

The background features a close-up of various candies, including round ones with swirls and others with different textures. A dark grid with arrows at the intersections is overlaid on the right side of the image.

# Candy Store Operational Budget & Sustainability Analysis

Financial Roadmap to July 2026 Break-Even

# Operational Reality: The Structure is Currently Unsustainable



**\$12,867 / month**

Fixed Monthly Overhead



**185% of Revenue**

Total Variable Costs  
(COGS + OpEx)



**\$844,000**

Cash Runway Required

**Insight:** Projected Break-Even: July 2026. Immediate intervention is required to bridge the deficit between current burn and projected profitability.

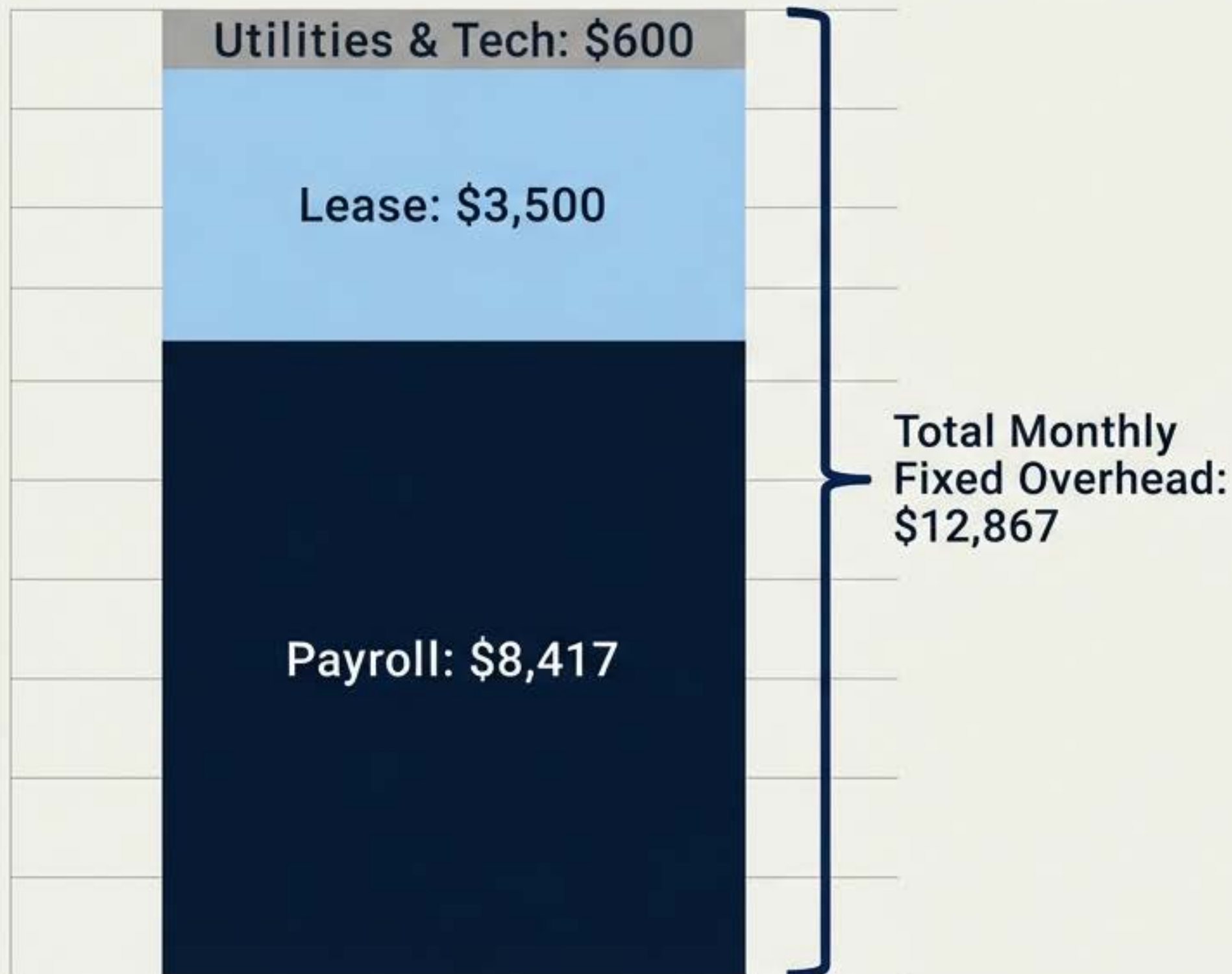
# The Unit Economics: We Lose Money on Every Transaction



The current model operates on a negative gross margin (-40 cents on the dollar). We are paying \$1.20 to acquire \$1.00 of inventory.

**Priority #1: Renegotiate supplier terms to bring COGS below 50% of revenue.**

# The Fixed Anchor: A \$12,867 Monthly Liability

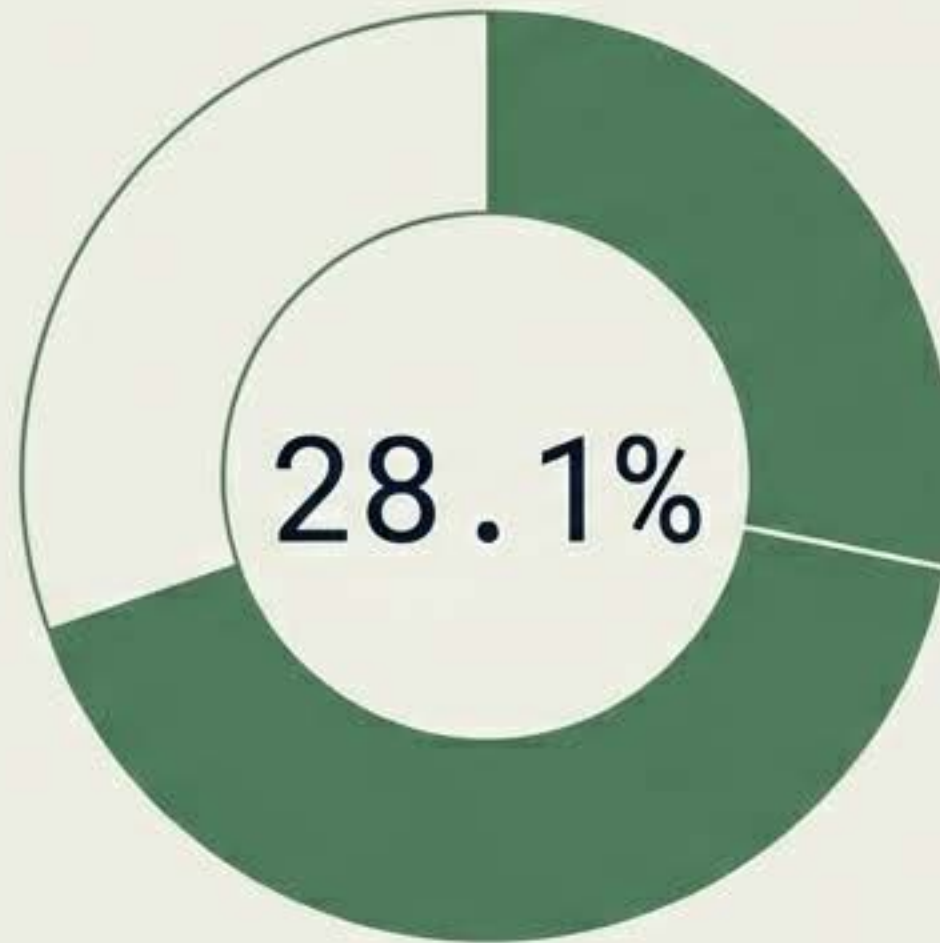


This burden **requires significant** revenue volume **just to clear the starting line**. These costs are the operational floor. They remain constant regardless of sales volume fluctuations.

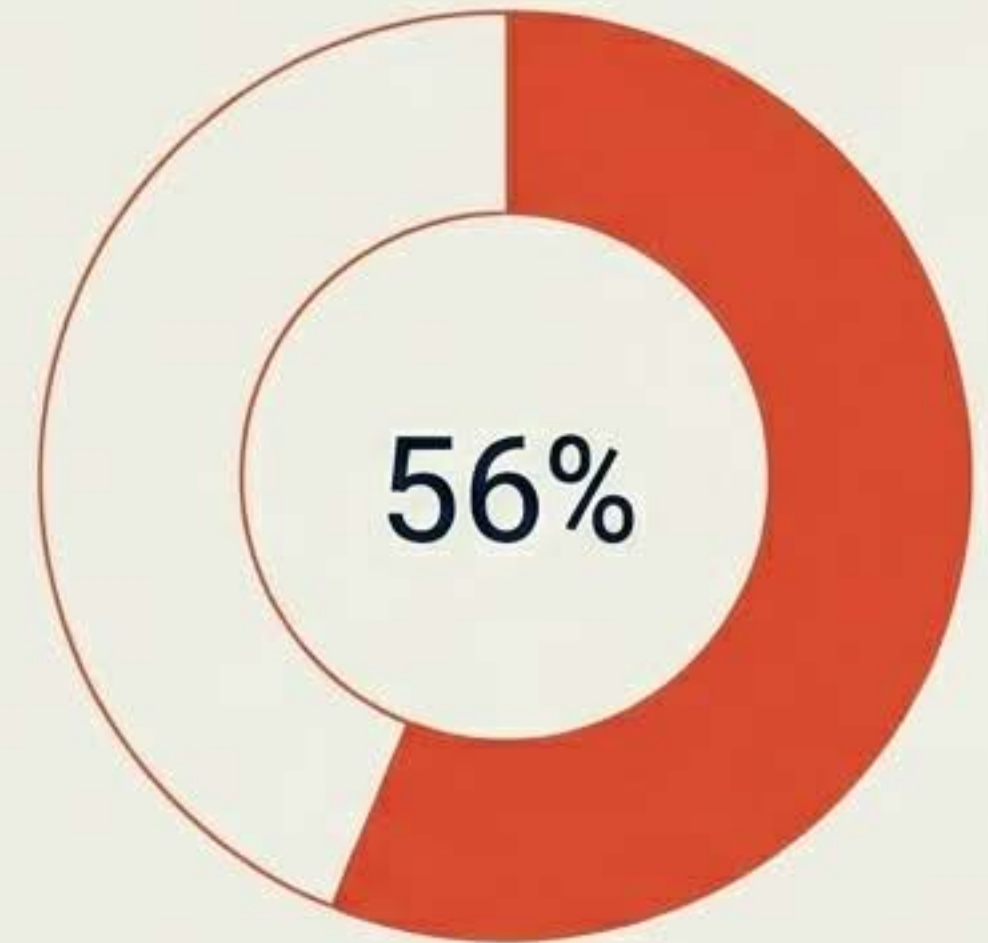
# Payroll Structure: The Heavy Lifter & Leverage Risk

Monthly Cost:  
\$8,417

Headcount:  
25 FTEs  
(including  
Store Manager)



Scenario A: \$30k Revenue  
(Healthy)



Scenario B: \$15k Revenue  
(Critical Risk)

Idle time destroys contribution margin. Scheduling must align strictly with foot traffic peaks to avoid paying for downtime.

# Lease & Location: The Irreversible Commitment

**\$3,500 / month**

Base Rent



## Lease Negotiation Strategy

- ✓ **Term:** Aim for 3 years with renewal options.
- ✓ **Escalation:** Avoid early escalation clauses.
- ✓ **Priority:** Do not chase the lowest rent; chase the highest foot traffic.

The lease covers the physical shell. Location acts as a fixed anchor on overhead; if traffic is slow, this cost erodes starting capital faster than any other single line item.

# Operational Essentials: The First Hurdle



## Utilities

**\$450 / month**

Driver: Refrigeration & Power

Invest in Energy Star appliances; savings come from efficiency, not volume control.



## Tech & Admin

**\$150 / month**

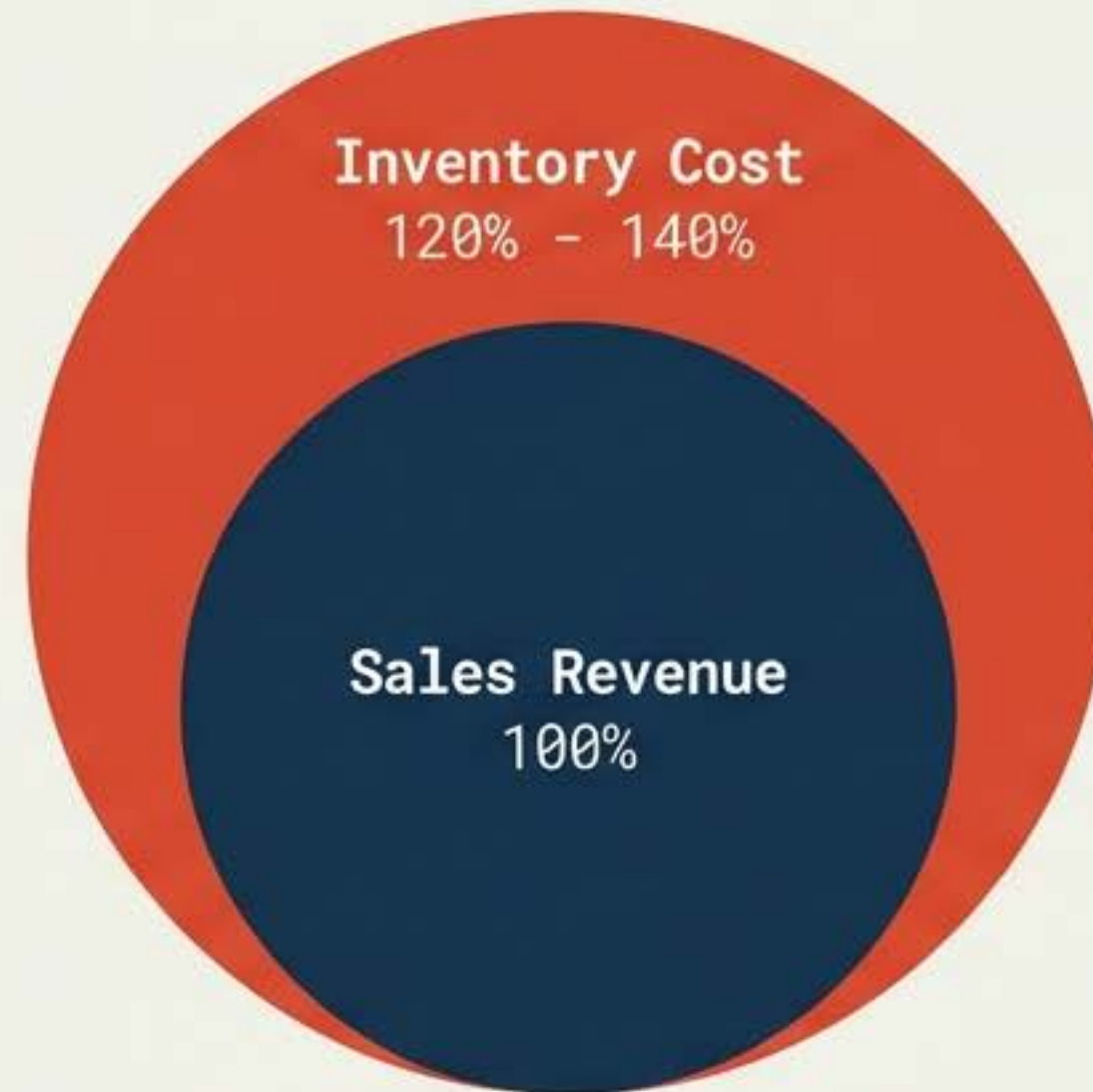
Driver: POS Subscription & Internet

Bundle services (VoIP + Internet) to minimise overhead.

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**Bottom Line:** Combined, these demand \$600 in gross profit every month just to keep the lights on and the network running.

# The Inventory Shock: Acquisition Costs Exceed Revenue

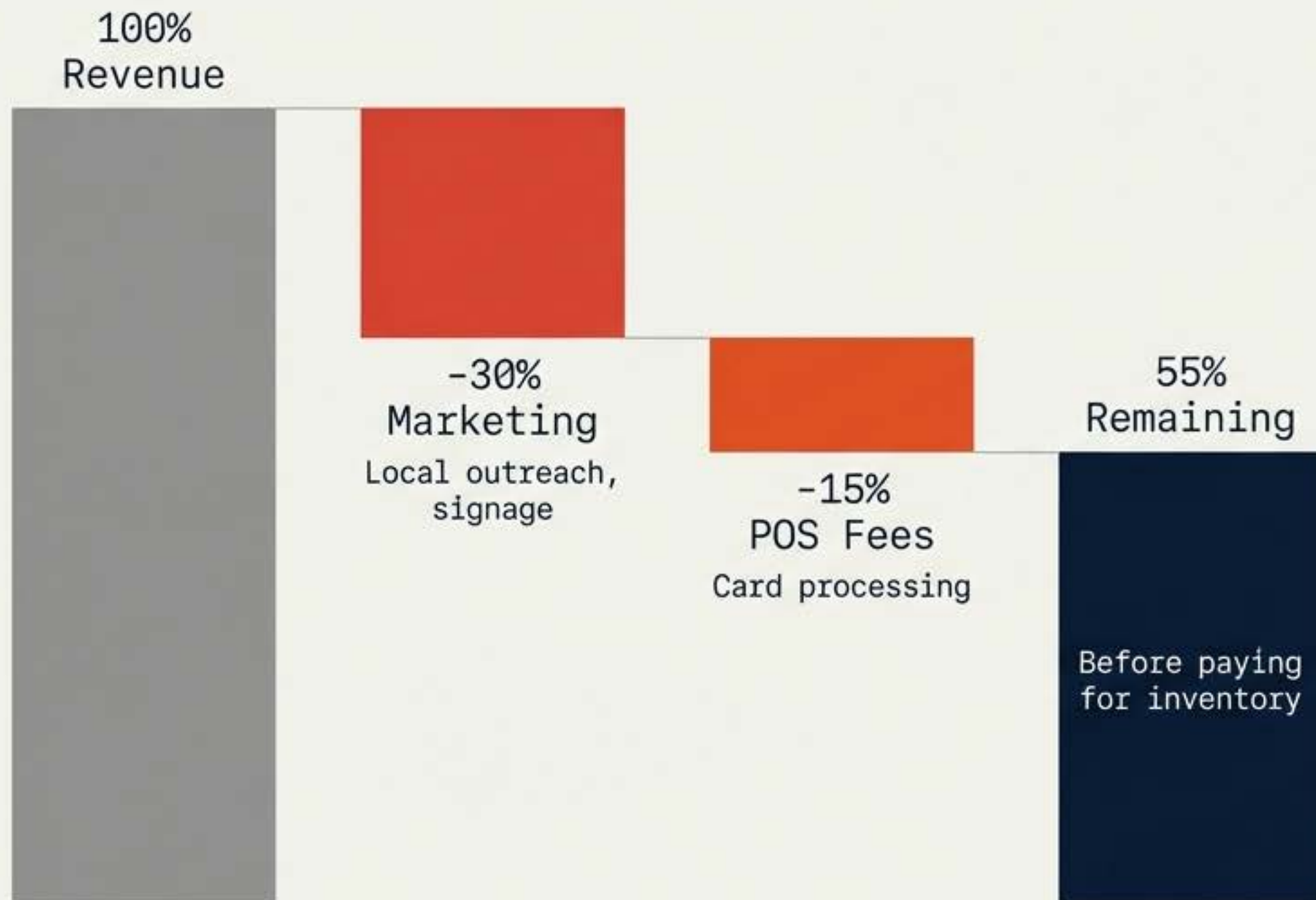


For every dollar of candy sold, we spend up to \$1.20 to acquire it. This creates an immediate negative margin of -20%.



We cannot scale with negative unit economics. Supplier renegotiation for bulk pricing is the primary lever for survival.

# The 'Hidden' Variable Costs: Marketing & Transaction Fees



## **Marketing Action:**

Focus on local digital outreach. Eliminate untargeted mass print.

**POS Action:** Negotiate volume rates. 15% is a standard baseline but must be optimised.

# The Turnaround Roadmap: Target July 2026

Now

Scale Phase

July 2026



Phase 1 (First 90 Days):  
Supplier Renegotiation.  
Aggressive COGS reduction.

Driving revenue  
volume to lower  
COGS ratio.

Break-Even Point

Profitability is projected within 7 months of operation, contingent on scaling volume to correct the negative unit economics. The first 90 days are critical for renegotiating the **140% COGS**.

# The Capital Requirement: Securing the Runway

This capital covers all operating expenses and initial cash deficits until the July 2026 break-even date.

# \$844,000

Minimum Cash Buffer Required



**Note:** This figure covers cash burn. It does NOT include the additional working capital float required for stock replenishment cycles.

# Emergency Levers: Revenue Miss Protocol (-20%)

Scenario: Revenue misses  
forecast by 20%

## Lever 1: Marketing (Immediate Cut)

Defer seasonal campaigns; cut non-conversion digital spend.

**Saving: ~\$15,000 (based on \$50k target).**

## Lever 2: Staffing (Secondary Cut)

Reduce by 0.5 FTE. Do not cut weekend/holiday staff.

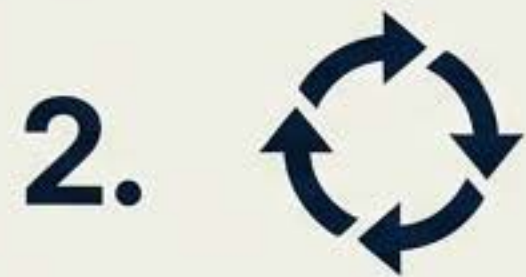
**Saving: ~\$2,500 / month.**

# Working Capital Optimisation



## Supplier Terms

Negotiate longer payment windows to keep cash in the business longer.



## Inventory Velocity

Aim for a minimum of 30-day inventory turns. Reduce spoilage risk.



## Product Mix

Prioritise high-margin 'nostalgic' items to boost immediate cash flow and offset lower-margin bulk sweets.

"Location dictates turnover speed. We must map inventory cycles to foot traffic to prevent capital from being tied up in stagnant stock."

# Strategic Recommendations & Final Outlook

## Secure Capital

Do not commence operations without the \$844k buffer. It is the lifeline for the first 7 months.

## Fix Margins

Aggressively attack the 140% COGS. Volume pricing is the only path to a positive contribution margin.

## Monitor Levers

Review Payroll % and Marketing ROI weekly. Be ready to pull the -0.5 FTE lever if revenue softens.

**Sustainability depends on scaling volume to correct the negative unit economics. The structure is viable only if the cost of goods is forced down through scale.**