Writing a Business Plan - One Step at a Time

A step-by-step system for new entrepreneurs.

Booklet 4 - Start-up and Monthly Expenses

The following pages contain worksheets to assist you in collecting information to calculate your start-up and monthly expenses. Don't forget to obtain as many written estimates as possible.

You may not be present when bankers or board members are studying your business plan. If you explain how you arrived at your figures carefully, the "Based On" section will answer any questions they may have.

If you are purchasing an existing business, you'll need to compare your projections to at least three years of past financial statements. You have a right to obtain this information from anyone expecting to sell a business. If the previous owners will not supply past financial statements, ask yourself what they are hiding.

NOTE: This manual has been designed for as many different businesses as possible. You may find that some of these categories do not apply to your business or that you will need some that have not been included. Feel free to change the worksheets to fit your needs.

Worksheets

4-1 Accounting & Legal
4-2 Advertising & Promotion
  Budget
  Based On
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4-4 Bank Charges & Interest
4-5 Business Tax & License
4-6 Delivery & Freight
4-7 Insurance
4-8 Office & Store Supplies
4-9 Property Taxes
4-10 Rent/Lease
4-11 Repairs & Maintenance
4-12 Shop Supplies
4-13 Telephone/Fax
4-14 Utilities
4-15 Fuel
4-16 Travel & Entertainment
4-17 Management & Staff
  Management Wages/Drawings
  Wages - Staff
  Wage Benefits
4-18 Miscellaneous Expense

4-1 Accounting & Legal

Legal Forms of Business:

If you are starting a business by yourself, you are a **"sole proprietorship"** and the income from your business goes on your personal income tax. You are "your business". If you have a business name that is different from your name, it is necessary to have it registered with your provincial or state government. You can use your telephone book to find the proper government department. You can start by looking for Consumer or Corporate Affairs, Small Business or something similar.

Instead of working alone, you may decide to go into business with one or more partners. In this case, your business would be called **"a partnership"** and must also be registered with the government department described above. This type of arrangement should not be entered into without serious thought. Each partner is personally responsible for any business decision or debt made by their partners. You and your partners will need to have a lawyer help you with a **"partnership agreement"**, outlining each partner's rights and responsibilities and provide for the possible break-up of the partnership. This cost should be included in legal expenses.

Another legal form of business is a **"corporation"**. This is usually done for tax reasons when a business has a fairly large taxable income or to separate business activities from personal activities. Forming a corporation is more complicated and expensive than a proprietorship or partnership. Most small businesses do not start as a corporation. Instead, they operate their business for a while and consider becoming a corporation at a later date. If you are considering doing this immediately, you should contact an accountant and a lawyer to learn the costs involved and receive information concerning the pros and cons of such a step.

Accounting:

You will need to keep careful track of the money going in and out of your business. The only way to make good business decisions is to base them on accurate up-to-date business information. You will need to talk to an accountant to find the costs of setting up your bookkeeping system, regular monthly accounting, tax calculation, and year-end tax preparation.

This worksheet will include any costs relating to lawyers, accounting, or bookkeeping.

Examples:
- Legal costs for borrowing money. Your lender will need to do credit searches, register property and/or loans.
- Registering your Business name.
- Incorporation costs, partnership agreements.
- Leases (rental contracts).
- Legal fees to purchase or sell property.
- Costs to set up your bookkeeping system, regular bookkeeping, tax calculations and year-end preparation of financial statements and income tax.

Sources of Information:
- Your lender, your lawyer or your accountant.

John will be operating as a sole proprietorship. The fee to register his business name, "John's Automotive Repair", is $110. His wife, Susan, can do his bookkeeping throughout the year, but he needs an accountant for set-up, supervision throughout the year, and year-end. His banker has informed him that the legal costs to register loans against his building and other property will probably cost him about $100 .

Start-up Accounting & Legal Costs:

Based on:	*Business Name Registration (paid already)*	*$110*
	Accountant - fee for setting up books	*100*
	Bank - legal papers - quote from banker	*100*
	Total Start-up Accounting & Legal	*$310*

Monthly Accounting & Legal Costs:

Based on: *Monthly cost to accountant to supervise bookkeeping done by wife - $50*
No cost for wife to do bookkeeping.
Year -end accounting and tax preparation - $400 in February.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
50	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*450*	*50*	50

4-1 Accounting & Legal

Start-up Accounting & Legal Costs:

Based on: _____

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_____

Total Start-up Accounting & Legal	

Monthly Accounting & Legal Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-2 Advertising & Promotion

This section should include all costs of advertising and promotion. John found the best way to calculate this section was to make a chart for every kind of advertising or promotion. As he completed this chart, he kept notes on the next page to show how he arrived at the numbers.

4-2								John's Advertising & Promotion Budget						
		Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12	
	Opening	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Newspaper	free	70	70	70	70	70	70	70	70	70	70	70	70	840
Flyers/Mailouts								112						112
Postage for Flyers								60						60
Magazines														0
Trade Shows														0
Television														0
Radio														0
Sponsorship		10	10	10	10	10	10	10	10	10	10	10	10	120
Donations/Tickets		10	10	10	10	10	10	10	10	10	10	10	10	120
Business Cards	37													37
Display Equipment														0
Signs	283													283
Commissions														0
Yellow Pages	63													63
Giveaways, meals, etc.		20	20	20	20	20	20	20	20	20	20	20	20	240
Other:		10	10	10	10	10	10	10	10	10	10	10	10	120
														0
														0
														0
Total Ad/Marketing	383	120	120	120	120	120	120	292	120	120	120	120	120	1995

4-2														Advertising & Promotion Budget
		Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12	
	Opening													**Total**
Newspaper														
Flyers/Mailouts														
Postage for Flyers														
Magazines														
Trade Shows														
Television														
Radio														
Sponsorship														
Donations/Tickets														
Business Cards														
Display Equipment														
Signs														
Commissions														
Yellow Pages														
Giveaways, meals, etc.														
Other:														
Total Ad/Marketing														

4-2a John's Advertising & Promotion - Based On	
Newspaper	*Business package #4 - Timmins News - Weekly business card ad and 2 3"x3" ads per month for $70 /month*
Flyers/Mailouts	*Coupons - Spring and fall tune-ups - November - 1500 for $112*
Postage for Flyers	*Canada Post bulk rates - For coupon mailout -1500 for $60*
Magazines	
Trade Shows	
Television	
Radio	
Sponsorship	*$10 per month budgeted*
Donations/Tickets	*$10 per month budgeted*
Business Cards	*Start-up printing costs - 500 for $37*
Display Equipment	
Signs	*Outdoor signs - M.S. Signmakers - $283*
Commissions	
Yellow Pages	*Paid to telephone company at start-up - Copy of ad B-18*
Giveaways, meals, etc.	*$20 per month budgeted*
Other:	
	Written estimates and copies attached

4-2a	Advertising & Promotion Costs - Based On
Newspaper	
Flyers/Mailouts	
Postage for Flyers	
Magazines	
Trade Shows	
Television	
Radio	
Sponsorship	
Donations/Tickets	
Business Cards	
Display Equipment	
Signs	
Commissions	
Yellow Pages	
Giveaways, meals, etc.	
Other:	

4-3 Bad Debts

This category is used to estimate cheques, charge sales or customer disputes that cannot be collected.

Sources of Information:
- Other businesses similar to yours.
- Allowing for a certain number of customers that may not pay their bills.

Most people would like to believe that this will not happen to them but it usually does**.** When doing your projections, it is better to make allowance for this and be pleasantly surprised if it does not happen.

John's Bad Debt Expense
Start-up bad debt : *Not applicable*

Monthly Bad Debt Costs:
Based on: *4 customers unpaid throughout the first year at an average of $200 each.*
$200 x 4 customers ÷ 12 months = $67 Based on past experience, this is higher than usual but I have allowed for extra because business is new.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
67	*67*	*67*	*67*	*67*	*67*	*67*	*67*	*67*	*67*	*67*	*67*

4-3 Bad Debts

Start-up Bad Debt Costs:

Based on: _____

_____

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_____

Total Start-up Bad Debt Costs	

Monthly Bad Debt Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-4 Bank Charges & Interest

To complete this page, it is necessary to learn about the many different costs of banking and financing.

Examples:
- Start-up fees on loan applications or government guarantees.
- Various opening and monthly service fees charged for your chequing account.
- If you will be accepting credit cards, your bank will charge you a percentage of your sales each month for processing the receipts.
- Any interest paid on your accounts payable or credit cards.

Sources of Information:
- Your bank or financial institution.

Start-up Bank Charges & Interest Costs:

Based on:	*Estimates from Mybanks Inc.*	
	Check printing -account setup	*$35*
	Loan application fee	*136*

Total Start-up Bank & Interest	*$171*

Monthly Bank Charges & Interest Costs:

Based on:	*Monthly fee for bank account*	*$10*
	Allowance for other bank charges	*5*
	Interest on loans included in cash flow bank payments.	
	Not using or accepting credit card, etc.	
	Total	*$15*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
15	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*	*15*

4-4 Bank Charges & Interest

Start-up Bank Charges & Interest Costs:

Based on: _____

_____

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_____

Total Start-up Bank Charges & Interest	

Monthly Bank Charges & Interest Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-5 Business Tax and Licences

These fees are usually charged by the town, city, county, or municipal office, depending on where you are operating your business.

Examples:

- A **"business license"** is a yearly fee usually paid before opening your business and at the beginning of every year. It may be necessary to pay for more than one business license because you are doing business in more than one community.
- **"Business tax"** is paid yearly and before opening your business as well, but is based on the size and type of business.
- Licenses and/or fees specific to a particular business
  - Contractors licenses
  - Door-to-door or telephone sales
  - Tobacco or Liquor sales.
- Permits or fees specific to your business.

Sources of Information:

- Business Tax/Licenses - Your local government (town/village/city office or municipality/county). You must give them accurate information about where you will be operating your business, and the layout of your land and buildings.
- Other Licenses & Fees - Others that are operating a similar business in a different location.
  - Provincial governments.

Start-up Business Tax & Licences Costs:
Based on: *Not applicable - to encourage people to start new businesses, Timmins does not charge business tax or licenses for the first year. Letter from the town attached .*

Total Start-up Business Tax & License	-

Monthly Business Tax & Licences Costs:
Based on: *Not applicable.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*

4-5 Business Tax and Licences

Start-up Business Tax & License Costs:

Based on: _____

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Total Start-up Business Tax & License	

Monthly Business Tax & License Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-6 Delivery & Freight

This includes all costs of having goods shipped to your business and/or the cost of delivering to your customers.

NOTE: Do not underestimate these costs!!!! Many small businesses are not in a position to carry a large amount of inventory. Therefore, they need to make smaller, more frequent orders. This can make their costs much higher than the competition, leaving no room for profit.

Sources Of Information:
- Business Source Journals - books with information on different types of businesses.
- Similar businesses operating in a different location.
- Suppliers (Beware, they want your business so you will need to check their information.)

Start-up Delivery & Freight Costs:
Based on: *Not applicable to start-up*
Start-up orders are large enough that suppliers will pay freight.

Total Start-up Delivery & Freight	-

Monthly Delivery & Freight Costs:
Based on: *Average of 1 delivery charge per day*
Average cost of $8 X 6 days/week x 4.33 weeks/month
= $207 per month

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
207	*207*	*207*	*207*	*207*	*207*	*207*	*207*	*207*	*207*	*207*	*207*

4-6 Delivery & Freight

Start-up Delivery & Freight Costs:

Based on: _____

_____

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_____

Total Start-up Delivery & Freight	

Monthly Delivery & Freight Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-7 Insurance

The costs of obtaining business and liability insurance may be in the form of start-up costs or monthly payments.

Examples:

- Business Insurance covering:
  1) Property (replacement of inventory, tools, equipment, building)
  2) Liability (insurance that pays for damage to someone or someone's property caused by your business). This is often overlooked but is very important.
- Vehicle (License and/or package policy).
- Building - Property and Liability.
- Employee Injury Insurance - Required by law for anyone employing staff.
- For partnerships or corporations, life insurance to cover buy-out in case of death.
- Sickness or Disability Insurance for owner/operator that pays if the owner/operator cannot work and the bills keep coming.
- Key-Man Insurance to cover loss of people necessary to your operation.
- Loan Insurance to cover loan payments in case of death, illness or injury.

Sources of Information:

- Insurance agencies. Shop around! Rates vary considerably and a good insurance agent will help you find the level of insurance you require.

Start-up Insurance Costs:

Based on: *Seneca Small Business Insurance Plan - $200 down plus $100 monthly*
Includes property & liability for $1200 per year.
Tow Truck License - $602
Quotes attached

Total Start-up Insurance	*$802*

Monthly Insurance Costs:

Based on: *Senecan SMB Insurance Plan - $100 monthly*
½ ton $534 in July
Workman's Compensation for owner & part-time employee - $600 May and $600 November.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
700	*100*	*634*	*100*	*100*	*100*	*700*	*100*	*100*	*100*	*100*	*100*

4-7 Insurance

Start-up Insurance Costs:

Based on: _____

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_____

Total Start-up Insurance	

Monthly Insurance Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-8 Office & Store Supplies

This category covers the purchase of start-up supplies plus the monthly cost to replace them.

Examples:
- Stationery (letterhead, envelopes, invoices).
- Cleaning supplies, toilet paper, paper towel.
- Stamps.
- Tape, staples.
- Very small office equipment.
- File folders.

Sources of Information:
- Quotes from suppliers.
- Catalogues.
- Business source journal and statistics.

Start-up Office & Store Supplies Costs:

Based on:		
	Invoices	*$38*
	Files & Folder	*27*
	Envelopes/paper	*18*
	Stamps	*46*
	Cleaning Supplies	*28*
	Allowance for small items	*35*
	(Detailed Lists and quotes attached)	

Total Start-up Office & Store Supplies	*$192*

Monthly Office & Store Supplies Costs:
Based on: *Estimated costs and discussion with similar businesses*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
30	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*	*30*

4-8 Office & Store Supplies

Start-up Office & Store Supplies Costs:

Based on: _____

_____

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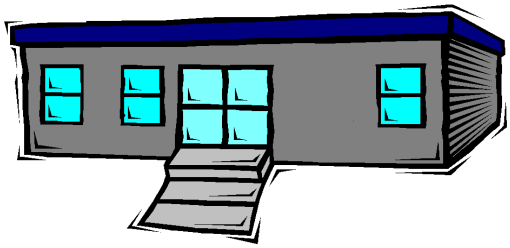
_____

Total Start-up Office & Store Supplies	

Monthly Office & Store Supplies Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12



4-9 Property Taxes

This category only applies if your business owns land or buildings. If you are purchasing property, you may have to pay the owners a portion of this year's taxes before you can take possession.

Sources of Information:
- Current owners.
- City/town office, municipal/county office.

John is using a building he owns, so he will only need to record yearly taxes in the month they will be paid.

Start-up Property Tax Costs:
Based on: *Not applicable, taxes are already paid for year.*

Total Start-up Property Taxes	-

Monthly Property Taxes costs:
Based on: *Yearly rate($438) + 5% for cost of living for potential increase equals $459. Due in March of each year. Copy of paid taxes attached*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
										459	

4-9 Property Taxes

Start-up Property Tax Costs:

Based on: _____

_____

_____

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Total Start-up Property Tax	

Monthly Property Tax Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-10 Rent/Lease

In this category, you will record the cost of renting or leasing premises (business location or property) and/or equipment.

Examples:
- Property rental.
- Equipment rental (photocopier, coolers, heavy duty equipment)
- Damage deposits.
- One month's advance rent in start-up column.

Sources of Information:
- Suppliers.
- Property owners.

Start-up Rent/Lease Costs:
Based on: *Deposit for pipe bender valued at $1800* *$200 + monthly*
Terms: Rent-to-own -$200 down plus monthly payments of $50
Can be canceled upon 30 days notice.
ATC Automotive, Templeton, MB. Contract attached B-26

Total Start-up Rent	*$200*

Monthly Rent Costs:
Based on: *ATC rent-to-own contract* *$50 per month*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
50	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*	*50*

4-10 Rent/Lease

Start-up Rent/Lease Costs:

Based on: _____

_____

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_____

Total Start-up Rent/Lease	

Monthly Rent/Lease Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-11 Repairs & Maintenance

Include all repairs and maintenance (upkeep or servicing) costs for your land, building, equipment and vehicles.

Examples:
- Regular maintenance of vehicles and heavy duty equipment (tires, oil changes,etc)
- Major equipment and vehicle repairs (compressors, motors, transmissions). You may not know when this will be needed so average these costs over a period of time.
- Upkeep of office equipment or furniture (computers, fax machine, photocopier, adding machine, desks, chairs, filing cabinets).
- Repairs or servicing of equipment specific to particular businesses (tills, coolers, fridge, stove, testing equipment, hoists, table saw).
- Small equipment repairs and/or replacement.
- Building repairs (paint, shingles, glass, flooring, door knobs, light bulbs).
- Yard maintenance/small improvements (grass, gravel, sidewalks, lighting, signs).

Sources of Information:
- Business source journals from government agencies to find the average costs for your type of business.
- Others in businesses similar to yours.
- Your own estimate by listing approximate costs per year for each example above. Total and divide by 12 to arrive at an average per month.

Start-up Repairs & Maintenance Costs:
Based on: *Allowance for potential repairs on tow truck - $600*
Parts at cost and no cost for labor.

Total Start-up Repairs & Maintenance	*$600*

Monthly Repairs & Maintenance Costs:
Based on:

½ ton yearly	*$1000*	
Tow truck yearly	*$1000*	
Land & building	*$1000*	
Other	*$600*	
Total	*$3600*	*÷ 12 month = $300*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
300	*300*	*300*	*300*	*300*	*300*	*300*	*300*	*300*	*300*	*300*	*300*

4-11 Repairs & Maintenance

Start-up Repairs & Maintenance Costs:

Based on: _____

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_____

Total Start-up Repairs & Maintenance	

Monthly Repairs & Maintenance Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-12 Shop Supplies

Shop supplies are used to produce your product or deliver your service. It should include the original cost of the supplies as well as a monthly cost to replenish them.

Examples:
- Grease, cleaners, rags, paper towels.
- Sand paper, putty, saw blades, small nails or screws.
- Cutting blades, grinder wheels, welding rods, acetylene, oxygen.
- Bags, till tape, boxes.
- Needles, sterile gloves, solutions.

Sources of Information:
- Business source journals.
- Your past experience as an employee.
- Similar businesses.

John will need to purchase grease, cleaning solutions, rags and paper towels for his business.

Start-up Shop Supplies Costs:
Based on: *Initial Purchase for stock* *$178*
Detailed List attached

Total Start-up Shop Supplies	*$178*

Monthly Shop Supplies Costs:
Based on: *2% of Shop Sales - industry average from Small Business Profiles (B-28) and verified by personal experience.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
124	*124*	*99*	*99*	*124*	*124*	*124*	*114*	*124*	*124*	*124*	124

4-12 Shop Supplies

Start-up Shop Supplies Costs:

Based on: _____

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_____

Total Start-up Shop Supplies	

Monthly Shop Supplies Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-13 Telephone / Fax

In many businesses, costs for telephone and fax can be larger than expected. Don't underestimate it.

Examples:
- Set up / Installation costs.
- Opening deposit on account.
- Monthly rental.
- Long distance.
- Fax.
- Cellular monthly & long distance.
- Additional costs for add-in services (directory assistance, call forwarding, answering service).

Sources of Information:
- Business source journals.
- Businesses similar to yours.
- Telephone company.

Start-up Telephone Costs:

Based on:	*Quote from telephone company*	*$193*
	(Installation charges)	
	Long distance already invested	*82*
	Long distance arranging setup	*150*

Total Start-up Telephone	*$425*

Monthly Telephone Costs:

Based on: *Discussion with similar businesses in similar communities.*
Suppliers are all toll-free.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
100	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*

4-13 Telephone / Fax

Start-up Telephone/Fax Costs:

Based on: _____

_____

_____

_____

Total Start-up Telephone/Fax	

Monthly Telephone/Fax Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-14 Utilities

Examples:
- Water.
- Sewer.
- Heat (propane, natural gas, electricity, wood).
- Power.
- Air conditioning.
- Hook-up charges for all of the above.
- Deposits for all of the above.

Sources of Information:
- Landlord.
- Previous owners or renters.
- Utility suppliers. If you are fortunate, they may be able to tell you the historical costs of utilities for your location.

Start-up Utilities Costs:
Based on: *Sewer & Water not applicable. Already hooked to personal residence system.*

Power - Hookup	*$35*
- Deposit	*50*
Gas - Hookup	*45*

Total Start-up Utilities	*$130*

Monthly Utilities Costs:
Based on: *Sewer & water already on residence bill will probably increase monthly by* *$5*

Power	*50*
Gas (heating)	*60*

Power and gas estimate averaged and based on previous owner's usage.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
115	*115*	*115*	*115*	*115*	*115*	*115*	*115*	*115*	*115*	*115*	*115*

4-14 Utilities

Start-up Utilities Costs:

Based on: _____

_____

_____

_____

Total Start-up Utilities	

Monthly Utilities Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-15 Fuel

This category is used to estimate the cost of fuel for vehicles and equipment within your business.

Examples:
- Travel to customers, suppliers, meetings, training, work sites, etc.
- Transport of equipment or materials.
- Vehicle fuel (gas, diesel, propane).
- Heavy duty equipment fuel.
- Fuel to run compressors, bunkhouses, and cookstoves.

Sources of Information:
- Personal experience, calculating daily usage for each piece of equipment.
- Other businesses similar to yours.
- Business source journals.

Start-up Fuel Costs:
Based on: *Cost for 1 tank of fuel ($40) per week for ½ ton X 4.3 weeks = $172*
Have allowed double existing personal costs to drive 15 miles to work each day.

Total Start-up Vehicle	*$172*

Monthly Vehicle Costs:
Based on: *Same estimate per month as start-up. Tow truck costs included in towing cost of goods. ½ ton truck fuel will probably be less once the business is started because the business is home-based and customers travel to the business most of the time.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
172	*172*	*172*	*172*	*172*	*172*	*172*	*172*	*172*	*172*	*172*	*172*

4-15 Fuel

Start-up Fuel Costs:

Based on: _____

_____

_____

_____

Total Start-up Fuel	

Monthly Fuel Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-16 Travel & Entertainment

This section includes all other business related travel and entertainment costs.

Examples:
- Meals for you, your staff, customers, or suppliers.
- Motels.
- Travel other than vehicle (taxi, air, bus, rail).
- Tips.
- Staff appreciation events.

Sources of Information:
- Your future plans within the business.
- Estimates of average requirements per week, multiplied by the cost per item and weeks per month.
- Listing and totaling all costs for specific events.
- NOT business source journals or other businesses. This can give you a place to start, but each business operates under very different conditions.

Start-up Travel & Entertainment Costs:
Based on: *Meals for start-up travel - very few* *$100*

Total Travel & Entertainment	*$100*

Monthly Travel & Entertainment Costs:
Based on: *Estimate of $40 per month. This type of expense should be very low in home-based business where customers bring their vehicles to the shop. Very little traveling or entertaining required.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
40	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*	*40*

4-16 Travel & Entertainment

Start-up Travel & Entertainment Costs:

Based on: _____

_____

_____

_____

Total Start-up Travel & Entertainment	

Monthly Travel & Entertainment Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-17 MANAGEMENT & STAFF

Complete the following worksheets. You may need to change them slightly for your business. Once completed, they can be used to calculate your monthly wage and salary costs by adjusting for highs and lows during the year.

John's Management & Staff Work Schedule for an Average Month

Title	Hours for Mon.	Hours for Tues.	Hours for Wed.	Hours for Thurs.	Hours for Fri.	Hours for Sat.	Hours for Sun.	Total for Week	Hours X 4.3 weeks/m
Owner	10	10	10	10	10	10	-	60	258
Helper	2	2	2	2	2	8	-	18	77
Total									**335**

Summary of Management and Staff Costs in Average Month

Title	Position	Full/Part Time	# of Positions	Hours per week	Positions X Hours X 4.3 w/m	Wage per Hour	Average Cost/ Month
Owner	Management	Full	1	60	258	N/A	$1000
Helper	Staff	Part	1	18	77	$6	$462
Total			**2**	**78**	**335**		**$1462**

4-17 MANAGEMENT & STAFF

Your Management & Staff Work Schedule for an Average Month

Title	Hours for Mon.	Hours for Tues.	Hours for Wed.	Hours for Thurs.	Hours for Fri.	Hours for Sat.	Hours for Sun.	Total for Week	Hours X 4.3 weeks/m
Total									

Summary of Management and Staff Costs in Average Month

Title	Position	Full/Part Time	# of Positions	Hours per week	Positions X Hours X 4.3 w/m	Wage per Hour	Average Cost/ Month
Total							

Note: Average Hours Per Month should be equal on Work Schedule and Average Cost.

4-17a Management Wages or Drawings

This category contains wages or salaries for owners or other management staff.

"Drawings" are withdrawals to sole proprietors or partners to cover personal expenses. For our purposes, they will be included under management wages. They may be in the form of cash or materials. **Be realistic when estimating this amount!** Find the balance between making sacrifices to get started and a lifestyle you can accept.

Examples:
- Monthly salaries for employees holding management positions.
- Drawings - cash from the till
  - if the business pays personal bills for you
  - cheques written to you or your family
  - use of business fuel, inventory, or materials for personal use.

Sources of Information:
- Potential management employees.
- Personal knowledge of salaries in your type of business.
- Your personal budget or spending needs.

Start-up Management Wages Cost:
Based on: *Not applicable - employed until start-up.*

Total Management Wages	-

Monthly Management Wages Cost:
Based on: *Existing family needs and my wages at G.M. Sales, Timmons.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

4-17a Management Wages or Drawings

Start-up Management Wages:

Based on: _____

_____

_____

_____

Total Start-up Management Wages	

Monthly Management Wages:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-17b Wages - Staff

This category includes the total of all hourly wages for employees. If you hire employees, there are certain requirements you must meet. These costs (employee injury insurance, building requirements for health and safety) should have been included in other categories.

Sources of Information:

- The most accurate way of estimating this cost is to use the weekly or monthly schedule included in your business plan. Be sure you included extra staff hours for the times you are away from your business for funerals, weddings, holidays, etc.
- Personal experience or inquiries concerning the average wage for the type of employees needed.
- Business source journals to compare your wage costs with others in similar businesses.

Start-up Wage Costs:
Based on: *Not applicable - staff will not be hired until start-up.*

Total Start-up Wages	-

Monthly Wage Costs:
Based on: *Part-time employee - student*

2 hours per day after school	*10 hours per week*
Saturday	*8 hours per week*
Total	*18 hours per week*

18 hours x 4.3 weeks x $6 per hour = $465

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
465	465	465	465	465	465	465	465	465	465	465	465

4-17b Wages - Staff

Start-up Wage Costs:

Based on: _____

_____

_____

_____

Total Start-up Wages	

Monthly Wage Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-17c Wage Benefits

This category is used to calculate the extra employer costs over and above the employees' wages. It is common to allow an extra 12-14% of staff and management costs for employer contributions required by law.

Examples:
- Employment Insurance.
- Pension plans, government and private.
- Vacation pay.
- Optional benefits such as health, dental, group and/or life insurance.

Sources of Information:
- The government department which handles employee deductions and contributions.
- Businesses similar to yours.

Start-up Wage Benefit Costs:
Based on: *Not applicable*

Total Start-up Wage Benefits	

Monthly Wage Benefit Costs:
Based on: *Not applicable for owner management wages because they are drawings, not wages.*
10% of staff wages because part-time employees do not have full benefit costs.

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
47	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*47*	*47*

4-17c Wage Benefits

Start-up Wage Benefit Costs:

Based on: _____

_____

_____

_____

Total Start-up Wage Benefits	

Monthly Wage Benefit Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

4-18 Miscellaneous Expense

Use this category for any expense that does not fit into any other area. It is a good idea to add a reasonable amount for unexpected expenses.

If any miscellaneous item is quite large, you may want use previous pages that did not apply to you. Change the name on the worksheet and any comments referring to the category in other booklets you complete.

Examples:
- Memberships and subscriptions.
- Training & workshops.
- Consultants.
- Janitorial.
- Snow Removal.

Sources of Information:
- Various sources, depending upon the type of business and expenses you have.

Start-up Miscellaneous Costs:
Based on: *Estimate for unexpected costs* *$500*

Total Start-up Miscellaneous	*$500*

Monthly Miscellaneous Costs:
Based on: *Estimate for unexpected costs. Have estimated high in most other expense categories, so this one should not need to be as high.*

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12
May	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*
100	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*

4-18 Miscellaneous Expense

Start-up Miscellaneous Costs:

Based on: _____

_____

_____

_____

Total Start-up Miscellaneous	

Monthly Miscellaneous Costs:

Based on:

Mo#1	Mo#2	Mo#3	Mo#4	Mo#5	Mo#6	Mo#7	Mo#8	Mo#9	Mo#10	Mo#11	Mo#12

Glossary

business source journals - book or catalogues that provide business information

commissions - the fee paid to a salesperson for each sale made

credit searches - to check the history of payments or debts by a person or business

guarantees - promise made by a government department, person or business to pay off a loan if the borrower fails to pay

maintenance - upkeep or servicing

previous - past, coming before

registered - to enter your name in a formal government list

replacement - to buy another in place of

replenish - fill up again

specific - having to do with one subject

sponsorship - to agree to give support to a cause or an organization

underestimate - to estimate too low