# exercise::01 Calculating Start-up Costs

## Assignment ::

As a group, discuss, research, and document what the start-up costs might be if the company described in your business plan actually came to be. Create a simple chart (in the same visual style as your business plan) detailing the categories and expenses you have estimated, and include it as part of your printed, bound business plan.

As with the project, be realistic. Think about what you really would need. Don't come up with your dream studio budget, nor create an impractically low-end budget. Think carefully before deciding to use your own personal hardware for your new business venture, and do not plan on using student-priced or stolen software. Be reasonable with your estimates—base your projections on the information in your group's business plan and what you would hope to really earn at this stage of your career.

Include in the totals your **initial costs** (one-time expenses) for the first year, your **re-occurring monthly costs** (one month, three month, and 12-month totals), and your estimated **total expenses for the first-year** (both initial costs and monthly expenses).

#### Starter Categories ::

While estimating start-up costs, consider the following items in addition to expenses that come up in your group conversations. Estimate the costs of each item, and label it as either a **one-time cost**, or as a **re-occurring monthly expense**.

- o Salaries
- Studio Space (research real locations)
- Utilities (including Internet & phone)
- o Hardware
- o Software
- o Furniture & Office Equipment
- Office Supplies
- Art Supplies and Presentation Materials
- o Insurance
- Professional Services (accountant, lawyer, etc.)
- Advertising (initial promotional materials, including portfolios, mailers, stationery, and website hosting)

### Startup Costs Example ::

On the next page is an example from a group that did a good job in pulling together their startup cost information. Note how they right-aligned their figures to the *decimal point* (common for displaying currency) and used the dollar sign (\$) at least once per column. You can also consider leaving of the cents from the price estimates.

## **Requirements** ::

At the beginning of class on **Tuesday, April 15th, 2025** (Week 03), charts detailing your start-up cost estimates (categories, items, and estimated costs) and any worksheets, notes, or research findings, are due. The style of this chart should be similar to that of your group's business plan. The chart itself should be included at the back of the completed business plan. Turn in separately any worksheets, notes, or other findings as a PDF posted to the Group Exercise assignment on Canvas.

This group exercise is worth 20 points.

Findual Cost         Total	One Time Costs				Recurring Expenses						
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08 April 2025

— Calculating Start-up Costs Exercise —