Physical Therapy Clinic Business Plan and Operations Starter Kit

A working kit for small physical therapy clinics. It prices a visit from the charge down to the cash each payer actually sends, builds the visit forecast month by month, holds the modelled visits against the minutes the providers can carry, sizes the cash that payer delays tie up, and scores the plan on six pass-or-fail tests.

PHYSICAL THERAPY CLINICS
FREE EDITION · VERSION 1.0 · OCTOBER 2026
19 PAGES · PRINT IT, WRITE ON IT, KEEP IT
LATEST VERSION: BUSINESSCONSULTANT.SERVICES/KITS/PHYSICAL-THERAPY-CLINICS/
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BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

A physical therapy clinic can fill every slot and still run short of cash. In this example payers settle weeks after the visit, a share of claims is denied and only half of that comes back, and the visit build takes twelve months to reach full run. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

3	Business plan, part one: services and visits, the clinic and its treatment bays, referral sources, charges
4	Business plan, part two, and the six-test pass or fail check
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6	Sales forecast builder for visits and recovered denials, and the provider capacity check
7	Visits a therapist-day, the monthly ceiling, and whether planned volume fits under it
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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 visits 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. Charges, payer contracts and the clinician roster move before the first patient arrives, and every worksheet expects your own figures.
3. After opening, use the page 14 checklists at each clinic close and review the numbers weekly. Fill page 6 at month end and post page 7 as visits are booked and claims are paid.

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 physical therapy clinic 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, clinical, employment, billing and payer contract or financial advice. Clinical, billing, privacy, facility and registration requirements vary by location and should be reviewed with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

Will the treatment bays and the therapists working them carry the rent, the front desk, the rehab aide and the loan before referrals fill the diary? A lender tests that first; long sections go on separate sheets.

1. Executive summary (write it last)

In one paragraph, set out the clinic, its cases, the sum you must raise and what it funds to the first payroll. Then give the month the page 11 forecast first carries cash break-even from page 8, and close with the page 4 score.

2. Services, charges and patients

Describe the services you offer, initial evaluation, treatment visit and re-evaluation, and the charge for each. Note the payers you will contract with and the share of visits paid at the desk.

3. Positioning, the clinic and referral sources

Name the patients the clinic is built for, by payer and presentation, and the cases you send elsewhere. Count the bays and the visits a week they and your clinicians can hold. List the orthopedic groups that refer, and what happens if the biggest one stops.

4. Visits, charges and what each payer allows

For each service, write your charge, the contracted amount the payer allows, the patient's coinsurance or copay, and the minutes the slot holds with the note. A charge with no allowed figure behind it says nothing about what lands in the bank.

SERVICE	YOUR CHARGE	ALLOWED BY PAYER	MINUTES WITH NOTES

> *Owner question: How many treatment visits must each therapist deliver a week, and how many weeks must I fund outstanding claims, before this clinic covers its costs and its loan?*
>
> Paid clinician time supports roughly 672 treatment visits a month and the plan treats 570, so it runs at 85 percent of that ceiling: 10.3 visits a therapist-day at capacity, 8.8 at plan. Break-even sits near 399 visits a month. Billed value crosses cash break-even in month 7, banked money in month 8. With payers settling over about three months, the cash low point lands before the diary is full; that is what the page 5 reserve is for.

PAGE 4

Business plan, part two

5. Operations

Describe a week from the first evaluation to the last visit: who confirms tomorrow's schedule, how a missed visit is followed up, when notes and claims go out, and who reworks a denied claim.

6. Team

List each therapist and assistant, the visits a week each carries and the pay basis, with a market wage for your own hours. Name the clinician whose departure would move the most patients.

7. Marketing and sales

Explain where new patients come from: physician referrals, directory listings, payer directories or your website. Check each month that new evaluations replace the courses of care that discharge.

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. The lease, quotes for the fit-out and the equipment, the billing service terms, each payer agreement and the requirements of every registration the clinic needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, collections reach cash break-even at the month-12 run rate (page 8) and closing cash, payer 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. At full run the modelled visits fit the providers' capacity in visits a month (pages 6 and 7); check the seasonal peak (season 106 percent) separately against the same capacity, and the plan is at or above break-even once the visit build finishes (page 8).	
5. A referral list, payer contracts in place and evaluations booked back the opening months; a directory profile forecasts inquiries, not patients.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves its net operating result 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, a billing agreement or a clinician offer. **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 landlord, the equipment supplier, the billing service or the payer, or a documented calculation. Physical therapy budgets break on working capital and the collection lag, not on tables, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
EQUIPMENT AND FIT-OUT				
Treatment tables, gym and exercise equipment				
Therapeutic modalities, ultrasound and electrical stimulation				
Computers, phones and practice software setup				
SETUP AND OPENING COSTS				
Entity, legal and accounting setup				
Getting on payer panels				
Lease deposit				
PRE-OPENING				
Rent for the month before opening				
Website and branding				
Launch marketing and referral outreach				
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 fit-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 visits, so build them from the clinicians and treatment bays you have and the referral sources that send patients, not from the rent you need to cover. Count visits first, month by month; recovered denials follow the visit line two months later.

```
Monthly sales for a line = units times average collections per visit 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 COLLECTIONS PER VISIT	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Patient visits	visits				
Recovered denials	visits				
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 visits for each month = the full-run visit count times the visit build on page 6, with the season applied; recovered denials follow the visit pattern two months later on their own schedule. Use 100 percent where a factor does not apply. The visit count is your assumption; write down the evidence, such as a referral list and the evaluations booked.

CAPACITY CHECK

```
Visits a provider a day at capacity = paid hours a week / days open x 60 x (1 - share of paid time off visits) / (visit + documentation minutes); visits a month = providers x visits a day x days open x 52 / 12
```

Write each provider's paid hours a week and the minutes a visit takes with notes. Take the full-run modelled visits and hold them against the visits the roster can carry on page 7, provider type by provider type; then check the peak month of the season separately against the same capacity. If one provider type is asked to carry more visits than it can see, the plan is wrong, however full the schedule looks.

PAGE 7

How many treatment visits the team can physically deliver

A therapist can only treat so many patients in a week, and an assistant carries a different documentation burden from a therapist. Work the ceiling out from paid hours, the minutes a treatment and its note consume, and the share of paid time that never reaches a patient. Only then check whether planned volume sits beneath it.

```
Daily treatment capacity per clinician = weekly paid hours / days open x 60 x (1 - share of paid time spent away from visits) / (treatment minutes + documentation minutes); monthly capacity = clinicians x daily capacity x days open x 52 / 12; monthly clinician cost = hourly pay x weekly paid hours x 52 / 12 x (1 + employer taxes and benefits).
```

PROVIDER	COUNT	PAID HOURS A WEEK	VISIT / NOTES MINUTES	PAID TIME OFF VISITS	VISITS A DAY AT CAPACITY	VISITS A MONTH AT CAPACITY	VISITS MODELLED	USE
Physical therapist	2	40	30 / 10	18%	9.8	426	361.7	85%
Physical therapist assistant	1	40	30 / 6	15%	11.3	246	208.3	85%

The roster supports 672 treatment visits a month and the plan books 570.0 of them, 85 percent of the ceiling. Clinician cost totals $27,846 a month, or $48.85 per visit at full volume. Test 4 passes: the modelled 570.0 visits a month sit inside the providers' 672 at capacity, 85 percent used.

Paid hours, treatment minutes and pay rates here are illustrative only. A therapist carries more documentation time than an assistant, so the same paid hour yields a different number of treatment slots on each row. Replace the roster with your own: the hours each clinician is paid for, the minutes a treatment and its note really take, and the pay you actually offer. Confirm pay levels and any employment conditions with a qualified professional.

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, clinic with treatment bays and a gym area, about 2,200 square feet	
2. Professional liability, general liability and workers compensation	
3. Front desk 40 hours and rehab aide 32 hours, with payroll cost (the minimum staff)	
4. Owner's market wage for management time (the owner's clinical hours, if any, are paid in the provider line)	
5. Loan interest (startup loan)	
6. Phone, internet and patient messaging	
7. Marketing and referral outreach	
8. Practice software, records, scheduling and claims	
9. Accounting and bookkeeping	
10. Clinical education and training	
11. Clinical supplies, cleaning and laundry	
12. Dues, registrations and bank fees	
Total fixed costs	
VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Billing service, 5 percent of collections (modelled here as a share of sales)	
14. Provider pay above the minimum staff	
15. Card processing fees, at a share of total sales	
16. Unplanned costs, held at 2 percent of sales	
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 visits = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash
out) divided by one visit's contribution, recovered denials included (pages 6 and 10); 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 visits a month (use cash break-even)	one figure per month		
Rent share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

What each therapist and the rehab assistant costs

Clinician pay is fixed by the roster you hire, not by the volume a given month happens to produce, so it must be covered before seasonality or a slow start is worth modelling. The pay below is what the capacity check on page 7 assumed. Line 14 carries only hours you could cut with volume; the slow-start case lets that pay fall with sales, which is fair for hourly clinicians and wrong for anyone on guaranteed hours. Any pay you cannot cut belongs in fixed line 3 or line 4, and the plan should be rerun there.

```
Monthly pay = hourly rate x weekly paid hours x 52 / 12 x (1 + employer taxes and benefits), or an
annual salary / 12; cost of one treatment visit = total clinician pay a month / planned treatment visits
a month at full volume (a per-type figure uses that type's own modelled visits).
```

PROVIDER	COUNT	PAY BASIS	PAY A MONTH EACH	PAY A MONTH	COST A VISIT
Physical therapist	2	$49.40 an hour plus 22%	$10,446.45	$20,893	$57.76
Physical therapist assistant	1	$32.88 an hour plus 22%	$6,953.02	$6,953	$33.38

Clinician pay comes to $27,846 a month at full volume, $48.85 per visit. Each clinician row carries its own pay basis, so a salaried owner plus an hourly associate shows what the roster actually costs rather than a blended average.

At full volume clinician pay takes 48.4 percent of full-run sales, which is what line 14 carries; the front desk and the rehab aide are held in fixed line 3; the owner's management wage sits in line 4, and any owner clinical hours sit in the provider line, and only the residual sits in profit.

Paid hours, treatment minutes and pay rates here are illustrative only. A therapist carries more documentation time than an assistant, so the same paid hour yields a different number of treatment slots on each row. Replace the roster with your own: the hours each clinician is paid for, the minutes a treatment and its note really take, and the pay you actually offer. Confirm pay levels and any employment conditions with a qualified professional.

PAGE 10

From billed charge to the money a claim finally pays

Nobody pays the charge. A payer allows a contracted figure, splits that figure with the patient, refuses part of its own half on the first submission and then releases the rest over months. Set out how each of your contracts actually behaves before you model a single visit.

```
Billed charge - contractual allowance = allowed amount; allowed amount = payer share + patient share;
payer share - denials on first submission = payer collectible; patient share - balances written off =
patient collectible; clean collectible = payer collectible + patient collectible; recovered denials
count in the month the money arrives and in no earlier month.
```

VISITS: ONE PATIENT VISIT, EVALUATION AND TREATMENT BLENDED (ILLUSTRATIVE)

BILLED CHARGE	CONTRACTED ALLOWED	PATIENT SHARE	DENIED FIRST PASS	PATIENT WRITE-OFF	CLEAN COLLECTIBLE	RECOVERED LATER
$173.10	$105.95	20%	$6.36	$2.12	$97.47	$3.43

Clean collectible per visit: $97.47, collected 20% in month 0, 52% in month 1, 22% in month 2, 6% in month 3 (month 0 is the month of service). Of one month's collectible, 80% is still open at 30 days, 28% at 60 and 6% at 90 (the last is the share still to come after day 90). Nothing here is a benchmark: feed in your own contracts and your own collection history, and take the billing and collection rules that apply to you from a qualified professional.

The table holds the month at full volume flat across a whole year, which is the point of it: it shows nothing but the effect of slow payment. It is not the ramp. Page 19 carries the ramp and the season month by month against cash.

($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Clean collectible raised, recoveries excluded	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6
Cash received, recoveries excluded	11.1	40.0	52.2	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6
Still outstanding, month end	44.4	60.0	63.3	63.3	63.3	63.3	63.3	63.3	63.3	63.3	63.3	63.3

Outstanding at the end of month 12 comes to about $63,300. That figure is clean collectible already billed and still unpaid; each piece of it lands later on the line's own split, and a recovered denial is never part of it. Recovered-denial cash still carries the kit's variable shares even though a recovered denial costs no second visit and no card transaction, so the modelled contribution of recoveries is understated; that convention is deliberately conservative.

What slow payment costs: rerun the same case with every line settling in the month of service and the low point improves to $82,418 in month 6, against $35,440 in month 9 - about $47,000 of cash tied up in the wait. This compares two models; it does not forecast your payers.

An evaluation and a follow-up treatment visit are blended into this line: a $173.10 charge, $105.95 contracted allowed, a 20 percent patient share, 7.5 percent denied on first submission, 54 percent of denials recovered two months later, and 10 percent of patient balances written off. All of it is illustrative. Substitute your own contract terms and confirm how each payer settles with a qualified billing professional.

PAGE 11

Twelve-month cash forecast

Rent, payroll and the loan leave on fixed dates; payers settle one to three months after the visit. Enter $000 (51.25 means $51,250).

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: patient and payer payments, in the month each one lands												
Memo, not cash: clean collectible billed this month (page 10)												
In: owner money and loans received												
Out: billing, card fees and allowance (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: claims owed = last month's + billed minus paid, clean collectible only												
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 clinic 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. Therapists, assistants, the front desk 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 either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, and what a first year of building a caseload drains

```
Runway = the number of months from the last closed month (or from opening day if nothing is closed yet)
until closing cash first falls beneath your cash floor
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Worked example: an imagined outpatient physical therapy practice with three clinicians

The numbers below are invented to show the arithmetic; they are not benchmarks for a physical therapy practice. The clinic is open 5 days a week. Provider pay is carried in line 14 as a share of full-run sales, set to recover the roster cost at full run; the rehab aide and front desk are fixed in line 3. That treats all clinician hours as variable with volume, which is what makes the slow start read better, so if your therapists have guaranteed hours, put that pay in line 3 and rerun. Cash floor $17,700. Patients settle their share when they attend; payers take about three months; clinician and desk pay leaves in the month it is earned.

Page 5, budget	$185,036 is the startup budget: a $98,300 loan at 12.5 percent over 10 years and $86,736 of owner money. The $114,100 working capital reserve sits inside it, still whole on opening day: $17,700 for the floor, another $17,700 as a one-month buffer, and $78,660 for how far the first pass falls below zero from a nil start, rounded up to $114,100. Before the reserve: equipment and fit-out $45,000; setup and opening costs $10,268; pre-opening $11,668; contingency $4,000.
Page 8, costs	Fixed costs are $17,260 a month, $4,668 for the clinic and its bays and $999 of loan interest; principal $440 a month (the fixed total and the principal are both year 1 averages); variable share 56.02 percent, so the contribution margin ratio is 0.4398. Lines 13 to 16 take 5, 48.42, 0.6 and 2 percent of sales. Lines 1 to 12 run $4,668, $412, $6,179, $1,712, $999, $300, $1,200, $640, $350, $250, $400 and $150 a month.
Page 8, break-even	Operating break-even is about $39,245 a month. Cash break-even, fixed $17,260 plus principal $440 over 0.4398, is about $40,246 a month: 398.9 visits a month from the patient line after other lines contribute, so 399, against the 570 planned.
Page 6, sales	Patient visits: 570 visits a month at $97.47. Denials recovered later: 570 visits a month at $3.43 (the visit pattern two months later; paid two months after the visit). Full-run month about $57,513, all lines at full bookings, averaged over the year (recovered denials 570.00 visits a month); visit build 24, 36, 46, 55, 64, 71, 78, 84, 89, 93 and 97 percent in months 1 to 11, then 100 percent; season 105, 103, 106, 104, 99, 95, 93, 97, 102, 105, 100 and 91 percent across months 1 to 12, applied to regular sales only.
Page 19, expected case	Month 1 bills $14,001 and closes at $91,357; month 12 closes at $51,108. Low: month 9, $35,440, $17,740 over the floor.
Page 19, slow start	At the 70 percent slow start the opening month bills $9,800 and closes at $92,870; month 12 closes at $6,286. The floor is breached in month 8 at $16,970, so runway from opening is 7 months.
Page 8, coverage	Coverage on $57,513 of full-run billings is 6.28 times debt service before income tax and equipment replacement, above the 1.25 the example lender wants, and 6.24 times at the month-12 run rate; Test 3 wants both. Rent takes about 8.1 percent.

PAGE 4 RESULT FOR THIS EXAMPLE IS AMBER

For this physical therapy example, Gate 0 is taken as satisfied. Test 1 is met: billing about $57,376 a month at the month-12 run rate clears the $40,246 break-even, and holds the account above the floor all through year two (lowest close $54,596, month 1 of year 2). (Information only, not scored: billings first cover cash break-even in month 7.) Test 2 fails: at 70 percent of plan the floor is breached in month 8; another $11,700 of reserve would carry it. Test 3 clears on the planning coverage formula; what binds is your lender's definition. Test 4 passes at full run: the modelled 570 visits a month fit the roster's 672 a month at capacity, 85 percent used, with the two therapists at 426 and the assistant at 246 capacity, read against the modelled share each carries (361.7 and 208.3). Test 5 fails: without referrals and evaluations booked before opening there is no evidence behind the visit count. Test 6 passes: a steady full-run year leaves about $91,131 after principal, and no full-run month goes below zero, so nothing is needed. That is a full-run year, not the forecast year: page 19's first year is down about $62,992 of cash, since the diary fills a month at a time and the opening costs arrive first. This example sets aside no income tax, plans no equipment replacement and holds no supplies stock (page 19); a real plan funds each itself. A twelve-month build is a year of filling the diary while payer money trails behind it, and a claim that waits two months longer than planned is exactly what the working capital has to absorb.

PAGE 13

What moves the result

Each row changes one input of the page 12 example and reworks that figure at the change; treat the result as an approximation, not a full rerun. 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; SLOW-START LOSSES SCALE WITH COLLECTIONS)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $2,529	Expected case holds the floor
Patient visits: average collections per visit 5 percent higher, same volume (variable costs rise with sales; fixed stay)	plus $1,222	Break-even visits fall from 398.9 to 380.5 a month, so from 399 to 381: collections per visit and the sales-linked cost per visit both rise 5 percent, so the contribution ratio stays at 0.440 and break-even falls because each visit contributes more
Fixed costs $500 lower	plus $500	Cash break-even falls to about $39,109
Treatment block 45 minutes, not 30 (capacity 483 a month against 570 modelled, so Test 4 fails too; $8,734 of visits and recoveries), from month 1 onward	minus $3,841	Expected case below the floor in month 9 (closing $14,549); slow start below the floor in month 7 (closing $13,767); still capacity-bound (Test 4); the floor result is approximate
Planned utilization 75 percent, not 85 (504 visits, $6,659 of visits and recoveries), from month 1 onward	minus $2,929	Expected case still clears the floor; slow start below the floor in month 7 (closing $16,141)
Allowed amount $10 lower on treatment visits (about $5,244 of clean collections and $185 of recoveries a month), from month 1 onward	minus $2,388	Expected case still clears the floor; slow start below the floor in month 7 (closing $16,391)
Denials 12 percent and 45 percent recovered, visit line only; the recoveries stream re-prices up ($1,522 net of recoveries a month), from month 1 onward	minus $669	Expected case still clears the floor; slow start deadline unchanged (month 8)
All cash arrives two months after the visit (no share at the desk, nothing at one month; full-run monthly cash is unchanged, but the timing moves all of it) (crew and bills still paid on time)	no change	Expected case below the floor in month 5 (closing $14,486), below zero in month 8; slow start below the floor in month 6 (closing $7,739); would fail Test 1
Employer payroll burden 3 points higher, charged here as line 14 up 3.0 points (an upper bound: at this roster the true rise is about 1.2 points)	minus $1,725	Cash break-even rises to about $43,192; expected case still clears the floor; slow start deadline unchanged (month 8)
Setup overrun of $3,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start deadline unchanged (month 8)
Opening 3 months late (the clinic and its treatment bays, insurance, loan interest and principal, $6,519 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 9 from the planned opening; slow start below the floor in month 9 from the planned opening (month 8 on time); about $4,100 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 1 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

Close-of-day and month-end checklists, weekly review, six questions

These are operating checklists for the clinic day and the month end; they are not a compliance program. Add every clinical, record-keeping, billing and privacy step that your jurisdiction and your own advisers require.

BEFORE THE LAST PATIENT LEAVES THE BAY

- ☐ Check tomorrow's diary against therapist hours and call the waiting list for gaps.
- ☐ Code each visit on the diary as kept, no-show or cancelled in the notice window.
- ☐ Book the next appointment while the patient is still in the bay.
- ☐ Collect the copay at the desk, or charge the card on file where the patient signed for it.
- ☐ Finish every note and push the day's claims out before locking up.
- ☐ Log each new patient's referral source and the date the evaluation was booked.

MONTH END, AND TYING VISITS BACK TO CLAIMS

- ☐ Total kept, missed and late-cancelled visits for the month, by therapist and assistant.
- ☐ Set kept visits against the capacity the roster carries on page 7.
- ☐ List claims unpaid past 30 days, grouped by payer, with a named owner on each.
- ☐ Tally the month's denials, the reason given, and how many came back paid after rework.
- ☐ Line recovered denials against the patient visits logged two months back.
- ☐ Tie card settlements and payer remittances to the collections on page 10.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Kept visits measured against booked visits, therapist by therapist				
No-shows and inside-notice cancellations, therapist by therapist				
Claims submitted, remitted and denied, payer by payer				
New evaluations by referral source				
Copays and coinsurance taken at the front desk				
Bank balance measured against the cash floor				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Do referral calls, payer questions and diary changes still land on the owner, even between her treatments?
2. **Reactive operations.** In the past week, how many treatment slots stood empty, how many claims left late, and how many days ran past closing?
3. **Growth without structure.** Of the referrals that reached you, how many became an evaluation, and of those how many became a plan of care?
4. **Talent and retention.** If one therapist gave notice tomorrow, whose caseload would move most, and how many of those patients has anyone else here treated?
5. **Revenue plateau.** Has collected cash per treatment visit moved over the past year, and did it come from payer mix rather than charges?
6. **Systems gap.** Could you name, right now, every claim unpaid past 45 days and the payer holding it?

Six hypotheses from AI-assisted World Consulting Group desk work, explained on page 2. Check each against a record: your scheduling system's attendance report, the claims report broken out by payer, or the denial log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log visits booked, attended and missed every day, by provider.
Week 2	Fill the page 10 revenue-cycle line with your own charge, allowed amount and payment timing, and mark the payer that pays slowest.
Week 3	Fill the page 6 visit build with the referrals you expect and the visits each course of care returns for, and work out the monthly visit count.
Week 4	Enter actual closing cash on page 11 and recalculate runway. List claims unpaid past 30 days.
After month 1	Compare each provider's attended visits with the capacity on page 7 and the pay on line 14.

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 fit-out 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 Physical Therapy Clinic 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 payer calculator from charge to collected cash, a visit and course-of-care tracker, a provider pay comparison, and clinic-close 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 physical therapy private practices, 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. Physical therapy clinics owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, clinical, employment, billing and payer contract 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 advises small-business owners across a range of industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to an AI assistant and paste the prompt below (copy-ready on the kit page). Use business figures only and never paste patient records, claim exports or login details; if a report holds patient-level detail, enter only the totals you need.

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 patient records or claim exports. 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 physical therapy clinic. I have attached the Physical Therapy Clinic Business Plan and Operations Starter Kit from businessconsultant.services. Help me make it my own plan, 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 charge, allowed amount, rate, wage, 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 collections = visits a month times the clean collectible a visit (page 10); recovered denials follow two months later on their own schedule. Full run, break-even and coverage take the full-run month; the month-12 run rate averages a year at month 12's ramp and bookings, seasons applied, and is not month 12's own month sales.
- 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 provider hours go in line 14 only if they move with visits, else in line 3. 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 visits = (fixed costs with line 4 even if undrawn, plus principal and other recurring cash out) divided by one visit's contribution, recovered denials included (pages 6 and 10); 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. Visits a provider a day at capacity = paid hours a week / days open x 60 x (1 - share of paid time off visits) / (visit + documentation minutes); visits a month = providers x visits a day x days open x 52 / 12.
- Rent share = line 1 divided by net collections. 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 clinic opens 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; report the page 5 two-pass size beside it, never as a substitute. Place each receipt in the month my payment terms say, or mark [NEED: payment timing]. Collect each payer and patient on the split I give for the visit line; if the split is missing, write [NEED: collection split] and do not use the kit's example split. Recovered denials follow their own schedule, 100 percent in the month they arrive. 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 pay I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the clinic 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, clinical, billing, patient privacy and facility requirements, employment, wage or lease advice. Do not name laws, programs, 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. Never include or paste patient records, claim exports, screenshots, dates of service, names, member or account numbers, free-text notes or small groups that could identify a person. If a report holds patient-level detail, enter only the totals you need. Never paste login details.
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 needs only the page 6, 7, 9 and 10 results I gave, not the tables. 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 and charges, the payers I accept, the treatment bays and provider hours, visits and where new patients come from, the providers on the roster with paid hours a week, and days open per week.
b. Sales build: the visits a month each provider type can carry (paid hours a week, the minutes a visit takes with notes, and the share of paid time off visits), my full-run visit count, the visits a course of care returns for, the monthly visit build from months 1 to 12, the season by calendar month, my recovery share and the months a denied claim takes to pay, 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 monthly counts, never daily ones; the page 6 build sets the visit line's count. 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), and for each booked line (recovered denials) its bookings, and its count once fully booked, for each month 1 to 12.
c. For each clinician type: how many of them, paid hours a week, the minutes one treatment occupies once the note is included, the share of paid time that never reaches a patient (staff meetings, payer calls, referral outreach, billing work and admin; the note is already counted inside treatment minutes), and which treatment lines that clinician type covers. Give days open a week if they differ from the kit; pay by clinician type is asked separately.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (landlord quote, equipment quote, billing service quote, payer quote or calculation) for each line on page 5, from the equipment and fit-out to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including rent, the front desk and rehab aide, software, insurance, 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 provider hours go in line 14 only if they move with visits, else in line 3.
f. Variable cost shares of net sales for lines 13 to 16: line 13, billing service, at the rate and on the basis my agreement sets; line 14, provider pay above the minimum staff; line 15, card processing fees, at the rate and on the basis my agreement sets, as a share of total sales; line 16, unplanned costs, held at 2 percent of sales; and any sales line whose own shares differ, given for that line.
g. For each clinician type: how many of them, how each one is paid (an hourly rate with employer taxes and benefits, or a salary), and which treatment lines that clinician type covers.
h. For each service line: my charge, the allowed amount I am actually paid, the share of the allowed amount the patient owes, the share of the payer portion denied on first pass, the share of denials I recover and how many months later, the share of patient balances I write off, and the share of each month's clean collectible collected in that month and each later month, counted from the month of service so any wait to bill sits inside the split. Blend my own splits weighted by each line's clean collectible; never reuse the kit's printed split.
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 payer and patient pays (the share of a month's claims paid that month and in each later month), when denied claims are paid after rework, and when the therapists, assistants, the front desk 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 and equipment replacement.
m. Cash on hand on the first day the clinic 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.
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 clinic, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by line and month (visits and recovered denials), with annual collections 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 visits a month (use cash break-even); rent share and planning debt service coverage at full-run sales and at the month-12 run rate, 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 the page 11 $000 format to two decimals (51.25 means $51,250). If you reproduce page 19 instead, use whole dollars and say which format you used. For each case give 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; they track amounts owed and do not change closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and claims owed (last month's + billed minus paid, where billed and paid are the clean collectible only, since recovered denials never sit in receivables), money not yet in the bank.
6. Visits a day and a month at capacity by provider type, provider pay a month and cost a visit, the capacity use at my modelled volume, whether Test 4 passes, and line 14.
7. Provider pay a month by type, the total, the cost a visit, and the share of full-run sales that line 14 carries.
8. Clean collectible per visit, the month-by-month clean collectible billed, collected and receivables, and what the collection lag costs in cash.
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 payer term or visit count 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 visit count, the payer terms and the recovery share, 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 $17,700.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**114,100**	**91,357**	**73,517**	**60,068**	**50,699**	**44,460**	**40,675**	**38,141**	**36,028**	**35,440**	**37,502**	**43,194**
In: sales receipts	2,800	11,400	19,703	26,540	31,715	35,535	38,437	41,686	46,160	51,047	54,576	55,006
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: billing, card fees and allowance (lines 13, 15, 16)	1,064	1,566	2,096	2,470	2,748	2,933	3,157	3,541	3,941	4,244	4,231	3,987
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	14,670	17,865	21,247	23,630	25,397	26,578	28,005	30,449	32,998	34,932	34,844	33,296
Out: rent (line 1)	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668	4,668
Out: other costs, with loan interest (lines 2, 5 to 12)	4,701	4,701	4,701	4,701	4,701	4,701	4,701	4,701	4,701	4,701	4,701	4,701
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	440	440	440	440	440	440	440	440	440	440	440	440
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(22,743)**	**(17,840)**	**(13,449)**	**(9,369)**	**(6,239)**	**(3,785)**	**(2,534)**	**(2,113)**	**(588)**	**2,062**	**5,692**	**7,914**
Closing cash, expected	**91,357**	**73,517**	**60,068**	**50,699**	**44,460**	**40,675**	**38,141**	**36,028**	**35,440**	**37,502**	**43,194**	**51,108**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**114,100**	**92,870**	**75,072**	**60,348**	**48,480**	**38,802**	**30,843**	**23,759**	**16,970**	**11,248**	**7,382**	**6,056**
Sales receipts, slow start	1,960	7,980	13,792	18,578	22,200	24,874	26,906	29,180	32,312	35,733	38,203	38,504
Out: variable costs, slow start (lines 13 to 16)	5,490	8,078	10,816	12,746	14,178	15,133	16,290	18,269	20,334	21,899	21,829	20,574
Out: fixed costs (lines 1 to 12), principal, bills, less funding	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700	17,700
Net cash flow, slow start	**(21,230)**	**(17,798)**	**(14,724)**	**(11,868)**	**(9,678)**	**(7,959)**	**(7,084)**	**(6,789)**	**(5,722)**	**(3,866)**	**(1,326)**	**230**
Closing cash, slow start	**92,870**	**75,072**	**60,348**	**48,480**	**38,802**	**30,843**	**23,759**	**16,970**	**11,248**	**7,382**	**6,056**	**6,286**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year (before receivables timing)	**8,816**	**8,250**	**9,103**	**8,597**	**7,401**	**6,407**	**5,875**	**6,818**	**8,023**	**8,790**	**7,611**	**5,438**

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 $57,376 a month, against month 12's own $52,467): closing cash runs $54,596 in month 1 and $140,805 in month 12, lowest $54,596 in month 1, above the floor. Receipts in that second year still arrive on the first year's collection schedule (20 percent in the month of service, 52 the next, 22 in the third, 6 in the fourth), so each closing balance follows receipts, not billings. 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.