

The Founder Money Pack

The five numbers every founder should know, and how to work them out in ten minutes.

01	Runway	How long the cash lasts
02	MRR and next month	What's likely to come in
03	Churn	Who's leaving, and what it costs
04	Price rises	How many customers you can afford to lose
05	Hiring	What a hire really costs

NUMBER 01

Runway

How many months you can keep going if nothing changes.

FORMULA

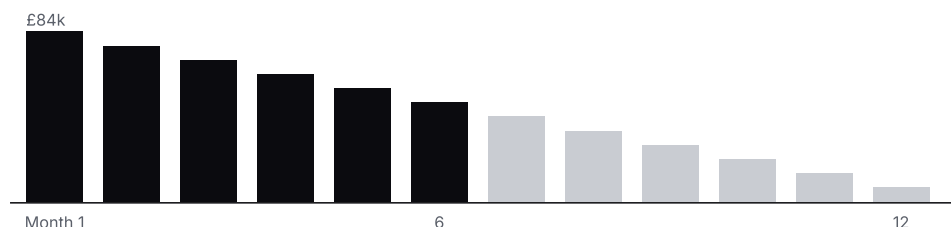
runway (months) = cash in the bank ÷ monthly net burn

Net burn is what goes out minus what comes in, in a typical month. Use an average of the last three months, not your best one.

Worked example

Monthly costs	£16,000
– Monthly revenue	£9,000
= Net burn	£7,000 a month

With £84,000 in the bank: $£84,000 \div £7,000 = 12$ months of runway.



Are you "default alive"?

A company is default alive if, with costs flat and revenue growing at its current pace, it reaches break-even before the cash runs out. If not, it is default dead, and needs to change something or raise money.

Same example: revenue grows by £600 a month. By month 12 it is £16,200, above costs. On the way you burn £37,400 in total, well under the £84,000 you have. Default alive.

Under six months? Act now

- Cut or pause costs that don't bring in revenue this quarter.
- Offer annual plans paid upfront, and chase unpaid invoices.
- Test a price rise (page 5). If you plan to raise, start now: it usually takes longer than you expect.

NUMBER 02

MRR and next month

Monthly recurring revenue (MRR) is what your subscriptions bring in each month. Next month is this month, adjusted for who leaves, who joins and who upgrades.

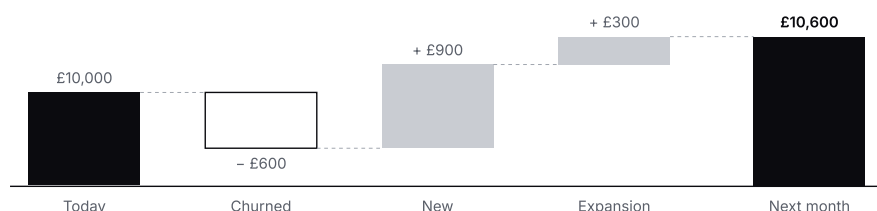
FORMULA

next month $\approx$ MRR - churned MRR + new MRR + expansion MRR

Leave out one-off payments. If a customer pays yearly, count a twelfth of it each month.

Worked example

MRR today	£10,000
- Churned MRR (customers who cancel)	£600
+ New MRR (new customers)	£900
+ Expansion MRR (upgrades)	£300
= Next month, best guess	£10,600



The axis starts at £9,000 so the changes are easy to see.

Why a range beats one number

Churn and new sales move around month to month. So work out a low and a high case from your recent months, and plan on the low one.

Low: churn £900, new £500, expansion £300 $£10,000 - £900 + £500 + £300 = £9,900$

High: churn £400, new £1,200, expansion £300 $£10,000 - £400 + £1,200 + £300 = £11,100$

Say it as a range: "next month will probably land between £9,900 and £11,100." That is more honest than £10,600, and it tells you how bad a bad month could be.

NUMBER 03

Churn

The share of customers who leave each month. Small numbers here add up to big numbers over a year.

FORMULA

monthly churn rate = customers lost in the month ÷ customers at the start of the month

RULE OF THUMB

average customer lifetime (months) $\approx 1 \div$ monthly churn rate

Worked example

Customers on 1 March	200
Customers who cancelled in March	8
Monthly churn rate: $8 \div 200$	4%

Average lifetime: $1 \div 0.04 =$ **25 months**. If the average customer pays £50 a month, they are worth about $25 \times £50 =$ **£1,250** in revenue over their life.

Count only customers who were there at the start. People who sign up and cancel in the same month go in neither number, but keep an eye on them separately.

Customer churn vs revenue churn

Customer churn counts heads. It tells you how many people are unhappy or done.

customers lost ÷ customers at start

Revenue churn counts money. It tells you how much MRR walked out of the door.

MRR lost ÷ MRR at start

Same example: the 8 who left were on bigger plans, worth £560 of your £10,000 MRR.

Customer churn: $8 \div 200$	4.0%
Revenue churn: $£560 \div £10,000$	5.6%
Net revenue churn, after £300 of upgrades: $(£560 - £300) \div £10,000$	2.6%

What to look for: revenue churn higher than customer churn means your best-paying customers are the ones leaving. Find out why before you do anything else.

NUMBER 04

Price rises

Many founders put off raising prices. This sum tells you how many customers you could lose and still be no worse off.

BREAK-EVEN

share of customers you must keep = $1 \div (1 + \text{price rise})$

For a 10% rise: $1 \div 1.1 \approx 90.9\%$. Keep at least 90.9% of customers and revenue holds steady. So you can lose up to about **9.1%** and still break even.

Worked example

Today: 200 customers × £50	£10,000 MRR
New price: £50 × 1.1	£55
Customers needed to match £10,000: $£10,000 \div £55$	181.8, so 182
Check: $182 \times £55$	£10,010
Customers you can lose and still break even: $200 - 182$	18 (9%)



Other sizes of rise

5% rise: $1 \div 1.05$	keep 95.2%, can lose up to 4.8%
10% rise: $1 \div 1.10$	keep 90.9%, can lose up to 9.1%
20% rise: $1 \div 1.20$	keep 83.3%, can lose up to 16.7%

The "can lose" share is on top of your normal monthly churn. It ignores any drop in new sign-ups at the higher price, so watch your conversion rate for a few weeks after the change.

Ways to soften it: give existing customers notice, keep them on the old price for a while, or raise prices only for new customers first.

NUMBER 05

Hiring

A hire costs more than their salary, and it comes straight off your runway. Work it out before you post the job.

RULE OF THUMB (UK)

monthly cost $\approx$ (salary $\div$ 12) $\times$ 1.10 to 1.15

The extra 10–15% is a rough allowance for employer National Insurance and pension contributions. It varies with salary and the rules in force, so check the exact figure with your payroll provider or accountant. Laptops, software and recruiting fees come on top.

Worked example

Salary £42,000 a year $\div$ 12	£3,500 a month
Employer costs at 10–15%	£350 to £525
Monthly cost of the hire	£3,850 to £4,025, call it £4,000

How it moves your runway

Back to the company on page 2: £84,000 in the bank, burning £7,000 a month.

Before the hire: £84,000 $\div$ £7,000	12 months
After the hire: £84,000 $\div$ (£7,000 + £4,000) = £84,000 $\div$ £11,000	about 7.6 months
Runway lost	about 4.4 months



The question to ask: will this person help bring in at least £4,000 of extra MRR, or save that much elsewhere, before the runway runs short? If the answer is "maybe", look at a part-time or contract hire first.

PRINT THIS PAGE

The monthly money check

Do it on the same day each month. It takes about ten minutes once you have done it twice.

WHERE YOU ARE

- | | | |
|--------------------------|--|-------|
| ☐ | Cash in the bank
Every account, on the same day. | 1 min |
| ☐ | Net burn
Money out minus money in, averaged over three months. | 2 min |
| ☐ | Runway
Cash ÷ net burn. Under six months? Turn to page 2. | 1 min |

WHERE YOU ARE HEADING

- | | | |
|--------------------------|--|-------|
| ☐ | MRR, and how it moved
Churned, new and expansion MRR since last month. | 2 min |
| ☐ | Next month as a range
A low and a high case. Plan on the low one. | 1 min |
| ☐ | Churn, both kinds
Customer churn and revenue churn. Is one rising? | 1 min |

DECISIONS

- | | | |
|--------------------------|---|-------|
| ☐ | Who left, and why
Read every cancellation reason. Email one customer who left. | 1 min |
| ☐ | Any big change coming?
A hire, a price change, a large bill. Run the sums from this pack first. | 1 min |
| ☐ | Default alive?
Yes or no. Write it down and compare with last month. | — |

Want these worked out automatically from your own Stripe?

Scenario does it. It reads your Stripe account and turns it into plain answers: next month's revenue as a range, your runway, who might churn, and what a price change or a hire would do.

use-scenario.com/demo

Live demo, no sign-up needed.

Connects to	Stripe, read-only. It can't move money or change anything in Stripe.
Price	Free plan. Paid plans from £12 a month.
Built for	Early-stage founders who want to know what next month looks like.