MSP Business Plan and Operations Starter Kit

A working kit for managed service providers. It converts every per-seat and block-hours agreement into the hours the seat price funds, prices each project at the true cost of a billable hour, measures the two technicians' billable week, finds cash break-even through the August trough, and scores the plan on six pass-or-fail tests.

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PAGE 2

Start here

An MSP can renew every agreement and still run short of cash in August. Two technicians draw a salary when project work is thin, a per-seat agreement uses more hours than its price funded, and the renewal arrives before anyone priced the added devices.

WHAT IS INSIDE

3	Business plan, part one: services, clients and referral partners, positioning, seat and project pricing
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HOW TO USE IT

1. Build project and agreement 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. Prices, scopes and payment terms move before a proposal is signed, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every project and every renewal, and run the weekly numbers review. Put hours used beside hours funded on the page 9 table every month.

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 managed service provider 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, confidentiality and data handling or financial advice. Requirements vary by location; review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender will ask whether projects and agreements throw off enough cash for two technicians, the office and the loan through the August trough. Answer here and draft the full sections separately.

1. Executive summary (write it last)

Describe the work, the clients, the money you need and what it buys, the stack and the first payroll; then give the month the page 6 forecast first clears cash break-even and the page 4 result.

2. Services and clients

Describe the work you sell, from workstation onboarding to server migration, in the client's words: what stops working when the network goes down, and who waits. Name the clients you serve by size and sector, who refers them and who signs the agreement.

3. Positioning and delivery capacity

Say which work you take on and which you send elsewhere. Then add up the hours your technicians are paid for in a week, take out drive time, rework and ticket admin, and translate the rest into seats and agreements.

4. Projects, agreements and pricing

For each project type, record the billable hours it needs and the price it carries. For each agreement, convert the seat price into the hours it funds before it enters the table.

PROJECT OR AGREEMENT	BILLABLE HOURS	PRICE	PRICE PER BILLABLE HOUR

> *Owner question: our agreements renew and the calendar is full, yet there is nothing left at month end. Is our per-seat price too low, or are we giving away hours the price never funded?*
>
> Check this first: the seats on the invoice no longer match the users and devices the agreement supports, so every added mailbox, laptop and site visit is delivered free. Pull one agreement and put the seats billed beside the users in service, then the funded hours beside the hours the work took (page 9). Do that for every agreement before you change a price; then reprice the seats and the funded hours together and price outside work as a written change. It compares your own agreements, not the market.

PAGE 4

Business plan, part two

5. Operations

Describe how an agreement runs from signature to renewal: the stack build, the ticket queue, the order work arrives in and the monthly review. Name who decides what it covers, and who tells the client a request sits outside it.

6. Team

List every role, its paid hours and its pay, including a market wage for your own hours. Name the technician who can carry a client week without you: a firm with one is one resignation from breaking every agreement.

7. Marketing and sales

Explain where conversations come from, how one becomes an assessment or an agreement, and why clients stay and add seats. A referral from an accountant or a vendor arrives with trust in place.

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 proposals with payment terms, agreement terms, insurance and software quotes, and the office lease 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 hours needed in the busiest month (pages 7, 9 and 10), at full-run volume, fit the hours you can staff (page 6), and planned projects reach break-even (page 8).	
5. Signed agreements and delivered project invoices back the agreement count and the project count; a list of contacts supports a forecast of conversations, not of agreements.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a lease or hire a technician. **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 insurer, the software vendor or the office, or a documented calculation. An MSP budget breaks on two salaries before the first project invoice lands, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
EQUIPMENT AND BRAND				
Laptops, monitors and phones				
Stack tooling and remote management setup				
Brand, website and collateral				
SETUP AND ACCOUNTS				
Business entity, contracts and accounting setup				
Insurance down payment				
Office deposit and first month				
PRE-OPENING				
Pre-opening payroll and recruiting				
Launch marketing, events and content				
Reference hardware and demo equipment				
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 agreements, project proposals and the hours your technicians can bill, not from the payroll you need to cover. Count the agreement base first; add projects at the volume the proposal record supports.

```
Monthly sales for a line = units times average fee 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 FEE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Client projects	projects				
Managed agreements	agreements				

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 project and agreement sales times ramp (the share of full-run volume the proposal pipeline and the agreement base 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 proposal record by month; a signed project or agreement with a start date replaces its ramped figure that month.

CAPACITY CHECK

```
Paid hours available per month = the sum over the technicians of each person's paid hours a week, times 52, divided by 12, plus the owner's client hours a week on the same basis (the owner's hours sit in line 4); paid hours needed = billable hours on projects and agreements divided by utilization
```

Write how many hours your technicians are paid each week. Add up the monthly billable hours your projects need (projects a month times billable hours each, page 7) and the hours your agreements use (page 9), then divide by utilization (page 10). If the plan needs more paid hours than you staff, the plan is wrong, whatever the renewal calendar says.

PAGE 7

Project pricing and realization

A project price comes from hours and rate; the cost comes from the true cost of a billable hour. An agreement works the same way once the seat price is converted into funded hours.

```
Invoice value = billable hours x standard rate x realization (the share of the standard price that reaches the invoice), plus hardware and licenses at cost
Delivery cost = billable hours x the true cost of a billable hour (page 10; selling, ticket admin and rework sit inside that cost, not these hours); contribution = invoice value minus delivery cost, pass-through and page 8 fees; earned per hour = contribution divided by billable hours
Win rate = projects won divided by proposals written; proposals to write = projects wanted divided by that win rate
```

WORKED EXAMPLE: THREE PROJECT TYPES, ILLUSTRATIVE FIGURES

PROJECT TYPE	RUNS A MONTH	STANDARD RATE X REALIZATION	HOURS BILLED	INVOICE VALUE	DELIVERY COST	HARDWARE, LICENSES AND FEES	CONTRIBUTION	EARNED PER HOUR	WIN RATE
Workstation onboarding	1	$135 x 92%	45	$6,089	$2,969	$695	$2,425	$53.89	35%
Server migration	0.5	$150 x 88%	45	$7,140	$2,969	$1,428	$2,743	$60.96	30%
Network assessment	1	$165 x 95%	24	$4,012	$1,583	$378	$2,051	$85.46	40%

Delivery cost uses the $65.98 true cost of a billable hour from page 10; card and invoicing fees plus consumables take 3.2 percent of billing (page 8 lines 15 and 16); hardware and licenses pass through at cost. Every hour is charged here; page 8 keeps the two salaries in line 3 and charges line 14 only the hours above them. That rate covers salaried technicians; the owner's client hours carry the line 4 market wage. Earned per hour, network assessment leads at $85.46 and workstation onboarding trails at $53.89. Managed agreements: six a month at 32.8 billable hours apiece, in the capacity check and line 14. Page 12 takes its pass-through and delivery-cost shares from these projects (2.5 a month, $5,468 invoiced).

YOUR PROJECTS

PROJECT TYPE	RUNS A MONTH	STANDARD RATE X REALIZATION	HOURS BILLED	INVOICE VALUE	DELIVERY COST	HARDWARE, LICENSES AND FEES	CONTRIBUTION	EARNED PER HOUR	WIN RATE

DEPOSITS, DELIVERY INVOICES AND ADVANCE BILLING: WHEN CASH LANDS

MONEY IN	PAYMENT STEP	SHARE OF THE INVOICE	LANDS
Client projects	Signing payment	40%	in that month
Client projects	Delivery invoice, net 30	60%	the next month
Managed agreements	Billed in advance on the first	100%	in that month

Of every $100 a client is invoiced in a month, the firm banks $81 in that month and $19 the next month. That single pattern mixes the two income lines by full-run billing (client projects 32 percent, managed agreements 68 percent) and serves this sentence only; page 11 collects each line on its own terms, month by month, as your own forecast should do the same. A signing payment is set aside until the work starts; each project counts once, when billed.

WRITE-DOWN CHECK

Scope widens while the price stands still. At each close, set timesheet hours beside hours assumed, and bill extra work in writing first.

```
Overrun hours = timesheet hours minus hours priced; overrun cost = those hours at the true cost per billable hour. Price added scope in writing first and carry each overrun forward.
```

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. Small office suite with a workbench	
2. Business owner's policy, errors and omissions, cyber, workers' compensation, commercial property	
3. Two salaried technicians at $36 an hour equivalent, with payroll taxes and benefits (the minimum delivery staff)	
4. Owner's market wage (sales, quoting, dispatch, management)	
5. Loan interest (equipment and working capital loan)	
6. Business internet, phones and the service desk line	
7. Marketing, content, search and events	
8. PSA, remote monitoring, documentation, backup and security tooling	
9. Accounting, bookkeeping and bank fees	
10. Vendor training, certifications and memberships	
11. Part-time service coordinator	
12. Unbilled travel, hospitality and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Hardware and software bought for a project, billed at cost	
14. Contract technicians above the two salaried technicians, with their fees	
15. Card processing and invoicing fees	
16. Consumables, unbilled travel, agreement software and other extras	
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 projects = (fixed costs, principal and other recurring cash out minus agreement contribution)
divided by one average project's contribution (its fee times its contribution margin ratio)
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 projects (use cash break-even)	one figure per month		
Office 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. Office share = line 1 divided by net sales.

PAGE 9

Agreement pricing, funded hours and scope creep

Nothing bills as easily as a per-seat agreement until the hours behind it are counted. Forty seats at $150 brings $6,000 a month, and at $150 an hour that funds 40 hours; fifty seats at $84 funds 28; a 20-hour block at $150 funds 20. Turn every seat price into funded hours before it reaches the table, then price on hours consumed, never on what the seat count implies.

```
Funded hours a month = seats x the monthly price per seat / the effective hourly price; a per-device price converts the same way (devices x the monthly price per device / that same hourly price)
Realized hourly rate = the monthly fee divided by the hours the agreement actually consumed, never by the hours it includes
Delivery cost = consumed hours x the true cost of a billable hour (page 10)
Contribution = fee minus delivery cost, minus fees at their page 8 share; contribution per consumed hour = contribution divided by the hours the agreement used
```

WORKED EXAMPLE: THREE AGREEMENT TYPES, ILLUSTRATIVE FIGURES

AGREEMENT	ACCOUNTS	MONTHLY FEE	FUNDED HOURS	HOURS CONSUMED	REALIZED RATE	DELIVERY COST	CARD, SOFTWARE FEES	CONTRIBUTION	PER CONSUMED HOUR
Per-user managed agreement	3	$6,000	40	41	$146.34	$2,705	$192	$3,103	$75.68
Co-managed help desk agreement	2	$4,200	28	26	$161.54	$1,715	$134	$2,351	$90.42
Block-hours support agreement	1	$3,000	20	22	$136.36	$1,452	$96	$1,452	$66.00

Delivery cost values every consumed hour at the $65.98 true cost from page 10; card and invoicing fees plus the software the agreements consume take 3.2 percent of the fee (page 8 lines 15 and 16). Each consumed hour earns most on the co-managed help desk agreement ($90.42) and least on the block-hours agreement ($66.00). Two agreements ran past the hours they fund: the per-user agreement by 1 hour, the block-hours agreement by 2. Delivery cost charges every hour at true cost because this table prices the work; page 8 keeps the two salaries in line 3 and charges line 14 only the hours above them, with the agreement hours in the capacity check. The page 12 example carries six agreements averaging $4,900 a month.

YOUR OWN AGREEMENTS, TO FILL IN

AGREEMENT	ACCOUNTS	MONTHLY FEE	FUNDED HOURS	HOURS CONSUMED	REALIZED RATE	DELIVERY COST	CARD, SOFTWARE FEES	CONTRIBUTION	PER CONSUMED HOUR

OVERRUN CHECK ON EACH AGREEMENT

An account adds a device, then a second site, then a user who calls every week. At each month end, set the hours consumed beside the hours the agreement funds.

```
Agreement overrun hours = hours consumed this month minus the hours the agreement funds; overrun cost = those hours x the true cost of a billable hour. Where the overrun repeats, reprice the agreement, move the extra work to hourly billing, or cut the scope in writing.
```

PAGE 10

Billable utilization and the true cost of a billable hour

A technician's salary buys the whole week, and the client pays for part of it. Drive time, ticket admin, rework and the quoting you do yourself are all paid time nobody invoices, so each billable hour has to carry its share of them. The block below is the two technicians on line 3, forty paid hours each; your own selling and quoting hours sit outside it.

```
Billed share of a paid week = hours a client was billed for / hours on the payroll
Loaded cost of a paid hour = the wage x (1 + the employer on-cost for payroll taxes, cover and paid leave)
Cost of a billed hour = every paid hour at that loaded cost, divided by the hours a client was billed for
```

WORKED EXAMPLE: TWO TECHNICIANS, ONE PAID WEEK, ILLUSTRATIVE FIGURES

WHERE A TECHNICIAN'S WEEK GOES	HOURS	SHARE OF PAYROLL HOURS
Hours on the payroll	80	100%
Hours billed to clients	55	69%
Time between client sites	5	6.3%
Rework and write-offs	6	7.5%
Tickets, training, internal	14	17.5%

At a $36.00 wage with 26 percent payroll taxes and benefits on top, one paid hour of a technician costs $45.36 an hour; at 68.75 percent of the paid week, one billed hour costs $65.98. This block is the two technicians on line 3, forty payroll hours each; your own selling and quoting hours sit outside it, so 68.75 percent is their share of the paid week, not firm-wide utilization. Set project and agreement prices from the true cost of a billed hour, never from the wage or the loaded cost.

YOUR OWN TECHNICIAN WEEK, TO FILL IN

TECHNICIAN	HOURS PAID	HOURS BILLED	BETWEEN SITES	REWORK	BILLED SHARE	COST OF A BILLED HOUR

WHERE A RESIGNATION DOES THE MOST DAMAGE

When a technician walks, the passwords, the stack notes and the client history walk with him unless the documentation and the ticket history are current. Keep both current on every account, so a successor opens the same ticket on Monday morning.

PAGE 11

Twelve-month cash forecast

Salaries leave before project invoices 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: hardware, software, fees and consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office suite and workbench (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 billable 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. Salaries, contractors and hardware 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 August trough costs

```
Runway = how many months the till survives, counted from the last closed month (or from the first
billable day if the firm has not opened), up to the month before closing cash first drops under your
floor
```

Worked example: a hypothetical managed service provider

The figures below carry the method, not benchmarks. Both technicians draw salary from month 1; project work bills on signature and on delivery. Cash floor $36,208. Project clients hand over 40 percent at signature and 60 percent a month later; agreement fees are invoiced ahead of the month and land in it; October runs at 110 percent, August at 85; costs are settled as they fall due.

Page 5, budget	Setup costs $191,100; a $55,000 loan (10.5 percent over 5 years) and $136,100 of owner money fund it, and $130,100 of the total is the reserve for the ramp, the low months, the invoice lag, the floor and the buffer. Page 5 reads it back: the floor $36,208, one month of buffer on top at $36,208, and $57,619 as the deepest hole a no-cash first pass digs, rounded up to $130,100.
Page 8, costs	Fixed outgoings sit at $35,472 a month, carrying $2,200 for small office suite with a workbench and $447 of loan interest; principal is $736 a month (both year 1 averages); variable costs take 6.3 percent, leaving a contribution margin ratio of 0.937. Lines 13 to 16 take 3.1, 0, 1.2 and 2 percent of sales (line 13 blended across the sales lines). Lines 1 to 12 run $2,200, $400, $15,725, $9,500, $447, $400, $1,800, $1,100, $650, $500, $2,050 and $700 a month.
Page 8, break-even	Operating break-even lands near $37,857 a month. Cash break-even (fixed $35,472 plus principal $736, divided by 0.937) sits near $38,642: once the other lines contribute, client projects must deliver 1.6 projects a month (line 13 runs 9.8 percent on client projects, 0 on managed agreements; lines 14 to 16 take an equal share of each line, so the contribution ratio is 0.870 on client projects, 0.968 on managed agreements), so 2, against the 2.5 the plan sets out.
Page 6, sales	Client projects: 2.5 projects a month at $5,468.40. Managed agreements: 6 agreements a month at $4,900. A month at full run bills about $43,071; projects and agreements ramp 40, 55, 65, 75, 85, 90, 95 percent during months 1 to 7, then 100 percent; season 100, 100, 105, 105, 100, 100, 95, 85, 105, 110, 105, 90 percent over months 1 to 12 on both projects and agreements.
Page 19, expected case	Billing in month 1 reaches $17,228; that month closes on $106,754 and month 12 on $92,705. The low point arrives in month 8, closing $72,481, which leaves $36,273 of room above the floor.
Page 19, slow start	With both held at 70 percent of the expected case, month 1 sales are $12,060; that month closes on $102,895, month 12 on minus $26,425. Cash drops under the floor in month 6 (closing $25,488) and under zero in month 9 (closing minus $4,826): 5 months of runway from opening.
Page 8, coverage	A full-run month of $43,071 gives a planning coverage ratio of 4.51, before income tax and equipment replacement, against the 1.25 the example lender wants; at the month-12 run rate it is 4.51, and Test 3 counts both. Office share about 5.1 percent.

PAGE 4 VERDICT ON THIS EXAMPLE: AMBER

Gate 0 is treated as met for the example here. Test 1 passes: at month 12's pace for a year, sales average about $43,071 a month, above the $38,642 break-even, and cash stays clear of the floor another twelve months at that pace (low point $96,034, month 1 of year 2). Test 2 fails: at 70 percent, projects and agreements push cash under the floor in month 6; roughly $62,700 added to the opening reserve would pass it. Test 3 passes on the planning formula, though what counts in the end is your lender's own definition. Test 4 passes: the fullest month of the year (month 10, season 110 percent) loads the page 7 projects and page 9 agreements with about 317 billable hours, which at 69 percent utilization (page 10) means about 460 paid hours, against the 520 paid hours available (the two technicians on line 3 plus the owner, 8-hour days, 5 days a week); the 2.5 planned projects clear the break-even count. Test 5 fails, because the evidence is not there. Test 6 passes: a full-run year, troughs included, leaves about $49,794 after principal, though cash flow in month 8 runs at least $1,904 below zero, the largest running-cash fall (month 7 high to month 8 low), which the page 5 buffer covers. This is the steady-state year, not the forecast year: page 19's first year is about $37,395 down on cash because the agreement base fills across the year and the August trough arrives before the first full autumn. About $38,600 a month is needed for cash break-even, nine tenths of the plan; August at 85 percent falls under it, and December at 90 percent only just clears it.

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)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
A tenth fewer projects and agreements (lines 13 to 16 fall)	minus $4,036	Expected case holds the floor; full-run coverage falls to 1.10; would fail Test 3
Client projects: average fee 5 percent higher, same volume (payment and platform fees are the only costs that rise)	plus $609	Break-even projects fall from 1.6 to 1.5 a month, so from 2 to 2: per-unit costs stay the same, so the ratio rises from 0.937 to 0.938 on the new sales; only the fee rises; pass-through stays at cost (sales-linked fees, line 15, take 1.2 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $37,575
Lose the per-user managed agreement line (3 agreements a month, $18,000 of billing), from month 6 onward	minus $17,424	Expected case below the floor in month 8 (closing $26,264), below zero in month 11; slow start deadline unchanged (month 6); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Every client pays two months after billing (staff and bills still paid on time)	no change	Expected case below the floor in month 3 (closing $34,275); slow start below the floor in month 3 (closing $30,435); would fail Test 1
The 60 percent delivery invoice on an onboarding project is never paid for 2 months from month 6 ($3,653 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 6); $7,307 never collected
Projects run 15 percent over the hours the price assumed, absorbed inside the team's paid hours (439 paid hours needed of the 520 they are paid for at full run, 483 in the peak month 10); line 14 stays at zero at full run until they run 76 percent over the price, and above about 40 percent in the peak month	no change	Cash break-even is unchanged at about $38,642; expected case still clears the floor; slow start deadline unchanged (month 6)
Realization falls 5 points on every project (the weakest from 88 to 83 percent of standard price; about $671 a month less billed), from month 1 onward	minus $662	Expected case still clears the floor; slow start below the floor in month 5 (closing $35,281)
Agreement hours used rise 15 percent at an unchanged price, absorbed in the technicians' paid hours until the headroom is gone	no change	Cash break-even is unchanged at about $38,642; expected case still clears the floor; slow start deadline unchanged (month 6)
Project overrun of $10,000 beyond the contingency, paid from the cash reserve	no change	Expected case still clears the floor; slow start below the floor in month 5 (closing $26,558)
Opening 3 months late (small office suite with a workbench, insurance, loan interest and principal, $3,783 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 $55,077 in month 8 from the planned opening, $17,404 lower than on time; slow start below the floor in month 7 from the planned opening (month 6 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

Project and agreement checklists, weekly review, six questions

Operating checklists, not a quality system. Add whatever data-handling and access steps your clients and their advisers demand.

BEFORE A PROJECT OR AGREEMENT OPENS

- [ ] Nothing starts until the agreement or proposal is signed, with scope, price and billing dates settled.
- [ ] Record in writing who the contact is, who signs off, and when the review happens.
- [ ] Write down the billable hours the price buys, and who times the work against them.
- [ ] Settle which hardware and licenses the client purchases and how those pass through at cost.
- [ ] Set up the ticket queue, the access list and the timesheet before kickoff.
- [ ] Note the client's own rules on access, backups and confidentiality.

AT PROJECT CLOSE AND MONTH END

- [ ] Set the timesheet hours against the hours the price assumed on each closed project.
- [ ] Set consumed hours against funded hours on every agreement.
- [ ] Send the delivery invoice the day the client signs it off.
- [ ] Calculate realization: billed labor only, over the standard value of the hours.
- [ ] Log every proposal with its source, the days it took to decide and the outcome.
- [ ] Before the file closes, note what to change next time and which other owner to approach.

WEEKLY NUMBERS REVIEW

NUMBER TO WATCH	WHERE IT SHOULD BE	NOW	A WEEK AGO	GAP
Invoiced and banked, split by project and agreement				
Timesheet hours against hours the price assumed, per project				
Billed share of the paid week, technician by technician				
Consumed hours against funded hours, agreement by agreement				
Proposals written, proposals won, and the win rate by lead source				
Receivables falling due inside 30 days, plus agreement fees				
Owner hours spent selling and quoting				

SIX QUESTIONS WORTH A LOOK

1. **Owner bottleneck.** Can a proposal be scoped and priced without you, or does every client question queue until you are free?
2. **Firefighting.** Count last week's tickets reading the server is down again or add one more user, and the hours nobody billed.
3. **Growth without structure.** How many projects a month trigger a mid-project scope conversation, and how many hours get written off before invoicing?
4. **Key-person risk.** How many accounts rely on a single technician who alone holds the passwords, the stack and the history?
5. **Stalled pipeline.** How long does a stack assessment take to turn into an agreement, and what share of assessed clients ever sign?
6. **Scope discipline.** Do projects of the same type consume very different hours, and does finished work drift from the proposal?

Hypotheses from the AI-assisted World Consulting Group desk research on page 2. Test each against a record you keep: the ticket log, timesheet hours against priced hours, the proposal file, or the agreement hours log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log hours on every project and agreement. Log the hours you spend selling and quoting.
Week 2	Fill the page 7 project table at the true cost of a billable hour and mark any project type priced below its labor, hardware and fees.
Week 3	Fill the page 9 agreement table and record hours used against hours funded for every agreement.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions a technician may make without calling you.
After month 1	Run the write-down check on every closed project and measure technician 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 MSP 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 project pricing calculator from hours, rate and realization to a price at a target margin, a funded-hours calculator for per-seat and per-device agreements, an agreement and invoice tracker, editable proposal, pipeline and utilization trackers, project and agreement 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 managed IT service providers, 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. Managed IT services owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, confidentiality and data handling 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 projects and 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 client agreements, passwords 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 managed service provider that bills per seat and per project. I have attached the MSP Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my projects and agreements, using my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rate, price, salary, realization figure, 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 is counted per month; if I give units a day or a week, convert them first with the weekly and daily formulas above). Each month's expected sales = full-run project and agreement sales times ramp times season; a signed project or agreement replaces its ramped figure that month, never both; before opening, count expected signings 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 own billable hours sit inside line 4 (client work and management); staff hours go in line 3 or 14. Payroll 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 projects = (fixed costs, principal and other recurring cash out minus agreement contribution) divided by one average project's contribution (its fee times its contribution margin ratio). If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Paid hours available per month = the sum over the technicians of each person's paid hours a week, times 52, divided by 12, plus the owner's client hours a week on the same basis (the owner's hours sit in line 4); paid hours needed = billable hours on projects and agreements divided by utilization.
- Office 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, since no line is held at fixed bookings, 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 billable day 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 each signing payment, each delivery invoice and each agreement billing in the month it lands; payroll, contractors and hardware suppliers are paid in the month worked. In the slow-start case, every month's sales, signed projects and agreements 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 billable 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, data handling, access and confidentiality, employment, wage or lease advice. Do not name laws, license or permit types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only, with anonymous client IDs. Do not ask for names, addresses, bank account or tax ID numbers, passwords, or the names of my clients, contractors or technicians.
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, client segments and referral partners, positioning, the technicians I can staff and the paid hours each works a week, days worked per week, and days open per week.
b. Sales build: for client projects, the full-run projects a month by type, each type's billable hours, standard rate, realization and hardware costs; for managed agreements, the agreements at full run, each one's monthly price, the seats or block hours sold, the funded hours those seats buy and the hours actually used; 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 ticket volume 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 project type (the counts, hours, rate, realization and pass-through from b above): proposals given and won last quarter; my payment terms for each sales line (signing payment or deposit share and when it is collected, progress billing and when, the final invoice and how many days after completion it is paid); and the projects 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 (vendor quote, insurer quote, office quote or calculation) for each line on page 5, from laptops and stack tooling to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the two salaried technicians and the service coordinator, 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 own billable hours sit inside line 4 (client work and management); staff hours go in line 3 or 14.
f. Variable cost shares of net sales for lines 13 to 16: line 13, hardware and software bought for a project, billed at cost; line 14, contract technicians above the two salaried technicians, with their fees; line 15, card processing and invoicing fees; line 16, consumables, unbilled travel, agreement software and other extras; and any sales line whose own shares differ, given for that line.
g. For each agreement type (the same types as Round A b): accounts at full run, monthly fee, funded hours and hours actually consumed; where I have them, the client's own fees in dollars. If I give none, apply the company shares and label each result MY ESTIMATE.
h. For one typical week: paid, billable, business development, write-down or rework, and admin hours per billable person; 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 client pays me (the signing share, when the delivery invoice goes out and how many days later it is paid, when each agreement is billed and when that billing is collected), deposits I collect or pay and when, and when payroll, contractors, hardware and software suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and stock build-up.
m. Cash on hand on the first billable 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 managed service provider, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by project line, agreement 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 projects (use cash break-even); office 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 forecast for expected and slow-start cases, in thousands of dollars, two decimals (51.25 means $51,250), 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; the Test 6 cushion, with whether the page 5 buffer covers it. Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Project economics for each project type at true cost per billable hour, ranked by contribution per billable hour, flagging any project type billed below its labor, pass-through and fees; proposals needed a month; and the collection pattern the cash forecast uses.
7. Agreement economics for each agreement type at the true cost of a billable hour, ranked by contribution per consumed hour, flagging any agreement priced below its delivery cost and fees and any agreement whose hours consumed exceed the hours it funds.
8. Utilization and the true 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 count or payment term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with project counts by month, payment terms and funded 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 $36,208.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**130,100**	**106,754**	**91,512**	**81,761**	**76,474**	**74,057**	**73,761**	**73,955**	**72,481**	**77,008**	**84,783**	**91,361**
In: sales receipts	13,947	22,459	28,309	33,057	36,098	38,354	38,851	37,041	43,584	46,968	45,635	39,994
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: hardware, software, fees and consumables (lines 13, 15, 16)	1,085	1,492	1,852	2,137	2,306	2,442	2,449	2,306	2,849	2,985	2,849	2,442
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	25,225	25,226	25,225	25,224	25,226	25,225	25,225	25,226	25,225	25,225	25,225	25,225
Out: office suite and workbench (line 1)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Out: other costs, with loan interest (lines 2, 5 to 12)	8,047	8,047	8,047	8,047	8,047	8,047	8,047	8,047	8,047	8,047	8,047	8,047
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	736	736	736	736	736	736	736	736	736	736	736	736
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(23,346)**	**(15,242)**	**(9,751)**	**(5,287)**	**(2,417)**	**(296)**	**194**	**(1,474)**	**4,527**	**7,775**	**6,578**	**1,344**
Closing cash, expected	**106,754**	**91,512**	**81,761**	**76,474**	**74,057**	**73,761**	**73,955**	**72,481**	**77,008**	**84,783**	**91,361**	**92,705**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**130,100**	**102,895**	**81,364**	**63,676**	**49,112**	**36,558**	**25,488**	**14,761**	**2,868**	**(4,826)**	**(10,246)**	**(16,504)**
Sales receipts, slow start	9,763	15,721	19,816	23,140	25,268	26,848	27,196	25,929	30,509	32,878	31,944	27,996
Out: variable costs, slow start (lines 13 to 16)	760	1,044	1,296	1,496	1,614	1,710	1,715	1,614	1,995	2,090	1,994	1,709
Out: fixed costs (lines 1 to 12), principal, bills, less funding	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208
Net cash flow, slow start	**(27,205)**	**(21,531)**	**(17,688)**	**(14,564)**	**(12,554)**	**(11,070)**	**(10,727)**	**(11,893)**	**(7,694)**	**(5,420)**	**(6,258)**	**(9,921)**
Closing cash, slow start	**102,895**	**81,364**	**63,676**	**49,112**	**36,558**	**25,488**	**14,761**	**2,868**	**(4,826)**	**(10,246)**	**(16,504)**	**(26,425)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**4,150**	**4,150**	**6,167**	**6,167**	**4,150**	**4,150**	**2,132**	**(1,904)**	**6,167**	**8,185**	**6,167**	**114**

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 $43,071 a month, against month 12's own $38,764): closing cash runs $96,034 in month 1 and $142,499 in month 12, lowest $96,034 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.