

PRACTICAL GUIDE

THE PREVUELO™ METHOD

HOW TO STOP MAKING BLIND DECISIONS IN YOUR BUSINESS

MEASURE · REBUILD · RESIST

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Formerly published as the MR³ method

M&M CONSULTING

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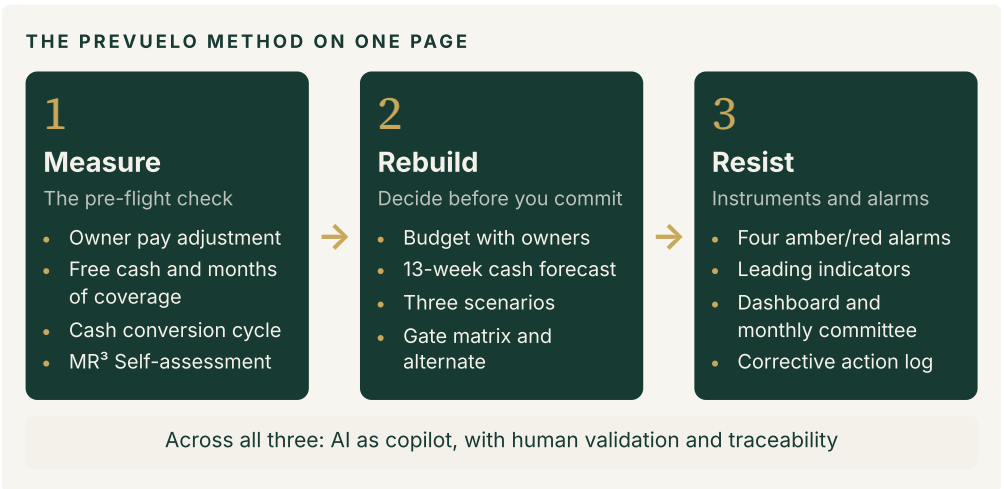
> *"The most important activities of a flight happen long before the aircraft takes off. Get ready for your business to take off."*
>
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How to use this guide

This guide is not a book of financial theory. It is a working manual. It is meant to be read with your numbers beside you, a pencil and a couple of uninterrupted hours.

It follows the same order as the method: first **Measure**, then **Rebuild**, and finally **Resist**. Each chapter ends with a rule and, where it applies, an exercise. At the end you will find full-page templates and a glossary that explains the terms in plain words.

You do not need to be an accountant or have a finance department. You need three things: your bank statements for the last twelve months, the list of what you owe and to whom, and the willingness to look at reality even when you do not like it.



THE METHOD IN NUMBERS

5 dimensions measured by the MR³ Index	**4** alarms with amber and red levels	**15** questions in the self-assessment
13 weeks of cash forecasting	**3** scenarios for every major decision	**90** days to put it in place

How it is organized

- **Chapter 1** tells where the method comes from.
- **Chapters 2, 3 and 4** are the core: Measure, Rebuild and Resist.
- **Chapter 5** explains how to use artificial intelligence without losing control.
- **Chapters 6 and 7** show real cases and the most common mistakes.
- **Chapter 8** is a 90-day plan to put it into practice.
- **Appendices:** templates and glossary.

A note on the name

This method was originally presented and published as the **MR³ method** (Measure, Rebuild, Resist). From this version on it is called the **Prevuelo™ Method** (*prevuelo* is Spanish for "preflight"), because the name captures its central idea: important decisions are made on the ground, before takeoff. The three phases, the tools and the cases are the same, and the score that measures your company keeps the original name: the **MR³ Index**, after the three phases it assesses.

Before you start

Examples marked as **illustrative example** are invented to explain a concept. The real cases are in Chapter 6 and do not name the organizations, for confidentiality. The thresholds you will see are **starting references**: every sector has its own reality, and they should be adjusted to your business model. This guide does not replace accounting, tax or legal advice.

CHAPTER 1

Why this guide exists 1

My career began in telecommunications, at Venezuela's leading telecommunications company, CANTV. When I joined, the company was controlled by a mix of national and international shareholders and was listed on the New York Stock Exchange. It was a school and a model for me in strategic planning, budgeting and performance indicators, and also in the international side of telecommunications: submarine cable, roaming, international long distance.

When I left telecommunications for aviation, I found a different world. It had always been my passion. In aviation everything is governed by procedures, especially flight operations. At my first airline I created, led and automated the budget in SAP, built business plans, analyzed route profitability and evaluated aircraft lease agreements.

But the experience that shaped me most was building an airline's branch in a foreign country. Everything had to be built: institutional relationships with government and airports, hiring staff, running the entire operation, getting the branch financially on its feet, making it viable, certifying it and operating.

Certification day

I especially remember the day the branch was certified. It was a complicated day. Aviation authorities from a foreign country were visiting us at Ezeiza, and they reviewed all the documentation and the entire ground operation. That same day the system failed and we had to switch to manual check-in. On top of that, the aircraft had a technical issue on the ground that caused a small departure delay. In short, a lot of things. But because we had documented processes, alternate plans and scenarios, everything was resolved.

That day I understood that preparation does not show when everything goes well. It shows when everything fails at once.

What aviation taught me

That you should never rely only on the human factor. Most aviation accidents are caused by human factors, and in many cases by experienced people who become overconfident and careless. That is why documentation, the instrument panel and indicators are vital.

The same happens in a business. The owner with the most experience is often the one who trusts himself the most. “I know my business.” “It has always worked this way.” Until it stops working. A pilot with twenty years of flying still runs the checklist before every takeoff. Not because he does not know, but because he knows what it costs to forget something.

Aviation is a metaphor, not a literal rule. A business does not operate under an aircraft's technical constraints, and some business decisions can be partly corrected after they are made. What does carry over completely is the discipline: decide in advance, document, and watch the instruments.

Mistakes also build

Yes, I have made mistakes too. If I had not made them, the Prevuelo Method would not exist today. Each mistake helped strengthen it, improve it and apply it.

I remember one of them well. I received an order to transfer funds to headquarters and executed it without first prioritizing the branch's existing commitments. The result was a payment default that lasted several months. It was not a lack of money: it was moving money without knowing which commitments depended on it.

How was it solved? With planning, measurement and a policy. We scheduled the outstanding payments by due date, measured every week how much was coming in and how much was committed, and put in writing a policy so that no transfer would leave again without first reviewing the commitments.

That mistake taught me a rule that is now part of the method: before moving cash, commitments come first. A company's cash has owners even while it sits in your account: suppliers, payroll, taxes, contracts. If you do not know who they are and when payments are due, any decision, however good it looks, can become a problem.

When the pattern became a method

It took some time to realize it. I noticed that people kept looking for me and knew me for my work, but internally, with every client, I was following the same steps: diagnose, correct and measure. I worked across several industries and all of them suffered from the same thing: telecommunications, aviation, legal services, education, dentistry, med spas, damage restoration, consulting, events and nonprofit organizations.

And I learned something else: order matters. At first I measured at the end, to show results. But when you do not measure before touching anything, you do not know where you started, you do not know what to fix first, and you cannot prove what changed. That is why the method begins with measurement.

The three dimensions

- **Measure:** know where you stand, with numbers rather than impressions.
- **Rebuild:** fix what is broken and decide by rules, before committing what cannot be recovered.
- **Resist:** install instruments and alarms so the business sees problems in time and stays standing when conditions change.

Who this guide is for

For every business owner and self-employed professional who has not achieved the success they want in their operations, or who cannot step away from their business. For people who are just starting out, who are not yet clear on this and who, by the time they realize what was missing, find it is too late.

> **If you take away only one idea:** the most important activities of a flight happen long before the aircraft takes off. Get ready for your business to take off.

CHAPTER 2

Measure: read your business before you touch it 2

Before every flight, the pilot checks the aircraft against a checklist. It does not matter whether he flew yesterday. He checks fuel, weight, instruments and weather, because every flight is different. Measuring a business is exactly that: the pre-flight check.

Most owners I know can tell you how much they sold last month. Very few can answer these three questions without looking anything up:

1. How many months could I sustain the operation with the cash I actually have available?
2. How heavy is my debt compared with what the operation generates?
3. Is my margin better or worse than in the same period last year?

If you cannot answer them, it is not a problem of intelligence or effort. It is a problem of instruments.

Why selling more is not the same as being better off

Many businesses grow their sales and run out of cash at the same time. It happens when customers pay late and suppliers want payment early, when growth forces you to buy inventory or hire before you collect, or when the margin on each sale is lower than the owner thinks. That is why measuring is not about looking at sales: it is about looking at cash, debt, margin and the way decisions are made.

First adjustment: the owner's pay

In many small businesses the owner has no set salary, or withdraws money when needed. That distorts every number: the margin looks better than it is and cash moves without control.

Before measuring, assign the owner a **market rate for the role they perform**: what it would cost to hire someone else to do that job. You are not required to pay yourself that amount; it is an adjustment to see true profitability. If you pay yourself less, subtract the difference from profit for the analysis. If you withdraw more, separate what is salary from what is a distribution of profits.

The basic measures

Free cash. It is not the bank balance. It is available cash minus what is not really yours anymore: overdue or late payments, restricted funds or collateral, taxes collected or withheld that you must remit, and customer advances that fund work you have not done yet.

Months of coverage. Free cash divided by your essential outflows for one month: the payments you need to operate (necessary fixed and variable costs) plus debt installments. If you already subtracted an overdue payment from free cash, do not add it again to the outflows.

Cash conversion cycle. Days to collect + days inventory sits − days to pay suppliers. It tells you how many days a dollar put into the operation takes to come back to your account. If it is long, you can sell a lot and still run out of cash.

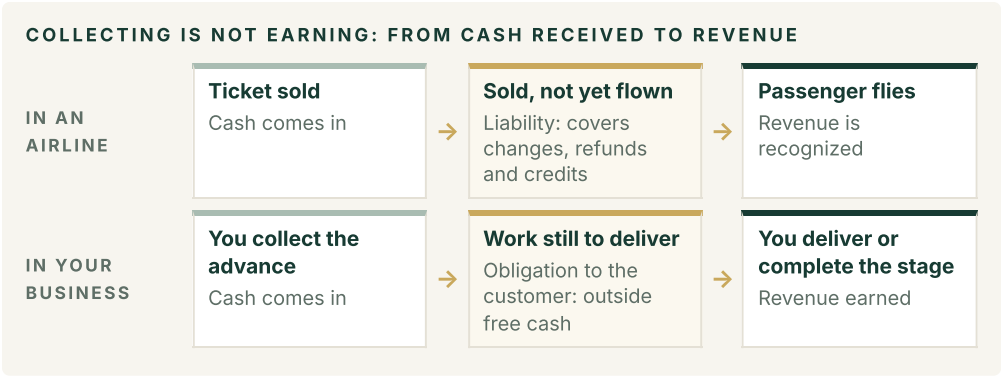
Adjusted EBITDA. What the operation generates before interest, taxes, depreciation and amortization over the last 12 months, adjusted for the owner's pay and excluding one-off items. It is not the same as operating income, which does deduct depreciation.

Gross margin. What is left from each sale after its direct cost, as a percentage. Always compare it with the same period of the previous year, so you do not confuse a real decline with seasonality.

Money sold is not money earned

In aviation I learned a distinction that later served me in other industries: sold revenue and flown revenue. When an airline sells a ticket, the money comes in, but the flight usually happens weeks or months later. Until the passenger flies, that money is not revenue: it is recorded as a liability, because the airline still owes the trip. It becomes revenue only on the day of the flight. That way the airline keeps a provision for the refunds, changes or credits that may apply to that fare.

The underlying rule is simple: **collecting is not the same as earning.** Until you deliver what you sold, the money is in your account, but part of it still belongs to your customer.



I later applied it to events. What was collected from tickets and sponsorships before each edition was treated as the event's money, not as profit, until the event took place. If an edition was moved or scaled down, that cash was still available to refund or reschedule.

The same happens in legal services. When a client pays all the fees for a matter in advance, the rules of professional conduct for lawyers in the United States generally provide that, if the client cancels the engagement, the lawyer may keep only what was actually earned and must refund the rest. That full payment is not revenue on the day it arrives: it is earned as the work progresses.

It applies to any business that collects before it delivers: schools and courses with tuition paid upfront, subscriptions, construction with advances, agencies, consultancies or workshops that ask for a deposit.

How to apply it:

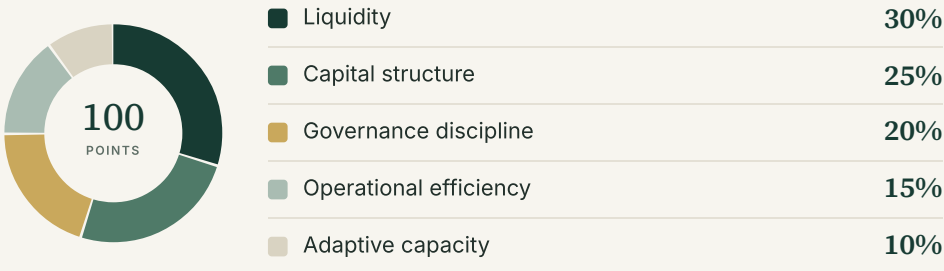
- Keep what you collected for work not yet delivered separate in your records. That is why it does not count in your free cash.
- Define how each sale is earned: on a date (the flight, the event), by completed stages or by hours worked.
- Do not fund new fixed costs with advances. If the customer cancels, that money may have to be returned.
- If advances grow faster than what you deliver, your cash looks better than it really is.

The MR³ Index: five dimensions

To measure with the same yardstick every time, the method uses the MR³ Index: a 0–100 score combining five dimensions. The weights reflect professional judgment: liquidity carries the most because it is what can stop a business fastest.

DIMENSION	WEIGHT	THE UNDERLYING QUESTION
Liquidity	30%	How long can I last with the cash I actually have?
Capital structure	25%	Is my debt in proportion to what the operation generates?
Governance discipline	20%	Do I decide by rules or by intuition?
Operational efficiency	15%	How much room do I have before I start losing money?
Adaptive capacity	10%	How prepared am I if something changes?

WEIGHT OF EACH DIMENSION IN THE MR³ INDEX



Liquidity weighs most because it is what can stop a business fastest.

The index has two versions. The **MR³ Self-assessment**, which you can do yourself with this guide or at consultingmm.net/indice-mr3?lang=en, is a first, range-based reading. The **Prevuelo Financial Diagnostic** works with your actual financial statements, exact formulas and documentary evidence, and is carried out by a practitioner. They are different instruments: one score does not translate directly into the other.

Your self-assessment, step by step

Answer each question with the option that best describes your business and write down the points. If you do not know an answer, do not guess: mark it “I don't know.” It neither adds nor subtracts, but your result will be less reliable, so make finding that figure your first task.

Liquidity (30%)

1. How many months of essential outflows does your free cash cover today?

Less than 1 month = 20 · 1 to under 2 = 45 · 2 to under 3 = 65 · 3 to under 4 = 80 · 4 or more = 95

2. Over the last 12 months, operating cash flow was...

Negative most months = 20 · Very irregular, with months in the red = 45 · Positive, with ups and downs = 75 · Positive and stable = 95

3. If collections fell 20% for three months, could you meet payroll without borrowing?

No = 20 · Only the first month = 45 · Yes, but barely = 70 · Yes, comfortably = 95

Capital structure (25%)

4. Your net financial debt equals how many times your annual adjusted EBITDA

More than 4.5x, or negative EBITDA with debt = 25 · 3x to 4.5x = 55 · Less than 3x = 85 · No net debt and positive EBITDA = 95

5. Does adjusted EBITDA comfortably cover debt payments (interest and principal)?

No, or barely = 20 · Just about = 50 · Yes, with room to spare = 85 · We have no debt = 95

Governance discipline (20%)

6. How do you use your budget?

No budget = 15 · Exists, not followed = 40 · Reviewed now and then = 70 · Monthly, variances under 10% = 95

7. How many days after month-end do you have your financial statements?

More than 45, or none = 20 · 30 to 45 = 50 · 15 to 29 = 75 · Under 15 = 95

8. How do you track key indicators?

We don't = 15 · Manually, now and then = 45 · Monthly report = 75 · Up-to-date dashboard = 95

9. Are financial processes and controls documented?

No, it all lives in someone's head = 20 · Some = 45 · Most = 75 · All, and reviewed = 95

10. How are the owner's pay and withdrawals handled?

Unrecorded withdrawals = 20 · Recorded, pay and profits not separated = 45 · Separated in the books, no written policy = 70 · Written policy, separation and approval = 95

Operational efficiency (15%)

11. Compared with the same period last year, your gross margin...

Fell more than 8% = 25 · Fell 4% to 8% = 50 · Is stable = 75 · Improved = 95

12. Compared with sales, your expenses have grown...

Faster = 25 · At the same pace = 55 · Slower = 80 · Fell while sales rose = 95

13. How far could your sales fall before you start losing money?

I already lose money = 15 · Less than 10% = 35 · 10% to 25% = 65 · More than 25% = 90

Adaptive capacity (10%)

14. How do you project your financial future?

We don't = 15 · Current year only = 45 · 12 months, one scenario = 70 · 12–24 months, three scenarios = 95

15. How concentrated are your sales?

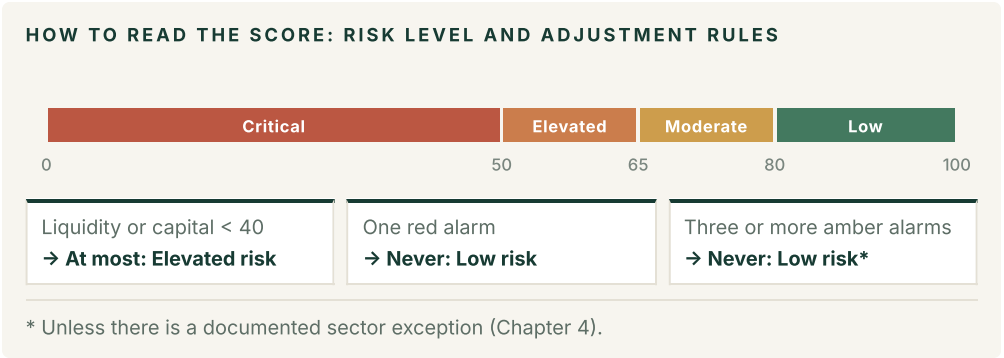
One client over 40% or three over 70% = 25 · One client 25–40% or three 50–70% = 50 · One client 10–25% or three 30–50% = 75 · No client reaches 10% and three total under 30% = 95

For client concentration, if two conditions apply, use the higher-risk one (the lower score).

How to calculate:

1. Average the points of the questions in each dimension (excluding any “I don't know”).
2. Multiply each average by its weight: Liquidity × 0.30; Capital × 0.25; Governance × 0.20; Efficiency × 0.15; Adaptability × 0.10.
3. Add the five results. That is your score.

SCORE	READING	WHAT TO DO FIRST
80–100	Low risk	Keep the alarms on and evaluate growth with gates.
65–79	Moderate risk	The operation works, but a shock could make some weak points critical.
50–64	Elevated risk	Gaps are limiting your decisions today. Fix them before investing.
0–49	Critical risk	Priority: stabilize cash and regain visibility.

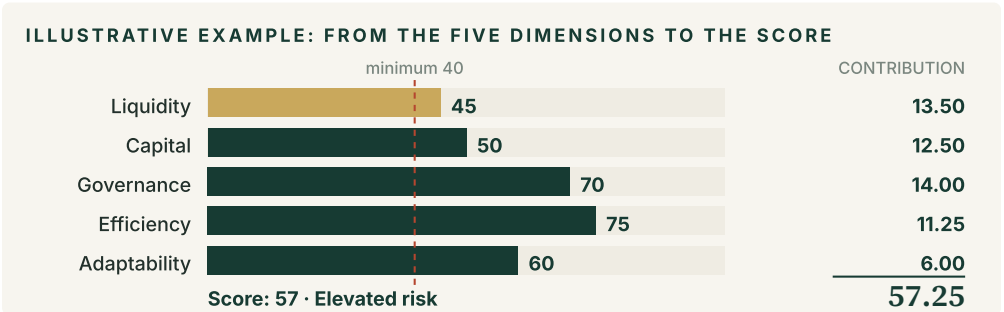


Three non-negotiable rules:

- The score describes overall risk. The cause is your lowest dimension: start there.
- If your liquidity or capital structure averages below 40, treat your result as Elevated risk even if the total is higher.
- If you have a red alarm (Chapter 4), your result cannot be read as Low risk. A good average never covers an alarm.

Illustrative example of the calculation

A business gets these scores in the five dimensions:



With those scores: Score = 45 × 0.30 + 50 × 0.25 + 70 × 0.20 + 75 × 0.15 + 60 × 0.10 = 13.5 + 12.5 + 14 + 11.25 + 6 = **57.25 → 57, Elevated risk.** Its lowest dimension is Liquidity: the plan starts with cash, not growth.

Measurement mistakes

- **Measuring only once.** A measurement is a snapshot. What matters is the trend: repeat it every quarter.
- **Using numbers nobody has reviewed.** If your books are behind, the first task is to bring them up to date.

- **Mixing personal and business accounts.** It distorts every indicator.
- **Measuring to justify a decision already made.** You measure to decide, not to confirm what you already wanted to do.

> **Chapter rule:** do not fix anything you have not measured, except a true emergency (fraud, a safety risk or a legal breach), which is addressed immediately and measured afterwards.

CHAPTER 3

Rebuild: decide before you commit 3

In every takeoff there is a moment when the pilot can no longer turn back. It is called V1. It is a speed calculated on the ground, before the aircraft moves, based on weight, runway, temperature and wind. If something fails before V1, the pilot stops. If it fails after V1, he has to take off.

Businesses have their V1 too: the contract that gets signed, the deposit that gets paid, the hire that cannot be undone. The difference is that almost nobody calculates it before crossing it. Rebuilding means putting the house in order and, above all, learning to decide before you commit.

1. A budget that gets used

A budget is not a file built in January and forgotten in February. It is the rule that says how much can be spent, on what and under what condition. A useful budget:

- **Is monthly,** because cash is lived month by month.
- **Has owners:** every line has a responsible person.
- **Has approval rules:** for example, off-budget spending above a certain amount requires the owner's or the committee's sign-off.
- **Is compared with actuals every month.** If it is formally revised, the new version counts from the date it is approved, never retroactively.

2. Fixed costs and margin of safety

Fixed costs are the ones you pay even if you sell nothing. They are not bad in themselves: a professional services firm lives on its team. What is dangerous is high fixed costs **relative to what you sell**. To find out, calculate your **margin of safety**: how far your sales could fall before you start losing money. If sales can drop 30% and you still break even, you have room. If a 5% drop puts you in the red, any new fixed cost is a risk.

Review your fixed costs one by one and sort them: essential, renegotiable and convertible to variable (for example, paying per service instead of per month).

3. Put debt in order

When debt is too heavy, waiting does not fix it:

1. Make the complete list of debts: to whom, how much, interest rate, maturity and collateral.
2. Project cash for the next 13 weeks to know how much you can really pay.
3. Talk to creditors before you default, not after, with a concrete proposal based on that projection.
4. As a criterion, do not take on new debt to pay operating expenses while the debt alarm is red. The reasonable exception is refinancing expensive debt with cheaper debt, or emergency financing approved with a plan.

4. Four kinds of revenue

This is one of the most important distinctions in the method:

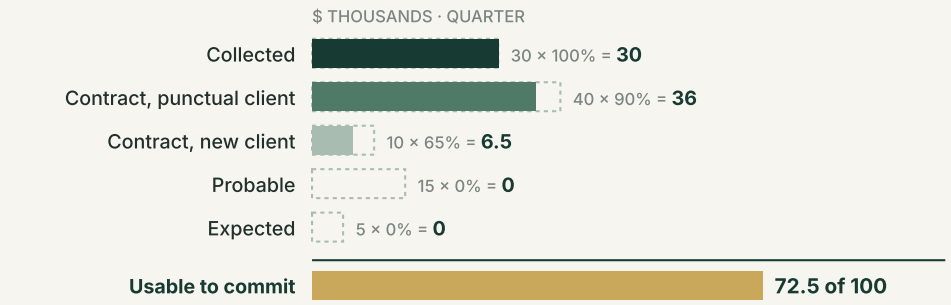
- **Collected:** money already in your account.
- **Contracted:** a signed right to be paid, with amount and date, not yet received.
- **Probable:** an advanced negotiation, not signed.
- **Expected:** what you think will happen.

For budgeting, a signed contract is good evidence. For committing cash, it is not enough: a client can sign for $100,000 and pay in 90 days, pay late or not pay. That is why, to authorize an irreversible commitment, only collected money and **dated**, risk-adjusted projected collections count.

COLLECTION	STARTING FACTOR FOR COMMITTING CASH
Active contract, punctual client, collection within the period	90–100%
New client or irregular payment history	50–80%
Invoice more than 60 days overdue with no verifiable agreement	0%

Remember these are two different risks: whether you will be paid, and **when**. A certain payment that arrives after your own payment is due does not help with that payment.

ILLUSTRATIVE EXAMPLE: HOW MUCH OF WHAT YOU SELL CAN BE USED TO COMMIT CASH



The dotted outline is what you sold or expect to sell. The color is what counts to authorize an irreversible commitment, after applying the collection factor.

5. The 13-week cash forecast

This is the tool I use most, and the one that worked at the Argentina branch. Each week you record: opening balance, expected collections (with their date and risk factor), committed payments, critical obligations (payroll, taxes, debt) and closing balance. Thirteen weeks is a quarter: enough to see a problem coming and have time to act. The template is in Appendix B.

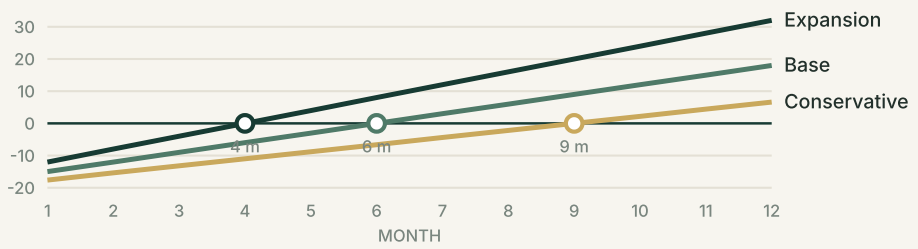
Give it a **stress test**: repeat the forecast with collections 20% lower throughout. If free cash goes negative at any point, you know your weak spot and when it arrives.

6. Three scenarios

Every major decision is modeled under three scenarios: conservative, base and expansion, each with its own break-even point. The question stops being “is this profitable?” and becomes “how much do I need to sell, and collect, to avoid a loss in each case?”.

The conservative scenario assumes expected revenue does not arrive and some cost goes up. As a criterion, a decision that does not survive the conservative scenario is not made yet. A deliberate investment in innovation or growth can be the exception, but then it must have a maximum loss defined and approved in writing.

ILLUSTRATIVE EXAMPLE: MONTHLY RESULT OF THE SECOND LOCATION IN THREE SCENARIOS ($ THOUSANDS)



Each dot marks the month the operation stops losing money. It is the gate-matrix case in this chapter: decide on the conservative line.

7. Gates and the point of no return

For each major commitment, record two things: how much money it involves and from what date it can no longer be recovered. Spending is released in blocks, and each block only when a written condition is met: the **gate**. Each initiative has a decision date, a condition and an owner. If the condition is not met, it is scaled down or postponed, without drama, because that was decided in advance.

8. The alternate

Once you cross the point of no return, asking whether to go back no longer helps. The question is where to go if things do not work out. No pilot passes that point without knowing the alternate airport. Define yours in advance: scale down, postpone a phase, renegotiate a contract, and how much cash you need to get there.

Illustrative example: a completed gate matrix

A restaurant owner wants to open a second location. This is how the decision looks in the gate matrix (template in Appendix D):

FIELD	DECISION: SECOND LOCATION
Commitment	Open a second location: lease (3-month deposit), $120,000 build-out and 8 hires
Total amount at risk	$185,000 in the first year
Irreversibility	Deposit: when the lease is signed · Build-out: when construction starts · Hires: from day one
Owner	Business owner, with committee approval

FIELD	DECISION: SECOND LOCATION
Scenarios	Conservative: break-even in 9 months · Base: 6 · Expansion: 4
Gate (condition)	The first location holds at least 3 months of essential outflows in free cash, build-out financing is approved in writing, and the 13-week forecast shows no shortfall in the conservative scenario
Decision deadline	June 30. If the gate is not met, postpone 90 days
Main risks	Lower demand in the new area; construction overruns; turnover among new staff
Alternate	If after 6 months the new location does not cover its variable costs and rent: reduce hours and menu before touching the first location's cash
Status	Gate 1 of 3 met (cash). Pending: financing and forecast

With these answers in writing, the decision stops being a bet and becomes a plan with conditions.

Rules, criteria and exceptions

Not all the method's rules weigh the same:

- **Control rules:** not broken without the owner's or committee's written authorization. Example: no cash is moved without first reviewing the list of commitments.
- **Decision criteria:** the norm; departing from them requires written justification. Example: no new debt while the debt alarm is red.
- **Authorized exceptions:** emergencies where you do not wait to measure. Example: fraud is stopped immediately.

The five questions before any major decision

1. What commitments am I taking on, and from what date does each become unrecoverable?
2. How much of the revenue is collected, how much contracted, how much probable and how much only expected?
3. What is my break-even point in the conservative scenario?
4. What condition must be met before crossing?
5. Who decides, and on what date?

> **Chapter rule:** before moving cash, commitments come first. And no irreversible commitment is authorized on revenue that is only expected or probable.

CHAPTER 4

Resist: the alarms you cannot do without

4

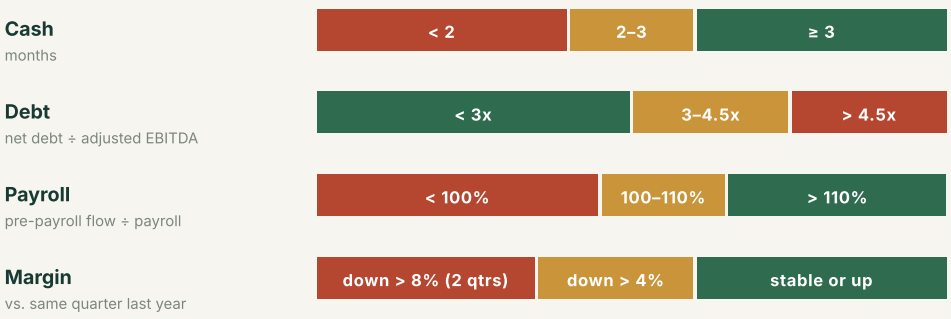
In the cockpit, the alarm sounds before the emergency, not after. Resisting means installing those instruments and alarms in your business, so problems show up while there is still time to decide.

The four alarms

Each alarm has an **amber** level (watch) and a **red** level (act). The thresholds are starting references: they are adjusted for your type of business, but they must be written down before they are needed.

ALARM	HOW IT IS CALCULATED	AMBER	RED
Cash	Free cash ÷ one month of essential outflows	2 to 3 months	Less than 2 months
Debt	Net financial debt ÷ 12-month adjusted EBITDA	3 to 4.5 times	More than 4.5 times, or zero or negative EBITDA with debt
Payroll	Operating cash flow before payroll ÷ total payroll cost (3-month average)	100% to 110%	Less than 100%
Margin	Gross margin of the last 2 quarters vs. the same quarter a year earlier (relative change)	Either falls more than 4%	Both fall more than 8%

THE FOUR ALARMS AT A GLANCE



Reference thresholds. They are adjusted to each sector, but written down before they are needed.

Each alarm in detail

Cash alarm. Two months of coverage is the minimum to react to a drop in sales, a customer who does not pay or an unexpected expense. **When it goes off:** freeze non-essential spending, speed up pending collections, rank the coming weeks' payments by priority and take on no new commitments.

Debt alarm. Net debt is financial debt (loans, credit lines, business credit cards, finance leases) minus cash. Above 4.5 times adjusted EBITDA, debt starts to limit decisions. If EBITDA is zero or negative and there is debt, the alarm is red even though the ratio cannot be calculated. **When it goes off:** take on no new debt except to refinance more expensive debt, prepare a renegotiation proposal based on the 13-week forecast and prioritize the most expensive debt.

Payroll alarm. It compares what the operation generates **before** paying salaries with what payroll costs. Below 100%, the operation does not cover the period's payroll. That alone does not mean the business is insolvent, since it may have reserves, but it does mean cash is being consumed to pay salaries. **When it goes off:** review prices and margins, productivity by area and team structure before the decision becomes urgent.

Margin alarm. It is measured as a relative change: going from 25% to 22.9% is an 8% decline. It is compared with the same quarter a year earlier so you do not confuse a real decline with seasonality. It usually signals costs rising without price adjustments, discounts that became permanent or a shift in the product mix. **When it goes off:** review the cost of each product or service, discounts and prices.

When alarms pile up

An alarm is not a crisis: it is time to decide. But three amber alarms at once say something none of them says alone. Treat them as a sign of accumulated vulnerability, unless you have a documented reason (for example, the low season of a seasonal business that was already funded).

Leading indicators

The four alarms show problems that have already started. These indicators warn earlier:

- **Client concentration:** if one client is more than 40% of your sales, or your top three more than 70%, a single decision by someone else can change your year.
- **Receivables aging:** if the share more than 60 days overdue is growing, cash will suffer even if sales look good.

- **Sales pipeline:** if the volume of proposals and negotiations falls for two months, sales will fall later.
- **Critical suppliers:** if a key supplier has no proven alternative, you carry a risk that appears in no financial statement.

Tracking corrective actions

An alarm that goes off and produces no action is just a light. Each time an alarm turns amber or red, record: the action, the owner, the target date, the expected result and, at the next committee meeting, whether it worked. If it did not, escalate. The template is in Appendix F.

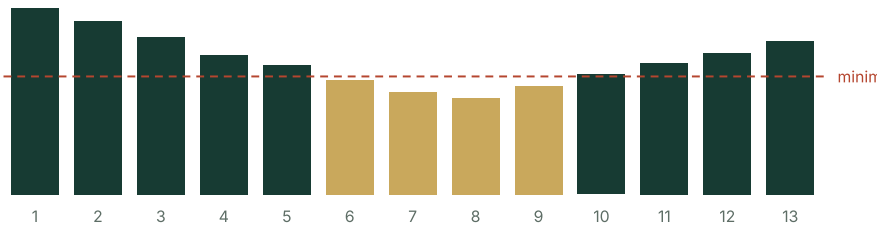
The dashboard

You do not need expensive software. A simple one-page dashboard, updated monthly, is worth more than a hundred reports nobody reads. This is what a completed one looks like:

PREVUELO DASHBOARD · MARCH · SERVICE BUSINESS (ILLUSTRATIVE EXAMPLE)

CASH	DEBT	PAYROLL	MARGIN
2.4 months	2,1x	104%	−2%
Amber	Green	Amber	Green

Projected free cash, 13 weeks ($ thousands)



Budget vs. actual: largest differences

LINE	VARIANCE	ACTION
Advertising	+18%	Review campaign
Overtime	+12%	Adjust shifts
Software	−6%	—

Decisions in progress

DECISION	GATE	DATE
Second location	1 of 3	Jun 30
New software	Cleared	—

Reading: two amber alarms (cash and payroll). Cash will dip below the minimum in weeks 6 to 9: non-essential spending is frozen and collections are accelerated. Gate 2 of the second location does not move forward until cash is back to normal.

The committee

Even if your business is small, meet once a month with whoever handles the numbers, even if it is just two people, and review the dashboard. What is not on the calendar does not happen. A suggested agenda is in Appendix G.

Documentation

In aviation, what is not written down does not exist. Document at least three things: how each indicator is calculated, who approves each type of spending and what was decided at each committee meeting. That way, if the person changes tomorrow, the system keeps working.

> **Chapter rule:** what is not documented depends on someone's memory. And memory fails, just as the human factor fails in the cockpit.

CHAPTER 5

Artificial intelligence as copilot 5

The autopilot flies much of the route, but the pilot stays in command. That is how artificial intelligence is used in the Prevuelo Method: it speeds up the analysis, but it does not decide.

What it is for

- Drafting scenarios and sensitivity tables.
- Comparing budget with actuals and flagging deviations.
- Summarizing financial statements and trends.
- Detecting when an indicator is approaching a threshold.
- Preparing the first draft of a report for the committee.

What it is not for

- Approving or executing payments, transfers or restructurings.
- Making credit, hiring or investment decisions.
- Using more customer or personal data than necessary.
- Putting figures into official reports without anyone reviewing them.

The five rules

1. **Defined uses:** AI is used only for approved tasks.
2. **Human validation:** every important output is reviewed by a named person.
3. **No autonomous execution:** AI never moves money.
4. **Traceability:** a record is kept of what was asked, what it answered, who reviewed it and what was decided.
5. **Minimum data:** only the information needed, with controlled access.

Three mandatory checks

An AI output can look flawless and still be wrong, especially if the input data has errors, the tool confuses periods or mixes accounting concepts. Before using any figure:

1. **Verify the source and period** of every data point it used.

2. **Recalculate the critical indicators yourself** (cash, debt, payroll and margin).
3. **Separate** proven facts from assumptions and from estimates.

Illustrative example: an error that looks right

You ask an AI tool to calculate your cash coverage. It answers confidently: "Your cash of $90,000 covers 3 months of fixed costs of $30,000. You are in the green zone."

It looks right. But when you check, you find two errors: it used the bank balance without subtracting $25,000 in collected taxes you must remit, and it took fixed costs without the debt installments, which add $8,000 a month.

The correct calculation is: (90,000 − 25,000) ÷ (30,000 + 8,000) = **1.7 months. Red alarm.**

The tool did not lie: it answered exactly what you asked with the data you gave it. That is why human validation is not a formality.

How to ask well

- "Using this table of sales and costs for the last 12 months, calculate the monthly gross margin and compare each quarter with the same quarter of the previous year. Show your calculations."
- "Build three scenarios for opening a second location: conservative, base and expansion. Use these assumptions [list]. State the break-even point for each and which assumptions are estimates."
- "Compare this budget with actuals and rank the differences from largest to smallest. Do not draw conclusions: just show me where they are."

The log

Keep a simple table with five columns: date, what was asked, what data was used, who reviewed it and what was decided. It looks like bureaucracy until the day someone asks where a number came from.

> **Chapter rule:** AI is the copilot, not the pilot. Responsibility is never delegated to a machine.

CHAPTER 6

What each case taught me 6

The method was not born on a whiteboard. It took shape in real organizations. These are some of the cases that taught me the most. For confidentiality, I do not name the organizations; each outcome is attested in writing by executives or collaborators who took part. The results reflect specific experiences, with their own circumstances, and are not a guarantee of what will happen in another business.

An airline opening a branch in another country

Starting point: the airline ran occasional charter flights with no formal presence in the country: no local bank accounts, no supplier or ground-handling contracts and no financial control. Landing authorizations were sometimes obtained only hours before the flight.

What we did (2018–2022): we built the branch from the ground up and installed a weekly forward-looking cash control that consolidated every operating cost, along with a fuel payment control and formal contracts with suppliers and ground services.

Result: on-time performance rose from 68% to 95% and the route obtained full commercial certification. The improvement came from synchronizing crew planning, suppliers, slots and payments; financial control contributed by keeping payments from disrupting the operation.

What it taught me: an aircraft's punctuality is also a financial matter. When payments fail, the operation fails.

How to apply it in your business: if your operation depends on critical suppliers, align your payment calendar with your operating calendar.

An airline group evaluating new routes

Starting point: opening a route involves high and hard-to-reverse costs.

What we did (2015–2017): before opening each route we modeled it with lease costs, fuel, expected demand and revenue scenarios.

What it taught me: decide on the ground, before the point of no return.

How to apply it in your business: any expansion, however small, deserves a three-scenario model before signing.

A media and education company after COVID

Starting point: disrupted revenue and little visibility into the real situation.

What we did (2022): we created a finance committee, organized the accounting system, installed dashboards for receivables, payables and risk signals, and built 12–24 month scenarios.

Result: more than $400,000 in vendor liabilities restructured, fixed costs down 23% in six months and three digital units that generated over $1.5 million in one year. Years later, the company still uses the models and dashboards.

What it taught me: in a crisis, the first step is to see. You cannot fix what you cannot see.

How to apply it in your business: when everything feels urgent, start with the 13-week forecast and the list of debts. Decisions come after.

International events with budgets above $500,000 per edition

Starting point: sponsorships arrived late and costs were committed early, with no defined break-even points.

What we did: we defined scenarios with break-even points, gates tied to confirmed revenue and a point of no return for each initiative. In addition, what was collected before each edition was treated as the event's money, not as profit, until the event took place.

Result: the events were executed within their financial limits, with no cost overruns, and the model was reused.

What it taught me: the question shifted from “do you think it'll work out?” to “have we cleared the gate?”.

How to apply it in your business: if your revenue depends on third parties who confirm late, never commit irreversible costs in advance without a gate.

A foundation with programs in more than 15 countries

Starting point: variable funding sources and different rules in each country.

What we did: a three-year forecasting model, resource-allocation dashboards and threshold-based budgets.

Result: budget accuracy above 90%, measured as how closely spending matched the budget.

What it taught me: nonprofits need the same discipline as a business, because their money has even less room for error.

How to apply it in your organization: if you depend on donations or grants, budget with the conservative scenario and release spending through gates.

A growing certified B Corporation consultancy

Starting point: it was growing in services and projects, but had no formal budget or rules for approving initiatives.

What we did: its first formal budget, a review committee, approval thresholds and rules for using analytical tools with human validation.

Result: according to the firm itself, an operational efficiency improvement of about 15%, reflected in smaller budget deviations and a better match between revenue and staffing.

What it taught me: growing without rules is accelerating without instruments.

How to apply it in your business: before you grow, define who approves what, and up to what amount.

> **What they have in common:** in every case, what mattered most was not the first-year figure but that the systems kept working after my involvement ended.

CHAPTER 7

The mistakes I see most 7

These mistakes show up in almost every industry I have worked in. For each one, the signal that gives it away and what you can do.

1. Treating expected revenue as collected

“The client said yes” is not a contract, and a contract is not money in the bank.

Signal: your cash forecast includes revenue with no collection date. **What to do:** classify each revenue item as collected, contracted, probable or expected, and commit cash only with what is collected or projected with a date and a risk factor.

2. Moving cash without looking at commitments

I lived this one myself. Cash has owners even while it sits in your account.

Signal: you do not know which payments are due in the next four weeks. **What to do:** before any large transfer, review the 13-week forecast.

3. Adding fixed costs in good times

Signal: your margin of safety shrinks month after month. **What to do:** before each new fixed cost, calculate how much it would reduce your margin of safety.

4. Having a budget nobody looks at

Signal: nobody knows how much is left on each line. **What to do:** a monthly budget-versus-actual review, with an owner for each line.

5. Checking cash when there is already a problem

Signal: you find out money is short when the bank rejects a payment. **What to do:** a 13-week forecast, updated every week.

6. Confusing the owner's pay with profits

Signal: the owner withdraws money when needed and nobody knows how much the business really earns. **What to do:** set a reference pay, separate salary from profit distributions and define in writing when and how much can be withdrawn.

7. Depending on a single person

If the person who knows everything left tomorrow, would your business keep flying?

Signal: some processes only one person knows how to do. **What to do:** document the key financial processes and cross-train responsibilities.

8. Growing without gates

Signal: major decisions are made in a meeting and nobody writes down the condition. **What to do:** use the gate matrix in Appendix D.

9. Using AI without rules

Signal: nobody knows what data was shared or who reviewed the answer. **What to do:** apply the five rules and the three checks from Chapter 5.

10. Trusting experience too much

The owner who “has always done it this way” is the one who checks the instruments least. Just like in the cockpit.

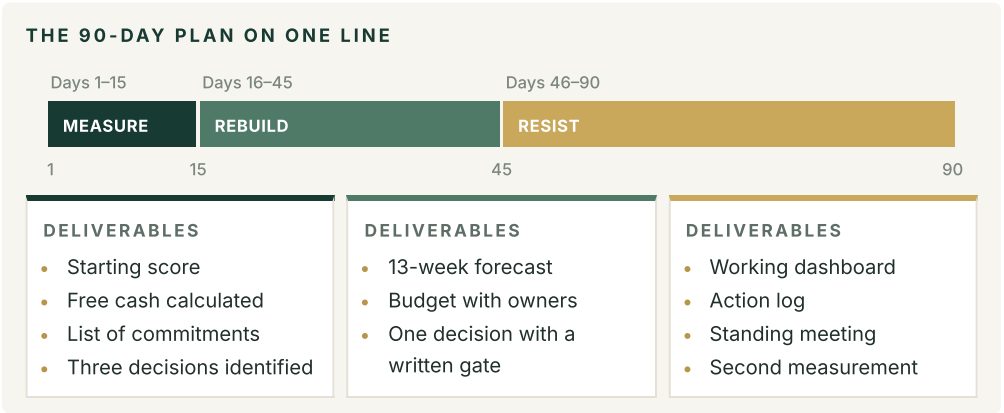
Signal: decisions are justified with “I know my business.” **What to do:** ask for the numbers before giving an opinion, starting with yourself.

CHAPTER 8

Your first 90 days with the Prevuelo Method

8

You do not need to do everything at once. This is the order I recommend, with what you should have finished at the end of each stage.



Days 1 to 15: Measure

- Make the owner's pay adjustment and separate personal and business accounts.
- Calculate your free cash, months of coverage and cash conversion cycle.
- Take your first MR³ self-assessment and save it with the date.
- List all your commitments for the next 90 days (Appendix A).
- Identify the three major decisions you face this year.

Deliverables: starting score, list of commitments, free cash calculated and three decisions identified.

Days 16 to 45: Rebuild

- Build your 13-week cash forecast and stress-test it (Appendix B).
- Build or rebuild your monthly budget, with rules on who approves what.
- Calculate your margin of safety and sort your fixed costs.
- Classify your revenue as collected, contracted, probable and expected.
- Take your next major decision through the gate matrix, with its three scenarios (Appendices C and D).
- If your debt is too heavy, prepare the conversation with your creditors.

Deliverables: 13-week forecast, budget with owners and one decision with a written gate.

Days 46 to 90: Resist

- Define your four alarms with their thresholds, owners and first response.
- Set up your one-page monthly dashboard (Appendix E).
- Open the corrective action log (Appendix F).
- Schedule a fixed monthly meeting to review it (Appendix G).
- If you use AI, write down your rules for using it.
- Document how each indicator is calculated.
- Repeat the self-assessment and compare it with day 1.

Deliverables: working dashboard, action log, fixed meeting and a second measurement.

> **By day 90 you should be able to answer without looking anything up:** how many months your free cash can sustain you, how heavy your debt is, whether your margin is improving or worsening against last year, what happens to your cash over the next 13 weeks, and what the condition is for your next major decision.

Closing: takeoff

The Prevuelo Method does not eliminate risk. No pilot takes off without risk. What it does is let you take on that risk when you decide, with numbers worked out on the ground and not in the middle of the takeoff roll.

Deciding in advance is not pessimism. It is exactly what allows you to accelerate with confidence.

The most important activities of a flight happen long before the aircraft takes off. Get ready for your business to take off.

Mario Rodríguez Aguilera

Appendices: templates and glossary

Appendix A. List of commitments

COMMITMENT	TO WHOM	AMOUNT	DUE	RECOVERABLE UNTIL	PRIORITY
Payroll	Team			N/A	High
Rent	Landlord				High
Loan installment	Bank				High
Taxes	Government			N/A	High

Appendix B. 13-week cash forecast

WK	OPENING BALANCE	EXPECTED COLLECTIONS (RISK-ADJUSTED)	COMMITTED PAYMENTS	PAYROLL, TAXES AND DEBT	CLOSING BALANCE	FREE CASH	STRESS TEST (–20%)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							

Closing balance = opening balance + expected collections – committed payments – payroll, taxes and debt. Update it every week: week 1 drops off and a new week is added at the end.

Appendix C. Scenarios for a decision

ITEM	CONSERVATIVE	BASE	EXPANSION
Collected and contracted revenue			
Probable revenue			
New fixed costs			
Variable costs			
Break-even point			
Months to break even			
Minimum cash over 13 weeks			
Maximum acceptable loss			

Appendix D. Gate matrix

FIELD	DECISION:
Commitment	
Total amount at risk	
Date it becomes irreversible	
Owner	
Conservative scenario	
Gate (written condition)	
Decision deadline	
Main risks	
Alternate	
Authorized exception (who and why)	
Status	

Appendix E. Four-alarm dashboard

ALARM	THIS MONTH	AMBER	RED	OWNER	ACTION
Cash (months of coverage)		2 to 3	< 2		
Net debt ÷ adjusted EBITDA		3 to 4.5	> 4.5 or EBITDA ≤ 0		
Pre-payroll cash flow ÷ payroll		100–110%	< 100%		
Gross margin vs. same quarter		Down > 4%	Down > 8% (2 qtrs)		

Appendix F. Corrective action log

ALARM	ACTION	OWNER	TARGET DATE	EXPECTED RESULT	DID IT WORK?	NEXT STEP

Appendix G. Monthly committee agenda (60 minutes)

1. The four alarms and leading indicators (10 minutes).
2. 13-week cash forecast (10 minutes).
3. Budget versus actual: the five largest differences (10 minutes).
4. Corrective action log: what worked and what did not (10 minutes).
5. Major decisions in progress: gates and next dates (10 minutes).
6. Agreements, owners and dates, in writing (10 minutes).

Glossary

- **Free cash:** available cash minus overdue payments, restricted funds, third-party funds (such as taxes collected or withheld) and advances that fund work not yet done.
- **Unearned revenue (advance):** money collected for something you have not delivered yet. It is an obligation to the customer until you deliver.
- **Essential outflows:** the payments needed to operate for one month (necessary fixed and variable costs) plus debt installments.
- **Months of coverage:** free cash ÷ one month of essential outflows.
- **Cash conversion cycle:** days to collect + days of inventory − days to pay.
- **Fixed cost:** what you pay even if you sell nothing.
- **Variable cost:** what rises or falls with sales.
- **Gross margin:** what is left from each sale after its direct cost, as a percentage.
- **Margin of safety:** how far sales can fall before you start losing money.
- **EBITDA:** earnings before interest, taxes, depreciation and amortization. It is not operating income, which does deduct depreciation and amortization.
- **Adjusted EBITDA:** 12-month EBITDA adjusted for the owner's market pay and excluding one-off items.
- **Net financial debt:** loans, credit lines, business credit cards and finance leases, minus cash.
- **Operating cash flow before payroll:** customer collections minus operating payments, excluding salaries.
- **Break-even point:** the level of sales at which you neither gain nor lose.
- **Gate:** a written condition that must be met before releasing spending or taking on a commitment.
- **Point of no return:** the moment after which a commitment can no longer be recovered.
- **Alternate:** the plan defined in advance for when things do not go as expected.
- **MR³ Index:** a 0–100 score combining liquidity, capital structure, governance, efficiency and adaptability.

About this guide

The Prevuelo™ Method: how to stop making blind decisions in your business. Version 1.2, 2026. Versions 1.0 and 1.1 were published under the method's original name: **The MR³ Method** (Measure, Rebuild, Resist).

Author: Mario Rodríguez Aguilera, Consulting M&M LLC. The method, its tools, its rules and the cases described come from the author's professional experience.

About the writing: the text was prepared with the assistance of artificial intelligence tools under the author's direction. The author contributed the ideas, experience and cases, and reviewed and approved the final content, in line with the rules in Chapter 5.

Notice: this guide is for informational and educational purposes. It does not constitute accounting, tax, legal or financial advice, and it does not replace a professional's analysis of each business's particular situation. Thresholds and scales are starting references based on professional judgment. Case results reflect specific experiences and do not guarantee future results.

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