FREE EBOOK · THG CONSEIL READING TIME: 60 MIN

Growing without losing control

Margin, cash, customer dependency: five real cases and the tools to grow without putting your business at risk



Selling more is not enough: poorly prepared growth drains your cash before it shows up in your profits. This free guide takes apart five public cases, from Carillion to Mediapro, and gives you the tools to grow while keeping a firm hand on margin and cash.

FOR Leaders of SMEs and mid-sized companies preparing for a new market, a new offering, new hires, an acquisition or new financing

Tudor Hilcu, THG Conseil

The plan, held.

THG

Contents

01 **Who this guide is for, and how to use it** . . . 5
What you will find . . . 6
How to use it . . . 6
What this guide is not . . . 7

02 **The essentials on one page** . . . 8
CHECKLIST If you only have an hour this week . . . 9

03 **Growth costs cash before it brings any in** . . . 10
The context: a narrower margin for error . . . 11
The mechanism: you are financing your customers . . . 11
Three questions before any growth decision . . . 13

04 **Case 1. Carillion: acquisitions and payouts beyond its cash** . . . 14
EXERCISE At your own scale . . . 17

05 **Case 2. WeWork: when every new site deepens the loss** . . . 18
EXERCISE At your own scale . . . 20

06 **Case 3. Target in Canada: 124 stores in one year** . . . 21
EXERCISE At your own scale . . . 23

07 **Case 4. Daimler and Chrysler: an acquisition that fails to integrate** . . . 24
EXERCISE At your own scale . . . 27

08 **Case 5. Mediapro and the League: too much riding on one customer** . . . 28
EXERCISE At your own scale . . . 31

09 **The method step by step: growing while keeping control** . . . 32
Five cases, five traps . . . 33
Measure . . . 33
Chart . . . 34
Hold . . . 34
Hand over . . . 35
Three special cases . . . 36

10 **The ready-to-use tools** . . . 37
Tool 1. The go / no-go grid before a new market or a new offering . . . 38
Tool 2. Break-even point and contribution margin, step by step . . . 38
Tool 3. What your growth will cost in cash . . . 40
Tool 4. The three-scenario business plan . . . 40
Tool 4, continued. Your three-scenario business plan . . . 42
Tool 5. The customer dependency map . . . 42
Tool 6. The leader's dashboard, on one page . . . 44
Tool 7. The 12-month roadmap . . . 45
Tool 8. Questions before hiring . . . 45
Tool 9. Checklist before an acquisition . . . 46
Tool 10. The distribution rule: dividends and cash . . . 47
Tool 11. The unit sheet . . . 47
Tool 12. Commitments lasting more than a year . . . 49
Free modules to save time . . . 50

11 **Self-assessment: is your growth under control?** . . . 51
Reading your score . . . 52

12 **Action plan: 30, 60 and 90 days** . . . 54
CHECKLIST Days 1 to 30: measure . . . 55
CHECKLIST Days 31 to 60: chart . . . 56
CHECKLIST Days 61 to 90: hold and hand over . . . 56

13 **Common mistakes** . . . 57

Glossary . . . 59

Further reading . . . 61

About . . . 62

Notes . . . 64

About this guide

WHO IT IS FOR

Leaders of SMEs and mid-sized companies preparing for a new market, a new offering, new hires, an acquisition or new financing

READING TIME

60 min

VERSION

1.0

DATE

25 October 2026

01

Who this guide is for, and how to use it



IN THIS CHAPTER

What you will find 6

How to use it 6

What this guide is not 7

You run an SME or a mid-sized company and you want to grow. Open a new market, launch an offering, hire, buy a competitor, open a second site, ask your bank for financing. This guide is written for that moment.

It starts from a simple observation. The five organisations studied here lacked neither customers nor ambition. Several were giants. All of them, just as things were speeding up, let slip at least one of the two figures that decide what happens next: margin or cash.

What you will find

- **Five public cases**, told with their figures and their sources: Carillion, WeWork, Target in Canada, Daimler and Chrysler, Mediapro and France's professional football league.
- **A seven-step method** to prepare, cost and steer a growth decision.
- **Twelve ready-to-fill tools**: go / no-go grid, break-even point, cash requirement, three-scenario business plan, customer dependency map, one-page dashboard, 12-month roadmap, questions before hiring, checklist before an acquisition, distribution rule, unit sheet, list of commitments lasting more than a year.
- **A scored self-assessment** in fifteen questions, and a **30-, 60- and 90-day action plan**.

How to use it

If you have fifteen minutes, read "The essentials on one page", then do the self-assessment. Your score tells you where to start.

If you are preparing a specific decision, go straight to the case and the tool that cover it.

YOUR PROJECT	THE CASE TO READ	THE TOOLS TO FILL IN
A new market, a new offering	Target in Canada	Go / no-go grid, three-scenario business plan
New hires, a new site	WeWork	Break-even point, unit sheet, list of commitments, questions before hiring
An acquisition	Carillion, Daimler and Chrysler	Checklist before an acquisition
A big contract, a big customer	Mediapro and the League	Customer dependency map
Bank financing or a fundraising round	Carillion, WeWork	Cash requirement, three-scenario business plan, dashboard

If you want to understand, read the cases in order. Each one ends with an “At your own scale” exercise: three questions to answer for your own business. Print the tool pages and fill them in with a pencil, together with your leadership team.

What this guide is not

- It is **educational**. It deals with the company’s investment decisions: projects, equipment, hiring, acquisitions, financing. It never talks about financial investments, shares or financial products. This guide is educational and does not constitute personalised investment advice.
- Questions of **law and accounting** (dividends, guarantees, contracts, buying a company) should be handled with your lawyer and your accountant. The guide helps you prepare for those meetings, not replace them.
- The **figures marked “Fictitious example”** are invented for the calculations. The real cases, on the other hand, are sourced: every figure refers to a numbered source at the end of the guide, consulted on 24 or 25 October 2026.
- This guide is **free** and sells you neither software nor financial products: I take no commission. The tools are free to use in your business.

02

The essentials on one page



IN THIS CHAPTER

CHECKLIST If you only have an hour this week 9

Seven ideas to remember. The cases and tools that follow develop each of them.

1. Growth consumes cash before it brings any in. The more you sell on credit, the more money you advance to your customers. A new hire is paid from the first month; the revenue it brings in arrives later. Put a figure on that gap before you start.

2. Profit is not cash. A company can report profits and still run short of money. For five and a half years, Carillion paid out more in dividends than the cash its operations generated (case 1).

3. Growth does not fix a negative margin: it multiplies it. If each new site, customer or employee costs more than it brings in, growth speeds up the losses. WeWork doubled its revenue every year, and its losses with it (case 2).

4. Test small before rolling out big. Target announced 124 store openings in Canada in a single year, before it had proved its logistics. Four years after signing to set up there, it left the country (case 3).

5. An acquisition is judged on its integration, not on its signing. A synergy only exists once a specific decision produces it. Nine years after the merger, Daimler's chief executive acknowledged having overestimated the synergies with Chrysler (case 4).

6. A big customer is a strength as long as you know how much you would lose if it stopped. France's professional football league received less than a third of what Mediapro was due to pay for the 2020-2021 season (case 5).

7. Everything is steered on one page, every month. Activity, margin, cash, dependency, workstreams and team. One page read in committee beats a forty-page report that nobody opens.

> THE LESSON
>
> Before every growth decision, ask three questions. How much will it cost me in cash, and when? When does it start to pay its way? What happens if the cautious scenario comes true?

CHECKLIST

If you only have an hour this week

- [ ] Work out my break-even point and my margin of safety (tool 2).
- [ ] Fill in the dependency map for my five largest customers (tool 5).
- [ ] On Monday morning, note the balance of all my accounts and my five largest overdue customer invoices.
- [ ] List my commitments lasting more than a year: leases, loans, contracts, with their end dates (tool 12).

03

Growth costs cash before it brings any in



IN THIS CHAPTER

The context: a narrower margin for error 11

The mechanism: you are financing your customers 11

Three questions before any growth decision 13

You are selling more than last year. Your order book is full. And yet your bank balance is falling. If this sounds familiar, you have done nothing wrong: you are growing. You still need to know it, and to have planned for it.

The context: a narrower margin for error

The economic climate leaves little room for improvisation. At the end of August 2026, France recorded 70,766 business failures over twelve months, 4.8% more than a year earlier[1]. On the collections side, things are improving but remain tight: in mid-2026, the average late payment is 12.3 days beyond the due date, and nearly one company in two (49.7%) pays its suppliers on time[2]. The other half pays late.

French law does set a framework. Between businesses, the payment term is in principle 30 days after receipt of the goods or completion of the service. It can be extended to 60 days from the invoice date, or to 45 days end of month, if the contract provides for it. Every invoice paid late entitles the supplier to late-payment penalties and to a fixed €40 indemnity for recovery costs[3].

KEY FIGURES

70,766

business failures in France over the twelve months to the end of August 2026, up 4.8%

Source: Banque de France

12.3 days

average late payment in France, mid-2026

Source: Altares

49.7%

of companies pay their suppliers on time

Source: Altares

The mechanism: you are financing your customers

When you sell on 60-day terms, your customers permanently hold the equivalent of two months' revenue. That money is yours, but it is not in your account. If your revenue rises, this amount rises with it. Your suppliers give you credit the other way, but rarely as much. The difference, together with your stock, is called the working capital requirement: the money you have to advance to keep the business running.

The direct consequence: the faster you grow, the more money you advance. Profitable growth can drain your cash if nobody has put a figure on it.

TOOL

Fictitious example: what 30% growth costs

A services SME has revenue of €3,000,000. Its customers pay at 60 days. Its purchases represent 40% of revenue and are paid at 45 days. It is aiming for 30% growth next year.

	TODAY	AFTER 30% GROWTH	DIFFERENCE
Annual revenue	€3,000,000	€3,900,000	€900,000
Trade receivables (revenue × 60 ÷ 365)	€493,151	€641,096	€147,945
Annual purchases (40% of revenue)	€1,200,000	€1,560,000	€360,000
Trade payables (purchases × 45 ÷ 365)	€147,945	€192,329	€44,384
Additional cash requirement			**€103,562**

Step-by-step calculation:

1. Additional receivables: 3,900,000 × 60 ÷ 365 minus 3,000,000 × 60 ÷ 365, i.e. €147,945.
2. Additional supplier credit: 1,560,000 × 45 ÷ 365 minus 1,200,000 × 45 ÷ 365, i.e. €44,384.
3. Net requirement: 147,945.21 minus 44,383.56, i.e. €103,562, about €103,600.

Before it even pays for a new hire or an investment, this SME has to find about €103,600 to finance its growth. If it has not planned for it, it will find out on its bank statement.

Simplified calculation, excluding VAT.

WATCH OUT

A full order book can hide a cash position that is draining away. The order book tells you what you are going to invoice; only cash tells you what you can pay.

Three questions before any growth decision

1. **How much does this decision cost me in cash, and when?** Up-front investment, new hires, stock, additional trade receivables. Month by month, not as an annual total.
2. **When does it start to pay its way?** The month in which the margin it generates covers the new costs. If you cannot put a date on it, the project is not ready.
3. **What happens if the cautious scenario comes true?** Fewer customers, later, with a lower margin. If this scenario takes your cash below your safety threshold, you need to resize the project or finance it differently.

The five cases that follow show what happens when these three questions go unanswered. They involve large organisations, but their mechanisms are found, on a different scale, in a business of twenty or two hundred people.

04

Case 1. Carillion: acquisitions and payouts beyond its cash



IN THIS CHAPTER

EXERCISE At your own scale 17

In March 2017, Carillion, the UK's second-largest construction group, published reassuring accounts and announced a record dividend. Ten months later, it was in liquidation, with £29 million in cash against nearly £7 billion of liabilities[4].

KEY FIGURES

£333m

more paid out in dividends than the cash generated by operations, January 2012 to June 2017

Source: House of Commons Library

120 days

standard payment terms imposed on suppliers

Source: House of Commons

£29m

in cash at liquidation, against nearly £7bn of liabilities

Source: House of Commons

30,000

suppliers, subcontractors and creditors, owed around £2bn

Source: House of Commons

CASE STUDY

Carillion, 1999 to 2018

Background. Carillion was born in 1999 from a demerger of the Tarmac group. Highly ambitious, it grew fast and moved beyond construction into building services. Much of this growth came from acquisitions: Mowlem in 2006 for £350 million, Alfred McAlpine in 2008 for £565 million, then Eaga, a heating and renewable energy specialist, in 2011. The group also ventured into Canada, the Caribbean and the Middle East[5].

What happened. The acquisitions were financed with debt. Borrowing rose sharply between 2006 and 2008, then almost trebled between 2010 and 2012 to fund Eaga[5]. From December 2009 to January 2018, borrowings went from £242 million to around £1.3 billion[6]. Eaga had made £31 million in cumulative profits before it was bought; it then posted five years of losses, £260 million in total by the end of 2016[5]. By buying Mowlem and Alfred McAlpine, Carillion also took on the deficits of their pension schemes[5].

Abroad, a 2009 board strategy document rated the prospects of the Dubai market at 3 out of 10. Yet the 2010 annual report announced that the group would target new work there, selectively. Between 2010 and 2014, Carillion bid for thirteen construction contracts in Qatar[5].

Meanwhile, the dividend had gone up every year since 1999. In 2012 and 2013, more cash went out than came in, and the board still raised the dividend[5]. From January 2012 to June 2017, Carillion paid out £333 million more in dividends than the cash generated by its operations[6]. Its suppliers, for their part, had standard payment terms of 120 days; they could be paid at 45 days if they sold their invoice to the group's bank, at a discount[5].

On 10 July 2017, the warning came: a £845 million write-down on its contracts, of which £470 million was overseas, mostly to exit the Middle East and Canada[6]. In September, the write-down rose to £1,045 million, the equivalent of the previous seven years' profits combined[4]. On 15 January 2018, the court ordered the liquidation[6]. Carillion left around £2 billion of debts owed to 30,000 suppliers, subcontractors and other creditors, and a pension liability of around £2.6 billion[4].

Why. British MPs described a business model geared to "a relentless dash for cash, driven by acquisitions, rising debt, expansion into new markets and exploitation of suppliers"[4]. That is their judgement, not a court ruling. But the mechanism is plain to see: each acquisition brought revenue and contracts, and with them debt and pension commitments. The long payment terms imposed on suppliers financed the group. The dividend, meanwhile, kept rising whatever happened. When several large contracts went wrong, there was no reserve left. One nuance: the company's last finance director told MPs that about 5% of suppliers were paid beyond 120 days[5]. The 120 days were the standard terms imposed, not the average.

What you can take from it. At each stage, you can set a simple rule:

- base any distribution on the cash actually generated by operations, after investment and loan repayments, never on profit alone;
- before each acquisition, list with your lawyer and your accountant the debts and commitments you are taking on: pensions, disputes, supplier debts, guarantees given;
- refuse to enter a market that your own analysis rates as poor, or else write down in black and white why you are overriding it, and on what condition you will stop;
- track total debt, including schemes in which a bank pays your suppliers early: two credit rating agencies took the view that Carillion's scheme concealed part of its borrowing[5];
- pay your suppliers within the legal payment terms: a subcontractor that goes under can bring your sites to a halt.

THE LESSON

Profit is open to debate; cash is a matter of fact. A distribution, an acquisition or an expansion is decided on the cash flow forecast, not on the profit and loss account.

EXERCISE

At your own scale

1. Over your last three financial years, how much did you pay out (dividends, upstream payments to the holding company, exceptional bonuses), and how much cash did the business generate after investment and loan repayments?

FINANCIAL YEAR	PAID OUT	CASH GENERATED	DIFFERENCE

2. How many days do you actually take to pay your ten main suppliers?

3. If your largest contract lost a fifth of its margin, how many months could you hold out?

05

Case 2. WeWork: when every new site deepens the loss



IN THIS CHAPTER

EXERCISE At your own scale 20

In 2018, for every dollar of revenue, WeWork lost more than a dollar[7]. Yet the company was once valued at as much as $47 billion[8]. Its story is one of growth that did not improve the margin.

KEY FIGURES

$1.82bn

revenue in 2018

Source: IPO prospectus

$1.93bn

net loss the same year

Source: IPO prospectus

$47.2bn

of future minimum lease payments already signed at 30 June 2019

Source: IPO prospectus

$4.0bn

of revenue committed by contract with members, at the same date

Source: IPO prospectus

CASE STUDY

WeWork, 2016 to 2023

Background. WeWork leases office buildings long term, fits them out, then sublets them by the desk or by the office, to freelancers and large companies alike. By mid-2019, it had 527,000 memberships and more than 528 locations in 111 cities across 29 countries[7].

What happened. Revenue doubled every year: $436 million in 2016, $886 million in 2017, $1,822 million in 2018. The net loss kept pace: $430 million, $933 million, then $1,927 million. In the first half of 2019, the company had revenue of $1,535 million and lost $905 million[7].

On 14 August 2019, it filed its IPO prospectus with the US regulator. On 30 September, it withdrew it and postponed the flotation[9]. It finally went public in October 2021. On 6 November 2023, it filed for protection under US bankruptcy law (Chapter 11) in a New Jersey court. At 30 June 2023, it had 777 locations in 39 countries, and its chief executive explained that rent accounted, in the second quarter, for more than two thirds of its operating expenses[8].

Why. The model rested on a mismatch in duration. In the United States, WeWork's leases had an average initial term of about fifteen years. Its members, by contrast, committed on average for more than fifteen months in June 2019, against about eight months at the end of 2017[7]. At 30 June 2019, the company had committed to paying $47.2 billion in future rent, against $4.0 billion of revenue committed by its members[7]: a ratio of nearly twelve to one. The prospectus itself acknowledged a history of losses[7].

Each new site added fixed costs for years, well before it was full. Growth masked the losses instead of absorbing them. And when demand falls, revenue goes within months; the rent stays for years.

What you can take from it. The WeWork trap lies in wait for any business that opens a branch, a shop, a workshop or a sales team before proving that the first unit makes money. You can:

- work out the margin of a unit (a site, a salesperson, a typical customer) once its ramp-up is complete, before opening a second one (tool 11);
- measure how fast each new unit fills up, month by month since it opened, against the target written at the start;
- match the length of your commitments to that of your revenue: negotiate exit options in leases and long contracts, with your lawyer and your accountant;
- track a simple ratio: fixed commitments signed, divided by revenue already signed (tool 12);
- bear in mind that financing pays for a period, not for a model: it buys time to prove profitability, it does not replace it.

THE LESSON

Growth does not fix a negative margin: it multiplies it. Before you open the tenth site, prove that the first one makes money.

EXERCISE

At your own scale

1. List your commitments lasting more than a year (leases, loans, supplier contracts, subscriptions) in tool 12, with their end date and annual amount.

Annual total: _____

Latest end date: _____

2. What share of your revenue for the next twelve months is already signed?

_____

3. Does your latest site, branch or offering cover its own costs? Since when?

_____

06

Case 3. Target in Canada: 124 stores in one year



IN THIS CHAPTER

EXERCISE At your own scale 23

In January 2011, the US retailer Target signed an agreement to take over the leases of up to 220 sites of the Zellers chain in Canada, for C$1.825 billion[10]. Four years later, it left the country.

KEY FIGURES

124

store openings announced in Canada for 2013 alone

Source: Target, annual report

$1.57bn

invested in the Canadian business in 2013

Source: Target, annual report

133

stores set to close, around 17,600 employees affected: announcement of 15 January 2015

Source: Target

$5.4bn

of estimated pre-tax losses on exiting the Canadian business

Source: Target

CASE STUDY

Target Canada, 2011 to 2015

Background. Target decided to set up in Canada. Rather than open a few stores to learn, it took over a large network of leases in one go. Its plan: open 124 stores in Canada in 2013, in every province. It had three distribution centres in the country[11].

What happened. Even before the first opening, the Canadian business was costing money: losses of $122 million in 2011 and $369 million in 2012, in start-up costs and depreciation[11]. In 2013, capital expenditure on Canada reached $1,567 million[12]. On 15 January 2015, Target announced that it was discontinuing its Canadian operations. Its subsidiary sought protection under Canada's Companies' Creditors Arrangement Act. The 133 stores were to close; around 17,600 employees were affected. Target then estimated its pre-tax losses on this exit at around $5.4 billion for the last quarter of 2014, plus $275 million in 2015, and $500 to $600 million of exit costs to be paid out in cash[13]. Its annual report would later record $5.1 billion of impairment and other charges[12]. Its chief executive explained that the company had found no realistic scenario that would bring Target Canada to profitability before 2021 at the earliest[13].

Why. According to the business press, a poorly controlled distribution network often left shelves without basic products, and prices were higher than Canadian customers expected[14]. The chief executive himself acknowledged that the early missteps had proved too difficult to overcome[14]. The mechanism is a familiar one: the pace of openings outstripped the ability of logistics and systems to keep up. Customers see the empty shelf, not the plan. A bad first impression is hard to put right, especially when the commitments have already been signed for the whole network.

What you can take from it. For a new market, a new region or a new offering, you can:

- start with a pilot: one to three sites, one region, one range, with written objectives;
- then roll out in waves, with a go / no-go decision between one wave and the next;
- prove the back office before the shop window: supply, invoicing, customer service;
- test your prices and customers' expectations on the ground, instead of assuming they will be the same as elsewhere;
- commit in stages, without signing all the leases or all the contracts at the same time;
- write down, before you start, the criterion that would make you stop: revenue per site, a margin, a date.

THE LESSON

An expansion is rolled out in waves. Each wave must prove the one before it: if it does not, you stop before signing the next.

EXERCISE

At your own scale

1. What is the smallest test that would prove your new market or new offering works?

2. What figure, by what date, would make you stop?

Figure: _____ Date: _____

3. Could your logistics, invoicing and customer service cope with orders doubling within three months?

07

Case 4. Daimler and Chrysler: an acquisition that fails to integrate



IN THIS CHAPTER

EXERCISE At your own scale 27

In 1998, Germany's Daimler-Benz and America's Chrysler came together in a much-publicised merger. On 14 May 2007, Daimler announced the sale of 80.1% of Chrysler to an investment fund. On the day of the announcement, its chief executive publicly acknowledged having overestimated the synergies[15].

KEY FIGURES

80.1%

of Chrysler, sale to the Cerberus fund announced on 14 May 2007

Source: DaimlerChrysler

€5.5bn

announced contribution from Cerberus, of which only €1.0bn for DaimlerChrysler

Source: DaimlerChrysler

€3 to 4bn

expected reduction in DaimlerChrysler's 2007 net profit

Source: DaimlerChrysler

$1.5bn

Chrysler's operating loss in 2006

Source: NPR

CASE STUDY

DaimlerChrysler, 1998 to 2007

Background. The 1998 merger brought together a premium carmaker and a mass-market carmaker. At the time, the deal was presented as a "merger of equals", a "marriage made in heaven"[15]. The idea, on paper: each would benefit from the other, by sharing technologies and resources.

What happened. On 14 May 2007, the Board of Management of DaimlerChrysler decided, subject to the approval of its Supervisory Board, to sell the majority of Chrysler and of its North American financial services business to the Cerberus fund. The fund was to contribute €5.5 billion in exchange for 80.1% of the capital. Of this sum, €3.7 billion would stay in Chrysler's industrial business, around €0.8 billion would go to the financial services business, and DaimlerChrysler would receive only the balance, €1.0 billion. It would keep 19.9% of the new company. The group announced that its 2007 net profit would fall by €3 to 4 billion, and expected a net cash outflow of €0.5 billion, after €1.2 billion of cash consumed by Chrysler before the deal closed[16]. The sale was completed on 3 August 2007; according to DaimlerChrysler, its conditions and economic effects had basically not changed since the agreement was signed in May[17]. Chrysler had made an operating loss of $1.5 billion the previous year, closed a plant and announced 13,000 job cuts[15].

That same day, the chairman of the Board of Management, Dieter Zetsche, told a press conference: "We obviously overestimated the potential of synergies"[15].

Why. According to critics of the merger quoted by NPR, Daimler was reluctant to share its high-end technology with Chrysler's more mass-market models[15]. If those critics are right, the logic of the merger, sharing in order to win, ran up against the protection of the more prestigious brand. Chrysler

was also weighed down by high labour costs, falling sales and too many dealerships[15]. A synergy promised at signing requires integration decisions; if nobody commits to taking them, it does not happen. When those decisions do not come, what is left is two companies, and the cost of bringing them together.

What you can take from it. An SME buying a competitor, a supplier or a customer portfolio runs the same risk, on its own scale. Remember case 1 as well: Eaga had made £31 million in cumulative profits before Carillion bought it, then £260 million of losses in five years[5]. You can:

- write down each synergy with an amount, a date, an owner and the concrete decision that produces it: “merge the two depots on 1 March”, not “optimise logistics”;
- check that the acquisition remains affordable without any synergy at all: that is the cautious scenario;
- decide before signing what will be shared and what will stay separate: brand, offering, tools, teams, commercial terms;
- prepare the first hundred days: who is in charge, which customers to call first, which key people to keep, which systems to retain;
- set an explicit integration budget, with its own line in the cash flow plan;
- carry out due diligence on the target and negotiate the warranties and indemnities (in France, the garantie d’actif et de passif) with your lawyer and your accountant.

THE LESSON

A synergy only exists once a specific decision, dated and accepted by those who must apply it, produces it. Until then, it is only an assumption.

EXERCISE

At your own scale

1. What are the three synergies that justify your acquisition project? For each: amount, date, owner, concrete decision.

SYNERGY	AMOUNT	DATE	OWNER	CONCRETE DECISION

2. Is the acquisition still affordable without any synergy at all?

3. Who at the target absolutely must stay, and what have you planned to keep them?

08

Case 5. Mediapro and the League: too much riding on one customer



IN THIS CHAPTER

EXERCISE At your own scale 31

On 29 May 2018, the Ligue de football professionnel (LFP), the body that runs professional football in France, auctioned the television rights to Ligue 1, the top division, for the 2020 to 2024 seasons. The amount reached an all-time record: €1.15 billion per season. The Mediapro group won the rights to most of the matches[18]. It would not last a single season.

KEY FIGURES

€272m

paid by Mediapro out of the €830m planned for the 2020-2021 season

Source: French National Assembly

€120m

borrowed short term by the League on 14 October 2020

Source: French Senate

€688m

received by the League for that season, instead of the €1.23bn expected

Source: French National Assembly

46%

gap between the new Ligue 1 rights and the €1.154bn anticipated

Source: French Senate

CASE STUDY

Mediapro and the Ligue de football professionnel, 2018 to 2021

Background. For the clubs, television rights provide a substantial share of their income. French MPs speak of the "télé-dépendance", the TV dependency, of French professional football[18]. The call for tenders required a financial guarantee from each bidder, and ranked four types of guarantee, from the safest to the least safe. Mediapro provided the third: a joint and several surety from the main shareholder of its group, rather than a first-demand guarantee. In the previous cycle, the League had ranked an independent first-demand bank guarantee first[18]. When the rights were awarded, Mediapro and its parent companies were rated "speculative" by the credit rating agencies[18]. Its plan, presented in May 2018: a channel at around €25 a month, a target of 5 million subscribers in 2023, and a break-even point of between 3 and 3.5 million subscribers[18]. Mediapro was no empty shell: according to the French Senate, the group had revenue of €1.8 billion in 2019[19].

What happened. In March 2020, the Covid-19 health crisis brought the Ligue 1 season to a halt; it was stopped for good at the end of April. In April, Moody's downgraded the rating of Mediapro's parent company. On 6 August 2020, Mediapro paid its first instalment, €172 million[18]. On 24 September, it asked for more time to pay the instalment due on 5 October. On 8 October, the League refused. On 14 October, it served formal notice on Mediapro and went to the Paris Commercial Court to call on the guarantee[18]. The same day, it borrowed €120 million short term from a bank, rather than accept an offer from Mediapro: €64 million straight away in exchange for a standstill until mid-November[19].

On 21 October, Mediapro announced conciliation proceedings, an amicable and confidential procedure under French law, before the Nanterre Commercial Court, and warned that it would not pay the December instalment either. It announced 600,000 subscribers, far from the 3 to 3.5 million needed, and the fund that was majority shareholder of its parent company would not support it[18]. The French Senate, for its part, notes 530,000 subscribers when 2.8 million would have been needed to break even, and around €4,500 in the bank accounts of its French subsidiary[19]. On 11 December, an exit agreement was announced: Mediapro handed back the rights in return for a final payment of €100 million. In total, €272 million of the €830 million planned for the season had been paid[18].

The League received €688 million for the 2020-2021 season, instead of the €1.23 billion expected. In June 2021, for the 2021 to 2024 seasons, Mediapro's Ligue 1 packages were reallocated for €250 million per season, against €796 million originally[18]. According to the French Senate, the new Ligue 1 rights are 46% lower than the €1.154 billion anticipated, even though the clubs had "imprudently" started to commit spending. Over the seasons from 2019-2020 to 2021-2022, their cumulative deficits reached €1.6 billion, according to the president of the Direction nationale du contrôle de gestion (DNCG), the body that monitors the finances of French professional clubs, heard by the Senate, in a period also marked by the health crisis[19].

Why. Three weaknesses compounded one another. Concentration first: a single buyer accounted for most of the expected revenue. The guarantee next: a surety leaves the guarantor ways of contesting payment that a first-demand guarantee does not. The MPs also note that the health crisis and the adaptation of French law on companies in difficulty played a decisive role in the weakness of this guarantee, which could not have been foreseen in 2018[18]. Spending in advance, finally: the clubs committed costs against revenue that was signed but not yet received[19].

What you can take from it. An SME does not sell television rights, but it meets the same mechanism as soon as one customer weighs heavily. You can:

- measure the weight and fragility of each large customer, and review them every month (tool 5);
- negotiate down payments and a payment schedule that reduce the money at stake at any one time;
- find out, with your lawyer and your accountant, what your guarantee is really worth: down payment, first-demand guarantee, surety, credit insurance;
- commit your spending on the cautious scenario, not on signed revenue;
- watch for weak signals: a rating downgrade, a request for more time, a request for a discount, silence about projects;
- when a large customer wobbles, put a figure on each option in cash and in weeks, with your lawyer and your accountant: collect part of the money now, or enforce your rights later;
- keep a 13-week cash flow plan ready without that customer.

"[...] it is rather through the down payments and the payment schedule that the League could have secured stronger safeguards."[18]

French National Assembly, information report no. 4815, 2021 (our translation)

THE LESSON

A signed contract gives you rights, not money. As long as one customer weighs heavily, manage your cash as if it could stop tomorrow.

EXERCISE

At your own scale

1. What share of your revenue comes from your largest customer? From your top three?

Largest customer: _____

Top three: _____

2. If that customer stopped paying tomorrow, how many weeks could you hold out?

_____

3. What protection do you really have: down payment, first-demand guarantee, surety, credit insurance, or nothing?

_____

09

The method step by step: growing while keeping control

01 02 03 04 05 06 07 08 09 10 11 12 13

IN THIS CHAPTER

Five cases, five traps 33

Measure 33

Chart 34

Hold 34

Hand over 35

Three special cases 36

Five cases, five traps

THE TRAP	THE CASE	THE SAFEGUARD
Confusing profit with cash	Carillion	Decide on the cash flow forecast; pay out on the cash actually generated
Multiplying a negative margin	WeWork	Prove a unit's margin before duplicating it
Rolling out before proving	Target in Canada	Pilot, waves, a stop criterion written in advance
Counting synergies nobody has decided	Daimler and Chrysler	Dated, costed synergies; a scenario without synergies
Depending on a customer without measuring the risk	Mediapro and the League	Dependency map, down payments, a cash flow plan without that customer

The method that follows has seven steps. They map onto the four stages of the THG Conseil method: measure, chart, hold, hand over.

Measure

Step 1. Start from the real figures

Before deciding where to go, know where you stand. Four figures are enough to start:

- **the contribution margin of each main offering**: what is left once you have paid for everything that varies with sales (materials consumed, subcontracting, commissions, transport);
- **the break-even point**: the revenue you need to cover your fixed costs (tool 2);
- **the 13-week cash flow plan**: the balance expected each Monday, and the low point;
- **dependency**: the share of your top three customers in your revenue (tool 5).

Your accountant and your invoicing software give you most of the data. Allow half a day the first time.

Step 2. Choose one direction and put it through the go / no-go

New market, new offering, new site, acquisition: choose one main direction at a time. Two growth projects launched at once compete for the same money and the same people, often your own. Put that direction through the go / no-go grid (tool 1) before you spend a single euro on it.

Chart

Step 3. Cost it in three scenarios

A single figure is a promise. Three scenarios are a plan.

- **The cautious scenario**: fewer customers, later, with a lower margin. This is the one that decides whether you can launch the project: it must remain bearable for your cash.
- **The central scenario**: what you really believe, with your assumptions written down and explained.
- **The ambitious scenario**: success. It too has its cost in cash: more stock, more receivables, more hires, sooner.

The three-scenario business plan (tool 4) is built with your accountant, who stands behind it.

Step 4. Cost the cash requirement and choose the financing

Add up, month by month, the up-front investment, the new costs before they pay their way, and the working capital requirement created by growth (tool 3). Compare the low point you get with your safety threshold: the minimum balance below which you never want to fall.

To close the gap, there are three main families of resources: self-financing, borrowing, and equity brought in by partners or investors. The choice depends on your situation: make it with your lawyer and your accountant. One common-sense principle guides the discussion: a lasting need is financed by a lasting resource, not by an overdraft.

If you go to see your bank, prepare the plan on one page, the costed detail of the three scenarios, the cash flow plan and the list of your assumptions. You present the case yourself: it is your project, and it is up to you to defend it.

Step 5. Break it into waves, with stop criteria

Write the 12-month roadmap (tool 7). For each workstream: an owner, a date, a budget, a success criterion. Between two waves of roll-out, place a go / no-go decision, with its criterion written in advance. That is the lesson of Target in Canada: you sign the next wave once the previous one has proved itself.

Hold

Step 6. Steer every week and every month

Two rhythms are enough.

- **Every Monday, ten minutes**: the balance of all your accounts and your five largest overdue customer invoices. If the balance falls three Mondays in a row, you look into why.

- **Every month, one hour in committee**: the one-page dashboard (tool 6). Activity, margin, cash, dependency, workstreams and team. For each indicator beyond its alert threshold: a decision, a name, a date.

From my assignments for major groups, I have kept two rules that hold just as well for an SME. A weekly budget report beats a quarterly review. And a budget is steered with the people who spend it: the person in charge of a workstream reads their own variances, and proposes the correction themselves.

Hand over

Step 7. Have the team own the indicators

A dashboard that only the leader reads is a fragile dashboard. Give each indicator an owner. Write down the committee's decisions, with their dates. And take the time to celebrate milestones: the month the new site passes its break-even point, the first customer signed in the new market, the day dependency on your largest customer drops below your threshold. A team that can see its progress is better at going the distance.

Three special cases

If your growth involves hiring

A new hire is a fixed cost that starts on day one and pays its way later. Before opening a position, work out the revenue needed to pay for it, and how long it will take to reach it (tool 8). Hire for a dated need, not for a peak in activity.

If your growth involves an acquisition

The price is only part of the cost. Also count the debt taken on, the hidden commitments, the integration budget and your leadership team's time. Go through the checklist (tool 9), and carry out due diligence on the target with your lawyer and your accountant.

If your growth involves financing

A bank or an investor will ask you the same things as this guide: where you stand, where you are going, how much it costs, what happens if everything goes less well than planned. If you have filled in tools 2, 3, 4 and 6, you already have the core of your application.

WATCH OUT

Do not mistake financing obtained for profitability proven. Financing buys time. That time is for proving that the model makes money, not for putting off the question.

10

The ready-to-use tools



IN THIS CHAPTER

Tool 1. The go / no-go grid before a new market or a new offering 38

Tool 2. Break-even point and contribution margin, step by step 38

Tool 3. What your growth will cost in cash 40

Tool 4. The three-scenario business plan 40

Tool 4, continued. Your three-scenario business plan 42

Tool 5. The customer dependency map 42

and 8 more entries: see the contents

Twelve tools, to print and fill in. The figures in them are fictitious examples: replace them with your own.

TOOL

Tool 1. The go / no-go grid before a new market or a new offering

Score each question: 0 (no), 1 (partly), 2 (yes).

NO.	QUESTION	SCORE
1	Is the need proven by real customers: orders, a paid pilot, written commitments?	
2	Is the margin on a sale positive from the first customer, variable costs included?	
3	Is the cautious scenario bearable without taking cash below your safety threshold?	
4	Has an owner been named, with the time needed, and have you decided what they will stop doing to free up that time?	
5	Is the stop criterion written down: what figure, by what date, would make you give up?	
	Total out of 10	

How to read it: a 0 on question 2 or question 3 means “not yet”, whatever the total. Otherwise: 9 or 10, go; 6 to 8, go for a pilot only; 5 or less, no-go for now: rework the questions scored 0.

TOOL

Tool 2. Break-even point and contribution margin, step by step

Fictitious example: an SME has revenue of €2,000,000. Its variable costs (materials consumed, subcontracting, commissions, transport) come to €1,200,000. Its fixed costs (salaries, rent, insurance, subscriptions, loan interest, depreciation) come to €650,000.

Repaying the capital you have borrowed is not an expense: plan for it in your cash flow plan.

1. **Contribution margin** = revenue minus variable costs = 2,000,000 – 1,200,000 = €800,000.
2. **Margin ratio** = contribution margin ÷ revenue = 800,000 ÷ 2,000,000 = 40%. Of every euro of sales, 40 cents go towards paying fixed costs, and then towards profit.
3. **Profit** = contribution margin minus fixed costs = 800,000 – 650,000 = €150,000.
4. **Break-even point** = fixed costs ÷ margin ratio = 650,000 ÷ 0.40 = €1,625,000. Below it, the company loses money; above it, it makes money.
5. **Break-even month**, if sales are regular = break-even point ÷ monthly revenue = 1,625,000 ÷ 166,667 = 9.75. Break-even is reached during the tenth month. With seasonal activity, do the

calculation month by month.

6. **Margin of safety** = (revenue minus break-even point) ÷ revenue = (2,000,000 – 1,625,000) ÷ 2,000,000 = 18.75%. Sales can fall by nearly a fifth before the company loses money.

Two immediate uses:

- **A hire at €70,000 a year, employer's charges included**, needs 70,000 ÷ 0.40 = €175,000 of additional revenue to pay for itself. The break-even point rises to €1,800,000.
- **A 5% price cut**, with costs unchanged, takes the margin ratio from 40% to 36.8% (0.35 ÷ 0.95). To keep the same total margin, you have to sell 14.3% more volume (0.40 ÷ 0.35, minus 1).

To fill in for your business:

LINE	YOUR FIGURE
Annual revenue	
Variable costs	
Contribution margin	
Margin ratio	
Fixed costs	
Profit	
Break-even point	
Break-even month	
Margin of safety	

TOOL

Tool 3. What your growth will cost in cash

Use the method of the fictitious example in the chapter “Growth costs cash before it brings any in”. One line per item, in euros.

ITEM	CALCULATION	YOUR FIGURE
Additional trade receivables	(target revenue – current revenue) × actual customer payment days ÷ 365	
Additional stock	Target average stock – current stock	
Additional supplier credit, to deduct	(target purchases – current purchases) × actual supplier payment days ÷ 365	
Up-front investment	Equipment, fit-out, software, rental deposits	
New costs before they pay their way	Salaries, rent, launch costs, during the ramp-up	
Total cash requirement	Sum of the lines, with supplier credit deducted	
Cash available today		
Safety threshold	One month’s fixed outgoings × months to hold out with no income	
Gap to finance	Total requirement – (cash available – threshold)	

Use your customers’ actual payment time, not the terms written on the invoice: that is what decides your cash. For the safety threshold, count everything that goes out each month whatever happens (salaries and social charges, rent, loan repayments, subscriptions), then choose the number of months you want to be able to hold out without any income.

TOOL

Tool 4. The three-scenario business plan

Fictitious example: the SME in tool 2 (revenue of €2,000,000, fixed costs of €650,000) launches a new offering. Up-front investment: €120,000. Additional fixed costs: €180,000 a year (two employees and premises). Cash available: €250,000. Safety threshold: €100,000. Customers pay at 60 days.

Simplified calculation, before tax and loan repayments: year-end cash is the cash available, minus the investment and the additional receivables, plus profit. The “Without the project” column shows the company as it is, without growth: it is the baseline.

LINE, YEAR 1	WITHOUT THE PROJECT	CAUTIOUS	CENTRAL	AMBITIOUS
Revenue growth	0%	5%	15%	30%
Revenue	€2,000,000	€2,100,000	€2,300,000	€2,600,000
Contribution margin ratio	40%	38%	40%	41%
Contribution margin	€800,000	€798,000	€920,000	€1,066,000
Fixed costs	€650,000	€830,000	€830,000	€830,000
Simplified profit	€150,000	–€32,000	€90,000	€236,000
Break-even point	€1,625,000	€2,184,211	€2,075,000	€2,024,390
Additional receivables (60 days)	€0	€16,438	€49,315	€98,630
Up-front investment	€0	€120,000	€120,000	€120,000
Year-end cash	€400,000	€81,562	€170,685	€267,370
Above the €100,000 threshold?	Yes	No	Yes	Yes
Effect of the project on profit		–€182,000	–€60,000	+€86,000
Effect of the project on cash		–€318,438	–€229,315	–€132,630

How to read it:

- The cautious scenario falls below the safety threshold: 250,000 – 120,000 – 16,438 – 32,000 = €81,562. As it stands, the project is not ready. Three options: finance the up-front investment with a loan rather than out of cash, spread out the hires, or start with a less costly pilot.
- In year 1, only the ambitious scenario improves profit: a growth project is judged over two or three years. Extend the table, and note the year in which the effect turns positive.
- Even the ambitious scenario costs €132,630 of cash in the first year, compared with the “Without the project” column: the investment and the receivables come before the margin.
- The ambitious scenario ties up six times more cash in trade receivables than the cautious one (€98,630 against €16,438). Success has to be financed too.
- In reality, the low point comes during the year: the investment is paid at the start, the margin comes in month after month. Do this calculation month by month in your cash flow plan.
- The depreciation included in fixed costs does not actually go out of the bank: on this point, the calculation is slightly cautious.

TOOL

Tool 4, continued. Your three-scenario business plan

Fill in the “Without the project” column first: it tells you what the project really changes.

LINE, YEAR 1	WITHOUT THE PROJECT	CAUTIOUS	CENTRAL	AMBITIOUS
Growth				
Revenue				
Margin ratio				
Contribution margin				
Fixed costs				
Simplified profit				
Break-even point				
Additional working capital				
Investment				
Year-end cash				
Low point, and its month				
Above the threshold?				
Effect on profit				
Effect on cash				

TOOL

Tool 5. The customer dependency map

Take your ten largest customers over the last twelve months. Count companies in the same group together: for you, they are a single risk. Fill in four columns.

1. **Share of revenue**: what you invoiced the customer over twelve months, divided by your total revenue.
2. **Actual payment time**: the average number of days between invoice and payment over six months, next to the written terms.

3. **Contract end**: the end date or earliest possible termination, and the notice period. No written contract: note that down.
4. **Replaceable in**: the time it would take to win back that revenue from other customers.

Then place each customer on two axes. **Weight**: set your threshold; 10% of revenue is a simple starting point, to adjust to your business. **Fragility**, with four warning lights: it pays after the written terms or its payment time is getting longer; its contract ends in less than twelve months or does not exist in writing; it would take more than six months to replace; a recent signal has appeared (a request for more time, a request for a discount, a change of contact, falling orders). Two or more lights on: the customer is fragile.

CUSTOMER	SHARE OF REVENUE	WRITTEN / ACTUAL TERMS	CONTRACT END	REPLACEABLE IN	LIGHTS ON	ZONE

The four zones: **light and solid**, nothing to do except review the map every quarter; **light and fragile**, tighten the terms (down payment, reminders, written conditions); **heavy and solid**, watch it every month; **heavy and fragile**, the red zone: reduce the money at stake, secure what can be secured with your lawyer and your accountant, place this customer at its real payment date in your cash flow plan and then run the scenario in which it stops paying, and set a dated target to bring its weight down.

The method is set out in detail, with the same thresholds, in the article “The customer dependency map: spotting the red zone”: https://thgconseil.fr/en/resources/articles/customer-dependency-map

TOOL

Tool 6. The leader's dashboard, on one page

Twelve indicators at most, grouped into five blocks. For each one: the month's value, the target, an alert threshold and an owner. An indicator without an owner will not be followed up. Show the trend with an arrow, next to the month's value.

BLOCK	INDICATOR	MONTH'S VALUE	MONTH'S TARGET	ALERT THRESHOLD	OWNER
Activity	Month's revenue, against budget				
Activity	Signed order book, in months of activity				
Activity	New customers this month				
Margin	Contribution margin ratio				
Margin	Margin of the new offering or site				
Cash	Balance of all accounts, last Monday				
Cash	13-week low point, and its date				
Cash	Five largest overdue customer invoices				
Dependency	Share of largest customer, of top 3				
Workstreams and team	Workstreams: on time, late, blocked				
Workstreams and team	Headcount, open positions, departures				
Workstreams and team	Decisions of the month, with name and date				

Reading rule: only what goes beyond an alert threshold is discussed. For each breach, a decision. The rest of the time goes into preparing the following month.

TOOL

Tool 7. The 12-month roadmap

One workstream per line. No more than five to seven workstreams at the same time: beyond that, none of them really moves forward.

Fictitious example:

WORKSTREAM	OWNER	PERIOD	BUDGET	SUCCESS CRITERION	GO / NO-GO DECISION
Pilot of the new offering in one region	Sales director	Months 1 to 4	€40,000	15 customers signed, margin of at least 35%	End of month 4: extend or stop
Hiring two salespeople	Managing director	Months 5 to 7	€140,000 a year	Each covers their cost before month 12	Only after the go at month 4
13-week cash flow plan	Finance manager	Month 1	Internal time	Reviewed every Monday	Not applicable

To fill in:

WORKSTREAM	OWNER	PERIOD	BUDGET	SUCCESS CRITERION	GO / NO-GO DECISION

Review this roadmap every month in committee, with the dashboard. A workstream that is late two months running calls for a decision: support it, resize it or stop it.

CHECKLIST

Tool 8. Questions before hiring

- [ ] Is the need a lasting one, or is it a peak in activity that a temporary solution would cover?
- [ ] What additional revenue, or what saving, must this position produce, and from when?
- [ ] Have I worked out the revenue needed to pay for it: full cost ÷ contribution margin ratio?

- [ ] How many months will it take for the person to be fully operational, and is that delay in my cash flow plan?
- [ ] Can the cautious scenario carry this fixed cost for at least twelve months?
- [ ] Who will welcome, train and manage this person, and how much of their time will it take?
- [ ] Are the duties, the three- and six-month objectives and the success indicator written down?
- [ ] Have I planned the workstation, tools and access from day one?
- [ ] Does this hire increase my dependency on a customer or a contract that could stop?
- [ ] Have I checked the full cost, employer's charges included, and the applicable rules, with my lawyer and my accountant?
- [ ] What happens if the hire does not work out: time, cost, fallback solution?

CHECKLIST

Tool 9. Checklist before an acquisition

- [ ] I have written down why I am buying rather than building: customers, skills, capacity, access to a market.
- [ ] I have the list of the debts and commitments taken on: loans, pensions, disputes, guarantees given, debts to suppliers, staff and social security bodies.
- [ ] I know the target's customer dependency (tool 5): will its customers stay when the owner changes?
- [ ] Each synergy is written down with an amount, a date, an owner and the decision that produces it.
- [ ] The acquisition remains affordable without any synergy at all.
- [ ] Financing the acquisition does not take the combined group's cash below my safety threshold, cautious scenario included.
- [ ] I have decided what will be shared and what will stay separate: brand, offering, tools, teams, commercial terms.
- [ ] The first-hundred-days plan is written: who is in charge, which customers to call, which key people to keep, which systems to retain.

- [ ] The integration budget has its own line in the cash flow plan.
- [ ] Due diligence on the target, the warranties and indemnities and the price clauses are handled with my lawyer and my accountant.
- [ ] I have written down on what condition I walk away, even late in the negotiation.

CHECKLIST

Tool 10. The distribution rule: dividends and cash

- [ ] I have worked out the cash generated by operations over the financial year, after investment and loan repayments.
- [ ] The planned distribution (dividends, upstream payments to the holding company, exceptional bonuses) does not exceed this available cash.
- [ ] After the distribution, the 13-week cash flow plan stays above my safety threshold, cautious scenario included.
- [ ] Upcoming commitments are covered: investments already decided, loan repayments, the needs of growth.
- [ ] Suppliers are paid within the legal payment terms: I am not funding my distribution with their money.
- [ ] The amount and its conditions have been reviewed with my lawyer and my accountant.

TOOL

Tool 11. The unit sheet

A unit is what you want to duplicate: a site, a branch, a salesperson, an offering. Before opening the second one, fill in this sheet for the first. That is the lesson of WeWork: growth multiplies a unit's margin, whether it is positive or negative.

LINE	FICTITIOUS EXAMPLE: A NEW BRANCH	YOUR UNIT
Annual revenue at maturity	€600,000, i.e. €50,000 a month	_____
Variable costs	55% of revenue	_____
Contribution margin at maturity	€22,500 a month	_____

LINE	FICTITIOUS EXAMPLE: A NEW BRANCH	YOUR UNIT
Fixed costs specific to the unit	€15,000 a month	
Unit profit at maturity	€7,500 a month	
Up-front investment	€60,000	
Length of the ramp-up	12 months, with sales rising steadily	
Month of monthly break-even	Month 8	
Maximum cash requirement	€112,500, in months 7 and 8	
Month the investment is paid back	Month 25	

How to read the example: the branch covers its monthly costs from month 8, but by then it has consumed €112,500, investment included. It needs another seventeen months to earn it back. Opening three branches at once means carrying three times that amount. Simplified calculation, before tax and excluding trade receivables: add them with tool 3, and the real requirement is higher.

Then track the unit every month, against the target written before it opened:

MONTH	REVENUE TARGET	ACTUAL	DIFFERENCE	DECISION
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

Suggested rule: as long as the actual figure stays below target three months running, you do not open the next unit.

TOOL

Tool 12. Commitments lasting more than a year

Everything you must keep paying for more than a year, whatever happens to sales: leases, loans, equipment leasing, supplier contracts, subscriptions, employment contracts for positions created for a project.

COMMITMENT	ANNUAL AMOUNT	END DATE	NOTICE, AND POSSIBLE EXIT

Annual total of commitments: _____

Revenue for the next twelve months already signed: _____

Ratio: annual total of commitments ÷ signed revenue: _____

The higher this ratio, the more your fixed costs rest on revenue you do not yet have. There is no universal threshold: track it every quarter, and look at the “possible exit” column before signing any new long-term commitment, with your lawyer and your accountant.

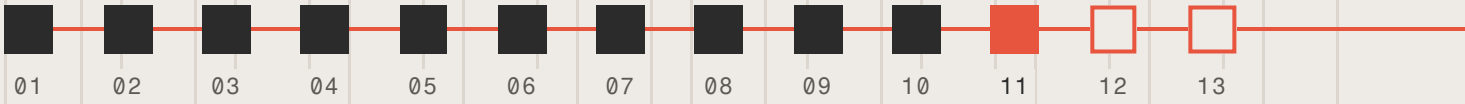
Free modules to save time

Two modules on the site turn these tools into ready-to-use Excel workbooks, with a step-by-step guide and a one-page sheet to print. They are free to download, with no sign-up.

- **A budget you can steer**: the one-page budget, tracking actuals and variances with alerts, three scenarios (cautious, central, ambitious), the break-even point and the margin of safety, and a monthly dashboard. https://thgconseil.fr/en/resources/modules/budget-you-can-steer
- **Cash under control**: the Monday rule (the balance of all your accounts and your five largest overdue customer invoices), invoice-by-invoice reminders with their templates, scenarios over 13 weeks, a dashboard and the 13-week cash flow plan. https://thgconseil.fr/en/resources/modules/cash-under-control

11

Self-assessment: is your growth under control?



IN THIS CHAPTER

Reading your score 52

Fifteen questions, fifteen minutes. Answer on your own, then have your finance manager or your business partner answer: the differences between your answers are as instructive as the score.

Score each question: **0** (no), **1** (partly), **2** (yes).

NO.	QUESTION	SCORE
1	I know the contribution margin ratio of each of my main offerings.	
2	I know my break-even point in revenue, and the month in which I reach it.	
3	I look at the balance of all my accounts every week.	
4	I have an up-to-date 13-week cash flow plan.	
5	My largest customer weighs less than my dependency threshold, or I have a written plan to reduce its weight.	
6	I know the actual payment time of my five largest customers.	
7	My growth project is costed in three scenarios.	
8	The cautious scenario does not take my cash below my safety threshold.	
9	I have worked out the cash requirement created by my growth.	
10	Each new hire is linked to expected revenue or an expected saving, with a date.	
11	My commitments lasting more than a year (leases, loans, contracts) are listed with their end dates (tool 12).	
12	Each new project has a stop criterion written down before it starts.	
13	My dashboard fits on one page, and I read it every month in committee.	
14	My 12-month roadmap names an owner and a date for each workstream.	
15	My distributions are decided after reviewing cash, with my lawyer and my accountant.	
	Total out of 30	

Reading your score

From 0 to 10: growth is steering you more than you are steering it. This is not a judgement, it is a starting point. Begin this week with three actions: the Monday balance, the break-even point (tool 2) and the dependency map for your five largest customers (tool 5). Do not launch any new growth project before you have a 13-week cash flow plan.

From 11 to 20: the foundations are there, but the structure is missing. You know your figures, without always linking them to your decisions. Cost your next project in three scenarios (tool 4), set up the one-page dashboard (tool 6), and write a stop criterion for each workstream under way.

From 21 to 30: you are in control. Well done: this is a solid base for growth. Now move on to long-term discipline: the 12-month roadmap reviewed every month, preparing for possible financing, and handing the indicators over to your managers.

Whatever your score, write it down here, with the date: _____. Do the self-assessment again in 90 days, at the end of the action plan. The ground covered shows in the gap between the two.

EXERCISE

Your objective, in black and white

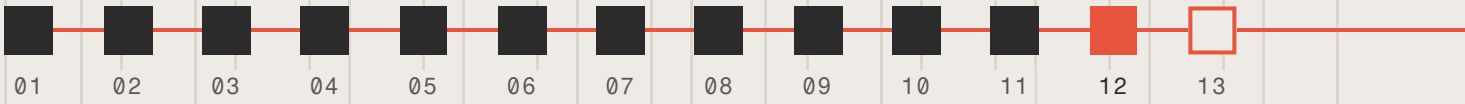
1. The growth project I want to carry out over the next twelve months:

2. The figure that will tell me, in twelve months, that I have succeeded:

3. What I refuse to put at risk to get there (minimum cash, team, key customer):

12

Action plan: 30, 60 and 90 days



IN THIS CHAPTER

CHECKLIST Days 1 to 30: measure 55

CHECKLIST Days 31 to 60: chart 56

CHECKLIST Days 61 to 90: hold and hand over 56

The plan follows the four stages: measure in the first month, chart in the second, hold and hand over in the third. Tick things off as you go.

What these 90 days change, in practice, about your Monday mornings:

BEFORE	AFTER 90 DAYS
You discover the balance on your bank statement.	You know your low point thirteen weeks ahead.
Growth arrives, and you put up with it.	Each new project starts with a pilot, with its stop criterion written down.
The big customer: you would rather not look.	You know what you would lose if it stopped, and your plan is ready.
The committee comments on figures.	The committee takes an hour, and every variance leaves with a decision, a name, a date.

CHECKLIST

Days 1 to 30: measure

- [ ] Work out the contribution margin of my main offerings and my break-even point (tool 2).
- [ ] Build the 13-week cash flow plan and set my safety threshold.
- [ ] Start the Monday rule: balance of all accounts and five largest overdue customer invoices.
- [ ] Fill in the dependency map for my ten largest customers (tool 5).
- [ ] List my commitments lasting more than a year, with their end dates (tool 12).
- [ ] Do the self-assessment and write down my score.

CHECKLIST

Days 31 to 60: chart

- [ ] Choose one main growth direction and put it through the go / no-go grid (tool 1).
- [ ] Cost the project in three scenarios with my accountant (tool 4).
- [ ] Work out the cash requirement of growth and the gap to finance (tool 3).
- [ ] Write the 12-month roadmap, with an owner, a date and a success criterion for each workstream (tool 7).
- [ ] For each customer in the red zone, choose an action, a name and a date.
- [ ] If financing is needed, prepare my application to the bank.

CHECKLIST

Days 61 to 90: hold and hand over

- [ ] Set up the one-page dashboard and hold the first monthly committee (tool 6).
- [ ] Give each indicator an owner.
- [ ] Launch the pilot, not the full roll-out.
- [ ] Put each planned hire through the questions in tool 8.
- [ ] Do the self-assessment again and compare it with the first month's score.
- [ ] Celebrate the first milestone reached with the team.

13

Common mistakes



Eleven mistakes come up again and again when a business grows. Each one has its safeguard.

1. Setting the budget on signed revenue, not on cash collected. A signed contract gives you rights, not money. The football clubs learnt this in 2020. Plan your spending on the cautious scenario.

2. Reading the profit and loss account and forgetting cash. Profit is calculated once a year; money leaves the bank account every day. Look at the balance of all your accounts every Monday.

3. Launching two growth projects at the same time. They compete for the same money and the same people. Choose one main direction, and see it through.

4. Rolling out before proving. A pilot costs little and teaches a lot. A whole network opened in one go costs a great deal and teaches nothing more: you are already busy repairing it.

5. Hiring for a peak in activity. The peak passes, the salary stays. Link each position to revenue or a saving, with a date.

6. Signing long commitments for short-lived revenue. A nine-year lease for a one-year customer is the WeWork trap at SME scale. Negotiate exit options, and track the ratio between fixed commitments and signed revenue (tool 12).

7. Counting an acquisition's synergies as if they were already in the bag. They only are once decided, dated and applied. The acquisition must hold up without them.

8. Letting a customer go past your dependency threshold without a plan. A big customer is not a danger. A big, fragile customer that nobody is watching is.

9. Paying suppliers late to finance growth. It is hidden credit, and it weakens the people you depend on. And a supplier that goes under can halt your production.

10. Paying out on profit rather than on cash. A dividend is decided on the cash flow forecast, with your lawyer and your accountant, after covering the investments and repayments ahead.

11. Keeping the dashboard to yourself. An indicator that only the leader reads triggers no action. Give each indicator an owner.

Glossary

The technical terms used in this guide, in alphabetical order.

Actual payment time. The average number of days between issuing an invoice and receiving payment, measured over several months. Not to be confused with the payment terms written on the invoice.

Break-even point. The revenue from which the company covers all its costs: fixed costs divided by the contribution margin ratio.

Cash safety threshold. The minimum balance below which the leader decides never to fall: one month's fixed outgoings, multiplied by the number of months they want to be able to hold out without any income (tool 3).

Cautious, central and ambitious scenarios. Three costed versions of the same plan: what happens if everything goes less well than planned, what you really believe, and success.

Chapter 11. A procedure under US bankruptcy law that allows a company to reorganise under the protection of a court.

Conciliation proceedings. In France, an amicable and confidential procedure before the commercial court, which helps a company in difficulty reach an agreement with its creditors. To be discussed with your lawyer and your accountant.

Contribution margin. Revenue minus variable costs. It pays for fixed costs first, then generates profit.

Contribution margin ratio, or margin ratio. Contribution margin divided by revenue.

First-demand guarantee. A commitment by a guarantor, often a bank, to pay a sum as soon as it is called on, with no right to dispute the underlying contract. It is the form of guarantee that best protects the creditor.

Fixed costs. Expenses that do not vary with sales in the short term: salaries, rent, insurance, subscriptions, loan interest, depreciation. Repaying the capital borrowed is not an expense: it is planned for in the cash flow plan.

Go / no-go. A formal decision, taken on a set date, to launch, continue or stop a project, on criteria written in advance.

Goodwill. The difference between the price paid for a company and the value of its net assets. It represents what the buyer hopes to gain on top: customers, know-how, synergies.

Joint and several surety. A commitment by a third party (for example a parent company) to pay in the debtor's place if the debtor does not pay. In French law (cautionnement solidaire), the guarantor can raise certain defences relating to the main debt against the creditor.

Margin of safety. The share of revenue that can disappear before the company loses money: revenue minus break-even point, divided by revenue.

Stop criterion. A figure and a date, written down before a project is launched, that trigger its halt if they are not reached.

Synergy. The gain expected from bringing two businesses together: purchasing savings, shared resources, cross-selling. It only exists once decided and applied.

Variable costs. Expenses that vary with sales: materials consumed, subcontracting, commissions, transport.

Working capital requirement. The money you have to advance to keep the business running: trade receivables and stock, minus the credit granted by suppliers. It rises with revenue.

Write-down, or impairment. A reduction in the book value of an asset or a contract, recorded when it is expected not to bring in what was planned.

Further reading

All the documents on the site are free to download, with no sign-up: https://thgconseil.fr/en/resources

Complete modules (Excel workbook, step-by-step guide, one-page sheet):

- A budget you can steer: https://thgconseil.fr/en/resources/modules/budget-you-can-steer
- Cash under control: https://thgconseil.fr/en/resources/modules/cash-under-control
- The project on one page: https://thgconseil.fr/en/resources/modules/project-on-one-page
- The crisis on one page: https://thgconseil.fr/en/resources/modules/crisis-on-one-page

Templates and guides:

- The 13-week cash flow plan (template): https://thgconseil.fr/en/resources/templates/13-week-cash-flow-plan
- The 12 warning signs: https://thgconseil.fr/en/resources/12-warning-signs
- The PMO reporting template: https://thgconseil.fr/en/resources/templates/pmo-reporting

Articles:

- Carillion: more dividends than cash: https://thgconseil.fr/en/resources/articles/carillion-more-dividends-than-cash
- The customer dependency map: spotting the red zone: https://thgconseil.fr/en/resources/articles/customer-dependency-map
- The Monday rule: two figures to keep track of your cash: https://thgconseil.fr/en/resources/articles/the-monday-cash-rule
- I did the work. Some clients never paid me: https://thgconseil.fr/en/resources/articles/unpaid-invoices-the-safeguards-to-set
- In 2020, the government closed my club overnight: https://thgconseil.fr/en/resources/articles/club-closed-overnight
- Raising profits without cutting everything: https://thgconseil.fr/en/resources/articles/raise-profits-without-cutting-everything
- The 13-week cash flow plan (article): https://thgconseil.fr/en/resources/articles/13-week-cash-flow-plan
- Leadership meetings that actually decide: https://thgconseil.fr/en/resources/articles/leadership-meetings-that-decide
- Notre-Dame: on budget and on time: https://thgconseil.fr/en/resources/articles/notre-dame-budget-and-date-held

About

My name is Tudor Hilcu. I founded THG Conseil in 2022. I support leaders of SMEs and mid-sized companies as they grow, come through a crisis or take back control of their projects.

From 2015 to 2021, I ran a premium sports club in Paris. A profitable club, which taught me that payroll falls due every month, whatever the year's results. In 2020, we had to close overnight by government order. When it reopened, 70% of the clients had gone. The club held on. It left me with one conviction: when business stops, cash and the relationship with customers decide what happens next.

Since 2018, I have also worked as PMO, project manager and programme director for four major groups: TotalEnergies, The Walt Disney Company, GRDF and Monoprix. An ERP and a WMS brought into service, critical go-lives, the budget of an IT domain: on every assignment, I also managed the supplier contracts, down to penalties and refunds. I build and keep to 1, 3 and 5-year plans for my own companies. My companies taught me what a decision costs when it's my name at the bottom of the contract. Large groups taught me how to make it hold at scale.

Alongside my assignments for major groups, I have worked from time to time with business owners and organisations outside IT: advisory work, hands-on support, development, audit, optimisation, crisis management, governance. Some fifty companies in all, in audiovisual, construction, energy, e-commerce and multi-business groups. Depending on the sector and the target, these assignments produced gains of 30% to 140% (depending on the client, in margin, costs, revenue, productivity, savings or efficiency), and savings of several hundred thousand to several million euros. These are past results: they do not predict yours. Most of these companies are not named, for reasons of confidentiality.

I am PMP, PRINCE2 Agile® and ITIL 4 certified. I sell no software and I take no commission. Law and accounting should be handled with your lawyer and your accountant: I prepare the figures and keep the plan on track alongside them. This guide is educational and does not constitute personalised investment advice.

Let’s talk about your project

If this guide has raised a question about your own growth, the first conversation is free of charge: by phone, confidential, within 48 hours.

- Phone: +33 6 74 86 88 70
- Email: contact@thgconseil.fr
- Website: https://thgconseil.fr/en/contact

In an emergency, call directly: the conversation and the intervention contract happen within 2 hours.

To pinpoint your priority in two minutes: the rapid assessment, four questions, calculated in your browser, with nothing sent: https://thgconseil.fr/en/contact#diagnostic

To see how I work:

- The “Growth” service: https://thgconseil.fr/en/services/growth
- Method and gains: https://thgconseil.fr/en/method-and-gains

The other free documents are waiting for you at https://thgconseil.fr/en/resources.

Notes

CHAPTER 3 · GROWTH COSTS CASH BEFORE IT BRINGS ANY IN

1 Banque de France (France's central bank), "Défaillances d'entreprises, août 2026" [Business failures, August 2026], published online on 9 October 2026, https://www.banque-france.fr/fr/statistiques/entreprises/defaillances-dentreprises-2026-08 (accessed 24 October 2026).

2 Altares, "Étude Comportements de paiement France 1er semestre 2026" [Payment behaviour study, France, first half of 2026], press release, 15 September 2026, https://www.altares.com/2026/09/15/etude-comportements-de-paiement-france-1er-semestre-2026-communique-de-presse/ (accessed 24 October 2026).

3 Service-public.fr, Entreprendre, "Délais de paiement entre professionnels" [Payment terms between businesses], page checked on 7 August 2026, https://entreprendre.service-public.gouv.fr/vosdroits/F23211 (accessed 24 October 2026).

CHAPTER 4 · CASE 1. CARILLION: ACQUISITIONS AND PAYOUTS BEYOND ITS CASH

4 House of Commons, Business, Energy and Industrial Strategy and Work and Pensions Committees, "Carillion", report HC 769, summary, 16 May 2018, https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/769/76903.htm (accessed 24 October 2026).

5 House of Commons, same report HC 769, chapter 1 "Carillion plc", 16 May 2018, https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/769/76905.htm (accessed 24 October 2026).

6 F. Mor, L. Conway, D. Thurley and L. Booth, "The collapse of Carillion", House of Commons Library, Briefing Paper no. 8206, 14 March 2018, https://researchbriefings.files.parliament.uk/documents/CBP-8206/CBP-8206.pdf (accessed 24 October 2026).

CHAPTER 5 · CASE 2. WEWORK: WHEN EVERY NEW SITE DEEPENS THE LOSS

7 The We Company (WeWork), IPO prospectus, Form S-1 filed with the Securities and Exchange Commission, 14 August 2019, https://www.sec.gov/Archives/edgar/data/1533523/000119312519220499/d781982ds1.htm (accessed 24 October 2026).

8 W. Grantham-Philips, Associated Press, "Once valued at $47 billion, WeWork seeks bankruptcy protection", republished by The Christian Science Monitor, 7 November 2023, https://csmonitor.com/Business/2023/1107/Once-valued-at-47-billion-WeWork-seeks-bankruptcy-protection (accessed 24 October 2026).

9 A. Ha, "WeWork withdraws its S-1 filing, will delay its IPO", TechCrunch, 30 September 2019, https://techcrunch.com/2019/09/30/wework-delays-ipo (accessed 24 October 2026).

CHAPTER 6 · CASE 3. TARGET IN CANADA: 124 STORES IN ONE YEAR

10 Target Corporation, quarterly report (Form 10-Q) for the quarter ended 30 July 2011, note on the January 2011 agreement with Zellers, https://www.sec.gov/Archives/edgar/data/27419/000110465911048645/R9.htm (accessed 24 October 2026).

11 Target Corporation, annual report (Form 10-K) for the financial year ended 2 February 2013, filed in March 2013, https://www.sec.gov/Archives/edgar/data/0000027419/000104746913003100/a2213506z10-k.htm (accessed 24 October 2026).

12 Target Corporation, annual report (Form 10-K) for the financial year ended 31 January 2015, filed in March 2015, https://www.sec.gov/Archives/edgar/data/0000027419/000002741915000012/tgt-20150131x10k.htm (accessed 24 October 2026).

13 Target Corporation, "Target Corporation Announces Plans to Discontinue Canadian Operations", press release, 15 January 2015, https://corporate.target.com/press/release/2015/01/target-corporation-announces-plans-to-discontinue-canadian-operations (accessed 24 October 2026).

14 K. Kuehner-Hebert, "Supply Chain Woes Help Doom Target in Canada", CFO, 16 January 2015, based on The New York Times, https://www.cfo.com/news/supply-chain-woes-help-doom-target-in-canada/664590/ (accessed 24 October 2026).

CHAPTER 7 · CASE 4. DAIMLER AND CHRYSLER: AN ACQUISITION THAT FAILS TO INTEGRATE

15 E. Weiner, "Q&A: Under the Hood of the Chrysler Deal", NPR, 14 May 2007, https://www.npr.org/2007/05/14/10174381/q-a-under-the-hood-of-the-chrysler-deal (accessed 24 October 2026).

16 DaimlerChrysler AG, "Cerberus takes over majority interest in Chrysler Group and related financial services business", press release of 14 May 2007 filed with the Securities and Exchange Commission (Form 6-K), https://www.sec.gov/Archives/edgar/data/1067318/000110465907039131/a07-13892_26k.htm (accessed 24 October 2026).

17 DaimlerChrysler AG, "DaimlerChrysler closes transaction on transfer of majority interest in Chrysler to Cerberus", press release of 3 August 2007 filed with the Securities and Exchange Commission (Form 6-K), https://www.sec.gov/Archives/edgar/data/1067318/000110465907058675/a07-20179_46k.htm (accessed 25 October 2026).

CHAPTER 8 · CASE 5. MEDIAPRO AND THE LEAGUE: TOO MUCH RIDING ON ONE CUSTOMER

18 Assemblée nationale, commission des affaires culturelles et de l'éducation, rapport d'information n° 4815 [French National Assembly, Cultural Affairs and Education Committee, information report no. 4815] concluding the work of the fact-finding mission on audiovisual broadcasting rights for sporting events, presented by C. Roussel, 15 December 2021, part two "L'affaire Mediapro" [The Mediapro affair], https://www.assemblee-nationale.fr/dyn/opendata/RINFANR5L15B4815.html (accessed 24 October 2026).

19 Sénat, commission de la culture, de l'éducation, de la communication et du sport, rapport d'information n° 87 (2024-2025) [French Senate, Committee on Culture, Education, Communication and Sport, information report no. 87 (2024-2025)] of the fact-finding mission on the involvement of investment funds in French professional football, rapporteur M. Savin, chair L. Lafon, 29 October 2024, pp. 9-10, 26, 32, 38 and 43, https://www.senat.fr/rap/r24-087/r24-0871.pdf (accessed 24 October 2026).

The plan, held.

THG Conseil works with the leaders of small and mid-sized companies: steering projects, growing the business, getting through a crisis.

A first conversation, free of charge, by phone and in confidence, within 48 hours.

In an emergency: a conversation and an engagement contract within 2 hours.

PHONE	+33 6 74 86 88 70
EMAIL	contact@thgconseil.fr
CONTACT	thgconseil.fr/en/contact
RESOURCES	thgconseil.fr/en/resources

Growing without losing control, version 1.0, 25 October 2026. Tudor Hilcu, THG Conseil.
THG CONSEIL, single-shareholder SARL with share capital of €5,000, Paris Trade and Companies Register 920 867 967.