

BUSINESS PLAN


2020 - 21




Steve and Gabriel Car Wash Inc.

It's more than a car... Keep it clean.

 John Doe

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Executive Summary

Venture Description



Steve and Gabriel Car Wash Inc. (S&G) plans to build a four-in-one car wash with four self-service bays and one automatic drive-thru. The facility will offer the most modern and efficient self-cleaning equipment in the area, will be a well-lit, nicely landscaped, modern structure that delivers high-quality service at competitive prices with remote (video) security monitoring in the service area. S&G is designed to appeal to both men and women, helping them f

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Management and Organization Plan



Sparkle & Gleam Car Wash Inc. (S&G) is a StateA, Subchapter S Corporation formed in April 200B. The corporate form was chosen for its limitation of liability and ease of transferability. The Sub-chapter Selection was made to avoid double taxation. The sole stockholder, President, and Chief Executive Officer are Carmen Perez. Custodial service, grounds upkeep, machine servicing and repair, and maintenance will either be outsourced or l

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CARMEN PEREZ

CEO - Carmenp@example.com

Carmen has worked full time at a local electrical contracting company for the past 15 years. She is vice president of operations and will continue to work until S&G opens. Formerly, Carmen was employed as a marketing manager for a real estate company. She will handle all day-to-day operations, buying of supplies and marketing of the business.

Objectives



TIP

The objectives for S&G Car Wash and Detail Service are:

1. To be viewed as a premium car wash and detail service in East Meadow.
2. Maintain a very high gross profit margin.
3. Maintain a modest, steadily growing net profit margin.
4. Expand to two locations after the third year of operation.

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Marketing Plan



TIP

The site of S&G is the most important factor in the success of the business. All factors have been considered, and the corner of Leeds Parkway and Dunbrooke Road in Copperville, StateA has been selected. This location is situated on the northwest corner of the intersection of two major thoroughfares in this treasured community. This site is particularly well-suited for a car wash. The intersection of these two thruways is on the northern edge of a

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Keys to Success



TIP

- S&G is situated on the northwest corner of the intersection of two major thoroughfares in this treasured community This site is particularly well-suited for a car wash.
- Direct competition is limited to outdated "tunnel" or friction car washes, lube & washes, and convenience stores.
- S&G will boast the Laserwash 4000 "touchless, spot-free" sys

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Financial Plan



TIP

The overall cost for the start-up of this business is \$615,000. This amount is broken down as follows:

1. The land is under contract and will be purchased for \$180,000.
2. Construction of the facility will be approximately \$125,000.
3. The equipment costs for the four self-service bays and one automatic drive-through is \$250,000.

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Business Summary

Legal Form of Business



TIP

Steve & Gabriel Car Wash Inc. is a Subchapter S Corporation, registered by the StateA Secretary of State to do business in StateA. The Subchapter S election, filed with the Internal Revenue Service, offers a reduced tax liability for the owner. The corporate status provides the owner with limited liability. Potential additional liability will be covered by a \$1 million umbrella insurance policy against all liabilities as well as property insurance.

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Management Team



CARMEN PEREZ

CEO - Carmenp@example.com

Carmen has worked full time at a local electrical contracting company for the past 15 years. She is vice president of operations and will continue to work until S&G opens. Formerly, Carmen was employed as a marketing manager for a real estate company. She will handle all day-to-day car wash operations, buying of supplies, and marketing of the business.

Board of directors



CARMEN PEREZ

Chairman of the Board Carmenp@example.com



TONY PEREZ

Secretary- tonyp@example.com

TonyPerez will serve as corporate secretary and as a member of the board of directors, primarily as an accommodation.

Advisory council



Currently, four people serve on the advisory council. They bring start-up and on-going management and subject-matter expertise to Carmen Perez. The advisory council members have volunteered to meet together each month during the first year in business to provide guidance during the start-up phase. The timing of on-going meetings will be determined after one year.

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ANNE KLINESMET

Annek@example.com

Owner of two area businesses – a landscaping service and an equipment rental store– to provide an entrepreneurial perspective.



TED HOOSTER

tedh@example.com

Independent financial advisor—to assist in building a business that meets Carmen’s personal vision



GERALD LANCE

GeraldL@example.com

Certified public accountant—to provide evaluation and guidance concerning financial statement projection and on-going analysis.

Hiring Plan



S&G has been created for the purpose of creating a family-owned business that the Perez family can own and operate. There are no plans for management personnel in addition to Carmen Perez. Custodial service, grounds upkeep, machine servicing and repair, and maintenance will either be outsourced or handled by part-time employees. Due to the type of work needed and the available work-force, S&G will seek retired individuals or students to

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Compensation and Ownership



TIP

S&G will employ Carmen at a salary of \$24,000 in the first year (that salary is projected to go to \$36,000 in the second year). Part-time employees will be paid \$10.00 an hour. Carmen holds all of the stock of the company. The company offers minimal benefits to the owner and no benefits to part-time employees.

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Employee Reward and Incentive Plan



TIP


S&G will not have a formal employee incentive plan to start. Employees will be motivated through rewards and incentives for jobs well done, goals met, problems solved, and taking initiative. Initially, rewards will be non-monetary, to include paid time off, flexible work hours, free car washes, and parties.

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Products & Services

Purpose of Our Services



TIP

Steve & Gabriel customers will:


Save time because of the

- Convenient location– there will be no need to drive to the out of the way competition
- 24-hour operation– customer can choose the time most convenient

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Features and Benefits




TIP

Steve & Gabriel Car Wash will offer technologically advanced, frictionless, touch-free exterior in-bay automatic and self-service car wash facilities. The basic automobile wash consists of the self-service wash options. In-bay automatic upgrade washes consist of an under chassis wash, tire scrubber, and in-bay automatic upgrade wash with extended drying. S&G will not only offer the cleanest and technologically advanced car wash, but it will

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Our Services



TIP

S&G realizes the car wash industry, top to bottom, is a service industry. S&G will establish itself as the premier car wash facility by providing a quality service for a competitive price and by focusing our staff on customer service. We will offer the following services to the City community:

- Laser "touch-free and spot-free" car wash (4 different washes)

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Related Products/Services and Spin-Offs



TIP

S&G constantly monitors the car wash industry and will adopt new technology that offers customers a better product or aids in water conservation and anti-pollution efforts. There are new spin-offs that we might develop which would keep us on top of changing market trends.

Combination Car Washes and Fast Lube

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Market Analysis

Industry Profile



TIP

The industry has developed to a mature product/service. It is generally agreed that the first automatic car wash was developed around 1914. By 1945 there were 32 car washes across the nation. As the automobile industry grew, the car wash industry grew exponentially. Due to heightened consumer expectations, the industry has experienced major changes that have also increased operating costs brought on by customer demands. The

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Current size

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TIP

The Car wash industry and revenue growth in the US and in StateA is increasing at a high rate. U.S. Census industry data for the most recent five-year study shows growth in numbers of establishments, at the national and StateA state level, of 18% and 15% respectively.



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Growth potential

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Industry Trends



TIP

Convenient payment methods are an issue in self-service industries. The release of the new dollar coin, increasing use of credit and debit cards, and technologies allowing prepaid payment cards are all indicators of the coming changes. Vendors are developing new technologies that allow easy use of multiple payment methods. Technologies that control the delivery and remote notification of problems in the facility are becoming more available

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Other Characteristics



TIP

Car washes are located in all parts of the country. Certain locations, notably the south and west, have higher concentrations of car washes but car washes are a necessity everywhere. According to car wash industry sources, an abundance of multi-family housing units in an area is a good indicator of car wash facility success. Of the 160,000 population(Sept 200A MASR, INC report) in the target market, 28% reside in multi-family units.

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Distribution Channels



TIP

Efficiently running road systems are the distribution system for car washes. Due to the construction of the six corporate campuses surrounding the area, the road system serving S&G runs smoothly and efficiently.

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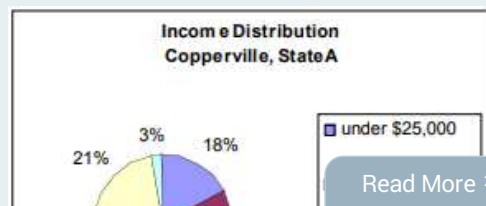
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Target Market Profile



TIP

The Copperville area is the target market. In this market, the following graphs show how the market area closely compares to the ideal customer profile. (Data were taken from the latest U.S. Census report as compiled by the county.)



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Customer Profile



TIP

Today's customers have changed considerably. Fifteen years ago, the primary market was 90% male; today, the clientele varies from 16-year-old females to 75-year-old males and everything in between. Of the car washes operating today, 13% are less than 10 years old and of that 7 % are less than five years old. As vehicle prices and maintenance costs continue to rise, car owners are keeping their vehicles longer and paying more attention to its upkeep.

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Future Markets



TIP

S&G will look for opportunities in suitable locations to open additional operations. This expansion will not be a priority because extensive research has been done showing that the current location is the best in the city.

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Competitive Analysis

Direct Competition



TIP

The location of the car wash is the most important indicator of success. Locating the site too close to the competition will only divide the current market, rather than expand it. Therefore, it is important from a competitive standpoint to locate where there is little competition or where there are more customers than the competition can service. In S&G's 160,000 population target market area there are four car washes: a full-service tunnel car wash, a self-service car wash, a car wash, and a car wash.

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Indirect Competition



TIP

S&G will have indirect competition from any other sources of car washes, such as the car owner at home, detailers, charitable fundraisers, and car service businesses. The weather will limit competition from the owner and fundraisers but the other two indirect competitors are in reality, different businesses, with different target markets. None of these indirect competitors are new or unique to S&G. They exist in all markets.

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Future Competition



TIP

Carmen will periodically visit car washes in the area to assess the continued competitiveness of S&G and stay abreast of new products and equipment in the industry. The establishment of S&G should discourage new similar facilities within close proximity but Carmen will remain alert to any such plans.

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Competitive Analysis



TIP

The basis of competition among car washes is location convenience, equipment parameters, and price for services. S&G is the only car wash within a 3-mile radius of the major arteries of Leeds Parkway and Dunbrooke Road. Our price will be similar to the other four car washes within our market area. Since S&G will have the newest equipment, the quality of our wash will at least equal that of the other carwashes and most likely be superior.

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Marketing & Sales Plan

Marketing Strategy



TIP

Marketing in our car wash business relies on the name recognition of the Laserwash system as an industry leader and the "curbside" appeal of the site for first-time customers. Quality service will bring customers back time and time again. Also, the use of a local radio station and the "word of mouth" advertising of satisfied customers will grow our customer base. We will offer a competitive price for all budgets. Our base wash will be \$5 and our

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Advertising and Promotion



TIP

When Steve & Gabriel opens, press releases will go out to the local newspapers, radio and television stations. For the first four Saturdays after the opening, ads will run in the Copperville Times and on two radio stations.

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Publicity



TIP

A new use for the old site of the Copperville Community Center will generate a certain level of interest and we will send press releases to the local media at all stages of the governmental approval process as well as groundbreaking, construction completion and grand opening. In addition, the civic events held there will be publicized by the organization holding the event as well as by S&G

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Telemarketing/Direct mail



TIP

Direct mail will be an important part of the media mix. The initial marketing effort will include a direct mail flyer to the 5,000 households closest to the car wash.

Costs involved

Purchase of mailing list by zip code	\$500
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Internet



TIP

Steve & Gabriel does not plan to have an internet presence at this time.

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Trade Shows



TIP

Carmen will attend trade shows from time to time to assess the direction of the industry and to keep abreast of new trends and technologies.

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Pricing Strategy

Pricing is based on local averages of competitors.

Products & Services	Price
In-bay self-service wash products <ul style="list-style-type: none"> • Presoak • Rinse • Spot free rinse • Soapy wash • Tire cleaner • Engine cleaner • Scrubby brush • Wax • Rust Prohibition 	\$1.00 for 3.75 minutes and \$0.25 for each additional minute.
Automatic wash bay <ul style="list-style-type: none"> • Basic • Basic with wax • Deluxe • Deluxe with wax 	\$15 for package
Vacuum	\$1
Shampoo Machine	\$1.00 / 3.2 minutes



TIP

At the present time S&G does not have any quantity discounts or introductory offers. If fleet sales are made or customer demands suggests them, they will be explored.

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Pricing Policies

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Financial Plan

Break-even Analysis

S&G's gross margin is figured at 100%. Some car washes deduct applicable supplies (soap) and utilities along with direct labor from gross revenues as a cost of goods sold. However, as a totally self-service operation, S&G has no direct labor and the decision was made to expense all costs as operations cost so that comparisons could be easily made to RMA composite statements, which do not use the cost of goods sold. With no variable expenses and four different services which are projected at different prices and different levels of sales; break-even can only be calculated using projected Net Sales and Total expenses.

Projections indicate that Operating Income will actually be in excess of Operating Expenses within the 2nd Year but Debt Service will prevent true break-even until the 3rd Year.

	Year1	Year2	Year3
Net Sales	[Amount]	[Amount]	[Amount]
Operating Expenses	[Amount]	[Amount]	[Amount]
Operating Income	[Amount]	[Amount]	[Amount]
Interest Expense	[Amount]	[Amount]	[Amount]
Net Income	[Amount]	[Amount]	[Amount]

Income Statement Projections

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	Year1	Year2	Year3	Year4	Year5
Revenues					
Product/Service-A	\$151,200	\$333,396	\$367,569	\$405,245	\$446,783
Product/Service B	\$100,800	\$222,264	\$245,046	\$270,163	\$297,855
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Other Expenses	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.00%	13.00%	16.30%	19.40%

Balance Sheet Projections

	Year1	Year2	Year3	Year4	Year5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liabilities	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066

Cash Flow Statement

	Year1	Year2	Year3	Year4	Year5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
SUMMARY					
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389