Hair Salon Business Plan and Operations Starter Kit

A working kit for independent hair salons and barbershops. It prices every service by its chair minutes, color and product cost and stylist pay, builds the active client base month by month from new clients and the ones who stop rebooking, compares commission, hourly pay and booth rent, finds cash break-even through the slow weeks after the holidays, and scores the plan on six pass-or-fail tests.

HAIR SALONS AND BARBERSHOPS
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PAGE 2

Start here

A salon can be booked solid every Saturday and still run short of cash by March. Rent, the front desk and the loan are due whether the chairs are full on Tuesday or not, and a stylist who leaves can take a book of clients with her. This kit writes those numbers down and tests them before a landlord or a lender asks.

WHAT IS INSIDE

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HOW TO USE IT

1. Build services, retail and booth rent on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Prices, the service menu and the stylist roster move before the doors open, and every worksheet expects your own figures.
3. Once open, run the page 14 checklists at every checkout and the numbers review weekly. Fill page 7 at each month end and post page 9 as clients book, rebook and drift away.

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 hair salon questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, pay-plan, booth-agreement and tip or financial advice. Licensing, worker status, booth-rent and tip requirements vary by location; the kit states no rule. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

Before a landlord signs or a lender funds, both want to know whether six chairs can cover rent, the desk and the loan through February. Answer each heading in short plain sentences, then write the long sections on their own sheets.

1. Executive summary (write it last)

Name the salon and the guests it serves, the sum you are raising and what each dollar buys, from styling stations to the first commission run; add the month page 6 first passes the page 8 cash break-even, and the page 4 verdict.

2. Services, prices and clients

List the menu: each cut, color and blowout, its price, and how long it keeps a stylist busy. Then say why a guest books again, perhaps a stylist who keeps her formula on file or a fringe trim between visits, in her own words.

3. Positioning and the chairs

Say plainly which guests the salon wants and which it will turn away. Count the stations, the hours each is staffed, the stylists who cover a Friday evening, and the weekday mornings your book shows empty.

4. Services, minutes and prices

Beside every service write its price, the minutes a station stays occupied with the sweep-up, and the color or backbar product it uses. Copying a rival's menu without your own minutes and product cost is only guessing.

SERVICE	PRICE	STATION MINUTES, SWEEP-UP INCLUDED	COLOR AND BACKBAR COST

> *Owner question: Saturdays are packed and Tuesdays are dead, and my top stylist thinks renting a booth would pay her better. Do I move the whole team to booth rent?*
>
> Check the quiet Tuesday first: your booking record may trace it to weak rebooking at the desk, not to the pay plan. A booth agreement may shift who controls bookings, guests and supplies, and her chair still costs the salon rent, power and desk time; have the actual agreement reviewed by a qualified professional. Run the page 10 comparison on her real sales and hours at full run and at the 70 percent start, and track desk rebooking for a month before deciding.

PAGE 4

Business plan, part two

5. Operations

Describe a day from first appointment to close: who opens, how the desk runs the book and walk-ins, how color is mixed and logged, and cleaning between clients. Name who runs the salon when you are away.

6. Team

List every role, its hours and its pay plan, including a market wage for your own hours. Name the stylist whose departure would take the most clients; the fourth question on page 14, talent and retention, checks that dependency.

7. Marketing and sales

Explain where new clients come from, how a first visit becomes a second, and why clients rebook and refer; measure whether new clients cover the ones who stop coming.

8. Financials and funding

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

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

TEST	PASS?
Gate 0. Quotes for the stations and the build-out, the lease and the requirements of every registration the salon needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The peak month's appointments fit the chairs and the stylists' hours fit the roster (pages 6, 7 and 9), and the planned client base reaches break-even (page 8).	
5. Booked first appointments and the books stylists bring back the opening months; a social following forecasts inquiries, not clients.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a lease or a build-out contract. **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 station supplier, the contractor, the insurer or the landlord, or a documented calculation. Salon budgets break on the plumbing and the first slow quarter, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
STATIONS AND BUILD-OUT				
Styling stations, chairs and mirrors				
Build-out, plumbing, shampoo bowls and lighting				
Dryers, tools, booking and point-of-sale system				
SETUP AND APPROVALS				
Business entity, registrations and approval requirements				
Insurance down payment				
Lease deposit and first month				
PRE-OPENING				
Pre-opening payroll, hiring and education				
Launch marketing, website and booking listings				
Opening color, backbar and retail stock				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that 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 clients, so build them from booked first appointments, the clients your stylists bring and the chairs you can fill, not from the rent you need to cover. Count active clients first, month by month from page 9; add retail and booth rent at the volume your record supports.

```
Monthly sales for a line = units times average spend 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 SPEND	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Hair services	active clients				
Retail hair care	items				
Booth rent	booths				

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 = active clients at month end on page 9 times the monthly spend per active client (no separate ramp), plus retail at full run times ramp (your estimate; the example follows the client build) times season, plus booth rent as signed. Use 100 percent where a factor does not apply. The build, ramp and season are your assumptions; write down the evidence for each, such as booked first appointments and the clients each stylist brings.

CAPACITY CHECK

```
Chair hours open per month = chairs x hours open a day x days open a month; stylist hours per month = the sum over stylists of hours a day times days a week, times 52, divided by 12; hours needed in the peak month = the chair hours on page 7 at the steady-cycle client base (page 9)
```

Write how many chairs the salon runs for its own stylists, the hours they are open, and each stylist's hours a day and days a week. Take the month the page 9 client base peaks at its steady-cycle level, add up the chair hours their appointments need (page 7) and set them against the chair hours open and the hours the stylists can work. If the plan needs more chairs or more stylist hours than you have, the plan is wrong, whatever the book looks like on a Saturday.

PAGE 7

The service menu, chair hours and takings per chair hour

A styling chair earns only while a guest sits in it. A two-hour color and a thirty-minute clipper cut both carry rent and commission, and an unsold Tuesday morning carries the rent alone.

```
Appointments a month = guests on the books x visits a month; chair minutes = service minutes + sweep-up; chair hours = appointments x chair minutes over 60
Weighted ticket = each service's price x its share of appointments, added up; monthly spend per guest = visits a month x weighted ticket; contribution a month = appointments a month x (price less color and backbar, stylist commission, and its own card fees and supplies, 5.4 percent); chair use = hours sold over hours open; takings per open hour = service takings over chair hours open
```

WORKED EXAMPLE: A SETTLED MONTH ON THE SALON FLOOR (ILLUSTRATIVE)

SERVICE	CHAIR	SHARE	APPOINTMENTS A MONTH	CHAIR MINUTES WITH SWEEP-UP	CHAIR HOURS	PRICE	COLOR AND BACKBAR	STYLIST COMMISSION	CONTRIBUTION	PER CHAIR HOUR
Women's cut and style	Styling chairs	45%	270.1	55	248	$58	$3.50	45%	$6,825	$27.57
Color with blow-dry	Styling chairs	22%	132.0	120	264	$140	$14.00	45%	$7,318	$27.72
Blowout	Styling chairs	8%	48.0	55	44	$50	$2.50	45%	$1,070	$24.33
Barber cut	Styling chairs	25%	150.0	40	100	$38	$1.50	45%	$2,602	$26.02

CHAIRS	NUMBER	CHAIR HOURS OPEN A MONTH	CHAIR HOURS SOLD, SETTLED MONTH	CHAIR USE	CHAIR USE IN THE HIGH MONTH	TAKINGS PER OPEN CHAIR HOUR
Styling chairs	6	1,560	656	42%	43%	$27.08

1,000 guests on the books at 0.6 visits each fill 600.1 appointments a month at a weighted ticket of $70.40, so hair services enter page 8 at $42.24 per guest a month. Color and backbar take 7.4 percent and stylist commission 45.0 percent of service takings (page 10); the page 12 example shows the blends of 10.8 and 39.95 percent. Across all chair hours open, service takings average $27.08 an hour; an unsold hour takes in nothing. In contribution per chair hour sold, color with blow-dry keeps the most ($27.72) and blowout the least ($24.33).

YOUR SERVICE MENU

SERVICE	CHAIR	SHARE	APPOINTMENTS A MONTH	CHAIR MINUTES WITH SWEEP-UP	CHAIR HOURS	PRICE	COLOR AND BACKBAR	STYLIST COMMISSION	CONTRIBUTION	PER CHAIR HOUR

CHAIR AND ROSTER CHECK

Find the month the page 9 guest book peaks. Turn its appointments into chair hours with the page 7 minutes and set them against chair hours open and stylist hours rostered. A gap on either side means another chair, another stylist or longer hours, however busy a Saturday looks.

```
High-month chair hours = settled chair hours x the high month's guest book over the settled average, set against chair hours open; high-month stylist hours = the same chair hours, set against the roster, people x hours a day x days a week x 52 over 12
```

PAGE 8

Break-even and coverage

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

FIXED COSTS PER MONTH	PER MONTH
1. Salon rent, 1,500 square feet	
2. Liability, property and professional insurance	
3. Salon manager and front desk, salaried, with payroll taxes and benefits (the minimum staff)	
4. Owner's market wage	
5. Loan interest (build-out and equipment loan)	
6. Utilities, water, phones and internet	
7. Marketing, website and booking listings	
8. Booking, point-of-sale and payroll software	
9. Accounting, bookkeeping and bank fees	
10. Towels, laundry, cleaning and repairs	
11. Education and team training	
12. Payroll taxes on commission at full run, supplies and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Color, backbar and retail product cost	
14. Stylist commission above the salaried staff	
15. Card processing fees	
16. Salon consumables, foils, gloves and capes	
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 active clients = (fixed costs with line 4 even if undrawn, plus principal, minus retail and
booth rent contribution, own shares) divided by one client's monthly contribution (spend x its own
ratio, page 9); 0 if covered
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 active clients (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; per day open = weekly divided by days open per week. Rent share = line 1 divided by net sales.

PAGE 9

The salon's book: new, drifting and regular guests

A salon's book drains slowly: each month a few regulars stop coming and a few new guests join.

```
Guests on the books at month end = guests on the 1st less the month's lapse, plus new guests, never more than the chairs seat
Settled book = the settled rows, run until each December repeats the last; stay = 1 over the lapse;
guest value = monthly spend x months stayed x contribution ratio
```

WORKED EXAMPLE: A JANUARY OPENING WITH THE STYLISTS' REGULARS (ILLUSTRATIVE)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
New guests	128	113	113	108	102	87	71	63	61	65	73	72
Drifted away	22	28	32	36	40	43	45	46	47	48	49	50
Guests on the books	556	641	722	794	856	900	926	943	957	974	998	1,020
Settled year: new guests	30.0	35.0	50.0	58.0	62.0	55.0	45.0	42.0	45.0	52.0	62.0	64.0
Settled year: guests on the books	1,000	985	985	994	1,006	1,011	1,006	997	992	995	1,007	1,021

Month 1 opens with the 450 regulars the six stylists bring, about 75 each, plus 128 new guests; a new guest joins the book after about two first visits. Pages 6 and 11 carry this table as the hair services line month by month. The stylists' January regulars are the Test 5 evidence in a real plan; the example has none, so page 12 fails Test 5. The slow start keeps 70 percent of every month; year 2 repeats the settled rows. No guest waits for a chair.

FIGURE	IN THE EXAMPLE	WHERE IT COMES FROM
Share of guests who drift away a month	5%	Guests first passing twice their usual gap this month, counted once, over guests on the 1st
How long a guest stays	20.0 months	1 over the monthly lapse
What one guest is worth	$356	Monthly spend x 20.00 months x contribution ratio 0.422
New guests a month in the last quarter	70.0	October to December of the opening year, averaged
New guests that keep the book level	50.0	The settled year's new guests a month (5 percent lapse x the 1,000-guest settled average)
Guests on the books, settled average	1,000	50.0 new guests a month x how long each stays, or new guests over the lapse
Marketing divided by all new guests	$20	$1,000 of line 7 over all settled new guests a month

YOUR GUEST BOOK, JANUARY TO DECEMBER

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

NEW AND DRIFTING GUESTS

Note how each new guest found the salon and the reason a drifting guest gave, as her words, not a proven cause.

MONTH	NEW	DRIFTED AWAY	REASON SHE GAVE	VISITS BEFORE LEAVING	HER STYLIST

PAGE 10

Paying stylists: commission, hourly pay or booth rent

The pay plan decides who absorbs an empty Tuesday. Commission rises and falls with each stylist's book, an hourly wage is due for every rostered hour, and booth rent may shift bookings and their risk to the renter, depending on the agreement, while her chair still costs the salon rent and desk time.

```
One stylist's monthly takings = 156.0 paid hours x 70.0 percent of them booked x $64.44 per booked hour
Commission: she earns takings x the rate; hourly plus a smaller commission: paid hours x $15.93 loaded
($14.48 plus 10 percent) plus takings x the smaller rate; booth rent: she keeps all takings and pays the
weekly rent x 52 over 12; the salon keeps takings less pay, color, and card fees and supplies (5.4
percent), or the rent alone
```

WORKED EXAMPLE: ONE FULL-TIME STYLIST UNDER THREE PAY PLANS (ILLUSTRATIVE)

PAY PLAN	ONE STYLIST'S SERVICE TAKINGS A MONTH	PAID TO THE STYLIST	COLOR AND BACKBAR	WHAT THE SALON KEEPS
Commission at 45 percent, full run	$7,042	$3,169	$523	$2,970
$14.48 an hour plus 15 percent, full run	$7,042	$3,541	$523	$2,597
Booth rent at $250 a week, full run	$7,042 (the renter's)	pays $1,083	$0	$1,083
Commission at 45 percent, 70 percent start	$4,929	$2,218	$366	$2,079
$14.48 an hour plus 15 percent, 70 percent start	$4,929	$3,224	$366	$1,073
Booth rent at $250 a week, 70 percent start	$4,929 (the renter's)	pays $1,083	$0	$1,083

Page 8 line 14 is the commission plan: 45.0 percent of service takings above the salaried manager on line 3. In the 70 percent start, commission shrinks with each book, while an hourly wage is owed for every rostered hour, filled or not. A booth renter pays the salon $1,083 a month with no color or commission against it, yet her chair still carries about $1,019 a month, an eighth of lines 1, 3, 6 and 8 (rent, desk, utilities and software). Retail carries its own 50 percent product cost and 10 percent commission, and booth rent carries no cost, which is why page 8 break-even clients subtract their contribution separately.

YOUR STYLISTS' PAY PLANS

PAY PLAN	ONE STYLIST'S SERVICE TAKINGS A MONTH	PAID TO THE STYLIST	COLOR AND BACKBAR	WHAT THE SALON KEEPS

BEFORE MOVING A STYLIST TO A NEW PLAN

Run this table on one stylist's own takings, hours and rebooking share before you change how she is paid, and run it again for whoever would fill her chair. Any pay plan, booth agreement or tip policy raises worker-status, payroll and contract questions that differ by location; have a qualified professional review each change before signing.

PAGE 11

Twelve-month cash forecast

Rent and payroll leave on fixed dates, slow weeks or not. Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: takings, in the month each payment lands, net of sales tax												
Memo, not cash: sales this month (page 6)												
In: owner money and loans received												
Out: product cost, fees and consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: salon 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												
Memo: prepaid balances = last month's + sold minus redeemed												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the salon opens 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. Stylists, the desk and suppliers are paid in the month of the work. 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 what the January lull costs

```
Runway = the number of consecutive future months, counted from the latest closed month (before opening,
from the first day the salon opens), before the first month in which closing cash falls below your floor
```

Worked example: a hypothetical hair salon

These salon numbers are illustrative and made up for the arithmetic; quote none as a benchmark. The salaried manager runs the desk from month 1; stylists earn commission on each service. Cash floor $19,942. Guests pay for services and product at the desk; the two booth renters pay weekly in the month due; stylists, the desk and suppliers are paid in the month of the work; the owner draws the market wage in cash.

Page 5, budget	Opening the salon costs $314,100, funded by a $230,000 loan (10 percent over 10 years) and $84,100 of the owner's own money, which also pays for a $61,100 reserve left untouched on opening day. Page 5 works the reserve out twice: floor $19,942, plus one extra month held as a buffer, $19,942, plus $21,129 (the deepest overdraft of pass one, opened empty), rounded up to $61,100.
Page 8, costs	Fixed salon costs come to $18,766 a month, including $3,500 for the floor space and $1,864 of loan interest; principal $1,176 a month (each averaged over year 1); the variable lines add up to 55.7 percent, and each dollar of takings contributes a ratio of 0.443. Color, commission, card fees and consumables, lines 13 to 16, take 10.8, 39.95, 2.77 and 2.17 percent of sales. Monthly, lines 1 to 12 cost $3,500, $300, $3,850, $4,050, $1,864, $700, $1,000, $100, $300, $700, $150 and $2,252 a month.
Page 8, break-even	The salon breaks even on operations near $42,352 a month. Cash break-even (fixed $18,766 plus principal $1,176, divided by 0.443) is about $45,006 a month: 909.7 active clients a month from hair services after retail and booth rent chip in, so 910, against the settled 1,000 (1,021 at the peak).
Page 6, sales	Hair services: 1,021 active clients a month at $42.24 each at the settled-cycle peak; year 1 follows the page 9 build from 556 active clients in January. Retail hair care: 141 items a month at $30. Booth rent: 2 booths a month at $1,083.33. Once the book settles, a typical month takes in roughly $48,646, services at the mature book's yearly average (hair services 1000.22 active clients a month); product-sales ramp 55, 62, 68, 73, 78, 82, 85, 88, 91, 94, 97 percent across months 1 to 11 and 100 percent from month 12; season 80, 85, 92, 95, 98, 95, 90, 90, 88, 92, 105, 190 percent across the twelve months, on product sales only; the page 9 book drives services.
Page 19, expected case	January takings of $27,493; the January bank balance ends at $53,912, and December at $46,678. Lowest point: month 7, closing $39,971, $20,029 over the floor.
Page 19, slow start	Cut to 70 percent of the expected takings, January takings of $19,245; the January bank balance ends at $50,086, and December at minus $20,787. The balance first drops under the floor in month 5 (closing $16,812) and drops under zero in month 8 (a close of minus $1,367), which gives the salon 4 months of runway after opening day.
Page 8, coverage	With settled sales of $48,646, the planning coverage figure, ignoring income tax and new equipment, reaches 1.53 against the 1.25 that our sample bank wants, and at the month-12 run rate the figure reaches 1.53, and Test 3 checks the two together. Salon rent takes about 7.2 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

The sample salon assumes Gate 0. Test 1 passes: the month-12 run-rate average is about $48,616 a month, above the $45,004 break-even at that sales mix (contribution ratio 0.443); cash stays above the floor all through year 2 (lowest close $47,958, the first month of year 2). (Outside the test: expected takings first cover cash break-even by month 8.) Test 2 fails: with every visit and sale at 70 percent, the account dips beneath the floor in month 5; about $40,800 more opening cash would carry it. Test 3 passes on the planning formula; a bank may figure coverage its own way. Test 4 passes (settled year): the client base peaks in month 12, when about 1,021 active clients book 613 appointments (retail peaks in month 12, season 190 percent); the chairs run at 43 percent (669 of 1,560 hours open), and the stylists cover about 670 of the 936 hours 6 stylists give at 9 hours a day, 4 days a week. Test 5 fails: nothing on paper backs the stylists' regulars. Test 6 passes: a settled year nets about $19,357 after principal, with every settled month in the black, so no cushion is needed. That is a mature, steady-state salon year; page 19's opening year loses about $14,422 in cash while the books fill. Page 19 holds back nothing for income tax, a new dryer or added stock; enter your own. Break-even needs most of the book, and lapsed regulars cost more than guests who never came.

PAGE 13

What moves the result

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

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

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $2,156	Expected case holds the floor; full-run coverage falls to 0.82; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Hair services: average spend 5 percent higher, same volume (only sales-linked fees rise)	plus $1,048	Break-even active clients fall from 909.7 to 859.2 a month, so from 910 to 860: per-unit costs stay the same, so the ratio rises from 0.443 to 0.445 on the new sales (sales-linked fees, lines 14, 15 and 16, take 50.4 percent of each added dollar)
Fixed salon costs come to $500 lower	plus $500	Cash break-even falls to about $43,877
Monthly lapse 1 points higher (5 to 6 percent; about 74 fewer active clients by month 12, $1,832 a month less on average in year 2)	minus $1,832	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.93; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
New clients 25 percent lower in months 1 to 3 (about 53 fewer active clients by month 12; $943 a month less at full run)	minus $943	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 1.22; would fail Test 3
A stylist leaves and 75 active clients follow her ($3,168 a month of service sales gone), from month 7 onward	minus $1,336	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 1.09; would fail Test 3
No-shows and late cancellations take 6 percent of appointments (about 36 a month; $2,535 a month of sales), from month 1 onward	minus $1,069	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 1.18; would fail Test 3
Color and backbar cost 20 percent higher (7.4 to 8.9 percent of service sales; $628 a month)	minus $628	Cash break-even rises to about $46,356; expected case still clears the floor; slow start deadline unchanged (month 5)
Build-out overrun of $18,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 3 (closing $13,490)
Opening 3 months late (the salon space, insurance, loan interest and principal, $6,840 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case below the floor in month 9 from the planned opening; slow start below the floor in month 6 from the planned opening (month 5 on time); about $400 more opening cash holds the expected case at the floor; would fail Test 1

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

Desk and month-close checklists, weekly review, six questions

These lists run the floor and the desk; they are not a compliance program. Your own advisers and your location decide any sanitation, safety, staffing or booth-agreement steps you add.

AT THE FRONT DESK, EVERY GUEST

- ☐ Book her next visit while she is still in the chair, timed to how fast her color or cut grows out.
- ☐ Credit the service, the color grams and any retail to the stylist who did the work.
- ☐ Weigh each color bowl and write the grams on the ticket before the guest leaves.
- ☐ For a first-time guest, note how she found the salon and the day she booked.
- ☐ If she leaves without a next date, write down why on her card.
- ☐ Ask a rebooking guest whether a friend might like the same stylist.

CLOSING THE MONTH AND CHASING LAPSED GUESTS

- ☐ Compare booked station hours with staffed station hours for each weekday.
- ☐ Enter each new guest and each guest who drifted away into the page 9 table.
- ☐ Flag guests who passed double their normal gap this month for the first time, count each one once, and call only those whose records the salon holds and who agreed to calls.
- ☐ Divide the guests newly flagged as drifted by the guests on the books on the 1st to get the lapse rate.
- ☐ Set color and backbar spending against each stylist's service takings.
- ☐ The day a stylist resigns, list her regulars from the salon's own records and contact those who gave the salon permission.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Service takings per stylist against her booked station hours				
Share of guests rebooked before leaving, per stylist				
Station hours staffed against hours sold, weekday by weekday				
First-time guests by source, and how many came back				
Color grams and backbar cost against service takings				
Missed appointments and same-day cancellations				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** When a color correction, a discount request or a double booking comes up, does the desk park the guest until the owner can step away from her own chair?
2. **Reactive operations.** Last week, how many guests waited past their booked time, how many never showed, and how many owner hours went to cutting hair rather than running the salon?
3. **Growth without structure.** What share of first-time guests never return for a second service, and which weekday mornings leave stations idle week after week?
4. **Talent and retention.** If your busiest stylist resigned tomorrow, how many of her regulars have ever sat in another stylist's chair at this salon?
5. **Revenue plateau.** Over twelve months, did the average ticket rise, and what part of it now comes from color, take-home product and add-on treatments?
6. **Systems gap.** Could the desk print, this afternoon, every guest who is overdue by double her usual gap between visits?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the booking system's client list, the page 9 client table, chair hours against the roster, or the color log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Begin the weekly review; each day, write down booked station hours, staffed stylist hours and the hours the owner spends cutting.
Week 2	Complete the page 7 table from your own service minutes, prices and color grams, and flag the service that earns least per station hour.
Week 3	Enter every new and every drifting guest in the page 9 table, then work out this month's lapse rate.
Week 4	Put real closing cash into page 11 and redo the runway; write down which calls the desk may make without phoning you.
After month 1	Set each stylist's rebooking share and booked hours beside her page 10 pay plan and the page 6 roster.

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 Hair Salon 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 service pricing calculator from chair minutes and color cost to a margin, a client and rebooking tracker, a pay-plan comparison for each stylist, checkout checklists and hiring checklists. Release status is on the kit page.

SOURCES

World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on hair salons and barbershops, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Hair salons and barbershops owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, pay-plan, booth-agreement and tip 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 figures; a copy-ready version is on the kit page.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as client names, formulas, staff records or bank 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) an independent hair salon. I have attached the Hair Salon Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my services, clients and stylists, using my numbers only.

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 price, wage, commission rate, lapse rate, chair count, percentage or benchmark.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales = units a month times the average spend or price. Services follow the page 9 build (active clients x monthly spend); retail = full-run sales x ramp x season; booth rent = booths x weekly rent x 52 / 12. Full-run sales, break-even and coverage take services at the settled-year average (page 9), not the planned count; their month-12 run rate repeats that settled year, scaled so December equals month 12's clients. Tips sit outside the model; have a qualified professional confirm their treatment.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's hours behind the chair go in line 3 at a market wage unless they move with sales (line 14). 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 active clients = (fixed costs with line 4 even if undrawn, plus principal, minus retail and booth rent contribution, own shares) divided by one client's monthly contribution (spend x its own ratio, page 9); 0 if covered. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Chair hours open per month = chairs x hours open a day x days open a month; stylist hours per month = the sum over stylists of hours a day times days a week, times 52, divided by 12; hours needed in the peak month = the chair hours on page 7 at the steady-cycle client base (page 9).
- 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 booked lines at full bookings averaged over 12 months, a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the salon opens after startup spending is paid. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; the page 5 two-pass size is advice to report beside it, never a substitute. Place each receipt in the month my payment terms say; if a term is missing, mark [NEED: payment timing]. The worked example collects services and retail at checkout and booth rent when due, sells no gift cards or packages, and pays payroll and suppliers in the month worked; record any prepaid cash when received, with no second receipt at redemption. In the slow-start case, every month's sales on every line are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the salon opens), 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, licensing, permit, worker status, booth agreement and tip requirements, employment, wage or lease advice. Do not name laws, license or permit 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. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only, with anonymous client IDs. Do not ask for names, phone numbers, addresses, bank account or tax ID numbers, or the names of my clients or staff.
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 needs only the page 7, 9 and 10 results I have given, not the full tables. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Services and prices, chairs and hours open, clients and where they come from, the stylists on the roster with paid hours a day and days a week, and days open per week.
b. Sales build: for services, each service's price, chair minutes with the reset, product cost and share of appointments, the visits a month an active client makes, my monthly lapse rate, the clients I open with (any my stylists bring), my planned new clients for each month from 1 to 12, the recurring yearly new clients that hold full run, and the active clients the chairs can serve; for retail, the items a month at full run and the average price, a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out) and a seasonal percentage for each month; for booth rent, the booths rented and the weekly rent; 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). Never daily; the page 9 build replaces the service line's count once fully booked. Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each service: its station kind, price, service minutes, reset minutes, product cost per appointment and its share of appointments; the stations of each kind with hours open; visits a month per active client; the provider roster (people, hours a day, days a week).
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (station quote, contractor quote, insurer quote, landlord quote or calculation) for each line on page 5, from stations and build-out to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the salaried manager and desk, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my hours behind the chair go in line 3 at a market wage unless they move with sales (line 14).
f. Variable cost shares of net sales for lines 13 to 16: line 13, color, backbar and retail product cost; line 14, stylist commission above the salaried staff; line 15, card processing fees; line 16, salon consumables, foils, gloves and capes; and any sales line whose own shares differ, given for that line.
g. Confirm the lapse rate, the new-client plan and the client cap from item b; change nothing unless I say so.
h. How I pay each stylist today or plan to, and for the comparison the commission rate, the hourly wage with its lower commission rate, and the weekly booth rent I would consider (write none for a plan I will not consider); their paid hours a week; and the payroll taxes and benefits share.
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 clients pay (at checkout, or prepaid packages and gift cards and when they are redeemed), when booth renters pay, and when stylists, the desk and suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside and equipment replacement.
m. Cash on hand on the first day the salon opens after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my hair salon, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by service line, retail line, booth rent and month, with annual sales and the capacity check from page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even active clients (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 memo rows for each month; they track amounts owed and do not change closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and unredeemed gift cards and prepaid packages (last month's + sold minus redeemed), services you still owe.
6. Service economics by price, minutes, product cost and provider pay, hours booked and utilization by station kind, revenue per available station hour, and the peak-month capacity check.
7. The 12-month client build (new clients, lapsed, active clients, percent of full run) and the settled year that repeats, the settled base against the plan, months a client stays, client value and marketing spend per new client.
8. One stylist's month under each pay plan at full run and at the 70 percent start, what the business keeps, and line 14.
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 client count or pay term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with the client build, the chair minutes and the pay plans, before anyone sees the plan, and recheck the page 4 result with a calculator.

PAGE 19

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 $19,942.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**61,100**	**53,912**	**48,377**	**44,440**	**41,891**	**40,564**	**40,047**	**39,971**	**40,235**	**40,759**	**41,690**	**43,295**
In: sales receipts	27,493	31,458	35,295	38,623	41,553	43,483	44,523	45,340	45,964	46,959	48,636	53,301
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: product cost, fees and consumables (lines 13, 15, 16)	3,994	4,650	5,310	5,852	6,348	6,620	6,730	6,880	6,975	7,211	7,687	9,779
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	18,645	20,301	21,880	23,278	24,490	25,338	25,827	26,154	26,423	26,775	27,302	28,097
Out: salon rent (line 1)	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Out: other costs, with loan interest (lines 2, 5 to 12)	7,366	7,366	7,366	7,366	7,366	7,366	7,366	7,366	7,366	7,366	7,366	7,366
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(7,188)**	**(5,535)**	**(3,937)**	**(2,549)**	**(1,327)**	**(517)**	**(76)**	**264**	**524**	**931**	**1,605**	**3,383**
Closing cash, expected	**53,912**	**48,377**	**44,440**	**41,891**	**40,564**	**40,047**	**39,971**	**40,235**	**40,759**	**41,690**	**43,295**	**46,678**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**61,100**	**50,086**	**40,229**	**31,490**	**23,724**	**16,812**	**10,467**	**4,432**	**(1,367)**	**(6,982)**	**(12,313)**	**(17,172)**
Sales receipts, slow start	19,245	22,021	24,707	27,036	29,087	30,438	31,166	31,738	32,175	32,872	34,045	37,310
Out: variable costs, slow start (lines 13 to 16)	10,317	11,936	13,504	14,860	16,057	16,841	17,259	17,595	17,848	18,261	18,962	20,983
Out: fixed costs (lines 1 to 12), principal, bills, less funding	19,942	19,942	19,942	19,942	19,942	19,942	19,942	19,942	19,942	19,942	19,942	19,942
Net cash flow, slow start	**(11,014)**	**(9,857)**	**(8,739)**	**(7,766)**	**(6,912)**	**(6,345)**	**(6,035)**	**(5,799)**	**(5,615)**	**(5,331)**	**(4,859)**	**(3,615)**
Closing cash, slow start	**50,086**	**40,229**	**31,490**	**23,724**	**16,812**	**10,467**	**4,432**	**(1,367)**	**(6,982)**	**(12,313)**	**(17,172)**	**(20,787)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**1,293**	**1,106**	**1,228**	**1,432**	**1,697**	**1,734**	**1,557**	**1,410**	**1,291**	**1,396**	**1,818**	**3,396**

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. Variable costs use each sales line's own shares, so a month can differ by a few dollars from the blended share. 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 $48,616 a month, against month 12's own $53,301): closing cash runs $47,958 in month 1 and $65,885 in month 12, lowest $47,958 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.