

‘What if?’ doesn’t have to mean ‘What now?’

Tools for mid-market businesses to model
best-, middle- and worst-case outcomes



WIPFLI



Introduction

Clarity isn't certainty — it's readiness

Disruption isn't a one-time event. It's a constant reality for mid-market businesses navigating volatile demand, rising costs and shifting capital access.

That's why scenario planning has become a strategic imperative. The goal isn't to predict the future — it's to prepare for the upside, build agility into your operations and manage the downside before it hits.

This toolkit offers a structured way to model best-, middle- and worst-case financial outcomes so you can make informed decisions with confidence.

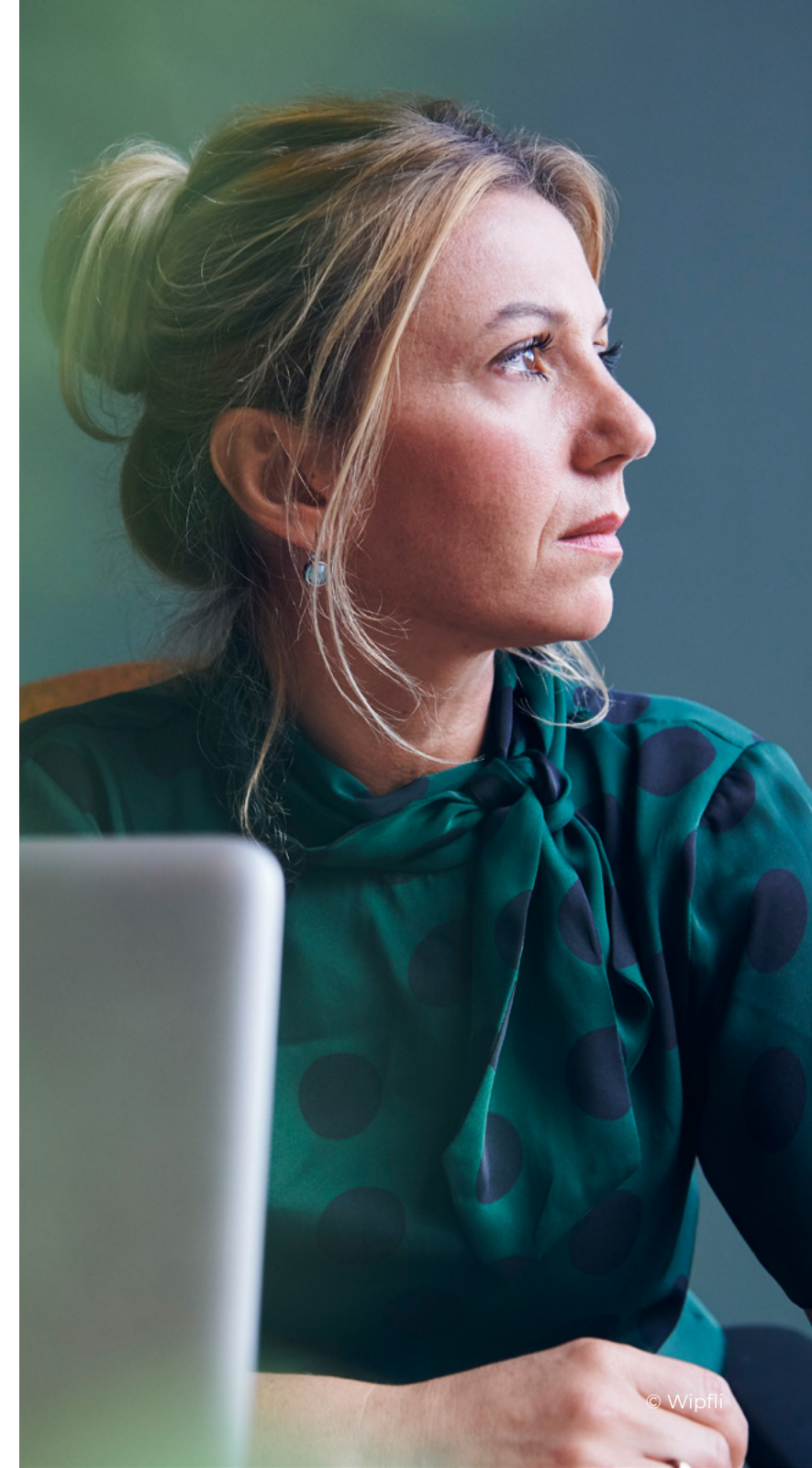
The 3-case model

A 3-case model helps you prepare for the upside, build agility and manage the downside

In today's environment, the most resilient businesses aren't the ones with the most optimistic plans — they're the ones with the most adaptable ones. Building three financial scenarios allows you to explore a range of possible futures, stress test your assumptions and prepare smart responses in advance.

This model isn't about being overly cautious or unduly optimistic — it's about giving your leadership team the visibility and flexibility to act decisively when conditions change.

Each scenario serves a purpose: Your best case helps you prepare for the upside. Your middle case builds the agility to adjust without overcorrecting. And your worst case helps ensure you're ready to manage the downside — without panic.



Here’s how to think about the 3 foundational cases:

Scenario	Characteristics	When to use
Best-case	Strong demand, capital access, stable costs	Strategic planning, investment justification
Middle-case	Stable but sluggish growth, moderate inflation	Budgeting, board-level forecasting
Worst-case	Revenue drop, rate hikes, supply/labor issues	Risk planning, cash preservation

Best-case planning gives you a roadmap for growth. It assumes favorable market conditions — such as demand acceleration, improved margins or access to capital — and helps you define what investments you’re ready to pursue when opportunities emerge.

Middle-case scenerios reflect a more conservative view. They form the basis of most budgeting cycles, with moderate assumptions around growth, inflation and operational stability. This scenario helps you set expectations, plan for consistency and stay grounded.

Worst-case modeling isn’t about fear — it’s about foresight. It forces you to confront uncomfortable possibilities, like a drop in revenue or supply chain disruption and plan protective measures in advance. It’s your stress test — and often your fastest path to action when volatility hits.

Common triggers to monitor across all cases:

- Interest rate shifts or lending policy changes
- Shifts in customer demand or payment cycles
- Supplier disruption or commodity price swings
- Changes to tax or regulatory policy
- Labor availability and wage pressure
- Capital market tightening or credit access issues

Each of these cases gives you a different lens to examine your business — and together, they offer a framework to lead with greater clarity, whatever the market throws your way.



Build your scenarios

Your business. Your assumptions.
Your roadmap.

Scenario planning isn't one-size-fits-all. The strength of this toolkit comes from how well you tailor it to your own business realities.

This section walks you through how to build out three financial models — best-case, middle-case and worst-case — using your own assumptions.

We recommend starting with a rolling 12- to 18-month horizon. That gives you enough runway to evaluate key inflection points without overextending your forecast.

Step 1 Define your key drivers

Identify the variables that have the most impact on your financial performance.

Common drivers include:

- Revenue growth or contraction
- Labor and benefit costs
- Material or supplier inputs
- Overhead and fixed costs
- Capital investments and financing
- Timing of major receivables/payables
- Tax or regulatory exposure

Not every lever needs to change in every case — but it's important to isolate what could shift and how it would ripple through your model.

Step 2 Build case-specific assumptions

Category	Best-case	Middle-case	Worst-case
Revenue growth	+10% YoY	+2% YoY	-8% YoY
Labor costs	Stable	+4%	+8%, plus hiring freeze
Materials/suppliers	Stable pricing	+5%	+12%, possible disruption
Capital investment	\$2M expansion project	Delay to Q4	Postpone entirely
Credit access	Extend line of credit	Maintain status quo	Tighten cash controls
Tax environment	Benefit from new R&D credit	Neutral	Lose SALT cap workaround

Step 3 Model financial outcomes

Use your assumptions to project margin impact, fixed versus variable cost ratios and overall cash runway under each scenario. This is where decision-making starts to crystallize.

Key metrics to assess:

- EBITDA and gross margin variability
 - Operating cash flow
 - Debt service coverage ratio
 - Headcount sustainability
 - Runway in months (under worst-case)
- These outputs help you translate assumptions into operational insight – and quickly identify thresholds where action is required.





Example: Midsized manufacturing company

Let's say you're a \$90M manufacturing business heavily reliant on industrial customers. You're facing rising material costs and uncertainty around capital equipment demand. Here's how you might begin to fill out your scenarios:

Key driver: Raw material prices

- Best-case: Stabilize at current levels → maintain gross margin
- Middle-case: Rise 6% → absorb half, pass half to customers
- Worst-case: Spike 15% → require price renegotiation or margin erosion

Key driver: Client demand for capital projects

- Best-case: Infrastructure spending drives Q3 surge
- Middle-case: Delayed approvals push growth into next year
- Worst-case: Orders stall → idle capacity and cost cuts needed

Fixed vs. variable mix

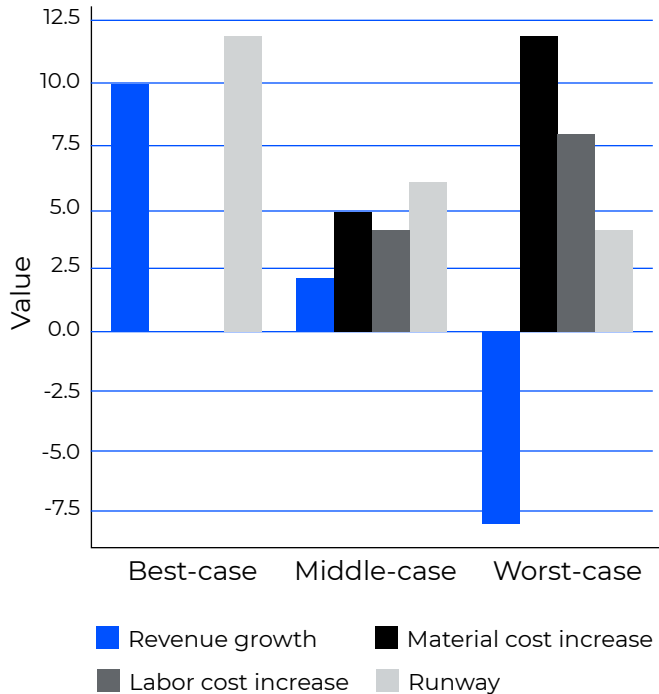
- Labor and facilities = 60% fixed
- Materials and logistics = 40% variable

Runway impact:

- Best-case: 12-month surplus
- Middle-case: Six-month buffer with stable margins
- Worst-case: Four-month window before breakeven triggers action

This isn't about guessing right — it's about setting up the right triggers so you can move quickly. Your best-case scenario shows you where to lean in. Your middle-case scenario protects your flexibility. Your worst-case scenario defines the guardrails that keep you in control.

Scenario modeling for a midsized manufacturing company



Align your actions with your outlook

Modeling your scenarios is just the start — the real value comes from knowing how to respond. This checklist helps you translate financial models into operational strategy by showing what actions to take, pause, or reevaluate in each scenario.

This isn't a rigid playbook — it's a starting point. Use it to clarify your decision thresholds and establish internal signals that help you act without hesitation when the environment shifts.

Use this checklist to link financial scenarios to operational responses — so you're ready to seize the upside, stay flexible in ambiguity and mitigate the risks that matter most.



Scenario response checklist

Business area	Best-case	Middle-case	Worst-case
Workforce strategy	✓ Expand critical roles or redeploy through automation	⚠ Prioritize role redesign and upskilling	✗ Freeze hiring, increase automation to reduce burden
Capital investments	✓ Proceed or accelerate	⚠ Delay nonessential projects	✗ Postpone all new investments
Technology upgrades	✓ Implement or pilot	⚠ Focus on must-haves	✗ Pause until conditions stabilize
Pricing strategy	✓ Consider premium pricing	⚠ Maintain current structure	⚠ Explore strategic discounting
Inventory/Orders	✓ Build ahead of demand	⚠ Maintain lean inventory	✗ Reduce reorder quantities
Credit/Funding	✓ Extend or renegotiate terms	⚠ Review contingencies	✓ Secure access to cash reserves
Marketing efforts	✓ Increase growth-focused spend	⚠ Maintain brand visibility	✗ Cut discretionary campaigns
Client engagement	✓ Launch new offerings	⚠ Focus on relationship retention	⚠ Strengthen support to protect revenue
Leadership cadence	✓ Strategic planning sessions	⚠ Monthly performance check-ins	✓ Weekly review of key metrics and triggers

Symbols key: ✓ Take action ⚠ Evaluate based on context ✗ Delay, cut or paste

Applying the checklist – Manufacturing example

Looking back at the midsize manufacturing firm we introduced earlier: Based on their scenario models, here's how their leadership team might use this checklist to guide decisions:

Scenario: Best-case

Infrastructure spending drives strong client demand and steel prices remain stable.

- **Hiring:** Expand the production team to meet forecasted Q3 orders.
- **CapEx:** Move forward with the \$2M expansion project to increase throughput.
- **Tech:** Launch pilot of inventory automation system.
- **Pricing:** Hold pricing, explore slight premium in high-margin segments.
- **Inventory:** Build raw material reserves to avoid future supply constraints.

Scenario: Middle-case

Growth remains flat and material costs increase moderately.

- **Hiring:** Fill only essential roles — focus on retention.
- **CapEx:** Delay expansion project to Q4 pending revised forecasts.
- **Tech:** Prioritize maintenance and licensing renewals only.
- **Pricing:** Keep pricing stable to avoid client attrition.
- **Inventory:** Maintain lean stock to reduce cash tied up in materials.

Scenario: Worst-case

Orders stall, steel prices spike and capital access tightens.

- **Hiring:** Implement hiring freeze and evaluate OT reduction.
- **CapEx:** Fully postpone expansion and defer nonessential upgrades.
- **Tech:** Pause all new initiatives.
- **Pricing:** Consider strategic discounting to retain anchor clients.
- **Inventory:** Minimize purchases and liquidate excess stock to free up cash.

Takeaway: By mapping financial scenarios directly to functional choices, the leadership team is able to set clear triggers for action and remove ambiguity when conditions shift. This clarity builds internal confidence — and gives the business a competitive edge when others are reacting late.

Conclusion: Lead through uncertainty

Strategy is a moving target. This keeps you ready.

You’ve built a strong foundation by modeling best-, middle- and worst-case outcomes. But this isn’t just a one-time exercise — it’s a way of thinking that helps you lead through uncertainty with greater confidence and control.

Every business will face surprises. What sets resilient organizations apart is how they:

- Prepare for the upside by identifying growth triggers and investment opportunities.
- Build agility through flexible plans, fast decision-making and cross-functional alignment.
- Manage the downside by protecting margins, cash flow and workforce stability.

How Wipfli can help

You don’t have to plan alone.

Scenario planning opens the door to smarter strategy — but applying it consistently requires discipline, data and collaboration. That’s where Wipfli comes in.

We work with midsize businesses across industries to help them model uncertainty, refine their assumptions and design responsive strategies that keep them ahead of change. Whether you’re evaluating your next move or pressure-testing the one already in play, our team brings the structure and insight to help you move forward with clarity.

Need	Wipfli support
Improve scenario modeling and variance tracking	FP&A optimization, rolling forecasts, real-time dashboards
Explore strategic pivots or consolidation	M&A readiness, due diligence, succession planning
Align tax and capital decisions across scenarios	Tax structure modeling, credit optimization
Build operational resiliency	Business continuity planning, supply chain diagnostics
Turn plans into action	Tech solutions for forecasting, analytics and planning workflows

Appendix:

Financial scenario planning worksheet pack

A hands-on tool to prepare for the upside, build agility and manage the downside.

Use this pack alongside Wipfli's scenario planning toolkit to apply key assumptions, run calculations and clarify decisions across functions.

Worksheet 1: Define your financial assumptions

Business area	Best-case	Middle-case	Worst-case
Revenue growth (%)			
Labor cost change (%)			
Material/Supplier costs			
Operating expenses			
Customer demand trends			
Access to capital/credit			
Tax/Regulatory environment			

Worksheet 2: Run key calculations

Business area	Best-case	Middle-case	Worst-case
Gross margin %			
EBITDA			
Operating cash flow			
Monthly burn rate			
Cash runway (months)			
Break-even revenue target			
Debt service coverage ratio			

Worksheet 3: Functional strategy checklist

Business area	Best-case	Middle-case	Worst-case
Hiring plan			
CapEx plan			
Tech investments			
Pricing strategy			
Inventory/Ordering			
Client strategy			
Supplier contracts			
Internal communications			

Worksheet 4: Decision triggers and response actions

Trigger to monitor	Threshold	Scenario shift	Action to take
Material cost increase	Exceeds 10% YoY	Middle → Worst	Pause CapEx, reduce orders
Customer demand growth	Exceeds forecast by 15%	Middle → Best	Hire 2 FTEs, expand production

Worksheet 5: Reflection and next steps

1. What insights surprised you during this exercise?

2. Where do your biggest risks cluster — costs, revenue, timing, capital?

3. What early decisions can you make today to reduce downside exposure?

4. What would it take to move your middle middle-case scenario closer to your best-case scenario?

5. What one conversation should you have with your leadership team this week to align around your findings?

Let's talk about what's next

This toolkit is designed to give you structure — but the real impact comes from action. Whether you're looking to test your assumptions, build dashboards that flex with change or explore the ROI of planning tech, Wipfli is here to help.

- Explore more tools and frameworks at our **uncertainty resource center**.
- Schedule a **scenario planning session** with our advisory team.

Dive in >

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.



WIPFLI