FINANCIAL LEARNING CAFE

Business Academy • B02

Lesson 3 Resource

Build an operating budget and reserve target

Financial calendar

Premium lesson companion
Teaching brief • applied vocabulary • guided workbook • knowledge check • answer guide

Name ______________________________________

Date ______________________________________

Build an operating budget and reserve target

A budget is a forward-looking allocation plan. A reserve target should reflect volatility, obligations, lead times, and realistic risk-not a universal formula.

The deeper idea

A reserve buys reaction time. Its target should reflect payroll, seasonality, customer concentration, replacement cycles, and how quickly costs can actually be reduced.

Learning objectives

- Explain operating budget using the lesson's governing facts.
- Distinguish reserve from an assumption or promotional summary.
- Show how runway changes cost, timing, control, responsibility, or risk.
- Complete the financial calendar using traceable source information.

Vocabulary in action

operating budget	Locate it in source material and state what it measures or governs.
reserve	Use it to make the comparison concrete instead of relying on a label.
runway	Name who carries responsibility, what triggers it, and which control makes it visible.

FIVE-STEP DECISION METHOD

Move from information to a responsible next step.

1. Define the exact question

State the purpose, deadline, and consequence of delay. Connect the question to this lesson and its governing evidence.

2. Gather governing evidence

Collect current agreements, statements, official disclosures, operating records, or program instructions. Record the source and date.

3. Apply the vocabulary

Locate operating budget, reserve, and runway in the real document or process. Translate each into a dollar, date, action, control, or responsibility.

4. Test a difficult case

Change one important assumption - timing, volume, cost, income, access, or support - and explain whether the plan still works.

5. Record the decision

Choose proceed, revise, compare, seek qualified review, or stop. Name the next action, its owner, and the review date.

Applied scenario

A learner must make this decision this month. The learner gathers governing records, locates operating budget, reserve, and runway, and completes the assignment. The decision pauses if the difficult-case test exposes an obligation or operating risk that cannot be managed.

Financial calendar

Draft a base monthly budget and calculate how many weeks of essential costs current cash covers.

Purpose: What exact decision does this lesson support?

Evidence: Which source documents prove the facts? Include dates.

Terms: Where do operating budget, reserve, and runway appear, and what does each change?

Stress-test and decision record

Stress test: Which assumption is most fragile, and what happens if it fails?

Decision record: What is the next action, who owns it, and when will it be reviewed?

My recorded status

☐ Proceed ☐ Revise ☐ Compare ☐ Seek qualified review ☐ Stop

KNOWLEDGE CHECK

Confirm your understanding.

1. State the central teaching in your own words.

2. How do operating budget and reserve work together?

3. What evidence is strong enough to use?

4. What would make the plan pause?

5. What belongs in the finished assignment?

ANSWER GUIDE

Compare reasoning, not just wording.

1. State the central teaching in your own words.

A reserve buys reaction time. Its target should reflect payroll, seasonality, customer concentration, replacement cycles, and how quickly costs can actually be reduced.

2. How do operating budget and reserve work together?

Define each, locate both in source material, and explain their combined effect on the decision.

3. What evidence is strong enough to use?

Current, relevant, traceable information from an agreement, statement, official source, operating record, or qualified professional.

4. What would make the plan pause?

A missing governing fact, unsupported claim, unmanageable stress case, or inability to explain the responsibility attached to runway.

5. What belongs in the finished assignment?

Purpose, sources, term definitions, comparison or calculation, difficult-case result, unanswered questions, responsible owner, and review date.

Education-only boundary

This resource provides general education. It does not submit applications, negotiate with providers, handle customer funds, promise outcomes, or replace individualized guidance from an appropriately qualified professional.