Hardware Store Business Plan and Operations Starter Kit

A working kit for independent hardware store owners. It prices three departments by the item, builds the open-to-buy that keeps the shelf stocked without eating the spring cash, counts shrink at cost, finds operating and cash break-even, and scores the plan on six pass-or-fail tests.

HARDWARE STORES
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19 PAGES · PRINT IT, WRITE ON IT, KEEP IT
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PAGE 2

Start here

A hardware store can show a good margin and still run out of cash in March. The spring order has to be paid before the spring sales arrive. This kit makes you write the department prices, the buying budget and the count down, then tests whether the cash holds through a first year that opens at 48 percent of full run and peaks near 104 percent.

WHAT IS INSIDE

3	Business plan, part one: concept, customer, site, departments and pricing
4	Business plan, part two, and the six-test pass or fail check
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19	The worked example's twelve-month cash forecast, filled in

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. Fixture quotes, lease terms and the stock you can afford change before opening, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists daily and the weekly review each week. Run the buying budget on page 9 before the order goes in, and count the stock on page 10 at the interval you set.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the hardware 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 of them was measured in the field, so hold each as a hypothesis.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, safety or financial advice. Lease terms, insurance, signage, product handling and employment vary by location; each area is a compliance and registration review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

The bank's first question is whether the store can pay for a spring stock order before the spring trade has paid it back. Jot a short answer under each heading here, and keep the long version for your own sheets.

1. Executive summary (leave it for last)

Give the idea, the premises, the departments and the cash the store needs, from racking and fit-out through the first stock order. Close by naming the month the page 6 forecast first covers cash break-even (page 8), and write down the verdict from page 4.

2. The idea, the customer and the trade

Picture the two people the counter serves: the householder with a broken tap on a Saturday and the contractor with a materials list at seven on a Tuesday. Split them apart, because they buy differently and one of them carries the rent. Your till history shows which one carries it, and how far the contractor trade reaches.

3. The premises, the departments and the trading hours

Write down the building, the lumber yard, the delivery dock and the customer parking, then the departments you mean to stock and the floor and shelf space each will claim. Name the department that meets the rent and the one that keeps a weekday busy. List every charge the lease adds to the basic rent.

4. Departments and pricing

For each department, give the cost and shelf price of the lines that matter, from your invoices and shelf tags, not a wholesaler's catalog. Watch the margin the department must keep and the turns it must produce; a shelf priced to the penny can still lose money by the count. Then see what a 3 percent price move does to break-even on page 13.

DEPARTMENT	COST PER ITEM	SHELF PRICE	COST AS % OF PRICE

> *Owner question: Sales per square foot look respectable and the margin matches the published benchmark. So why does the bank balance slide backwards every March?*
>
> The fixed lines are sized for a full-run month and the first quarter is not one. January opens at 48 percent of full run and March at 75, while rent, the crew and the loan payment arrive whole, so the losses add up to $62,701 before April turns the month positive. At 2.8 turns the store holds about 4.3 months of cost of goods. The margin is fine; the timing and the winter are the problem. Work the open-to-buy on page 9 before you order, and let the reserve carry the winter.

PAGE 4

Business plan, part two

5. Operations

Describe how stock moves from the wholesaler's truck to the shelf, covering receiving, pricing, the bin or rack location, the special-order desk and the delivery run. Name the step that slows the busiest Saturday, and who checks each step 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 hours. Name the person who can open without you; the first question on page 14 checks that dependency.

7. Marketing

Explain why a homeowner picks your counter over the big box twenty minutes away, and what brings a contractor back on a weekday. Track contractor accounts, repeat tickets and special orders in records you own.

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 spring is late.

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

TEST	PASS?
Gate 0. The draft lease, the fit-out and fixture 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 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 plan's item counts in its busiest month fit the stock and the buying budget on page 9, and planned items a month reach break-even on page 8.	
5. Expected item counts rest on evidence (a count of cars and contractor trucks at the site with a capture rate from comparable stores, or your own records from a prior store), not on the size of the trade area.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

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

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the contractor, the fixture dealer or the landlord, or a documented calculation for the opening stock. Store budgets break on the racking nobody quoted, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
FIT-OUT AND EQUIPMENT				
Leasehold improvements (second-generation box with floor, lights, restroom, dock and paint in place)				
Shelving, racking, gondolas, bins and fixtures				
Forklift, pallet jack and a used delivery truck				
POS hardware, scanners, label printers, network and signage				
OPENING COSTS				
Security deposit and pre-opening rent				
Insurance deposit, entity setup and opening costs				
Accountant, professional setup and lease review				
Opening inventory at cost				
LAUNCH AND CUSHION				
Training payroll before the doors open				
Grand opening, opening marketing and comped contractor accounts				
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 and no funding receipts unless they are dated and committed), 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 fit-out runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build sales by department from items and prices, not from the rent you need to cover. Count items by department from your own till records or from a comparable store; a department's average item price is its sales divided by its items, not the price of any one item on the shelf.

```
Monthly sales for a line = units times average item 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 ITEM	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Tools, hardware and fasteners	items				
Building materials, paint, electrical and plumbing supplies	items				
Lawn, garden, seasonal and outdoor	items				

Full-run month

RAMP AND SEASONS

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

Expected sales for each month = full-run department sales times ramp times season. Use 100 percent where a factor does not apply. Ramp, season and items a month are your assumptions; write down the evidence for each, and treat the spring peak as a season, not a baseline.

CAPACITY CHECK

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

A hardware store is limited by stock dollars and shelf space before it is limited by the crew. Treat capacity as a cash and space limit rather than an hours limit. The plan carries three departments and one buying budget, and the open-to-buy you can fund is what decides how deep the shelf runs. Write the items each department can hold, the turns you plan, and the order you can pay for.

PAGE 7

Department margin and markup

A hardware store earns its margin one department at a time, and the blend hides what each shelf earns. Fasteners and hand tools carry the counter margin, paint carries the ticket, and lumber and bagged goods drag the average down. Set each department's retail price from its own cost and the margin it has to hold, then check the blend against the store target. A department priced from a competitor's shelf tag, with no cost behind the price, is a guess with a barcode.

```
Department margin = (retail price less the item cost) divided by retail price
Markup = the same gap divided by the item cost; markup is the larger number, and a price set from it
keeps less margin than it looks
Store margin = department sales less department cost of goods, divided by department sales; line 13
blends the three departments by sales
```

WORKED EXAMPLE: THREE HARDWARE DEPARTMENTS (ILLUSTRATIVE)

DEPARTMENT	ITEMS A MONTH	RETAIL PRICE	ITEM COST	MARGIN AN ITEM	MARGIN	MARKUP	SHARE OF SALES
Tools, hardware and fasteners	5,775	$16.50	$8.91	$7.59	46.0%	85.2%	45%
Building materials, paint, electrical and plumbing supplies	2,688	$26.00	$15.86	$10.14	39.0%	63.9%	33%
Lawn, garden, seasonal and outdoor	3,328	$14.00	$8.12	$5.88	42.0%	72.4%	22%

The example lands 0.11 points above the 42.7 percent margin it sets for itself, worth about $232 a month at this sales level. Tools, hardware and fasteners carries the strongest margin rate (46.0 percent) and Building materials, paint, electrical and plumbing supplies the weakest (39.0 percent). The largest share of sales is Tools, hardware and fasteners, at 45 percent. Blended, the example runs at a 42.8 percent gross margin and a 74.9 percent markup. These departments set the sales lines and the cost-of-goods share in the page 12 worked example; the buying budget on page 9 and the shrink count on page 10 use the same three. Three departments, not twenty. Group the shelves the way you would buy for them, because the buying budget and the count both run on that grouping. A department with a thin margin has to earn its space on turns; a department with a fat margin can sit on the shelf and still pay for itself. If one department carries more than half the sales, the store's blend is that department's margin, whatever the other two say. Write the grouping down once, and buy, price and count to it for the year; a department that exists only on the price sheet is a department nobody manages.

YOUR OWN DEPARTMENTS

DEPARTMENT	ITEMS A MONTH	RETAIL PRICE	ITEM COST	MARGIN AN ITEM	MARGIN	MARKUP	SHARE OF SALES

Set each department's price from its own cost and the margin it has to carry, not from a competitor's shelf tag alone. A department that turns quickly can run a thin margin and still earn its space; a department that turns slowly has to earn the same shelf on margin and on square footage.

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. Base rent on the store and the yard	
2. Liability, property and workers compensation insurance	
3. Assistant manager and four full-time associates, the salaried crew, with payroll taxes and benefits	
4. Owner's market wage (management time; hours on the floor go in line 3 or 14)	
5. Loan interest (fit-out and equipment loan)	
6. Utilities and internet	
7. Marketing, website and local advertising	
8. Point of sale, inventory and purchasing software	
9. Accounting, bookkeeping and bank fees	
10. Building, forklift, truck and refrigeration maintenance	
11. Common area, waste, pest control and security	
12. Association dues, training 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 store labor above the salaried crew, with payroll taxes	
15. Card and debit fees	
16. Shrink at cost (set by the stock counts)	
17. Markdowns, freight-in, damages and delivery fuel	
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 items a month = (monthly fixed costs, principal and other recurring cash out minus the
monthly contribution from the smaller departments at planned full-run sales and own contribution ratios,
each department's line-13 share plus its share of lines 14 to 17) divided by the contribution from one
item in the main department; in the worked example the two smaller departments run at their own shares
Month-12 run rate = average monthly sales over a year at month 12's ramp, with the 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 items a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run and month-12 sales		ratios, monthly only	

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

PAGE 9

The open-to-buy buying budget

The open-to-buy is the money you can put into stock this month without borrowing from next month's cash. It starts with the month's cost of goods, adds the stock you want on hand at your planned turns, and subtracts what is already on the shelf and what is already on order. A store that buys to a wholesaler's truck minimum or a co-op rebate instead of to this number ends the season with stock it cannot sell and a supplier bill it cannot move.

```
Average stock at cost = annual cost of goods sold divided by the turns you plan
Open-to-buy = the month's cost of goods, plus the stock you want on hand, minus the stock on the shelf, minus stock already on order
A purchase takes the supplier's lead time to arrive and is paid on the supplier's terms after it arrives, so the cash leaves 51 days after the order is placed; the forecast on page 19 pays invoices in the sale month, so enter your own lead and terms in the page 11 inputs
```

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

DEPARTMENT	SALES A MONTH	SHARE OF SALES	COST OF GOODS A MONTH	SHARE OF COST
Tools, hardware and fasteners	$95,288	45%	$51,455	42%
Building materials, paint, electrical and plumbing supplies	$69,888	33%	$42,632	35%
Lawn, garden, seasonal and outdoor	$46,592	22%	$27,023	22%

Department sales are the page 7 worked example; cost of goods is each department's units times its unit cost.

THE BUYING BUDGET THIS MONTH

LINE	THIS MONTH AT COST
Monthly cost of goods sold, at cost	$121,110
Target stock on hand, at cost (annual cost of goods divided by 2.8 turns)	$519,044
Stock on hand on the first day of the month, at cost	$520,000
Already on order and arriving this month, at cost	$48,000
Open-to-buy this month, at cost	$72,154

That is a buying budget of $72,154 this month: enough to restock the month's sales and reach the target stock, less what is already on hand and on order. The store carries 4.3 months of stock at cost on the first day ($520,000 against $121,110 of monthly cost of goods), plans 2.8 turns a year, and stock ordered today is paid 51 days later: 21 days of supplier lead time plus 30 days of terms. Cash does not arrive with the goods, which is the lead-time cash gap: the buying budget is a cash decision, not only a stock decision. The lead time and the terms are the part the shelf hides. Stock ordered today arrives three weeks later and is paid a month after that, so the cash leaves 51 days after the order is written. A growing store is a store buying ahead of its sales, and the gap between the order and the payment is what the reserve on page 11 is for. Set the turns from your own count, not from a trade average, and run the number before the order goes in rather than after the invoice arrives.

YOUR OWN OPEN-TO-BUY

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

Plan the buy to the month's sales and the stock you want on hand, not to a wholesaler's truck minimum or a co-op rebate deadline. A rebate on stock that sits past its season costs more than the rebate pays.

PAGE 10

Stock shrink and the physical count

Shrink is the stock you paid for and cannot sell, counted at cost. It leaves through receiving, the back room, the yard, the register and the shelf, and a count is the only thing that measures it. Count by department, at a fixed interval, with the same two people and the same method each time, and write the shortage down before anyone adjusts it. A count that only looks for theft finds the smallest part of the loss and misses the receiving errors that repeat every week.

```
Shrink = the stock the books carry at cost minus the stock the count finds at cost
Rate on book = shrink divided by book stock at cost; annualized rate = the count-period rate times 12
divided by the months since the last count
Line 16 = the annualized shrink at cost as a share of annual sales
```

WORKED EXAMPLE: THE THREE-DEPARTMENT COUNT (ILLUSTRATIVE)

DEPARTMENT	BOOK STOCK AT COST	COUNTED AT COST	SHORT	RATE ON BOOK	ANNUALIZED
Tools, hardware and fasteners	$220,900	$218,275	$2,625	1.2%	4.8%
Building materials, paint, electrical and plumbing supplies	$183,000	$180,830	$2,170	1.2%	4.7%
Lawn, garden, seasonal and outdoor	$116,100	$114,720	$1,380	1.2%	4.8%
Total	$520,000	$513,825	$6,175	1.2%	4.8%

A count 3 months after the last one shows $6,175 missing at cost, a 1.2 percent rate on book, or 4.8 percent a year. That is $24,700 of stock a year at cost, which sets line 16 at 1.0 percent of sales in the page 12 worked example. Count at short enough intervals that a shortage is still findable: a count every 3 months cannot tell you which week the stock left, only that it did. Line 16 carries the annualized loss as a share of sales, so the count feeds the cash forecast as well as the shelf. Count every three months and the rate is a season behind; count every month and the counting costs more than the loss it finds. Live plant stock and bagged goods lose to weather and breakage, and paint loses to a wrong tint; the count is where those losses stop being a surprise. Two people sign the sheet. One counts, one writes, and neither adjusts the book.

YOUR OWN COUNT

DEPARTMENT	BOOK STOCK AT COST	COUNTED AT COST	SHORT	RATE ON BOOK	ANNUALIZED

Count with two people, after the doors close, department by department, and write the variance down before anything is adjusted. Shrink hides in receiving, in the back room, in the yard and at the register as well as on the shelf; a count that only ever blames theft misses most of it.

Twelve-month cash forecast

Profit and cash are different numbers: loan principal, fit-out bills and the spring 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: stock, markdowns, freight, fees and shrink (lines 13, 15 to 17)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: base rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 17)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on opening day after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Counter and contractor sales settle when the customer pays, and in this example they pay in the month of the sale, so enter each month's receipts in the month the money lands and enter supplier payments on the terms you actually get. 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 a January opening does to the spring

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Runway = months the store can fund, from the most recent closed month (from opening day), before the
first month whose closing cash drops under the floor
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Worked example: an invented single hardware store

Illustrative figures, not benchmarks, to show the arithmetic. Trading six days a week, 26.0 days a month, in 10,000 square feet with a yard and a dock; opening in January. Cash floor $62,080. Counter and contractor receipts clear in the month written; fixed costs leave in the month shown; stock is paid in the month it is sold, though page 9's cycle takes 51 days; enter your own lead and terms on page 11. The owner draws a wage and adds no money.

Page 5, budget	Every startup cost together reaches $1,083,500, carried by a $500,000 loan (10 percent over 10 years) and $583,500 of owner money, including a $186,900 cash reserve the plan never spends. The page 5 two passes: floor $62,080, plus a one-month buffer of $62,080, plus $62,701 (how deep the opening pass goes with nothing in the bank), rounded up to $186,900.
Page 8, costs	Fixed costs run $59,524 a month, including $16,300 for rent and $4,052 of loan interest; principal $2,556 a month (both first-year averages); variable share 67.9 percent, and the contribution margin ratio comes out at 0.321. Lines 13 to 17 take 57.2, 5.5, 2.4, 1 and 1.8 percent of sales (line 13 blended across the sales lines). Monthly lines 1 to 12 come to $16,300, $2,122, $20,400, $8,500, $4,052, $2,600, $1,200, $400, $500, $700, $2,400 and $350 a month.
Page 8, break-even	Break-even on operations lands near $185,376 a month. Cash break-even (fixed $59,524 plus principal $2,556, divided by its contribution margin ratio) is about $193,337 a month: 4,758.9 items a month from tools, hardware and fasteners after the smaller departments carry their own share (in the page 6 department order, line 13 runs 54.0, 61.0 and 58.0 percent and the contribution ratio is 0.353, 0.283 and 0.313; lines 14 to 17 run at one rate across every line), so 4,759, against the 5,775 the plan assumes.
Page 6, sales	Tools, hardware and fasteners: 5,775 items a month at $16.50. Building materials, paint, electrical and plumbing supplies: 2,688 items a month at $26. Lawn, garden, seasonal and outdoor: 3,328 items a month at $14. Full-run month near $211,768; store sales ramp 60, 70, 78, 84, 88, 92, 95, 97, 99 percent in months 1 to 9, then standing at 100 percent; the monthly pattern runs 80, 84, 96, 110, 118, 112, 104, 102, 100, 98, 90, 100 percent right through the twelve months, and each sales line follows that shape.
Page 19, expected case	Month 1 sales $101,648; month 1 finishes at $157,459, month 12 at $166,596. The low month is 3, closing $124,199, $62,119 over the floor.
Page 19, slow start	At 70 percent of expected sales, month 1 sales $71,154; month 1 finishes at $147,667, month 12 at minus $50,801. The balance breaks through the floor in month 5 (closing $56,385) and turns negative in month 9 (closing minus $1,645), so runway from opening is 4 months.
Page 8, coverage	At full run, on $211,768, debt service cover, counted before any income tax and before replacing equipment, lands at 1.90 against a 1.25 requirement set by the example loan; at the month-12 run rate it is 1.84, and Test 3 needs both. Rent share is about 7.7 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0 is treated as met for the example. Test 1 passes: on the month-12 run rate the store takes about $210,709 a month, above the $193,337 break-even; the next twelve months at the same pace also stay above the floor (its lowest close $153,953, month 2 of year 2). Test 2 fails: on the slow start the floor is broken in month 5; about $112,900 more reserve would cover it. Test 3 passes against the planning arithmetic, read the way the lender reads it. Test 4 passes; the peak month (season 118 percent) fits the buy and shelf. Test 5 fails: nothing backs the planned item counts, and a test without evidence fails; bring the count and score again. Test 6 passes: a full year at full run leaves about $66,938 after principal, but cash flow runs below zero in months 1, 2 and 11; carry a cushion into the spring buy of at least $12,644, the largest running-cash fall (from opening to its month 2 low), which the page 5 buffer covers. These are steady-state figures, not the opening year's: the first twelve months on page 19 lose about $20,304 in cash, since the ramp and the first trading months land first. It allows nothing for income tax, equipment replacement or stock beyond the opening order. (page 19); put your own store's numbers through it. The spring buy is paid before the spring sales; the reserve is March.

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 STORE'S RESULT (MONTHLY CHANGE AT FULL RUN; EACH DEADLINE RERUN THROUGH THE FORECAST; SLOW-START LOSSES SHRINK WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $6,800	Expected case holds the floor; full-run coverage falls to 0.87; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Tools, hardware and fasteners: average item 3 percent higher, same volume (only sales-linked fees rise)	plus $2,790	Break-even items fall from 4,758.9 to 4,394.4 a month, so from 4,759 to 4,395: per-unit costs stay the same, so the ratio rises from 0.321 to 0.330 on the new sales (sales-linked fees, line 15, take 2.4 percent of each added dollar)
Fixed costs run $3,000 lower	plus $3,000	Cash break-even falls to about $183,994
A big-box store opens two miles away and takes the spring garden trade, $9,300 a month, from month 7 onward	minus $2,911	Expected case still clears the floor; slow-start deadline unmoved (month 5)
Wholesale prices rise and add 2 points to line 13, retail prices held	minus $4,235	Cash break-even rises to about $206,179; expected case still clears the floor; on the slow start, the floor is breached in month 4 (closing $60,913); coverage at the month-12 run rate falls to 1.21; would fail Test 3
Fit-out overrun of $90,000 beyond the contingency, taken from the reserve	no change	Expected case short of the floor in month 2 (closing $45,362); on the slow start, the floor is breached in month 1 (closing $57,667); would fail Test 1
Opening 3 months late (rent, insurance, loan interest and principal, $25,030 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 $73,879 in month 14 from the planned opening, $50,320 lower than on time; on the slow start, the floor is breached 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

These checklists cover store operations. Add every task, limit and corrective action your landlord, your insurer and your own procedures require.

WEEKLY NUMBERS

MEASURE	TARGET	THIS WEEK	LAST WEEK	DISTANCE TO TARGET
Net sales by department and sales per labor hour				
Items a day and the average item price, counter and contractor apart				
Gross margin against the page 7 target, by department				
Open-to-buy used against the buying budget on page 9				
Stock on hand at cost and the turns it implies				
Markdowns, damages and delivery fuel				
Special orders taken and special orders received				

SIX QUESTIONS TO WORK THROUGH

1. **Founder dependency.** Does the owner open the store most mornings, approve nearly every special order and place nearly every order with the wholesaler?
2. **Dead stock.** Is last season's stock still on the shelf at full price while the fasteners run out, a sign that the buying budget and the shelf do not agree?
3. **The March hole.** Does the plan treat the spring buy as a cost of the spring sales, or as cash that arrives with them?
4. **Margin and shelf space.** Does the thin-margin department earn its shelf on turns, or is it carried on sentiment?
5. **Buying off the truck.** Are orders placed on a wholesaler's discount rather than on the open-to-buy the month can pay for?
6. **Contractor accounts.** Do contractor accounts pay at the counter, and does a delivery cost more in fuel and time than the account earns in margin?

Questions and their sources are described on page 2. Check each one against a record: the daily sales report by department, the receiving log, the markdown and damage log, the open-to-buy worksheet, or the shrink count sheets.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and record sales by department with counter and contractor apart. Write the lease, insurance and supplier payment dates in one place, and set the count interval on page 10.
Week 2	Recheck each department's average item price from the first week's sales, and cost the ten items that carry the most sales. Time a receiving day from the truck to the shelf.
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.
Week 4	Enter the actual closing cash on page 11 and recalculate runway. Write the decisions an assistant manager may make without calling you.
After month 1	Keep the buying budget monthly, and compare the count rate on page 10 with the rate the plan carries. Set the order points that keep the fasteners and the paint desk stocked 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, when the fit-out is finished, 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 Hardware Store Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a department sales and margin model, an open-to-buy and inventory planner, an item and special-order costing worksheet, receiving and count procedures, seasonal buy templates and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. Hardware Retailing, hardware store benchmarks: average sale per customer, department margins, inventory turns, stock at cost and the shrink rate, hardwareretailing.com. Cushman & Wakefield, retail asking rents: the rent line, assets.cushmanwakefield.com. MoneyGeek, small business insurance costs: the insurance line, moneygeek.com. O*NET OnLine, retail salespersons, first line supervisors and retail managers: the wages, onetonline.org. Square, card processing fees: the card and debit line, squareup.com. Bankrate and NerdWallet, small business loan rates: the interest rate band, bankrate.com and nerdwallet.com. Commercial lender terms: the ten year loan term. All accessed 2026-11-05.
World Consulting Group material. Hardware stores owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, safety 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 item 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, contractor account lists or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a hardware store. I have attached the Hardware Store Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my site, 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, item cost, price, item count, traffic count, supplier term, percentage or benchmark.
2. The numbers in the kit, including the example store's departments, items and buying budget, are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] and tell me which quote, traffic count, sales report or calculation gives the real number. Label my own estimates MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a department = items times the average item price times days open in the month (or times 1 for items counted per month). Days open in a month = days open per week times 52 divided by 12. 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 the owner's management time (line 4); the owner's hours on shift go in line 14 at a market wage. 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 items a month = (monthly fixed costs, principal and other recurring cash out minus the monthly contribution from the smaller departments at planned full-run sales and own contribution ratios, each department's line-13 share plus its share of lines 14 to 17) divided by the contribution from one item in the main department; in the worked example the two smaller departments run at their own shares. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Monthly capacity = the stock the shelf and the back room hold, turned at your planned annual turns and divided by 12, converted to items at each department's average cost; the buying budget on page 9 is the cash version of the same limit.
- Rent share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp, with the seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on opening day after startup spending is paid. Place every receipt and payment (stock orders, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Enter supplier payments on the terms I actually get. In the slow-start case, every month's sales are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from opening day), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

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

5. Do not give legal, tax, employment, wage or lease advice. Do not name laws, approval types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit, and make no claim about product safety, handling or suitability for a use. 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 contractor mix, site and square footage, departments and the shelf each takes, and whether I deliver.
b. Sales build: for each department, the items a month and the average item price, 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 count of cars and contractor trucks at the site with a capture rate from comparable stores, or my own records 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. Startup budget: an amount and its source (contractor, fixture or equipment quote, or calculation) for each line on page 5, from the fit-out to the contingency.
e. Monthly fixed costs for each numbered line on page 8, from base rent (line 1) to association dues and other fixed costs (line 12), including loan interest and my market wage for management time (line 4; my hours on the floor go in line 3 (the salaried 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 store labor above the salaried crew, with payroll taxes; line 15, card and debit fees; line 16, shrink at cost (set by the stock counts); line 17, markdowns, freight-in, damages and delivery fuel; 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 or on a contractor account, and how many days later), any deposits I collect, and when the store pays its suppliers, including how many days the wholesaler allows me and when the freight bill falls due.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment and vehicle replacement and stock build-up.
m. Cash on hand on opening day after all startup spending, fit-out bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my hardware store, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by department and month, with annual sales and the capacity check from page 6.
3. The completed startup budget with the total, listing the fit-out and fixtures 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 items a month (use cash break-even); rent share and planning debt service coverage at full-run sales and at the month-12 run rate, 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 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 quote I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, items a month and the department prices first, before anyone else sees the plan, then recheck the page 4 result with a calculator.

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

The page 12 example entered on the page 11 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $62,080.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**186,900**	**157,459**	**135,362**	**124,199**	**124,949**	**133,478**	**141,464**	**146,566**	**151,763**	**157,001**	**161,560**	**160,678**
In: sales receipts	101,648	124,519	158,572	195,673	219,899	218,205	209,226	209,523	209,650	207,532	190,591	211,768
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: stock, markdowns, freight, fees and shrink (lines 13, 15 to 17)	63,418	77,687	98,934	122,081	137,196	136,138	130,537	130,722	130,801	129,479	118,911	132,123
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	34,491	35,749	37,621	39,662	40,994	40,901	40,407	40,424	40,431	40,314	39,382	40,547
Out: base rent (line 1)	16,300	16,300	16,300	16,300	16,300	16,300	16,300	16,300	16,300	16,300	16,300	16,300
Out: other costs, with loan interest (lines 2, 5 to 12)	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324	14,324
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	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(29,441)**	**(22,097)**	**(11,163)**	**750**	**8,529**	**7,986**	**5,102**	**5,197**	**5,238**	**4,559**	**(882)**	**5,918**
Closing cash, expected	**157,459**	**135,362**	**124,199**	**124,949**	**133,478**	**141,464**	**146,566**	**151,763**	**157,001**	**161,560**	**160,678**	**166,596**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**186,900**	**147,667**	**113,575**	**87,137**	**69,038**	**56,385**	**43,351**	**28,298**	**13,312**	**(1,645)**	**(17,078)**	**(36,320)**
Sales receipts, slow start	71,154	87,164	111,000	136,971	153,930	152,744	146,458	146,666	146,755	145,273	133,414	148,237
Out: variable costs, slow start (lines 13 to 17)	48,307	59,176	75,358	92,990	104,503	103,698	99,431	99,572	99,632	98,626	90,576	100,638
Out: fixed costs (lines 1 to 12), principal, bills, less funding	62,080	62,080	62,080	62,080	62,080	62,080	62,080	62,080	62,080	62,080	62,080	62,080
Net cash flow, slow start	**(39,233)**	**(34,092)**	**(26,438)**	**(18,099)**	**(12,653)**	**(13,034)**	**(15,053)**	**(14,986)**	**(14,957)**	**(15,433)**	**(19,242)**	**(14,481)**
Closing cash, slow start	**147,667**	**113,575**	**87,137**	**69,038**	**56,385**	**43,351**	**28,298**	**13,312**	**(1,645)**	**(17,078)**	**(36,320)**	**(50,801)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**(7,682)**	**(4,962)**	**3,198**	**12,718**	**18,158**	**14,078**	**8,638**	**7,278**	**5,918**	**4,558**	**(882)**	**5,918**

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 is the planned figure, which is above the page 5 two-pass size. 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 $210,709 a month, against month 12's own $211,768): closing cash runs $158,914 in month 1 and $233,534 in month 12, lowest $153,953 in month 2, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.