

# Auto Care, Inc.

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# Auto Care, Inc.

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## Executive Summary

How did you get to work today? Chances are, you drove your vehicle without any issues, except for the occasional slow driver, road construction, and road rage. What would you do if your vehicle had mechanical problems? Where would you take it for service? Do you know the technician who will complete the repairs? Would you understand the actual repairs being completed? These are important questions that Auto Care, Inc. hopes all import car owners can answer.

This business plan will address the desires of Auto Care, Inc. to become the leading import auto service facility in the greater-metropolitan area. The purpose of this plan is to obtain bank financing to fund the start-up venture.

AUTO CARE, INC. will target import car owners in a fifteen-mile radius of its location. All import cars including Honda, Acura, Toyota, Lexus, Mitsubishi, Nissan, BMW, and Hyundai, will be serviced at reasonable prices and delivered on time.

The proposed start-up date is April 1st. Auto Care, Inc. has potential customers already waiting for service and needs a location soon. The location is the former location of an automotive repair facility that targeted four specific models. The building is large enough to handle Auto Care's early business with ample room for expansion as the business grows.

Auto Care, will be owned and operated by Mr. & Mrs. Edgar. Mr. Edgar, President and Treasurer, has many years in the automotive industry, the last several as a General Manager at both a Honda and Daewoo dealerships. Mr. Edgar is an A.S.E. Certified Technician including Masters level training, which he achieved in 1995. Mrs. Edgar, Vice President and Secretary, will coordinate office responsibilities from billing, customer service, to parts replenishment. A third individual will be hired as the lead technician and has, over 20-years of automotive experience, specifically on imports.

Start-up promotions will include a flier campaign covering the nearby shopping mall, business park, University campus, and neighborhoods. AUTO CARE, INC. is planning a grand opening celebration in mid-January including food, drinks, reduced repairs, and informative discussions.

According to the traffic flow and customer repairs, first year revenues are estimated at \$230K. AUTO CARE, INC. is seeking bank financing of \$100K. Proceeds from the financing will be used to fund start-up costs and purchase equipment. Mr. Edgar has \$38K in a checking account he will use towards working capital, and another \$50K in tools. The combined funds of \$138K will be enough to cover six months fixed expenses, and get AUTO CARE, INC. started. The financing will be re-paid through monthly earnings over the next five years.

service. AUTO CARE, INC. will aggressively pursue these people through unique marketing techniques, quality service, and reasonable prices.

**Competition**

Immediate competition is determined to be Goodstone, Fireyear, and Tmart. These general-purpose service centers repair all makes and models, and do not specialize in imports. A detailed competitive price comparison is available in Appendix L.

AUTO CARE, INC. has estimated there are three import competitors in the Metropolitan import automotive service market;

- 1. Elm Street Auto, located 12 miles east of AUTO CARE, INC., services all makes and models of automobiles.
- 2. A For Auto is located 22 miles North of AUTO CARE, INC., and specializes in Toyota.
- 3. Handsa Imports is located 15 miles East of AUTO CARE, INC., and specializes in Infinity and Nissan.

	Elm Street Auto	A For Auto	Handsa Imports
Rent	\$1,100	\$2,800	\$1,800
Number of bays	five	five	five
Labor Rate	\$50	\$54	\$40
Mark-up parts	45%	25%	25-35%
Lube, Oil, Filter	\$24	\$20	\$19
Rotate tires	\$12	\$10	\$14
Battery	54-74	\$50	\$69
Coolant	\$40	\$40	\$45
Brakes	\$105	\$100	\$80
Rotars resurfaced	\$125	\$115	\$125
CV Boots	\$101	\$100	
A/C serviced	\$57	Not offered	
Tires mounted/balanced		Not offered	
Wiper install	Free plus parts	Free plus parts	
Warranty. Months/miles	12/12,000	12/unlimited	12/12,000

**Suppliers**

Suppliers of auto parts will include Gilbert's Auto Supply, Montoya Battery, Pep Boys, and Right Auto Parts.

## Financial Analysis

The financial analysis was compiled using industry ratios from the RMA Annual Statement Studies 1999/2000. Using the Other Services-General Automotive Repair Shops SIC No. 7538, select industry ratios were used as a benchmark for Auto Care, Inc. Specific mean ratios are being used in the \$0-\$500M assets classification. Robert Morris Associates (RMA) is the association of lending and credit risk professionals.

### Initial Inventory

Appendix A-1: Tool Inventory  
Appendix A-3: Office Inventory

### Start-up Cost Estimates

Appendix B-1: Start-Up Estimates  
Appendix B-2: Shop Equipment

### Budgets

Appendix C

### Income Statement

Appendix D-00: Year ending December 31, 2000  
Appendix D-01: Year ending December 31, 2001  
Appendix D-02: Year ending December 31, 2002

### Balance Sheet

Appendix E: Start-Up  
Appendix E-00: December 31, 2000  
Appendix E-01: December 31, 2001  
Appendix E-02: December 31, 2002

### Break-even analysis

Appendix F

### Financial Ratios

Appendix G

### Other Appendices

Appendix H: Articles of Incorporation  
Appendix I: Competitive Rate Pricing Guide  
Appendix K: Mr. Edgar resume

Auto Care, Inc.  
Start-up Cost Estimates

Description	Cost
<b>Building</b>	
Rent	\$3,600
Telephone	\$87
Electric	\$50
Gas	\$50
Water	\$50
<b>Professional Fees</b>	
Attorney fees	\$750
Accounting fees	\$50
Business License	\$26
Health Insurance	\$426
Business Insurance	\$250
<b>Office /Administration</b>	
Bank service charge	\$100
Credit card merchant account/TeleChek	\$300
Software	\$395
Cash - register	\$100
Office misc. expense	\$60
Advertisement	\$500
<b>Other</b>	
Sign - cost & installation	\$2,500
Lift hook-ups	\$150
Remodel office, parts department, waiting room	\$2,500
Business Loan on Equipment-Deposit	\$1,500
Inventory build	\$3,000
Shop equipment (itemized on separate Appendix B-2)	\$34,859
<b>Total</b>	<b>\$ 51,303</b>

Auto Care, Inc.  
ProForma Income Statement  
December 31, 2002

		January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>Hours</b>		786	786	786	786	786	786	786	786	786	786	786	786	9,432
Maintenance/ Competitive	0.6	472	472	472	472	472	472	472	472	472	472	472	472	5,659
Repair	0.4	314	314	314	314	314	314	314	314	314	314	314	314	3,773
<b>Revenue</b>														
Maintenance/ Competitive	\$ 44	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 20,750	\$ 249,005
Repair	\$ 63	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 19,738	\$ 236,856
Parts	0.75	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 30,366	\$ 364,396
Total Revenue		\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 70,855	\$ 850,257
<b>Expenses</b>														
Maintenance/ Competitive	\$ 17.50	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 8,253	\$ 99,036
Repair	\$ 17.50	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 5,502	\$ 66,024
Parts	0.60	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 18,220	\$ 218,638
Cost of Materials		\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 31,975	\$ 383,698
Gross Profit		\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 38,880	\$ 466,560
	0.048													
Operating expenses	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	\$ 81,938
All other expenses	1.10%	779	779	779	779	779	779	779	779	779	779	779	779	\$ 9,353
EBIT		\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 31,272	\$ 375,269
Interest	10%													
	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 583	\$ 6,995
Taxes	25%	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 7,818	\$ 93,817
After tax profit		\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 22,871	\$ 274,456

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The SmallBusinessPoint.com concept was not born in a day, but over time. Today, the concept continues to evolve as we incorporate more of our skills and bring in new ideas daily. We at SmallBusinessPoint.com, currently combine the experiences, knowledge and education of: engineering, marketing, finance, banking, supply chain management, venture capital, MBA, business ownership, professor of entrepreneurship, logistics, writer, and publisher (just to name a few), and a healthy dose of enthusiasm. This enthusiasm is the product of setting our dreams in motion and helping others find the road to their dreams.

SmallBusinessPoint.com appreciates the opportunity to help you, and wishes you the best of success.

**We believe in your dreams!**