Independent Pharmacy Business Plan and Operations Starter Kit

A working kit for independent pharmacy owners. It prices the generic line, the brand line and the front store, builds the buying budget against a daily wholesaler cycle, measures the share of prescription revenue a third party pays and how long that money takes to arrive, finds operating and cash break-even, and scores the plan on six pass-or-fail tests.

INDEPENDENT PHARMACIES
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PAGE 2

Start here

The generic line earns the profit; in this example nine in ten prescription dollars arrive weeks later.

WHAT IS INSIDE

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HOW TO USE IT

1. Build sales by department on page 6 and the store's costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft page 3 from the answers you write down, not from the ones you intend to write.
2. Use pencil. Payer rates and wholesaler terms move before you open.
3. Once you open, use the page 14 checklists daily and the weekly numbers review each week. Write the buying budget on page 9 before the wholesaler order goes out, and read the payer mix on page 10 at the same time as the bank balance, because they are the same question asked twice.

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

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, clinical, employment, regulatory or financial advice. Requirements vary by location, and a qualified professional should review the regulatory pitfalls. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

The lender's first question is how long the store waits to be paid for what it has already handed over. Answer each prompt in plain sentences on separate sheets, and keep the arithmetic from the pages that follow.

1. Executive summary (write it last)

Cover the concept, the site, the departments and the money required, from the fit-out through the opening stock. Then name the month the page 6 forecast first reaches cash break-even (page 8), what the reserve has to hold, and how much money is outstanding with payers on an ordinary day (page 10).

2. The two customers and the money behind them

One customer walks in with a prescription and no choice about where it is filled, and takes whatever the counter hands over. The other walks the front store and chooses. Note who actually pays: the person at the counter pays a small share of the prescription, and a third party pays the rest on a cycle you do not control.

3. The floor, the dispensary and the hours

Write the square footage, the dispensary footprint, the consultation window, the shelving run and the cold chain, then the departments and the space each one takes. Write the hours you will keep and the hours the trade actually collects, and count the staffed dispensing hours those hours require, because one pharmacist has to be present whenever the dispensary is open and that requirement is the real capacity limit of the business. List every charge the lease adds on top of base rent.

4. Departments and pricing

Take the cost of each department from the wholesaler invoice and the price from what the claim actually pays, not from a suggested retail list. Test each department on the margin it has to hold and the turns it has to earn. See what a three percent move on the generic price does to break-even on page 13.

DEPARTMENT	LANDED COST	PRICE	COST AS % OF PRICE

> *Owner question: Part of my prescription revenue is paid by a third party on a cycle I do not set. What share of my prescription revenue is paid that way, how long after I hand over the medicine does it arrive, and can this store pay me a wage, carry my actual loan and hold its floor while it waits?*
>
> Page 10 measures the share of prescription revenue billed to a third party, the days it takes to collect and the cash that is outstanding at any moment; page 9 is the control on how much stock the month can absorb while that money is away. Page 13 tests a payer that drops a fifth of third-party prescription volume and a wholesaler that adds two points to its cost.

PAGE 4

Business plan, part two

5. Operations

Describe how a prescription moves from the counter to the shelf, to the claim, to the payment and to the bank. Name the step that slows the busiest hour, the person who checks it and what happens to a claim that comes back rejected.

6. Team

Name the person who can open the dispensary without you, and note that one pharmacist must be present whenever it is open; the first question on page 14 checks that dependency.

7. Marketing

Explain why a patient transfers a prescription to your counter rather than to the chain, and what brings a front-store shopper back. Track transfers in, refill behavior and the department mix 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, how long it lasts if the ramp is slower than planned, and what happens to the bank balance when a payer cycle stretches by a week.

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

TEST	PASS?
Gate 0. The draft lease, the fit-out quotes and every approval the store needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, total sales reach cash break-even at the month-12 run rate (page 8) and closing cash stays at or above your cash floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The plan's prescriptions in its busiest month fit the dispensing hours the crew line staffs and the stock the buying budget on page 9 carries, and planned prescription volume reaches break-even on page 8.	
5. Expected prescription counts rest on evidence (transfer records from a store you have run, a written commitment from a prescriber, or a site count with a capture rate from comparable pharmacies), not on the size of the trade area or the number of people who walk past the window.	
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 or systems supplier, or a documented calculation for the opening stock.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
DISPENSARY AND FIXTURES				
Fit-out, dispensary build and consultation window				
Shelving, fixtures and the front store				
Pharmacy system, point of sale and refrigeration				
Signage and exterior				
PRE-OPENING DEPOSITS				
Lease deposit and pre-opening rent				
Insurance down payment				
Business setup and opening accounting				
STOCK AND PEOPLE				
Opening inventory at cost				
Training and pre-opening payroll				
Launch marketing and professional fees				
CASH AND CONTINGENCY				
Opening cash				
Contingency				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), brought up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the build-out runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Count prescriptions by department from a store you have run or from a written commitment, and remember what a script count hides: a generic prescription at 37 dollars and a brand prescription at 155 dollars cross the same counter and leave very different amounts behind, because the brand line's rate is settled by contract while the generic line's is the one the store actually earns.

```
Monthly sales for a line = units times average selling 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 SELLING PRICE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Generic prescriptions	prescriptions				
Brand prescriptions	prescriptions				
Front-of-store merchandise	items				

Full-run month

RAMP AND SEASONS

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

Expected sales for each month = full-run department sales times ramp times season. Use 100 percent where a factor does not apply. Ramp, season and prescriptions a month are your assumptions; write down the transfer count, the prescriber commitment or the site count behind each one.

CAPACITY CHECK

```
Monthly capacity = the dispensing hours the crew line staffs, taken as pharmacist and technician hours a
week and converted to prescriptions at the time each one takes to fill and check, measured against the
stock the buying budget on page 9 allows and the days the wholesaler delivers
```

An independent pharmacy runs out of staffed dispensing hours at the counter before it runs out of shelf space, and the volume arrives on a schedule the store does not set. Count the hours you will actually staff: sixty four pharmacist hours and one hundred technician hours a week, about one hundred and sixty four staffed dispensing hours, and the owner covers management rather than the counter at the start. At the planned volume that is about one hundred and eighty eight prescriptions an open day across twenty six open days, which is inside the published average for a location and leaves no room for a second pharmacist at the peak. The average hides the peak: the morning collection, the delivery window and the last hour before closing are where a queue forms, and a queue at the dispensary is a customer who fills the next prescription at the chain. Write the peak hours, the second body you will add there and the delivery days, then check that the prescription counts on this page fit them.

PAGE 7

Departments, price and what each prescription leaves behind

Three lines, three jobs, and a single blended cost line that conceals which one carries the store. The generic line is the business: it fills five prescriptions in six and it carries almost all of the gross profit, at a rate low enough that a small cost movement takes most of it. The brand line moves almost as much money as the generic line for almost no rate at all, because the amount it is paid is set by a contract the store does not write, and a plan that reads the two together will believe the store makes twice the margin it does. The front store is a service to the person already standing at the counter. Price each line from its own invoice cost against what the claim or the customer pays, and let the blend on line 13 show what is actually left. This plan carries no merchandise-loss line: the cost of goods on line 13 is the invoice cost of what was dispensed, so the margin on this page and the contribution on page 8 are both struck before any loss of stock is taken into account, and that zero is a stated zero rather than a measured one.

```
Rate on one prescription = the price the claim pays less the invoice cost, divided by that price
Markup = the same dollar gap taken over the invoice cost, so it always reads higher; a price built from markup keeps less than the markup implies
What the department keeps = its revenue less its own invoice cost, over its revenue; line 13 weighs the three departments together by revenue
```

WORKED EXAMPLE: THE GENERIC LINE, THE BRAND LINE AND THE FRONT SHELF (ILLUSTRATIVE)

DEPARTMENT	A MONTH OF SCRIPTS OR ITEMS	WHAT THE CLAIM OR CUSTOMER PAYS	INVOICE COST	LEFT PER SCRIPT OR ITEM	MARGIN	MARKUP	PART OF REVENUE
Generic prescriptions	4,099	$36.90	$23.76	$13.14	35.6%	55.3%	52%
Brand prescriptions	781	$155.50	$154.72	$0.78	0.5%	0.5%	42%
Front-of-store merchandise	1,154	$15.00	$9.30	$5.70	38.0%	61.3%	6%

The blend finishes 0.05 points over the 21.0 percent the plan sets as its own target, a gap worth roughly $146 in a month at this volume and a sign that the target is the published figure rather than one chosen to flatter the example. The front shelf holds the fattest rate at 38.0 percent; the brand line sits at the bottom on 0.5 percent. Revenue concentrates on the generic line: 52 percent of every dollar the counter takes. Weighed together, the plan runs at a 21.1 percent rate on revenue and a 26.7 percent markup on invoice cost. Those departments set the sales lines and the cost-of-goods share on page 12; the buying budget on page 9 uses the same three. The generic line cannot earn its shelf on margin; it earns it on the gross dollars a script returns and on the refill rhythm it sets, and a fractional change in its rate is larger than the whole rate on the brand shelf. Expect the price pressure to arrive through the payer rather than through the customer, because the customer pays a share and does not see the rest, and expect the brand line to stay near break-even whatever you do to the shelf, because the amount is not yours to set. The two prescription prices in the worked example are not free choices: they are the pair that reproduces the published average charge a prescription while holding the published generic share and the published blended margin, and they are shown as calibration rather than as a recommendation. Replace them with your own claim history before you commit money, and put your own prescription counts in, because this is a single mid-size store rather than a composite of the trade.

WRITE YOUR OWN THREE DEPARTMENTS

DEPARTMENT	A MONTH OF SCRIPTS OR ITEMS	WHAT THE CLAIM OR CUSTOMER PAYS	INVOICE COST	LEFT PER SCRIPT OR ITEM	MARGIN	MARKUP	PART OF REVENUE

Set each department from its own invoice cost against what the claim actually pays, never from the shelf tag at the chain. A line that turns quickly can live on a thin rate and still carry the store; a line that turns slowly has to earn its space on what it leaves per foot of shelf.

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once.

FIXED COSTS PER MONTH	PER MONTH
1. Rent, 2,400 square feet	
2. Liability, property and professional insurance	
3. Salaried crew: pharmacist, technicians and clerk, with payroll taxes and benefits	
4. Owner's market wage for management, buying and payer reconciliation (dispensing hours are in line 3 or 14)	
5. Loan interest (fit-out, fixtures and opening stock loan)	
6. Utilities and internet, with cold-chain refrigeration	
7. Delivery and courier	
8. Pharmacy system, point of sale and software	
9. Accounting, bookkeeping and payroll service	
10. Marketing and local advertising	
11. Repairs, maintenance and waste disposal	
12. Telephone, alarm monitoring 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. Relief pharmacist hours above the salaried crew, with payroll taxes	
15. Card and processing fees	
16. Bags, labels and delivery consumables	
17. Other variable costs	
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 prescriptions a month = (monthly fixed costs, principal and other recurring cash out minus the monthly
contribution from the brand line and the front store at planned full-run sales and own contribution ratios)
divided by the contribution from one average generic prescription
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 prescriptions a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

What the month's buying budget can carry

Open-to-buy settles a single question: how much money may go onto the shelf this month without pushing the wholesaler payment aside. A wide generic assortment is what keeps a prescription from being turned away, and it is also what ties up the working capital the payer cycle has already put under pressure.

```
Stock at cost = twelve months of invoice cost over the turns the store plans
Open-to-buy = the month's invoice cost, plus the stock the plan wants standing, less what already stands on the shelf and in the back, less what the wholesaler is already bringing
An order spends the wholesaler's lead time in transit and falls due on the wholesaler's terms once it lands, so cash departs 32 days after the order is written; page 19 settles invoices during the month of the sale itself, so enter your own lead time and terms on page 11
```

WORKED EXAMPLE: A MONTH OF STOCK AT INVOICE COST (ILLUSTRATIVE)

DEPARTMENT	REVENUE IN A MONTH	PART OF REVENUE	INVOICE COST, A MONTH	PART OF COST
Generic prescriptions	$151,253	52%	$97,392	43%
Brand prescriptions	$121,446	42%	$120,836	53%
Front-of-store merchandise	$17,310	6%	$10,732	5%

The revenue column copies the page 7 departments across, and every cost column takes that department's scripts or items against its own invoice cost.

THE ORDER THE MONTH CAN ABSORB

LINE	THIS MONTH
Invoice cost of what the month dispenses	$228,961
Stock the month should carry, at cost (a year of goods over 8 turns)	$343,441
Stock on the shelf at the open, at cost	$345,000
Booked with the wholesaler and arriving this month, at cost	$42,000
Left to commit this month, at cost	$185,402

That leaves $185,402 of order room this month, which covers what the month will dispense and moves the shelf toward its target once you allow for what already stands there and what the wholesaler is already bringing. The shelf starts the month holding 1.5 months of cost ($345,000 against $228,961 of monthly goods), the plan turns the shelf 8 times a year, and an order written today pays its bill 32 days later, after 2 days of wholesaler lead time and 30 days of terms. The wholesaler settles long before the payer clears the claim, and that gap is the working-capital strain this trade carries. Open-to-buy is a cash call, not merely a stock call. The wholesaler sets the rhythm and the payer sets the other one, and here the timing works against the store by about five weeks: stock bought today needs roughly six and a half weeks to work through at the planned turns, the invoice falls due 32 days after the order, and the claim money arrives three weeks after the fill. Faster turns shorten the gap and slower turns widen it, which is why a par sheet built from dispensed volume is worth more than a discount on a larger drop, and why a returned or expired box costs more than the discount it came with.

WORK YOUR OWN FIGURE

LINE	THIS MONTH
Invoice cost of what the month dispenses	
Stock the month should hold, at cost	
Stock standing at the open of the month, at cost	
Booked and still to land, at cost	
Left to commit this month, at cost	

Size the order to the month's dispensed volume and the stock the plan wants on the shelf, never to a wholesaler's free-freight threshold or a volume discount. A discount on stock that expires before it sells costs more than it saves.

PAGE 10

Who pays, and how long the money takes

Most of the money this store bills is paid by somebody who was never in the store. The customer hands over a share at the counter and a third party is billed for the rest, and the claim is settled on the payer's cycle after it clears, not on yours. That makes the business a lender to its own revenue: the medicine leaves the shelf today and the money arrives weeks later, and the total that is out at any moment is larger than a month of profit. The payer mix on this page measures three things the profit line cannot show, which are the share of prescription revenue that arrives by remittance, the days it takes to arrive and the cash that is outstanding while it does.

```
What one claim is worth = prescription revenue divided by prescriptions filled
Money that arrives later = the share of prescription revenue a third party carries, which lands after
the payer's stated days and never at the counter
Outstanding at any moment = the third-party share of a month's prescription revenue, times the days to
cash, divided by 30.4
Dispensing fee = the flat sum a claim pays on top of the cost of the medicine, where the contract pays
one at all
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WORKED EXAMPLE: WHO PAYS THIS STORE (ILLUSTRATIVE)

LINE	THIS MONTH
Prescription revenue a month	$272,699
Prescriptions filled a month	4,880
Average revenue a prescription	$55.88
Dispensing fee a claim, where one is paid	$1.00
Paid by a third party	90%
Collected at the counter	$27,270
Billed to a third party	$245,429
Cash tied up in claims for 21 days	$169,540

The example bills 90 percent of $272,699 of prescription revenue and waits 21 days for it, so $169,540 of cash sits in claims at any time. That is working capital the store has to carry itself: the page 11 cash trough does not model it, and it is shown here as a gap rather than added to the trough. A payer that takes 10 days longer adds $80,733 to the gap without changing a single test on the page 8. Stock is paid on the wholesaler's term while the claim is paid on the payer's, so the store carries the difference between the two. The dispensing fee keeps its own line and its timing is folded into the blend, because the receivable is struck on total claim revenue at one blended days-to-cash figure, medicine money and fee together. Put the full charge per prescription in the department prices: if you enter the ingredient cost alone, the claim revenue and the amounts split from it come out low, because the fee is missing. A rejected claim is not a late payment and belongs in its own count, since the money stops until somebody works it.

YOUR OWN PAYER MIX

LINE	THIS MONTH
Prescription revenue a month	
Third-party share of that revenue	
Days from dispense to cash	
Cash collected at the counter	
Billed and outstanding	
Cash tied up in claims	

Measure the wait payer by payer rather than as one blended figure. A single slow payer can hold most of the balance, and an average conceals which one to chase. Size the plan on your slowest material payer and let the quicker ones act as the cushion.

PAGE 11

Twelve-month cash forecast

Enter amounts in thousands of dollars (51.25 means 51,250 dollars).

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: sales receipts (page 6), excluding sales tax												
In: owner money and loans received												
Out: goods, card fees and dispensing supplies (lines 13, 15 to 17)												
Out: payroll, line 4 if drawn in cash, and relief cover (lines 3, 4, 14)												
Out: rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 17)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on opening day after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. A prescription is not paid when it is handed over. The customer pays a share at the counter and a third party is billed for the rest, and the payer settles on its own cycle after the claim clears. The engine carries every sale in the month it is dispensed and does not model the payer lag, so enter the receipts in the month the money lands rather than the month the prescription was filled, and keep page 10 beside the forecast as the measure of what is outstanding. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, and a store paid weeks later

Runway = how many months ahead the pharmacy can keep paying, measured back from the last month closed (before opening, from opening day), up to the first month whose closing balance sinks under the floor the plan sets

Worked example: a stand-in independent pharmacy

Illustrative figures built to show the arithmetic, and not offered as benchmarks. Open six days a week, about 26 days a month, 2,400 square feet; opens in January. Cash floor $52,470. Counter copays land at the bank during the month of the fill; a third-party share is billed at the fill and arrives on the payer's cycle, which page 10 measures and this forecast does not model.

Page 5, the opening outlay	Total startup budget $717,350, backed by a $300,000 loan (11 percent over 10 years) and $417,350 from the owner's own funds, including a $151,000 working capital reserve that is untouched on opening day. The page 5 sizing works twice: floor $52,470, then one month of buffer at $52,470, plus $46,007 (the shortfall a first pass with an empty till runs into below zero), brought up to $151,000.
Page 8, the standing bills	Fixed costs $51,016 a month, including $5,164 for rent and $2,678 of loan interest; principal $1,454 a month (both a year-one average); variable share 79.8 percent, so the contribution ratio works out at 0.202. Lines 13 to 17 take 78.9496, 0.15, 0.6, 0.1 and 0.05 percent of sales (line 13 as the three departments weigh together by revenue). Lines 1 to 12 run $5,164, $950, $31,274, $6,000, $2,678, $1,250, $800, $1,050, $600, $400, $500 and $350 a month.
Page 8, the break-even line	Break-even before debt service runs near $253,176 a month. Break-even after debt service (the fixed lines $51,016 plus principal $1,454, divided by 0.202) is about $260,392 a month: 3,633.1 prescriptions a month from generic prescriptions net of what the brand shelf and the front store already cover (line 13 runs 64.4 percent on generic prescriptions, 99.5 on brand prescriptions and 62 on front-of-store merchandise; the four lines past cost of goods take one flat share from each line, so the contribution ratios read 0.347 on generic prescriptions, -0.004 on brand prescriptions, 0.371 on front-of-store merchandise), so 3,634, against the 4,099 the plan assumes.
Page 6, the selling lines	Generic prescriptions: 4,099 prescriptions a month at $36.90. Brand prescriptions: 781 prescriptions a month at $155.50. Front-of-store merchandise: 1,154 items a month at $15. A settled month leaves roughly $290,009; the sales build climbs 58, 70, 80, 87, 92, 96, 98 percent in months 1 to 7, then 100 percent; season 100, 97, 95, 93, 95, 101, 105, 106, 104, 112, 110, 105 percent across months 1 to 12, and that move touches the ordinary sales by itself.
Page 19, the expected path	First-month takings $168,205; month 1 closes at $132,424, month 12 at $168,308. The bottom arrives in month 5, closing $104,993, $52,523 over the floor.
Page 19, the slow path	At seven tenths of plan, month 1 sales $117,743; month 1 closes at $122,256, month 12 at minus $25,776. The floor gives way in month 5 (closing $40,090) and negative in month 9 (closing minus $2,130), leaving an opening runway of 4 months.
Page 8, the cover ratio	On a settled month of sales at $290,009, the cover the lender reads, ahead of tax and equipment replacement, is 2.44 against the 1.25 the lender in the worked example demands; taken at the twelfth-month run rate it reads 2.72, and Test 3 is scored on the pair. The share the rent takes is close to 1.8 percent.

THE SIX TESTS RETURN THIS FOR THE WORKED EXAMPLE: AMBER

The worked example treats Gate 0 as already satisfied. Test 1 clears: at the twelfth month the run rate reaches about $295,567 a month, above the $260,392 break-even; and a second year at that pace never touches the floor (lowest close $174,276, month 1 of year 2). (Offered as orientation rather than as a score: plan sales first cover cash break-even in month 6.) Test 2 fails: at seventy percent of plan the balance drains under the floor in month 5; about $78,300 a larger cushion would see it through. Test 3 clears on the planning formula, read the way the lender reads it. Test 4 passes: in the peak month in the seasonal pattern (season 112 percent) the plan fills about 5,466 prescriptions, which the staffed dispensing hours can take, and sells about 1,292 front-store items, which the stock and the buying budget on page 9 carry. Test 5 fails: no transfer history or written prescription commitment stands behind the planned script counts, and a test with no evidence fails; bring the count and score the plan again. Test 6 passes: twelve settled months at full run produce about $85,055 after principal, no settled month falls under zero, so nothing has to be reserved against it. That figure describes the settled year and not the opening one: page 19's first year leaves about $17,308 in cash because the ramp and startup months come first. The worked example provides nothing for income tax, nothing for replacing a refrigerator or a system and no stock build beyond the opening order (page 19); score your own plan against your own numbers. The payer cycle is what this plan has to survive, not the ramp: a store that clears its fixed costs every month still runs out of cash if the money arrives a fortnight late, which is why the floor is set at more than a month of fixed costs; the ramp, the season percentages and the prescription counts are guesses to be replaced, never forecasts.

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 final column carries the slow start as well, and that column is Test 2.

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

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $5,844	Expected case holds the floor; full-run coverage falls to 1.03; would fail Test 3
Generic prescriptions: average selling price 3 percent higher, same volume (only sales-linked fees rise)	plus $4,510	Break-even prescriptions fall from 3,633.1 to 3,345.6 a month, so from 3,634 to 3,346: per-unit costs stay the same, so the ratio rises from 0.202 to 0.214 on the new sales (sales-linked fees, line 15, take 0.6 percent of each added dollar)
Fixed costs $1,800 lower	plus $1,800	Cash break-even falls to about $251,459
A payer drops a fifth of third-party prescription volume, from month 6 onward	minus $9,361	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.18; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
A chain opens nearby and takes 15 percent of front-store sales, from month 4 onward	minus $963	Expected case still clears the floor; slow start deadline unchanged (month 5)
The wholesaler raises the landed cost by two points of sales	minus $5,800	Cash break-even rises to about $289,085; expected case still clears the floor; slow start below the floor in month 4 (closing $45,325); full-run coverage falls to 1.04; would fail Test 3
Dispensary build-out overrun of $28,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 3 (closing $48,180)
Opening 2 months late (rent, insurance, loan interest and principal, $10,246 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 $86,633 in month 6 from the planned opening, $18,360 lower than on time; slow start below the floor in month 6 from the planned opening (month 5 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

Add the tasks and limits your wholesaler agreements, your payer contracts and your own procedures call for.

OPENING CHECKS

- ☐ Unlock, check the dispensary door, the alarm log and the refrigerator temperatures.
- ☐ Count the controlled-stock cabinet against the record with a second person.
- ☐ Check the queue of prescriptions left from yesterday and the ones waiting on a supplier.
- ☐ Check the delivery against the invoice and the pick list before anything is put away.
- ☐ Check short-dated stock against the expiry report and pull what will not sell in time.
- ☐ Check the front store against the price list and note what has not moved in a month.

CLOSING CHECKS

- ☐ Record prescriptions filled and the front-store takings, with the two kept apart.
- ☐ Log the claims submitted, the claims rejected and the reason for each rejection.
- ☐ Log the cash count, the card batches and anything paid out of the till.
- ☐ Note the prescriptions that could not be filled and who was told.
- ☐ Reconcile the register against the bank deposit.
- ☐ Write tomorrow's wholesaler order and the payer follow-ups from today's rejections.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Net sales by department, front store apart				
Prescriptions a day and the average value				
Margin by department, against the page 7 target, with the brand line shown separately				
Claims submitted, claims rejected and claims still unpaid, with the days outstanding by payer				
How much of the open-to-buy the month has used, against page 9				
Stock on hand at cost, the turns that figure implies, and the expiry report for the next three months				
Deliveries received against the invoice				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does the owner hold every payer relationship, sign every wholesaler order and cover the counter whenever the pharmacist is away?
2. **Claim rejection follow-up.** Are rejected claims worked the week they come back, or does the pile grow until the money is written off?
3. **Generic substitution.** Does the counter dispense to the contract that pays best within what the prescription allows, or to what is nearest on the shelf?
4. **Brand line blindness.** Can the owner say what the brand line earned last month, or only what the dispensary took in total?
5. **Days to cash by payer.** Is the wait measured for each payer, or is one blended average used for all of them?
6. **Expiry control.** Does the shelf get worked to an expiry report on a schedule, or does stock sit until it cannot be returned?

Questions and their sources are described on page 2. Check each one against a record: the dispensary report by department, the claims and rejection logs, the wholesaler invoices, the expiry report, the buying budget worksheet and the payer remittance advices.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and record prescriptions by department with the front store apart.
Week 2	Recheck each department's average price from the first two weeks of claims, and cost the twenty items that carry the most volume. Time a delivery day from the door to the shelf, and time one prescription from the counter 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 wholesaler order you actually placed. Work every rejected claim from the first three weeks.
Week 4	Enter the actual closing cash on page 11 and recalculate runway. Fill the page 10 payer mix with the real days to cash, and write the decisions a technician may make without calling you.
After month 1	Keep the buying budget monthly, work the expiry report on a fixed day, and compare the days to cash you measured with the days the plan carries. Set the par levels that keep the fastest movers on the shelf without a same-day order.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

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

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

WHAT THE FULL KIT ADDS

The full Independent Pharmacy 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 margin model, an open-to-buy and inventory planner, a payer mix and receivable tracker, expiry and return procedures, a dispensary workflow map and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. PBA Health, NCPA Digest: the average location's annual sales, prescription count, average charge a prescription and the third-party share of prescription revenue, pbahealth.com. NCPA: the days a payer takes to pay, ncpa.co. MIPA: the dispensing fee, mipanet.org. ASPE, prescription supply chain margins: the generic, brand and blended margin bands, aspe.hhs.gov. Pharmacy Times, NCPA Digest: the generic share of prescriptions dispensed, pharmacytimes.com. Cushman and Wakefield, US shopping center marketbeat: the asking rent, cushmanwakefield.com. O*NET OnLine, pharmacists, pharmacy technicians and retail salespersons: the crew wage levels, onetonline.org. NAGGL, maximum loan spreads, and the Bankrate small-business loan rate table: the loan rate band, naggl.org and bankrate.com. Lender terms: the ten-year term. All accessed 2026-11-08.
World Consulting Group material. Independent pharmacies owner questions, businessconsultant.services, 2026.

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General information only. Not legal, tax, accounting, clinical, employment, regulatory 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, payer mix and costs. The kit page has a copy-ready version.

BEFORE YOU RELY ON THE ANSWER

Check every department total and landed cost with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste patient information, prescription data, account numbers, passwords or customer lists. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) an independent pharmacy. I have attached the Independent Pharmacy Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my dispensary, my front store and my payer mix, using only my real numbers.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rent, wage, landed cost, price, prescription count, transfer count, payer term, percentage or benchmark.
2. The numbers in the kit, including the example store's departments, prescriptions 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 invoice, claim 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 = prescriptions or items a month times the average price of one. 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 relief hours, payroll taxes and benefits, plus a market wage for my own management, buying and payer work. 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 prescriptions a month = (monthly fixed costs, principal and other recurring cash out minus the monthly contribution from the brand line and the front store at planned full-run sales and own contribution ratios) divided by the contribution from one average generic prescription. 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 dispensing hours the crew line staffs, taken as pharmacist and technician hours a week and converted to prescriptions at the time each one takes to fill and check, measured against the stock the buying budget on page 9 allows and the days the wholesaler delivers.
- Rent share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on opening day after startup spending is paid. Place every receipt and payment (wholesaler invoices, fit-out bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Enter third-party receipts on the payer cycle I actually see, not in the month of the fill. 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 = how many months ahead the pharmacy can keep paying, measured back from the last month closed (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, licensing, permit, 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, and make no claim about what any medicine is for, what it is safe with or what a payer will reimburse that you cannot support. For the market and marketing sections, use only what I tell you, and list the local facts I should gather, such as the pharmacies within two miles and the prescribers who serve this area.
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, with anonymous client 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. Concept, the two customers and who pays for each, dispensary and front-store square footage, the departments and the space each one takes, the hours I plan to keep and the dispensing hours those hours require.
b. The sales build: for each department, the prescriptions or items a month and the average price of one, 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 (transfer records from a store I have run, a written commitment from a prescriber, or a site count with a capture rate from comparable pharmacies).
c. For each merchandise department: units sold a month at full run, the average retail price a unit, and the average unit cost at cost, plus the gross margin the department has to hold.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. The startup budget: an amount and its source (contractor, fixture, systems or refrigeration quote, or calculation) for each line on page 5, from the fit-out to the contingency.
e. Monthly fixed costs for each numbered line on page 8, from rent (line 1) to telephone and alarm monitoring (line 12), including loan interest and my market wage for management and payer work (line 4; dispensing hours go in line 3 (the salaried crew) or 14 at a pharmacist rate), whether I draw that wage in cash, and my monthly loan principal. Give any other recurring cash out that belongs in cash break-even, with its amount and timing. 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, relief pharmacist hours above the salaried crew, with payroll taxes; line 15, card and processing fees; line 16, bags, labels and delivery consumables; line 17, other variable costs; 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. The third-party share of prescription revenue, the average days from dispensing to cash, the flat dispensing fee a claim pays where one applies, and the prescriptions filled a month.
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 patients pay me (the copay at the counter, by card or in cash) and when each payer settles the rest, with the days each one actually takes; and when the wholesaler is paid, including how many days it allows and when the invoice falls due. Say when each sales line pays me.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, refrigeration and system 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 independent pharmacy, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by department and month, with annual sales, the dispensing-hour capacity check from page 6 and the payer mix from page 10.
3. The completed startup budget with the total, listing the dispensary fit-out and the opening stock 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 prescriptions a month (use cash break-even); rent share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add a sales tax memo for each month: collected, remitted, and owed at month end (last month's owed + collected minus remitted), kept out of closing cash.
6. Gross margin and markup for each department and blended across the store, the department carrying the most sales and the one carrying the weakest margin, and the cost-of-goods share the rest of the plan uses.
7. The month's open-to-buy at cost, whether the store is over-bought or under-bought, months of stock on hand, and the date the cash leaves for an order placed today.
8. The share of prescription revenue paid at the counter and the share billed, the average revenue a claim, the cash tied up in outstanding claims, and what a longer payer cycle costs the plan.
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 transfer count or wholesaler invoice 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, prescriptions a month and the department prices first, before anyone else sees the plan, then recheck the totals.

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

The page 12 example entered on the page 11 form, month by month, in dollars. A figure in brackets is a negative. 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 $52,470.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**151,000**	**132,424**	**119,633**	**111,576**	**106,388**	**104,993**	**109,184**	**116,847**	**126,321**	**134,626**	**147,607**	**159,419**
In: sales receipts	168,205	196,916	220,407	234,646	253,468	281,192	298,419	307,409	301,609	324,810	319,009	304,509
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: goods, card fees and dispensing supplies (lines 13, 15 to 17)	134,059	156,942	175,663	187,012	202,013	224,109	237,838	245,004	240,382	258,872	254,248	242,693
Out: payroll, line 4 if drawn in cash, and relief cover (lines 3, 4, 14)	37,526	37,569	37,605	37,626	37,654	37,696	37,722	37,735	37,726	37,761	37,753	37,731
Out: rent (line 1)	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164
Out: other costs, with loan interest (lines 2, 5 to 12)	8,578	8,578	8,578	8,578	8,578	8,578	8,578	8,578	8,578	8,578	8,578	8,578
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	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(18,576)**	**(12,791)**	**(8,057)**	**(5,188)**	**(1,395)**	**4,191**	**7,663**	**9,474**	**8,305**	**12,981**	**11,812**	**8,889**
Closing cash, expected	**132,424**	**119,633**	**111,576**	**106,388**	**104,993**	**109,184**	**116,847**	**126,321**	**134,626**	**147,607**	**159,419**	**168,308**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**151,000**	**122,256**	**97,561**	**76,180**	**56,808**	**40,090**	**27,283**	**16,906**	**7,797**	**(2,130)**	**(8,785)**	**(16,258)**
Sales receipts, slow start	117,743	137,841	154,285	164,252	177,427	196,835	208,893	215,186	211,126	227,367	223,307	213,156
Out: variable costs, slow start (lines 13 to 17)	94,017	110,066	123,196	131,154	141,675	157,172	166,800	171,825	168,583	181,552	178,310	170,204
Out: fixed costs (lines 1 to 12), principal, bills, less funding	52,470	52,470	52,470	52,470	52,470	52,470	52,470	52,470	52,470	52,470	52,470	52,470
Net cash flow, slow start	**(28,744)**	**(24,695)**	**(21,381)**	**(19,372)**	**(16,718)**	**(12,807)**	**(10,377)**	**(9,109)**	**(9,927)**	**(6,655)**	**(7,473)**	**(9,518)**
Closing cash, slow start	**122,256**	**97,561**	**76,180**	**56,808**	**40,090**	**27,283**	**16,906**	**7,797**	**(2,130)**	**(8,785)**	**(16,258)**	**(25,776)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**5,968**	**4,215**	**3,046**	**1,877**	**3,046**	**6,552**	**8,890**	**9,474**	**8,305**	**12,980**	**11,812**	**8,890**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash the plan has no intention of spending. 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 $295,567 a month, against month 12's own $304,509): closing cash runs $174,276 in month 1 and $253,364 in month 12, lowest $174,276 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.