Furniture Business Plan and Operations Starter Kit

A working kit for independent furniture store owners. It prices upholstery, case goods and bedding by the piece, builds the open-to-buy that decides whether the spring container can be paid for before it sells, counts floor and back-room stock at cost, finds operating and cash break-even, and scores the plan on six pass-or-fail tests.

FURNITURE STORES
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PAGE 2

Start here

A furniture store sells from a showroom and ties cash up in a warehouse. On an import the factory is paid before the customer takes delivery, so a good month can still empty the bank account. This kit sets the prices, the budget and the year that opens in March and troughs in January.

WHAT IS INSIDE

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HOW TO USE IT

1. Build sales by department on page 6 and the store'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. Vendor quotes, lead times and the stock you can finance change before opening.
3. Once you open, use the page 14 checklists daily and the weekly numbers review each week. Write the buying budget on page 9 before the order goes to the vendor, and run the count 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 furniture 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, delivery promises and product labelling or financial advice. Lease terms, insurance, delivery promises, product labelling and warranty obligations vary by location; each area is a compliance review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender asks whether floor samples, back stock and a container at sea can carry rent, crew and loan until the pieces sell. Short answers here; full sections on separate sheets.

1. Executive summary (write it last)

Set out the format, the catchment and the departments, what the build-out and the first buy cost and what that money buys. Close with the month page 6 sales money covers the page 8 cash line, and the verdict from page 4.

2. Concept, customer and trade

Who walks in for a sofa, and who comes back for a mattress or a dining set? Separate the customer replacing one room from the household furnishing a first home, and write down what each one buys and whether they take floor stock or order. Write the delivery radius down too. A sectional carried up two flights is a different sale from a mattress set walked out to a pickup truck.

3. Showroom, warehouse and hours

Write down the showroom square footage, the back room and the dock, then the departments you will carry and the floor space each one takes. Price the lease clause by clause, with the common-area charge, the dock and the truck court each on its own line.

4. Departments and pricing

Take the pieces in each department from the vendor invoice and the floor ticket, with the landed cost beside the price. Test what margin each department must carry and how many turns the floor has to make, because a floor sample can look well priced and still lose money by the time it is marked down. See what a three percent move on the upholstery line does to break-even on page 13.

DEPARTMENT	FACTORY COST LANDED	TAG PRICE	COST AS % OF TAG

> *The question this plan answers: The vendor invoice for a sofa the customer will not see until June is due in April. What does the order book owe, when does the stock turn into cash, and how much of my own money is financing the customer?*
>
> On an import the lead time is longer than the supplier terms, so the store finances its own customer from the day the order is written; on a domestic order the vendor bill may fall due after the customer has paid, and stock and special orders still tie up cash. Page 9 caps what can be committed to the vendor this month, and page 10 counts what the floor and the back room actually hold. Page 13 tests a twelve percent overrun on the build-out and the truck.

PAGE 4

Business plan, part two

5. Operations

Describe how a piece moves from the vendor confirmation to the dock, the floor and the truck. Name the step that slows the busiest delivery week, and who checks it when you are not in the store.

6. Team

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

7. Marketing

Explain why a household buys from your floor rather than from the chain or the online retailer, and what brings a mattress buyer back for the bedroom set.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below. Show how much the store needs, where the money comes from and how long it lasts if the spring deliveries slip.

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

TEST	PASS?
Gate 0. The draft lease, the build-out and truck quotes and every approval the store 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 pieces in its busiest month fit the stock on hand, the buying budget on page 9 and the delivery crew, and planned pieces a month reach break-even on page 8.	
5. Expected piece counts rest on evidence (a traffic count at the site with a capture rate from comparable stores, or your own order book from a prior store), not on the size of the trade area or the number of households nearby.	
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 spring 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 fixture dealer, the truck dealer or the landlord, or a documented calculation for the opening stock. Store budgets break on the racking and the floor samples nobody quoted, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
BUILD-OUT AND EQUIPMENT				
Leasehold improvements and lighting				
Fixtures, wall systems and floor samples				
Box truck, lift gate and warehouse equipment				
Point of sale, handhelds, cameras and alarm				
Signage and exterior				
PRE-OPENING DEPOSITS				
Utility and terminal deposits				
Lease deposit and pre-opening rent				
Insurance down payment				
OPENING WORKING CAPITAL				
Opening inventory at cost				
Pre-opening payroll and training				
Launch marketing and professional fees				
CASH AND CONTINGENCY				
Opening cash				
Contingency				
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 buffer, add the difference. If the build-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 pieces and prices, not from the rent you need to cover. Count pieces by department from your own order book or from a comparable store; a department's average price is its sales divided by its pieces, not the ticket on one sofa. The average piece is not the average customer: an upholstery department averaging $1,450 a piece sits inside a delivery run of two or three pieces, and a mattress set leaves the door in the same truck.

```
Monthly sales for a line = units times average piece 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 PIECE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Upholstery and sectionals	pieces				
Bedroom and dining case goods	groups				
Mattresses and bedding	sets				

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 pieces a month are your assumptions; write down the evidence for each, and treat the December run as a season for case goods and bedding rather than an upholstery baseline.

CAPACITY CHECK

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Monthly capacity = the showroom, floor-sample and back-room stock at cost, turned at your planned annual turns and divided by 12, converted to pieces at each department's average cost, measured against the delivery and receiving crew's weekly runs; the buying budget on page 9 is the cash version of the same limit
```

A furniture store runs out of delivery and receiving crew before it runs out of showroom. Treat capacity as a two-person crew and one box truck, four delivery days a week and four stops a run, about sixteen household deliveries a week, roughly seventy a month with returns, damage swaps and haul-aways; the showroom and the back room hold the stock at cost that those deliveries draw down. The floor samples are stock too, and they are stock that has already aged the moment they are placed. Write the pieces each department can hold, the turns you plan and the order you can finance.

PAGE 7

Departments, price and what each piece keeps

Three selling floors, three different jobs, and a single blended cost line that hides which floor earned its keep. Upholstery is the line the customer shopped everywhere else before walking in, case goods is the line that furnishes the whole room behind the sofa, and bedding is the line where the customer cannot compare the product easily and buys on the sleep trial and the delivery date. Price each department from the landed cost of the piece, freight and receiving included, and from the margin that role can support. Line 13 is those three choices added up and divided by the revenue they generate, never a rate chosen first and then chased.

```
Margin on one piece = the ticket less what that piece landed at, divided by the ticket
Markup = that same dollar gap over the landed cost, so it always prints larger than margin; a ticket
built from a markup target keeps less than its label promises
Store-wide keep = every department's revenue less every department's landed cost, over the revenue those
departments took; line 13 is where the three are blended by their revenue
```

WORKED EXAMPLE: UPHOLSTERY, CASE GOODS AND BEDDING (ILLUSTRATIVE)

DEPARTMENT	PIECES / MONTH	RETAIL TICKET	FACTORY COST LANDED	KEPT PER PIECE	MARGIN	MARKUP	SHARE OF SALES
Upholstery and sectionals	60	$1,450.00	$812.00	$638.00	44.0%	78.6%	50%
Bedroom and dining case goods	36	$1,250.00	$687.50	$562.50	45.0%	81.8%	26%
Mattresses and bedding	43	$1,000.00	$540.00	$460.00	46.0%	85.2%	25%

The blended rate finishes 0.05 points over the 44.7 percent the plan produces, a difference of roughly $85 a month at this volume. Bedding holds the fattest rate at 46.0 percent; upholstery sits at the bottom on 44.0 percent. Revenue concentrates in upholstery: 50 percent of every dollar the floor takes. Across the three lines the plan lands at 44.7 percent gross margin and 81.0 percent markup on landed cost. Those department figures become the sales lines and the cost-of-goods share on page 12, and pages 9 and 10 carry the same split forward. Split the floor the way the factory invoices arrive, since the physical count, the buying budget and every later ticket change ride on those same groupings. A furniture department turns twice or three times a year, so it cannot earn its shelf on margin alone; it earns it on the dollars a linear foot of showroom returns and on how long the piece sits before it is marked down. Expect the discount to land on upholstery first, because that is where the shopper has a comparison, and expect bedding to carry a stronger margin than its effort suggests. The department with the largest slice of revenue dominates the blend, which is why the upholstery number is settled first and the other two are allowed to follow. Floor samples are stock at cost, and the day they are placed they start aging. Shares on page 7 are rounded to whole percentages and do not always total 100. The store behind these numbers is a mid-size independent, not a typical or average one. The Census furniture-store line reports about $5,700 million of sales a month across the whole industry, and that table publishes no count of stores, so no per-store figure is offered here and this example is not one.

SET YOUR OWN THREE DEPARTMENTS

DEPARTMENT	PIECES / MONTH	RETAIL TICKET	FACTORY COST LANDED	KEPT PER PIECE	MARGIN	MARKUP	SHARE OF SALES

Cost each piece from the factory invoice with freight inside it, not from a chain's hang tag, and give each department the margin its role can support. A line that moves fast lives on a thin margin because it turns; upholstery turns two or three times a year and must justify its showroom run on dollars per linear foot. Change the ticket when the landed cost changes, never merely because a competitor repriced.

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 and common area charges, 4,800 square feet	
2. Property, liability and inventory insurance	
3. Salaried manager and the minimum opening crew of sales associates and a receiving person, with payroll taxes	
4. Owner's market wage for buying and scheduling (hours on the floor go in line 3 or 14)	
5. Loan interest (build-out, fixtures and truck loan)	
6. Utilities and internet	
7. Marketing, loyalty and local advertising	
8. Point of sale, inventory and security software	
9. Accounting, bookkeeping and payroll service	
10. Truck, warehouse and equipment maintenance	
11. Waste, cleaning and alarm monitoring	
12. Training, warranty administration and other fixed costs	
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 delivery and warehouse labor above the minimum opening crew, with payroll taxes	
15. Card and processing fees	
16. Shrink at cost (set by the stock counts)	
17. Delivery, markdowns and packaging	
Total variable cost share	

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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 pieces a month = (monthly fixed costs, principal and other recurring cash out minus the monthly
contribution from the two smaller departments at planned full-run sales and their own contribution ratios (1
minus each department's line-13 share and its share of lines 14 to 17)) divided by the contribution from one
average upholstery piece
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 pieces 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

What the month's buying budget can carry

Inventory is the largest asset a furniture store owns and the slowest one to convert. The open-to-buy figure settles a single question: how much cash may go into stock this month without leaving the next factory invoice unpaid. Every group on the floor and every container afloat competes for that one number, so it is set before the purchase order is written.

```
Shelf stock at landed cost = twelve months of cost of goods divided by the turns the plan targets
Open-to-buy = this month's landed cost of goods, plus the shelf level the plan wants, minus the stock already standing on the floor and in the back room, minus the containers already booked
A sofa spends the factory's lead time on a truck before it reaches the dock, and the invoice matures after that, so the cash is gone 75 days after the order goes out; page 19 pays every bill in its sale month, so put your own lead time and terms into the page 11 inputs
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WORKED EXAMPLE: A MONTH OF FURNITURE COST OF GOODS (ILLUSTRATIVE)

DEPARTMENT	REVENUE IN A MONTH	SHARE OF REVENUE	LANDED COST FOR THE MONTH	SHARE OF LANDED COST
Upholstery and sectionals	$87,000	50%	$48,720	50%
Bedroom and dining case goods	$45,000	26%	$24,750	26%
Mattresses and bedding	$43,000	25%	$23,220	24%

The revenue column restates the page 7 departments; each landed-cost column multiplies that department's pieces by the cost of the piece.

THE ORDER THE MONTH CAN CARRY

LINE	DOLLARS AT COST
Cost of goods for the month, at cost	$96,690
Stock the month should carry, at cost (a year of goods cost over 2.6 turns)	$446,262
Stock on hand when the month opens, at cost	$446,262
Special orders written and not yet shipped, at cost	$66,900
Free to commit this month, at cost	$29,790

That leaves $29,790 of buying power this month: it replaces what the month will sell and moves the shelf level toward target once the floor stock and the containers afloat are counted. Shelf stock at the month's open covers 4.6 months of landed cost ($446,262 against $96,690 of monthly cost of goods), plans 2.6 turns a year, and an order written today settles its bill 75 days later, after 45 days of factory lead time and 30 days of terms. Vendor terms set the rhythm, and in this trade they run the wrong way. A domestic upholstery order lands in six and a half weeks, the 45 days the buying budget assumes, and the payment falls thirty days after it lands; an import needs a deposit with the order and the balance before the container ships, with the water time on top. The gap between paying the vendor and collecting the customer is the working capital the store has to find. Quicker turns shorten the wait; slower turns mean the same revenue needs more cash behind it. Count your own turns from your stock counts and the factory invoices. The back room and the containers in transit are stock as well.

WORK OUT YOUR OWN FIGURE

LINE	DOLLARS AT COST
Cost of goods for the month, at cost	
Stock the month should carry, at cost	
Shelf stock at cost when the month opens	
Containers already booked, at cost	
Free to commit this month, at cost	

Size each order to the month's sales and the shelf level the plan wants, not to a factory's free-freight minimum.

PAGE 10

Counting the loss between the book and the floor

Furniture walks out of a store without an invoice, and a tally is the only tool that catches it. The loss is counted at landed cost: the difference between the quantity the paperwork carries and the quantity standing on the floor. It starts at the receiving dock, continues in the back room, and shows up again on the floor samples and the special orders held against a deposit. Tally on a fixed cycle, one department at a time, with the same pair of people and the same steps, writing the result down before anyone is allowed near the records.

```
Shrink = the at-cost value the paperwork claims less the at-cost value the tally actually finds
Rate on book = the shortfall over the recorded value; put it on an annual footing by taking the count-period rate times 12 and dividing by the months elapsed since the previous tally. On a first count there is no previous tally, so use the number of months the count period covers in that formula, and count again within three months
Line 16 is that annual figure at cost, entered as a share of the year's revenue
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WORKED EXAMPLE: COUNTING THE FLOOR AND THE BACK ROOM (ILLUSTRATIVE)

DEPARTMENT	PAPERWORK AT COST	TALLY AT COST	UNACCOUNTED, AT COST	SHARE OF PAPERWORK	ANNUALIZED ON PAPERWORK
Upholstery	$224,861	$222,692	$2,169	1.0%	3.9%
Case goods	$114,234	$113,132	$1,102	1.0%	3.9%
Mattresses	$107,167	$106,133	$1,034	1.0%	3.9%
Total	$446,262	$441,957	$4,305	1.0%	3.9%

Three months after the previous tally, $4,305 of landed cost is unaccounted for, which is 1.0 percent of the recorded value and 3.9 percent once annualized. Over a year that is $17,220 of stock at cost, and it is what puts line 16 at 0.8 percent of sales on page 12. Tally at a short enough interval that a shortage is still traceable: a quarterly count can only say the stock went missing, never which week it went. Line 16 converts the tally into a monthly charge by annualizing the shortfall against revenue, so a single figure feeds both the cash forecast and the shelf. Quarterly leaves the rate a season behind, and monthly spends more in wages than it saves in loss, so stores pick a cadence and keep to it. Back-room damage and missing hardware sit here, not in margin: a piece that arrives scuffed never turns into a cost of goods, and the dock is where most of it occurs. A markdown is a choice the owner makes and a shortage is money lost, so they belong on separate lines where neither can disguise the other. Limit the book to goods you can actually sell before the tally starts; floor samples and stock held against a deposit are not sellable, and counting them manufactures a shortage out of a filing mistake.

YOUR OWN COUNT, BY DEPARTMENT

DEPARTMENT	PAPERWORK AT COST	TALLY AT COST	UNACCOUNTED, AT COST	SHARE OF PAPERWORK	ANNUALIZED ON PAPERWORK

A pair of counters, doors shut, one department at a run, and the variance written down before the paperwork is opened. Stock leaks through the dock, the back room, the floor samples and the special-order board long before a shoplifter touches it, and a tally designed around theft will overlook nearly everything that matters.

PAGE 11

Twelve-month cash forecast

Profit and cash are different numbers: loan principal, build-out bills, the spring container 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 markdowns (lines 13, 15 to 17)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: rent and common area charges (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. Counter sales settle when the customer pays, by card or in cash, and card batches settle two to three business days later. Most upholstery and case goods leave as a special order with a deposit, and the balance is collected on delivery, so cash arrives weeks after the sale is written; the engine carries every sale in the month it is rung and does not model deposits, so enter the money in the month it lands and treat the order book as cash you have already committed. 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, and a store that opens into the spring

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Runway = the number of consecutive future months, counted back from the most recent month already closed (or from opening day, before the doors open), up to the first month whose closing balance drops under your floor
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Worked example: a hypothetical single furniture store

Illustrative figures for the arithmetic, offered as no benchmark. Open seven days a week, about 30.3 days a month, 4,800 square feet; opens in March. Cash floor $53,822. Card receipts reach the bank inside the month of the sale; the fixed lines leave on the schedule the table prints; a sofa is paid for in the month it sells while the container behind it was paid for months earlier, so write your own factory terms into page 11 and decide which month the deposit actually leaves. The owner draws a wage and no outside capital enters.

Page 5, budget	Total startup budget $995,250, funded by a $450,000 loan (9.5 percent over 10 years) and $545,250 of owner money, including a $175,100 working capital cushion the plan does not spend at the start. The two passes behind page 5: the floor $53,822, plus a one-month buffer of $53,822, plus $67,450 (how deep the first pass goes under zero when the store opens with nothing), rounded up to $175,100.
Page 8, the cost base these numbers rest on	Fixed costs $51,461 a month, including $11,500 for rent and $3,461 of loan interest; principal $2,361 a month (year-one averages on both); variable share 62.6 percent, so the contribution margin ratio is 0.374. Lines 13 to 17 take 55.2514, 2.5, 2.5, 0.8 and 1.5 percent of sales (line 13 as the three departments blend). Lines 1 to 12 run $11,500, $1,150, $20,500, $4,650, $3,461, $1,800, $4,400, $450, $650, $1,900, $600 and $400 a month.
Page 8, the break-even arithmetic	Operating break-even works out near $137,418 a month. Cash break-even (fixed $51,461 plus principal $2,361, divided by 0.374) is about $143,722 a month: 38.0 pieces a month from upholstery and sectionals net of what the smaller departments already cover (line 13 runs 56.0 percent on upholstery and sectionals, 55 on bedroom and dining case goods and 54 on mattresses and bedding; lines 14 to 17 come off each department at one equal rate, which leaves contribution ratios of 0.367 on upholstery and sectionals, 0.377 on bedroom and dining case goods, 0.387 on mattresses and bedding), so 38, against the 60 the plan assumes.
Page 6, the sales build behind these numbers	Upholstery and sectionals: 60 pieces a month at $1,450. Bedroom and dining case goods: 36 groups a month at $1,250. Mattresses and bedding: 43 sets a month at $1,000. A settled month runs about $175,000; department sales ramp 42, 55, 66, 73, 78, 82, 86, 89, 92, 95, 97 percent in months 1 to 11, then 100 percent; season 98, 103, 106, 97, 93, 96, 102, 105, 108, 111, 89, 92 percent across months 1 to 12, and only regular sales move with it.
The twelve-month grid for the expected case, month by month	Month 1 sales $72,030; month 1 closes at $148,252, month 12 at $154,539. Low: month 6, closing $107,650, $53,828 over the floor.
The twelve-month grid for the slow start, at seventy percent of plan	At 70 percent of expected sales, month 1 sales $50,421; month 1 closes at $140,160, month 12 at minus $33,052. Cash falls below the floor in month 5 (closing $48,715) and below zero in month 9 (closing minus $1,769), leaving an opening runway of 4 months.
Page 8, the coverage the lender reads	At a settled month of $175,000, the planning cover ahead of tax and fixture replacement works out at 3.01 measured against the 1.25 the example lender sets, and measured again at the twelfth-month run rate it is 3.01, and Test 3 needs both. Rent share is about 6.6 percent.

THE SCORE SHEET RETURNS THIS FOR THE WORKED STORE: AMBER

The worked example takes Gate 0 as already cleared. Test 1 holds: at the twelfth month the store is running about $175,000 a month, above the $143,722 break-even; a second year at that pace still keeps the floor (lowest close $164,941, month 1 of year 2). (Shown for orientation rather than scored: plan sales first cover cash break-even in month 7.) Test 2 fails: running at seventy percent of plan, the store goes under the floor in month 5; about $86,900 more in reserve would carry it. Test 3 holds on the planning formula, read the way the lender reads it. Test 4 clears: at the season's peak month (season 111 percent) a full-run month sells about 154 pieces and takes $194,250, which the $446,262 of stock and the $66,900 already on order carry, and the seventy scheduled stops the month carries absorb at a little over two pieces a stop. Test 5 fails: no order book, deposit ledger or floor count stands behind the planned piece counts, and a test with no evidence fails; bring the order book and score the plan again. Test 6 passes: a settled twelve-month run releases about $140,557 with principal covered and not one settled month below zero, so the plan holds nothing back as a cushion. That is the settled year rather than the opening year; page 19's first year loses about $20,561 in cash, since the opening months ramp and start up ahead of them. The example keeps no income tax aside, allows nothing for replacing fixtures and plans no stock build beyond the opening buy (page 19); score a real plan with its own. The spring order is paid before the spring deliveries, and January is when the store finds out whether it was worth writing; the monthly ramp, the season percentages and the piece counts are guesses to be replaced, never forecasts.

PAGE 13

What moves the result

Each row changes a single 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 far column shows the slow start too, and that column is Test 2.

WHAT CHANGES THE STORE'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 $6,554	Expected case holds the floor
Upholstery and sectionals: average piece 3 percent higher, same volume (only sales-linked fees rise)	plus $2,545	Break-even pieces fall from 38.0 to 35.2 a month, so from 38 to 36: per-unit costs stay the same, so the ratio rises from 0.374 to 0.383 on the new sales (sales-linked fees, line 15, take 2.5 percent of each added dollar)
Fixed costs $4,116 lower	plus $4,116	Cash break-even falls to about $132,731
Build-out and truck overrun of $29,040, twelve percent on the $242,000 page 5 build-out group, beyond the contingency and taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 4 (closing $40,219)
Opening 2 months late (rent, insurance, loan interest and principal, $18,472 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 $71,477 in month 7 from the planned opening, $36,173 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

Opening and closing checklists, weekly review, six questions

The lists below cover the routine of running the store. Add what your landlord, insurer and crew require.

OPENING CHECKS

- [ ] Unlock, walk the showroom and the back room, and check the floor samples for damage and missing hardware.
- [ ] Check yesterday's deliveries against the pick list, and confirm today's runs and the truck.
- [ ] Walk the floor and write the gaps on the order pad against the stock plan.
- [ ] Check the special-order board against what the vendors have confirmed and what the customer was promised.
- [ ] Pull damaged and discontinued stock to the markdown area, photograph it before it moves, and write the reason on the tag so nobody argues about the price later.
- [ ] Test the registers, the card reader and the alarm, and count the opening till.

CLOSING CHECKS

- [ ] Record sales by department, with special orders kept apart from counter takings.
- [ ] Log the deposits taken, the deliveries made and the balances collected on delivery.
- [ ] Log markdowns, damage and vendor credits, and anything paid out of the till.
- [ ] Count the till, and reconcile sales, refunds and card batches.
- [ ] Note the pieces that sold, the pieces that have sat through a whole season, and the floor samples a customer asked to buy and could not take away.
- [ ] Write tomorrow's delivery runs and the vendor follow-ups from today's promises.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Department net sales, and sales per delivery run				
Pieces a day and the average price of a piece				
Margin by department, against the page 7 target				
How much of the open-to-buy the month has used, against page 9				
Stock at cost and the turns it implies				
Markdowns, damage and discontinued groups				
Deliveries promised against deliveries made				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does the owner write every order, set every price and hold the factory relationships?
2. **Order book blind spot.** Is the special-order book tracked anywhere with dated deposits and promised delivery dates, or does it live in the owner's head until a customer rings?
3. **Buy what sold.** Is the buy written from last season's pieces sold by department, or from what the owner liked at market?
4. **Aged stock.** Are floor samples and discontinued groups marked down on a schedule?
5. **Delivery promises.** Does the delivery date the customer is given come from a vendor confirmation, or from the hope that the container arrives on time?
6. **Count scope.** Does the count cover the back room, the floor samples and the goods in transit, or only the showroom floor?

Questions and their sources are described on page 2. Check each one against a record: the sales report by department, the special-order book, the vendor confirmations, the open-to-buy worksheet, the markdown and damage sheet, or the count sheets.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and record sales by department with upholstery and case goods apart. Write the lease, insurance and vendor payment dates in one place, and set the count interval on page 10.
Week 2	Recheck each department's average price from the first two weeks of sales, and cost the ten pieces that carry the most sales. Time a receiving day from the dock to the floor.
Week 3	Fill the page 9 open-to-buy from the first month's stock and orders, and compare it with the order you actually placed with the vendors.
Week 4	Enter the actual closing cash on page 11 and recalculate runway. Write the decisions a sales manager may make on price and delivery 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 order points that keep the best-selling groups on the floor 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 Furniture 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, a special-order and deposit tracker, item costing worksheets, receiving and count procedures, seasonal buy templates and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. RetailDogma retail benchmarks: furniture gross margin, inventory turns and GMROI, retaildogma.com. US Census Monthly Retail Trade (MARTS), NAICS 4421 furniture stores: the category sales line, census.gov. Cushman & Wakefield, US Shopping Center MarketBeat, Q3 2026: the asking rent line, assets.cushmanwakefield.com. O*NET OnLine, retail managers and retail salespersons: the crew wages, onetonline.org. NRF National Retail Security Survey: the shrink anchor, nrf.com. Square, card processing fees: the card line, squareup.com. NAGGL, maximum loan spreads, and the Bankrate small-business loan rate table: the loan rate band, naggl.org and bankrate.com. Commercial lender terms: the ten-year term. KoronaPOS, how to open a furniture store: footprint and staffing prose, koronapos.com. All accessed 2026-11-08.
World Consulting Group material. Furniture stores owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, delivery promises and product labelling 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, 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 landed 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 order books 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 furniture store. I have attached the Furniture Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my showroom, my departments 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, landed cost, price, piece count, traffic count, vendor term, percentage or benchmark.
2. The numbers in the kit, including the example store's departments, pieces 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 or use typical figures, write [NEED: ...] and tell me which quote, traffic count, order book 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 = pieces a month times the average price of a piece. 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 crew and the hourly crew, payroll taxes and benefits, plus a market wage for my own hours, buying and scheduling. 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 pieces a month = (monthly fixed costs, principal and other recurring cash out minus the monthly contribution from the two smaller departments at planned full-run sales and their own contribution ratios (1 minus each department's line-13 share and its share of lines 14 to 17)) divided by the contribution from one average upholstery piece. 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 showroom, floor-sample and back-room stock at cost, turned at your planned annual turns and divided by 12, converted to pieces at each department's average cost, measured against the delivery and receiving crew's weekly runs; 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 (vendor invoices, container deposits, build-out bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Enter vendor 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 months ahead the store can keep paying, counted from the most recent 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 product safety, handling, suitability or a delivery date I cannot support. For the market and marketing sections, use only what I tell you, and list the local facts I should gather, such as traffic by day and nearby competitors.
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 room mix, showroom and warehouse square footage, departments and the floor each takes, and whether I carry imported goods.
b. The sales build: for each department, the pieces a month and the average price of a piece, days open per week and opening hours; 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 traffic count at the site with a capture rate from comparable stores, or my own order book from a prior store).
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, fixture, truck or equipment quote, or calculation) for each line on page 5, from the build-out to the contingency.
e. Monthly fixed costs for each numbered line on page 8, from rent and common area charges (line 1) to training and warranty administration (line 12), including loan interest and my market wage for buying and scheduling (line 4; my hours on the floor go in line 3 (the minimum opening crew) 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); line 14, hourly delivery and warehouse labor above the minimum opening crew, with payroll taxes; line 15, card and processing fees; line 16, shrink at cost (set by the stock counts); line 17, delivery, markdowns and packaging; 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 one store-level figure for the number of months since the previous count.
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, on delivery after a deposit, by card or in cash, and how many days a card batch takes to settle), any deposits I collect on special orders, and when the store pays its vendors, including how many days the vendor 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, truck and equipment replacement and stock build-up.
m. Cash on hand on opening day after all startup spending, build-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 furniture store, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by department and month, with annual sales and the stock and delivery capacity check from page 6.
3. The completed startup budget with the total, listing the build-out and floor samples 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 pieces 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 (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 traffic count or vendor 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, pieces a month and the department 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. A figure in brackets is a 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 $53,822.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**175,100**	**148,252**	**131,556**	**123,582**	**116,166**	**109,883**	**107,650**	**111,315**	**118,736**	**130,029**	**145,314**	**148,068**
In: sales receipts	72,030	99,138	122,430	123,918	126,945	137,760	153,510	163,538	173,880	184,538	151,078	161,000
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: goods, card fees, shrink and markdowns (lines 13, 15 to 17)	43,255	59,534	73,521	74,414	76,232	82,727	92,185	98,207	104,418	110,818	90,725	96,682
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	26,951	27,628	28,211	28,248	28,324	28,594	28,988	29,238	29,497	29,763	28,927	29,175
Out: rent and common area charges (line 1)	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Out: other costs, with loan interest (lines 2, 5 to 12)	14,811	14,811	14,811	14,811	14,811	14,811	14,811	14,811	14,811	14,811	14,811	14,811
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	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361	2,361
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(26,848)**	**(16,696)**	**(7,974)**	**(7,416)**	**(6,283)**	**(2,233)**	**3,665**	**7,421**	**11,293**	**15,285**	**2,754**	**6,471**
Closing cash, expected	**148,252**	**131,556**	**123,582**	**116,166**	**109,883**	**107,650**	**111,315**	**118,736**	**130,029**	**145,314**	**148,068**	**154,539**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**175,100**	**140,160**	**112,326**	**90,598**	**69,259**	**48,715**	**31,005**	**17,424**	**6,472**	**(1,769)**	**(7,216)**	**(21,435)**
Sales receipts, slow start	50,421	69,396	85,701	86,742	88,862	96,432	107,457	114,476	121,716	129,176	105,754	112,700
Out: variable costs, slow start (lines 13 to 17)	31,539	43,408	53,607	54,259	55,584	60,320	67,216	71,606	76,135	80,801	66,151	70,495
Out: fixed costs (lines 1 to 12), principal, bills, less funding	53,822	53,822	53,822	53,822	53,822	53,822	53,822	53,822	53,822	53,822	53,822	53,822
Net cash flow, slow start	**(34,940)**	**(27,834)**	**(21,728)**	**(21,339)**	**(20,544)**	**(17,710)**	**(13,581)**	**(10,952)**	**(8,241)**	**(5,447)**	**(14,219)**	**(11,617)**
Closing cash, slow start	**140,160**	**112,326**	**90,598**	**69,259**	**48,715**	**31,005**	**17,424**	**6,472**	**(1,769)**	**(7,216)**	**(21,435)**	**(33,052)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**10,402**	**13,679**	**15,645**	**9,747**	**7,126**	**9,092**	**13,024**	**14,990**	**16,956**	**18,922**	**4,504**	**6,470**

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 the plan never intends 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 $175,000 a month, against month 12's own $161,000): closing cash runs $164,941 in month 1 and $295,095 in month 12, lowest $164,941 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 hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.