Asking the Questions

Part Three · From fluency to authority — leading the conversation without being the expert

Parts One and Two were about understanding — the words, then the story. This final guide is about something different: authority. Not the authority of knowing the most, but the authority of asking the questions that make everyone else's knowledge more useful.

Here is the reframe that changes everything: in any room, the finance expert owns the answers, but the leader owns the questions. Deciding what gets interrogated — which assumption, which risk, which trade-off — is the more senior act. Accountants and FDs will tell you privately that the clients they respect most are not the ones who can calculate, but the ones who ask the question that makes them stop and think.

Everything in this guide is a question you can ask this quarter, in plain English, without a spreadsheet. By the end, "I'm not a finance person" should feel like a sentence that no longer applies to you — not because you became one, but because you no longer need to be.

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01

Interrogating a forecast

A forecast is not a prediction; it is an argument — a set of assumptions wearing a spreadsheet. Amateurs debate the output ("that number looks high"). Leaders interrogate the assumptions, because the output is only ever as good as they are.

Assumptions over outputs

The idea: Every forecast rests on a handful of load-bearing assumptions: win rate, average deal size, price, capacity, churn. Change one and the whole picture moves.

How to use it: Ask for the assumptions to be stated out loud before you look at the totals. The moment they are visible, the conversation improves — because assumptions can be tested against evidence, while totals can only be liked or disliked.

The question to ask: *"What has to be true for this forecast to happen — and which of those things worries you most?" That second clause is where the honesty comes from.*

Sensitivity — the "what if it's 15% worse" test

The idea: How much the outcome changes if a key assumption moves. A robust plan bends; a fragile one snaps.

How to use it: You never need to build the sensitivity analysis — you need to request it, once, and watch what happens. If sales landing 15% under plan means mild disappointment, proceed. If it means a cash crisis in month seven, the plan needs a contingency before it needs approval.

The question to ask: *"If revenue lands 15% below this, where does it hurt first — and when?"*

Pipeline versus hope

The idea: Forecast revenue divides into three kinds: contracted (signed), pipeline (identified and in progress), and hope (a growth percentage typed into a cell).

How to use it: The single most clarifying question you can ask about any revenue forecast. A plan that is 60% contracted is a different animal from one that is 60% hope — even if the totals are identical.

The question to ask: *"Of next year's number, how much is contracted, how much is named pipeline, and how much is assumption?"*

02

Money decisions — spend, hire, invest

Every significant spending decision — a hire, a system, a premises move, an acquisition — can be held to one plain-English discipline, and it is not "can we afford it?"

Payback — the one-question test

The idea: How, and when, does this money come back? Some spend returns as revenue (a salesperson), some as cost saved (a system), some as capacity released (an operations manager who frees the founder). All legitimate — but the mechanism and the timing should be sayable in one sentence before anything is signed.

How to use it: If the room cannot answer "how does it come back?" in a sentence, the decision is not ready — not wrong, just not ready. And note the leadership move hidden in this: it converts spending debates from opinion ("I feel we need this") into mechanism ("here is how it pays back, here is when").

The question to ask: *"Walk me through how and when this money comes back — and what we'd see by month six if it isn't working."*

Opportunity cost

The idea: Every pound and every hour spent on one thing is silently taken from something else. The real comparison is never "this versus nothing" — it is "this versus the best alternative use."

How to use it: The sharpest version in practice: before approving any £50k initiative, ask what else £50k could do right now. Frequently the honest answer — clearing the debtor book, fixing pricing, a key retention — beats the shiny proposal, and only surfaces because someone asked.

The question to ask: *"If we had this budget and this project didn't exist — what would we spend it on first?"*

Fixed versus variable commitment

The idea: Some spend can be turned off in a month (contractors, ad spend); some cannot (employment, leases, financed equipment). The second kind raises your breakeven permanently.

How to use it: From Part Two you know your breakeven. This is where it becomes a decision tool: every fixed commitment moves it, so ask for every major spend to be expressed that way. It is also why "contract first, employ when proven" is often the financially literate version of a brave hiring plan.

The question to ask: *"What does this do to our monthly breakeven — and how quickly could we unwind it if we're wrong?"*

03

Funding growth — the menu, in a page

Sooner or later growth wants feeding, and someone — your accountant, your bank, an advisor — will present options. You do not need to structure the deal; you need to recognise the menu and know what each item really costs:

- **Retained profit** — the cheapest money there is: profits kept in the business (the equity cushion from Part Two). Slow to build, free to use, and the reason disciplined drawings matter.
- **Overdraft / working capital facility** — flexible, short-term breathing room for the cash cycle. Right for smoothing timing; wrong for funding anything permanent. An overdraft that never clears is a loan wearing the wrong clothes.
- **Invoice finance** — an advance against your unpaid invoices, releasing cash trapped in debtor days. Genuinely useful for businesses with long payment terms; the discipline point is that it treats the symptom — the Part Two question "could we shorten the cycle instead?" should always be asked first, because that version is free.
- **Term loans** — borrowed lump sums repaid over years. Right for assets and investments with a payback story; the repayments become a fixed cost, so they raise your breakeven — connect those two ideas and you are ahead of most borrowers.
- **Equity** — selling a share of the business for money. The most expensive money you will ever take if the business succeeds, and the only kind you never have to repay if it doesn't. Rare and usually unnecessary at SME scale, but worth recognising when someone proposes it.

Two terms so they never wrong-foot you: gearing (or leverage) simply means how much of the business is funded by debt versus its own equity — "highly geared" means heavily borrowed, which amplifies both good years and bad. Personal guarantees mean the borrowing reaches through the company to you personally — always worth a night's sleep and a direct conversation before signing.

The authority question for any funding proposal: "What exactly are we funding — a timing gap, an asset, or a loss? And does the money's shape match the problem's shape?" Mismatched money — short-term facilities funding permanent problems — is how businesses quietly get into trouble.

04

Measuring what matters — KPIs and lead indicators

Lagging versus leading indicators

The idea: Lagging indicators report the past: revenue, profit, margin — the score after the match. Leading indicators predict the future: proposals issued, pipeline value, utilisation booked ahead, first-meeting volume — the training data before the match.

How to use it: Almost every management pack is entirely lagging — an accurate history and an empty windscreen. The upgrade is asking for two or three leading indicators alongside the financials. In most businesses, this single change does more for foresight than any amount of extra financial detail.

The question to ask: *"What could we measure today that would tell us about revenue two quarters from now?"*

Pipeline cover

The idea: Pipeline value divided by target — if you need £1m of new business and the pipeline holds £2.5m of realistic opportunities, you have 2.5x cover. Most businesses need roughly 3x, because pipelines leak.

How to use it: One number that converts "how are sales looking?" from a mood into a measurement. If cover is below 3x, the problem is upstream — activity and marketing — and is visible two quarters before revenue misses. That is the entire point of leading indicators: the miss becomes preventable.

A discipline worth stating: three to five numbers, watched consistently, beat thirty numbers watched occasionally. The dashboard trap — measuring everything, acting on nothing — is the sophisticated version of not measuring at all. The test for any KPI: "if this moved sharply next month, what would we actually do?" No answer, no KPI.

05

Value, through a buyer's eyes

Part One introduced the multiple. Here is the advanced version: the multiple is not given to you — it is scored, and you can influence the score years before any sale. When acquirers examine a business ("due diligence" — the structured audit of everything before purchase), they are pricing risk. Five things move the score, in roughly this order:

- **Management depth** — can the business run, sell and grow without the owner? This is the largest single discount or premium at SME scale, and the slowest to change — which is why it rewards starting early.
- **Quality of earnings** — the buyer's phrase for "is the profit real and repeatable?" Recurring beats one-off; contracted beats habitual; profits that needed a one-time windfall get stripped out of the price.
- **Customer concentration** — the Part Two pattern, now with a price tag. A top client above 20–25% of revenue attracts a visible discount; above 40%, some buyers simply walk.
- **Clean, current numbers** — monthly management accounts, reconciled and boring. Buyers pay less for mystery. (Every guide in this series has quietly been building the asset due diligence checks for.)
- **Growth with a mechanism** — a repeatable way of winning customers that doesn't depend on the founder's relationships. "Where does new business come from?" is the first question every buyer asks; "mostly me" is the most expensive answer.

The uncomfortable, liberating conclusion: everything on that list improves the business whether or not you ever sell. Exit-readiness is simply good ownership with a deadline attached — and owners who run their business as if a buyer were watching tend to end up with a business they no longer need to escape.

06

In the room — the ten questions

The distillation of the whole series. Any one of these, asked plainly and followed by silence, will do more for your authority in a financial conversation than a decade of nodding:

1. "What assumption in this plan worries you most?"
2. "If revenue lands 15% under, where does it hurt first — and when?"
3. "Of that forecast, how much is contracted, how much is named pipeline, how much is hope?"
4. "How and when does this money come back — and what would tell us it isn't?"
5. "What does this commitment do to our breakeven?"
6. "If this budget existed and this project didn't — what would we fund first?"
7. "Are we funding a timing gap, an asset, or a loss — and does the money's shape match?"
8. "What could we measure today that predicts revenue two quarters out?"
9. "Which customer would hurt most to lose — and what are we doing about that concentration?"
10. "If a buyer looked at us tomorrow, what would they discount us for — and shouldn't we fix that anyway?"

Notice what these have in common: not one requires you to calculate anything, and not one can be answered with jargon. They move every conversation from outputs to assumptions, from opinions to mechanisms, from history to foresight. That movement is what financial leadership actually is.

The end of "I'm not a finance person"

Three guides ago, the financial conversation was something to survive. Now: you have the words (Part One), you can read the story they tell (Part Two), and you own the questions that direct what happens next (Part Three).

You are still not the finance expert in the room — and that was never the destination. The expert holds the answers; you now decide which questions get asked. In every boardroom that matters, that is the senior position.

One last observation from years inside businesses of every size: the numbers are where problems become visible, but almost never where they live. They live in structure, in leadership capacity, and in alignment — in how decisions flow and whether the right people are in the right seats. Financial fluency is what lets you stop staring at the symptoms and start working on the causes. If this series has done its job, that is the conversation you are ready for now.

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