Martial Arts Studio Business Plan and Operations Starter Kit

A working kit for independent martial arts schools. It prices every program by the students it holds and the teaching hours it takes, builds the student book month by month from enrollments and withdrawals, finds cash break-even through the summer trough, and scores the plan on six pass-or-fail tests.

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

PAGE 2

Start here

A martial arts school can take sixty students in a September presale and still be short of cash by July. Rent is due whether the mat is full or empty, the head instructor is paid whether eight students come or twenty, and a student who stops in month four may never repay what it cost to fill the place. This kit writes those numbers down and tests them before a lender or a landlord asks.

WHAT IS INSIDE

3	Business plan, part one: what you teach, who fills the mat, positioning, dues and coach hours
4	Business plan, part two, and the six-test pass or fail check
5	Startup budget: mats and build-out, setup, pre-opening, working capital
6	Sales forecast builder for tuition, private lessons and gear, the build, season, capacity check
7	Programs, mat places, dues, coach hours and whether the timetable fits the floor
8	Operating and cash break-even, break-even students, rent share and debt coverage
9	How the roll builds, the settled year, and what one student is worth
10	Teaching time, the real cost of a coached hour, and where the paid hours leak
11	Twelve-month cash forecast, expected and slow-start cases
12	Runway, and a worked example scored on the page 4 check
13	What moves the result: the worked example's what-if table
14	Enrollment checklists, the weekly mat review and six questions
15	Your first 30 days, lease questions, sources and what the full kit adds
16-18	An AI prompt that turns this kit into your own plan
19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build tuition, private lessons and gear 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. Tuition, programs and the timetable move before the September presale closes, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every enrollment and the numbers review every week. Run the page 7 program table at every month end and update the page 9 build table as students enroll and leave.

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 martial arts school 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, enrollment-agreement, billing, withdrawal or financial advice. Requirements vary by location; review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

Before a bank or a landlord reads this plan, both will want to know whether dues can carry the rent, the lead instructor's salary, the part-time coaching hours and the equipment loan across the quiet summer. Write each answer in plain sentences; the headings here are only a spine.

1. Executive summary (write it last)

Open with the school, the families it teaches, the sum you need and where it goes from the first roll of matting to the first payroll. Close with the month the page 6 forecast overtakes cash break-even on page 8, and the color the plan scores on page 4.

2. What you teach and who fills the mat

For each program, say how many students share the floor, which evenings it runs and who teaches it. Then say why a parent picks you over the club across town: a coach who greets their child by name, a slot that fits around homework and shift work, and a belt test they can watch from the side.

3. Who the school is for, and how full it can get

Name the age groups and levels you serve, and the ones you send elsewhere. Then count heads on a Tuesday at six, when three classes want the same floor, and the coaching hours that keep each session staffed.

4. Dues, class size and coaching hours

For every program, write the headcount the floor allows, the monthly dues and the coach hours that program consumes. A dues figure copied from a franchised chain, with no coach hours beneath it, tells you nothing.

PROGRAM	HEADCOUNT THE FLOOR ALLOWS	MONTHLY DUES	COACH HOURS A MONTH

> *Owner question: our trial classes convert well, then a quarter of the beginners quit inside twelve months. Are the dues set too high?*
> Clear the simple explanations first. A beginner with no named coach, no word to the parent in the first fortnight, and no place to stand on the mat will drift, and the cancellation lands with the next dues charge. Record every sign-up by source with the first class date (page 14), take the booking before the parent leaves, then compare twelve-month dropout across like intakes by start month, source and program. Any gap is a pattern worth a controlled test, not proof of a cause.

PAGE 4

Business plan, part two

5. Operations

Describe a day from opening to the last class: who opens, how the mat and the desk are covered all evening, and the close. Name who runs the school when you are not there; an owner who still teaches most evening classes is the single point of failure.

6. Team

List every role, its hours and pay, with a market wage for your own hours. Name who can run the school for a week without you; page 14 checks that dependency.

7. Marketing and sales

Explain where inquiries come from, how one becomes an introductory class and then an enrollment, and why students stay; measure whether referral enrollments cover the withdrawals.

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. Enrollment agreements or paid presale places, quotes for mats and insurance, the lease and every registration the school 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. The peak month's students fit the mat and its teaching hours fit the roster (pages 6, 7 and 9), and planned enrollment reaches break-even (page 8).	
5. Signed enrollment agreements and paid September presale places back the opening students; an inquiry list forecasts introductory classes, not students.	
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 promise an opening date. **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 mat supplier, the insurer or the landlord, or a documented calculation. A school's budget breaks on the mats and the first slow summer, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
MATS AND BUILD-OUT				
Mats, bags, pads and mirrors				
Build-out, changing rooms, desk and lighting				
Sound, access, cameras, billing and setup				
SETUP AND APPROVALS				
Business entity, registrations and approval requirements				
Insurance down payment				
Lease deposit and first month (two months of base rent)				
PRE-OPENING				
Payroll, hiring and instructor training before opening				
September presale marketing, branding, website and signage				
Opening stock of uniforms and gear				
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 build-out runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on students, so build them from signed enrollment agreements, paid September presale places and the mat you can serve, not from the rent you need to cover. Count the student book first, month by month from page 9; add private lessons and gear at the volume your inquiry record supports.

```
Monthly sales for a line = units times average tuition 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 TUITION	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Monthly tuition	students				
Private lessons and small-group sessions	sessions				
Uniforms, gear and pro-shop	items				

Full-run month

RAMP AND SEASONS

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

Expected sales for each month = students at month end on page 9 times average tuition (no separate ramp), plus private lessons and gear at full run times ramp (the share of full-run volume the inquiry record has reached) times season. Use 100 percent where a factor does not apply. The build, ramp and season are your assumptions; write down the evidence for each, such as your presale places and your inquiry record.

CAPACITY CHECK

```
Paid instructor hours available a month = each instructor's hours a day times days worked a week, times
52, over 12 (people x hours a day x days a week x 52 over 12); teaching hours needed in the peak month =
the class hours on page 7 plus the private-lesson hours at the peak month's season factor at the steady-
cycle enrollment (page 9); steady-cycle enrollment against the students the mat can serve
```

Write how many part-time instructors are on the roster, the hours each is paid a day and the days each works a week. Take the peak month of the season list, which is September in the example, students at the steady-cycle level (page 9), add up the teaching hours the programs require that month (page 7) and set them against the hours the roster can field; set that month's students against the students the mat can serve. If the plan requires more hours or more mat than you have, the plan is wrong, whatever the presale says.

PAGE 7

Programs, mat places and the dues one place earns

Every class on the timetable costs the same whether six students or twenty walk in. Price a program on the coach hours it swallows and on the number of bodies the floor can safely hold.

Fill rate = heads divided by places; dues revenue = heads times the monthly dues; coach cost = coach hours times the loaded hourly rate; program contribution = dues revenue minus coach cost minus card fees and mat supplies at that line's own page 8 share.
Dues earned per open place = dues revenue divided by places, which shows what an unused place leaves unearned each month

WORKED EXAMPLE: THREE PROGRAMS AT A FULL TIMETABLE (ILLUSTRATIVE)

PROGRAM	MAT PLACES	HEADCOUNT	FILL	DUES A MONTH	DUES REVENUE	COACH HOURS	COACH COST	PADS, MATS AND KIT	PROGRAM CONTRIBUTION	PER PLACE
Kids (five to twelve), 22 classes a week	180	128	71%	$139	$17,792	135	$4,142	$658	$12,992	$98.84
Teens and adults, 13 evening classes a week	110	88	80%	$175	$15,400	70	$2,148	$570	$12,683	$140.00
Family add-on, sharing the kids classes	30	21	70%	$95	$1,995	0	$0	$74	$1,921	$66.50

Each part-time coach costs $30.68 for every paid hour once $26.00 of pay and 18 percent of taxes and benefits are counted. Looked at per place, teens and adults, 13 evening classes a week earns the most dues per open place ($140.00) and family add-on, sharing the kids classes the least ($66.50). The place counts come from the owner's own reading of this floor and schedule. The three programs share one mat at different hours, so read the table as a plan for the whole book rather than three separate rooms. Coach hours: 205 a month on the programs, plus 38 on private lessons and small-group sessions, at the part-time loaded rate, belong on line 14 of page 8: 18.33 percent of everything the school sells. Line 13 and line 14 shares, line by line: monthly tuition 0 and 18.3; private lessons and small-group sessions 0 and 40.0; uniforms, gear and pro-shop 72 and 0.0.

YOUR OWN THREE PROGRAMS

PROGRAM	MAT PLACES	HEADCOUNT	FILL	DUES A MONTH	DUES REVENUE	COACH HOURS	COACH COST	PADS, MATS AND KIT	PROGRAM CONTRIBUTION	PER PLACE

DOES THE TIMETABLE FIT THE FLOOR

September brings the heaviest intake, so test that month at steady-cycle headcount: bodies on the mat against places, and coach hours against the paid hours the roster supplies.

Steady-cycle headcount in the peak month from page 9, set against places; that month's coach hours set against paid instructor hours (people x hours a day x days a week x 52 over 12)

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. Rent, all-in, 3,200 square feet (base rent plus CAM, taxes and insurance)	
2. General liability, instructional liability and property insurance	
3. Salaried head instructor and program director, loaded, with payroll taxes and benefits (the minimum staff)	
4. Owner-instructor's market wage	
5. Loan interest (mats and build-out loan)	
6. Utilities, phones and internet	
7. Marketing, website and lead services	
8. Billing, attendance and belt software	
9. Accounting, bookkeeping, payroll and bank fees	
10. Maintenance and mat and bag replacement	
11. Cleaning, laundry and supplies	
12. Other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Gear and pro-shop cost of goods	
14. Class and private-lesson pay above the salaried head instructor, with payroll taxes	
15. Payment processing and billing fees	
16. Class and cleaning 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 students = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash
out, less the private-lesson and gear contribution at their own shares) divided by one student's monthly
contribution; 0 if covered
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 students (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

Sign-ups, departures and how the roll builds

A student book is a bucket with a hole in it. Families join, families quit, and the twelve-month forecast has to walk the roll forward one month at a time instead of drawing a smooth curve upward.

```
Roll at month end = the roll at the start, minus departures at the monthly churn rate, plus new sign-ups, capped by what the school can hold
Settled roll = sign-ups a month divided by churn; average student life = 1 over churn; student lifetime value = monthly dues x life x contribution ratio; sign-ups that keep a chosen roll level = churn x that level (for the settled roll, churn x the settled roll)
```

WORKED EXAMPLE: THE ROLL FILLS FROM THE SEPTEMBER PRESALE (ILLUSTRATIVE; STUDENTS ROUNDED)

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Places sold	60	36	28	22	18	32	24	20	17	14	12	12
Departures	0	2	4	5	5	6	7	8	8	8	9	9
Students on the roll	60	94	118	135	148	174	191	203	212	218	221	224
Share of full run, percent	25	39	50	57	62	73	81	86	89	92	93	95

The first month starts with the 60 students signed in the September presale; the roll settles around 231 once new sign-ups settle at the 9 or 10 sign-ups a month needed to replace the families who leave. Read this table as the monthly tuition line on pages 6 and 11, month by month; a family starts paying dues in the month the student begins. The enrollments in September are the students enrolled in the September presale before opening, which is the Test 5 evidence a real plan needs (the example holds none, so page 12 fails Test 5). The slow start scales every month here to 70 percent of plan, and the second year follows the settled pattern from August's level. This plan never fills the floor to its ceiling, so nobody is turned away for want of a place.

FIGURE	THIS PLAN	WHERE IT COMES FROM
Departures a month	4%	Departures during a month divided by the roll on its first morning
Average time on the roll	25.0 months	1 divided by the monthly churn rate
What one student is worth	$2,894	Dues x months (25.00) x the line's contribution ratio 0.780
Sign-ups a month, June through August	12.7	Average of the table's final quarter
Sign-ups needed to hold the settled roll	9.2	The settled year's sign-up cycle, averaged
Students once the roll settles	231	9.2 sign-ups a month x the life, which is sign-ups over churn
Marketing cost per sign-up	$162	$1,500 of line 7 divided by sign-ups a month in a settled year

YOUR OWN ROLL, SEPTEMBER TO AUGUST

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG

BOOK OF JOINERS AND LEAVERS

Write down each new start and each exit beside whatever reason the parent offered, and treat that reason as a claim rather than a finding.

MONTH	SIGN-UPS	DEPARTURES	WHAT THE PARENT SAID	MONTHS ON THE ROLL	PROGRAM

PAGE 10

Coach hours on the mat and what each one really costs

An instructor's hourly pay buys the whole shift, while dues only pay for the minutes a student is on the mat. Setting up, sweeping between classes and the dead hour before the evening block are paid time that no family is ever billed for.

```
Utilization = hours spent teaching divided by hours the coach is paid for
Loaded hourly cost = the coach's hourly pay x (1 + the share for payroll taxes, benefits and paid time off)
Cost per taught hour = every paid hour at the loaded cost, divided by the hours actually taught
```

WORKED EXAMPLE: A SINGLE COACH, ONE WEEK ON THE ROTA (ILLUSTRATIVE)

HOURS	THIS WEEK'S HOURS	PERCENT OF PAID TIME
Hours paid for	40	100%
On the mat, teaching a class or a private lesson	32	80%
Sweeping, setting up and greeting arrivals	3	7.5%
Instructor training and paid breaks	2	5.0%
Front counter cover and dead hours	3	7.5%

At a $26.00 wage with 18 percent payroll taxes and benefits added, the loaded cost comes to $30.68 an hour; at 80 percent utilization each taught hour costs the school $38.35. Use that figure as the coaching cost per taught hour, never the hourly rate or the loaded cost, and test the resulting dues against page 8 break-even.

YOUR OWN COACHES, ONE WEEK EACH

COACH	HOURS PAID FOR	MAT TIME	SETUP, GREETING	TRAINING, BREAKS	PERCENT TEACHING	COST OF A TAUGHT HOUR

WHERE LOSING AN INSTRUCTOR HURTS MOST

When a popular instructor leaves, a class full of students can leave with them, unless the lesson plans, the belt records and the family relationships were the school's and not the instructor's. Keep them documented for every class, so a replacement can teach it on Monday.

PAGE 11

Twelve-month cash forecast

Rent and payroll leave before failed payments clear. Enter $000 (51.25 means $51,250); 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												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: gear cost, fees and consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: school rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the school opens 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. Instructors and suppliers are paid in the month of the work. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month in either case that 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 a slow summer costs

```
Runway = how many months in a row the balance can absorb, counted forward from the latest closed month (before opening, from the day the doors first open) and ending just before the first month whose closing cash drops under your floor
```

Worked example: a neighborhood school that opens on a September presale

Numbers made up only so the arithmetic can be followed; not one of them is a benchmark for a martial arts school. The salaried head coach sits on payroll from month 1, whatever the class sizes. Cash floor $22,703. If a family pays a year up front, the cash arrives earlier than shown and the unredeemed months are classes the school owes, held apart from spending cash. Dues land in the month they cover, the presale is banked on opening; lessons and gear count when paid; coaches and suppliers are paid in the month worked; the owner draws the market wage.

Page 5, budget	The whole opening bill is $205,810: a $120,000 loan at 10.5 percent over 5 years plus $85,810 from the owner, with an $88,600 reserve inside it for the fit-out, the quiet summer, late payers, the floor and the buffer. Page 5 builds it twice: a $22,703 floor, a month's buffer of the same $22,703, then $43,104 for the hole a cashless first pass digs, rounded up to $88,600.
Page 8, the monthly cost	Standing costs run $21,098 a month, carrying $5,100 for the mat space and $974 of loan interest; principal adds $1,605 a month (year 1 averages); the variable share is 28.02 percent (line shares 5.99, 18.33, 3.1 and 0.6), so the margin ratio is 0.7198. Lines 13 to 16 carry 5.99, 18.33, 3.1 and 0.6 percent of sales. Fixed lines 1 through 12 read $5,100, $550, $5,200, $5,500, $974, $674, $1,500, $250, $350, $300, $400 and $300 a month.
Page 8, break-even	Operating break-even sits near $29,311. Cash break-even (fixed $21,098 plus principal $1,605, divided by 0.7198) lands around $31,541 a month: 175.2 students a month on tuition alone once private lessons and gear contribute at their own shares (page 7), 176 whole students, against the 237 the plan targets (settled roll 231, page 9).
Page 6, what the school bills	Tuition: 237 students a month at $148.47 at full run, month for month from the September opening, then the steady September-to-August pattern; settled roll 231.09 (97.5 percent of target, page 9). Private lessons and small-group sessions: 30 sessions a month at $95. Uniforms, gear and pro-shop: 45 items a month at $74.95. A steady-year month brings about $40,533, tuition on its steady average (231.09 students a month); the private-lesson and gear ramp is 30, 45, 55, 62, 72, 80, 85, 88, 92, 95, 98 percent from September to month 11, then 100 percent; the season is 125, 106, 100, 87, 118, 106, 100, 97, 95, 88, 82, 96 percent, September to August, on private lessons and gear; tuition follows page 9.
Page 19, the planned case	September, the opening month, takes $11,243 in tuition and sales and closes at $73,753; August closes at $68,712. The lowest close is month 6 at $45,496, $22,793 above the floor.
Page 19, slow start	At 70 percent of the expected case: September, the opening month, sells $7,870 and closes at $71,396, while August closes at minus $7,052. The balance goes under the floor in month 6 (closing $17,562) and under zero in month 10 (closing minus $700), leaving a runway of 5 months from opening day.
Page 8, loan coverage	On a steady-year month with sales of $40,533, planning coverage before income tax and equipment replacement reaches 3.51, against the 1.25 our example bank asks for, August's year-2 run rate gives 3.58, and Test 3 reads the two together. Rent takes about 12.6 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0 is treated as met. Test 1 passes: at month 12 the running rate earns about $40,781 a month against a $31,525 break-even on that sales mix (contribution ratio 0.720), and cash holds above its floor across a second year at that enrollment, bottoming at $76,035 in the second September. (Not scored; cash break-even arrives in month 7.) Test 2 fails: run at 70 percent of plan, the balance drops under the floor in month 6, and roughly $29,800 more reserve on day one would pass it. Test 3 passes under the planning formula, though a lender reads it through its own definition. Test 4 passes: in the peak month (month 1, season 125 percent, steady-cycle enrollment) 232 students fit inside 320 places and call for about 250 teaching hours, while the instructors can field 260 (3 instructors, 4 hours a day, 5 days a week). Test 5 fails for want of evidence. Test 6 passes: a settled year with the book full, trough and all, leaves about $77,668 once principal is paid, and running cash never dips, so no cushion is needed. That is the steady-state year, not the opening year: page 19's first year is about $19,888 lighter in cash. Break-even eats most of the student book, and the quiet summer lands before the second September intake repays that cost.

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
All three lines 10 percent lower: tuition, private lessons and gear (lines 13 to 16 fall)	minus $2,918	Expected case holds the floor
Monthly tuition: average tuition 5 percent higher, same volume (billing and processing fees are the only cost that rises)	plus $1,662	Break-even students fall from 175.2 to 164.9 a month, so from 176 to 165: per-unit costs stay the same, so the ratio rises from 0.720 to 0.730 on the new sales (sales-linked fees, line 15, take 3.1 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $30,151
Monthly churn 1.5 points higher (4 to 5.5 percent; about 21 fewer students by month 12, about 63 fewer once the roll resettles; $9,364 a month less in tuition at that settled level)	minus $7,301	Expected case still clears the floor; slow start deadline unchanged (month 6); full-run coverage falls to 0.68; would fail Tests 3 and 6
Enrollments 25 percent lower in months 1 to 3 (about 20 fewer students by month 12, wider in the months between; $3,030 a month less in tuition at month 12)	minus $2,362	Expected case still clears the floor; slow start below the floor in month 5 (closing $14,749)
Tuition 8 percent lower, the same students, and it does not go back up ($2,660 a month less), from month 1 onward	minus $2,660	Expected case still clears the floor; slow start below the floor in month 5 (closing $20,128)
3 months of tuition from 12 students, billed from month 5, never collected ($1,782 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 6); $5,345 never collected
Rent 15 percent higher at renewal ($765 a month more on line 1, a fixed rise)	minus $765	Expected case still clears the floor; slow start below the floor in month 5 (closing $20,916)
20 students follow the instructor who leaves in month 7 ($2,969 a month of tuition gone), from month 7 onward	minus $2,315	Expected case still clears the floor; slow start deadline unchanged (month 6)
Build-out overrun of $10,000 beyond the contingency, met out of the cash reserve	no change	Expected case still clears the floor; slow start below the floor in month 5 (closing $14,741)
Opening 3 months late (the mat space, insurance, loan interest and principal, $8,229 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case below the floor in month 8 from the planned opening; slow start below the floor in month 6 from the planned opening, as on time; about $2,100 more opening cash holds the expected case at the floor; would fail Test 1

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

Enrollment checklists, weekly review, six questions

Operating lists for a working training floor, not a compliance scheme. Whatever your town and your advisers add on enrollment, dues, cancellations and mat safety belongs on them too.

BEFORE AN ENROLLED BEGINNER'S FIRST CLASS

- ☐ Nobody starts the enrolled program until a signed enrollment form and a cleared first dues payment are on file; a trial class carries no dues and needs no enrollment agreement; record a contact number and an emergency contact, and collect any waiver or release your advisers require.
- ☐ Write the program, dues date and cancellation terms into the form and the billing software.
- ☐ Note an emergency phone number and anything medical a parent discloses, store it securely, and make it available only to staff who need it for a student's safety.
- ☐ Enter the student in the source log, naming where the inquiry came from and the day they started.
- ☐ Tell the class coach what the student hopes to achieve and any limit the parent mentioned.

MONTH END, BELT PROMOTIONS AND LEAVERS

- ☐ Set each program's headcount beside its places, and the hours taught beside the hours instructors are paid for.
- ☐ Carry every new start and every departure onto the page 9 table, with whatever the parent said as they left.
- ☐ Re-present a declined card when the form and processor allow it, noting every attempt.
- ☐ Work out the month's churn as departures divided by the students on the roll on the 1st.
- ☐ Log each inquiry with where it came from, the trial class attended and whether the family signed up.
- ☐ When someone quits, ask what would have kept them, and whether they know a family who might try a class.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Dues charged against dues collected, by program				
Headcount against mat and timetable limits				
Class hours taught against instructor hours paid				
New starts and departures, program by program				
Leads, trials and sign-ups, by lead source				
Declined dues and accounts past 10 days				
Hours the owner spends teaching or on the desk				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Do trial classes, timetable changes and billing arguments all wait for the owner, the front counter holding questions until he or she walks in?
2. **Reactive operations.** In a normal week, how many classes ran with no instructor or fewer than four students, how many dues charges bounced, and how long did the owner spend teaching or on the counter?
3. **Growth without structure.** How many beginners quit before their fourth monthly dues payment, and how much money is still uncollected when the 15th arrives?
4. **Talent and retention.** Which classes would empty out if one instructor walked, because the students follow that person rather than the school?
5. **Revenue plateau.** How long does it take a trial class to become a signed student, and how many inquiries never book a trial at all?
6. **Strategic confusion.** Do two programs at the same price consume very different amounts of floor time, and has the schedule you actually run drifted from the one you sold?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the inquiry and trial-class book, the page 9 roll, the paid hours each instructor worked, or the sheet of declined dues.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log instructor and desk hours every day. Log the hours the owner covers.
Week 2	Fill the page 7 program table at the loaded rate and mark any program whose tuition does not cover its teaching hours, processing and materials.
Week 3	Fill the page 9 build table with every enrollment and withdrawal and work out the month's churn.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions the desk may make without calling you.
After month 1	Compare each program's students with the students it can hold and the teaching hours worked with the roster on page 6.

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 Martial Arts Studio Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a program pricing calculator from teaching hours and tuition to a margin, an enrollment and churn tracker, editable inquiry, introductory-class and timetable trackers, enrollment 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 independent martial arts schools, 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. Martial arts schools owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, enrollment agreements, billing and withdrawals 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 programs, tuition and costs. The prompt is on the kit page, ready to copy.

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 enrollment agreements, students' names, medical notes, staff records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) an independent martial arts school. I have attached the Martial Arts Studio Business Plan and Operations Starter Kit from businessconsultant.services. Turn it into my own plan, on my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you or you calculate from mine with the formulas below. Never invent tuition, a wage, a churn figure, a capacity count, 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 = units times average tuition or price. Tuition follows the page 9 build (students at month end times average tuition); private lessons and gear = full-run sales times ramp times season. Full-run break-even and coverage take the tuition line at its settled-year average.
- 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 students = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash out, less the private-lesson and gear contribution at their own shares) divided by one student's monthly contribution; 0 if covered. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Paid instructor hours available a month = each instructor's hours a day times days worked a week, times 52, over 12 (people x hours a day x days a week x 52 over 12); teaching hours needed in the peak month = the class hours on page 7 plus the private-lesson hours at the peak month's season factor at the steady-cycle enrollment (page 9); steady-cycle enrollment against the students the mat can serve.
- Rent share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take booked lines at full bookings averaged over 12 months, a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the school opens after startup spending is paid. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Open month 1 with the cash I give; the page 5 two-pass size is advice beside it, never a substitute. Place each receipt in the month my payment terms say; if a term is missing, mark [NEED: payment timing]. The example counts tuition in the month it is for, counts private lessons and gear when they are paid for, collects the September presale in the opening month, and pays instructors and suppliers in the month worked. In the slow-start case, every month's sales on every line are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the school opens), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, licensing, permit, employment, wage or lease advice. Do not name laws, license or permit types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. 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 student IDs. Do not ask for names, addresses, bank details, medical notes, or the names of my students or staff.
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. Programs and classes, hours open, students and inquiry sources, the instructors on the roster with paid hours a day and days a week, and days open per week.
b. Sales build: for the monthly tuition line, each program's places, the students at full run and the monthly tuition, my monthly churn and my planned enrollments for each month from 1 to 12 (month 1's are the September presale enrollments), the recurring yearly enrollments that hold full run, and the students the mat can serve; for private lessons and for gear, the sessions or items a month at full run and the average charge, 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 for those two lines from my inquiry 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). Do not model the tuition line day by day; the page 9 build replaces its count once fully booked. 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 program: places and students at full run, the monthly fee, and the direct staff hours a month it needs; the salaried roster's paid hours a month; the loaded wage of the hourly staff above it.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (mat quote, insurer quote, landlord quote or calculation) for each line on page 5, from mats to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the salaried head instructor, the billing software, 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, gear and pro-shop cost of goods; line 14, class and private-lesson pay above the salaried head instructor, with payroll taxes; line 15, payment processing and billing fees; line 16, class and cleaning consumables; and any sales line whose own shares differ, given for that line.
g. Confirm the churn, the enrollment plan and the places from item b; change nothing unless I say so.
h. For one typical week per instructor: paid hours, hours teaching a class or a private lesson, setup, cleaning and check-in hours, training and paid-break hours, and desk cover or quiet hours; the base pay and the 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 tuition is counted and when it is collected, deposits or enrollment fees I collect and when, when private lessons and gear are paid for, and when payroll and suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and stock build-up.
m. Cash on hand on the first day the school opens 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, and whether a qualified professional has reviewed each one where that is needed.
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 martial arts school, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by tuition line, private-lesson line, gear 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 students (use cash break-even); rent share and planning debt service coverage at full-run sales and at the month-12 run rate, with the month-12 run-rate sales and the cash break-even at that same month-12 mix; label each coverage figure 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: collected tax, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Program economics by places, enrollment, fee, staff hours and revenue per available place, ranked, with the capacity check on places and staff hours.
7. The 12-month roll build (sign-ups, departures, students, percent of full run), steady state against the plan, average time on the roll, what one student is worth, and marketing cost per sign-up.
8. Teaching-hour utilization and the true cost of a taught 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 student 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 the student build, teaching hours and payment terms, 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 $22,703.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**88,600**	**73,753**	**63,040**	**55,314**	**49,562**	**46,022**	**45,496**	**46,950**	**49,842**	**53,813**	**58,327**	**63,148**
In: sales receipts	11,243	16,864	20,921	23,420	27,223	31,083	33,629	35,485	36,931	37,511	37,802	39,244
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: gear cost, fees and consumables (lines 13, 15, 16)	1,327	1,782	2,109	2,176	3,070	3,209	3,308	3,385	3,488	3,418	3,350	3,783
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	12,760	13,792	14,535	14,993	15,690	16,397	16,864	17,205	17,469	17,576	17,628	17,894
Out: school rent (line 1)	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
Out: other costs, with loan interest (lines 2, 5 to 12)	5,298	5,298	5,298	5,298	5,298	5,298	5,298	5,298	5,298	5,298	5,298	5,298
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605	1,605
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(14,847)**	**(10,713)**	**(7,726)**	**(5,752)**	**(3,540)**	**(526)**	**1,454**	**2,892**	**3,971**	**4,514**	**4,821**	**5,564**
Closing cash, expected	**73,753**	**63,040**	**55,314**	**49,562**	**46,022**	**45,496**	**46,950**	**49,842**	**53,813**	**58,327**	**63,148**	**68,712**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**88,600**	**71,396**	**57,086**	**44,867**	**34,030**	**24,741**	**17,562**	**11,769**	**6,982**	**2,951**	**(700)**	**(4,136)**
Sales receipts, slow start	7,870	11,805	14,645	16,394	19,056	21,758	23,540	24,839	25,852	26,258	26,462	27,470
Out: variable costs, slow start (lines 13 to 16)	2,371	3,412	4,161	4,528	5,642	6,234	6,630	6,923	7,180	7,206	7,195	7,683
Out: fixed costs (lines 1 to 12), principal, bills, less funding	22,703	22,703	22,703	22,703	22,703	22,703	22,703	22,703	22,703	22,703	22,703	22,703
Net cash flow, slow start	**(17,204)**	**(14,310)**	**(12,219)**	**(10,837)**	**(9,289)**	**(7,179)**	**(5,793)**	**(4,787)**	**(4,031)**	**(3,651)**	**(3,436)**	**(2,916)**
Closing cash, slow start	**71,396**	**57,086**	**44,867**	**34,030**	**24,741**	**17,562**	**11,769**	**6,982**	**2,951**	**(700)**	**(4,136)**	**(7,052)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**7,129**	**6,984**	**6,682**	**5,865**	**7,409**	**7,302**	**7,102**	**6,859**	**6,415**	**5,637**	**4,907**	**5,378**

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. Variable costs use each sales line's own shares, so a month can differ by a few dollars from the blended share. 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 $40,781 a month, the year-2 average against $40,533 full run and month 12's billed $39,244): closing cash runs $76,035 in month 1 and $148,705 in month 12, lowest $76,035 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.