THE STRATEGIC TREASURY

A Founder's Guide to Liquidity, Risk, and Capital Preservation

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An Always Be Funding Educational Series

Lesson 1: The Definition of "Survival"

Cash is the Heartbeat, Treasury is the EKG.

> *Most founders confuse "Accounting" with "Treasury." Accounting tells you where your money went; Treasury tells you where your money is and where it needs to be tomorrow.*

In the high-stakes world of venture-backed startups, liquidity is the only metric that truly matters when the market shifts. While accounting focuses on GAAP compliance and historical performance, Treasury is forward-looking. It is the defensive shield that ensures your vision survives a bank run, a market freeze, or a delayed funding round.

The Three Hard Truths

- **Profit ≠ Liquidity:** A company can be "in the black" and still experience a total collapse if its cash is locked in long-term assets or settlement delays.
- **The "Single Bank" Trap:** Concentration risk is the most common failure in early-stage finance. Relying on one vault means you are tied to their systemic risk.
- **Float is a Liability:** The time between sending a payment and the finality of settlement is a "grey zone" that must be managed with precision.

EXECUTIVE ACTION ITEM

Establish 100% Cash Visibility. If you cannot see every dollar across every account in under 60 seconds, you are not managing treasury—you are operating in the dark.

Lesson 2: The Liquidity Ladder

Forecasting When the Fog is Thick.

Forecasting is not about predicting the future perfectly; it is about reducing the range of uncertainty. A Liquidity Ladder allows you to see coming obstacles before they become crises.

The Three Rungs

- **The 7-Day Rung (The Operational Trench):** This is the "Zero Room for Error" zone. Payroll, taxes, and debt service must be 100% confirmed.
- **The 30-Day Rung (The Tactical Horizon):** Mapping your Accounts Receivable cycle against your vendor burn. This is where you identify the "Cash Gap."
- **The 90-Day Rung (The Strategic Buffer):** This rung dictates your "Burn or Earn" decisions. It is your early warning system for the Board.

Institutional Insight: The Stress Case

At the institutional level, we run "What-If" scenarios. If your largest revenue driver delays payment by 30 days, does your ladder break? If so, your current cash buffer is a illusion.

The 13-Week Cash Flow Framework

Your Weekly Source of Truth

This standalone framework should be the first document reviewed by the finance lead every Friday morning. It transforms raw bank data into strategic intelligence.

- [ ] **Global Balance Aggregation:** Summing balances across all 15+ banking partners.
- [ ] **Restricted Cash Identification:** Isolating security deposits, collateral, and tax hold-backs.
- [ ] **Hard Collections Audit:** Only include inflows with a historical 90%+ probability of settlement.
- [ ] **The "Late Factor" Haircut:** Subtract 10% from all expected inflows for administrative slippage.
- [ ] **The "Big Rock" Priority:** Hard-coding Payroll, Rent, and Debt Service before all other outflows.
- [ ] **Discretionary Vendor Categorization:** Identifying which payments can be stretched in a stress scenario.
- [ ] **The Unforeseen Buffer:** Adding a 5% contingency line item to every weekly outflow projection.

Lesson 3: The Diversification Mandate

Distributed Architecture as Insurance.

True treasury leadership requires viewing your bank as a counterparty, not a utility. March 2023 proved that even the most "startup-friendly" banks can vanish in a weekend.

The Primary/Secondary/Tertiary Model

- **The Hub:** Where daily operations reside. Optimized for API and speed.
- **The Lifeboat:** 3–6 months of burn at a completely separate, non-correlated institution.
- **The Yield Bucket:** Off-balance sheet assets like Government MMFs for permanent capital.

The SoFi Story: Resilience at Scale

Managing $9B required a complex web of 18+ partners. We didn't do this for the complexity; we did it for the redundancy. By building proprietary rails, we insured ourselves against the failure of any single partner.

Lesson 4: The Yield vs. Safety Tradeoff

Preserving the Purchasing Power of your Runway.

In a high-rate environment, leaving millions in a 0% account is a fiduciary failure. However, a Treasurer's first duty is **Return OF Capital**, not Return ON Capital. Never sacrifice T+0 liquidity for an extra 50 basis points of yield.

Lesson 5: The Human Element

Internal Controls: The Final Layer of Defense.

A "fat-finger" wire error or a social engineering breach can drain a company faster than a market crash. Security is a culture, not just a software setting.

The Three Pillars of Defense

- **Dual Control:** Mandatory Maker-Checker-Authorizer workflows for every outbound dollar.
- **Segregation of Duties:** Ensure the person moving the money isn't the one reconciling it.
- **The Call-Back Protocol:** Verify all new payment instructions via a trusted, secondary voice channel.

The Fiduciary Framework

Treasury is Not a Task—It is a Discipline.

Managing the capital of a growing company is an awesome responsibility. It requires a mindset shift from "spending" to "stewarding." By implementing the rungs of the Liquidity Ladder, the rungs of the Diversification Mandate, and the rigor of Internal Controls, you ensure that your mission is never compromised by your mechanics.

ALWAYS BE FUNDING

You have built a vision worth scaling. Protect it with institutional-grade discipline. Your liquidity is your leverage.

To discuss implementing these frameworks for your organization, contact:
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