway to September 2026



**Metric:** Customer Acquisition Cost (CAC) vs Lifetime Value (LTV).



**Advisory Boost:** Ensure advisory services boost Average Revenue Per User (ARPU).



# Emergency Protocol: Extending the runway when growth lags

**Trigger Event:** If client acquisition falls short of projections.

## Signal Red

### Variable Spend (Immediate Cuts)

- Pause all paid digital ads.
- Cut high-commission referral partners.
- Freeze client welcome kits.



Cash Conservation

## Sage Green

### Fixed Overhead (Audit & Reduce)

- Downgrade practice management software tiers.
- Cancel unused specialized tool licenses.
- Eliminate non-client travel/meals.



Efficiency Gains

**PROTECT PAYROLL:** Do not cut staff initially (Utilization is key to recovery).

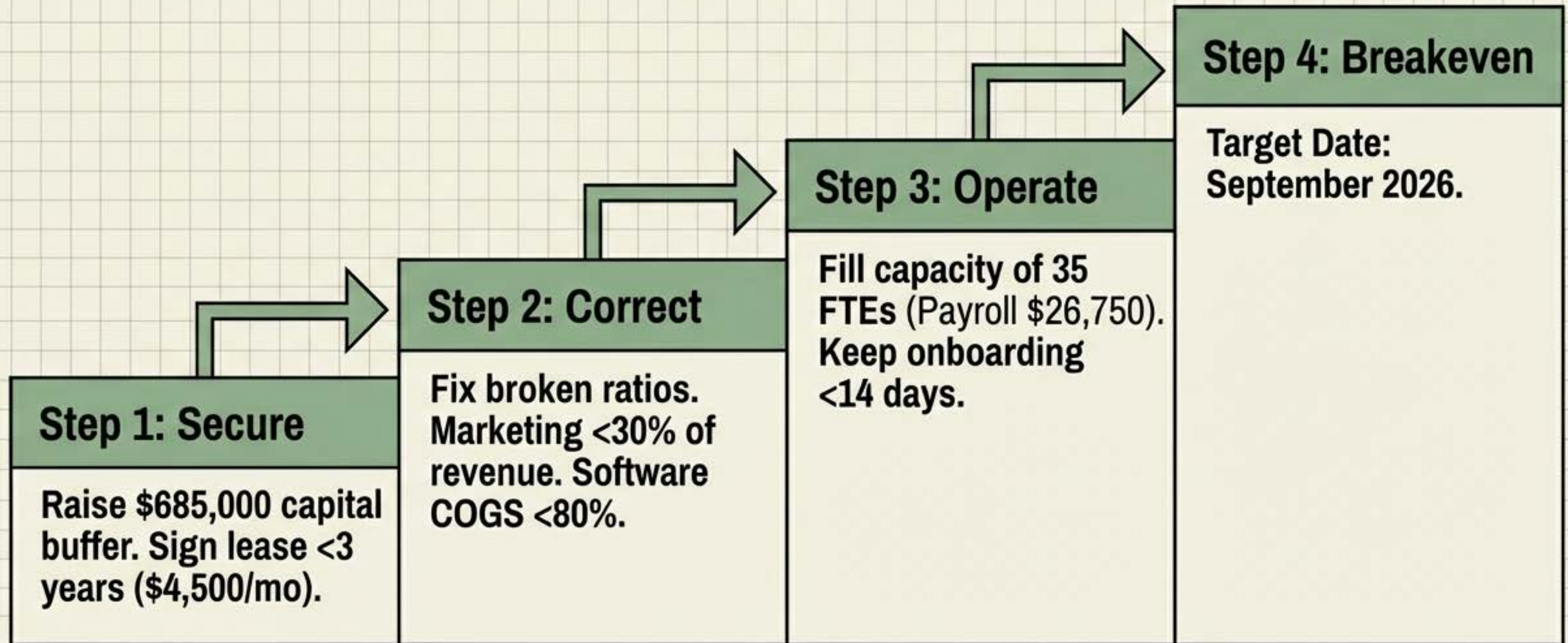


# Metrics that signal safe scaling vs. operational failure



**The Trap:** Scaling headcount before revenue is the primary failure mode. Subscription revenue must cover **100% of fixed costs** before expansion.

# Strategic Priorities: The path to solvency



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# Appendix: Monthly Cost Ledger

Item	Monthly Cost
Payroll (35 FTEs)	\$26,750
Rent (Fixed)	\$4,500
Marketing (Target <30%)	\$4,000
Liability Insurance	\$1,200
Utilities & Supplies	\$750
IT & Hosting	\$600
<b>Total Baseline (excl. Software COGS)</b>	<b>~\$35,000</b>

# Ready for September 2026.

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Solvency is not just about capital—it is about  
the discipline of execution.

Rev 1.0

