

1. Company Overview (What is the business & how is it set up?)

Contact Information

Smith Painting Company Business Plan
Owner: Emmitt Smith
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Business Description

The area of expertise for my business will be in the field of painting and restoration. I will start a company that effectively paints houses with quality and efficiency. I will offer competitive and inexpensive rates for my services. The business will be located in Hingham and primarily service the town of Hingham – but will be willing to travel to surrounding towns such as Scituate, Cohasset and Norwell. We will be targeting residential owners who are looking for high-quality painting and restoration with an emphasis on multi-story dwellings. Some of our strengths include our painting experience, our commitment to the Hingham community and our commitment to high quality work. We are very actively involved in the Hingham community by participating in various activities.

Ownership Structure

Smith Painting will be structured as a _____ for the following reason(s):

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2. Market Overview

Industry Overview (Is there a demand for your product/service?)

The residential painting business is flourishing. Over the past year there has been a significant increase in home improvements and painting in the town of Hingham. Also, there have been many new houses erected over the past few years and there are many under construction as we speak.

Primary Market Research (How you'd collect data from a primary source):

We plan to participate in the South Shore Home Show in Marshfield in which we'll ask prospective customers to respond to a survey created by us. (Survey – Appendix A).

We also plan on personally interviewing 6 potential customers at the South Shore Home Show in Marshfield. (Sample questions – Appendix B).

We hope that the results of the survey will allow us to target our market in a way that motivates them to contact us for an estimate for residential painting. We will offer a discount to one individual who completed the survey and goes with Smith Painting for residential painting service.

Secondary Market Research

(Secondary Source #1) According to the US Census Bureau, for the second quarter of 2010, 52 billion dollars has been spent on home repair and improvements. In that 52 billion, a great portion of that was painting services. In the year 2010, 190.3 billion dollars has been spent on home repair and improvements. The number of housing units completed has also been on the rise (US Census Bureau). In the Northeast, 104.2 housing units were completed in September 2004 and in October 2004, 109 housing units were completed. That is a rise of 4.8 housing units in a month. A 4% increase from September to October. Also, the number of building permits has increased. In September, the total number of building permits was 2,005,000. This is a 1.8 percent increase from the total number of building permits in August which was 1,943,000. All my data was compiled from The United States Census Bureau at www.census.gov.

(Secondary Source #2) Americans spent an estimated \$119.1 billion in home improvements and repairs in 2010, according to the U.S. Census Bureau. Affluent Americans (those with incomes of \$100,000 or more) spend \$31 billion a year on home improvements. (Source: Yankelovich Partners) According to the U.S. Census Bureau, 78 percent of all home remodeling is done by professional sub-contractors. According to a survey conducted by Getting To Know You, the largest homebuyer welcoming program in North America, 79.4% of respondents plan to make major home improvements within the year. Among families with children, 86.8% cited a need to remodel.

(Secondary Source #3) Market analysis is very favorable toward the painting and overall construction and remodeling business in the Hingham area. Table 1 chart below details population growth:

TABLE 1—Population growth

	2011 Actual	2016 Actual	2020 Projection	2030 Projection
<i>Hingham</i>	50,000	130,000	235,000	342,000

Source: Hingham Economic Office

In summary, the general industry analysis shows that Hingham is expected to experience substantial population, housing and commercial construction growth, which makes it a prime location for a painting contractor business.

Primary Competitors

There is one major residential painting competitor in the greater Hingham area.

McCarthy Painting 237 Wompatuck Road Hingham, MA 02043 (781) 749-3384
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Both competitors perform residential painting services in Hingham. Hingham Painting and Decorating focuses exclusively on residential painting contracts while McCarthy Painting performs residential and commercial projects. McCarthy's visibility within commercial painting jobs allows it to advertise towards potential residential customers. Both have multiple painting crews and have been in existence for at least 10 years. McCarthy Painting is a more exclusive painting contractor that has higher than average prices. As a result of its large workforce, it is able to complete larger jobs in shorter periods of time than smaller painting contractors. McCarthy is also working seven days per week compared to its competitors.

Competitive Analysis

Items	McCarthy Painting	Smith Painting
Type of Service	Residential & Commercial	Residential
# employees	25	1
Prices	Higher than average	Per gallon of paint. See Pricing section.
Times Available	7 days per week	Monday-Saturday 8am-5pm.
Financing Available	Yes	Not initially
Years in Business	20	1
Additional Services	Waterproofing Textured coats Sandblasting Waterblasting	Drywall repair
Licensed & Insured	Yes	Yes
Free Estimates	Yes	Yes

McCarthy Painting listed above is going to be our primary competition for business. It is a well established, well known business in the Hingham area. Smith Painting will strive to become a well known business as well. We will be competing against other companies in the areas of residential painting. Along with actual

companies, I will also have competition from the “do it yourselfers” or the people who paint themselves. We need to differentiate our business from others by providing personal service and adding value to our customers by showing the do-it yourselfers it is worth it to use our services.

Target Market

The target market for Smith Painting will be the residential homes in Hingham and along the south shore in need of painting services. In the beginning, Smith Painting will focus on mainly houses in Hingham but eventually it will branch off and include all of the South Shore. We’re attempting to target single-family homeowners over the age of 40 who have painted houses that would be willing and able to pay at least \$5,000 for the exterior scraping, priming and painting (two coats). We are targeting rather large homes with two floors that would require the use of staging – which would be an added expense that many homeowners that would typically perform by themselves – would be more apt to outsource (hire a company). We estimate approximately 2,000 homes in the Hingham area would meet this criteria. Homeowners typically paint their home every five years so we hope to gain return customers every five years.

3. Marketing Strategy

Product

Our services include both exterior and interior painting.

Exterior Painting:

- New construction
- Remodel paint jobs
- Water proofing decks
- Sand blasting, water blasting
- Stucco repair
- Graffiti removal

Interior Painting:

- New construction
- Remodel paint jobs
- Drywall repair
- Textured coats

We will use only the finest stains, primers, sealants, and finishing coats on your house. We will customize and mix our paint to create the color of your choice. Smith’s Painting will perform services on commercial properties as well as residential properties. Smith’s Painting will perform the following services:

- New construction services will include painting interiors, exteriors, decks as well as waterproofing and applying textured coats.
- Remodel jobs will include matching the new stucco with the old stucco to insure that the colors match perfectly.
- Repair and preparation work that is needed will be completed as well.
- Water proofing will be done for apartment decks, garages, and private homes.
- Water blasting and sand blasting will be performed to clean areas that are going to be painted.
- Drywall preparation and texturing will also be included.

Smith’s Painting will provide a five-year warranty on all painting jobs. If for any reason a customer is not satisfied, we will return to correct the problem with no questions asked.

Price

Smith's Painting will base its price on the industry average. The price of the paint will depend on the job. Exterior paint will cost between \$15.00 to \$25.00 a gallon. Each gallon will cover between 200 and 250 square feet of surface, a wall that is ten feet high by twenty feet long. Interior paint will cost between \$15.00 to \$20.00 a gallon.

Because interior surfaces are smoother, the area covered will be between 300 and 350 square feet of surface. This means that one-gallon will cover a wall that is eight feet by thirty-eight feet. Waterproofing sealant costs between \$20.00 and \$35.00 per gallon and will cover only 150 square feet, an area of about ten by fifteen feet. Wood deck sealant costs between \$15.00 to \$30.00 a gallon and covers between 200 to 250 square feet. Drywall textured coating will cover between 150 to 170 square feet per gallon. This product costs from \$5.00 to \$10.00 a bag for the mixture. Stucco repair will cost between \$50 to \$100 depending on the size of the repair.

The price per square foot to repaint an existing interior is \$0.35; new construction interior painting is \$0.40. The price per square foot for exterior painting is \$0.40 for either repaint work or new construction. Waterproofing cement decks and garages is \$0.55 per square foot. Waterproofing a deck will cost \$0.35 per square foot.

All prospects will receive a written estimate based on request. I would like to keep all jobs under the \$5,000 price point in terms of scope as we would not like to outsource any aspects of it so the entire project can be under our control.

Place

The business will be located in Hingham on Main Street out of the owner's primary residence. This will allow for a convenient location to travel to local jobs and minimize travel/gasoline expenses. The location will also provide access to three nearby towns: Norwell, Cohasset, and Scituate. The longest commute needed to reach any location in these three cities would be 25 minutes.

We will also have a warehouse that will be 3,000 square feet by the Derby Street Shoppes. It will store the truck as well as the paint, equipment and materials needed for the jobs. There will be additional office space will be in the warehouse. There will be a fax machine, telephone and computer. The cost of the lease is \$0.30 a square foot for a monthly rent will be \$900.

Promotion

The quality and care we put into our painting will reflect our motto, "The customer is our first priority".

Smith's Painting Co. will be doing very limited advertising. There will be a one eighth page ad in the Yellow Pages Business Directory with our business logo and other pertinent information (see Appendix C). This will include offering a free estimate for residential jobs, and information about the different services the business offers. The ad will have a red border with a white interior to make it stand out. The logo will be in full color.

There will also be a sign on our truck, a robust web site (with promotional discounts) and signs that will be placed on the front lawns of prior customers. We will also offer discounts to repeat customers and a customer referral discount in which customers will receive 10% off their next job if they refer a customer to us. We are going to use the "word of mouth" approach – but do realize that will take a while to build up a large enough customer base.

We plan to rent a booth at the South Shore Home Show held at the Marshfield Fairgrounds every April to reach south shore homeowners who are interested in spending money to maintain their property.

Upon the successful completion of a job, we intend to leave a lawn sign for 3 weeks as a form of advertising for a job well done. See Appendix D.

4. Operating Plan

Our business will operate Monday – Saturday, 8am – 5pm. We will not work on Sundays. We may need an additional employee after six months of business development. We do not want to outsource any of our work, but may need to depending on business cycles and customer needs – as we do not want to turn away any business in our first year.

Human Resources:

We may use student labor to assist with certain projects – especially over the summer when we expect to have increased demand for exterior painting projects. In this case, we would pay students \$12 per hour. Any outsourced painting would be paid depending upon the job. I, the owner, will be responsible for the acquisition of new business, management of painting jobs and contracts, and follow up of customer satisfaction.

Business Goals & Future Plans

For my company, I plan to set goals that I think can be achieved with hard work and focus.

1. Break even after first summer.
2. Profit of \$1,000 at the end of second summer
3. Hire my first employee after the first summer.
4. Become a premier player in the Hingham residential painting business.

With these goals in mind, I can set objectives to guide Smith Painting on its trail to success. In the future, Smith Painting plans to be a force in residential painting in the town of Hingham. One of my goals is to hire enough staff so that I will not have to do any of the painting – but just perform estimations and manage the day-to-day business operations.

SUMMARY

Smith's Painting Co. will be a great success. This business plan has established that Smith's Painting is a feasible business. All of the critical information such as market analysis, competitive analysis, financial analysis, management expertise and the industry trends support this conclusion.