Real Estate Appraisal Business Plan and Operations Starter Kit

A working kit for small appraisal firms. It prices every assignment type from its hours and fee, tracks order flow from lender desks, referral partners and small investors, measures the hours an appraiser can actually bill, finds cash break-even through the April peak and the December trough, and scores the plan on six pass-or-fail tests.

REAL ESTATE APPRAISAL
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PAGE 2

Start here

An appraisal firm can be turning work away in April and still finish the year with almost nothing in the bank. Fees arrive one assignment at a time, payroll goes out every month, and a rush job can crowd out the work that pays better. This kit writes those numbers down and tests them.

WHAT IS INSIDE

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

1. Build assignment sales on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Fees, hours and payment terms move before an assignment is booked, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every assignment and the numbers review every week. Run the page 7 write-down check when each assignment closes and update the page 9 client order log every month.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the appraisal firm questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, record-keeping, confidentiality and data-handling or financial advice. Business registration, insurance, contract and employment requirements vary by location; review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender or a partner will ask whether appraisal assignments throw off enough cash for salaries, the office and the loan through the April peak and the December trough. Answer here in plain sentences.

1. Executive summary (write it last)

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

2. Assignments and clients

Describe the work you sell, from a standard residential report to a complex small-income-property assignment, and what clients buy beyond the report: a number they can act on, a file that holds up when it is read again. Say who sends the work and who orders it.

3. Positioning and appraiser capacity

Be specific about the properties you take on and the ones you send elsewhere. Then add up the hours your appraisers can bill in a week.

4. Assignments and pricing

For each assignment type, record the billable hours it needs and the fee it carries. A fee copied from another firm's rate sheet is a guess.

ASSIGNMENT OR CLIENT	BILLABLE HOURS	FEE	FEE PER BILLABLE HOUR

> *Owner question: We turn work away every April and still finish the year with almost nothing in the bank. Which assignment should we stop quoting?*
>
> Start with the page 7 write-down check: each assignment's fee against the $59.40 true cost of a billable hour. The complex row carries eight hours, so at $500 it sits near cost and earns less per hour. Per hour, the standard single-family report earns least ($37.00) and is the first to displace; rush earns most ($86.97), so quote it at a premium and keep it. Break-even sits at 92.4 percent of full-run revenue and cash break-even at 94.2 percent, so there is little annual slack; the reserve must cover the seasonal troughs, so quote complex work high or send it out.

PAGE 4

Business plan, part two

5. Operations

Describe how an assignment runs from the confirmed order to the report: order terms, the inspection, the research, any revision, and who checks the file. Name who takes the order while you are in the field.

6. Team

List every role, its hours and its pay, including a market wage for your own hours. Name the appraiser who can carry a full calendar without you (page 14, first question).

7. Marketing and sales

Explain where orders come from, how a first contact becomes a fee quote, and why an order desk sends the next one; repeat senders pay for the quotes you lose.

8. Financials and funding

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

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

TEST	PASS?
Gate 0. Order terms and written fee confirmations, the insurance and software quotes, the office or coworking agreement and the requirements of every registration the plan needs are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. Paid hours needed in the busiest month (pages 7 and 10), at full-run volume, fit the hours you can staff (page 6), and planned assignments reach break-even (page 8).	
5. Written order terms and fee confirmations back the assignment count; a list of contacts supports a forecast of inquiries, not of assignments.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a lease or hire an appraiser. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the insurer, the software vendor or the office, or a documented calculation. Appraisal budgets break on payroll before the first fee arrives, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
EQUIPMENT AND BRAND				
Laptops, tablets, laser measure and furniture				
Forms, data and report software setup				
Brand, website and sample appraisal pack				
SETUP AND REGISTRATION				
Business entity, order terms and accounting setup				
Insurance down payment				
Office or coworking deposit and first month				
PRE-OPENING				
Pre-opening payroll and recruiting				
Launch marketing and referral outreach				
Comparable data and sample-report assets				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from written orders, confirmed fee quotes and the hours your appraisers can bill, not from the payroll you need to cover. Count order-desk volume first; add quoted work at the volume your inquiry record supports.

```
Monthly sales for a line = units times average fee times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE FEE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Appraisal assignments	assignments				

Full-run month

RAMP AND SEASONS

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

Expected sales for each month = full-run assignment sales times ramp (the share of full-run volume the order sources have reached) times season. Use 100 percent where a factor does not apply. Ramp and season are your assumptions; write down the evidence for each, such as your order record by month; a confirmed order with a delivery date replaces its ramped figure that month.

CAPACITY CHECK

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

Write how many hours your appraisers are paid each day and how many days you work each week. Add up the monthly billable hours your assignments need (assignments a month times billable hours each, page 7) and divide by utilization (page 10). If the plan needs more paid hours than you can staff, the plan is wrong, whatever the order desk says.

PAGE 7

Assignment pricing and realization

Every order is a fixed fee for a defined property report. Price the report from the hours it takes, cost it at the true cost of an appraiser hour, and collect it when the report is delivered.

```
Fee invoiced = billable hours times the hourly fee times realization (the share of the quoted fee that reaches the invoice), plus pass-through data costs billed at cost
Appraiser cost = billable hours times the true cost per billable hour (page 10; quoting, admin and write-down hours sit inside that cost, not in the hours); contribution = fee invoiced minus appraiser cost, data and card fees at their page 8 share; profit per billable hour = contribution divided by billable hours
Win rate = orders won divided by fee quotes taken; fee quotes needed = orders needed divided by the win rate
```

WORKED EXAMPLE: FOUR ASSIGNMENT TYPES A SMALL FIRM QUOTES (ILLUSTRATIVE)

ASSIGNMENT TYPE	ORDERS A MONTH	FEE RATE AND COLLECTION	BILLABLE HOURS	FEE INVOICED	APPRAISER COST	DATA FEES, CARD FEES	CONTRIBUTION PER ORDER	PROFIT PER HOUR	WIN RATE ON QUOTES
Standard residential appraisal	45	$110 x 90%	4.5	$446	$267	$12	$167	$37.00	70%
Condominium appraisal	10	$110 x 90%	4	$396	$238	$10	$148	$37.00	70%
Complex assignment, 2-4 unit or large	5	$119 x 88%	8	$838	$475	$22	$341	$42.60	55%
Rush appraisal	4	$167 x 90%	4.5	$676	$267	$18	$391	$86.97	75%

Appraiser cost at the true cost of $59.40 per billable hour from page 10; card and portal fees plus mileage at 2.6 percent of the fee billed (page 8 lines 15 and 16); data pass-through at cost. Every hour a report consumes is charged here, for pricing; page 8 holds the two salaried appraisers in line 3 and only the overflow in line 14. Per hour, the rush order earns the most ($86.97) and the standard single-family report the least ($37.00). Page 12 takes its data and appraiser-cost shares from these order types (the order book: 64 a month, averaging $483 invoiced).

YOUR ASSIGNMENT TYPES

ASSIGNMENT TYPE	ORDERS A MONTH	FEE RATE AND COLLECTION	BILLABLE HOURS	FEE INVOICED	APPRAISER COST	DATA FEES, CARD FEES	CONTRIBUTION PER ORDER	PROFIT PER HOUR	WIN RATE ON QUOTES

FEE INVOICING AND WHEN THE CASH ARRIVES

The worked example collects every order in the month the report goes out, because a lender or an estate desk pays on delivery. Page 11 therefore carries no receivables, and the collection pattern is $100 in that month for every $100 invoiced. If an order desk pays at 30 days instead, move that share to the month it lands.

WRITE-DOWN CHECK

An appraisal expands while its fee does not. At every file close, put the hours logged beside the hours the quoted fee carried.

```
Written-down hours = hours logged on the file minus hours the quoted fee carried; written-down cost = those hours times the true cost per billable hour. Find the cause first, price added scope as a written change order before the second visit, and carry the lesson into the next quote for that kind of property.
```

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount.

FIXED COSTS PER MONTH	PER MONTH
1. Office or coworking space	
2. Professional liability and general insurance	
3. Two salaried appraisers at $33 an hour equivalent, with payroll taxes and benefits (the minimum delivery staff)	
4. Owner's market wage (inspection, quoting, management)	
5. Loan interest (working capital and launch loan)	
6. Phones, internet and mobile data	
7. Marketing, website, content and events	
8. Forms, comparable data, report and accounting software	
9. Accounting, bookkeeping, legal and bank fees	
10. Professional education, dues and memberships	
11. Part-time report and office assistant	
12. Non-billable travel, equipment and other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Pass-through data and specialist fees, billed to the client at cost	
14. Contract appraisers above the salaried staff, with their fees	
15. Payment and platform fees	
16. Unbilled travel and inspection 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 assignments = (fixed costs, principal and other recurring cash out) divided by one average
assignment's contribution (its fee times its contribution margin ratio)
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution
margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even assignments (use cash break-even)	one figure per month		
Office share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

Where the orders come from, and how they are won

Appraisal work does not arrive as one funnel. Most of it is offered already priced: an appraisal-management or lender order desk names the property and the fee, and the office accepts or declines on territory and calendar. The rest is quoted, by a qualified professional closing an estate, an investor with a small portfolio, or an owner who found the firm by search. Each channel wins at a different rate, so count them apart or a busy spring reads as a good year.

```
Fee-quote rate = fee quotes divided by first contacts; win rate = wins divided by fee quotes
First contacts needed = new assignments you need divided by (fee-quote rate times win rate)
Monthly client loss = assignments lost in the month divided by assignments at the start of the month
```

WORKED EXAMPLE: ONE QUARTER OF QUOTING, BY SEGMENT (ILLUSTRATIVE)

SEGMENT	FIRST CONTACTS	FEE QUOTES	WINS	FEE-QUOTE RATE	WIN RATE	DAYS TO FEE QUOTE	FIRST CONTACTS FOR 192 WINS
Lender and appraisal-management order desks	490	225	159	46%	71%	2 days	592
Estates and private referrals	90	38	24	42%	63%	12 days	720
Investors and small portfolio owners	50	16	9	32%	56%	18 days	1067

Nothing is assumed to stop: an order desk that cools simply sends fewer orders, so the loss line reads zero and the cooling shows up in the count. The three channels win 192 assignments a quarter, the 64 a month the plan needs, on 279 fee quotes. That 68.8 percent measures how many quoted fees become orders, not a weak sales process; the page 7 close rates carry their own blend, and the two are read separately. Most volume arrives already priced from order desks, which is why they win most of it; estate referrals and small portfolios carry the complex work, whose close rate is the lowest row. A quarter is a direction, not a rate. In the example no client is assumed to stop sending work, so the monthly client loss is zero. Use the client order log below to catch a cooling order desk as a rising loss rate, before the fee quotes fall.

YOUR PIPELINE, BY SEGMENT

SEGMENT	FIRST CONTACTS	FEE QUOTES	WINS	FEE-QUOTE RATE	WIN RATE	DAYS TO FEE QUOTE	FIRST CONTACTS NEEDED

CLIENT ORDER LOG

CLIENT	LAST ORDER DATE	FEE AT THE LAST ORDER	STILL SENDING WORK	REASON, IN THE CLIENT'S WORDS

PAGE 10

Billable hours, and what each one has to carry

The office pays three people for the whole week. Only part of that week reaches a client invoice. Travel between properties, revisions the order desk asks for, and reports that had to be redone are paid hours nobody is billed for, so every billable hour has to carry them.

```
Utilization = hours billed to a client divided by hours the office pays for
Loaded hourly cost = the hourly wage times (1 + the share for payroll taxes, benefits and paid time off)
Cost of a billable hour = the whole week at the loaded cost, divided by the hours a client was billed for
```

WORKED EXAMPLE: THREE APPRAISERS, ONE WEEK EACH (ILLUSTRATIVE)

APPRAISER WEEK	HOURS, THREE APPRAISERS	SHARE OF THE 120
Paid hours	120	100%
Inspection and report writing	84	70%
Travel between properties	12	10.0%
Revisions and re-inspections	6	5.0%
Waiting, admin	18	15.0%

At a $33.00 wage, with 26 percent payroll taxes and benefits added, one appraiser costs the office $41.58 for every hour paid. At 70 percent utilization, one hour billed to a client carries $59.40 of that cost. Quote from that figure. The wage, and even the loaded hourly cost, understate what the hour you sell really costs.

YOUR APPRAISERS, ONE WEEK EACH

APPRAISER	PAID HOURS	INSPECTION, WRITING	TRAVEL	REVISIONS	UTILIZATION	BILLABLE-HOUR COST

WHERE LOSING AN APPRAISER HURTS MOST

An appraiser who leaves takes three things: the order-desk contacts, the property history and the judgment about what a house on that street needs. They survive only if the file, the fee record and the contact notes stayed current while the work was open. Keep them current on every order, so whoever picks up the desk can open the file on Monday and quote without a phone call.

PAGE 11

Twelve-month cash forecast

Salaries leave before fees land. Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: collections, in the month each payment lands, net of sales tax												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: pass-through costs, fees and consumables (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office or coworking space (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first billable day after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Salaries, contract appraisers and pass-through suppliers are paid in the month of the work. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, and what the April peak and the December trough cost

```
Runway = how many months the firm can keep trading, from the last closed month (or the first billable day), until a month closes holding less cash than your floor
```

Worked example: a hypothetical appraisal firm

Illustration only: the method's arithmetic, not market benchmarks. The two salaried appraisers are on payroll from month 1, and every order is billed and collected in the month its report is delivered. The cash floor is $28,362. Order fees follow the page 7 pattern, with the whole fee landing in the delivery month; April is the busiest month and December the quietest; each bill is paid in the month its cost is incurred; the owner draws a wage in cash.

Page 5, budget	Opening everything costs $160,800, covered by a $40,000 loan at 9.5 percent over 5 years and $120,800 from the owner. Within that, $105,100 is reserve, enough for the ramp, the April peak, the December trough, the floor and a month of buffer. Page 5 built the reserve from the $28,362 floor, added a second month of fixed costs and principal ($28,362), added $48,375 for the deepest point a no-reserve pass reaches, then rounded the result up to $105,100.
Page 8, costs	The firm carries $27,815 of standing cost a month, $1,400 for the office or coworking space and $293 for loan interest, with principal adding $547 (both year 1 averages). Variable lines take 2.6 percent of what is billed and leave 0.974 of each dollar as contribution. Lines 13 to 16 are set at 0, 0, 1.2 and 1.4 percent of sales; lines 1 to 12 read $1,400, $420, $14,412, $7,000, $293, $260, $800, $520, $380, $280, $1,700 and $350 a month.
Page 8, break-even	Operating break-even is close to $28,557 a month. Add principal to fixed costs, divide by that margin, and cash break-even lands near $29,119 a month, or 60.3 orders, so 61, against the 64 the plan counts on.
Page 6, sales	The order book holds 64 orders a month at an average fee of $482.84, so a full-run month bills about $30,902. Volume builds at 45, 58, 68, 76, 82, 87, 91, 94, 96 and 98 percent through months 1 to 10 and reaches 100 percent after that, while the season runs at 112, 118, 110, 102, 94, 86, 104, 108, 96, 78, 88 and 104 percent over months 1 to 12 and applies to every order.
Page 19, expected case	The first month bills $15,574 and closes at $91,908; month 12 closes at $59,665. Cash bottoms in month 11 at $56,725, $28,363 above the floor.
Page 19, slow start	At 70 percent of the expected case the first month bills $10,902 and closes at $87,357; month 12 closes at minus $28,807. Cash drops under the floor in month 6, closing at $24,062, and under zero in month 9, closing at minus $279, which gives a runway from opening of 5 months.
Page 8, coverage	A full-run month of $30,902 gives a planning coverage ratio of 3.07 before income tax and equipment replacement, against 1.25 the example lender wants; the month-12 run rate gives the same 3.07, and Test 3 counts both. The office absorbs about 4.5 percent.

THE PAGE 4 CHECK SCORES THIS EXAMPLE AMBER

Gate 0 is treated as met for the example here. Test 1 passes: a year at the month-12 pace averages $30,902 a month in sales, above the $29,119 break-even, and cash holds above the floor another twelve months at that pace (low point $65,013, month 1 of year 2). Test 2 fails: hold the order book at 70 percent and cash drops under the floor in month 6; about $57,200 more in the opening reserve would pass it. Test 3 passes on the planning formula; your lender's own definition is what counts in the end. Test 4 passes: in the fullest month of the year (month 2, season 118 percent, scored at full ramp) the page 7 order book calls for about 355 billable hours, which at 70 percent utilization (page 10) means about 510 paid hours, inside the 520 paid hours the crew supplies (three people at 40 hours a week; the two salaried appraisers plus the owner), so the month fits, and 64 orders a month clear the break-even count. Test 5 fails for want of evidence. Test 6 passes: a full-run year, troughs and all, leaves about $20,836 after principal, yet running cash falls from high to low, the largest fall about $6,761 from the month 9 peak to the month 11 low, and the page 5 buffer absorbs it. That is the steady-state year, not the forecast year: page 19's first year loses about $45,435 in cash, because the order book fills through the year and December comes round before the first full spring. Break-even takes most of the 64 assignments; April puts every appraiser at full stretch and December tests the reserve.

PAGE 13

What moves the result

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

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

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
A tenth fewer assignments (lines 13 to 16 fall)	minus $3,010	Expected case holds the floor; full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Average fee 5 percent higher, same volume (only payment fees rise)	plus $1,527	Break-even assignments fall from 60.3 to 57.4 a month, so from 61 to 58: per-unit costs stay the same, so the ratio rises from 0.974 to 0.975 on the new sales (sales-linked fees, line 15, take 1.2 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $28,092
Lose the rush line (4 a month, $2,705 of billing), from month 6 onward	minus $2,635	Expected case still clears the floor; slow start deadline unchanged (month 6); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Lose the standard residential appraisal line (45 a month, $20,048 of billing; the full-run loss applies flat in every affected month), from month 6 onward	minus $19,526	Expected case below the floor in month 7 (closing $23,332), below zero in month 9; slow start deadline unchanged (month 6); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Every client pays two months after delivery (staff and bills still paid on time)	no change	Expected case below the floor in month 4 (closing $26,197); slow start below the floor in month 4 (closing $15,834); would fail Test 1
One complex assignment's $838 fee is never collected in each of 2 months	no change	Expected case still clears the floor; slow start deadline unchanged (month 6); $1,676 never collected
15 percent over the fee's hours: absorbed in an average month (494 of 520 paid), but the peak month 2 needs 583, 63 over the crew supply, so work is rescheduled or contracted out	no change	Cash break-even is unchanged at about $29,119; expected case still clears the floor; slow start deadline unchanged (month 6)
Realization falls 5 points on every assignment (the weakest from 88 to 83 percent; about $1,722 a month less billed), from month 1 onward	minus $1,701	Expected case still clears the floor; slow start deadline unchanged (month 6); full-run coverage falls to 1.04; would fail Test 3
Setup overrun of $10,000 beyond the contingency, paid from the cash reserve	no change	Expected case still clears the floor; slow start below the floor in month 5 (closing $26,660)
Opening 3 months late (office or coworking space, insurance, loan interest and principal, $2,660 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case holds the floor; its low falls to $39,894 in month 11 from the planned opening, $16,831 lower than on time; slow start below the floor in month 8 from the planned opening (month 6 on time)

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

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

PAGE 14

Assignment checklists, weekly review, six questions

Operating checklists, not an appraisal quality standard. Add the record retention and client confidentiality steps your order desks and qualified advisers require.

BEFORE THE ASSIGNMENT STARTS

- [ ] Get the fee, the property address, the delivery date and the payment terms confirmed before you book the inspection.
- [ ] Record who ordered the report and who answers questions on site, with a phone number for access.
- [ ] Write down the hours the quoted fee allows and name the appraiser who logs time against it.
- [ ] Settle in writing which data pulls, mileage or specialist fees the order desk reimburses, and at what rate.
- [ ] Open the file, the time sheet and the revision log before the first visit, not after the report is drafted.
- [ ] Note what the order desk requires for file retention and who on their side may see the report.

ASSIGNMENT CLOSE AND MONTH END

- [ ] Beside every closed file, put the hours logged against the hours the fee carried.
- [ ] Beside the fee quoted, put the fee actually invoiced, and name what changed.
- [ ] Send the invoice the day the report goes out, not at month end.
- [ ] Work out realization on the file: the fee billed against the fee the hours were worth.
- [ ] Log every quote with the desk it came from, the days to an answer and whether it became an order.
- [ ] Before the file closes, ask the sender what else they have coming and who else on their side orders appraisals.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Fees billed and cash in, by order and by desk				
Hours logged against hours quoted, file by file				
Each appraiser's billed hours as a share of the 40-hour week				
Quotes out, quotes won and the win rate by desk				
Quotes sitting unanswered, and for how many days				
Invoices unpaid after 30 days				
Hours the owner spent inspecting, writing and quoting				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every quote need the owner to set the fee, and does an appraiser wait for the owner before answering a desk?
2. **Reactive operations.** In one week, count the desk messages asking where the report is, disputing the fee or adding a property after the quote, and the hours those messages cost.
3. **Growth without structure.** How many orders a month turn into a scope conversation, and how many extra hours get written down before the invoice leaves?
4. **Talent and retention.** Which desks and referral partners will only deal with one appraiser, and what happens to that work the week that appraiser is away?
5. **Revenue plateau.** How many days pass between an order-desk offer and the quote going back, and how many offers never get one?
6. **Strategic confusion.** Do two files of the same type take very different hours, and is the report delivered the one the fee was quoted for?

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

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log hours on every assignment. Log the hours the owner bills and quotes.
Week 2	Fill the page 7 assignment table at the true cost of a billable hour and mark any assignment type priced below its labor, pass-through and fees.
Week 3	Fill the page 9 order-flow table and record every fee quote with its source and its days to a decision.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions an appraiser may make without calling you.
After month 1	Run the write-down check on every closed assignment and measure billable utilization on page 10.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- ☐ Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- ☐ Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- ☐ What does the space need before you can open, and who pays to add or upgrade it?
- ☐ Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- ☐ When does rent start, at signing, at permit or at opening?
- ☐ Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- ☐ What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Real Estate Appraisal Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, an assignment pricing calculator from hours, rate and realization to a fee at a target margin, a fee-quote and delivery tracker, editable order-flow and utilization trackers, assignment 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 real estate appraisal firms, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Real estate appraisal owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, record-keeping, confidentiality and data-handling or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini, paste the prompt below, and answer with your own assignment counts and costs. A copy-ready version is on the kit page.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as client files, property addresses or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a small real estate appraisal firm. I have attached the Real Estate Appraisal Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my appraisal assignments, using my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a rate, fee, salary, realization figure, close rate, percentage or benchmark.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a sales line = units times average fee (every line is counted per month). Each month's expected sales = full-run assignment sales times ramp times season; a confirmed order replaces its ramped figure that month, never both; before opening, count expected orders by month, each marked MY ESTIMATE until confirmed.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's own inspection and report hours sit inside line 4 (appraisal work and management); staff hours go in line 3 or 14. Inspection and report 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 assignments = (fixed costs, principal and other recurring cash out) divided by one average assignment's contribution (its fee times its contribution margin ratio). If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Paid hours available per month = the sum over billable people of each person's hours a day times days worked a week, times 52, divided by 12; paid hours needed = billable hours on assignments divided by utilization.
- Office share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line, since no line is held at fixed bookings, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first billable day after startup spending is paid. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; the page 5 two-pass size is advice to report beside it, never a substitute. Enter each assignment fee in the month it lands; payroll, contract appraisers and pass-through suppliers are paid in the month worked. In the slow-start case, every month's sales, confirmed orders included, are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first billable day), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

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

5. Do not give legal, tax, licensing, permit, employment, wage or lease advice. Do not name laws, license or permit types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only, with anonymous client IDs. Do not ask for names, addresses, bank account or tax ID numbers.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Services, client and order-desk segments, positioning, the appraisers I can staff (appraisers and myself) and the paid hours each works a day, days worked per week, and days open per week.
b. Sales build: for each appraisal assignment type, the full-run assignments a month, its billable hours, standard rate, realization and pass-through costs; a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month from my order record or my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each assignment type (the counts, hours, rate, realization and pass-through from b above): fee quotes given and won last quarter; my payment terms for each assignment type (the share invoiced on delivery and how many days after delivery it is paid); and the assignments I need a month.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (vendor quote, insurer quote, office quote or calculation) for each line on page 5, from laptops and brand to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the two salaried appraisers and the part-time assistant, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my own inspection and report hours sit inside line 4 (appraisal work and management); staff hours go in line 3 or 14.
f. Variable cost shares of net sales for lines 13 to 16: line 13, pass-through data and specialist fees, billed to the client at cost; line 14, contract appraisers above the salaried staff, with their fees; line 15, payment and platform fees; line 16, unbilled travel and inspection consumables; and any sales line whose own shares differ, given for that line.
g. For each customer segment: first contacts, fee quotes and wins last quarter, and days from first contact to fee quote; assignments at the start of the month and assignments lost; the number of new assignments I need.
h. For one typical week: paid, inspection and report writing, travel, revision and waiting or admin hours per appraiser; base wage and payroll taxes and benefits share.
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
j. Payment terms: when each client pays me (the share invoiced on delivery, when the fee is invoiced and how many days after delivery it is paid), deposits I collect or pay and when, and when payroll, contract appraisers and pass-through suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and stock build-up.
m. Cash on hand on the first billable day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my appraisal firm, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by assignment 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 assignments (use cash break-even); office share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month forecast for expected and slow-start cases, in thousands of dollars, two decimals (51.25 means $51,250), for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; the Test 6 cushion, with whether the page 5 buffer covers it. Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Assignment economics for each assignment type at true cost per billable hour, ranked by contribution per billable hour, flagging any assignment type billed below its labor, pass-through and fees; fee quotes needed a month; and the collection pattern the cash forecast uses.
7. Pipeline by segment with first contacts needed and monthly client loss.
8. Utilization and the true cost per billable hour, with the largest leak named.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every count or payment term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with assignment counts by month, fee terms and billable hours, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $28,362.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**105,100**	**91,908**	**84,145**	**78,296**	**73,267**	**68,104**	**62,262**	**62,385**	**64,579**	**63,955**	**58,601**	**56,725**
In: sales receipts	15,574	21,149	23,115	23,955	23,819	23,121	29,245	31,371	28,479	23,621	27,194	32,138
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: pass-through costs, fees and consumables (lines 13, 15, 16)	405	550	601	623	619	601	760	816	740	614	707	836
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	21,411	21,412	21,413	21,411	21,413	21,412	21,412	21,411	21,413	21,411	21,413	21,412
Out: office or coworking space (line 1)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Out: other costs, with loan interest (lines 2, 5 to 12)	5,003	5,003	5,003	5,003	5,003	5,003	5,003	5,003	5,003	5,003	5,003	5,003
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	547	547	547	547	547	547	547	547	547	547	547	547
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(13,192)**	**(7,763)**	**(5,849)**	**(5,029)**	**(5,163)**	**(5,842)**	**123**	**2,194**	**(624)**	**(5,354)**	**(1,876)**	**2,940**
Closing cash, expected	**91,908**	**84,145**	**78,296**	**73,267**	**68,104**	**62,262**	**62,385**	**64,579**	**63,955**	**58,601**	**56,725**	**59,665**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**105,100**	**87,357**	**73,414**	**60,812**	**48,782**	**36,660**	**24,062**	**15,639**	**8,666**	**(279)**	**(12,536)**	**(22,357)**
Sales receipts, slow start	10,902	14,804	16,180	16,769	16,673	16,184	20,472	21,960	19,935	16,535	19,035	22,496
Out: variable costs, slow start (lines 13 to 16)	283	385	420	437	433	420	533	571	518	430	494	584
Out: fixed costs (lines 1 to 12), principal, bills, less funding	28,362	28,362	28,362	28,362	28,362	28,362	28,362	28,362	28,362	28,362	28,362	28,362
Net cash flow, slow start	**(17,743)**	**(13,943)**	**(12,602)**	**(12,030)**	**(12,122)**	**(12,598)**	**(8,423)**	**(6,973)**	**(8,945)**	**(12,257)**	**(9,821)**	**(6,450)**
Closing cash, slow start	**87,357**	**73,414**	**60,812**	**48,782**	**36,660**	**24,062**	**15,639**	**8,666**	**(279)**	**(12,536)**	**(22,357)**	**(28,807)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**5,348**	**7,154**	**4,746**	**2,338**	**(70)**	**(2,477)**	**2,940**	**4,144**	**532**	**(4,885)**	**(1,875)**	**2,940**

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 consumables or stock, and if you carry consumables, add a startup-budget line and enter its build-up here; enter your own amounts. Second year at the month-12 run rate (about $30,902 a month, against month 12's own $32,138): closing cash runs $65,013 in month 1 and $80,501 in month 12, lowest $65,013 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.