CHAPTER 24

What now? - Financials - Scenario Planning and Risk Management

What	Institutionalize Scenario Planning as a Core Financial Ritual
Why	This step replaces optimism with structured realism and prepares the organisation for volatility.
Background	Scenario planning must become a standing component of your 13-week rolling forecast, not an annual exercise.
How	Build three mandatory models for every planning cycle: Acceleration Scenario (3× growth surge and liquidity strain) Stagnation Scenario (pipeline slowdown, lead source disruption) Black Swan Scenario (30% revenue drop or 10% cost spike) Stress-test cash, capacity, and margin under each scenario. Identify break points in systems, people, and capital structure before reality exposes them. Document the operational and financial triggers that activate each scenario.

What	Build and Maintain a Live Risk Matrix With Assigned Owners
Why	This step ensures risk management becomes a daily leadership responsibility, not a theoretical exercise.
Background	A risk without an owner is guaranteed to fail. The matrix becomes the operating system for proactive mitigation.
How	Map risks across commercial, operational, financial, and strategic domains. For each risk, define: cause, mitigation action, impact, probability, and a single accountable owner. Review and update the matrix monthly; escalate high-impact risks to the leadership team. Tie risk ownership to performance reviews and quarterly objectives.

What	Create a Financial Recovery Playbook for Worst-Case Scenarios
Why	This step transforms fear into readiness and gives leadership psychological safety to act boldly.
Background	The organisation must know exactly what to do when the storm hits—before it hits.
How	Define the “break glass” actions for a 30% revenue drop or liquidity crunch. Pre-approve cost reductions, hiring freezes, vendor renegotiations, and cash-acceleration levers. Identify which investments pause, which accelerate, and which are protected at all costs. Run quarterly drills to ensure leaders can execute the playbook without hesitation.

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What	Integrate Risk Review Into Quarterly Planning and Execution Rhythm
Why	This step ensures risk is not a side conversation—it becomes part of the strategic engine.
Background	Risk management must be embedded into the same cadence that drives strategy and performance.
How	Dedicate 60 minutes of every Quarterly Planning session to confronting brutal truths. Review scenario models, risk matrix updates, and mitigation progress. Tie WIGs and departmental OKRs to risk-adjusted assumptions. Require Sales, Marketing, and Operations to present their risk mitigation plans each quarter.

What	Build Early-Warning Systems Using Leading Indicators
Why	This step creates a proactive, anti-fragile organisation that responds before damage occurs.
Background	Lagging data reveals trouble too late. Leading indicators must trigger immediate action.
How	Define thresholds for pipeline value, LTM ratio, churn signals, production defects, and cash conversion cycle. When a threshold is crossed, activate a predefined mitigation protocol. Equip Sales with a Pipeline Drop Plan, Marketing with sentiment tracking, and Operations with supply-chain resilience metrics. Review leading indicators weekly in the Financial Pulse meeting.

Closing Thought	Create a living resilience architecture—one that anticipates shocks, assigns ownership, and maintains Velocity even under volatility.