

# Start-up costs

Our start-up cost calculator can help you decide whether your idea will make money before you invest time and capital to find out the hard way.

## 1 INITIAL COSTS

### Equipment & assets




### Other "one-off" costs












## 2 WORKING CAPITAL CALCULATION

### Your monthly costs


















In the first few months many businesses need a surplus of cash to cover overheads, as the initial profit from sales doesn't cover all the monthly expenses.

How many months cover do you think you need?

### YOUR START-UP COSTS

Total initial costs

Total monthly costs

Months to cover overheads

x

=

Total start-up funds required

### Disclaimer

The information provided is intended as a guide only and does not replace or represent expert advice. Royal Bank of Canada does not accept any responsibility or liability for any action taken as a result of the information provided within this template.

# Start-up costs

Our start-up cost calculator 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 calculator do?

Many businesses fail because they don't have sufficient cash to last until they become profitable – a mistake easily remedied with our simple start-up costs calculator.

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.

## Tallying costs

All start-ups have start-up costs, followed by running 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.

While these costs won't necessarily repeat in the near future, your business will incur other operational costs on an ongoing basis. Your running costs are those that you'll incur regardless of whether you make a sale or not.

Examples of running costs include:

- Rent.
- Insurance.
- Advertising.
- Utilities.
- Phone and Internet services.
- Salary and payments to subcontractors.
- Postage.

The start-up costs calculator prompts you to enter both initial (or capital) costs and your monthly running costs. You'll also need to make an estimate of the time you think it will take before your business becomes profitable. This helps 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 calculator 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.

## Why use the start-up costs calculator?

The start-up costs calculator can save you a great deal of money and heartache if you don't have sufficient reserves to survive the crucial start-up period. Wouldn't you rather work it out on paper than find out the hard way?

It will also help you make your case should you seek a small business loan or a relationship with private investors.

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