HVAC Business Plan and Operations Starter Kit

A working kit for residential HVAC contractors. It prices every install type at true crew cost with the equipment share shown, turns deposits and completion payments into a collection pattern, tracks replacement quotes by lead source, shows what a billable technician hour truly costs, finds cash break-even through the shoulder months, and scores the plan on six pass-or-fail tests.

HVAC INSTALLATION AND SERVICE
FREE EDITION · VERSION 1.0 · OCTOBER 2026
19 PAGES · PRINT IT, WRITE ON IT, KEEP IT
LATEST VERSION: BUSINESSCONSULTANT.SERVICES/KITS/HVAC/
SHARE THIS KIT: LINKEDIN · X · FACEBOOK · BLUESKY · THREADS · EMAIL
BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

An HVAC company can be busiest in July and short of cash in October. Equipment is paid for before the install, the summer hides the shoulder months, and a financed job funds weeks after the crew leaves. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

3	Business plan, part one: services, customers and lead sources, service area, pricing
4	Business plan, part two, and the six-test pass or fail check
5	Startup budget: vans, tools and instruments, setup, pre-opening, working capital
6	Sales forecast builder for installs and service calls, ramp, season, capacity check
7	Job pricing at true crew cost, the payment schedule, and the job overrun check
8	Operating and cash break-even, break-even installs, space share and debt coverage
9	Replacement quotes by lead source, site visits needed, cancellations and the install log
10	Crew utilization, true cost per billable hour, and where crew hours leak
11	Twelve-month cash forecast, expected and slow-start cases
12	Runway, and a worked example scored on the page 4 check
13	What moves the result: the worked example's what-if table
14	Install checklists, weekly numbers review and six questions to investigate
15	Your first 30 days, lease questions, sources and what the full kit adds
16-18	An AI prompt that turns this kit into your own plan
19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build install and service-call sales on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Equipment prices, financing terms and crew rates move before a quote is signed, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every install and the numbers review every week. Run the page 7 overrun check when each install closes and update the page 9 quote log after every quote.

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 HVAC contractor 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, refrigerant-handling, electrical-safety or financial advice. Licensing, certification and insurance requirements, refrigerant handling, building approvals, warranty, financing and employment terms vary by location and by brand. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender will ask whether installs and service calls throw off enough cash for payroll, equipment and the loan through the shoulder months. Give each answer in plain sentences here and draft the full sections on separate sheets.

1. Executive summary (write it last)

Describe the work, the area you serve, the money you need and what it buys, vans to first payroll; then give the month the page 6 forecast first clears cash break-even from page 8, and the page 4 result.

2. Services and customers

Set out the work you take, from a no-cool call to a full system, and what the customer values beyond a running system: a same-day visit, financing on the spot, a technician who explains the options. Use the customer's words, and name the lead sources and who decides in each home.

3. Service area and install capacity

Map the area you cover and the drive between calls. Count the crew hours you can field each day and the installs and calls that buys.

4. Installs, service and pricing

List each install and service, the crew hours it takes and its price. A markup on the equipment and no crew hours in it is a guess.

INSTALL OR SERVICE	CREW HOURS	PRICE	PRICE PER CREW HOUR

> *Owner question: we lose replacement bids to competitors whose equipment costs more. Is it the financing presentation?*
>
> Check this likely cause first: the quote is written for the equipment, not for the monthly payment and the decision in the kitchen. Record the close rate by lead source and by who presented it (page 9), present financing on every replacement quote as a monthly figure beside the cash price, and compare the close rate of quotes with financing shown against those without, like for like by lead source, job type and presenter, before you blame the brand; it is a comparison, not proof.

PAGE 4

Business plan, part two

5. Operations

Describe how an install runs from signed quote to completion payment: ordering, crew assignment, the install day, commissioning, inspection and the walk-through. Name who checks each job when you are not there.

6. Team

List every role, its hours and its pay, including a market wage for your own hours. Name the person who can run an install day without you; the first question on page 14 checks that dependency.

7. Marketing and sales

Explain where service calls come from, how a call becomes a replacement quote, and why customers call again; repeat customers pay for the quotes you lose.

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. Draft quotes with payment schedules, insurance, bonding, van and equipment quotes, supplier terms and the requirements of every approval the plan 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. Paid crew hours needed in the busiest month (install and call hours, pages 6 and 7, over utilization, page 10) fit the hours you can staff (page 6), and planned installs reach break-even (page 8).	
5. Signed quotes with deposits back the install count, and the call record backs the call volume; a lead count supports a forecast of quotes, not of installs.	
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 van loan or a lease. **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 van dealer, the equipment supplier or the insurer, or a documented calculation. HVAC budgets can break on the first equipment order before the first completion payment lands, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
VANS, TOOLS AND INSTRUMENTS				
Two vans, full purchase price (the loan is a source of funds)				
Tools, gauges, recovery and vacuum equipment				
Ladders, lifts and safety equipment				
Dispatch and estimating software setup				
SETUP AND APPROVALS				
Licenses, registration and bonding deposit				
Insurance down payment				
Business entity and accounting setup				
Shop lease deposit and first month				
PRE-OPENING				
Hiring, training and pre-opening payroll				
Launch marketing, website and van wraps				
Opening parts and materials 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 setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from signed install quotes and the service calls you can staff, not from the payroll you need to cover. Count installs first; add service calls at the volume your call record supports.

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

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE PRICE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Installs and replacements	installs				
Service calls and repairs	calls				

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 install and service-call sales times ramp (the share of full-run volume the crews and the call record have reached) times season. Use 100 percent where a factor does not apply. Ramp and season are your assumptions; write down the evidence for each, such as your call record by month.

CAPACITY CHECK

```
Paid crew hours available per month = technicians on the crew (install and service) multiplied by hours a day (add each person's hours if they differ), days worked a week and 52, divided by 12; paid hours needed = crew hours on installs and service calls divided by utilization
```

Write how many crew hours you can staff each day and how many days you work each week. Add up the monthly crew hours your installs and calls need (installs a month times crew hours per install, page 7) and divide by utilization (page 10). Service calls use the service technician's hours in line 3. If the plan needs more paid hours than you can staff, the plan is wrong, whatever the quotes say.

PAGE 7

Job pricing, deposits and collection

The price is set from the equipment and the quote; the cost is crew hours, equipment and parts, and the cash arrives when the customer or the lender pays. Turn every install type into contribution per crew hour.

```
Labor = install hours in the home times the page 10 cost per billable hour (drive sits in that cost)
Contribution = install price minus labor, minus equipment and parts, minus card, financing and fuel
costs at the page 8 shares; per crew hour = contribution over the crew hours
Close rate = installs sold divided by quotes; quotes needed = installs needed divided by close rate
```

WORKED EXAMPLE: THREE INSTALL TYPES (ILLUSTRATIVE)

INSTALL TYPE	INSTALLS / MONTH	PRICE	CREW HOURS	LABOR	EQUIPMENT, PARTS	FEES AND FUEL	CONTRIBUTION	PER CREW HOUR	CLOSE RATE
Furnace or AC unit	5	$8,400	16	$945	$4,000	$420	$3,035	$189.69	45%
Full system	2.5	$14,500	28	$1,654	$7,400	$725	$4,721	$168.61	40%
Ductless mini-split	1.5	$5,600	12	$709	$2,700	$280	$1,911	$159.25	50%

Labor is priced at the true cost of $59.08 per billable hour from page 10; fees and fuel at 5 percent of price (page 8 lines 15 and 16); equipment and parts at the supplier's quoted cost. Every crew hour is charged here, for pricing; page 8 carries the crew in line 3 and hours above it in line 14. Per crew hour, the furnace or ac unit earns the most ($189.69) and the ductless mini-split the least ($159.25). Service calls and repairs: 70 a month, 1 crew hour each, in the capacity check (crew in line 3). The worked example on page 12 draws its equipment and labor shares from these installs (installs and replacements: 9 installs a month, averaging $9,628).

YOUR INSTALL TYPES

INSTALL TYPE	INSTALLS / MONTH	PRICE	CREW HOURS	LABOR	EQUIPMENT, PARTS	FEES AND FUEL	CONTRIBUTION	PER CREW HOUR	CLOSE RATE

DEPOSIT, COMPLETION AND FINANCING: WHEN CASH LANDS

LINE	PAYMENT STEP	SHARE OF THE PRICE	ARRIVES
Installs and replacements	Deposit at order	40%	in that month
Installs and replacements	Completion payment	35%	in that month
Installs and replacements	Financed or invoiced balance	25%	the next month
Service calls and repairs	Paid at the door	100%	in that month

Out of every $100 installed in a month, the example banks $81 in that month and $19 the next month. Installs and service calls are blended by full-run sales (installs and replacements 76 percent, service calls and repairs 24 percent) into a single whole-percent pattern for this sentence only; page 11 keeps installs and service calls on their own schedules month by month, as your own forecast should. Deposits for installs not yet done are held apart, out of closing cash; the sale counts once, in the billing month.

INSTALL OVERRUN CHECK

Installs drift while quotes do not, with attic access and duct repairs the quote never saw. At every close, compare the crew hours logged with the hours quoted.

```
Overrun hours = crew hours the install took minus the hours the quote allowed; overrun cost = those
hours times the true cost of a billable hour. Name the cause first; write and price any added scope
before the crew does it, and reprice the next quote from what this one taught you.
```

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. Shop and warehouse rent	
2. Liability, property and vehicle insurance	
3. Install crew and service technician and any guaranteed minimum crew hours, with payroll taxes	
4. Owner's market wage (sales, quoting, management; hours on installs go in line 14)	
5. Loan interest (van and equipment loan)	
6. Base utilities, phones and internet	
7. Marketing, website and lead services	
8. Dispatch, estimating and accounting software	
9. Accounting, bookkeeping and bank fees	
10. Tool and instrument maintenance and calibration	
11. Van insurance, registration and fixed vehicle costs	
12. Recurring training, certifications and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Equipment, parts and materials, as quoted on each install and used on each call	
14. Hourly crew labor above any minimum crew, with payroll taxes and workers' compensation	
15. Card and financing fees	
16. Fuel and small consumables	
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 installs = (fixed costs, principal and other recurring cash out minus service-call
contribution) divided by one average install's contribution; calls: own parts share, kit's other lines
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 installs (use cash break-even)	one figure per month		
Shop and warehouse share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

Bids, win rate and renewals

Same vans, different buyers. Track replacement quotes by lead source, because a quote that follows a service call and a quote from an online lead close at different rates, and repeat customers decide whether growth sticks.

```
Quote rate = quotes presented divided by site visits; win rate = installs sold divided by quotes presented
Site visits needed = new installs you need divided by (quote rate times win rate)
Cancellation rate = signed installs cancelled in the quarter divided by signed installs in hand at its start
```

WORKED EXAMPLE: A QUARTER OF REPLACEMENT SELLING, BY WHERE THE LEAD CAME FROM (ILLUSTRATIVE)

LEAD SOURCE	SITE VISITS	QUOTES	INSTALLS SOLD	QUOTE RATE	SOLD RATE	DAYS VISIT TO QUOTE	SITE VISITS FOR 27 WINS
Service calls that turn into quotes	30	24	11	80%	46%	2 days	74
Online and referral leads	45	30	13	67%	43%	4 days	93
Builder and property-manager accounts	12	9	4	75%	44%	7 days	81

The counts are assumptions that make the arithmetic visible; they prove nothing about why a service call closes and an online lead does not. A quarter this small gives a direction, never a rate. These quotes win 28 installs a quarter; at one cancellation a quarter, that leaves 27, just covering the 27 installs a quarter the plan needs at full run, with nothing to spare. Install dates, not quotes, set the page 12 ramp, which reaches full run in month 8. In this example, losing 1 of 27 signed installs over a quarter (a cancellation after signing) comes to roughly 1.2 percent a month cancelled, measured against the installs in hand at the start and before any new wins, so the quote pipeline must replace that before it adds growth.

YOUR REPLACEMENT QUOTES, BY LEAD SOURCE

LEAD SOURCE	SITE VISITS	QUOTES	INSTALLS SOLD	QUOTE RATE	SOLD RATE	DAYS VISIT TO QUOTE	SITE VISITS NEEDED

SIGNED-INSTALL AND CANCELLATION LOG

ACCOUNT	INSTALL DATE	FINANCING USED	INSTALLED OR CANCELLED	REASON FOR ANY CANCELLATION, IN THE CUSTOMER'S WORDS

PAGE 10

Crew utilization and true labor cost

The technician's wage is the start of the cost, not the end. Hours spent driving, fetching parts, waiting for an inspector or going back to a job that did not cool are paid hours with no invoice, and every billable hour carries them.

```
Utilization = billable hours in the home divided by paid hours
Loaded hourly cost = the wage plus its payroll taxes, workers' compensation, benefits and paid time off, as a share
Cost per billable hour = the paid week at the loaded cost, divided by the billable hours in it
```

WORKED EXAMPLE: THREE TECHNICIANS, ONE WEEK (ILLUSTRATIVE)

HOURS	HOURS	SHARE OF THE PAID WEEK
Paid hours	120	100%
In the home, billable	78	65%
Drive and parts runs	16	13.3%
Callbacks and rework	6	5.0%
Waiting on inspections, loading, admin	20	16.7%

At a $30.00 wage with 28 percent payroll taxes and benefits added, the technician costs $38.40 an hour; at 65 percent utilization a billable hour comes to $59.08. Build every install price on that figure, not on the wage and not on the loaded cost.

YOUR TECHNICIANS, ONE WEEK EACH

TECHNICIAN	PAID HOURS	IN THE HOME, BILLABLE	DRIVE	REWORK	UTILIZATION	BILLABLE-HOUR COST

WHERE LOSING A TECHNICIAN HURTS MOST

A technician who leaves takes the commissioning readings, the customer's system history and the parts used with him unless they are written down. Record them for every install and call, so the next technician picks up the same file.

Twelve-month cash forecast

Equipment and payroll leave before balances land. Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

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

Month 1 opening cash is cash on the first day the vans roll 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. Crews 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 shoulder months cost

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

Worked example: a hypothetical HVAC company

Figures are illustrative, not benchmarks. Installs bill when done; the install crew and the service technician are on line 3 from the first month. Cash floor $37,077. Installs are collected on the page 7 schedule (75 percent at order and completion, the 25 percent financed balance the next month); service calls pay at the door; costs go out as the work happens; the owner takes the wage in cash; no new money comes in.

Page 5, budget	Startup budget in total $240,700, funded by an $85,000 loan (10.5 percent over 5 years) and $155,700 of owner money, including a $95,100 reserve sized for the ramp losses, the shoulder months, the wait on financed balances, the floor and the buffer. The two passes on page 5: floor of $37,077, plus a buffer of one more month, $37,077, plus $20,939 (how deep the no-cash first pass goes below zero), rounded up to $95,100.
Page 8, costs	Fixed costs $35,940 a month, including $1,900 for shop and warehouse space and $690 of loan interest among them; principal $1,137 a month (both year 1 averages); variable share 47.7 percent, for a contribution margin ratio of 0.523. Lines 13 to 16 take 42.7, 0, 2.5 and 2.5 percent of sales (line 13 blended across the sales lines). Lines 1 to 12 run $1,900, $1,100, $18,500, $6,500, $690, $500, $4,000, $450, $550, $350, $700 and $700 a month.
Page 8, break-even	Operating break-even sits at about $68,719 a month. Cash break-even (fixed $35,940 plus principal $1,137, divided by 0.523) is about $70,893 a month: 3.9 installs a month from installs and replacements after the other lines' contribution (line 13 runs 49.1 percent on installs and replacements, 22 on service calls and repairs; lines 14 to 16 take one share of every line, which gives a contribution ratio of 0.459 on installs and replacements, 0.730 on service calls and repairs), so 4, against the 9 the plan plans on.
Page 6, sales	Installs and replacements: 9 installs a month at $9,627.78. Service calls and repairs: 70 calls a month at $385. The full-run month is about $113,600; installs and service calls ramp 45, 60, 70, 80, 85, 90, 95 percent across months 1 to 7, then 100 percent; season 95, 125, 140, 130, 90, 65, 95, 110, 110, 105, 75, 60 percent over months 1 to 12 on installs and service calls alike.
Page 19, expected case	Month 1 bills $48,564; month 1 finishes at $74,161, month 12 at $234,277. Low: month 1, closing $74,161, $37,084 clear of the floor.
Page 19, slow start	At 70 percent of the expected installs and calls, month 1 sales $33,995; month 1 finishes at $69,320, month 12 at $59,047. Low: month 7, closing $48,536, $11,459 clear of the floor.
Page 8, coverage	At a full-run month of $113,600, coverage for planning, with income tax and van replacement still to pay, is 13.23 against the 1.25 the example lender requires, and at the month-12 run rate it reads 13.23, and Test 3 requires both. Shop and warehouse share is about 1.7 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0: met for the example. Test 1 passes: at the month-12 run rate, sales are about $113,600 a month, above the $70,893 break-even; cash holds the floor across a second year at that rate (its low $246,061, month 1 of year 2). (Context only: the expected case first reaches cash break-even in month 2.) Test 2 passes: with installs and calls at 70 percent, the floor holds in every month. Test 3 passes on the planning formula, and your lender's definition is the one that counts. Test 4 passes: in the busiest full-run month (month 3, season 140 percent) the installs on page 7 and the service calls on page 6 take about 333 crew hours in the home, about 510 paid hours at 65 percent utilization (page 10), near 3.0 full-time technicians, against the 520 paid hours the crew can field (3 technicians, 8 hours a day, 5 days a week; the three technicians on line 3 supply 520), so the installs fit; the 9 planned installs pass the break-even count. Test 5 fails for want of evidence. Test 6 passes: the full-run year, shoulder months included, leaves about $268,030 after principal, but cash flow runs below zero in month 12 of at least $1,429, the largest running-cash fall (from its month 11 high to its month 12 low), which the page 5 buffer covers. That is the steady-state year, not year one: page 19's first year leaves about $139,177 in cash because the crews ramp over the year and the shoulder months arrive before the first full summer. Break-even takes under half the installs in the plan, and the shoulder months test the reserve twice a year.

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
Ten percent fewer installs and service calls (lines 13 to 16 fall)	minus $5,941	Expected case holds the floor
Installs and replacements: average price 5 percent higher, same volume (only card and financing fees rise)	plus $4,224	Break-even installs fall from 3.9 to 3.6 a month, so from 4 to 4: per-unit costs stay the same, so the ratio rises from 0.523 to 0.540 on the new sales (sales-linked fees, line 15, take 2.5 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $68,981
Lose the furnace or ac unit line (5 installs a month, $42,000 of billing), from month 6 onward	minus $19,262	Expected case still clears the floor; slow start below the floor in month 7 (closing $28,919)
Every payment lands two months after billing (crew and bills still paid on time)	no change	Expected case below the floor in month 1 (closing $34,858), below zero in month 2; slow start below the floor in month 2 (closing minus $23,718); would fail Test 1
The 25 percent financed balance on one furnace or ac unit a month from month 6 never arrives for 2 months ($2,100 a month)	no change	Expected case still clears the floor; slow start still clears the floor; $4,200 never collected
Installs and calls run 15 percent over quoted crew hours, absorbed inside the three technicians' paid hours (421 paid hours needed of the 520 they are paid for; line 14 stays at zero until they run 42 percent over quote)	no change	Cash break-even is unchanged at about $70,893; expected case still clears the floor; slow start still clears the floor
Equipment and parts prices 10 percent higher (line 13 rises from 42.7 to 47.0 percent, about $4,851 a month at full run)	minus $4,851	Cash break-even rises to about $77,196; expected case still clears the floor; slow start below the floor in month 7 (closing $30,030)
Setup overrun of $10,000 beyond the contingency, drawn from the cash reserve	no change	Expected case still clears the floor; slow start still clears the floor
Opening 3 months late (shop and warehouse space, insurance, loan interest and principal, $4,827 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 $53,404 in month 6 from the planned opening, $20,757 lower than on time; slow start below the floor in month 6 from the planned opening

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

Install checklists, weekly review, six questions

Operations checklists only, not a safety program. Add the refrigerant-handling, electrical, inspection and approval steps your work and qualified safety professionals require.

BEFORE THE INSTALL

- ☐ Confirm the signed quote, the deposit and any financing approval before equipment is ordered.
- ☐ Confirm equipment and accessories are on the van, with serial numbers recorded.
- ☐ Confirm the crew hours quoted for the install and who logs hours against them.
- ☐ Confirm the inspection sequence in writing.
- ☐ Call the customer the day before with the arrival window.
- ☐ Note the customer's contact preference and any access or pet instructions.

INSTALL CLOSE AND SERVICE DAY END

- ☐ Compare hours logged with hours quoted on every closed install.
- ☐ Record start-up readings and the commissioning checklist for every system.
- ☐ Register every warranty and file the paperwork the same day.
- ☐ Collect the completion payment or confirm the financing funding date in writing.
- ☐ Log every service call with its cause, parts used and any replacement quote.
- ☐ Restock the van and report parts running low.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Billed and collected by install, call and payment step				
Hours logged against hours quoted, install by install				
Install-crew utilization and overtime				
Service calls, replacement quotes from them, quotes won				
Quotes presented, quotes won and close rate by lead source				
Completion payments and financed balances falling due within 30 days				
Owner hours on installs				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every quote wait on the owner to price it, and do technicians phone the owner for each equipment choice before they leave the home?
2. **Reactive operations.** Count the customer messages in a week that say no-show, callback or still not cooling, and the callbacks that go unbilled.
3. **Growth without structure.** How many installs a week need a mid-job call about scope, and how much overtime comes from missing parts and second trips?
4. **Talent and retention.** How many installs depend on one technician who alone knows the system, the customer and the commissioning readings?
5. **Revenue plateau.** How long does a service call take to become a replacement quote, and what share of service customers ever receive one?
6. **Strategic confusion.** Do installs of one type take very different crew hours, and does the scope delivered drift from the scope quoted?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the customer message log, hours logged against hours quoted, the quote record, or the service-call log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log crew hours on every install. Log the hours the owner spends on installs and calls.
Week 2	Fill the page 7 install table at true crew cost and mark any install type priced below its labor, equipment, fees and fuel.
Week 3	Set up the quote table on page 9 by lead source and record days from service call to replacement quote.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions a lead technician may make without calling you.
After month 1	Run the overrun check on every closed install and measure crew utilization on page 10.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

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

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

WHAT THE FULL KIT ADDS

The full HVAC 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, an install pricing calculator from equipment and crew hours to a price at a target margin, a deposit and financing tracker, editable quote, service-call and crew scheduling trackers, commissioning 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 heating and cooling contractors, 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. HVAC installation and service owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, refrigerant-handling, electrical-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 installs, service calls and crew costs. 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 customer contracts, customer names or addresses, access details, financing applications, employee records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a residential HVAC company. I have attached the HVAC Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my installs, service calls and crews, 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 an install price, equipment cost, technician wage, close rate, percentage or benchmark.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a sales line = units times average price (every line here is counted per month). Each month's expected sales = full-run install and service-call sales times ramp times season; a confirmed booking for a line replaces its ramped figure that month, never both; before opening, count expected bookings by month, each marked MY ESTIMATE until confirmed.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's technician hours go in line 3 (the crew) or 14 at a technician's wage. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the vans; 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 installs = (fixed costs, principal and other recurring cash out minus service-call contribution) divided by one average install's contribution; calls: own parts share, kit's other lines. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Paid crew hours available per month = technicians on the crew (install and service) multiplied by hours a day (add each person's hours if they differ), days worked a week and 52, divided by 12; paid hours needed = crew hours on installs and service calls divided by utilization.
- Shop and warehouse share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the vans roll 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. Enter the deposit, the completion payment and each financed balance in the month it lands; payroll and suppliers are paid in the month worked. Hold a pre-install deposit out of closing cash until the install starts. In the slow-start case, every month's sales, service calls included, are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the vans roll), 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, refrigerant handling, certification, building approvals, 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 customer IDs. 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. Services, customer segments and lead sources, service area, the technicians I can staff on the crew (install and service) each day and the paid hours each works a day, days worked per week, and days open per week.
b. Sales build: for installs and replacements (installs), the full-run installs a month by install type, each type's price, equipment and parts cost and crew hours; for service calls and repairs (calls), the calls a month at full run, the average ticket and the parts share of it; a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month from my call record or my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each job type: jobs a month at full run, price, crew hours on site (drive and setup are in the cost per billable hour, not the hours), materials and subcontract cost, and quotes given and won last quarter; my payment schedule for each sales line (deposit share and when it is collected, progress payments and when, the final payment and how many days after completion it is paid); and the jobs I need a month.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (dealer quote, supplier quote, insurer quote or calculation) for each line on page 5, from the vans and tools to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the service technician and dispatcher, any guaranteed minimum crew, 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 technician hours go in line 3 (the crew) or 14 at a technician's wage.
f. Variable cost shares of net sales for lines 13 to 16: line 13, equipment, parts and materials, as quoted on each install and used on each call; line 14, hourly crew labor above any minimum crew, with payroll taxes and workers' compensation; line 15, card and financing fees; line 16, fuel and small consumables; and any sales line whose own shares differ, given for that line.
g. For each lead source: site visits, quotes and wins last quarter, and days from site visit to proposal; signed installs in hand at the start of the quarter and installs cancelled; the number of new installs I need.
h. For one typical week: paid, on-site billable, drive, rework, and waiting, loading or admin hours per crew; base wage and 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 each customer pays me (the deposit share at order, the completion payment, how many days after completion a financed or invoiced balance lands, or by card at the door for service calls), deposits I collect or pay and when, and when payroll and my equipment supplier 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, van, tool and instrument replacement and parts stock build-up.
m. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my HVAC company, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by install line, service line 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 installs (use cash break-even); shop and warehouse share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add a sales tax memo for each month: collected, remitted, and owed at month end (last month's owed + collected minus remitted), kept out of closing cash.
6. Job economics for each job type at true crew cost, ranked by contribution per crew hour, flagging any job type priced below its labor, materials, fees and fuel; quotes needed a month; and the collection pattern the cash forecast uses.
7. Pipeline by segment with site visits needed and monthly churn.
8. Crew utilization and cost per billable hour, with the largest leak named.
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 install count or payment timing I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

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

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

The page 12 example entered on the page 11 form, month by month, 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 $37,077.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**95,100**	**74,161**	**74,658**	**90,823**	**114,235**	**128,566**	**130,145**	**139,810**	**163,809**	**192,086**	**218,476**	**232,457**
In: sales receipts	39,303	78,214	106,346	116,844	92,861	70,355	95,646	120,682	124,960	120,363	91,699	71,409
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: equipment, parts, fees and fuel (lines 13, 15, 16)	23,165	40,640	53,104	56,355	41,453	31,699	48,904	59,606	59,606	56,896	40,641	32,512
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Out: shop and warehouse rent (line 1)	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Out: other costs, with loan interest (lines 2, 5 to 12)	9,040	9,040	9,040	9,040	9,040	9,040	9,040	9,040	9,040	9,040	9,040	9,040
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	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(20,939)**	**497**	**16,165**	**23,412**	**14,331**	**1,579**	**9,665**	**23,999**	**28,277**	**26,390**	**13,981**	**1,820**
Closing cash, expected	**74,161**	**74,658**	**90,823**	**114,235**	**128,566**	**130,145**	**139,810**	**163,809**	**192,086**	**218,476**	**232,457**	**234,277**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**95,100**	**69,320**	**58,544**	**58,737**	**64,002**	**62,911**	**52,893**	**48,536**	**54,212**	**62,882**	**70,232**	**68,896**
Sales receipts, slow start	27,512	54,750	74,442	81,791	65,003	49,249	66,952	84,477	87,472	84,254	64,189	49,987
Out: variable costs, slow start (lines 13 to 16)	16,215	28,449	37,172	39,449	29,017	22,190	34,232	41,724	41,725	39,827	28,448	22,759
Out: fixed costs (lines 1 to 12), principal, bills, less funding	37,077	37,077	37,077	37,077	37,077	37,077	37,077	37,077	37,077	37,077	37,077	37,077
Net cash flow, slow start	**(25,780)**	**(10,776)**	**193**	**5,265**	**(1,091)**	**(10,018)**	**(4,357)**	**5,676**	**8,670**	**7,350**	**(1,336)**	**(9,849)**
Closing cash, slow start	**69,320**	**58,544**	**58,737**	**64,002**	**62,911**	**52,893**	**48,536**	**54,212**	**62,882**	**70,232**	**68,896**	**59,047**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**19,365**	**37,189**	**46,101**	**40,160**	**16,395**	**1,541**	**19,365**	**28,277**	**28,277**	**25,306**	**7,483**	**(1,429)**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash was sized by the two passes on page 5, buffer included. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $113,600 a month, against month 12's own $68,160): closing cash runs $246,061 in month 1 and $502,307 in month 12, lowest $246,061 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. Slow-start month 1 closes below the expected case ($69,320 against $74,161): receipts fall with sales by more than equipment and parts do, while payroll, fixed costs and principal do not fall.