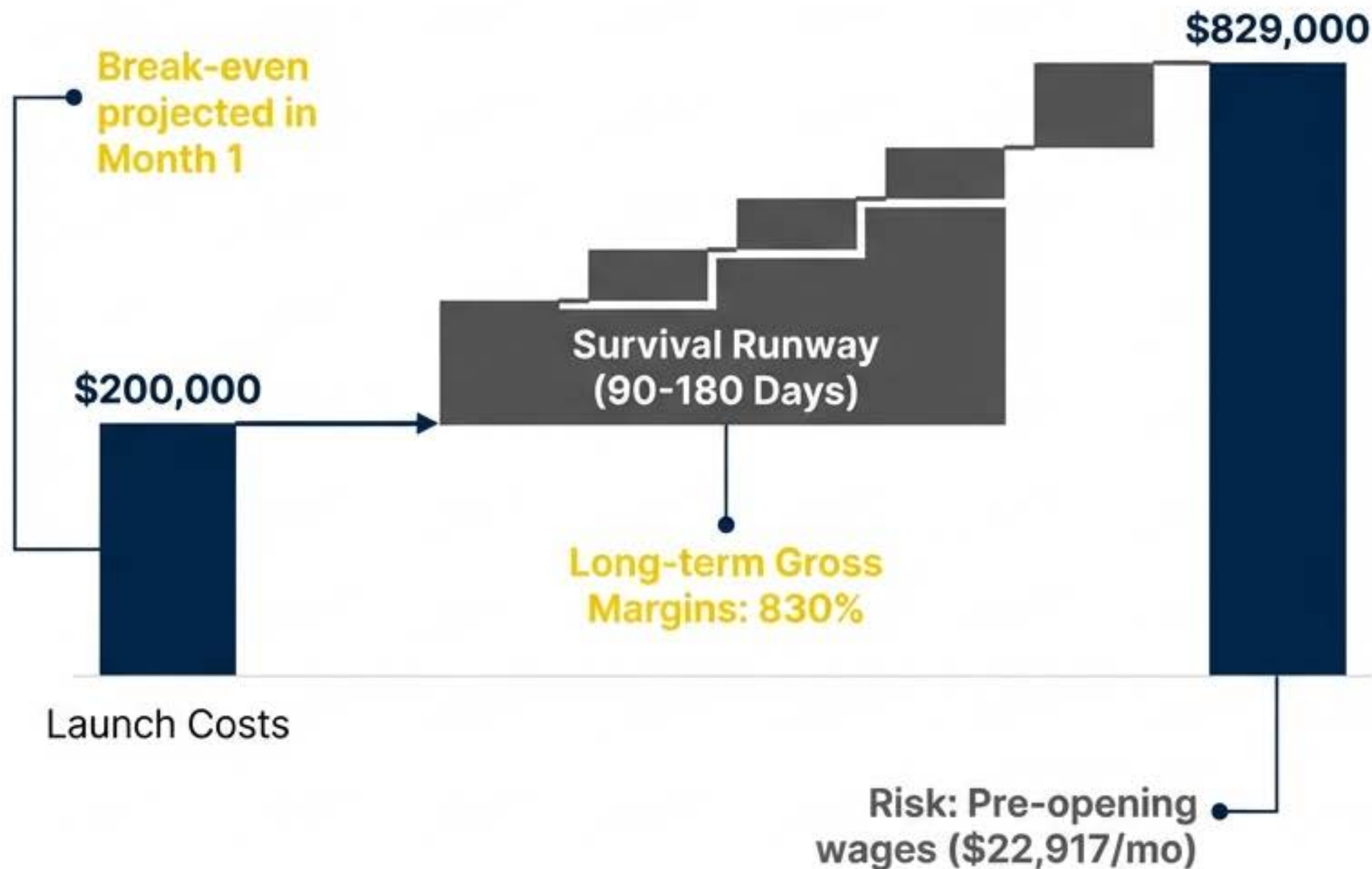


Driving School Capital & Operational Analysis

Startup Requirements, Cash Flow Strategy,
and Survival Metrics (Launch to Month 6)



Operational Viability & The Capital Ask



\$829,000

Total Cash Buffer Required
(Jan-2026 Target)

Leveraging Debt to Amplify Equity Returns



IRR

(Internal Rate of Return): **26%**

ROE

(Return on Equity): **17%**

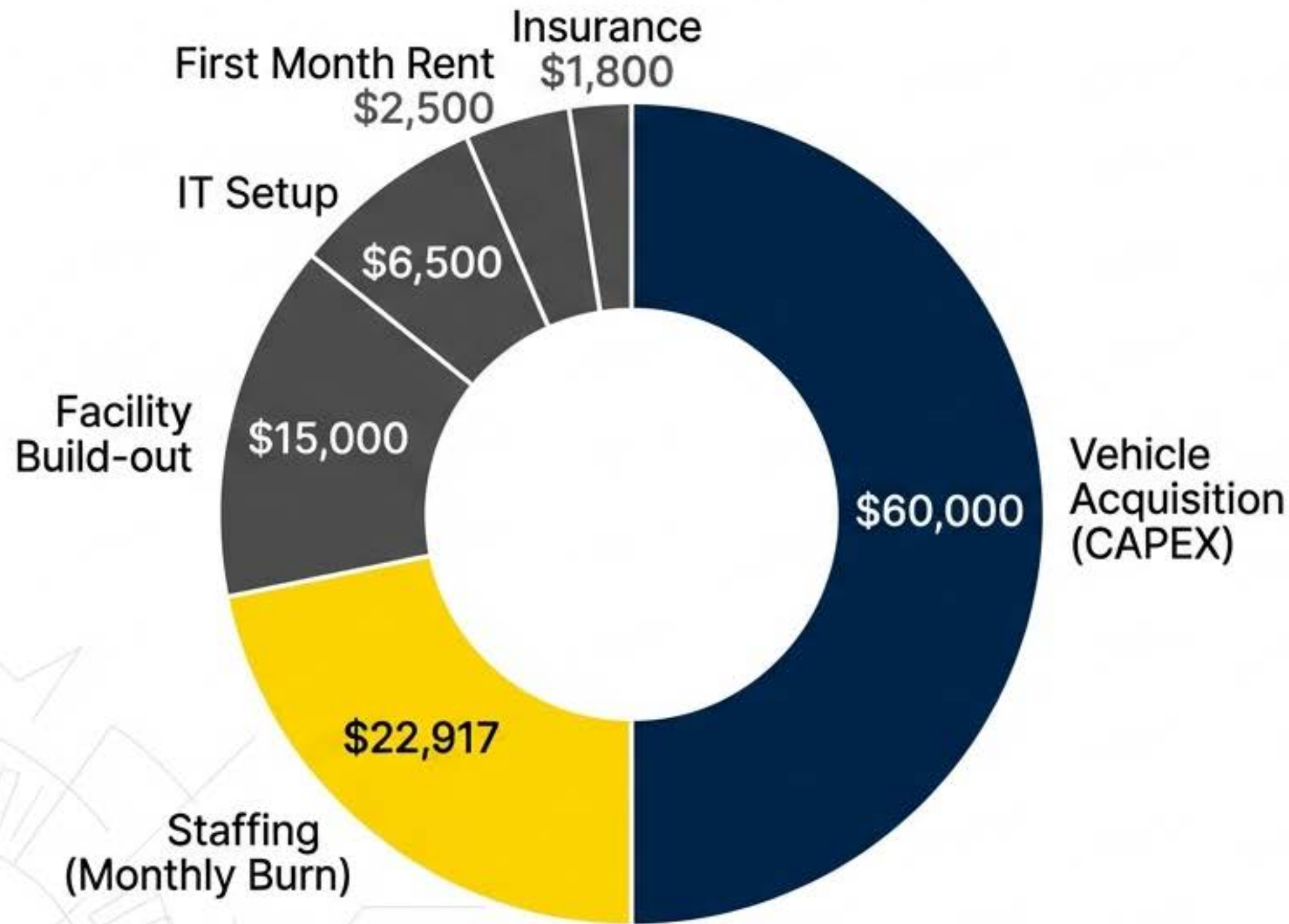
Constraint:

Debt Service Coverage > 1.5x

Strategy:

Use low-cost debt to fund CAPEX. Lean on financing to preserve equity for operational burn.

The Capital Waterfall: Expense Distribution



CAPEX (Assets)

- **Vehicles & Build-out** represent largest initial outlay.

OPEX (Fixed)

- Payroll burden is immediate and heavy (**\$22.9k/mo**).

OPEX (Variable)

- Marketing budgeted at **40%** of Revenue.

Asset Allocation: The Fleet

Procurement Tactics

- Target fleet pricing discounts.
- Avoid over-specifying features.
- Includes sales tax, title, registration.



Strategy: Used, Low-Mileage Stock

Acquisition Budget:
\$60,000 (2 Vehicles)

**Dual-Control Setup
& Branding Included**

Financing Note

Debt Impact: Financing \$60k over 60 months adds ~\$1,000/month in debt service. Must be modelled against early cash flow.

Physical Infrastructure: Facility & Build-Out



Strategy

Lease Negotiation

- **Target:** Security deposit of **1 month** (vs. standard 2-3).
- **Improvement Allowance:** Secure landlord contribution if costs **>\$15k**.

Phasing

- **Month 1:** **Safety & Compliance** only.
- **Month 6:** Non-essential aesthetic upgrades.

The Primary Burn: Pre-Opening Payroll



\$22,917 / MONTH

Fixed Liability (Pre-Revenue)

Scope: 55 FTE Staff
(Certified Instructors + Administration)



Risk: A 2-week opening delay burns **\$11,458** with zero revenue offset.

Mitigation:

- Stagger start dates.
- Utilise contractors for specialized training.
- Delay full admin onboarding.

Fixed Operational Overheads: Regulatory & Insurance



INSURANCE

\$1,800 / month

The Heavyweight. Consumes **>10%** of typical **working capital** if enrollment lags.

- Shop specialized carriers. Bundle with facility liability.



COMPLIANCE

\$200 / month + Fees

The **Constant**. Covers state licensing and instructor recertification.

- Batch certifications to streamline renewals.

These are **non-negotiable fixed costs** that accrue **regardless of student volume**.

Customer Acquisition: Digital & Physical Presence

IT Infrastructure

- **\$6,500** Upfront (Setup + Website)
 - **\$300 / month** Recurring
- Audit usage quarterly.

POSTCODE

POSTCODE

LOCAL

POSTCODE

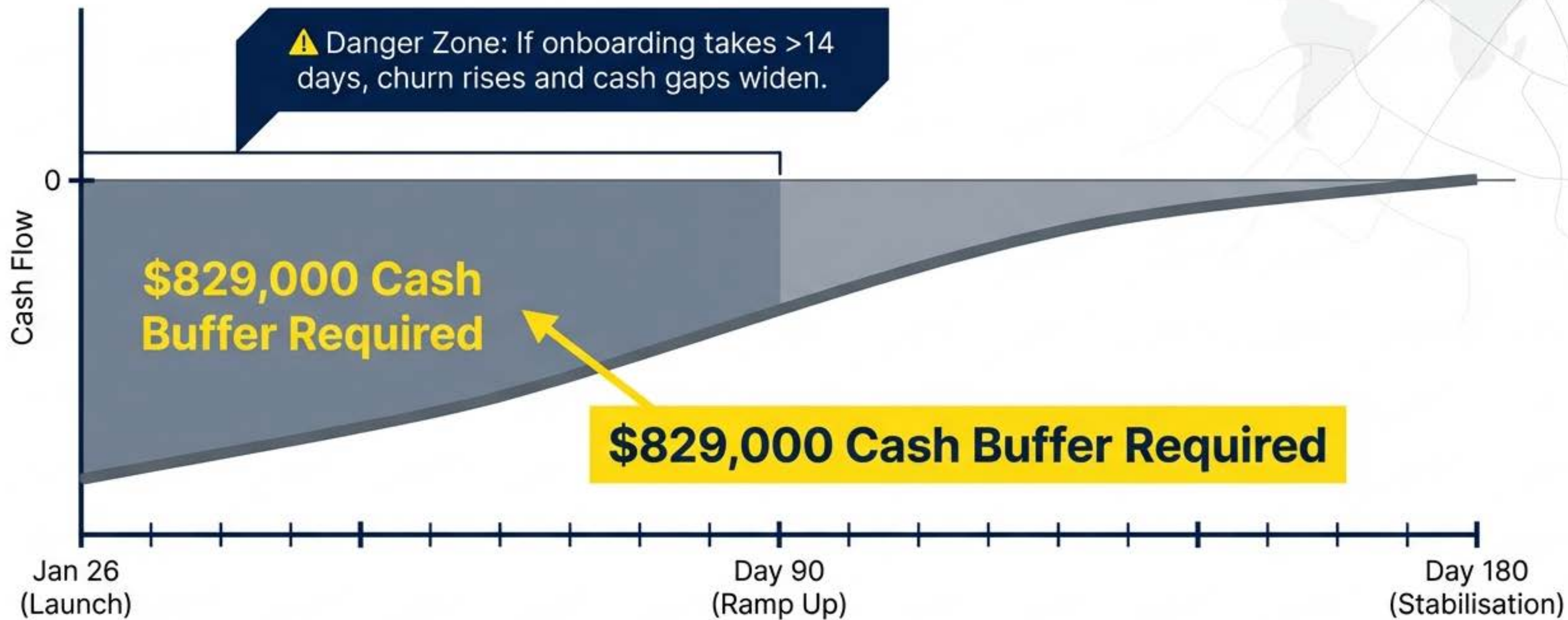
POSTCODE

Marketing Strategy

- **Budget: 40%** of Projected Revenue
- **Tactic:** Digital targeting of local postcodes.
- **Physical: \$3,000** for exterior signage.







KPI: Track **Cost Per Acquisition (CPA)** weekly.

Survival Timeline: The First 180 Days



Secure buffer before operations begin.

Risk Matrix & Mitigation Strategies

| RISK | IMPACT | MITIGATION |
|-----------------|--|---|
| Launch Delays |  Insurance & Payroll (\$11.5k/fortnight) drain cash. |  Lock certification timelines. Secure licensing pre-lease. |
| Slow Onboarding |  Debt service coverage drops below 1.5x . |  Efficient IT scheduling. 14-day max onboarding KPI. |
| Capital Bloat |  Reduced runway. |  Used fleet vehicles. Negotiated deposits. Staggered hiring. |

Execution Roadmap

Next 30 Days



Conclusion: The model promises **830% Gross Margins**, but solvency depends entirely on managing **burn rate in the first 6 months**.

Data Sources & References

All financial projections, cost estimates, and operational metrics are derived from the “Driving School Startup Capital and Operational Cost Analysis”.

Key References:

- What Are The Key Components To Include In Your Driving School Business Plan?
- What Is The Most Critical Metric For Measuring Success Of Your Driving School?

Disclaimer: Figures based on **Jan 2026** projections. Actual costs may vary by state and vendor negotiation.