

Start-Up Expenses for Opening an Ice Cream Shop

Rent: rent plus security deposits \$4,000/month. Plus \$5,000 for deposits.

Equipment: dipping cabinets, sink, tempering freezer, batch freezers, display freezers, soft serve machine, soft drink dispenser (free of charge supplied by coca cola), serving equipment, dishwashing equipment, safe, cash registers. \$75,000 start up costs and \$500/month for maintenance.

Supplies: toppings, ice cream mixes and ingredients, spoons, cups, waffle cone batter, napkins, syrup for soda machine, cups for beverages, toilet paper, paper towels, bathroom soap, cleaning supplies and office supplies. \$5,000 start up costs and \$2,000 monthly thereafter.

Marketing/Advertising: shop signs and grand opening promotions for \$15,000 start up cost and 10% of profits monthly thereafter.

Fixtures: chairs, tables, counters, menu signs \$8,000

Utilities: phone, electric, wireless Internet (good to offer for free if you will serve coffee), gas, and water for \$500/month or \$6,000 annually.

Insurance Premium: to cover liabilities, workman's compensation and property damage for \$500/month or \$6,000 annually.

Accounting: CPA to provide bookkeeping and tax preparation for \$7,000 annually or \$583/month.

Payroll: \$7.00/hour 2 employees (6 hr days each to total 12 hrs = \$2,520/month) and 1 manager working 8 hrs a day/ 5 days a week for a salary of \$30,000 year). Total payroll expense is \$5,020/month or \$60,240. Store hours: 10:00 am – 10:00 pm open 7 days a week. (***) You can save money by being the manager yourself if you don't have enough start up capital).

Payroll taxes: 20% of payroll so at \$5,000/month taxes will be \$1,000/month.

Employee uniforms: customized aprons, polo shirts, and hats. (Employees will wear own khaki pants and white tennis shoes). \$800

Loan Repayment: \$1,800/month or \$21,600 annually on a \$200,000 loan at 8% interest rate for 10 years.

Total Estimated Start up Costs: \$150,000.00 and with a loan of \$200,000 you will have \$50,000 in cash flow – it's best to overestimate start up costs so you can have some cash flow to work with. Try to make sure you have 3 months worth of salary and rent if possible so your cash flow can stay positive during hard times.