

## Worksheets: How Much Money Do You Need to Start a Business?

The money you will need to start a business can be divided into three categories:

- One-time costs
- Working capital, and
- Ongoing costs

One-time costs are things that you will need to spend money on to start your business but will unlikely see again. Working capital is the money you will need to keep your business going until you start to make a profit. Ongoing costs are just that – overhead.

So how much do you actually need to have for a startup? A rule of thumb is that you have enough money in the bank as you get started to initially get things going and then enough to feed, clothe and house you and your family for six months. But a rule of thumb is only that. You can come up with some actual numbers by answering the following three questions and doing the accompanying worksheets:

1. How much money do you have?
2. How much money will you need to start your business?
3. How much money will you need to stay in business?

### Worksheet 1: How much money do you have?

#### Assets

Cash on hand \$ \_\_\_\_\_  
Savings accounts \$ \_\_\_\_\_  
Stocks, bonds \$ \_\_\_\_\_  
Securities \$ \_\_\_\_\_  
Accounts receivable \$ \_\_\_\_\_  
Real estate \$ \_\_\_\_\_

#### Liabilities

Accounts payable \$ \_\_\_\_\_  
Notes payable \$ \_\_\_\_\_  
Contracts \$ \_\_\_\_\_  
Taxes \$ \_\_\_\_\_  
Student loans \$ \_\_\_\_\_  
Real estate loans \$ \_\_\_\_\_



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Life insurance (cash value) \$ \_\_\_\_\_

Credit cards \$ \_\_\_\_\_

Automobiles \$ \_\_\_\_\_

Auto loans \$ \_\_\_\_\_

Other assets \$ \_\_\_\_\_

Other liabilities \$ \_\_\_\_\_

**Total Assets \$ \_\_\_\_\_**

**Total Liabilities \$ \_\_\_\_\_**

**Net Worth (Assets minus Liabilities) \$ \_\_\_\_\_**

The next worksheet will help you answer the second question: How much money will you need to start your business?

## Worksheet 2: Start-up cost estimates

Furniture \$ \_\_\_\_\_  
Computer hardware and software \$ \_\_\_\_\_  
Services, supplies \$ \_\_\_\_\_  
Equipment \$ \_\_\_\_\_  
Beginning inventory cost \$ \_\_\_\_\_  
Real estate and improvements \$ \_\_\_\_\_  
Legal and accounting fees \$ \_\_\_\_\_  
Other professional services \$ \_\_\_\_\_  
Licenses, permits \$ \_\_\_\_\_  
Telephone, Internet, Utility deposits \$ \_\_\_\_\_  
Insurance \$ \_\_\_\_\_  
Signs \$ \_\_\_\_\_  
Marketing \$ \_\_\_\_\_  
Advertising \$ \_\_\_\_\_  
Labor \$ \_\_\_\_\_  
Website \$ \_\_\_\_\_  
Emergency fund \$ \_\_\_\_\_  
Other \$ \_\_\_\_\_

**Total Start-up costs: \$ \_\_\_\_\_**

The next worksheet will help you project your how much money will you need to stay in business.

## Worksheet 3: Ongoing expenses, per month

Your personal living expenses \$ \_\_\_\_\_

Advertising \$ \_\_\_\_\_

Marketing \$ \_\_\_\_\_

Inventory \$ \_\_\_\_\_

Supplies \$ \_\_\_\_\_

Utilities \$ \_\_\_\_\_

Telephone, Internet \$ \_\_\_\_\_

Insurance \$ \_\_\_\_\_

Taxes \$ \_\_\_\_\_

Maintenance, upkeep \$ \_\_\_\_\_

Delivery/transportation \$ \_\_\_\_\_

Lease payments \$ \_\_\_\_\_

Dues and subscriptions \$ \_\_\_\_\_

Debt repayment \$ \_\_\_\_\_

Payroll, other than owner \$ \_\_\_\_\_

Sales tax \$ \_\_\_\_\_

Rent or mortgage \$ \_\_\_\_\_

Storage and shipping \$ \_\_\_\_\_

Transportation and delivery \$ \_\_\_\_\_

Miscellaneous \$ \_\_\_\_\_

**Total Expenses: \$ \_\_\_\_\_**

What do you do with all of this information? Begin by multiplying the last number by six. This is the amount of cash you will need to cover operating expenses for six months, and six months is the minimum amount you will need to get started.

Next, you must add this number to the total in the second worksheet, "Estimated Start-Up Costs." By adding the total start-up costs to the total expenses for six months you can learn what the estimated costs will be to start and operate your business for six months.