Auto Body Shop Business Plan and Operations Starter Kit

A working kit for collision repair shops. It prices every ticket at the true cost of a billed flat-rate hour with the parts share shown, turns a deductible at pickup and an insurer draft a month later into a collection pattern, tracks estimates and supplements against the repair order, shows what a bay-hour has to earn, finds cash break-even through a shallow winter peak, and scores the plan on six pass-or-fail tests.

AUTO BODY AND COLLISION REPAIR
FREE EDITION · VERSION 1.0 · OCTOBER 2026
19 PAGES · PRINT IT, WRITE ON IT, KEEP IT
LATEST VERSION: BUSINESSCONSULTANT.SERVICES/KITS/COLLISION-REPAIR-SHOPS/
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PAGE 2

Start here

A body shop can be full every day and still short of cash. Parts are paid when they are ordered and charged here to the month the ticket is billed, technicians are paid as the work is produced, and the insurer's draft lands about a month after the car is delivered. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

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HOW TO USE IT

1. Build ticket sales on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Parts prices, insurer estimates and cycle times move before a car is delivered, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every repair order and the numbers review every week. Run the page 12 overrun check when each job closes and update the page 9 parts log after every supplement.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the auto body shop questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, insurance or financial advice. Insurance terms, warranty terms, registration requirements and employment terms vary by location. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

This is the page a lender turns to for proof that a sold repair becomes cash before the parts invoices, the payroll and the insurer draft fall due. Short sentences here; the detail belongs on separate sheets.

1. Executive summary (write it last)

Lay out the work, the area covered, the money required and what it buys; then name the month the page 6 sales forecast first exceeds the cash break-even sales level on page 8, and give the page 4 result.

2. The work you take, and who pays for it

Put the work in a driver's words: the bumper cover cracked in a parking lot, the quarter panel pushed in at an intersection, the frame that has to be measured first. Then say what the customer gets besides a straight car (an estimate in writing, a delivery day, a paint match), where the work comes from, and who signs.

3. The ground you cover, and the bays you can staff

Draw the radius you serve and count the tow and parts runs: a car waiting on a part holds a bay either way. Then count the bays you can staff on a Monday, the booth time they need, and the cars those hands can move in a week.

4. Repair orders and the price each one carries

Every ticket is built from the operations it carries and the parts it consumes. A labor figure with no billed hours under it, or a markup blind to fill rate, breaks in a busy month.

REPAIR OPERATION	BILLED HOURS AND PARTS CATEGORY	PRICE	CONTRIBUTION PER BILLED HOUR

> *Owner question: The bays are full every week and the insurer has approved the estimate, so why is there no cash left at month end?*
> The money sits in cars still in the bays and in the wait between delivery and the draft. In the example, about 87 percent of a ticket comes from the insurer a month after billing, while parts are paid on order and technicians as they produce. Set the cash taken at pickup against the cash paid out in the same month, then track cycle time and the supplements actually collected. The lag control prices a month of slip.

PAGE 4

Business plan, part two

5. Operations

Describe how a repair runs from key-in to delivery: estimate, teardown, supplement, frame and booth time, paint match, reassembly and quality check. Name who signs off each car when you are not there.

6. Team

List every job on the payroll, its hours and its rate, and what each technician bills against what they are paid. Then name who could run the booth for a week.

7. Marketing and sales

Explain where the work comes from (insurer programs, dealer and tow referrals, repeat customers), how an estimate becomes a scheduled repair order, and why a customer repeats your name; compare a referral's cost with your other sources.

8. Financials and funding

Attach pages 5, 6, 8 and 11, with the money needed, its sources and its runway.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. Every estimate, repair order, insurance agreement, equipment quote, supplier term and approval the plan depends on is in writing, reviewed by a qualified professional.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and each month-end closing cash, with every receipt and payment placed in its month, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. Tickets in the busiest month fit the bay hours you can staff (page 10).	
5. Repair orders, insurer approvals and an appointment book back the ticket count; a lead count backs estimates, not tickets.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a booth lease or an equipment loan. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the booth installer, the frame-machine dealer, the parts jobber or the insurer, or a documented calculation. A body shop can break on the first parts order before the first insurer draft lands, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
BOOTH, FRAME MACHINE AND SHOP EQUIPMENT				
Paint booth, downdraft, installed				
Frame machine and structural equipment				
Lifts, compressor, welders, prep stations and hand tools				
Estimating and management software setup				
OPENING COSTS				
Lease deposit and first month				
Insurance down payment				
Business registration and entity setup				
Accounting and payroll setup				
PRE-OPENING AND LAUNCH				
Pre-opening payroll, four technicians and one estimator, three weeks				
Signage, launch marketing and opening week				
Opening parts and paint stock				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that one-month buffer, add the difference. If the setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from the tickets the bays can carry at the price the work sells for, not from the payroll you need to cover.

```
Monthly sales for a line = units times average price times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE PRICE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Collision repair ticket	tickets				
Full-run month					

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected sales for each month = full-run collision repair sales times ramp (the share of full-run volume the insurer relationships and the bays have reached) times season. Use 100 percent where a factor does not apply. Ramp and season are your assumptions; write down the evidence for each, such as your scheduled repair orders by month.

CAPACITY CHECK

```
Tickets a month = bays times hours open a day times days open a month, divided by billed hours a ticket, times utilization
```

Write how many bays you can staff, the hours a bay is open a day and the days a month, and the billed hours an average ticket takes (page 7). Divide the bay hours by the hours a ticket and multiply by the utilization you plan to book (page 10). Count the booth among the bays: it is the resource every refinish job queues for. If the plan needs more tickets than the bays can carry, the plan is wrong, whatever the insurer referrals say.

PAGE 7

What a billed hour costs the body shop

Body and paint hours sell at two door rates while the technician is paid for the shift. The sheet records what the job pays, not the time a person stands at the car.

```
Labor price = the guide figure the operation carries on the ticket
Loaded wage = base pay with employer taxes, workers compensation and benefits added
Cost of a billed hour = loaded wage x paid hours / billed hours
Labor on a ticket = billed hours x cost of a billed hour
```

WORKED EXAMPLE: FOUR OPERATIONS COSTED (ILLUSTRATIVE)

OPERATION	SHARE OF TICKETS	BILLED HOURS	LABOR PRICE	LABOR AT TRUE COST	CONTRIBUTION PER BILLED HOUR
Bumper, grille and trim repair and refinish	30%	23	$1,462	$564	$39.05
Door, fender, hood and quarter panel repair	30%	38	$2,408	$932	$38.85
Structural and frame repair	16%	60	$3,784	$1,471	$38.55
Rear body, lift gate and glass	24%	33	$2,090	$809	$38.82

At $26.00 an hour with a 32 percent burden the loaded rate comes to $34.32. With 40 paid hours producing 56 billed ones, each billed hour costs $24.51 rather than the $34.32 loaded rate. The four operations average 35.82 billed hours and $2,268 of labor on a ticket, leaving $878 of cost, or 38.7 percent of the labor price. Tear-down, cleanup, road tests and rework are already counted inside that figure.

THE SHOP'S OPERATION TABLE

OPERATION	SHARE OF TICKETS	BILLED HOURS	LABOR PRICE	LABOR AT TRUE COST	CONTRIBUTION PER BILLED HOUR

Technicians are paid for the shift they work, so line 3 carries no minimum crew and line 14 carries all technician labor.

WHAT GOES WRONG

The flat-rate sheet sells 56 billed hours for every 40 paid, so a billed hour carries just 40/56 of a paid hour's cost and $24.51 sits below the $34.32 loaded wage. Tear-down, cleanup, road tests and rework live inside those 40 paid hours: the technician absorbs them by producing 56 billed hours in 40 paid ones. That bargain is the load-bearing number. Let billed hours fall toward paid hours and the cost climbs back to the loaded wage, taking the 18.8 percent labor share with it. The same arithmetic explains why a car stalled for a part eats bay time without eating wages, and why the door rate needs an annual check.

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount.

FIXED COSTS PER MONTH	PER MONTH
1. Bay, booth and shop rent	
2. Insurance: garage liability, property and workers' comp	
3. Estimator, parts and front-desk payroll (loaded)	
4. Owner's market wage (estimating, selling and management)	
5. Loan interest (booth, frame machine and equipment loan)	
6. Utilities: booth gas and electricity, shop power	
7. Marketing and referral sources	
8. Estimating, shop-management and accounting software	
9. Accounting, payroll processing and bank fees	
10. Tool, lift and equipment maintenance	
11. Shop vehicle, parts runner, towing and fuel	
12. Booth filters, hazardous waste and compliance supplies	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Parts at cost (page 9)	
14. Technician labor at the true cost of a billed hour (page 7)	
15. Sublet and outside services (page 10)	
16. Card processing on the deductible share (page 10)	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring
cash out) divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even tickets = (fixed costs and principal) divided by one average ticket's cash contribution. Cash
contribution = ticket price less parts, sublet and card processing, less only the technician hours line
14 pays; the shop guarantees no minimum staff hours
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution
margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even tickets	one figure per month		
Bay share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12, divided by 52; per working day = weekly divided by days open per week. Bay share = line 1 divided by net sales.

PAGE 9

The parts line: markup, fill and what comes back

Trade cost plus a markup is only half the story; fill rate, returns and the alternative parts an insurer mandates decide what reaches the bottom line.

```
Parts charge = trade cost x markup
Parts income a ticket = the mix applied across the category prices
Margin a ticket = parts income less trade cost
Parts share = parts cost against the labor and parts prices combined
```

WORKED EXAMPLE: THE FOUR PARTS GROUPS COSTED (ILLUSTRATIVE)

PARTS CATEGORY	SHARE OF TICKETS	COST PER TICKET	MARKUP	PRICE PER TICKET	MARGIN PER TICKET
Bumper covers, grilles and trim	30%	$1,561	1.38	$2,154	$593
Doors, fenders, hoods and quarter panels	30%	$2,253	1.30	$2,929	$676
Structural sections, aprons and frame parts	16%	$2,374	1.34	$3,181	$807
Lamps, sensors and glass	24%	$1,209	1.30	$1,572	$363

Across the four groups a ticket carries $1,814 of cost and $2,411 of revenue: 1.33 markup and $597 kept. The supplier is paid before the job is done, so the markup has to fund the stock and stand the parts that never sell.

FILL RATE AND WHAT COMES BACK

MEASURE	THIS EXAMPLE	THE EFFECT ON THE TICKET
First-time fill rate	88.0 percent	A car short of a part holds a bay that earns nothing
Parts sent back or never fitted	6.0 percent	About $109 of the $1,814 average parts cost a ticket

A 1.4 markup on a part that lands three days late costs more in bay time than it earns, and a credit booked as profit conceals the part that never got used. Fill rate and what comes back here are illustrative assumptions, not benchmarks; use your own supplier record.

THE SHOP'S PARTS TABLE

PARTS CATEGORY	SHARE OF TICKETS	COST PER TICKET	MARKUP	PRICE PER TICKET	MARGIN PER TICKET

PAGE 10

What bay hours can turn into

Capacity is billed technician hours: bays times open hours times open days, divided by the billed hours a ticket carries. A car that holds a bay for days waiting on parts, an adjuster and booth time uses bay time, but only the hours on its ticket are billed, which is why the plan keeps headroom instead of selling every open bay hour. Throughput still follows how fast cars move, not how many technicians stand on the floor.

```
Bay capacity = number of bays * daily open hours * open days / billed hours per ticket
Planned ticket count = bay capacity * booked utilization
Ticket price = labor + parts; the cost elements are the page 7 and page 9 shares
```

WORKED EXAMPLE: BAY CAPACITY IN TICKETS (ILLUSTRATIVE)

LINE	EXAMPLE	HOW IT IS BUILT
Bays	5	Bays standing open together
Hours open a day	9	Technicians scheduled to the booked work, not one for every open hour
Days open a month	22	A day closed still pays rent
Hours open a month	990	Bays * hours * days
Billed hours a ticket	35.82	The page 7 four-job average
Tickets at 100 percent	28	Open hours / billed hours on a ticket
Utilization booked	84 percent	The fraction of open hours the plan expects to sell
Tickets a month	23	The page 6 unit figure, ahead of ramp and season
Season peak (month 10)	107 percent	25 tickets, 90 percent of capacity

HOW A TICKET DIVIDES

COMPONENT	PER TICKET	SHARE OF THE TICKET
Parts revenue on a ticket	$2,411	51.5 percent
Labor revenue on a ticket	$2,268	48.5 percent
Ticket price	$4,679	100 percent
Parts at cost (line 13)	$1,814	38.8 percent
Labor at true cost (line 14)	$878	18.8 percent
Sublet and outside services (line 15)	$234	5.0 percent
Card processing, deductible share (line 16)	$19	0.4 percent
Contribution before fixed costs	$1,734	What remains of the ticket

5 bays times 9 hours and 22 days is 990 hours open a month. At 35.82 billed hours a ticket that is 28 tickets at full occupancy; the plan books 84 percent, or 23 tickets. The busiest season month asks for 25 tickets, 90 percent of capacity, so Test 4 passes with 10 points of headroom.

WHAT GOES WRONG

Capacity is the cost an owner notices last and pays for first. The booth is the bottleneck, not the floor: every refinish queues for booth time, so a fifth bay or another lift bought before the current bays and booth are full adds cost and no throughput. Watch the peak, not the average, and fill what is already paid for before adding more.

PAGE 11

Twelve-month cash forecast

Parts and technician pay leave before the draft lands. Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: collections, in the month each payment lands, net of sales tax												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: parts and outside services (lines 13, 15, 16)												
Out: technician labor, owner wage if drawn (lines 4, 14)												
Out: bay, booth and shop rent (line 1)												
Out: other costs, with loan interest and fees (lines 2, 3, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the bays are open after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Technicians, parts and rent are paid in the month worked; the insurer's draft lands a month later. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway: how many months the money holds

Runway = how many months ahead, counted from the last closed month or opening day, close before cash drops under your floor

Worked example: a hypothetical collision repair shop

Illustrative assumptions that show the arithmetic, not benchmarks. A ticket is billed at delivery, and the office payroll sits in line 3 from month one. Cash floor $31,636. Billing happens at delivery: the deductible comes at pickup and the insurer's draft lands about a month later on the page 10 schedule; parts are paid when ordered and technicians as the work is produced, the office payroll sits in line 3, the owner is paid in cash, and nothing new comes into the business.

Page 5, budget	Startup reaches $416,500: a $124,000 loan at 9.5 percent over six years plus $292,500 from the owner, $169,300 of it working capital untouched on day one. Two sizing passes on page 5: the $31,636 floor, another month at $31,636, and $106,011 for the depth the no-cash opening pass reaches below zero, rounded up to $169,300.
Page 8, costs	Fixed costs $30,294 a month, including $6,200 for shop rent and booth space and $924 of loan interest; principal $1,342 a month (both year 1 averages); variable share 63.0 percent, so the contribution margin ratio is 0.370. Lines 13 to 16 take 38.8, 18.8, 5 and 0.4 percent of sales. Lines 1 to 12 run $6,200, $1,700, $5,950, $8,000, $924, $1,860, $1,950, $815, $630, $745, $870 and $650 a month.
Page 8, break-even	Operating break-even about $81,876 a month. Cash break-even (fixed $30,294 plus principal $1,342, divided by 0.370) is about $85,503 a month: 18.3 tickets a month from collision repair ticket, so 19, against the 23.22 the plan assumes.
Page 6, sales	Collision repair tickets: 23.22 tickets a month at $4,679.16 (the tables round it to 23). A month at full run brings in about $108,650. Ramp climbs 45, 60, 70, 78, 85, 88, 92, 96 and 98 percent over months 1 to 9, then stays at 100; season runs 102, 98, 93, 93, 98, 98, 98, 102, 102, 107, 107 and 102 percent through the twelve months, and only regular sales carry it.
Page 19, expected case	Month 1 sales $49,870; month 1 closes at $112,729, month 12 at $101,657. Low: month 5, closing $63,289, $31,653 over the floor.
Page 19, slow start	At 70 percent of expected sales the opening month sells $34,909 and closes at $120,209, and month 12 closes at $8,060. Cash breaks the floor in month 7 at $29,467, which leaves a runway from opening of 6 months.
Page 8, coverage	On full-run sales of $108,650, coverage before tax and equipment replacement reaches 4.78 against the 1.25 this lender wants; month 12 gives the same 4.78, and Test 3 asks for both. Bays carry about 5.7 percent of sales.

THIS EXAMPLE SCORES AMBER ON PAGE 4

Gate 0 is treated as met for the startup quotes, lease and loan in this illustration. Test 1 holds: month 12 runs at about $108,650, above the $85,503 break-even, and on that rate cash stays over the floor through a second year, closing lowest at $111,026 in month 1 of year 2. (Background, unscored: expected sales reach cash break-even in month 5.) Test 2 fails: a slow start drops under the floor in month 7, and about $24,000 of extra reserve would carry it. Test 3 meets the planning formula as this lender defines it. Test 4 holds: month 10 is the busiest full-run month, season 107 percent; five bays at nine hours over twenty-two days (page 10) would hold about 28 tickets at full occupancy, the plan books 84 percent or 23 tickets, and the peak asks for 25, which is 90 percent of capacity. Test 5 fails: the example carries no repair orders, insurer approvals or appointment book, and a test without evidence counts as a fail. Test 6 passes: a full run year ends about $102,774 to the good after principal, no full-run month closes under zero, and no cushion is needed. That is steady state, not the forecast: the opening year on page 19 gives up about $67,643 of cash, since ramp, insurer terms and opening months lead. No income tax set-aside, equipment replacement or parts stock appears here (page 19); score a live plan with its own. Break-even takes 18.3 tickets a month, so 19, against the plan's 23. Bay hours set the ceiling, not demand.

PAGE 13

What moves the result

Each row changes one input of the page 12 example and reruns the forecast. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The last column also gives the slow start, which is Test 2.

WHAT MOVES THE RESULT (FULL-RUN MONTHLY CHANGES; DEADLINES RERUN; SLOW-START LOSSES SCALE WITH SALES)

CHANGE	MONTHLY CASH AT FULL RUN	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $4,020	Expected case holds the floor
Collision repair tickets: average price 5 percent higher, same volume (only sales-linked fees rise)	plus $5,411	Break-even tickets fall from 18.3 to 16.1 a month, so from 19 to 17: per-unit costs stay the same, so the ratio rises from 0.370 to 0.400 on the new sales (sales-linked fees, line 16, take 0.4 percent of each added dollar)
Fixed costs $1,500 lower	plus $1,500	Cash break-even falls to about $81,449
Lose the bumper and refinish line (about 7 tickets and $25,313 of billing a month), from month 6 onward	minus $9,073	Expected case still clears the floor; slow start deadline unchanged (month 7); full-run coverage falls to 0.78; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Every payment lands two months after billing instead of one, the deductible taken at pickup included (crew and bills still paid on time)	no change	Expected case below the floor in month 3 (closing $8,035), below zero in month 4; slow start below the floor in month 3 (closing $27,942); would fail Test 1
About one average repair's insurer share goes unpaid each month, roughly $4,129 a month for 2 months from month 6	minus $4,129	Expected case still clears the floor; slow start deadline unchanged (month 7); $8,257 never collected at full-run billing
Parts prices run 10 percent higher (the parts line rises from 38.8 to 42.7 percent of sales, about $4,216 a month)	minus $4,216	Cash break-even rises to about $95,519; expected case still clears the floor; slow start below the floor in month 6 (closing $26,171)
Repairs run 15 percent over quoted labor hours (the labor line rises from 18.8 to 21.6 percent of sales, about $3,064 a month)	minus $3,064	Cash break-even rises to about $92,557; expected case still clears the floor; slow start below the floor in month 6 (closing $29,492)
Repair overrun of $15,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 6 (closing $23,325)
Opening 3 months late (shop rent and booth space, insurance, loan interest and principal, $10,166 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case holds the floor; its low falls to $32,291 in month 8 from the planned opening, $30,998 lower than on time; slow start below the floor in month 7 from the planned opening, as on time

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A, and
no unit count can be scored
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 14

Shop-floor lists, a weekly review and six questions

Repair-floor lists, not a safety program. Add the steps this work, this equipment and the qualified advisers you use require.

BEFORE A CAR GOES ON THE FRAME

- ☐ Photograph the damage and raise the repair order before any panel comes off.
- ☐ Tie the estimate to the page 7 operations: body hours, paint hours and the parts groups.
- ☐ Order against the promised delivery date and record the day each part is due.
- ☐ Put in writing who may approve a supplement, and at what price, before tear-down starts.
- ☐ Call the customer with the delivery day and the deductible.
- ☐ Note the existing damage, the keys and the fuel level.

AT DELIVERY, AND WHEN THE DRAFT ARRIVES

- ☐ Photograph the finished repair: panel gaps, paint match and interior.
- ☐ Book the final billed hours and parts against the estimate.
- ☐ Take the deductible at pickup and record the day the draft should clear.
- ☐ Enter the supplement and note whether it was approved or negotiated down.
- ☐ Log each return credit the week it lands.
- ☐ Flag any car holding a bay more than a week for a part or an adjuster.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Billed, banked and collected cash, by repair order and payment stage				
Billed hours beside paid hours, technician by technician				
Bay hours sold against bay hours open, and the booth queue				
Days from key-in to delivery				
Estimates written, sold and revised before approval				
Insurer drafts falling due within thirty days				
Parts returns and fill rate by supplier				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Can an order be estimated and priced with the owner away, and can a technician settle a supplement without calling him?
2. **Reactive operations.** Last week how many calls were about a missed delivery day, a part that never came or a repair that returned, and how many of those returns went uninvoiced?
3. **Growth without structure.** How many cars a week sit waiting on a supplement approval or a part, and what does that cost in bay days?
4. **Talent and retention.** Which structural work depends on a single technician who owns the frame machine and the measuring rig?
5. **Revenue plateau.** How long runs between one repair and the next referral, and what share of retail customers returns for a second job?
6. **Strategic confusion.** Do two repairs of the same severity occupy bays for very different numbers of days, and does the final bill match the estimate that sold the job?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Test each one against a record: the customer call log, billed against paid hours, the estimate and supplement record, or the repair-order log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log billed hours against paid hours for every technician. Log the owner's hours spent estimating and selling.
Week 2	Fill the page 7 operation table at the true cost of a billed hour and mark any operation priced below its labor, parts, sublet and fees.
Week 3	Set up the page 9 parts table by category and record fill rate, returns and cycle time for every repair order.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write down the decisions a technician may make without calling you.
After month 1	Run the repair overrun check on every closed job and measure bay utilization on page 10.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- ☐ Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- ☐ Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- ☐ What does the space need before you can open, and who pays to add or upgrade it?
- ☐ Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- ☐ When does rent start, at signing, at permit or at opening?
- ☐ Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- ☐ What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Auto Body Shop Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a ticket pricing calculator from billed hours and parts cost to a price at a target margin, a deductible and insurer-draft tracker, editable estimate and supplement trackers, shop and booth checklists and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. Each named for what it supplied. Repairer Driven News, reporting CCC, Mitchell and J.D. Power, for the total cost of repair, the parts share, cycle time, the deductible mix and the paint material rate; O*NET OnLine for the technician and manager wages; TenantBase for the industrial rent; Insurance.com for the insurer settlement timeline; and the BLS Employer Costs for Employee Compensation for the payroll burden. Where no published figure was found, the research note labels the input judgment.
World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on collision repair shops, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Auto body and collision repair owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, insurance or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini and answer the prompt below with your own tickets and bay costs.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as customer contracts, customer names or addresses, vehicle photographs with identifiers, claim and estimate files, access details, employee records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a collision repair shop. I have attached the Auto Body Shop Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my tickets, bays and technicians, using my figures.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a ticket price, parts cost, technician wage, cycle time, percentage or benchmark.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a sales line = units times average price (every line here is counted per month). Each month's expected sales = full-run collision repair sales times ramp times season; a confirmed repair order for a month replaces its ramped figure, never both; before opening, count expected tickets by month, each marked MY ESTIMATE until confirmed.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's hours on the floor go in line 14 at the true cost of a billed hour, never in line 4. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even tickets = (fixed costs and principal) divided by one average ticket's cash contribution. Cash contribution = ticket price less parts, sublet and card processing, less only the technician hours line 14 pays; the shop guarantees no minimum staff hours. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Tickets a month = bays times hours open a day times days open a month, divided by billed hours a ticket, times utilization.
- Bay share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the bays are open after startup spending is paid. Place every receipt and payment (deductible, insurer drafts, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; the page 5 two-pass size is advice beside it, never a substitute. Enter the insurer draft in the month it lands and the deductible at pickup; payroll and suppliers are paid in the month worked. A retail customer's full payment counts in closing cash in the month of the work, not when it was banked. In the slow-start case, every month's sales, scheduled repair orders included, are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the bays are open), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, insurance, employment, wage or lease advice. Do not name laws, government fees, government bodies or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only, with anonymous customer IDs. Do not ask for names, home addresses, vehicle photographs with identifiers, claim files, bank account numbers or tax ID numbers, or the names of my customers, suppliers or technicians.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Services, customer segments and lead sources, service area, the bays I can staff each day and the hours each is open, the booth time those bays need, days open per month, and the technicians I can field. Also give the number of technicians on the schedule and their total paid hours a month, check them against the billed hours my sales build implies, then use those paid hours and the billed hours to compute the true cost of a billed hour on page 7; line 14 holds only the technician hours my sales build pays for, any guaranteed pay the volume cannot support goes in a named fixed line outside lines 13 to 16, and the printed example assumes none.
b. Sales build: for collision repair tickets, the full-run tickets a month by operation (bumper and refinish, panel repair, structural and frame, rear body and glass), each operation's labor price, billed hours and parts cost, its parts categories and their markups; a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month from my own repair-order record or my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each operation: the share of tickets that include it, the billed (charged) hours a ticket takes, and the labor price charged for it; my base wage, payroll burden percent, and the paid, billed, drive and rework hours in a technician's week.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (booth installer quote, equipment dealer quote, insurer quote or calculation) for each line on page 5, from the booth and frame machine to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the office payroll, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my hours on the floor go in line 14 at the true cost of a billed hour, never in line 4.
f. Variable cost shares of net sales for lines 13 to 16: line 13, parts at cost (page 9); line 14, technician labor at the true cost of a billed hour (page 7); line 15, sublet and outside services (page 10); line 16, card processing on the deductible share (page 10); and any sales line whose own shares differ, given for that line.
g. For each parts category: the share of tickets that carry it, the parts cost a ticket, and the markup (price divided by cost) I charge; my first-time fill rate and the share of parts returned or never used.
h. For capacity: the number of bays, hours open a day, days open a month, the utilization I plan to book, and the busiest season month as a percent of a normal month; my payment schedule (what share of the ticket is paid at pickup and what share later).
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
j. Payment terms: when each customer pays me (the deductible at pickup, the insurer's draft and how many days after billing it lands, or a retail customer paying in full at pickup), any deposits I collect or pay and when, and when payroll, the parts supplier and my rent are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and parts and paint stock build-up.
m. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my collision repair shop, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by operation and month, with annual sales and the capacity check from page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even tickets; bay share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). In Test 6, charge line 14 at each month's own variable share of sales; the shop guarantees no minimum staff hours, so there is no standing block to hold constant. Add the memo rows the page 11 form shows for each month, kept out of closing cash: the ticket or billing count for the month, any amount still owed or in transit at month end, and sales tax collected, remitted, and owed at month end (last month's owed + collected minus remitted).
6. Labor operations at true cost per billed hour, the gap between paid and billed hours, and each operation's contribution per billed hour.
7. Parts revenue, cost and margin per ticket by category, the blended markup, and what the fill rate and returns cost.
8. Bay capacity and utilization, the ticket built from labor and parts, and whether the peak season fits the capacity.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every ticket count or payment timing I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with ticket counts by month, insurer payment timing and billed hours, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month. It prints whole dollars so each column adds up as shown; the form takes thousands (51.25 means $51,250). Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $31,636.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**169,300**	**112,729**	**92,537**	**81,116**	**71,609**	**63,289**	**63,543**	**64,447**	**64,840**	**71,460**	**76,184**	**87,562**
In: sales receipts	6,483	51,692	64,776	71,782	80,335	90,921	94,254	99,055	106,678	109,601	116,256	115,549
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: parts and outside services (lines 13, 15, 16)	22,042	28,237	31,264	34,836	40,004	41,415	43,298	47,025	48,004	51,385	51,386	48,983
Out: technician labor, owner wage if drawn (lines 4, 14)	17,376	20,011	21,297	22,817	25,015	25,616	26,416	28,001	28,418	29,856	29,856	28,835
Out: bay, booth and shop rent (line 1)	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Out: other costs, with loan interest and fees (lines 2, 3, 5 to 12)	16,094	16,094	16,094	16,094	16,094	16,094	16,094	16,094	16,094	16,094	16,094	16,094
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(56,571)**	**(20,192)**	**(11,421)**	**(9,507)**	**(8,320)**	**254**	**904**	**393**	**6,620**	**4,724**	**11,378**	**14,095**
Closing cash, expected	**112,729**	**92,537**	**81,116**	**71,609**	**63,289**	**63,543**	**64,447**	**64,840**	**71,460**	**76,184**	**87,562**	**101,657**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**169,300**	**120,209**	**96,584**	**79,099**	**62,953**	**47,638**	**38,325**	**29,467**	**20,251**	**15,395**	**9,211**	**7,685**
Sales receipts, slow start	4,538	36,185	45,343	50,247	56,234	63,645	65,977	69,338	74,675	76,721	81,379	80,885
Out: variable costs, slow start (lines 13 to 16)	21,993	28,174	31,192	34,757	39,913	41,322	43,199	46,918	47,895	51,269	51,269	48,874
Out: fixed costs (lines 1 to 12), principal, bills, less funding	31,636	31,636	31,636	31,636	31,636	31,636	31,636	31,636	31,636	31,636	31,636	31,636
Net cash flow, slow start	**(49,091)**	**(23,625)**	**(17,485)**	**(16,146)**	**(15,315)**	**(9,313)**	**(8,858)**	**(9,216)**	**(4,856)**	**(6,184)**	**(1,526)**	**375**
Closing cash, slow start	**120,209**	**96,584**	**79,099**	**62,953**	**47,638**	**38,325**	**29,467**	**20,251**	**15,395**	**9,211**	**7,685**	**8,060**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**9,369**	**7,761**	**5,750**	**5,750**	**7,761**	**7,761**	**7,761**	**9,369**	**9,369**	**11,379**	**11,379**	**9,369**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash was sized by the two passes on page 5, buffer included. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $108,650 a month, against month 12's own $110,823): closing cash runs $111,026 in month 1 and $204,432 in month 12, lowest $111,026 in month 1, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because any hour you cannot cut sits in the fixed lines; waste or purchases you cannot cut make a real slow start worse.