

Cost Cutting Framework for SaaS Founders

This is a framework the Founderpath team has assembled based on decades of being founders and working with SaaS founders like you.

The key tool to use for planning is a cash flow forecast for the next 6 months. The first 3 months are weekly rolling balances, and the next 3 months are monthly.

This should be rolling forward every week and extended as prudent. Your goal here is more than survival, you want to thrive going forward and can do that from a solid foundation.

Remember, profits give you power.

Once your cash flow forecast has been prepared, you should run through the checklist on the next page to find sources of cash in your P/L.

At Founderpath, we want to support you to the degree that will allow us to continue doing this for yourself and the community for a long time. We hope to support you with growth initiatives once your business is on solid footing.

P&L Cashflow Checklist



Revenue mix changes

Are there tweaks to your revenue model that didn't make sense that now do? For example, could you add additional services that could boost revenue with little incremental expense? You will be tempted to give discounts to your customers for annual or multi-year plans, we would advise against this because it ultimately will shorten your runway.



Discretionary expenses

Things like travel, meals and entertainment, marketing, non-essential contractors should be the first expenses to be removed. You should also go back to your vendors looking for discounts, extended payment terms. Everything is negotiable here.



Non- discretionary expenses

Things like rent, insurance, long-term contracts - see if you can renegotiate anywhere cash is getting sucked out of the company.



Headcount expenses

This is, of course, a sensitive topic. Look to make adjustments here as you see fit. If you can lighten up and at the same time increase your talent density (remove lower performing folks), the company will actually work faster and more efficiently with less staff. There are also situational tweaks that you could make. For example, move some folks to part-time if there's mutual benefit. Can you compensate some people with more equity and less cash? This will increase motivation to build great products and reduce burn. Another option is to reduce salaries by 10-20% for a time period to allow the business to build up some cash. In a recession, most people would prefer 80-90% of their current salary than to lose their jobs.

