Marketing Agency Business Plan and Operations Starter Kit

A working kit for small marketing agencies. It prices every engagement type at the true cost of a billable hour with realization shown, prices retainers on the hours they use, turns project and retainer 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.

MARKETING AGENCIES
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BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

An agency can be fully booked in November and short of cash in January. Salaries go out every month, a project fee arrives in two pieces, and a retainer that quietly uses forty hours was priced for thirty-eight. This kit writes those numbers down and tests them before a lender or a client asks.

WHAT IS INSIDE

3	Business plan, part one: services, clients and who refers them, positioning, pricing
4	Business plan, part two, and the six-test pass or fail check
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16-18	An AI prompt that turns this kit into your own plan
19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build 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 marketing agency 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, client data and approvals or financial advice. Business registration, insurance, contract and employment requirements vary by location; confidentiality and client data obligations vary by engagement. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

Before a lender or a partner puts money in, both will ask whether the engagements and retainers you sell cover salaries, the office and the loan through the two dry months. Answer in short sentences here, then write the long version on separate sheets.

1. Executive summary (write it last)

Say what you sell, who buys it, how much money you need and what it pays for, from laptops to the first payroll. Close with the month the page 6 forecast first beats cash break-even on page 8, and the verdict from page 4.

2. Services and clients

Name the three or four things you sell, from a four-week brand sprint to a six-month campaign build, and say what a client actually gets for the fee: a message that lands, a launch that ships, a number that moved. Use the words clients use, list the industries you know and the ones you turn down, and set out who refers them and who signs the proposal.

3. Positioning and delivery capacity

What you are hired for, and what you send to another shop. Then count the hours the salaried staff and you can bill in a week, and turn that into the number of engagements and retainers the plan can carry.

4. Engagements, retainers and pricing

Against each engagement and retainer, write the billable hours it takes and the fee it earns. A price copied from another agency's rate card, with no hours under it, is a guess dressed as a benchmark.

ENGAGEMENT OR RETAINER	BILLABLE HOURS	FEE	FEE PER BILLABLE HOUR

> *Owner question: we won the work and the month disappeared. Is the retainer priced wrong, or are we giving hours away?*
>
> Count the hours each retainer uses against the hours it includes before you change its price (page 9). One client on the marketing lead retainer uses two hours a month more than the agreement covers, which is scope creep at the true cost of a billable hour, not a pricing failure. Record every retainer month, set a written limit on the calls and revisions the fee includes, and compare the effective rate per hour on each client type before you reprice; 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, brief, 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 staff. **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. Agency 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, cameras and phones, four seats				
Software setup and migration				
Brand, website and portfolio				
SETUP AND APPROVALS				
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				
Portfolio, case-study and pitch 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 staff 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				
Monthly retainers	accounts				

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

What an engagement really earns

An engagement price is three numbers in a row: the hours it takes, the rate you charge and the share of that rate you actually collect. Everything on this page follows from the third.

```
Billed value = the hours on the engagement times the standard rate, times the share of standard fees
that reaches an invoice, plus pass-through items charged at what they cost
The pay side = those hours at the true cost of a billable hour on page 10; proposals, admin and redone
work sit in that cost, not in the hours; what is left = billed value minus pay, pass-through and charges
at their page 8 shares; profit per hour = what is left divided by the engagement hours
Win rate = engagements won over proposals sent; proposals needed = engagements needed divided by the win
rate
```

WORKED EXAMPLE: THREE ENGAGEMENT TYPES AN AGENCY SELLS (ILLUSTRATIVE)

WHAT YOU SELL	SOLD A MONTH	RATE X REALIZATION	HOURS A MONTH	BILLED	PAY COST	EXTRAS AND CHARGES	LEFT OVER	PROFIT PER HOUR	WIN RATE
Brand and messaging sprint	1.2	$185 x 92%	60	$10,612	$3,759	$687	$6,166	$102.77	35%
Campaign build	0.5	$145 x 85%	140	$19,855	$8,772	$3,136	$7,947	$56.76	25%
Analytics and reporting review	1	$165 x 94%	26	$4,283	$1,629	$366	$2,288	$87.98	45%

Every engagement hour is costed at $62.66, the true billable-hour cost built on page 10. Payment fees and consumables take 2.7 percent of billing (page 8, lines 15 and 16), and pass-through items are charged at what they cost. Pricing uses the full hours, while page 8 carries the salaried staff in line 3 and adds only hours above them in line 14. Per billable hour, the brand and messaging sprint earns the most ($102.77) and the campaign build the least ($56.76). Retainers add 5 a month at 27.2 billable hours each, and those hours enter the capacity check and line 14. The page 12 example pulls its pass-through and pay shares from this table: project engagements 2.7 a month, averaging $9,979 on the invoice.

YOUR ENGAGEMENT TYPES

WHAT YOU SELL	SOLD A MONTH	RATE X REALIZATION	HOURS A MONTH	BILLED	PAY COST	EXTRAS AND CHARGES	LEFT OVER	PROFIT PER HOUR	WIN RATE

SIGNING PAYMENTS, DELIVERY INVOICES AND RETAINERS: TIMING OF CASH

INCOME LINE	STEP	SHARE OF THE FEE	RECEIVED
Project engagements	Signing payment	50%	in that month
Project engagements	Delivery invoice, net 30	50%	the next month
Monthly retainers	Invoiced on the first, paid net 30	90%	the next month
Monthly retainers	Late tail	10%	two months later

Picture $100 billed in one month. $30 lands in that month, $66 arrives a month later and $4 during the third. That blend weights project engagements at 60 percent and monthly retainers at 40 percent of full-run billings, and it is arithmetic for this paragraph only: page 11 collects each line on its own terms, month by month, and your forecast should do the same. A signing payment sits outside closing cash until work starts. Each engagement counts as a sale once, when it is billed.

WRITE-DOWN CHECK

A scope that grows while the fee stands still is the usual way a good engagement turns bad. At every close, put the hours worked beside the hours the fee covered.

```
Write-down hours = the hours the engagement took, less the hours its fee was built on; the cost of them
= that gap at the true cost of a billable hour. Find the cause before anything else, put added scope in
writing as a change order before the work happens, and let each write-down shape 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 suite, three to four seats	
2. General liability, professional liability, media liability, cyber and workers' compensation insurance	
3. The minimum delivery staff, the marketing specialist and the content producer, with payroll taxes and benefits	
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. Project, time-tracking, reporting, CRM and accounting software	
9. Accounting, bookkeeping, legal and bank fees	
10. Professional development, certifications and memberships	
11. Part-time production coordinator, 20 hours a week	
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 media and software, billed to the client at cost	
14. Freelance specialists 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 hours, the effective rate and creep

A retainer looks like the easiest money in the agency until the hours are counted. Price the agreement on the hours each client actually draws, not on the number of hours written into it.

```
Effective retainer rate = the monthly retainer divided by the hours the client actually drew (not the hours the agreement includes)
Delivery labor = those drawn hours at the true cost of a billable hour (page 10)
Retainer contribution = the retainer minus delivery labor, minus payment fees at their page 8 share; contribution per hour = that contribution divided by the hours drawn
```

WORKED EXAMPLE: THREE KINDS OF RETAINER AN AGENCY RUNS (ILLUSTRATIVE)

RETAINER ACCOUNT	ACCOUNTS	MONTHLY FEE	HOURS IN THE AGREEMENT	HOURS DRAWN	RATE ACTUALLY EARNED	DELIVERY LABOR	PAYMENT FEES	LEFT AFTER LABOR	PER HOUR DRAWN
Marketing lead	2	$5,600	38	40	$140.00	$2,506	$151	$2,943	$73.58
Campaign management	2	$2,900	24	22	$131.82	$1,378	$78	$1,444	$65.64
Creative support	1	$1,300	12	12	$108.33	$752	$35	$513	$42.75

Every retainer hour is costed at $62.66, the true billable-hour cost built on page 10; payment fees plus consumables take 2.7 percent of billing (page 8 lines 15 and 16). The marketing lead returns the most per hour ($73.58) and creative support the least ($42.75), and the marketing lead draws 2 hours more than its agreement includes. Costing prices every hour at true cost, while page 8 keeps the salaried staff in line 3 and counts only hours above them in line 14, with these retainer hours feeding the capacity check. The page 12 example runs 5 retainers at an average $3,660 a month.

YOUR RETAINER CLIENTS

RETAINER ACCOUNT	ACCOUNTS	MONTHLY FEE	HOURS IN THE AGREEMENT	HOURS DRAWN	RATE ACTUALLY EARNED	DELIVERY LABOR	PAYMENT FEES	LEFT AFTER LABOR	PER HOUR DRAWN

SCOPE CREEP CHECK

A client adds a call, then a standing weekly call, then a deck that nobody quoted. At month end, hold the hours drawn against the hours the agreement allows and write the gap down.

```
Creep hours = the hours drawn in the month less the hours the agreement includes; creep cost = creep hours at the true cost of a billable hour. Where creep keeps repeating, raise the retainer, move the extra work to hourly billing, or cut the scope in writing.
```

PAGE 10

How much of a paid agency week reaches an invoice

You pay a salary for five days. A client pays for the part of those days that reaches their work. Proposals, internal reviews and the deck that was rewritten twice all come out of the same week, so whatever reaches an invoice has to carry the whole cost.

```
Utilization = hours that reach a client invoice divided by hours on the payroll
Loaded hourly cost = the salary restated hourly, times (1 + the share for payroll taxes, benefits and paid time off)
Cost per billable hour = every paid hour at the loaded cost, spread over the hours a client was actually billed for
```

WORKED EXAMPLE: TWO SALARIED STAFF THROUGH ONE AGENCY WEEK (ILLUSTRATIVE)

WHERE THE WEEK GOES	HOURS THIS WEEK	SHARE OF THE WEEK THE AGENCY PAYS FOR
Paid hours	80	100%
Hours that reach a client invoice	56	70%
Pitching, proposals and new business	10	12.5%
Write-downs and rework	6	7.5%
Admin, training, internal	8	10.0%

At a $34.00 wage with 29 percent payroll taxes and benefits on top, a staff member's loaded cost is $43.86 an hour; at 70 percent utilization the agency's cost for one billable hour is $62.66. Quote from that last figure, because the salary and the loaded cost both understate what an hour of agency time costs.

YOUR SALARIED STAFF, ONE WEEK EACH

STAFF MEMBER	HOURS PAID	HOURS BILLED	PITCHING AND PROPOSALS	REWORK AND WRITE-DOWNS	UTILIZATION	COST OF A BILLABLE HOUR

WHERE LOSING A PERSON HURTS MOST

When a producer or an account lead resigns, the client history, the campaign files and the client-side sponsor walk out with them, unless the project file, the decisions log and the contact notes were kept current. Keep every account's file current, so whoever inherits it can open it 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, freelancers 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

What the troughs cost, and how much runway is left

Runway = how many months ahead, counted from the day after the last month you closed (or from the first billable day if you have not opened yet), pass before closing cash ends a month below your floor

Worked example: a hypothetical marketing agency

These figures show the arithmetic, not benchmarks for your market. Both salaried staff take pay from month 1. The cash floor is $36,539. Project engagements settle on the page 7 terms: half on signing, half a month after the delivery invoice is paid. Retainer accounts are invoiced on the first, with 90 percent collected a month later and 10 percent in the month after that. Costs clear in the month the work is done, and the owner draws a wage in cash.

Page 5, the startup budget	Total startup money: $229,500, of which $58,000 is a loan (10.5 percent over 5 years) and $171,500 comes from the owner. Of that total, $170,400 is reserve, held against the client ramp, the troughs each season, the invoice lag, the floor and the buffer. Page 5 does the arithmetic in two passes: floor $36,539, plus a further month's buffer of $36,539, then $97,301 (the depth a first pass reaches starting from zero cash), rounded up to $170,400.
Page 8, the cost lines	Fixed costs total $35,763 a month. Of that, $1,900 covers the office or coworking suite and $471 is loan interest; principal runs $776 a month. The two averages are year 1 figures. Variable costs take 7.2 percent, so the contribution margin ratio comes to 0.928. Lines 13 to 16 take 4.5, 0, 1.2 and 1.5 percent of sales, with line 13 blended across the sales lines. Month by month, lines 1 to 12 carry $1,900, $620, $15,202, $10,500, $471, $340, $1,900, $700, $600, $420, $2,460 and $650.
Page 8, the break-even point	Operating break-even sits near $38,538 a month, and cash break-even near $39,374 a month (fixed $35,763 plus principal $776, divided by 0.928). Once the retainer line's contribution is counted, project engagements need 2.1 a month: line 13 runs 7.6 percent on project engagements and 0 on monthly retainers, while lines 14 to 16 fall evenly on each line, giving a contribution ratio of 0.897 on project engagements and 0.973 on monthly retainers. That rounds to 3, against the 2.7 the plan sets out.
Page 6, the sales build	Project engagements: 2.7 engagements a month at $9,979.44. Monthly retainers: 5 accounts a month at $3,660. At full run the month bills about $45,244. Ramp for both lines: 30, 45, 60, 70, 80, 85, 90, 95 percent through months 1 to 8, then 100 percent. Season: 95, 95, 105, 105, 105, 100, 85, 80, 105, 110, 115, 100 percent across months 1 to 12; engagements and retainers alike.
Page 19, expected path	Month 1 billings of $12,895; month 1 finishes on $136,772, month 12 at $100,814. Low: month 9, closing $73,099, $36,560 clear of the floor line.
Page 19, slow path	With engagements and retainers held at 70 percent of the expected case, month 1 sales come to $9,026; month 1 closes at $135,899, and month 12 at minus $9,850. Cash goes under the floor in month 7 (closing $29,738) and under zero in month 10 (closing minus $2,059). From opening that leaves 6 months of runway.
Page 8, coverage test	On a full-run month of $45,244, planning coverage (measured before income tax and equipment replacement) comes to 5.37 against the 1.25 this example lender looks for, and it also comes to 5.37 at the month-12 run rate; Test 3 counts both. The office takes about 4.2 percent of net sales.

PAGE 4 GRADES THIS EXAMPLE: AMBER

We treat Gate 0 as met for the example here, as a working assumption. Test 1 passes: hold month 12's pace for a year and billings average about $45,244 a month, well above the $39,374 break-even, and cash holds above the floor for twelve further months at that pace (low point $106,026, month 1 of year 2). The expected case is context only, not scored: it first gets past cash break-even in month 9. Test 2 fails: hold engagements and retainers at 70 percent and cash goes under the floor in month 7; roughly $46,400 of extra reserve on day one would put it right. Test 3 passes under the planning formula, although the lender's definition is what counts in the end. Test 4 passes. The fullest month of the year (month 11, season 115 percent, scored at full ramp) asks for about 350 billable hours split between the page 7 engagements and the page 9 retainers. At 70 percent utilization (page 10) that is about 499 paid hours, while the agency can staff 520 (3 billable people on 8-hour days, 5 days a week; the two salaried staff on line 3 and the owner make up 520). The work therefore fits, and the planned engagement volume also clears the break-even count. Test 5 fails, because there is no evidence for it. Test 6 passes: a steady full-run year, counting the troughs, leaves about $65,375 after principal, but one outflow still opens a gap below zero in months 7 and 8 of at least $3,800, the largest running-cash fall of the year, from the month 6 high to the month 8 low; the page 5 buffer absorbs it. That steady-state year is not the forecast: page 19's year one gives up about $69,586 of cash as the client list builds across the year, and both troughs arrive before autumn is in full swing. Break-even sits near two a month, and both troughs put the reserve to the test.

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 $4,199	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 $1,331	Break-even engagements fall from 2.1 to 2.0 a month, so from 3 to 2: per-unit costs stay the same, so the ratio rises from 0.928 to 0.930 on the new sales (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 $38,296
Lose the campaign build line (0.5 engagements a month, $9,928 of billing), from month 6 onward	minus $8,909	Expected case still clears the floor; slow start deadline unchanged (month 7); 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 6 (closing $32,888); slow start below the floor in month 5 (closing $23,571); would fail Test 1
The 50 percent delivery invoice on every campaign build billed from month 6 never arrives for 2 months ($4,964 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 7); $9,928 never collected
Engagements run 15 percent over the hours the fee assumed, absorbed inside the salaried staff's paid hours (499 paid hours needed of 520; line 14 stays at zero until 20 percent over the fee; the peak month 11 needs about 574, 54 more than the staff supply, so work is rescheduled)	no change	Cash break-even is unchanged at about $39,374; expected case still clears the floor; slow start deadline unchanged (month 7)
Realization falls 5 points on every engagement (the weakest from 85 to 80 percent of standard fees; about $1,388 a month less billed, hours and salaries unchanged), from month 1 onward	minus $1,371	Expected case still clears the floor; slow start deadline unchanged (month 7)
The largest retainer client leaves (one marketing lead account disappears), from month 6 onward	minus $5,026	Expected case still clears the floor; slow start deadline unchanged (month 7)
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 6 (closing $31,915)
Opening 3 months late (office or coworking space, insurance, loan interest and principal, $3,767 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 $57,921 in month 9 from the planned opening, $15,178 lower than on time; slow start below the floor in month 9 from the planned opening (month 7 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

These are operating checklists, not a quality manual. Add whatever your clients and their advisers ask for on confidentiality, client data and sign-off.

BEFORE WORK STARTS ON AN ENGAGEMENT

- ☐ Treat a verbal go-ahead as nothing. Wait for a signed proposal that names the scope, the signing share and the invoice dates.
- ☐ Write down who signs, who the day-to-day sponsor is, and the hour each week the review call happens.
- ☐ Write the number of billable hours the fee covers into the document, and say who keeps the timesheet.
- ☐ List the media, software and freelance costs the client pays back, and how each one is billed.
- ☐ Create the folder, the running hours count and the open-issues page before the kickoff call.
- ☐ Record in the file what the client asked for on keeping their material private and on where client data may live.

WHEN AN ENGAGEMENT CLOSES, AND AT MONTH END

- ☐ Set the hours actually worked next to the hours the fee was built on, engagement by engagement.
- ☐ Do the same for each retainer month: hours drawn against hours the agreement allows.
- ☐ Send the delivery invoice the same day the client signs off on the work.
- ☐ Divide the fee you billed by the standard value of the hours it used. That is realization, and it belongs on the close sheet.
- ☐ Log each proposal as it goes out: where the lead came from, how long the answer took, and won or lost.
- ☐ Last item on the close sheet: ask the sponsor what comes next and which two people to approach.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Billed this week and money in, split by engagement, retainer and payment step				
Hours worked against hours the fee covered, engagement by engagement				
Each person's billable hours as a share of the hours they were paid for				
Retainer hours drawn against the allowance, client by client				
Proposals sent, proposals accepted, and the rate by lead source				
Money owed inside 30 days, on delivery invoices and on retainers				
Owner hours that reached a client invoice				

SIX QUESTIONS TO INVESTIGATE

1. **Owner in the middle of everything.** How many proposals this quarter waited for you to set the scope and the price, and how long did a client answer wait while you were on another call?
2. **Running on incoming messages.** For one week, count the messages about where the work stands, about something not agreed, and about one more call, then count the hours behind them that never reached an invoice.
3. **Adding work faster than method.** How many engagements a month end in a conversation about what was in scope, and how many hours went in before anyone wrote them down?
4. **One person holds the account.** For each client, can you name two people who know the history, the budget and where the files live?
5. **Sprints that never become programs.** Track how many brand sprint clients later buy a campaign build, and how many months pass before that second sale.
6. **Two similar briefs, different hours.** Pick two engagements of the same type. Do their hours land within a fifth of each other, and did each deliver what the proposal described?

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

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 staff member 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 Marketing Agency 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 marketing agencies, 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. Marketing agencies owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

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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, campaign assets, 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 small marketing agency. I have attached the Marketing Agency 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 hours on shift go in line 14 at a market wage. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even 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, freelancers 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, client-data and approval 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. Never include or paste client records, campaign exports, ad account screenshots, creative files, contact lists, names, account numbers, free-text notes or small groups that could identify a person. If a report you received holds client-level detail, do not paste it; enter only the totals you need. Never paste login details. 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 (staff 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 monthly 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 staff and the production 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 hours on shift go in line 14 at a market wage.
f. Variable cost shares of net sales for lines 13 to 16: line 13, pass-through media and software, billed to the client at cost; line 14, freelance specialists 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 marketing agency, 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 $36,539.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**170,400**	**136,772**	**113,133**	**96,352**	**86,966**	**82,168**	**80,808**	**79,071**	**74,757**	**73,099**	**80,626**	**90,692**
In: sales receipts	3,840	14,293	21,809	29,548	34,477	37,948	37,294	34,700	38,302	47,650	50,351	49,919
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)	928	1,393	2,052	2,394	2,736	2,769	2,492	2,476	3,420	3,583	3,746	3,258
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	25,703	25,702	25,701	25,703	25,702	25,702	25,702	25,701	25,703	25,703	25,702	25,702
Out: office or coworking space (line 1)	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Out: other costs, with loan interest (lines 2, 5 to 12)	8,161	8,161	8,161	8,161	8,161	8,161	8,161	8,161	8,161	8,161	8,161	8,161
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	776	776	776	776	776	776	776	776	776	776	776	776
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(33,628)**	**(23,639)**	**(16,781)**	**(9,386)**	**(4,798)**	**(1,360)**	**(1,737)**	**(4,314)**	**(1,658)**	**7,527**	**10,066**	**10,122**
Closing cash, expected	**136,772**	**113,133**	**96,352**	**86,966**	**82,168**	**80,808**	**79,071**	**74,757**	**73,099**	**80,626**	**90,692**	**100,814**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**170,400**	**135,899**	**108,390**	**85,681**	**68,150**	**53,829**	**41,915**	**29,738**	**15,756**	**3,634**	**(2,059)**	**(5,974)**
Sales receipts, slow start	2,688	10,005	15,267	20,684	24,134	26,564	26,106	24,290	26,811	33,355	35,246	34,943
Out: variable costs, slow start (lines 13 to 16)	650	975	1,437	1,676	1,916	1,939	1,744	1,733	2,394	2,509	2,622	2,280
Out: fixed costs (lines 1 to 12), principal, bills, less funding	36,539	36,539	36,539	36,539	36,539	36,539	36,539	36,539	36,539	36,539	36,539	36,539
Net cash flow, slow start	**(34,501)**	**(27,509)**	**(22,709)**	**(17,531)**	**(14,321)**	**(11,914)**	**(12,177)**	**(13,982)**	**(12,122)**	**(5,693)**	**(3,915)**	**(3,876)**
Closing cash, slow start	**135,899**	**108,390**	**85,681**	**68,150**	**53,829**	**41,915**	**29,738**	**15,756**	**3,634**	**(2,059)**	**(5,974)**	**(9,850)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**3,349**	**3,349**	**7,547**	**7,547**	**7,547**	**5,448**	**(850)**	**(2,949)**	**7,547**	**9,647**	**11,746**	**5,448**

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 $45,244 a month, against month 12's own $45,244): closing cash runs $106,026 in month 1 and $166,189 in month 12, lowest $106,026 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.