

## MODULE 3

# PLAN YOUR RUNWAY

*Calculate your runway and plan for multiple scenarios*

 **35 minutes total**

- Part 1: What Is Runway and Why It Matters (6 min)
- Part 2: Calculate Your Burn Rate (12 min)
- Part 3: Calculate Runway — 3 Scenarios (12 min)
- Part 4: Your Runway Action Plan (5 min)

### **By the end of this module, you will:**

1. Calculate how many months you can survive at your current burn rate
2. Understand the difference between gross burn and net burn
3. Create 3 scenarios (best case, worst case, realistic case)
4. Build a 6-month runway action plan

### 3.1 What Is Runway?

Runway is the number of months your business can survive before running out of cash.

If you keep spending at the current rate and keep making the same amount of money, how long before your bank account hits zero?

$$\text{Runway (months)} = \text{Cash on Hand} \div \text{Monthly Burn Rate}$$

 **Why This Matters**

- You need to know if you should raise money, cut costs, or grow sales
- Investors and lenders ask this question
- It prevents surprises (like running out of money in 6 weeks)

### 3.2 Calculate Your Burn Rate

#### Two Types of Burn

1. **Gross Burn Rate** = Total amount you spend each month (all expenses)
2. **Net Burn Rate** = How much cash you're LOSING each month (expenses minus revenue)

$$\text{Net Burn} = \text{Monthly Expenses} - \text{Monthly Revenue}$$

 **EXAMPLE**

Monthly revenue: \$25,000. Monthly expenses: \$30,000. Net burn: \$5,000/month. You're losing \$5,000 every month. If you have \$50,000 in the bank, your runway is 10 months.

#### **WORKSHEET: Burn Rate Calculator**

A. Monthly Expenses (average of last 3 months)	\$ _____
B. Monthly Revenue (average of last 3 months)	\$ _____
<b>C. GROSS BURN (A)</b>	<b>\$ _____</b>
<b>D. NET BURN (A - B)</b>	<b>\$ _____</b>

*Note: If your revenue is HIGHER than expenses, you have positive cash flow (no burn). Congratulations!*

### 3.3 Calculate Your Runway — 3 Scenarios

Because the future is uncertain, plan for three possibilities:

 **WORKSHEET: 3-Scenario Runway Planner**

CONSERVATIVE (Worst Case)	REALISTIC (Base Case)	OPTIMISTIC (Best Case)
Revenue stays flat or drops	Revenue grows modestly	Revenue grows faster
Cash: \$ _____ Net Burn: \$ _____	Cash: \$ _____ Net Burn: \$ _____	Cash: \$ _____ Net Burn: \$ _____
<b>RUNWAY:</b> _____ months	<b>RUNWAY:</b> _____ months	<b>RUNWAY:</b> _____ months

### 3.4 Runway Zones and What to Do

 <b>18+ months</b>	<b>HEALTHY</b> — Focus on growth, build reserves, invest in marketing/hiring
 <b>12-18 months</b>	<b>COMFORTABLE</b> — Monitor monthly, plan to reduce burn or increase revenue
 <b>6-12 months</b>	<b>CAUTION</b> — Cut non-essential expenses NOW, aggressive sales push, consider raising money
 <b>Under 6 months</b>	<b>EMERGENCY</b> — Emergency cost cuts, raise money immediately, consider pivots

 **YOUR ACTION ITEMS**

- Calculate your gross and net burn rate
- Complete the 3-Scenario Runway Planner
- Identify your current runway zone
- Create an action plan based on your zone
- Schedule monthly runway recalculation

## 4-WEEK IMPLEMENTATION PLAN

Don't just read this course — implement it. Here's your week-by-week action plan:

### WEEK 1: Set Up Your Systems

1. Download all templates (13-Week Cash Flow, Cash Leak Audit, Profit First Planner)
2. Set up your 13-week cash flow tracker with this week's actual numbers
3. Complete the Cash Leak Audit — identify at least \$500 to cut
4. Set your Friday Cash Check calendar reminder

### WEEK 2: Implement Profit First

5. Open 5 bank accounts (or set up sub-accounts)
6. Calculate your starting percentages
7. Do your first Profit First transfer on the 10th or 25th
8. Calculate your real profit per sale

### WEEK 3: Calculate Runway

9. Complete the Burn Rate Calculator (gross and net burn)
10. Build your 3-Scenario Runway Forecast
11. Identify your current runway zone
12. Create your action plan based on your zone

### WEEK 4: Monthly Review Habit

13. Complete your first monthly profit check
14. Update your runway calculation
15. Adjust next month based on learnings
16. Schedule your recurring monthly financial review

## COURSE COMPLETE

### You've Transformed From:

BEFORE	AFTER
✗ "I have no idea if I'll make payroll"	✓ "I know exactly how much cash I have for 13 weeks"
✗ "I'm making sales but still broke"	✓ "I pay myself consistently every month"
✗ "I don't know if I should cut costs"	✓ "I have 14 months of runway and a plan"

### Your Templates & Tools:

- ✓ 13-Week Cash Flow Tracker
- ✓ Cash Leak Audit Worksheet
- ✓ Profit First Percentage Planner
- ✓ Burn Rate Calculator
- ✓ 3-Scenario Runway Planner
- ✓ 4-Week Implementation Checklist

### Continue Your Journey:

This course is Step 2 in the BizGrowth Academy Launch path. Continue with:

- Step 3: Build Your First Sales System
- Step 4: Hire Without Losing Your Mind
- Step 5: Create Your 90-Day Action Plan

## Stop Guessing, Start Growing.

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