

Start-up Costs Template

The start-up cost template can help you decide how much money you'll need to have before you start up your new business.

What does the start-up costs template do?

Many businesses fail because they don't have sufficient cash to last until they become profitable.

This tool addresses two key financial areas that must be examined in order to make the smartest business decision.

They are:

- › Initial costs.
- › Working capital (running costs for a number of months).

1. Enter your estimated one-off costs

All start-up businesses have start-up costs.

Your initial costs include expenses associated with starting your business such as:

- › **Equipment and assets** – such as vehicles and furniture.
- › **Office equipment** – such as computers, telephone systems, copiers, and water coolers.
- › **One-time costs** – such as franchise fees, rent deposit, initial lease payments, legal fees, and initial stock. In the capital costs section, enter the costs of your business's equipment and assets, and each of their expected lifespans.

2. Enter your monthly costs

Switch to the monthly costs section and enter your business's monthly running costs. These are the costs that your business will incur regardless of your level of sales – such as rent, insurance and loan repayments.

For example, you might be starting up a retail store selling electronic goods and your monthly running costs include:

- › **Insurance** – at \$50 a month
- › **Rent** – costing \$300 per week (\$1,300 each month, assuming your store doesn't close for an annual holiday)
- › **Advertising** – averaging out at \$200 each week (\$867 per month)
- › **Electricity** – at an estimated monthly average of \$1,000

3. Estimate time to profitability

Enter an estimate of the number of months you think it will take before your business becomes profitable. This is used to calculate an estimate of the amount of cash you'll need to cover your running costs.

Once you've entered your estimated costs and revenue figures, the template presents you with a summary estimating how much money you need to get started, how much money you'll need to run your business on a monthly basis, and how much cash you'll need to survive until the business becomes profitable.