

**Directions - Make copy of this onto your Google Drive. Then modify it.**

**Fall 2019 Business Plan**

**Name: \_\_\_\_\_/300 PTS**

**Assignment:** You are going to create a business plan for a potential business using a painting business plan template. Your completed plan will have no references to the painting business plan. **Your plan must have at least two revenue sources and at least one element of Social Entrepreneurship (social benefit beyond profit).** Your plan's sections will include:

1. Company Overview (Contact Information, Business Description, Ownership Structure)
  - Explain Social Entrepreneurship component
2. Market Overview (Industry Overview, **one example each of Primary** (include how you'd acquire the information) **& Secondary Market Research** –
3. Primary Competitors (at least one competitor with a description and a table that has appropriate categories)
4. Target Market (descriptive using demographics, geographics, psychographics and consumer behaviors)
5. Marketing Strategy (Product, Price, Place and Promotional Decisions focused on your target market)
6. Operating Plan (business operations and human resources)
7. Financial Plan: start-up costs, and your projected sales and Profit-Loss
8. Business Goals and Future Plans
9. Summary (will it be successful or not? And why?)

**Rubric for an A (exemplary):** Appropriate, efficient and proper use of all class time provided for this project. Classroom behavior is superior, professional and model of how teacher would like students to behave. Demonstrates respect at all times. Business plan is typed, professional looking, well-structured and well written with no grammar or spelling errors. All sections of the plan have been comprehensively addressed with details & submitted on time.

|                         | Unacceptable-0  | Needs Improvement-70  | Proficient-85  | Exemplary-100   |
|-------------------------|---|---|--|---|
| Read purposefully       | <p>It is obvious that assignment sheet was not completely read. Format of final product is unacceptable.</p> <p>Minor changes to painting business plan template.</p>   | <p>Reads assignment sheet, follows directions and completes assignment. There are many either incomplete sections or parts of the assignment not done in the correct format.</p> <p>Final product demonstrates little work has been proofread based on many references to painting business plan.</p> | <p>Reads assignment sheet, follows directions and completes assignment. The majority of the assignment is done in the correct format.</p> <p>Final product demonstrates most work has been proofread with 1-2 references to painting business plan.</p>                                  | <p>Reads assignment sheet, follows directions and completes assignment. All parts of assignment are done in the correct format.</p> <p>Final product demonstrates all work has been proofread with NO references to painting business plan.</p>   |
| Write effectively       | <p>Writing is disorganized. Grammar, spelling, punctuation or capitalization errors are unacceptable. Did not proofread for spelling and/or grammar.</p>  | <p>Writing could be more clear and organized. Many grammar, spelling, punctuation or capitalization errors. Needs to improve editing skills. Word selection, word choice and sentence structure could be improved.</p>  | <p>Clear and organized writing. Few grammar, spelling, punctuation or capitalization errors. Demonstrates acceptable editing. Demonstrates good word selection, varied word choice and varied sentence structure.</p>  | <p>Clear and organized writing. No grammar, spelling, punctuation or capitalization errors. Demonstrates extremely careful editing. Demonstrates excellent word selection, varied word choice and varied sentence structure.</p>  |
| Communicate effectively | <p>Student did not communicate effectively in writing or orally throughout the duration of this project. Final product demonstrates an unacceptable ability to communicate effectively.</p> <p>Content is unacceptable.</p> | <p>The communication of ideas and information within the project are not very clear and misunderstood by the audience. Communicates an unclear message to a specific audience.</p> <p>Content for FEW sections is comprehensive with details. Some sections have weak details.</p>                    | <p>The communication of ideas and information within the project are somewhat clear and understood by the audience. Communicates a somewhat clear message to a specific audience</p> <p>Content for MOST sections is comprehensive with details. Some sections have limited details.</p> | <p>The communication of ideas and information within the project are clear and easily understood by the audience. Communicates a clear message to a specific audience.</p> <p>Content for ALL sections is comprehensive with details.</p> <p>This plan is an excellent guide or blueprint and would provide instructions as to starting the business.</p> |

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## **Company Overview**

### **Contact Information**

#### **Smith Painting Company Business Plan**

**Owner: Emmitt Smith**

**13 Main Street**

**Hingham, MA 02043**

**esmith@smithpainting.com**

**Cell: 000-000-0000**

### **Business Description (2-3 sentences)**

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 (Sole Proprietorship, Partnership, Corporation)

\_\_\_\_\_ for the following reason(s):

- (Reason #1)
- (Reason #2)
- (Reason #3)

## **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 (provide a statistic from a secondary source that reflects demand for your business - product/service.**

(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](http://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.

### **Primary Competitors**

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

|  |
|--|
| McCarthy Painting<br>237 Wompatuck Road<br>Hingham, MA 02043<br>(781) 749-3384 |
|--|

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

| <b>Items</b>               | <b>McCarthy Painting</b>                                     | <b>Smith Painting</b>                     |
|----------------------------|--|---|
| 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<br>8am-5pm.               |
| Financing Available        | Yes  | Not initially                             |
| Years in Business          | 20   | 1   |
| <b>Additional Services</b> | Waterproofing, Textured coats<br>Sandblasting, Waterblasting | Drywall repair                            |
| Licensed & Insured         | Yes  | Yes                                       |
| Free Estimates             | Yes  | Yes                                       |

### Summary of Primary Competitor

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 yourselves” 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 yourselves 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.

**Explain one element of Social Entrepreneurship (social benefit beyond profit):** Smith Painting will be volunteering two hours per week in the community towards a painting project such as a local church, school or other civic organization. Additionally, it will provide 5% of its total sales towards a local scholarship to a graduating high school student who plans to attend a college in the construction management field.

#### **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.

(Explain one transaction in detail) Upon meeting with a potential client, a proposal with a written estimate will be emailed directly to the client. Upon agreement from the client, a written contract will be mailed to the client who will sign it with a 50% down payment in the form of a personal check. The remaining balance will be paid by personal check upon project completion.

All billing will be tracked using Google Spreadsheets.

#### **Human Resources: Explain the human tasks associated with**

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.

## **5. Financial Plan**

### **State two sources of Revenue:**

- (1) Hourly billing for small jobs
- (2) Jobs requiring an estimate
- (3) Contracted work out to other painting contractors
- (4) Renting out of equipment when not needed

### **Explain estimated start-up costs, projected sales and profit/loss**

- Start up costs of \$2,000 for equipment (ladders, painting accessories, etc.)
- Ongoing costs of \$1,000 for labor, gas, etc.
- Projected sales of \$5,000 (estimated five jobs at \$1,000) for the summer (June, July, August).
- Projected profit of \$0 after first three months. But going forward, anticipating a monthly profit of \$1,000-\$3,000 as equipment will be paid off.

### **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.