Staffing Agency Business Plan and Operations Starter Kit

A working kit for temporary staffing and direct-hire agencies. It prices every placement type on the spread between the bill rate and the payrolled cost, turns net 30 invoices and conversion fees into a collection pattern, tracks client meetings by segment, shows what an unbilled hour costs, finds cash break-even through the slow months, and scores the plan on six pass-or-fail tests.

STAFFING AGENCIES
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BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

A staffing agency can place every worker it promises and still run out of cash. Placed workers are paid every two weeks, most clients pay a month or two after the invoice, and a placement priced two dollars an hour too low loses money on every hour. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

3	Business plan, part one: services, client types and lead sources, service area, pricing
4	Business plan, part two, and the six-test pass or fail check
5	Startup budget: office build-out, recruiting accounts, pre-opening, working capital
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15	Your first month, office and setup questions, sources and what the full kit adds
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19	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build placement and conversion 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. Bill rates, pay rates and payment terms move before a rate agreement is signed, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every new placement and the numbers review every week. Run the page 7 overtime and fill-in check every pay period and update the page 9 meeting log after every rate proposal.

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 staffing agency questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, insurance, payroll taxes and workers compensation or financial advice. Rules differ by place; have a qualified professional review them.

PAGE 3

Business plan, part one

A lender reads this plan to see whether placement and conversion fees cover payrolled hours, insurance and loan service while clients settle a month or two after the invoice. Answer each numbered point in one plain sentence here, and keep the detail on separate sheets.

1. Executive summary (write it last)

Name the staffing service you sell and the territory you place into, the money the launch needs and each place it lands, from fitting out the office to the first payroll run; close by naming the month the page 6 forecast first gets past the page 8 cash break-even, plus the page 4 verdict.

2. Services and clients

Say which placement types you fill, from one forklift operator for a week to a rotating three-shift crew, and what a client buys beyond a filled chair: an arrival on time, a recruiter who answers the phone, a confirmed start the evening before. Quote a client where you can, and name the person who signs the rate agreement.

3. Service area and worker capacity

Map the territory you can reach and the drive between client sites, then add up the paid hours your pool of workers can actually field in a week, and turn that number into placements and conversion fees.

4. Placements, conversions and pricing

For every placement type, write down its hours a week and the bill rate it carries. A bill rate pitched a dollar under a rival, with no pay rate or burden behind it, is guesswork.

PLACEMENT TYPE	HOURS A WEEK	BILL RATE	SPREAD ABOVE PAYROLLED COST

> *Owner question: we win accounts on price and then lose the client within a year. Are our placements the problem?*
>
> Start with the rate: if the margin never paid for a supervisor, nobody walks the client's floor, a call-off goes uncovered, and the buyer stares at an empty chair. For each lost account write down the reason given and the supervisor hours that placement carried (page 9), add a site visit and a no-show plan to every rate agreement, then compare retention across supervised and unsupervised placements of the same type and rate; that shows a direction, not proof.

PAGE 4

Business plan, part two

5. Operations

Describe how a placement runs from signed rate agreement to monthly invoice: the order, the recruiting, the worker's start confirmation, the hours report and the billing. Name who covers a no-show at 5 a.m. when you are not there.

6. Team

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

7. Marketing and sales

Explain where client meetings come from, how a meeting becomes a rate proposal, and why clients renew; renewals pay for the proposals you lose.

8. Financials and funding

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

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

TEST	PASS?
Gate 0. Rate agreements with payment terms, insurance quotes, the office lease and the requirements that apply to your agency 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 (placement and conversion hours, pages 6, 7 and 10) fit the paid hours your worker pool can field (page 6), and planned placements reach break-even (page 8).	
5. Signed rate agreements back the placement count and signed offers back the conversion count; a client meeting list supports a forecast of proposals, not of placements.	
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 an office lease or a loan. **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 supplier or the job board, or a documented calculation. Staffing budgets break on the second payroll before the first invoice is paid, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
OFFICE BUILD-OUT AND SYSTEMS				
Workstations, computers and build-out				
Furniture and fixtures				
Software setup				
ACCOUNTS AND FIRST MONTH				
Job-board, screening and drug-screen accounts				
Insurance down payment				
Office deposit and first month				
BEFORE OPENING				
Pre-opening payroll				
Launch marketing				
Supplies and safety gear stock				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

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

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from signed rate agreements and the paid hours you can field, not from the payroll you need to cover. Count placements first; add conversions at the volume your offer 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
Temporary and temp-to-hire placements	placements				
Direct-hire and conversion fees	conversions				

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 placement and conversion sales times ramp (the share of full-run volume the clients and the pool 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 client record by month; a signed rate agreement replaces its ramped figure that month.

CAPACITY CHECK

```
Paid hours available per month = the sum over placed workers on the pool of each worker's hours a day times days worked a week, times 52, divided by 12; paid hours needed = the peak season month's placement and conversion hours, at that month's season percentage, divided by utilization (Test 4 scores the busiest month)
```

Write how many placed workers are on the pool, the hours each is paid a day and the days each works a week. Add up the hours your placements and conversions need in the peak season month (placements times hours a week times 52 over 12, page 7, plus conversion hours, both at that month's season percentage) and divide by utilization (page 10). If the plan needs more paid hours than the pool can field, the plan is wrong, whatever the agreements say.

PAGE 7

Placement pricing, bill rate against pay rate

The rate agreement sets the bill rate; payroll burden and unbilled hours set the cost; the client pays weeks after the invoice.

Billing per placement = hours a week times 52 divided by 12, rounded to one decimal (40 hours a week is 173.3 hours a month, and the plan uses that rounded figure), times the bill rate; payrolled labor = the same hours times the pay rate times (1 + burden share), divided by utilization (page 10)
Contribution = billing minus payrolled labor, minus supplies and fees at their page 8 shares (lines 13, 15 and 16); spread per hour = contribution over billed hours; win rate = accounts won over rate proposals given

WORKED EXAMPLE: THREE PLACEMENT TYPES, ONE MONTH (ILLUSTRATIVE)

PLACEMENT TYPE	PLACEMENTS	HOURS / WEEK	BILL RATE	PAY RATE	BILLING / PLACEMENT / MONTH	PAYROLLED LABOR	SUPPLIES, FEES	CONTRIBUTION	SPREAD / HOUR	WIN RATE
Warehouse and production	14	40	$34.00	$21.47	$5,892	$4,778	$130	$984	$5.68	40%
Office and customer service	9	40	$25.60	$16.00	$4,436	$3,561	$98	$777	$4.49	40%
Experienced lead and skilled	5	40	$36.90	$23.06	$6,395	$5,132	$141	$1,122	$6.47	35%

Payrolled labor at pay plus 22 percent burden, over 95.0 percent utilization (38 billed of 40 paid hours, page 10); supplies and fees at 2.2 percent of billing (page 8 lines 13, 15 and 16). Per billed hour, the experienced lead and skilled keeps the most ($6.47) and the office and customer service the least ($4.49). Line 14 is this payrolled labor as a share of billing. Page 12 takes its payrolled labor share from these placements (temporary and temp-to-hire: 28 placements, averaging $5,514 a month).

YOUR PLACEMENTS, BY TYPE

PLACEMENT TYPE	PLACEMENTS	HOURS / WEEK	BILL RATE	PAY RATE	BILLING / PLACEMENT / MONTH	PAYROLLED LABOR	SUPPLIES, FEES	CONTRIBUTION	SPREAD / HOUR	WIN RATE

NET 30, SLOW PAYERS AND CONVERSION FEES: THE TIMING OF CASH

PLACEMENT LINE	STEP	SHARE OF THE INVOICE	RECEIVED
Temporary and temp-to-hire	Invoiced at the month end, nothing collected in the billing month	0%	in that month
Temporary and temp-to-hire	Net 30 clients, paid the month after	50%	the next month
Temporary and temp-to-hire	Net 60 clients, paid two months after	50%	two months later
Direct-hire and conversion fees	Invoiced in full at the offer	100%	in that month

Of each $100 invoiced in a month, the company receives $3 in that month, $49 the next month and $48 two months later. Placements and conversions are weighted by their full-run invoicing (temporary and temp-to-hire 97 percent, direct-hire and conversion fees 3 percent) to give one whole-percent pattern for this sentence only; page 11 runs each line on its own terms, as your forecast should. A conversion fee still to be invoiced sits outside closing cash; each placement counts as a sale once, when invoiced.

OVERTIME AND FILL-IN CHECK

The replacement shift is paid at the premium and the client is billed at the agreed rate.

Unbilled hours = payrolled hours minus billed placement hours. Overtime premium = overtime hours times the pay rate times the premium share, plus its payroll burden (base pay is in payrolled labor). Compare the two each pay period, find the cause (open placements, call-offs), and bill what the contract allows.

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.

FIXED COSTS PER MONTH	PER MONTH
1. Small office rent	
2. General, professional and employment practices liability, plus workers compensation administration	
3. Recruiter and part-time account coordinator, with employer costs (the minimum staff; placed-worker hours are variable)	
4. Owner's market wage (sales, client meetings, management)	
5. Loan interest (office build-out, equipment and launch loan)	
6. Business phone system, three users	
7. Job advertising, recruiting campaigns and website	
8. Applicant tracking, payroll, timekeeping and onboarding software	
9. Accounting and bookkeeping	
10. Background checks, drug screens and skills testing	
11. Vehicle running costs and local travel	
12. Office supplies, internet circuit and small equipment	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Assignment supplies and safety gear	
14. Payrolled pay above the recruiter and coordinator, with payroll taxes and workers' compensation	
15. Payment processing and bank fees	
16. Client visits, meals and job fairs	
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 placements = (fixed costs, principal and other recurring cash out minus conversion fee
contribution) divided by one average placement's monthly contribution; conversions: kit's line shares
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 placements (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

Client meetings by segment, win rate and losses

Every buyer meets the same pool of workers and judges it differently. A plant manager, an office administrator and an operations director each move at their own pace, so log meetings and rate agreements by segment, and log renewals too, since the renewals decide whether the book survives.

```
Proposal rate takes rate proposals over client meetings; win rate takes accounts won over rate proposals.
Meetings needed for a target = the new accounts you want divided by (proposal rate times win rate).
Monthly churn = accounts lost this month over the accounts on the books at the start of it.
```

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

SEGMENT	CLIENT MEETINGS	RATE PROPOSALS	ACCOUNTS WON	PROPOSAL RATE	WIN RATE	DAYS MEETING TO PROPOSAL	MEETINGS FOR 3 WINS
Warehouse, distribution and light industrial	12	9	3	75%	33%	30 days	12
Offices and customer service teams	10	7	3	70%	43%	21 days	10
Skilled and lead roles, temp to hire	8	6	2	75%	33%	45 days	12

The counts expose the arithmetic. They cannot explain why one segment signs and the next does not, and three months of data points a direction, not a rate. Across the three segments the agreements win eight accounts a quarter; lose one in the same quarter and the loss is covered, with placements left over beyond the nine the plan runs at full speed. In this example one lost account out of nine across three months works out near 3.7 percent a month, taken against the accounts on the book at the start and before any wins, so the proposal pipeline has to refill that loss before any of it counts as growth.

YOUR CLIENT MEETINGS, BY SEGMENT

SEGMENT	CLIENT MEETINGS	RATE PROPOSALS	ACCOUNTS WON	PROPOSAL RATE	WIN RATE	DAYS MEETING TO PROPOSAL	CLIENT MEETINGS NEEDED

CLIENT RENEWAL AND LOSS LOG

CLIENT	RENEWAL DATE	BILL RATE CHANGE AT RENEWAL	KEPT OR LOST	REASON, IN THE CLIENT'S WORDS

PAGE 10

Billable utilization and the true cost of a billable hour

The pay rate on the sheet is the bottom layer of the cost, not the whole of it. A late start, an early finish and the hours burned covering a call-off are all paid and none of them invoiced, so each billed hour must absorb its share of that dead time.

```
Utilization = hours charged to clients divided by paid hours
Loaded hourly cost = pay rate times (1 + its share of payroll taxes, workers' compensation and paid time off)
Cost per billed hour = every paid hour at loaded cost, over the hours the client is billed
```

WORKED EXAMPLE: ONE PLACEMENT ACROSS ONE WEEK (ILLUSTRATIVE)

HOURS	PART OF THE WEEK	SHARE OF THE PAID WEEK
Paid hours	40	100%
Billed hours	38	95%
Travel between client sites	1	2.5%
Replacement shifts and retraining	1	2.5%
Uncovered no-shows and unpaid waiting	0	0.0%

At a $20.00 wage with 22 percent payroll taxes, workers' compensation and paid time off on top, a placed worker's loaded cost is $24.40 an hour; at 95 percent utilization the company pays, for each hour it bills, $25.68. Build the bill rate from that number: both the pay rate and the loaded rate come in under what an hour really costs once nobody can be billed for it.

YOUR PLACEMENTS, BY WEEK

PLACEMENT	PAID HOURS	BILLED	TRAVEL	REPLACEMENT, RETRAINING	UTILIZATION	COST PER BILLED HOUR

WHERE PLACED-WORKER TURNOVER HURTS MOST

When a placed worker leaves, the shift notes, the client's routines and the site rules leave with them unless they sit in the file. Keep the assignment notes current for every placement so a replacement starts the shift already knowing the site.

PAGE 11

Twelve-month cash forecast

Growth deepens the cash low because payroll is paid before invoices are collected, so more volume needs more opening cash, not less. 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: 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: assignment supplies, safety gear, fees and travel (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first placement 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. 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 below your floor is your planning deadline. Then run a second year at the month-12 run rate (page 8) and check the floor holds.

PAGE 12

Runway, and what net 30 costs

Runway is the count of future months, running from the latest month you have closed (or from the first placement while the agency is still about to open), that go by before a month closes with cash below your floor

Two things set this runway, not profit: when the client pays, since month-end invoices clear late, and the floor.

Worked example: a hypothetical staffing agency

The figures rehearse the arithmetic; they are not benchmarks. Placement invoices go out monthly on net 30; the recruiter and the account coordinator sit on line 3 from month 1, and payrolled hours climb with placements. Cash floor $10,000. Placements settle on the page 7 collection terms: nothing arrives in the billing month, half comes the month after and half two months later. Offers bill a conversion fee in full in the month they are made; placed workers are paid for the month they work; the owner draws the wage in cash; the plan takes no new money. The example carries a $90,000 loan at 9.5 percent over five years, repaid at $1,500 of principal a month, with the year-1 average interest on line 5.

Page 5, budget	Total startup budget $331,700, including a $278,700 working capital reserve that is untouched on opening day.
Page 8, costs	Fixed costs $20,932 a month, including $1,900 for office space and $647 of loan interest; principal $1,500 a month; variable share 82.9 percent, so the contribution margin ratio is 0.171. Lines 13 to 16 take 0.9, 80.7, 0.7 and 0.6 percent of sales, each share carried at the one decimal printed here, with the ratio built from those shares. Lines 1 to 12 run $1,900, $1,250, $7,600, $6,500, $647, $105, $1,100, $300, $340, $620, $380 and $190 a month.
Page 8, break-even	Operating break-even about $122,409 a month. Cash break-even (fixed $20,932 plus principal $1,500, divided by 0.171) is about $131,181 a month: 22.9 placements a month from temporary and temp-to-hire after the other lines' contribution, so 23, against the 28 the plan assumes.
Page 6, sales	Temporary and temp-to-hire: 28 placements a month at $5,514.03. Direct-hire and conversion fees: 1 conversion a month at $5,000. Full-run month about $159,393; placements and conversions ramp 40, 55, 65, 75, 85, 92, 96 percent in months 1 to 7, then 100 percent; season 94, 97, 100, 101, 102, 103, 99, 102, 102, 108, 107, 85 percent across months 1 to 12, applied to regular sales only.
Page 19, expected case	Month 1 sales $59,932; month 1 closes at $208,465, month 12 at $71,569. Low: month 10, closing $32,451, $22,451 over the floor.
Page 19, slow start	At 70 percent of expected sales, month 1 sales $41,952; month 1 closes at $222,806, month 12 at $52,953. Low: month 11, closing $34,851, $24,851 over the floor.
Page 8, coverage	The example lender asks for 1.25; this plan reaches 3.25 of planning coverage at full-run sales of $159,393, counted before income tax and equipment replacement, and 3.25 again at the month-12 run rate, so Test 3 scores both. Office share is about 1.2 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0 is assumed met for the example. Test 1 passes: month 12 reaches a run rate of about $159,393 a month against a $131,181 break-even, and year 2 at that rate holds closing cash above the floor (its lowest close, $68,149, comes in month 3). (Context only, not a test: month 5 is where expected sales first clear cash break-even.) Test 2 passes: the slow start keeps every closing balance over the floor. Test 3 clears its bar on the planning formula, subject to how the lender defines coverage. Test 4 passes: month 10 is the busiest full-run month (season 108 percent, scored at full ramp), and the 28 placements on page 7 need about 5,241 billed hours a month, about 5,520 paid hours at 95 percent utilization (page 10); the pool of 33 placed workers can field 5,720 paid hours a month at 8 hours a day over 5 days a week, so the work fits with room for absences. Test 5 fails for want of evidence. Test 6 passes: a year at full run leaves about $57,890 after principal is paid, and every full-run month closes at or above zero, so nothing extra has to be held back. That describes a steady-state year rather than the forecast one: page 19's first year loses about $207,131 of cash, since the ramp, the payment terms and the opening months all arrive before the volume does. No income tax, equipment replacement or stock build-up is assumed (page 19); score your own plan on your own figures. Getting to break-even absorbs most of the placements this plan sells, and with clients on net 30 the reserve funds two payrolls before any invoice is paid.

PAGE 13

What moves the result

Each row reruns the page 12 example on one changed input, naming any test it would newly fail or pass.

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

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $2,726	Expected case holds the floor and more volume needs more opening cash, not less, because payroll is paid before invoices are collected.
Temporary and temp-to-hire: average fee 4 percent higher, same volume (only sales-linked fees rise)	plus $6,132	Break-even placements fall from 22.9 to 18.6 a month, so from 23 to 19: per-unit costs stay the same, so the ratio rises from 0.171 to 0.202 on the new sales (sales-linked fees, line 15, take 0.7 percent of each added dollar)
Fixed costs $1,200 lower	plus $1,200	Cash break-even falls to about $124,164
Lose the warehouse and production placements (14 placements, $82,491 of billing a month), from month 6 onward	minus $13,781	Expected case still clears the floor; slow start still clears 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
Every client pays two months after billing (placed workers and bills still paid on time)	no change	Expected case below the floor in month 5 (closing minus $5,610), below zero too; slow start below the floor in month 7 (closing $6,868); would fail Test 1
The warehouse and production client's invoices from month 6 never arrive for 2 months ($82,491 a month, 14 placements)	no change	Expected case below the floor in month 7 (closing minus $940), below zero too; slow start below the floor in month 8 (closing minus $69,664); $164,982 never collected; would fail Test 1
Pay rates rise 5 percent with bill rates fixed (line 14 rises from 80.7 to 84.7 percent, about $6,439 a month at full run)	minus $6,439	Cash break-even rises to about $171,761; expected case below the floor in month 7 (closing $7,580), below zero in month 8; slow start below the floor in month 10 (closing $2,058); full-run coverage falls to 0.25; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
No-shows and fill-ins put 10 percent of payrolled hours on 50 percent overtime (line 14 rises from 80.7 to 84.4 percent, about 485 overtime hours and $5,913 a month at full run)	minus $5,913	Cash break-even rises to about $167,528; expected case below the floor in month 8 (closing minus $1,371), below zero too; slow start below the floor in month 10 (closing $5,078); full-run coverage falls to 0.49; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Clients stop converting placed workers to their own payroll, so the conversion fee line goes (about 5,000 a month), from month 7 onward	minus $4,890	Expected case still clears the floor; slow start still clears the floor; full-run coverage falls to 0.97; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Setup overrun of $12,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start still clears the floor
Opening 3 months late (office space, insurance, loan interest and principal, $5,297 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 11 from the planned opening; slow start stays above the floor; about $500 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; Tests 1 and 6 fail
One unit's contribution, or its count, zero or below: break-even units are N/A; Test 4 fails
Other lines cover fixed costs and principal: units are 0, never negative; no loan, so Test 3 passes
```

PAGE 14

Placement checklists, weekly review, six questions

Operations checklists only, and they do not stand in for a safety or training program. Add the screening, onboarding and incident-reporting steps your work and qualified professionals require.

BEFORE THE PLACEMENT STARTS

- [ ] Have the signed rate agreement in hand, the bill rate, the billable hours and the invoice terms matching the quote, before day one.
- [ ] For every start, write the assignment notes and agree who the day-to-day client contact is.
- [ ] List the workers assigned and their pay rates, and settle who covers a no-show before it happens.
- [ ] Issue the safety gear and badges, and test the check-in method, before the worker reaches the site.
- [ ] Agree the supervisor's visit schedule and put its dates in that client's file.
- [ ] Write down the access, keys and alarm codes a worker needs to get into that site.

PAY PERIOD AND MONTH END

- [ ] Compare paid hours with billed hours on every placement.
- [ ] Record overtime hours and the no-shows that caused them.
- [ ] Invoice every placement on the same calendar day each month and chase anything unpaid past 30 days.
- [ ] Go through the hours reports and the incident reports with the client contact.
- [ ] Log where the lead came from, what you proposed and what the buyer decided.
- [ ] Start the renewal conversation with the client ninety days before the contract ends.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Billed and collected by placement, conversion and payment step				
Paid hours against billed hours, placement by placement				
Overtime hours and no-shows by placement				
Worker turnover and unfilled orders				
Rate proposals submitted, accounts won and win rate by client segment				
Invoices coming due this week, and any invoice unpaid past 30 days				
Owner hours on client work				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Must you personally price every rate proposal, and does a no-show on the night shift end up as a call to your phone?
2. **Reactive operations.** In one week, tally the client messages that report a late worker, a shift you could not fill or a missing hours report, and tally the unbilled hours behind them.
3. **Growth without structure.** How many placements a month force a rewrite of the assignment notes, and how much of the overtime traces back to no-shows and orders you could not fill?
4. **Talent and retention.** How many placements would wobble if one worker left, the only one who knows the client, the shift pattern and the start-up routine?
5. **Revenue plateau.** How many months pass before a conversion client sends a second placement, and what share of them are ever offered another rate proposal?
6. **Strategic confusion.** Do placements of the same type need wildly different supervision and overtime, and do the hours actually worked drift away from the hours billed?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the client message log, paid hours against billed hours, the rate proposal record, or the no-show log.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log paid hours against billed hours on every placement. Log the hours the owner covers.
Week 2	Fill the page 7 placement table at payrolled cost and mark any placement type billed below its payrolled labor and fees.
Week 3	Set up the proposal log on page 9 by client segment and record days from client meeting to decision.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions the coordinator may make without calling you.
After month 1	Run the overtime and fill-in check on every pay period and measure utilization on page 10.

GET WRITTEN ANSWERS TO THESE QUESTIONS BEFORE SIGNING A LEASE OR A LONG CONTRACT

- [ ] Will clients or staff need a shared office, or can the first year run remotely?
- [ ] If you lease, will the landlord require a personal guarantee, and what charges come on top of the base rent?
- [ ] What will software, equipment and tools run per month for each person?
- [ ] What will professional liability and other insurance cost, and what will it leave out?
- [ ] Which client contracts demand insurance, documents or terms in place before the work starts?
- [ ] How long do clients take to pay, and how much cash sits tied up while you wait?
- [ ] What becomes of work in progress if a key person leaves?

Before signing, have a qualified professional review the lease, client contracts and insurance. These answers get you ready for those conversations, but they cannot replace them.

WHAT THE FULL KIT ADDS

The full Staffing Agency Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a placement pricing calculator from pay rate and burden to a bill rate at a target spread, an invoice and receivables tracker, editable rate proposal, scheduling and overtime trackers, placement 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 temporary staffing and direct-hire agencies, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Staffing agencies owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, insurance, payroll taxes and workers compensation 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 placements, conversions and worker 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 rate agreements, client site addresses, assignment notes, access or alarm details, worker records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a temporary staffing and direct-hire agency. I have attached the Staffing Agency Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my placements, conversions and placed workers, 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 make up a bill rate, pay rate, burden share, win 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. Apply these formulas exactly, and show the arithmetic behind every number you calculate:
- Monthly sales for a sales line = placements times average bill rate (every line here is counted per month). Each month's expected sales = full-run placement and conversion sales times ramp times season; a signed rate agreement for a line replaces its ramped figure that month, never both; before opening, count expected clients 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 placement hours go in line 14 at the placed worker's pay rate. 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 placements = (fixed costs, principal and other recurring cash out minus conversion fee contribution) divided by one average placement's monthly contribution; conversions: kit's line shares. 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 placed workers on the pool of each worker's hours a day times days worked a week, times 52, divided by 12; paid hours needed = the peak season month's placement and conversion hours, at that month's season percentage, divided by utilization (Test 4 scores the busiest month).
- Office share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures. The hours formula rounds the month's hours to one decimal (40 hours a week is 173.3 hours a month) before the bill rate is applied.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first placement 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 placement invoice and each conversion fee in the month it lands; placed-worker payroll and suppliers are paid in the month worked. Hold a conversion fee out of closing cash until the offer. In the slow-start case, every month's sales, signed rate agreements 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 placement), 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, permit, screening, employment, wage or lease advice. Do not name laws, permit types, agencies, government fees or wage rates for staffing work, 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, client site addresses, access or alarm details, bank account or tax ID numbers.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Services, client segments and lead sources, service area, the placed workers I can field from my pool and the paid hours each works a day, days worked per week, and days of operation per week.
b. Sales build: for temporary and temp-to-hire placements (placements), the full-run placements by type, each type's hours a week, bill rate and pay rate; for direct-hire and conversion fees (conversions), the conversions a month at full run and the average fee; 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 client 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 (client counts, comparables, signed rate agreements or my history).
c. For each placement type (the counts, hours, bill rate and pay rate from b above): rate proposals given and accounts won last quarter; my payment terms for each placement line (invoice timing and days to payment); and the placements I need.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (supplier quote, insurer quote or calculation) for each line on page 5, from the workstations and job-board accounts to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the recruiter and part-time coordinator, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my placement hours go in line 14 at the placed worker's pay rate.
f. Variable cost shares of net sales for lines 13 to 16: line 13, assignment supplies and safety gear; line 14, payrolled pay above the recruiter and coordinator, with payroll taxes and workers' compensation; line 15, payment processing and bank fees; line 16, client visits, meals and job fairs; and any sales line whose own shares differ, given for that line.
g. For each client segment: client meetings, proposals and wins last quarter, and days from client meeting to a rate proposal; accounts held at the start of the month and accounts lost; the number of new accounts I need.
h. For one typical week on a placement: paid hours, billed hours, travel hours, replacement and retraining hours, and uncovered no-show or other unpaid hours; the base pay rate and the payroll taxes, workers compensation 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 (how often placements are invoiced, how many days later each invoice is paid and the share that runs late, and when a conversion fee is invoiced), deposits I collect or pay and when, and when placed-worker payroll and suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement and supplies stock build-up.
m. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from the sales-tax number the firm holds, 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 staffing agency, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by placement line, conversion 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 placements (use cash break-even); office share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Placement economics for each placement type, ranked by spread per hour, flagging any placement billed below its loaded payrolled labor and fees; rate proposals needed; and the collection pattern the cash forecast uses.
7. Pipeline by segment with client meetings needed and monthly churn.
8. Utilization and the cost of a billed hour for each placement type, naming the largest leak.
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 placement 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 placement counts by month, payment terms and paid 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 $10,000.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**278,700**	**208,465**	**147,231**	**112,370**	**84,994**	**60,989**	**43,488**	**40,306**	**34,713**	**34,709**	**32,451**	**36,095**
In: sales receipts	1,880	31,693	73,460	95,149	112,989	130,144	144,833	151,619	157,208	162,881	167,462	170,222
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: assignment supplies, safety gear, fees and travel (lines 13, 15, 16)	1,318	1,871	2,279	2,656	3,040	3,323	3,333	3,577	3,577	3,787	3,752	2,981
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	62,465	82,724	97,710	111,537	125,622	135,990	136,350	145,303	145,303	153,020	151,734	123,435
Out: office rent (line 1)	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Out: other costs, with loan interest (lines 2, 5 to 12)	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(70,235)**	**(61,234)**	**(34,861)**	**(27,376)**	**(24,005)**	**(17,501)**	**(3,182)**	**(5,593)**	**(4)**	**(2,258)**	**3,644**	**35,474**
Closing cash, expected	**208,465**	**147,231**	**112,370**	**84,994**	**60,989**	**43,488**	**40,306**	**34,713**	**34,709**	**32,451**	**36,095**	**71,569**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**278,700**	**222,806**	**173,213**	**142,080**	**116,188**	**92,654**	**73,674**	**64,717**	**54,072**	**47,340**	**39,029**	**34,851**
Sales receipts, slow start	1,316	22,185	51,422	66,605	79,092	91,101	101,383	106,133	110,045	114,016	117,224	119,156
Out: variable costs, slow start (lines 13 to 16)	34,778	49,346	60,123	70,065	80,194	87,649	87,908	94,346	94,345	99,895	98,970	78,622
Out: fixed costs (lines 1 to 12), principal, bills, less funding	22,432	22,432	22,432	22,432	22,432	22,432	22,432	22,432	22,432	22,432	22,432	22,432
Net cash flow, slow start	**(55,894)**	**(49,593)**	**(31,133)**	**(25,892)**	**(23,534)**	**(18,980)**	**(8,957)**	**(10,645)**	**(6,732)**	**(8,311)**	**(4,178)**	**18,102**
Closing cash, slow start	**222,806**	**173,213**	**142,080**	**116,188**	**92,654**	**73,674**	**64,717**	**54,072**	**47,340**	**39,029**	**34,851**	**52,953**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**3,189**	**4,006**	**4,824**	**5,097**	**5,369**	**5,642**	**4,552**	**5,369**	**5,369**	**7,005**	**6,732**	**736**

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 $159,393 a month, against month 12's own $135,484): closing cash runs $77,846 in month 1 and $129,459 in month 12, lowest $68,149 in month 3, 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.