

## Starting a Business – Start-Up Cost Worksheet

Starting a new business requires serious financial planning. Do you know what it costs to start your new business? A thorough analysis of the different categories will help you identify most of the costs you can expect. No amount of planning will identify all the costs and expenses. But a little brainstorming and discussion with your advisors, coaches and other business owners in similar businesses will help you with most of the expenses you can expect.

When analyzing the expenses you will encounter, the equipment you will need and the location from which you will operate, it's good to do a reality check. What alternatives are available to buying this item? We like to use the *Buy – Lease – Rent – Borrow – Steal* analysis. When evaluating alternatives, ask if, rather than buying an item, I lease it or borrow it or use someone else's? The advantages and costs of each approach break down like this:

**Buy** – requires the highest cash up front, but you then own the item forever. However, if you have to borrow money to finance the purchase, you've created the worst of the buy and lease method.

**Lease** – requires less cash up front than buying, but requires a long-term financial commitment that makes it difficult to return the item before the contract ends.

**Rent** – requires less cash up front like the lease, but has generally a short-term or month-to-month or even shorter financial commitment. Generally, this method allows you to pay for the item's use for the specific period in which you'll actually use it. The equipment rental market is a vibrant market in most parts of the country. This is an excellent choice for start-ups, especially if you don't need the item every day or every week.

**Borrow** – this financing method involves back scratching and barter. Can you lend something to another business owner in exchange for your borrowing something from him? I'm aware of a business man with artistic capabilities who traded some landscape paintings for orthodontic care. While this is a personal example, it's the perfect illustration of the concept.

**Steal** – this method is not illegal. It involves using something belonging to another for free. Maybe you know someone with large real estate holding with a vacant property you can use for a few months until you get up and running. Maybe your father-in-law will allow you to use his tractor with a forklift attachment over the winter to help out before you lease or buy a forklift.

There are five alternatives for acquiring assets for your new business. I'm sure you can think of others. Keep these in mind as you go through the following sections to determine your start-up costs. Maybe you can apply this same strategy to other type of expenses.

### **The Checklists**

This checklist is broken down into 5 categories:

1. Business Formation Expenses
2. Business Location Expenses
3. Manufacturing & Distribution Expenses
4. Business Equipment Expenses
5. Other Business Expenses

This is not meant to be a complete list of all possible expenses, but rather a good starting point. Many of these expenses will not apply to your business or industry.

Discuss occupancy costs with prospective landlords, business formation costs with your attorney or CPA. These individuals should be able to give you historical expense levels for expenses in your industry or general business expenses like those associated with leasing your building like common area maintenance (CAM), insurance and snow removal expenses. City officials, insurance agents and utility departments can help with the other expense estimates.

## Business Formation Expenses

Item	Estimated Cost \$
Legal Consultation Fees	\$
Corporate Legal Document Preparation	\$
Local/County/State Filing Fees	\$
State Initial Business Privilege Tax	\$
Local Business Licenses	\$
Tax/CPA Consultation Fees	\$
Trademark & Service Mark Fees	\$
Copyright & Patent Registration Fees	\$
Insurance Expenses	\$
Owners & Directors E&O	\$
Owner Life Insurance	\$
Product Liability Coverage	\$
Employee Health Insurance & Other Benefits	\$
Worker's Compensation Insurance	\$
Bank Fees	\$
Account Opening Fees	\$
Printed Check Fees	\$
Other Banking Services Fees	\$
Other:	\$
Other:	\$
Other:	\$
Other:	\$
Other:	\$
<b>Total Business Formation Expense Estimates</b>	<b>\$</b>

### Business Location Expenses

Item	Estimated Cost \$
Building Occupancy Charges	\$
Building Rent or Lease	\$
Annual/Quarterly CAM Charges	\$
Building Leasehold Improvements	\$
Real Estate Taxes	\$
Special School or Other Taxes	\$
Snow Removal Assessments	\$
Fire Dept. Inspection	\$
Sprinkler System Inspection & Certification	\$
Insurance Expenses	\$
Building & Contents Hazard Insurance	\$
General Business Liability Insurance	\$
Leased Equipment Coverage	\$
Other Insurance:	\$
Other Insurance:	\$
Utility Deposits	\$
Electricity	\$
Natural Gas	\$
Heating Oil	\$
Water	\$
Sewer	\$
Utility Co-Op Fees	\$
Telephone	\$
Trash & Rubbish Services	\$
Signage Expenses	\$
Building Signs	\$
Truck/Vehicle Signs	\$
Advertising Signs	\$
Other:	\$
Other:	\$
Other:	\$
Other:	\$
Other:	\$
<b>Total Business Location Expense Estimates</b>	<b>\$</b>

### Manufacturing/Distribution Equipment Expenses

Item	Estimated Cost \$
Delivery Truck	\$
Manufacturing & Fabrication Equipment	\$
Manufacturing Machines	\$
Manufacturing Consumables	\$
Manufacturing Storage	\$
Product Station-to-Station Transportation	\$
Tools	\$
Warehouse Equipment	\$
Forklift, Pallet Jacks & Hand Trucks	\$
Dock Plates & Wheel Chocks	\$
Warehouse Racks & Ladders	\$
Fencing & Product Security	\$
Conveyor Systems	\$
RFID or SKU Identification System	\$
Warehouse Security System	\$
Maintenance Supplies	\$
Hand Tools	\$
Warehouse Supplies	\$
Hardhats	\$
Ear, Eye & Hand Protection	\$
Back Support Belts	\$
First Aid Kit	\$
Fire Extinguishers	\$
Box Cutters	\$
Rope, Twine & Product Containment Supplies	\$
Carton & Corrugated Bailer	\$
Paper Supplies	\$
Shipping Supplies	\$
Boxes, Cartons & Envelopes	\$
Carton Tape	\$
Strapping System & Supplies	\$
Package Labels	\$
Package Scale	\$
Other:	\$
Other:	\$
Other:	\$
<b>Total Manufacturing/Distribution Expense Estimates</b>	<b>\$</b>

## Business Equipment & Supplies Expenses

Item	Estimated Cost \$
Office Furniture	\$
Desks, Desk Chairs & Guest Chairs	\$
File Cabinets & Book Cases	\$
Cubicle Partitions	\$
Copy & Fax Machine	\$
Adding Machines & Calculators	\$
Time Clock or Time System	\$
Shredder or Secure Recycling System	\$
Telephone System & Desk Phones	\$
Cell Phones & Service	\$
Computers & Computer Systems	\$
PCs & Laptop Computers	\$
Personal & Network Printers	\$
Network Servers, Routers, Switches & Cables	\$
Backup System & Supplies	\$
Cash Registers	\$
Internal System Monitors & Inventory Check Devices	\$
Accounting System & Office Software	\$
Payroll System	\$
Computer System Maintenance Method	\$
Postage System	\$
Water Cooler & Coffee Machine	\$
Stationary	\$
Business Cards	\$
Letterhead & Envelopes	\$
Invoice & Statement Stock	\$
Pick Tickets, Bill of Lading & Other Forms Stock	\$
Filing Supplies	\$
Staplers, Tape & Tape Dispensers	\$
Pens, Pencils, Markets, Hi-Liters, Other Office Supplies	\$
First Aid Kit & Safety Supplies	\$
Wall Clock	\$
Corporate Fees	\$
Activation Fees	\$
Other:	\$
Other:	\$
<b>Total Business Equipment &amp; Supplies Expense Estimates</b>	<b>\$</b>

### Other Business Start-Up Expenses

Item	Estimated Cost \$
Initial Inventory Stock	\$
Freight In & Transportation Expenses	\$
Company Vehicles	\$
Marketing & Collateral Materials	\$
Brochures, Specification & MSDS Sheets	\$
Product Samples	\$
Product Display Units	\$
Promotional items	\$
Pre-Opening Advertising	\$
Pre-Opening Labor or Salaries	\$
Temporary Agency & Other Hiring Fees	\$
Other Local, State & Federal Compliance Costs	\$
Owner & Employee Training	\$
Dues & Subscriptions	\$
Pre-Opening Travel Expenses	\$
Conferences & Industry Meetings	\$
Potential Customer Entertainment	\$
Internet Name Registration & Web Site Fees	\$
Moving Expenses	\$
Employee Uniforms	\$
Other Outside Services	\$
Other:	\$
Other:	\$
<b>Total Other Business Start-Up Expense Estimates</b>	<b>\$</b>

### Total Business Start-Up Expense

Category	Estimated Cost \$
Business Formation Expenses	\$
Business Location Expenses	\$
Manufacturing & Distribution Expenses	\$
Business Equipment Expenses	\$
Other Business Expenses	\$
<b>Total Start-Up Cost</b>	<b>\$</b>