Tire Shop Business Plan and Operations Starter Kit

A working kit for an independent tire shop. It prices every ticket at the true cost of a billed hour with the tire and parts markup shown, turns the pickup payment into a collection pattern, counts what each install bay can carry, shows what a paid hour that never reaches an invoice costs, finds cash break-even through the slow months, and scores the plan on six pass-or-fail tests.

TIRE SALES AND SERVICE
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PAGE 2

Start here

A tire shop can be busiest in December and short of cash in February. Tires are bought by the rack and sold against a price the customer holds in their hand, and a set of four is not money until the car leaves. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

3	Business plan, part one: the work you take, the bays you field and the ticket price
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HOW TO USE IT

1. Build tire 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. Tire prices, technician pay and the season move before a lease is signed, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every ticket and the numbers review every week. Run the page 7 labor check when each pay period closes and update the page 9 parts table after every supplier price change.

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 tire shop 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, equipment safety and waste disposal or financial advice. Insurance, equipment safety, waste disposal, consumer authorization and warranty terms, and employment terms vary by location. Where they apply to your shop, complete a compliance and registration review with a qualified professional. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

This page is where a lender checks that a sold set of tires turns into cash before the tire invoice and the payroll do. Keep the sentences short and put the full sections on their own sheets.

1. Executive summary (write it last)

Cover the work, the ground you draw from, the money you need and what it buys, from racks and balancers to the first payroll; then name the month the page 6 sales forecast first exceeds the cash break-even sales level on page 8, and give the page 4 result.

2. Work you take and who buys it

Put the work in a driver's words: the set that will not pass another winter, the car that pulls to one side, the light on the dash after a rotation. Then say what the driver gets besides four new tires (a written price before the wheels come off, the old tires taken away, a torque check and a second look at the pressures), where the calls come from, and who authorizes the ticket.

3. Ground you cover and bays you can field

Draw the area you serve and count the time a car spends waiting for a bay: a rack that holds a car nobody can price sells no hours. Then count the install bays you can staff on a Saturday and the billed hours those technicians can turn before close.

4. Tire tickets and what each one sells for

A tire ticket carries labor and parts on one invoice. Build it from the operations it includes and the tires and parts it carries. A mount and balance price with no billed hours behind it, or a tire markup that ignores the fill rate, cannot survive a busy month.

> *Owner question: with one rack turning, what does an hour of it produce, what does that same hour cost me standing empty, and how many tire tickets does it take before rent, the loan and my own pay are covered?*
>
> Give it as three figures. The page 10 ticket is what a working rack earns, the fixed lines on page 8 are what an idle one still costs, and the break-even count there is the number of tire tickets that clears them, including the owner's market wage whether drawn or not.

PAGE 4

Business plan, part two

5. Operations

Describe how a tire ticket runs from the first call to the keys back: the size and price quoted, the tire pulled or ordered, the mount and balance, the alignment check, the torque and pressure check, and the payment at pickup. Name who approves a second size or a wheel repair when you are not there.

6. Team

Write down every job on the payroll, its paid hours and its rate, and the billed hours each technician actually turns. Then name who could run the bays if you were away a week; page 14's first question goes at that gap.

7. Marketing and sales

Explain where the calls come from, how a call becomes a booked appointment, and why a driver repeats your name to a neighbor, then compare a referral's cost to win with your other sources.

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. Agreements with payment terms, insurance, lift and equipment quotes, supplier terms and the approvals 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 each month-end closing cash, with every receipt and payment placed in its month, 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. Tire tickets in the busiest month fit the bay hours you can staff (page 10).	
5. Service records and an appointment book back the ticket count; a lead count supports a forecast of appointments, not of tickets.	
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 shop lease or take an equipment 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 lift supplier, the tire distributor or the insurer, or a documented calculation. A tire shop budget can break on the first tire order and the first payroll before the first week of tickets is collected, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
BAY EQUIPMENT AND SYSTEMS				
Lifts, alignment rack and compressed air				
Tire changer, road-force balancer and TPMS tool				
Hand tools, torque wrenches and diagnostic equipment				
Shop software, tire catalog, first year and setup				
FACILITY AND PRE-OPENING SETUP				
Lease deposit and first month				
Leasehold improvements: bay doors, air lines, electrical and signage				
Insurance down payment and first premium				
Business formation and professional setup				
INVENTORY AND LAUNCH				
Opening tire and parts inventory				
Launch marketing, website and signage				
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 shop fit-out runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from the tickets the bays can carry at the price the work sells for, not from the payroll you need to cover.

```
Monthly sales for a line = units times average price 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 PRICE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Tire sales, mount and balance, alignment and repair	tickets				

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 ticket sales times ramp (the share of full-run volume the bays and the appointment book 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 booked appointments by month.

CAPACITY CHECK

```
Tickets a month = bays times hours open a day times days open a month, divided by billed hours a ticket, times utilization
```

Write how many bays you can staff, the hours a bay is open a day and the days a month, and the billed hours an average ticket takes (page 7). Divide the bay hours by the hours a ticket and multiply by the utilization you plan to book (page 10). If the plan needs more tickets than the bays can carry, the plan is wrong, whatever the appointment book says.

PAGE 7

What a billed hour costs a tire bay

Tire labor sells at a flat price a job, so the bay earns on the gap between the book time it charges and the hours it pays for. Price the operations that actually carry the ticket.

```
Labor price = what the operation's labor is quoted for on the work order
Loaded wage = hourly rate with payroll taxes, workers compensation and benefits added on top
Cost of a billed hour = loaded wage x paid hours / hours actually charged out
Labor cost on a ticket = charged hours x cost of a billed hour
```

WORKED EXAMPLE: FOUR OPERATIONS (ILLUSTRATIVE)

OPERATION	SHARE OF TICKETS	BILLED HOURS	LABOR PRICE	LABOR AT TRUE COST	CONTRIBUTION PER BILLED HOUR
Mount and balance four tires	52%	1.1	$75	$40	$31.92
Four-wheel alignment	16%	1	$140	$36	$103.74
Rotation and TPMS relearn	20%	0.4	$35	$15	$51.24
Flat repair and wheel service	12%	0.5	$35	$18	$33.74

At $18.13 an hour with a 30 percent burden the loaded rate is $23.57. Forty paid hours against 26 charged turns the $23.57 loaded rate into $36.26 for every hour billed. Across the four jobs the average ticket charges 0.87 hours and $73 of labor, so the cost is $32, or 43.5 percent of the labor price. Pulling in, torque checks, road tests and the gaps between cars all sit inside that figure.

THE BAY'S OWN OPERATION LIST

OPERATION	SHARE OF TICKETS	BILLED HOURS	LABOR PRICE	LABOR AT TRUE COST	CONTRIBUTION PER BILLED HOUR

Technicians are paid for the shift they work and only the charged hours reach an invoice, so the unpaid hours sit inside line 14, which carries every technician hour.

WHAT GOES WRONG

Forty paid hours against 26 charged means each billed hour carries 54 percent more paid time than it sells, before the 30 percent burden. Price mounting at the shop down the road without this arithmetic and 14 paid hours a week walk out the door.

PAGE 8

Break-even and coverage

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

FIXED COSTS PER MONTH	PER MONTH
1. Rent, 2,600 square feet of shop and bay space	
2. Insurance: garage liability, garage keepers and property	
3. Property tax, CAM and trash pass-through charges	
4. Owner's market wage (pricing, selling and management)	
5. Loan interest (lifts, equipment and tools loan)	
6. Utilities, phone and internet	
7. Marketing and advertising	
8. Shop software, tire catalog and card readers	
9. Accounting, payroll service and bank fees	
10. Equipment maintenance and calibration	
11. Service truck: tire runs and customer shuttle	
12. Technician training, uniforms, laundry and safety	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Tires and parts at cost, blended across the four categories (page 9)	
14. Technician labor at the true cost of a billed hour (page 7)	
15. Card processing fees	
16. Scrap tire disposal and shop supplies	
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 tickets = (fixed costs and principal) divided by one average ticket's cash contribution. Cash
contribution = ticket price less tires and parts, card processing and scrap tire disposal, less the
technician hours line 14 pays
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 tickets	one figure per month		
Bay share and debt service coverage at full-run sales		ratios, monthly only	

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

PAGE 9

Tire and parts markup, fill rate and returns

Tires are bought by the rack and sold against a price the customer already has in hand. The repair parts around them can carry a matrix; the tire cannot.

```
Parts charge = cost plus the markup
Parts takings a ticket = the mix weighting the four prices
Margin on a ticket = parts takings less parts cost
Parts share = parts cost against labor plus parts price combined
```

WORKED EXAMPLE: PRICING THE FOUR PARTS GROUPS (ILLUSTRATIVE)

PARTS CATEGORY	SHARE OF TICKETS	COST PER TICKET	MARKUP	PRICE PER TICKET	MARGIN PER TICKET
Four-tire set, passenger or light truck	52%	$300	1.35	$405	$105
Alignment shims, camber kits and adjuster hardware	16%	$110	2.20	$242	$132
TPMS sensors, valve stems and wheel weights	20%	$65	2.50	$163	$98
Patches, sealant, lug nuts and studs	12%	$9	3.00	$27	$18

The mix averages $188 of cost against $285 of parts revenue on a ticket: 1.52 markup, $97 kept. The rack is paid for long before the customer pays, so the markup has to fund the stock and absorb the sizes that never sell.

STOCK COVER AND WHAT COMES BACK

MEASURE	THIS EXAMPLE	THE EFFECT ON A TICKET
First-time fill rate	92.0 percent	A car held for a part occupies a rack for nothing
Parts that are returned or never sold	4.0 percent	About $8 of the $188 average parts cost a ticket

A shop that trades tire markup for fill rate buys the sale twice: the discount comes off a 26 percent margin, and the special order comes back as a credit that reads like profit while the tire sits on the rack another season.

THE BAY'S PARTS LIST

PARTS CATEGORY	SHARE OF TICKETS	COST PER TICKET	MARKUP	PRICE PER TICKET	MARGIN PER TICKET

PAGE 10

Racks, hours and how many cars a day it holds

The racks decide what the bay can sell. Eight open hours hold eight hours of work, and a car waiting on the right size occupies a rack for nothing.

```
Tickets the racks can carry = racks * open hours a day * open days / charged hours on a ticket
Tickets planned = that capacity * the share of hours the plan fills
Ticket price = labor price plus parts price; the labor and parts at cost are the page 7 and page 9
shares of it
```

WORKED EXAMPLE: WHAT THE RACKS CAN CARRY (ILLUSTRATIVE)

LINE	EXAMPLE	HOW IT IS BUILT
Bays	2	Racks staffed together
Hours open a day	8	Technicians scheduled to the booked work, not one for every open hour
Days open a month	24	Shut days still owe rent
Hours open a month	384	Bay number multiplied by hours and days
Billed hours a ticket	0.87	Page 7's average over the four operations
Tickets at 100 percent	440	Open hours over hours charged on a ticket
Utilization booked	55 percent	How much of the open time the plan expects to sell
Tickets a month	242	The page 6 unit count, ahead of ramp and season
Season peak (month 10)	116 percent	281 tickets, 64 percent of capacity

WHERE THE MONEY ON A TICKET COMES FROM

COMPONENT	PER TICKET	SHARE OF THE TICKET
Parts revenue on a ticket	$285	79.6 percent
Labor revenue on a ticket	$73	20.4 percent
Ticket price	$358	100 percent
Parts at cost (line 13)	$188	52.5 percent
Labor at true cost (line 14)	$32	8.8 percent
Card processing fees (line 15)	$10	2.9 percent
Scrap tire disposal and supplies (line 16)	$7	2.0 percent
Contribution before fixed costs	$121	What the ticket leaves behind

2 bays times 8 hours and 24 days is 384 hours open a month. At 0.87 billed hours a ticket that is 440 tickets at full occupancy; the plan books 55 percent, or 242 tickets. The busiest season month asks for 281 tickets, 64 percent of capacity, so Test 4 passes with 36 points of headroom.

WHAT GOES WRONG

A third rack bought while the second still has empty hours turns rent into bare floor, and selling hours nobody can staff repeats the error from the revenue side. Read the 55 percent as billed-hour capacity, not as empty racks: a tire ticket bills about 0.87 hours but holds a rack through pull-in, torque check, road test and paperwork. At 1.1 hours a car the two racks carry about 350 cars a month against the 242 planned, near 70 percent; at 1.5 hours the ceiling falls to about 256 and the plan sits close to it.

PAGE 11

Twelve-month cash forecast

Tires and payroll can leave before the tickets are collected. 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: tires, parts, supplies and outside work (lines 13, 16)												
Out: technician labor, owner wage if drawn (lines 4, 14)												
Out: bay and shop rent (line 1)												
Out: other costs, with loan interest and fees (lines 2, 3, 5 to 12, 15)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the shop is open 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. Technicians, tire suppliers and rent 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

How long the cash lasts, and what a slow stretch costs

Runway is the count of months ahead, from the last closed month (or opening day), until a month closes under your floor

Worked example: a hypothetical tire shop

Figures chosen to show the arithmetic, not tire-shop benchmarks. Customers settle at collection, and the crew is on payroll from month one. Cash floor $25,971. The whole ticket is collected at the counter in the month it is billed; costs follow the work; the owner draws a wage; no outside money arrives.

Page 5, budget	Startup reaches $284,200: a $185,000 loan at 9.5 percent over six years and $99,200 from the owner, $87,100 of it held as working capital and untouched on day one. Two sizing passes on page 5: the $25,971 floor, another month of it at $25,971, and $35,096 for how far the no-cash opening pass falls below zero, rounded up to $87,100.
Page 8, costs	Monthly fixed costs are $23,969, of which $5,200 is shop rent and $1,379 loan interest; principal averages $2,002 a month in year one; variable costs take 66.2 percent, so the contribution margin ratio is 0.338. Lines 13 to 16 take 52.5, 8.8, 2.9 and 2 percent of sales. Line 1 is $5,200, line 2 $750, line 3 $900, line 4 $7,500, line 5 $1,379, line 6 $800, line 7 $4,350, line 8 $390, line 9 $700, line 10 $650, line 11 $750 and line 12 $600 a month.
Page 8, break-even	Operating break-even lands near $70,914 a month. Cash break-even puts fixed $23,969 and principal $2,002 over 0.338: about $76,837 a month, or 215 tickets once the other lines contribute, against the 242.2 the plan uses.
Page 6, sales	The tire line carries 242 tickets a month at $357.66. A full-run month brings in about $86,625. Ramp climbs 45, 55, 65, 75, 82, 88, 93, 97 percent over months 1 to 8, then 100. Season runs 108, 110, 108, 102, 96, 92, 92, 98, 106, 116, 102, 70 percent through the twelve months.
Page 19, expected case	Opening month sells $42,100; month 1 closes at $75,359 and month 12 at $65,343. Low: month 7, closing $52,004, $26,033 over the floor.
Page 19, slow start	At 70 percent of expected sales the opening month sells $29,470, closes at $71,090, and month 12 closes at minus $21,626. Month 5 closes at $25,807, under the floor, and month 9 closes at minus $2,740, so runway from opening runs 4 months.
Page 8, coverage	Full-run sales of $86,625 give planning coverage of 1.98 before tax and equipment replacement, against the 1.25 this lender wants; the month-12 run rate also gives 1.98, and Test 3 asks for both. Bay share is about 6.0 percent.

AMBER IS THE PAGE 4 SCORE HERE

The example treats Gate 0 as satisfied. Test 1 clears: a month-12 run rate near $86,625 sits above the $76,837 break-even, and cash holds the floor into a second year at that rate, lowest close $70,993 in month 1 of year 2. (Background, not scored: month 8 is when the expected case first clears cash break-even.) Test 2 fails: a slow start breaks the floor in month 5, and roughly $47,600 of extra reserve would carry it. Test 3 satisfies the planning formula, subject to the lender's own definition. Test 4 clears: month 10 is the busiest full-run month (season 116 percent); the two racks at eight hours across twenty-four days (page 10) hold about 440 tickets, the plan books 55 percent of that or 242, and the peak asks for 281, which is 64 percent of capacity. Test 5 fails: the example carries no service records or appointment book, and a test without evidence counts as a fail. Test 6 passes: a run of twelve full months ends roughly $39,700 to the good after principal, though month 12's net cash flow dips below zero; set aside at least $5,475, the biggest running-cash fall from the month 11 high to the month 12 low, which the page 5 buffer already holds. That is steady state rather than the forecast: the first year on page 19 sheds about $21,757 of cash, since ramp, payment timing and the opening months lead. Nothing is set aside here for income tax, equipment replacement or tire stock (page 19); score a live plan on its own lines. Break-even takes about 215 tickets a month, and the plan sells 242. Demand sets the ceiling, not the racks: the plan fills about 55 percent of what two racks can carry, so a third rack bought now adds rent, equipment and a technician the book cannot keep busy.

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 AT FULL RUN	CASH BREAK-EVEN AND DEADLINE
Sales volume 10 percent lower (variable costs fall; fixed stay)	minus $2,928	Expected case holds the floor; full-run coverage falls to 1.11; would fail Test 3
Tire tickets: average price 3 percent higher, same volume (only sales-linked fees rise)	plus $2,523	Break-even tickets fall from 214.8 to 197.8 a month, so from 215 to 198: per-unit costs stay the same, so the ratio rises from 0.338 to 0.356 on the new sales (sales-linked fees, line 15, take 2.9 percent of each added dollar)
Fixed costs $2,500 lower	plus $2,500	Cash break-even falls to about $69,441
The commercial fleet account walks: 18 tickets a month, $6,438 of billing, never come back, from month 6 onward	minus $2,176	Expected case still clears the floor; slow start deadline unchanged (month 5)
Every payment lands two months after billing instead of at pickup (crew and bills still paid on time)	no change	Expected case below the floor in month 2 (closing minus $27,406), below zero too; slow start below the floor in month 2 (closing minus $8,637); would fail Test 1
The fleet's disputed invoice is never paid: 7.4 percent of a full-run month's billing, $6,410 for 1 month from month 6	minus $6,410	Expected case still clears the floor; slow start deadline unchanged (month 5); $6,410 never collected at full-run billing
Mount and balance runs 15 percent over book time (line 14 rises from 8.8 to 9.7 percent, about $754 a month at full run)	minus $754	Cash break-even rises to about $78,867; expected case still clears the floor; slow start deadline unchanged (month 5)
Tires and parts cost 10 percent more (line 13 rises from 52.5 to 57.8 percent, about $4,548 a month at full run)	minus $4,548	Cash break-even rises to about $90,967; expected case below the floor in month 12 (closing $20,315); slow start deadline unchanged (month 5); full-run coverage falls to 0.63; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Fit-out overrun of $12,000 beyond the contingency, taken from the reserve	no change	Expected case still clears the floor; slow start below the floor in month 4 (closing $23,644)
Opening 3 months late (shop rent, insurance, loan interest and principal, $9,331 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 7 from the planned opening; slow start below the floor in month 6 from the planned opening (month 5 on time); about $6,600 more opening cash holds the expected case at the floor; would fail Test 1

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A, and no unit count can be scored
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

Rack lists, a weekly review and six questions

Service-bay lists, not a safety program. Add the equipment-safety, waste-disposal, authorization and inspection steps this trade needs, as the qualified advisers you use require.

BEFORE THE CAR GOES ON THE RACK

- [ ] Settle the size and the price, and have the tires on the rack, before a wheel comes off.
- [ ] Read back size, load and speed rating, side, count and the vehicle identification number against the order.
- [ ] Settle the sold hours for the job and name the technician who books time to it.
- [ ] Put down who may authorize a size change, a wheel repair or added work, and the price ceiling, before work begins.
- [ ] Call the customer a day ahead about drop-off, keys and how long the rack is held.
- [ ] Take the concern in the driver's words, then say what the road test has to show.

CLOSING A TICKET, AND TAKING ONE BACK

- [ ] Check clock cards against charged hours on each closing ticket.
- [ ] Photograph the finished job, the four tires that came off and the odometer.
- [ ] Note the tire warranty and file the invoice before the day is out.
- [ ] Money is taken at collection, or the day a fleet or warranty account clears is logged.
- [ ] Each comeback goes in the log with the failure, the cost and whether the same hours were paid twice.
- [ ] Top up the sizes that turn and mark any size that will not last the week.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Tickets closed, split by rack and by how the money came in				
Clocked hours set beside hours charged, technician by technician				
How full each rack ran, and overtime per technician				
Return jobs, the hours they took, and the cost				
Inquiries, bookings and the share that became work, by source				
Fleet and warranty money owed inside the month				
Hours the owner personally worked				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Could a set of four be priced and approved with the owner off the premises, and do techs settle a size swap or a wheel repair without calling him?
2. **Reactive operations.** Last week, how many callers said no one rang back, the size was not in or the car was late, and how many of those returns earned nothing?
3. **Growth without structure.** How many tickets a day stop for a chat about a second size, and how many hours go into a tire ordered twice or a second run for stock?
4. **Talent and retention.** Which jobs depend on one technician who owns the alignment rack, the customer and the size?
5. **Revenue plateau.** What gap opens between a rotation and the set it flags, and what fraction of rotation customers is ever quoted the replacement?
6. **Strategic confusion.** Do two sets of the same kind take very different charged hours, and did the technician hand over what the quote promised?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Put each one against a record: the tire ticket log, the clock cards, the tire return log, or the comeback record.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log paid and billed hours for every technician. Log the hours the owner spends pricing and selling.
Week 2	Fill the page 7 operation table at true cost per billed hour and mark any operation priced below its labor, parts, fees and supplies.
Week 3	Set up the parts table on page 9 by category and record fill rate, returns and days from order to delivery.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions a technician may make without calling you.
After month 1	Run the labor check on every pay period and measure bay 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 Tire Shop 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 tire and service pricing calculator from billed hours, tire cost and a target margin, a tire and parts matrix and return tracker, editable work order, appointment and technician scheduling trackers, bay and comeback checklists and hiring checklists. Release status is on the kit page.

SOURCES

Public sources. Real Repair Cost for the alignment, rotation and balancing book times and prices; CostHelper cars for retail tire prices, per-wheel mounting and flat repair; AutoLeap for the startup cost table, the monthly operating costs and the parts markup matrix; O*NET OnLine for the tire technician and manager wages; Shopmonkey for shop software pricing; Stripe for card processing; the Federal Reserve H.15 for the prime rate. Where no published figure was found, the research note labels the input judgment.
World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on tire shops, 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. Tire sales and service owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, equipment safety and waste disposal 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 and answer the prompt below with your own tickets and technician costs.

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 customer contracts, customer names or addresses, vehicle photographs with plates or identifiers, keys and access codes, insurance claim papers, employee 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 tire shop. I have attached the Tire Shop Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my tickets, bays and technicians, using my figures.

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 ticket price, tire cost, technician wage, 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 price (every line here is counted per month). Each month's expected sales = full-run ticket sales times ramp times season; a confirmed appointment for a line replaces its ramped figure that month, never both; before opening, count expected appointments 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 technician hours go in line 14 at the true cost of a billed hour. 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 tickets = (fixed costs and principal) divided by one average ticket's cash contribution. Cash contribution = ticket price less tires and parts, card processing and scrap tire disposal, less the technician hours line 14 pays. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Tickets a month = bays times hours open a day times days open a month, divided by billed hours a ticket, times utilization.
- Bay share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the shop is open after startup spending is paid. Place every receipt and payment (tire invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and tire stock build-up go in their own row. Open month 1 with the cash I give; the page 5 two-pass size is advice beside it, never a substitute. Enter each ticket in the month it is paid at pickup; payroll and suppliers are paid in the month worked. A fleet balance counts in the month it clears, not when the work was billed. In the slow-start case, every month's sales, booked appointments 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 counts the months ahead, starting at the latest closed month (before opening, from the first day the shop is open), before the first month in which closing cash falls below my cash floor. Round variable cost shares to one decimal. In the cash forecast and slow start, charge lines 13 to 16 using their individual per-line rates so they can be entered into their specific page 11 rows, and the rows still add to the blended total.
(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, accounting, insurance or employment advice. Do not name laws, government fee amounts 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 customer IDs. Do not ask for names, home addresses, vehicle photographs with plates, 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, customer segments and lead sources, service area, the bays I can staff and the paid hours each technician works a day, days worked per week, and days open per week. Also give the number of technicians on the schedule and their total paid hours a month, check them against the billed hours my sales build implies, then use those paid hours and the billed hours to compute the true cost of a billed hour on page 7; line 14 holds only the technician hours my sales build pays for, any guaranteed pay the volume cannot support goes in a named fixed line outside lines 13 to 16, and the printed example assumes none.
b. Sales build: for tire tickets, the tickets a month at full run and the average ticket price; 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 own appointment 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 operation: the share of tickets that include it, the billed (charged) hours a ticket takes, and the labor price charged for it; my base wage, payroll burden percent, and the paid, billed, drive and rework hours in a technician's week.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (lift dealer quote, tire distributor quote, insurer quote or calculation) for each line on page 5, from the lifts and tools to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Technician labor is line 14, set by the billed hours and the true cost of a billed hour, not a fixed line. 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 technician hours go in line 14 at the true cost of a billed hour.
f. Variable cost shares of net sales for lines 13 to 16: line 13, tires and parts at cost, blended across the four categories (page 9); line 14, technician labor at the true cost of a billed hour (page 7); line 15, card processing fees; line 16, scrap tire disposal and shop supplies; and any sales line whose own shares differ, given for that line.
g. For each parts category: the share of tickets that carry it, the parts cost a ticket, and the markup (price divided by cost) I charge; my first-time fill rate and the share of parts returned or never used.
h. For capacity: the number of bays, hours open a day, days open a month, the utilization I plan to book, and the busiest season month as a percent of a normal month; my payment schedule (what share of the ticket is paid at pickup and what share later).
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 customer pays me (at pickup, by card or cash, or on account for a fleet account and how many days later), deposits I collect or pay and when, and when payroll and my tire supplier 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, lift and equipment replacement and tire 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 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 tire shop, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by 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 tickets; bay 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). In Test 6, charge line 14 at each month's own hours, because the shop carries no guaranteed technician hours, not at a year-average share of sales. Add the memo rows the page 11 form shows for each month, kept out of closing cash: the ticket or billing count for the month, any amount still owed or in transit at month end, and sales tax collected, remitted, and owed at month end (last month's owed + collected minus remitted).
6. Labor operations at true cost per billed hour, the gap between paid and billed hours, and each operation's contribution per billed hour.
7. Parts revenue, cost and margin per ticket by category, the blended markup, and what the fill rate and returns cost.
8. Bay capacity and utilization, the ticket built from labor and parts, and whether the peak season fits the capacity.
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 ticket count or payment timing 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 ticket counts by month, payment timing and technician 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. It prints whole dollars so each column adds up as shown; the form takes thousands (51.25 means $51,250). 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 $25,971.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**87,100**	**75,359**	**67,102**	**61,685**	**58,113**	**55,190**	**52,924**	**52,004**	**53,866**	**58,931**	**66,924**	**70,818**
In: sales receipts	42,100	52,408	60,811	66,268	68,191	70,132	74,117	82,346	91,823	100,485	88,358	60,638
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: tires, parts, supplies and outside work (lines 13, 16)	22,944	28,562	33,142	36,115	37,164	38,221	40,395	44,879	50,044	54,764	48,156	33,048
Out: technician labor, owner wage if drawn (lines 4, 14)	11,205	12,112	12,851	13,332	13,501	13,672	14,022	14,746	15,580	16,343	15,275	12,836
Out: bay and shop rent (line 1)	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Out: other costs, with loan interest and fees (lines 2, 3, 5 to 12, 15)	12,490	12,789	13,033	13,191	13,247	13,303	13,418	13,657	13,932	14,183	13,831	13,027
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	2,002	2,002	2,002	2,002	2,002	2,002	2,002	2,002	2,002	2,002	2,002	2,002
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(11,741)**	**(8,257)**	**(5,417)**	**(3,572)**	**(2,923)**	**(2,266)**	**(920)**	**1,862**	**5,065**	**7,993**	**3,894**	**(5,475)**
Closing cash, expected	**75,359**	**67,102**	**61,685**	**58,113**	**55,190**	**52,924**	**52,004**	**53,866**	**58,931**	**66,924**	**70,818**	**65,343**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**87,100**	**71,090**	**57,519**	**45,935**	**35,644**	**25,807**	**16,429**	**7,994**	**1,506**	**(2,740)**	**(4,936)**	**(10,002)**
Sales receipts, slow start	29,470	36,686	42,568	46,388	47,734	49,092	51,882	57,642	64,276	70,340	61,850	42,446
Out: variable costs, slow start (lines 13 to 16)	19,509	24,286	28,181	30,708	31,600	32,499	34,346	38,159	42,551	46,565	40,945	28,099
Out: fixed costs (lines 1 to 12), principal, bills, less funding	25,971	25,971	25,971	25,971	25,971	25,971	25,971	25,971	25,971	25,971	25,971	25,971
Net cash flow, slow start	**(16,010)**	**(13,571)**	**(11,584)**	**(10,291)**	**(9,837)**	**(9,378)**	**(8,435)**	**(6,488)**	**(4,246)**	**(2,196)**	**(5,066)**	**(11,624)**
Closing cash, slow start	**71,090**	**57,519**	**45,935**	**35,644**	**25,807**	**16,429**	**7,994**	**1,506**	**(2,740)**	**(4,936)**	**(10,002)**	**(21,626)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**5,651**	**6,236**	**5,651**	**3,894**	**2,137**	**966**	**966**	**2,723**	**5,065**	**7,993**	**3,894**	**(5,475)**

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 $86,625 a month, against month 12's own $60,638): closing cash runs $70,993 in month 1 and $105,043 in month 12, lowest $70,993 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 any hour you cannot cut sits in the fixed lines; waste or purchases you cannot cut make a real slow start worse.