Convenience Store Business Plan Template and Operations Starter Kit

A working kit for an independent store that sells tobacco and no fuel. It prices three departments by the unit, builds the open-to-buy that keeps the shelves stocked without eating the summer cash, counts shrink at cost, finds operating and cash break-even, and scores the plan on six pass-or-fail tests.

CONVENIENCE STORES
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PAGE 2

Start here

A convenience store can show a healthy blend and still run out of cash in the month that sets the sales record. Stock is bought and paid for before the item sells, tobacco carries the thinnest margin and the largest share of the till, and card fees take a cut of every basket. This kit makes you write the department prices and costs, the buying budget and the count down, then tests whether the cash holds through a year that peaks in summer.

WHAT IS INSIDE

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HOW TO USE IT

1. Build sales by department on page 6 and the business's 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. Cooler and equipment quotes, lease terms and the stock you can afford change before opening, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists daily and the weekly review each week. Run the buying budget on page 9 before the purchase order goes in, and count the stock on page 10 at the interval you set.

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 convenience store questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **Investigation questions** on page 14 come from the same published questions, drafted by AI models and checked by a separate AI model. The founder-dependency question is a World Consulting Group working question added to them. None was measured in the field, so treat each as a hypothesis.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, tobacco and age-verification rules, food service and the lease or financial advice. Lease terms, insurance, food service and tobacco and age-verification rules vary by location; each one is a review with a qualified professional, and the tobacco and age-verification questions need legal counsel. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

The lender's first question is whether the summer buy can be paid for before the summer takings arrive. Answer each prompt in plain sentences on separate sheets, and let the later pages carry the arithmetic.

1. Executive summary (write it last)

Cover the concept, the site, the departments and the cash required, from the fit-out through the opening stock. Close the summary with the month the page 6 forecast first reaches cash break-even (page 8), and with the page 4 result.

2. Concept, customer and department

Who comes in twice a week, and who stops once on a long drive? The first customer pays the fixed costs, because the basket repeats. Keep the tobacco buyer apart from the household filling a basket on the way home, and write down what each one takes. Your scanner export shows which department carries the fixed costs and how many items sit in an average basket. An item counts once, in the department that sells it, so a mixed basket lands where its money sits.

3. Site, cooler space and opening hours

Write down the location and the traffic it brings, the cooler and shelf space each department needs, and the hours the doors are open. Be explicit about where the tobacco sits behind the counter, how the coolers are loaded, and which department pays for the space it takes. Write out every charge the lease adds on top of base rent, and the delivery windows the supplier will use.

4. Departments and unit price

Cost the fast movers in every department from supplier invoices, not from a rival's shelf tag, and set the landed cost beside the retail price. Test the margin and the turns each department must earn, because an item can look well priced and still lose money once card fees and shrink come off it. Page 13 tests a 5 percent price move against break-even.

DEPARTMENT	LANDED COST	RETAIL PRICE	COST AS % OF PRICE

> *Owner question: Why can the best sales month of the year leave less money in the bank than the month before it, and which department is carrying the stock that made the record.*
>
> The order behind a record month is settled weeks before the takings land. Summer stock goes in during late spring and is paid before the first hot week, so money leaves the account while the shelves are still full. Whichever department ties up the most stock by value is the one funding that wait, and the answer sits in the gap between the buying budget on page 9 and the cash forecast on page 11, not in the sales line. An open-to-buy that turns negative just before the peak means the plan is over-bought at the worst moment. Page 13 tests a competitor taking the tobacco trade.

PAGE 4

Business plan, part two

5. Operations

Describe how stock moves from the inbound delivery to the shelf, covering receiving, the cooler load, the fronting of the shelves and the count. Name the step that slows the busiest shift, and who checks each step when you are not there.

6. Team

List every role, the hours it covers and the pay it costs, including a market wage for your own hours. Name the person who can open without you; the first question on page 14 checks that dependency.

7. Marketing

Explain why a driver stops here rather than at the next exit, and what brings the same customer back on a weekday. Track basket counts, repeat visits and loyalty sign-ups in records you own.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below. Show how much the business needs, where the money comes from and how long it lasts if the summer is late.

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

TEST	PASS?
Gate 0. The draft lease, the cooler and equipment quotes, the supplier terms and every approval the business needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, total sales reach cash break-even at the month-12 run rate (page 8) and closing cash stays at or above your cash 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. The plan's cost of goods in its busiest seasonal month fits the stock on hand, the stock on order and the month's open-to-buy on page 9, and planned baskets a month reach break-even on page 8.	
5. Expected basket counts rest on evidence (a scanner export of your own past months, or the records of a store you have run), not on the size of the market.	
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 the lease, place the opening order or take a 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 contractor, the cooler or equipment dealer or the landlord, or a documented calculation for the opening stock. Budgets break on the refrigeration nobody quoted, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
FIT-OUT AND EQUIPMENT				
Leasehold improvements				
Refrigeration, shelving and food service equipment				
Counter, fixtures and furniture				
Point of sale, card readers and back office				
Signage and exterior				
Smallwares and opening supplies				
SETUP AND APPROVALS				
Startup registration and inspection fees				
Lease deposit and pre-opening rent				
Insurance down payment				
Entity and accounting setup				
PRE-OPENING				
Opening inventory paid in cash at opening				
Training and pre-opening payroll				
Soft opening and trial service				
Launch marketing				
Professional fees				
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 Test 6 passes but its cushion (page 4) is larger than that buffer, add the difference. If the fit-out 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 sales by department from items and unit price, not from the rent you need to cover. Count items by department from your scanner export or a written tally; a department's average unit price is its sales divided by its items, not the shelf tag of one product. Card fees are charged on the basket and shrink is charged on the stock, so the average item is not the average basket. Write the items and the price you can defend, and let the dollars fall out of those two.

```
Monthly sales for a line = units times average unit 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 UNIT	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Tobacco and cigarettes	packs				
Packaged beverages	drinks				
Snacks, candy and general merchandise	items				

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 department sales times ramp times season. Use 100 percent where a factor does not apply. Ramp, season and items a month are your assumptions; write down the evidence for each, and treat the summer peak as a season for the drinks rather than as a tobacco baseline.

CAPACITY CHECK

```
Monthly capacity = the stock the cooler, the shelf and the back room hold, turned at your planned annual turns and divided by 12, converted to items at each department's average cost; the buying budget on page 9 is the cash version of the same limit
```

A convenience store is limited by cash in stock before it is limited by the cooler or the crew. The limit is cash in stock, not hours on a shift, so treat capacity as stock dollars and the open-to-buy rather than as a shelf count. The cooler holds a few days of drinks, the back room holds a few weeks of the rest, and the register sets the pace of a busy hour. The plan carries three departments and one buying budget, and the buying budget you can fund is what decides how deep the stock runs. Write the items each department can sell, the turns you plan and the order you can pay for.

PAGE 7

Departments, unit price and what each one keeps

The three departments earn their shelf space in three different ways, and one blended cost line hides it. Tobacco brings the customer in and leaves almost nothing, the cooler turns cash on every visit, and the snack shelf carries the margin the tobacco cannot. Price each department from what it paid for the goods and from the margin its job can carry. What reaches line 13 is the sum of those three decisions, not a percentage chosen first and applied afterwards.

```
Gross margin = (price minus unit cost) divided by price
Markup = (price minus unit cost) divided by unit cost; markup is always the larger number, and pricing
from it overstates the margin a sale keeps
Department gross margin = department sales minus department cost of goods, divided by department sales;
the kit's line 13 is these departments blended by sales and rounded to one decimal, and the plan uses
that one-decimal figure
```

WORKED EXAMPLE: THREE DEPARTMENTS (ILLUSTRATIVE)

DEPARTMENT	UNITS / MONTH	PRICE	UNIT COST	MARGIN / UNIT	MARGIN	MARKUP	SHARE OF SALES
Tobacco and cigarettes	5,925	$9.45	$7.84	$1.61	17.0%	20.5%	35%
Packaged beverages	13,840	$2.89	$1.85	$1.04	36.0%	56.2%	25%
Snacks, candy and general merchandise	11,055	$5.79	$3.42	$2.37	40.9%	69.3%	40%

The example lands 1.3 points above the 30.0 percent target, worth $2,134 a month at this sales level. Snacks, candy and general merchandise carries the strongest margin rate (40.9 percent) and Tobacco and cigarettes the weakest (17.0 percent). The largest share of sales is Snacks, candy and general merchandise, at 40 percent. Blended, the example runs at a 31.3 percent gross margin and a 45.6 percent markup. These three carry the sales lines and the cost-of-goods share into the page 12 example, and the buying budget on page 9 and the count on page 10 work from the same groups. Take the department groups from the supplier's invoices, because the count, the buying budget and every later price change follow those groups. The published band for a store without fuel is 27 to 33 percent gross, and these shares re-derive to 35 percent of sales at 17.0 percent, 25 percent at 36.0 percent and 40 percent at 40.9 percent, which blends to 31.3 percent. Tobacco is priced against the store down the road, so treat its margin as a decision you revisit rather than a number you set once, and let the cooler and the snack shelf carry the blend. Judge a department on the dollars it leaves per shelf foot and on each dollar of stock tied up. A carton that turns in a week survives a thin margin and a slow item does not. Whichever department holds the largest share of sales carries the blend, so set the tobacco margin against the market first and let the other two follow.

YOUR DEPARTMENTS

DEPARTMENT	UNITS / MONTH	PRICE	UNIT COST	MARGIN / UNIT	MARGIN	MARKUP	SHARE OF SALES

Each department's price comes out of what it paid for the goods and the margin that department is there to earn, not out of the shop across the road. A carton that turns in a week can live on a thin margin and still pay its way; a case that sits has to justify the shelf space it holds by the margin it earns per square foot.

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.

FIXED COSTS PER MONTH	PER MONTH
1. Rent, 3,200 square feet of sales floor, base rent and common area charges	
2. Liability, property and stock insurance	
3. Store manager and the minimum counter crew, loaded with payroll taxes and benefits	
4. Owner's market wage for ordering, suppliers and the books (hours behind the counter go in line 3 or 14)	
5. Loan interest (fit-out, equipment and opening stock loan)	
6. Utilities and internet, including the coolers and the sign	
7. Marketing, loyalty tools and community spend	
8. Point of sale, back office and software	
9. Refrigeration, cooler and equipment service	
10. Waste, pest control and cleaning	
11. Accounting, bookkeeping and bank fees	
12. Training, sundries and a compliance review with a qualified professional	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Cost of goods sold, blended across the three departments (set by the department costs)	
14. Hourly labor above the minimum crew, with employer contributions	
15. Card and wallet processing fees	
16. Shrink at cost (set by the stock counts)	
17. Promotions, loyalty rewards and markdowns	
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 packs a month = (monthly fixed costs, principal and other recurring cash out minus the
monthly contribution from the other two departments at planned full-run sales and own contribution
ratios, each department's line-13 share plus its share of lines 14 to 17) divided by the contribution
from one average pack in the tobacco department
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 packs a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

The buy that is paid for before the peak sells

A carton leaves the back room and sells before anyone knows what the week will ring up, so the buying budget is the figure worth setting carefully and the worst to guess. It settles one question. How much more stock, at cost, can the store commit this month to reach the stock position you planned, given the invoice falls due while the cases sit waiting? Tobacco, the cooler and the snack shelf all draw on that one number, so fix it before the order goes to the supplier, not while the delivery is checked in.

```
Average stock at cost = annual cost of goods sold divided by inventory turns
Open-to-buy = this month's cost of goods sold, plus the target stock at cost, minus the stock already on hand, minus stock already on order
A purchase takes the supplier's lead time to arrive and is paid on the supplier's terms after it arrives, so the cash leaves 25 days after the order is placed
```

WORKED EXAMPLE: ONE MONTH OF COST OF GOODS (ILLUSTRATIVE)

DEPARTMENT	SALES / MONTH	SHARE	COST OF GOODS / MONTH	SHARE AT COST
Tobacco and cigarettes	$55,991	35%	$46,452	42%
Packaged beverages	$39,998	25%	$25,604	23%
Snacks, candy and general merchandise	$64,008	40%	$37,808	34%

Take the department sales from the page 7 example; each department's cost of goods is its units multiplied by its unit cost.

THE BUYING BUDGET

LINE	THIS MONTH
Monthly cost of goods sold, at cost	$109,864
Target stock on hand, at cost (annual cost of goods divided by 14 turns)	$94,169
Stock on hand on the first day of the month, at cost	$88,000
Already on order and arriving this month, at cost	$9,500
Open-to-buy this month, at cost	$106,533

At $106,533 for the month, the buying budget covers the shelves' expected sales and the stock position the plan targets, net of the cases in the back room and the ones on a truck already. The store opens with 0.8 months of stock at cost on hand, $88,000 set against $109,864 of monthly cost of goods, planning 14 turns a year, and 25 days elapse between writing an order and settling it: 4 of supplier lead time plus 21 of terms. Cash leaves the account weeks before a can comes back as a sale, so the buying budget sits in cash planning as squarely as in stock planning. The cooler sets the clock. A distributor delivery can take days to reach the door and is settled on terms, so cash is spent across a gap while the cases sit out the back. Order a bigger drop and the price per case falls while the cash tied up in the cooler climbs at the same moment, and the two pull opposite ways. Quicker turns close the distance between paying and selling. Slow turns hold the same sales while more money sits on the shelves. The right turns figure cannot come from anyone else. Your own count, your own supplier invoices and a fresh calculation after any promotion, new department or change of season are the only turns figure you can trust. What wrecks a plan is the summer buy, because July stock is settled in June and the cooler has to carry it through the whole wait.

YOUR OPEN-TO-BUY

LINE	THIS MONTH
Monthly cost of goods sold, at cost	
Target stock on hand, at cost	
Stock on hand on the first day, at cost	
Already on order and arriving, at cost	
Open-to-buy this month, at cost	

Let expected monthly sales and the stock level you want set the order; the smallest shipment a vendor will send and a deal expiring on Friday are not the basis for it. A saving that leaves the shelves overstocked at season end costs more than it saves.

PAGE 10

The loss between the records and the shelf

Stock can leave without a sale ever being rung. Nothing but a count finds it. The count compares what the records say sits in the back room against what a person lifts off the shelf, and it prices that gap at cost. In a store the gap opens at four points: the delivery door, the cooler, the shelf and the register.

```
Shrink = book stock at cost minus counted stock at cost
Shrink rate on book = shrink divided by book stock at cost; annualized rate = the rate over the count period times 12 divided by the months since the last count
Line 16 = the annualized shrink at cost as a percent of annual sales
```

WORKED EXAMPLE: THE COUNT (ILLUSTRATIVE)

DEPARTMENT	BOOK AT COST	COUNTED AT COST	SHRINK	RATE ON BOOK	ANNUALIZED
Tobacco and cigarettes	$36,490	$33,802	$2,688	7.4%	29.5%
Packaged beverages	$20,110	$18,190	$1,920	9.5%	38.2%
Snacks, candy and general merchandise	$29,700	$26,628	$3,072	10.3%	41.4%
Total	$86,300	$78,620	$7,680	8.9%	35.6%

A count 3 months after the last one shows $7,680 missing at cost, an 8.9 percent rate on book, or 35.6 percent a year. That is $30,720 of stock a year at cost, which sets line 16 at 1.6 percent of sales in the page 12 worked example. Space the counts closely enough that a shortage can still be traced: on a 3 month interval the count shows that stock went, never which week it left. Line 16 converts one count into a monthly charge. Turn the shortfall into an annual share of sales, so the one rate lands in both the cash forecast and the buying budget. Leave a long gap between counts and the percentage describes a season that has already closed. Count every month and the wages come to more than the loss they catch. The printed rates are worked out before anything is rounded, from the book and the counted values, so a column multiplied out by hand can land a tenth or two of a point away, and line 16 uses the unrounded number. A markdown is something you chose and a shortage is something you lost, so each needs its own row; a shared row lets either one hide. Cartons and cases arrive short, drinks go out of date in the cooler, and items leave the shelf without a scan. Two signatures close the count, one from the person counting and one from the person recording, and the book stays shut until both are on the sheet. A count run late at night, with the doors open and shoppers on the floor, is a guess written down. Book it before opening, take the sheet away from the counter, and compare it with the book the following morning.

YOUR COUNT

DEPARTMENT	BOOK AT COST	COUNTED AT COST	SHRINK	RATE ON BOOK	ANNUALIZED

Do the count with the doors locked and two people present, one department at a time, and write the variance before any record is touched. Most of the loss happens in receiving, in the stockroom and at the register rather than on the shelf, so a count that only looks for theft finds the smallest part of it.

PAGE 11

Twelve-month cash forecast

Profit and cash are different numbers: loan principal, fit-out bills and the opening stock buy all drain the bank account. Enter amounts in thousands of dollars (51.25 means $51,250). Enter receipts net of sales tax; closing cash excludes the bank account holding collected tax.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: sales receipts (page 6), excluding sales tax												
In: owner money and loans received												
Out: goods, card fees, shrink and promotions (lines 13, 15 to 17)												
Out: payroll and the counter crew (lines 3, 4, 14)												
Out: rent (line 1)												
Out: other costs, with loan interest (lines 2, 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												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 17)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on opening day 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. The card terminal authorizes at the counter and settles in one to two business days, and a refund reverses the settlement. In this example every sale pays in the month it is rung, so enter each month's receipts in the month the money lands and enter supplier invoices on the terms you actually get. A tobacco invoice paid on 21-day terms leaves the bank three weeks after the cartons arrive, and that gap is the reason the buying budget is a cash decision. 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

Cash through the summer peak, and a store that buys before it sells

```
Runway = the gap in months, measured from the latest closed month (from opening day before opening),
until the first month closes with cash under your floor
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Worked example: a hypothetical convenience store

These illustrative numbers work the arithmetic. They are not a benchmark. Seven days a week, 3,200 square feet of sales floor, opening in April. Cash floor $34,458. Card money lands in the month it is taken, the fixed costs go out as listed, and stock is paid in the month it sells, a shortcut the forecast note explains, so put your own supplier terms on page 11. The owner draws a wage, and no outside money comes into the business.

Page 5, budget	The startup budget totals $324,700: a $200,000 loan (11.9 percent over 10 years) and $124,700 of owner money, of which $107,000 is a working capital reserve that opening day does not touch. The page 5 two passes: a $34,458 floor, a one-month buffer of $34,458, and $38,070 (the distance the first pass falls below zero when it opens with no cash), rounded up to $107,000.
Page 8, costs	Fixed costs run $33,534 a month, with $8,400 of rent and $1,934 of loan interest inside it; principal adds $924 a month (both year 1 averages); the variable share is 77.5 percent, so the contribution margin ratio comes to 0.225. Lines 13 to 17 take 68.7, 3.2, 3, 1.6 and 1 percent of sales, with line 13 blended across the three sales lines and rounded to one decimal, and the plan uses that one-decimal figure. Lines 1 to 12 run $8,400, $480, $13,430, $4,050, $1,934, $2,850, $450, $290, $430, $520, $470 and $230 a month.
Page 8, break-even	Operating break-even about $149,040 a month. Cash break-even (fixed $33,534 plus principal $924, divided by 0.225) is about $153,147 a month: 3,928.04 packs a month from tobacco and cigarettes after the other lines' contribution (line 13 runs 83.0 percent on tobacco and cigarettes, 64 on packaged beverages and 59.1 on snacks and general merchandise; lines 14 to 17 take the same share of every line, so the contribution ratio is 0.082 on tobacco and cigarettes, 0.272 on packaged beverages, 0.321 on snacks and general merchandise), so 3,929, against the 5,925 the plan assumes.
Page 6, sales	Tobacco and cigarettes: 5,925 packs a month at $9.45. Packaged beverages: 13,840 drinks a month at $2.89. Snacks and general merchandise: 11,055 items a month at $5.79. Full-run month about $159,997; department sales ramp 58, 70, 79, 86, 91, 95, 97, 99 percent in months 1 to 8, then 100 percent; season 92, 94, 97, 99, 101, 104, 108, 108, 103, 100, 97, 97 percent across months 1 to 12, applied to regular sales only.
Page 19, expected case	Month 1 sales $85,375; month 1 closes at $91,751, month 12 at $82,413. Low: month 5, closing $68,930, $34,472 over the floor.
Page 19, slow start	At 70 percent of expected sales, month 1 sales $59,762; month 1 closes at $85,988, month 12 at minus $34,260. Cash drops under the floor in month 5 (closing $28,664) and under zero in month 9 (closing minus $4,973), so runway from opening works out at 4 months.
Page 8, coverage	Planning coverage on full-run sales of $159,997 is 1.54, measured before income tax and equipment replacement and against the 1.25 this example lender asks, and the month-12 run rate gives 1.54 as well; Test 3 needs both figures. Rent share is about 5.3 percent.

EXAMPLE VERDICT ON PAGE 4: AMBER

The example takes Gate 0 as met. Test 1 passes: $159,997 a month, the run rate at month 12, sits above the $153,147 break-even, and a second year run at that rate never takes cash under the floor (the low point is an $80,456 close in year 2's month 2). (Outside the test, for context: expected sales first reach cash break-even in month 6.) Test 2 fails: on the slow start the floor is breached in month 5, and a further $68,800 of reserve would see it through. Test 3 passes on the planning formula, because the lender's own coverage definition allows it. Test 4 passes: the peak month (month 7, season 108 percent) puts about $118,700 of cost of goods through the shelves, inside the $204,033 that stock on hand, stock on order and the month's open-to-buy together supply. Test 5 fails: no evidence stands behind the item counts in the plan, and a test it cannot evidence cannot pass; bring the count and score it again. Test 6 passes: $18,497 remains after principal in a full-run year, and although months 1 and 2 take cash negative, the winter cushion the plan needs is $1,957, the biggest drawdown in running cash (opening down to the month 2 low), which the page 5 buffer already holds. That covers the steady-state year, not the forecast year: the ramp and the startup months arrive first, so page 19's opening year loses about $24,587 in cash. The example (page 19) leaves out income tax, replacement equipment and stock build-up; a real plan has to fund all three itself. The summer buy is paid before the summer sales, then the quiet winter months test the reserve.

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 CHANGES THE BUSINESS'S MONTHLY RESULT AT FULL RUN (EVERY DEADLINE RERUN THROUGH THE FORECAST; SLOW-START LOSSES FALL WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $3,600	Expected case holds the floor; full-run coverage falls to 0.28; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Tobacco and cigarettes: average unit 5 percent higher, same volume (only sales-linked fees rise)	plus $2,688	Break-even packs fall from 3,928.04 to 2,474.1 a month, so from 3,929 to 2,475: per-unit costs stay the same, so the ratio rises from 0.225 to 0.238 on the new sales (sales-linked fees, lines 15 and 17, take 4.0 percent of each added dollar)
Fixed costs $1,210 lower	plus $1,210	Cash break-even falls to about $147,769
A competitor opens on the next corner and takes $28,000 a month of tobacco sales with it, at the department's own contribution per pack computed from unrounded prices and costs, from month 6 onward	minus $2,287	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.74; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
The card rate rises and adds 2 points to line 15, retail prices held	minus $3,200	Cash break-even rises to about $168,088; expected case still clears the floor; slow start below the floor in month 4 (closing $33,668); full-run coverage falls to 0.42; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Supplier prices rise and add 1.5 points to line 13, retail prices held	minus $2,400	Cash break-even rises to about $164,086; expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.70; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
The shrink rate rises and adds 1 point to line 16	minus $1,600	Cash break-even rises to about $160,270; expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.98; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Prices cut 5 percent with cost held and volume unchanged (card fees and promotions fall with the ticket, the per-unit lines do not; the break-even that follows is measured in today's prices)	minus $7,680	Cash break-even rises to about $194,678; expected case below the floor in month 6 (closing $33,818), below zero in month 12; slow start below the floor in month 4 (closing $24,859); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Fit-out overrun of $10,500 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 4 (closing $29,461)
Opening 2 months late (rent, insurance, loan interest and principal, $11,738 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 $51,815 in month 6 from the planned opening, $17,116 lower than on time; slow start below the floor in month 5 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;
score Test 4 as failed
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

Weekly numbers review and six investigation questions, weekly review, six questions

These lists hold the daily and weekly routine of the business. Add what the landlord, the insurer and your own procedures ask for, and drop anything your store does not do.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Sales by department, and the takings for each hour the counter is staffed				
Baskets a day, the average basket, tobacco kept apart from the rest				
Each department's margin, measured against the page 7 target				
How much of this month's buying budget is committed already, against page 9				
Stock at cost on hand, and what it implies for turns				
Markdowns, damages, waste and credits				
Orders placed and orders received				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Is every purchase order written by the owner, every new supplier approved by the owner, and the tobacco rep known only to the owner?
2. **Department creep.** Has a new supplier landed items the cooler and shelf cannot hold, while the slow sellers keep their place at full price?
3. **Shrink and markdown.** Are markdowns and count shortages kept on one line, so a price cut cannot be told from stock that walked?
4. **Stockouts on the fast line.** Does the drink a customer buys every morning run out while a slow item sits unsold in the back room?
5. **Tobacco price.** Is the tobacco price matched to the store down the road without measuring the basket that must carry the card fee and the rent?
6. **Receiving.** Are the credits claimed at the door inside the count, or does a short case surface only as a year-end gap?

The sources behind these questions are set out on page 2. Check each one against a record: the scanner report by department, the invoices from deliveries, the waste and markdown log, the buying-budget worksheet, or the signed sheets from each count.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and record sales by department with tobacco apart from the rest. Write the lease, insurance and supplier payment dates in one place, and set the count interval on page 10.
Week 2	Recheck each department's average unit price from the first two weeks of scanner sales, and cost the twenty items that carry the most sales. Time a receiving day from the delivery to the shelf.
Week 3	Fill the page 9 open-to-buy from the first month's stock and purchase orders, and compare it with the order you actually placed.
Week 4	Enter the actual closing cash on page 11 and recalculate runway. Write the decisions a shift lead may make without calling you.
After month 1	Keep the buying budget monthly, and compare the count rate on page 10 with the rate the plan carries. Set the reorder points that keep the fast items in stock without a rush order.

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 Convenience Store 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 department sales and margin model, an open-to-buy and inventory planner, receiving, markdown and count procedures, seasonal buy templates and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. The gross margin bands come from FuelCFO, convenience store gross margins by category, which carries the blended inside-store margin band, the tobacco, packaged beverage, snack and general merchandise margin bands, the tobacco share of inside sales and the shrink band, fuelcfo.com. The annual sales anchor for inside sales, and the store count, come from NACS. Cushman & Wakefield, US shopping center asking rents: the rent line. Insureon, business owner's policy cost: the insurance line. Published retail supervisor and cashier wage surveys: lines 3, 4 and 14. The Shelby Report, store-level average hourly wage: the crew wage check. EIA Electric Power Monthly, US commercial average electricity price: the utilities line. Square, card processing fees: the card fee line. A published prime-rate series with the small-business lending spread over it, and published small-business loan terms for the ten-year amortization: the loan rate band and the loan term. All accessed 2026-11-15.
World Consulting Group material. Convenience stores owner questions, businessconsultant.services, 2026.

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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, paste the prompt below, and answer with your own departments, stock and costs. The kit page has a copy-ready version.

BEFORE YOU RELY ON THE ANSWER

Check every department total and unit cost 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 employee records, customer lists 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 convenience store. I have attached the Convenience Store Business Plan Template and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my departments, my store and my buying budget, using only my real numbers.

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 rent, wage, unit cost, item count, unit price, supplier term, percentage or benchmark.
2. The numbers in the kit, including the example's departments, items and buying budget, 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 a figure, write [NEED: ...] and tell me which quote, scanner export, sales report or calculation gives the real number. Label my own estimates MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a department = items a month times the unit price. Each month's expected sales = full-run department sales times the ramp percentage times the seasonal percentage.
- Net sales exclude sales tax. Labor = the salaried manager and the hourly crew, payroll taxes and benefits, plus a market wage for my own hours, ordering and the books. 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 packs a month = (monthly fixed costs, principal and other recurring cash out minus the monthly contribution from the other two departments at planned full-run sales and own contribution ratios, each department's line-13 share plus its share of lines 14 to 17) divided by the contribution from one average pack in the tobacco department. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Monthly capacity = the stock the cooler, the shelf and the back room hold, turned at your planned annual turns and divided by 12, converted to items at each department's average cost; the buying budget on page 9 is the cash version of the same limit.
- Rent 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 opening day after startup spending is paid. Place every receipt and payment (stock orders, 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. Enter supplier payments on the terms I actually get. In the slow-start case, every month's sales 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 opening day), 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, employment, wage or lease advice. Do not name laws, approval types, agencies, government fees 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, and make no claim about a product's safety, age limits or suitability for a use. For the market and marketing sections, use only what I tell you, and list the facts I should gather, such as the basket counts and the competing stores.
7. Work every total line by line and recheck it in total. 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. Do not ask for names, home addresses, bank account or tax ID numbers.
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. Concept, customer and location, the departments I carry, the cooler and shelf space each one takes, whether I sell tobacco, and which department is my fast-turn traffic line.
b. The sales build: for each department, the items a month and the unit price, the days I open each week; a ramp percentage for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month; 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 (a scanner export of your own department sales, the records of a store you have run, or your own written count of baskets in a sample hour).
c. For each merchandise department: units sold a month at full run, the average retail price a unit, and the average unit cost at cost, plus the gross margin the department has to hold.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. The startup budget: an amount and its source (contractor, cooler or equipment quote, or calculation) for each line on page 5, from the fit-out to the contingency.
e. Monthly fixed costs for each numbered line on page 8, from rent (line 1) to training and sundries (line 12), including loan interest and my market wage for ordering and the books (line 4; my hours behind the counter go in line 3 or 14 at a crew 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.
f. Variable cost shares of net sales for lines 13 to 17: line 13, cost of goods sold, blended across the three departments (set by the department costs, rounded to one decimal, and the plan uses that one-decimal figure); line 14, hourly labor above the minimum crew, with employer contributions; line 15, card and wallet processing fees; line 16, shrink at cost (set by the stock counts); line 17, promotions, loyalty rewards and markdowns; and any sales line whose own shares differ, given for that line.
g. My annual inventory turns (annual cost of goods sold divided by average stock at cost), stock on hand at cost on the first day of the plan month, stock already on order and arriving this month at cost, the supplier lead time in days, and the supplier payment terms in days.
h. For each department: book stock at cost and counted stock at cost at my last physical count, and the number of months since the count before that.
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 customers pay me (at the counter by card or cash, and how many days a card settlement takes), any deposits I collect on special orders, and when the business pays its suppliers, including how many days the supplier allows me and when the invoice falls due. Say when each sales line pays me.
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, cooler and vehicle replacement and stock build-up.
m. Cash on hand on opening day after all startup spending, fit-out 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 convenience store, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by department and month, with annual sales and the stock and cash capacity check from page 6.
3. The completed startup budget with the total, showing the fit-out and equipment first. 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 packs a month (use cash break-even); rent 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 (when Test 6 passes, add any excess to the reserve). Add a sales tax memo for each month: collected, remitted, and owed at month end (last month's owed + collected minus remitted), kept out of closing cash.
6. Gross margin and markup for each department and blended across the store, the department carrying the most sales and the one carrying the weakest margin, and the cost-of-goods share the rest of the plan uses.
7. The month's open-to-buy at cost, whether the store is over-bought or under-bought, months of stock on hand, and the date the cash leaves for an order placed today.
8. Shrink in dollars by department, the annualized shrink rate, the shrink share of sales the plan carries, and the count discipline the kit recommends.
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 scanner export or quote 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, items a month and the department unit prices first, before anyone else sees the plan, then 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, in dollars. 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 $34,458.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**107,000**	**91,751**	**80,981**	**74,109**	**70,301**	**68,930**	**70,040**	**73,294**	**77,327**	**79,948**	**81,490**	**81,951**
In: sales receipts	85,375	105,278	122,606	136,222	147,054	158,077	167,613	171,069	164,797	159,997	155,197	155,197
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: goods, card fees, shrink and promotions (lines 13, 15 to 17)	63,434	78,221	91,097	101,213	109,261	117,451	124,537	127,104	122,444	118,877	115,312	115,311
Out: payroll and the counter crew (lines 3, 4, 14)	20,212	20,849	21,403	21,839	22,186	22,538	22,844	22,954	22,754	22,600	22,446	22,446
Out: rent (line 1)	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Out: other costs, with loan interest (lines 2, 5 to 12)	7,654	7,654	7,654	7,654	7,654	7,654	7,654	7,654	7,654	7,654	7,654	7,654
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	924	924	924	924	924	924	924	924	924	924	924	924
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(15,249)**	**(10,770)**	**(6,872)**	**(3,808)**	**(1,371)**	**1,110**	**3,254**	**4,033**	**2,621**	**1,542**	**461**	**462**
Closing cash, expected	**91,751**	**80,981**	**74,109**	**70,301**	**68,930**	**70,040**	**73,294**	**77,327**	**79,948**	**81,490**	**81,951**	**82,413**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**107,000**	**85,988**	**68,112**	**52,964**	**39,961**	**28,664**	**19,103**	**11,044**	**3,530**	**(4,973)**	**(14,231)**	**(24,246)**
Sales receipts, slow start	59,762	73,695	85,824	95,355	102,937	110,654	117,329	119,748	115,358	111,998	108,638	108,638
Out: variable costs, slow start (lines 13 to 17)	46,316	57,113	66,514	73,900	79,776	85,757	90,930	92,804	89,403	86,798	84,195	84,194
Out: fixed costs (lines 1 to 12), principal, bills, less funding	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458	34,458
Net cash flow, slow start	**(21,012)**	**(17,876)**	**(15,148)**	**(13,003)**	**(11,297)**	**(9,561)**	**(8,059)**	**(7,514)**	**(8,503)**	**(9,258)**	**(10,015)**	**(10,014)**
Closing cash, slow start	**85,988**	**68,112**	**52,964**	**39,961**	**28,664**	**19,103**	**11,044**	**3,530**	**(4,973)**	**(14,231)**	**(24,246)**	**(34,260)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**(1,339)**	**(619)**	**461**	**1,181**	**1,901**	**2,981**	**4,421**	**4,421**	**2,621**	**1,541**	**461**	**461**

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 $159,997 a month, against month 12's own $155,197): closing cash runs $81,074 in month 1 and $100,909 in month 12, lowest $80,456 in month 2, 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 hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse. The worked example pays for stock in the month it sells. Real terms do not: with the 4-day lead time and 21-day terms this kit models, the cash leaves 25 days after the order goes in, so the peak-season buy sits outside this forecast, the reserve and the Test 2 gap printed above. At the example's $109,864 a month of cost of goods, those 25 days are about $90,000 that has to come from your reserve and your supplier terms, so size both before you place a peak order. The two passes on page 5 size a hole in a steady month, not a seasonal buy, so add the peak purchase you computed on page 9 to the reserve before the order goes in, and leave that same purchase out of the supplier payments and stock build-up rows you enter on page 11 so the cash is counted once, not twice.