Consulting Business Plan and Operations Starter Kit

A working kit for boutique management consulting firms. It prices every engagement type at the true cost of a billable hour with realization shown, turns retainers and milestone invoices into a collection pattern, measures how much of the paid week is billable, finds cash break-even through the summer and December troughs, and scores the plan on six pass-or-fail tests.

MANAGEMENT CONSULTING
FREE EDITION · VERSION 1.0 · OCTOBER 2026
19 PAGES · PRINT IT, WRITE ON IT, KEEP IT
LATEST VERSION: BUSINESSCONSULTANT.SERVICES/KITS/MANAGEMENT-CONSULTING/
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PAGE 2

Start here

A consulting firm can be fully booked in October and short of cash in January. Salaries go out every month, a project fee arrives in pieces, and a retainer that quietly uses forty hours was priced for thirty. This kit writes those numbers down and tests them before a lender or a partner asks.

WHAT IS INSIDE

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

1. Build engagement and retainer 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. Rates, 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 engagement and the numbers review every week. Run the page 7 write-down check when each engagement closes and update the page 9 retainer 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 consulting firm 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, conflict and data-handling or financial advice. Business registration, insurance, contract and employment requirements vary by location; confidentiality and professional obligations to clients vary by engagement. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender or a partner will ask whether engagements and retainers throw off enough cash for salaries, the office and the loan through the troughs. Give each answer in plain sentences here and draft the full sections on separate sheets.

1. Executive summary (write it last)

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

2. Services and clients

Describe the work you sell, from a four-week assessment to a six-month implementation, and what clients are really buying beyond the deliverable: a decision made, a team aligned, a number that moved. Put it in your clients' words and say who refers them and who signs.

3. Positioning and delivery capacity

Be specific about the problems you take on and the ones you send elsewhere. Then add up the hours your consultants can bill in a week and translate them into engagements and retainers.

4. Engagements, retainers and pricing

For each engagement type, record the billable hours it needs and the fee it carries. A fee borrowed from a competitor's rate card, with no hours behind it, is a guess.

ENGAGEMENT OR RETAINER	BILLABLE HOURS	FEE	FEE PER BILLABLE HOUR

> *Owner question: our proposals are praised and then go quiet. Is the price too high?*
>
> Check this likely cause first: the proposal asks the client to decide on scope and price at once, and nobody in the client is accountable for the decision. Record every proposal by referral source, who received it and the days to a decision (page 14), split the next proposals into a short paid assessment and the larger project it may lead to, and compare the close rate of the two-step proposals with the one-step ones, like for like by source and size, before you cut the fee; it is a comparison, not proof.

PAGE 4

Business plan, part two

5. Operations

Describe how an engagement runs from signed proposal to final invoice: kickoff, work plan, the weekly client review, the deliverable and the handover. Name who reviews the work when you are not in the room.

6. Team

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

7. Marketing and sales

Explain where conversations come from, how a conversation becomes a proposal, and why clients come back or refer; repeat clients pay for the proposals you lose.

8. Financials and funding

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

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

TEST	PASS?
Gate 0. Draft proposals with payment terms, retainer agreements, insurance and software quotes, the office or coworking agreement and the requirements of every registration the plan needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. Paid hours needed in the busiest month (pages 7, 9 and 10) fit the hours you can staff (page 6), and planned engagements reach break-even (page 8).	
5. Signed proposals and retainer agreements back the engagement count; a list of contacts supports a forecast of conversations, not of engagements.	
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 consultant. **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. Consulting budgets break on payroll before the first delivery 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				
Proposal, CRM and project software setup				
Brand, website and collateral				
SETUP AND APPROVALS				
Business entity, contracts and accounting setup				
Insurance down payment				
Office or coworking deposit and first month				
PRE-OPENING				
Pre-opening payroll and recruiting				
Launch marketing, events and content				
Thought-leadership assets				
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 proposals, retainer agreements and the hours your consultants can bill, not from the payroll you need to cover. Count retainers first; add engagements at the volume the conversation 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
Project engagements	engagements				
Advisory retainers	retainers				

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 engagement and retainer sales times ramp (the share of full-run volume the pipeline and the retainer 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 engagement or retainer with a start date replaces its ramped figure that month.

CAPACITY CHECK

```
Paid hours available per month = the sum over billable people of each person's hours a day times days worked a week, times 52, divided by 12; paid hours needed = billable hours on engagements and retainers divided by utilization
```

Write how many hours your billable people are paid each day and how many days you work each week. Add up the monthly billable hours your engagements and retainers need (engagements a month times billable hours each, page 7, plus retainer hours used, page 9) and divide by utilization (page 10). If the plan needs more paid hours than you can staff, the plan is wrong, whatever the proposals say.

PAGE 7

Engagement pricing and realization

Fees come from hours and rate, costs from the true cost of a billable hour, and cash from paid invoices.

Invoiced = billable hours times standard rate times realization (the share of standard fees that reaches the invoice), plus pass-through costs billed at cost
Labor = billable hours times the true cost per billable hour (page 10; business development, admin and write-down hours sit in that cost, not in the hours); contribution = invoiced minus labor, pass-through and fees at their page 8 share; per billable hour = contribution divided by billable hours
Close rate = engagements won divided by proposals given; proposals needed = engagements needed divided by close rate

WORKED EXAMPLE: THREE ENGAGEMENT TYPES A BOUTIQUE SELLS (ILLUSTRATIVE)

ENGAGEMENT TYPE	A MONTH	RATE X REALIZATION	HOURS	INVOICED	LABOR	PASS-THROUGH, FEES	CONTRIBUTION	PER BILLABLE HOUR	CLOSE RATE
Operations assessment	1	$200 x 92%	80	$15,520	$6,480	$1,266	$7,774	$97.18	35%
Implementation project	0.5	$190 x 88%	200	$35,940	$16,200	$3,578	$16,162	$80.81	25%
Leadership workshop	1.5	$270 x 100%	20	$5,700	$1,620	$471	$3,609	$180.45	45%

Labor at the true cost of $81.00 per billable hour from page 10; payment fees and consumables at 3 percent of billing (page 8 lines 15 and 16); pass-through at cost. Every billable hour is charged here, for pricing; page 8 carries the salaried staff in line 3 and only hours above them in line 14. Per billable hour, the leadership workshop earns the most ($180.45) and the implementation project the least ($80.81). Advisory retainers: 5 a month, 15.6 billable hours each, counted in the capacity check and line 14. Page 12 takes its pass-through and labor shares from these engagements (project engagements: 3 a month, averaging $14,013 invoiced).

YOUR ENGAGEMENT TYPES

ENGAGEMENT TYPE	A MONTH	RATE X REALIZATION	HOURS	INVOICED	LABOR	PASS-THROUGH, FEES	CONTRIBUTION	PER BILLABLE HOUR	CLOSE RATE

SIGNING PAYMENTS, DELIVERY INVOICES AND RETAINERS: TIMING OF CASH

INCOME LINE	STEP	SHARE OF THE FEE	RECEIVED
Project engagements	Signing payment	40%	in that month
Project engagements	Delivery invoice, net 30	60%	the next month
Advisory retainers	Invoiced on the first, paid net 30	100%	the next month

From each $100 billed in a month the firm takes in $26 in that month and $74 the next month. The two lines are weighted by their full-run billings (project engagements 66 percent, advisory retainers 34 percent) to give one whole-percent pattern, used in this sentence only; page 11 applies each line's own terms month by month, which is what your forecast should do as well. Until the work starts, a signing payment is set aside outside closing cash; each engagement is counted as a sale once, when it is billed.

WRITE-DOWN CHECK

Scopes drift while fees do not. At every close, compare hours logged with the hours the fee assumed.

Write-down hours = hours logged on the engagement minus hours the fee assumed; write-down cost = those hours times the true cost per billable hour. Find the cause first, price added scope as a written change before the work, and feed every write-down back into the next proposal.

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. Office or coworking space	
2. Professional liability and general insurance	
3. Two salaried consultants at $45 an hour equivalent, with payroll taxes and benefits (the minimum delivery staff)	
4. Owner's market wage (sales, delivery, management)	
5. Loan interest (working capital and launch loan)	
6. Phones, internet, video and collaboration tools	
7. Marketing, website, content and events	
8. Proposal, CRM, project and accounting software	
9. Accounting, bookkeeping, legal and bank fees	
10. Professional development, certifications and memberships	
11. Part-time analyst	
12. Non-billable travel, client entertainment and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Pass-through travel and specialist costs, billed to the client at cost	
14. Contract consultants above the salaried staff, with their fees	
15. Payment and platform fees	
16. Unbilled travel and delivery consumables	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring
cash out) divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even engagements = (fixed costs, principal and other recurring cash out minus retainer
contribution) divided by one average engagement's contribution
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 engagements (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

Retainer pricing, hours used and scope creep

A retainer looks like the easiest money in the firm until you count the hours it uses. Price every retainer on the hours used, not the hours the agreement names.

```
Effective rate = retainer divided by hours actually used (not hours included)
Labor = hours used times the true cost per billable hour (page 10)
Contribution = retainer minus labor, minus fees at their page 8 share; contribution per hour =
contribution divided by hours used
```

WORKED EXAMPLE: THREE RETAINER TYPES (ILLUSTRATIVE)

CLIENT TYPE	CLIENTS	RETAINER / MONTH	HOURS INCLUDED	HOURS USED	EFFECTIVE RATE	LABOR	FEES	CONTRIBUTION	PER HOUR
Advisory retainer	2	$4,000	12	13	$307.69	$1,053	$120	$2,827	$217.46
Fractional operations lead	1	$9,000	40	40	$225.00	$3,240	$270	$5,490	$137.25
Board advisory	2	$2,500	6	6	$416.67	$486	$75	$1,939	$323.17

Labor at the true cost of $81.00 per billable hour from page 10; payment fees and consumables at 3 percent of billing (page 8 lines 15 and 16). Per hour, the board advisory earns the most ($323.17) and the fractional operations lead the least ($137.25). The advisory retainer uses 1 hour more than it includes. Labor is every hour at true cost, for pricing; page 8 holds the salaried staff in line 3 and only hours above them in line 14, with these retainer hours in the capacity check. The page 12 worked example runs 5 retainers at an average $4,400 a month.

YOUR RETAINER CLIENTS

CLIENT TYPE	CLIENTS	RETAINER / MONTH	HOURS INCLUDED	HOURS USED	EFFECTIVE RATE	LABOR	FEES	CONTRIBUTION	PER HOUR

SCOPE CREEP CHECK

Retainer clients add a call, then a weekly call, then a deck. At every month end, compare the hours used with the hours the retainer includes.

```
Scope creep hours = hours used in the month minus hours the retainer includes; creep cost = creep hours
times the true cost per billable hour. Where creep repeats, reprice the retainer, 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 consultant's salary buys the whole week, and the client pays for part of it. Proposal writing, internal meetings and the deck that had to be redone are all paid time nobody invoices, so each billable hour has to carry its share of them.

```
Utilization = billable hours divided by paid hours
Loaded hourly cost = the hourly equivalent of the salary times (1 + the share for payroll taxes,
benefits and paid time off)
Cost per billable hour = all paid hours at the loaded cost, divided by the hours a client was billed for
```

WORKED EXAMPLE: TWO SALARIED CONSULTANTS ACROSS ONE WEEK (ILLUSTRATIVE)

HOURS	HOURS	SHARE OF THE PAID WEEK
Paid hours	80	100%
Billable client work	56	70%
Business development and proposals	10	12.5%
Write-downs and rework	4	5.0%
Admin, training, internal	10	12.5%

At a $45.00 wage with 26 percent payroll taxes and benefits on top, a consultant's loaded cost is $56.70 an hour; at 70 percent utilization the firm's cost for one billable hour is $81.00. Price from that figure; the salary and the loaded cost both understate what an hour costs the firm.

YOUR CONSULTANTS, ONE WEEK EACH

CONSULTANT	PAID HOURS	BILLABLE	BUSINESS DEVELOPMENT	WRITE-DOWNS, REWORK	UTILIZATION	BILLABLE-HOUR COST

WHERE LOSING A CONSULTANT HURTS MOST

When a consultant resigns, the client history, the working files and the sponsor relationship leave too, unless the project file, the decisions log and the contact notes were kept current. Keep them current for every client, so a successor can open the same file on Monday.

PAGE 11

Twelve-month cash forecast

Salaries leave before delivery 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: pass-through costs, fees and consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office or coworking space (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 pass-through 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 troughs cost

```
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 your floor
```

Worked example: a hypothetical consulting firm

Worked figures to show the method; not benchmarks. Both consultants are salaried from month 1; engagements bill at signing and on delivery. Cash floor $39,383. Engagements pay on the page 7 terms (40 percent at signing, 60 percent on the delivery invoice a month later); retainers are invoiced on the first and paid a month later; costs are paid in the month of the work; the owner's wage is drawn in cash.

Page 5, budget	Startup budget, in total, $209,100, funded by a $55,000 loan (10.5 percent over 5 years) and $154,100 of owner money; the total includes a $142,400 reserve for the ramp, the troughs, the invoice lag, the floor and the buffer. The page 5 passes run: floor $39,383, plus one month's buffer, $39,383, plus $63,538 (the lowest point of a first pass that opens with no cash), rounded up to $142,400.
Page 8, costs	Fixed costs $38,647 a month, including $1,600 for office or coworking space and $447 of loan interest included; principal $736 a month (both year 1 averages); variable share 6.9 percent, so the contribution margin ratio stands at 0.931. Lines 13 to 16 take 3.9, 0, 1 and 2 percent of sales (line 13 blended across the sales lines). Lines 1 to 12 run $1,600, $450, $19,650, $9,000, $447, $350, $2,500, $450, $600, $500, $2,400 and $700 a month.
Page 8, break-even	Operating break-even comes to about $41,511 a month. Cash break-even (fixed $38,647 plus principal $736, divided by 0.931) is about $42,302 a month: 1.4 engagements a month from project engagements after the other lines' contribution (line 13 runs 5.9 percent on project engagements, 0 on advisory retainers; lines 14 to 16 take an equal share of each line, so the contribution ratio is 0.911 on project engagements, 0.970 on advisory retainers), so 2, against the 3 the plan sets out.
Page 6, sales	Project engagements: 3 engagements a month at $14,013.33. Advisory retainers: 5 retainers a month at $4,400. A full-run month comes to about $64,040; engagements and retainers ramp 30, 45, 60, 70, 80, 85, 90 percent during months 1 to 7, then 100 percent; season 100, 105, 115, 110, 105, 100, 85, 80, 110, 115, 100, 75 percent over months 1 to 12 on both engagements and retainers.
Page 19, expected case	Month 1 billings of $19,212; month 1 finishes on $106,736, month 12 at $200,042. Low: month 3, closing $78,862, $39,479 clear of the floor line.
Page 19, slow start	Engagements and retainers held at 70 percent of the expected case: month 1 sales $13,448; month 1 finishes on $105,620, month 12 at $40,971. Cash sinks below the floor in month 7 (closing $37,063), so the runway from opening comes to 6 months.
Page 8, coverage	On a full-run month of $64,040, the coverage ratio for planning, before income tax and equipment replacement, comes to 18.11 against the 1.25 the example lender looks for; at the month-12 run rate it comes to 18.11, and Test 3 counts both. Office share is about 2.5 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0 is treated as met for the example here. Test 1 passes: over a year at month 12's pace, sales average about $64,040 a month, above the $42,302 break-even; cash keeps clear of the floor for another twelve months at that pace (low point $208,475, month 1 of year 2). (For context, not scored: the expected case first clears cash break-even in month 3.) Test 2 fails: engagements and retainers at 70 percent put cash under the floor in month 7; about $12,900 more in the reserve at opening would pass it. Test 3 passes on the planning formula; what counts in the end is your lender's own definition. Test 4 passes: in the fullest month of the year (month 3, season 115 percent, scored at full ramp) the engagements on page 7 and the retainers on page 9 take about 331 billable hours, about 470 paid hours at 70 percent utilization (page 10), against the 520 paid hours available (3 billable people working 8-hour days, 5 days a week; the two consultants on line 3 plus the owner supply 520), so the work fits; the 3 planned engagements pass the break-even count. Test 5 fails for want of evidence. Test 6 passes: a year at full run, troughs and all, leaves about $242,859 after principal, with no full-run month below zero, so no cushion is needed. That is the steady-state year rather than the forecast year: page 19's year one adds about $57,642 to cash because the client list fills over the year and both troughs come before the first full autumn. Break-even takes about half the engagements in the plan; the summer and December troughs each test the reserve.

PAGE 13

What moves the result

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

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

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
A tenth fewer engagements and retainers (lines 13 to 16 fall)	minus $5,962	Expected case holds the floor
Project engagements: average fee 5 percent higher, same volume (payment and platform fees are the only costs that rise)	plus $2,081	Break-even engagements fall from 1.4 to 1.3 a month, so from 2 to 2: per-unit costs stay the same, so the ratio rises from 0.931 to 0.933 on the new sales (sales-linked fees, line 15, take 1.0 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $41,228
Lose the implementation project line (0.5 engagements a month, $17,970 of billing), from month 6 onward	minus $16,363	Expected case still clears the floor; slow start below the floor in month 6 (closing $37,802)
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 $37,001); slow start below the floor in month 3 (closing $33,176); would fail Test 1
The 60 percent delivery invoice on every implementation project billed from month 6 never arrives for 2 months ($10,782 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 7); $21,564 never collected
Engagements run 15 percent over the hours the fee assumed, absorbed inside the salaried staff's paid hours in an average month (473 paid hours needed of the 520 they are paid for; line 14 stays at zero until they run 26 percent over the fee; in the peak month 3 the overrun would need about 544, 24 more than the staff supply, so work is rescheduled or contracted out that month)	no change	Cash break-even is unchanged at about $42,302; expected case still clears the floor; slow start deadline unchanged (month 7)
Realization falls 5 points on every engagement (the weakest from 88 to 83 percent of standard fees; about $2,155 a month less billed, hours and salaries unchanged), from month 1 onward	minus $2,133	Expected case still clears the floor; slow start below the floor in month 6 (closing $33,865)
Setup 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 $35,948)
Opening 3 months late (office or coworking space, insurance, loan interest and principal, $3,233 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 $62,814 in month 8 from the planned opening, $16,049 lower than on time; slow start below the floor in month 7 from the planned opening, as on time

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 14

Engagement checklists, weekly review, six questions

Operations checklists only, not a quality system. Add the confidentiality, conflict and data-handling steps your clients and qualified advisers require.

BEFORE THE ENGAGEMENT STARTS

- [ ] Do not start until the proposal is signed and the scope, the signing payment and the invoice schedule are agreed.
- [ ] Get the sponsor, the decision maker and the weekly review slot in writing.
- [ ] Fix the billable hours the fee contains and decide who logs time against them.
- [ ] Agree which pass-through costs the client reimburses and how you bill them.
- [ ] Open the project file, the hours log and the issue list before the kickoff.
- [ ] Write down what the client requires on confidentiality and data handling.

ENGAGEMENT CLOSE AND MONTH END

- [ ] Put the hours logged beside the hours the fee assumed for every engagement that closed.
- [ ] Put the hours used beside the hours included for every retainer.
- [ ] Invoice the delivery on the day the client accepts it.
- [ ] Work out realization for the engagement: the fee billed over the standard value of its hours.
- [ ] Enter every proposal in the log with its source, its days to a decision and how it ended.
- [ ] Before closing the file, ask the sponsor what to tackle next and whom to call.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Billings and cash received, by engagement, retainer and payment step				
Hours logged versus hours assumed, engagement by engagement				
Each consultant's billable share of the paid week				
Hours used versus hours included on each retainer				
Proposals out, proposals won and the close rate by source				
Invoices due within 30 days, delivery and retainer				
Hours the owner billed				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every proposal wait on the owner to scope and price it, and do consultants hold a client question until the owner is free?
2. **Reactive operations.** Count the client messages in a week that say where is the deliverable, that is not what we agreed or can you join one more call, and the hours that go unbilled.
3. **Growth without structure.** How many engagements a month need a mid-project conversation about scope, and how many hours are written down before the invoice goes out?
4. **Talent and retention.** How many clients depend on one consultant who alone knows the history, the sponsor and the working files?
5. **Revenue plateau.** How long does an assessment take to become an implementation proposal, and what share of assessment clients ever receive one?
6. **Strategic confusion.** Do engagements of one type take very different hours, and does the scope delivered drift from the scope proposed?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the client message log, hours logged against hours assumed, the proposal record, or the retainer hours log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log hours on every engagement and retainer. Log the hours the owner bills.
Week 2	Fill the page 7 engagement table at the true cost of a billable hour and mark any engagement type priced below its labor, pass-through and fees.
Week 3	Fill the page 9 retainer table and record hours used against hours included for every retainer.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions a consultant may make without calling you.
After month 1	Run the write-down check on every closed engagement and measure billable 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 Consulting Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, an engagement pricing calculator from hours, rate and realization to a fee at a target margin, a retainer and milestone invoice tracker, editable proposal, pipeline and utilization trackers, engagement 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 management consulting firms, 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. Management consulting owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, confidentiality, conflict 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 engagements 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 contracts, client names, working files, proposals under negotiation 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 boutique management consulting firm. I have attached the Consulting Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my engagements and retainers, 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, fee, 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 fee (every line is counted per month). Each month's expected sales = full-run engagement and retainer sales times ramp times season; a signed engagement or retainer 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. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from client 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 engagements = (fixed costs, principal and other recurring cash out minus retainer contribution) divided by one average engagement's contribution. 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 billable people of each person's hours a day times days worked a week, times 52, divided by 12; paid hours needed = billable hours on engagements and retainers 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 but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first 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 the signing payment, the delivery invoice and each retainer in the month it lands; payroll, contractors and pass-through suppliers are paid in the month worked. In the slow-start case, every month's sales, signed engagements 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, confidentiality, conflict and data-handling obligations, 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.
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 sources, positioning, the billable people I can staff (consultants and myself) and the paid hours each works a day, days worked per week, and days open per week.
b. Sales build: for project engagements, the full-run engagements a month by type, each type's billable hours, standard rate, realization and pass-through costs; for advisory retainers, the retainers at full run, each one's monthly fee, hours included and hours 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 proposal record or my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each engagement 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 (retainer 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 engagements 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 brand to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the salaried consultants and the analyst, 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, pass-through travel and specialist costs, billed to the client at cost; line 14, contract consultants above the salaried staff, with their fees; line 15, payment and platform fees; line 16, unbilled travel and delivery consumables; and any sales line whose own shares differ, given for that line.
g. For each retainer client type: clients a month at full run, retainer a month, hours included and hours actually used; 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 retainers are invoiced and paid), deposits I collect or pay and when, and when payroll, contractors and pass-through suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside and equipment replacement.
m. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my consulting firm, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by engagement line, retainer 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 engagements (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 cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month, 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. Engagement economics for each engagement type at true cost per billable hour, ranked by contribution per billable hour, flagging any engagement type billed below its labor, pass-through and fees; proposals needed a month; and the collection pattern the cash forecast uses.
7. Retainer economics for each client type at true cost per billable hour, ranked by contribution per hour, flagging any retainer priced below its labor and fees and any client type whose hours used exceed the hours included.
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 engagement 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 engagement counts by month, payment terms and billable 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 $39,383.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**142,400**	**106,736**	**87,378**	**78,862**	**81,610**	**89,003**	**99,826**	**110,067**	**116,728**	**128,761**	**155,582**	**182,904**
In: sales receipts	5,045	22,113	33,916	45,533	50,488	53,962	53,005	49,579	56,277	71,285	71,124	59,836
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: pass-through costs, fees and consumables (lines 13, 15, 16)	1,326	2,088	3,049	3,402	3,712	3,756	3,380	3,535	4,861	5,082	4,419	3,314
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	28,650	28,650	28,650	28,650	28,650	28,650	28,651	28,650	28,650	28,649	28,650	28,651
Out: office or coworking space (line 1)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Out: other costs, with loan interest (lines 2, 5 to 12)	8,397	8,397	8,397	8,397	8,397	8,397	8,397	8,397	8,397	8,397	8,397	8,397
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)	**(35,664)**	**(19,358)**	**(8,516)**	**2,748**	**7,393**	**10,823**	**10,241**	**6,661**	**12,033**	**26,821**	**27,322**	**17,138**
Closing cash, expected	**106,736**	**87,378**	**78,862**	**81,610**	**89,003**	**99,826**	**110,067**	**116,728**	**128,761**	**155,582**	**182,904**	**200,042**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**142,400**	**105,620**	**80,255**	**62,479**	**52,587**	**45,948**	**41,709**	**37,063**	**29,911**	**26,519**	**33,478**	**40,789**
Sales receipts, slow start	3,531	15,479	23,741	31,873	35,342	37,773	37,103	34,705	39,394	49,899	49,787	41,885
Out: variable costs, slow start (lines 13 to 16)	928	1,461	2,134	2,382	2,598	2,629	2,366	2,474	3,403	3,557	3,093	2,320
Out: fixed costs (lines 1 to 12), principal, bills, less funding	39,383	39,383	39,383	39,383	39,383	39,383	39,383	39,383	39,383	39,383	39,383	39,383
Net cash flow, slow start	**(36,780)**	**(25,365)**	**(17,776)**	**(9,892)**	**(6,639)**	**(4,239)**	**(4,646)**	**(7,152)**	**(3,392)**	**6,959**	**7,311**	**182**
Closing cash, slow start	**105,620**	**80,255**	**62,479**	**52,587**	**45,948**	**41,709**	**37,063**	**29,911**	**26,519**	**33,478**	**40,789**	**40,971**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**20,238**	**23,219**	**29,181**	**26,200**	**23,219**	**20,238**	**11,295**	**8,314**	**26,200**	**29,181**	**20,238**	**5,333**

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 $64,040 a month, against month 12's own $48,030): closing cash runs $208,475 in month 1 and $442,901 in month 12, lowest $208,475 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.