

How to Start a Car Wash Business

By the BizMove.com Team

Copyright © by BizMove.com. All rights reserved.

Other Free Books and Tools from BizMove.com That May Interest You:

- * [The Entrepreneur Quiz](#) (Find Out whether You Have What it Takes to be an Entrepreneur)
- * [The Complete Guide to Running a Business](#) (Everything You Need to Know to Start and Manage Your Own Business)
- * [How to Improve Your Leadership and Management Skills](#) (Effective Strategies for Business Managers)
- * [Small Business Management](#) (Essential Ingredients for Success)
- * [Business Plan Template](#) (Complete Fill in the Blanks Sample Business Plan)
- * [How to Sharpen Your Managerial Skills](#) (Good Management and Leadership Skills for Aspiring Managers)
- * [How to Create a Marketing Plan For a Small Business](#) (A Step by Step Guide to Marketing Planning)

Table of Contents

[1. Determining the Feasibility of Your New Business](#)

[2. Starting Your Business Step by Step](#)

[3. Complete Car Wash Business Plan Template](#)

1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if

you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?
2. Do you enjoy competition?
3. Do you have will power and self-discipline?
4. Do you plan ahead?
5. Do you get things done on time?
6. Can you take advise from others?
7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?
9. Do you have the physical stamina to handle a business?
10. Do you have the emotional strength to withstand the strain?
11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?
2. Do you have these skills?
3. Does your idea effectively utilize your own skills and abilities?
4. Can you find personnel that have the expertise you lack?
5. Do you know why you are considering this project?
6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?
8. Do you have the time to perform the feasibility study?
9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

2. List the products and/or services you want to sell

3. Describe who will use your products/services

4. Why would someone buy your product/service?

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

6. List your product/services suppliers.

7. List your major competitors - those who sell or provide like products/services.

8. List the labor and staff you require to provide your products/services. _____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?
2. Does the product/service/business serve an existing market in which demand exceeds supply?
3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scarce skills, energy, material, equipment, processes, technology, or personnel)?
2. Are capital requirements for entry or continuing operations excessive?
3. Is adequate financing hard to obtain?
4. Are there potential detrimental environmental effects?
5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

2. Are you prepared to earn less income in the first 1-3 years?

3. What minimum income do you require?

4. What financial investment will be required for your business?

5. How much could you earn by investing this money?

6. How much could you earn by working for someone else?

7. Add the amounts in 5 and 6. If this income is greater than what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

8. What is the average return on investment for a business of your type? _____

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

2. What is the average cost of goods sold percentage of sales?

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

4. What is the average gross profit as a percentage of sales?

5. What are the average expenses as a percentage of sales?

6. What is the average net profit as a percent of sales?

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

ANY BUSINESS, INC.
 Condensed Hypothetical Income Statement
 For year ending December 31

Item	Amount	Percent
Gross sales	773,888	
Less returns, allowances, and cash discounts	14,872	
Net sales	759,016	100.00
Cost of goods sold	589,392	77.65
Gross profit on sales	169,624	22.35
Selling expenses	41,916	5.52
Administrative expenses	28,010	3.69
General expenses	50,030	6.59
Financial expenses	5,248	0.69
Total expenses	125,204	16.50
Operating profit	44,220	5.85
Extraordinary expenses	1,200	0.16
Net profit before taxes	43,220	5.69
taxes	19,542	2.57
Net profit after taxes	23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

2. What is the population of these areas?

3. What do you know about the population growth trend in these areas? _____

4. What is the average family size?

5. What is the age distribution?

6. What is the per capita income?

7. What are the consumers' attitudes toward business like yours?

8. What do you know about consumer shopping and spending patterns relative to your type of business?

9. Is the price of your product/service especially important to your target market?

10. Can you appeal to the entire market?

11. If you appeal to only a market segment, is it large enough to be profitable?

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:

Price structure?

Product lines (quality, breadth, width)?

Location?

Promotional activities?

Sources of supply?

Image from a consumer's viewpoint?

5. Do you know of any new competitors?

6. Do you know of any competitor's plans for expansion?

7. Have any firms of your type gone out of business lately?

8. If so, why?

9. Do you know the sales and market share of each competitor?

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

11. Do you know the profit levels of each competitor?

12. Are your competitors' profits increasing, decreasing, or stable?

13. Can you compete with your competition?

G. Sales

1. Determine the total sales volume in your market area.

2. How accurate do you think your forecast of total sales is?

3. Did you base your forecast on concrete data?

4. Is the estimated sales figure "normal" for your market area?

5. Is the sales per square foot for your competitors above the normal average?

6. Are there conditions, or trends, that could change your forecast of total sales?

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

8. How do you plan to advertise and promote your product/service/business?

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

12. Have you been optimistic or pessimistic in your forecast of sales? _____

13. Do you need to hire an expert to refine the sales forecast?

14. Are you willing to hire an expert to refine the sales forecast?

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?

2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

[Go to Top](#)

2. Starting Your Business Step by Step

A. Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful service business. To profit in a service based business, you need to consider the following questions: What business am I in? What services do I provide? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my firm? How will I get the work done? What management controls are needed? How can they be carried out? When should I revise my plan? And many more.

No one can answer such questions for you. As the owner-manager you have to answer them and draw up your business plan. The pages of this guide are a combination of text and workspaces so you can write in the information you gather in developing your business plan - a logical progression from a commonsense starting point to a commonsense ending point.

It takes time and energy and patience to draw up a satisfactory business plan. Use this Guide to get your ideas and the supporting facts down on paper. And, above all, make changes in your plan on these pages as that plan unfolds and you see the need for changes.

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it crops up later on. If you leave out or ignore enough items, your business is headed for disaster.

Keep in mind too, that your final goal is to put your plan into action. More will be said about this near the end of this Guide.

What's in this for Me?

You may be thinking: Why should I spend my time drawing up a business plan? What's in it for me? If you've never drawn up a plan, you are right in wanting to hear about the possible benefits before you do your work.

A business plan offers at least four benefits. You may find others as you make and use such a plan. The four are:

(1) The first, and most important, benefit is that a plan gives you a path to follow. A plan makes the future what you want it to be. A plan with goals and action steps allows you to guide your business through turbulent economic seas and into harbors of your choice. The alternative is drifting into "any old port in a storm."

(2) A plan makes it easy to let your banker in on the action. By reading, or hearing, the details of your plan he will have real insight into your situation if he is to lend you money.

(3) A plan can be a communications tool when you need to orient sales personnel, suppliers, and others about your operations and goals.

(4) A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities, and situation that seem to be advantageous to your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

Why am I in Business?

Many enterprising people are drawn into starting their own business by the possibilities of making money and being their own boss. But the long hours, hard work, and responsibilities of being the boss quickly dispel and preconceived glamour.

Profit is the reward for satisfying consumer needs. But it must be worked for. Sometimes a new business might need two years before it shows a profit. So where, then, are reasons for having your own business?

Every business owner-manager will have his or her own individual reasons for being in business. For some, satisfaction come from serving their community. They take pride in serving their neighbors and giving them quality work which they stand behind. For others, their business offers them a chance to contribute to their employees' financial security.

There are as many rewards and reasons for being in business as there are business owners. Why are you in business?

What business am I in?

In making your business plan, the first question to consider is: What business am I really in. At the first reading this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." But hold on. Some owner-managers go broke and others waste their saving because they are confused about the business they are in.

The changeover of barbershops from cutting hair to styling hair is one example of thinking about what business you're really in.

Consider this example, also. Joe Riley had a small radio and TV store. He thought of his business as a retail store though he also serviced and repaired anything he sold. As his suburb grew, appliance stores emerged and cut heavily into his sales. However, there was an increased call for quality repair work.

When Mr. Riley considered his situation, he decided that he was in the repair business. As a result of thinking about what business he was really in, he profitably built up his repair business and has a contract to take care of the servicing and repair business for one of the appliance stores.

Decide what business you are in and write your answer in the following spaces. To help you decide, think of the answers to questions such as: What inventory of parts and materials must you keep on hand? What services do you offer? What services do people ask for that you do not offer? What is it you are trying to do better, more of, or differently from your competitors?

How to Plan Your Marketing

When you have decided what business you're in, you have made your first marketing decision. Now you are ready for other important considerations.

Successful marketing starts with the owner-manager. You have to know your service and the needs of your customers.

The narrative and work blocks that follow are designed to help you work out a marketing plan for your firm. The blocks are divided into three sections:

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

Section One - Determining the Sales Potential

In the service business, your sales potential will depend on the area you serve. That is, how many customers in this area will need your services? Will your customers be industrial, commercial, consumer, or all of these?

When picking a site to locate your business, consider the nature of your service. If you pick up and deliver, you will want a site where the travel time will be low and you may later install a radio dispatch system. Or, if the customer must come to your place of business, the site must be conveniently located and easy to find.

You must pick the site that offers the best possibilities of being profitable. The following questions will help you think through this problem.

In selecting an area to serve, consider the following:

Population and its growth potential

Income, age, occupation of population

Number of competitive services in and around your proposed location

Local ordinances and zoning regulations

Type of trading area (commercial, industrial, residential, seasonal)

For additional help in choosing an area, you might try the local chamber of commerce and the manufacturer and distributor of any equipment and supplies you will be using.

You will want to consider the next list of questions in picking the specific site for your business:

Will the customer come to your place of business?

How much space do you need?

Will you want to expand later on?

Do you need any special features required in lighting, heating, ventilation?

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service call?

Would a location close to an expressway or main artery cut down on travel time?

If you choose a remote location, will savings in rent off-set the inconvenience?

If you choose a remote location, will you have to pay as much as you save in rent for advertising to make your service known?

If you choose a remote location, will the customer be able to readily locate your business?

Will the supply of labor be adequate and the necessary skills available?

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

Will crime insurance be needed and be available at a reasonable rate?

I plan to locate in _____ because:

Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

Write your opinion of the area's economic base and your reason for that opinion here.:

Will you build? _____ What are the terms of the loan or mortgage?

Will you rent? _____ What are the terms of the lease?

Is the building attractive? _____ In good repair? _____

Will it need remodeling? _____ Cost of remodeling? _____

What services does the landlord provide?

What is the competition in the area you have picked?

The number of firms that handle my service _____

Does the area appear to be saturated? _____

How many of these firms look prosperous? _____

Do they have any apparent advantages over you? _____

How many look as though they're barely getting by? _____

How many similar services went out of business in the area last year? _____

Can you find out why they failed? _____

How many new services opened up in the last year? _____

How much do your competitors charge for your service? _____

Which firm or firms in the area will be your biggest competition? _____

List the reasons for your opinion here:

Section Two - Attracting Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your business? How will you pull customers away from your competition?

It is working with this aspect of marketing that many service firms find competitive advantages. The ideas which they develop are as good and often better, than those which large companies develop with hired brains. The workbooks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service, the cleanliness of the floors, the manner in which they are treated, and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt, courteous service before and after the sale will help make satisfied customers your best form of advertising.

Thus, you can control your image, Whatever image you seek to develop. It should be concrete enough to promote in your advertising. For example, "service with a smile" is an often used image.

Write out what image you want customers to have of your business.

Pricing

In setting prices for your service, there are four main elements you must consider:

- (1) Materials and supplies
- (2) Labor and operating expenses
- (3) Planned profit
- (4) Competition

Further along in this Guide you will have the opportunity to figure out the specifics of materials, supplies, labor, and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will not only be fair to the customer, but also fair to yourself. This means that not only must you cover all expenses but also allow enough margin to pay yourself a salary.

One other thing to consider. Will you offer credit? _____ Most businesses use a credit card system. These credit costs have to come from somewhere. Plan for them. If you use a credit card system, what will it cost you? _____

Can you add to your prices to absorb this cost?

Some trade association have a schedule for service charges. It would be a good idea to check with the trade association for your line of business. Their figures will make a good yardstick to make sure your prices are competitive.

And, of course, your prices must be competitive. You've already found out your competitors' prices. Keep these in mind when you are working with your accountant. If you will not be able to make an adequate return, now is the time to find out.

Customer Service Policies

Customers expect certain services or conveniences, for example, parking. These services may be free to the customer, but not to you. If you do provide parking, you either pay for your own lot or pick up your part of the cost of a lot which you share with other businesses. Since these conveniences will be an expense, plan for them.

List the services that your competitors provide to customers:

Now list the services that you will provide your customers:

Service / Estimated Cost

Planning Your Advertising Activities

In this section on attracting customers, advertising was saved until last because you have to have something to say before advertising can be effective. When you have an image, price range, and customers services, you are ready to tell prospective customers why they should use your services.

When the money you can spend on advertising is limited it is vital that your advertising be on target. Before you can think about how much money you can afford for advertising, take time to determine what jobs you want advertising to do for your business. The work blanks that follow should be helpful to your thinking.

The strong points about my service business are:

My service business is different from my competition in the following ways:

My advertising should tell customers and prospective customers the following facts about my business and services:

When you have these facts in mind, you now need to determine who you are going to tell it to. Your advertising needs to be aimed at a target audience - those people who are most likely to use your services. In the space below, describe your customers in terms of age, sex, occupation, and whatever else is necessary depending on the nature of your business. This is your customer profile of "male and female automobile owners, 18 years old and above." Thus, for this repair business, anyone over 18 who owns a car is likely to need its service.

The customer profile for my business is

Now you are ready to think about the form your advertising should take and its cost. You are looking for the most effective means to tell your story to those most likely to use your service. Ask the local media (newspapers, radio and television, and the printers of direct mail pieces) for information about the services and the results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers. As one consultant describes this pitfall: It is amazing the way many managers consider themselves experts on advertising copy and media selection without any experience in these areas.

The following blanks should be useful in determining what advertising is needed to sell your strong points to prospective customers.

Form of Advertising	Size of Audience	Frequency of Use	Cost of A Single Ad	Estimated Cost
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
			Total	_____

When you have a figure on what your advertising for the next 12 months will cost, check it against one of the operating ratios (expenses as a percentage of sales) which trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining comes down to: How much can I afford to spend and still do the job that needs to be done?

Section Three - Selling to Customers

To complete your work on marketing, you need to think about what you want to happen after you get a customer. Your goal is to provide your service, satisfy customers, and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he was satisfied by his previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.

Based on this description and the dollar amount of business you indicated that you intend to do this year, fill in the following workblocks.

Fixtures and Equipment

No matter whether or not customers will come to your place of business, there will be certain equipment and furniture you will need in your place of business which will allow you to perform your service.

Parts and Material

You will probably need some kind of parts or material to provide your service.

I plan to buy parts and material from:

Before you make any supply arrangements, examine the supplier's obsolescence policy. This can be a vital factor in service parts purchasing. You also look at the supplier's warranty policy.

Now that you have determined the parts and materials you'll need, you should think about the type of stock control system you'll use. A stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, (3) what has been used. (Some trade associations and suppliers provide systems to members and customers.)

When you have decided on a system for stock control, estimate its cost. My system for stock control will cost me _____ for the first year.

Overhead

List the overhead items which will be needed. Examples are: rent, utilities, office help, insurance, interest, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help you manage, their salaries should be listed as overhead.

Getting the Work Done

An important step in setting up your business is to find and hire capable employees. Then you must train them to work together to get the job done. Obviously, organization is needed if your business is to produce what you expect it to produce, namely profits.

Organization is essential because you as the owner-manager cannot do all the work. As your organization grows, you have to delegate work, responsibility and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business.

As an additional aid in determining both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation such as "worker #1", Remember that a name may appear more than once.

Activity / Name

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

How Much Money Will You Need

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investment, the major source of money is the sale of your services. What dollar volume of business do you expect to do in the next 12 months? _____

Expenses

In connection with your annual dollar volume of business, you need to think about expenses. If, for example you plan to do 100,000 in business, what will it cost you to do this amount of servicing? And even more important, what will be left over as profit at the end of the year? Never lose sight of the fact that profit is your pay. Even if you pay yourself a salary for living expenses, your business must make a profit if it is to continue year after year and pay back the money you invested in it.

The following workblock is designed to help you make a quick estimate of your expenses. To use this formula, you need to get only one figure - the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.

	Expressed in percentage	Expressed in dollars	your percentage	your dollars
1. Sales	100	100,000	100	\$ _____
2. Cost of sales	-61.7	-61,700	_____	-\$ _____
3. Gross margin	38.3	38,300	_____	\$ _____

Start-Up Costs

If you are starting a new business, list the following estimated start-up costs:

Fixtures and equipment	_____
Starting inventory	_____
Office supplies	_____
Decorating and remodeling	_____
Installation of equipment	_____
Deposits for utilities	_____
Legal and professional fees	_____
Licenses and permits	_____
Advertising for the opening	_____
Operating cash	_____
Owner's withdraw during prep-start-up time	_____
Total	_____

Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this fact in mind as you work on the "Expenses" section, and on other financial aspects of your plan.

Break Down Your Expenses

Your quick estimate of expenses provides a starting point. The next step is to break down your expenses so they can be handled over the 12 months. Use an "Expenses Worksheet" form to make up an expense budget.

Matching Money and Expenses

A budget helps you to see the dollar amount of your expenses each month. Then from month to month the question is: Will sales bring in enough money to pay the firm's bills on time? The answer is "maybe not" or "I hope so" unless the owner-manager prepares for the "peaks and valleys" that are in many service operations.

A cash forecast is a management tool which can eliminate much of the anxiety that can plague you if your business goes through lean months. Use a worksheet, "Estimated Cash Forecast", or ask your accountant to use it to estimate the amounts of cash you expect to flow through your business during the next 12 months.

Is Additional Money needed?

Suppose at this point you have determined that your business plan needs more money than can be generated by sales. What do you do?

What you do depends on the situation. For example, the need may be for bank credit to tide your business over during the lean months. This loan can be repaid during the fat sales months when expenses are far less than sales. Adequate working capital is necessary for success and survival.

Whether an owner-manager seeks to borrow money for only a month or so or on a long-term basis, the lender needs to know whether the store's financial position is strong or weak. Your lender will ask to see a current balance sheet.

Even if you don't need to borrow, use it, to draw the "picture" of your firm's financial condition. Moreover, if you don't need to borrow money, you may want to show your plan to the bank that handles your store's checking account. It is never too early to build good relations with your banker, to show that you are a manager who knows where you want to go rather than a store owner who hopes to make a success.

Control and Feedback

To make your plan work you will need feedback. For example, the year-end profit and loss statement shows whether your business made a profit or loss for the past 12 months.

But you can't wait 12 months for the score. To keep your plan on target you need readings at frequent intervals. A profit and loss statement at the end of each month or at the end of each quarter is one type of frequent feedback. However, the income statement or profit and loss statement (P and L) may be more of a loss than a profit statement if you rely only on it. You must set up management controls which will help you to insure that the right things are being done from day to day and from week to week. In a new business, the record-keeping system should be set up before your business opens. After you're in business is too late. For one thing, you may be too busy to give a record-keeping system the proper attention.

The control system which you set up should give you information about: stock, sales, and disbursement. The simpler the system, the better. Its purpose is to give you current information. You are after facts with emphasis on trouble spots. Outside advisers, such as an accountant, can be helpful.

Stock Control

The purpose of controlling parts and materials inventory is to provide maximum service to your customers and to see that parts and materials are not lost through pilferage, shrinkage, errors, or waste. Your aim should be to achieve a high turnover on your inventory. The fewer dollars you tie up in inventory, the better.

In a business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been used.

In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. You will also have costs such as the cost of purchasing, the cost of keeping control records, and the cost of receiving and storing your inventory.

Sales

In a small business, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you will need answers to questions such as: How many sales were made? What was the dollar amount? What credit terms were given to customers?

Disbursements

Your manager controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to know what major items, such as paying bills on time to get the supplier's discount, are being handled according to your policies. Your review system will also give you the opportunity to make judgments on the use of funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax moneys such as payroll income tax deductions, are set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device because the break-even point shows how much you must sell under given conditions in order to just cover your costs with No profit and No loss.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factors will do to your profits. To figure a break-even point, fixed costs, such as rent, must be separated from variable costs, such as the cost of sales and the other items listed under "controllable expenses" on the expense worksheet, of this Guide.

The formula is:

Break-even point (in sales dollars) =

$$\frac{\text{Total fixed costs}}{1 - \frac{\text{.....Total variable costs}}{\text{.....Corresponding sales volume}}}$$

An example of the formula is: Bill Jackson plans to open a laundry. He estimates his fixed expenses at about \$9,000, the first year. He estimates his variable expenses at about \$700 for every \$1,000 of sales.

$$\text{BE point} = \frac{\$9,000}{1 - \frac{700}{1,000}} = \frac{\$9,000}{1 - .70} = \frac{\$9,000}{.30} = \$30,000$$

Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable better to learn it now than to realize 6 months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for one year. If any of your cost items are too high or too low, change them. You can write your changes in the white spaces above or below your original entries on that worksheet. When you finish making your adjustments, you will have a Revised projected statement of sales and expenses for 12 months.

With your revised figures work out a revised break-even point. Whether the new break-even point looks good or bad, take one or more precaution. Show your plan to someone who has not been involved in working out the details.

Your banker, or other advisor outside of your business may see weaknesses that failed to appear as you pored over the details of your plan. They may put a finger on strong points which your plan should emphasize.

Put Your Plan into Action

When your plan is as near on target as possible, you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a pleasant dream that evaporates over the breakfast coffee.

A successful owner-manager does not stop after he has gathered information and drawn up a plan, as you have done in working through this Guide. He begins to use his plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action.

What needs to be done will depend on your situation. For example, if your business plan calls for an increase in sales, one action to be done will be providing funds for this expansion.

Have you more money to put into this business?

Do you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms.

If you are starting a new business, one action step may be to get a loan for fixtures, employee salaries, and other expenses. Another action step will be to find and hire capable employees.

In the spaces that follow, list things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time. To put my plan into action, I must do the following:

Action / Completion Date

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Keeping Your Plan Up To Date

Once you put your plan into action, look out for changes. They can cripple the best made business plan if the owner-manager lets them.

Stay on top of changing conditions and adjust your business plan accordingly.

Sometimes the change is made within your company. For example, several of your employees quit their jobs. Sometimes the change is with customers: for example, their desires and tastes shift. Sometimes the change is technological as when raw materials are put on the market introducing the need for new processes and procedures.

In order to adjust your plan to account for such changes, an owner-manager must:

- (1) Be alert to the changes that come in your company, line of business, market, and customers.
- (2) Check your plan against these changes.
- (3) Determine what revisions, if any, are needed in your plan.

The method you use to keep your plan current so that your business can weather the forces of the market place is up to you. Read the trade papers and magazines for your line of business. Another suggestion concerns your time. Set some time - two hours, three hours, whatever is necessary-to review your plan periodically. Once each month, or every other month, go over your plan to see whether it needs adjusting. If revisions are needed, make them and put them into action.

[Go to Top](#)

3. Complete Car Wash Business Plan Template

Table of Contents

1.0 Executive Summary	Error! Bookmark not defined.
Chart: Highlights.....	Error! Bookmark not defined.
1.1 Objectives	Error! Bookmark not defined.
1.2 Mission	Error! Bookmark not defined.
1.3 Keys to Success.....	Error! Bookmark not defined.
2.0 Company Summary.....	Error! Bookmark not defined.
2.1 Company Ownership.....	Error! Bookmark not defined.
2.2 Start-up Summary	Error! Bookmark not defined.
3.0 Market Analysis Summary.....	Error! Bookmark not defined.
3.1 Market Segmentation	Error! Bookmark not defined.
Table: Market Analysis	Error! Bookmark not defined.
3.2 Target Market Segment Strategy	Error! Bookmark not defined.
3.3 Service Business Analysis	Error! Bookmark not defined.
3.3.1 Competition and Buying Patterns	Error! Bookmark not defined.
4.0 Strategy and Implementation Summary	Error! Bookmark not defined.
4.1 SWOT Analysis	Error! Bookmark not defined.
4.1.1 Strengths.....	Error! Bookmark not defined.
4.1.2 Weaknesses.....	Error! Bookmark not defined.
4.1.3 Opportunities.....	Error! Bookmark not defined.
4.1.4 Threats	Error! Bookmark not defined.
4.2 Competitive Edge	Error! Bookmark not defined.
4.3 Marketing Strategy	Error! Bookmark not defined.
4.4 Sales Strategy.....	Error! Bookmark not defined.
4.4.1 Sales Forecast	Error! Bookmark not defined.
Table: Sales Forecast	Error! Bookmark not defined.
Chart: Sales Monthly.....	Error! Bookmark not defined.

Chart: Sales by Year	Error! Bookmark not defined.
5.0 Management Summary	Error! Bookmark not defined.
5.1 Personnel Plan	Error! Bookmark not defined.
Table: Personnel	Error! Bookmark not defined.
6.0 Financial Plan.....	Error! Bookmark not defined.
6.1 Start-up Funding.....	Error! Bookmark not defined.
6.2 Important Assumptions.....	Error! Bookmark not defined.
6.3 Break-even Analysis.....	Error! Bookmark not defined.
Table: Break-even Analysis.....	Error! Bookmark not defined.
Chart: Break-even Analysis	Error! Bookmark not defined.
6.4 Projected Profit and Loss	Error! Bookmark not defined.
Table: Profit and Loss	Error! Bookmark not defined.
Chart: Profit Monthly.....	Error! Bookmark not defined.
Chart: Profit Yearly.....	Error! Bookmark not defined.
Chart: Gross Margin Monthly	Error! Bookmark not defined.
Chart: Gross Margin Yearly.....	Error! Bookmark not defined.
6.5 Projected Cash Flow	Error! Bookmark not defined.
Table: Cash Flow	Error! Bookmark not defined.
6.6 Projected Balance Sheet.....	Error! Bookmark not defined.
6.7 Business Ratios.....	Error! Bookmark not defined.
Table: Ratios	Error! Bookmark not defined.
Table: Sales Forecast	Error! Bookmark not defined.
Table: Personnel	Error! Bookmark not defined.
Table: Profit and Loss	Error! Bookmark not defined.

1.0 Executive Summary

[BUSINESS NAME] is a prominent hand car wash serving the East Meadow, Long Island, NY community. [BUSINESS NAME] will be run by [BUSINESS OWNER NAME], of the prominent [BUSINESS OWNER LAST NAME] family. The [BUSINESS OWNER LAST NAME] family has been serving the Long Island area with a car repair business and property development /management for over 30 years. Mark will be leveraging the incredible good will and brand recognition of the [BUSINESS OWNER LAST NAME] family name to quickly gain market penetration.

The Business

[BUSINESS NAME] will be providing customers with three services: exterior car washing, , interior cleaning, and detailing. [BUSINESS NAME] has no true competitors that are trying to offer a high quality service for a reasonable rate. Most are trying to compete on price alone. [BUSINESS NAME]' ability to provide a high quality service, both in regards to the actual washing as well as customer service is all based on their ability to find the best employees. Hiring the best employees is cost effective because it decreases HR costs associated with turnover and other employee costs. Hiring the best employees and making sure that they are well taken care of ensures that they in turn take care of the customers. Study after study proves that a happy employee is far more likely to provide the highest level of customer service compared to an employee who is not happy and feels that they are being taken advantage of.

The Customers

[BUSINESS NAME] will target three main groups of customers: individual car owner and leasers, car dealerships, and local businesses. The surrounding area is quite affluent, 40% of the residents earn over \$70,000 a year. Consequently, they have nice cars and want them to look nice. There are five different car dealerships within a three-mile radius which will require car washing services for the various fleets. Lastly, there are many different local businesses that have company cars and that require clean appearances.

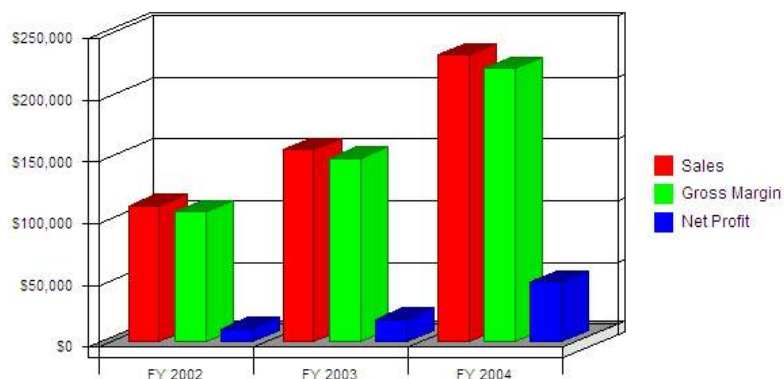
Management

The strength of Mark's experience and his family's name equity and assistance is [BUSINESS NAME]' competitive edge as well as a significant asset. Mark has been involved in the family's car repair business for the last ten years. He has worked his way through the organization and has been the manager for the last five years overseeing operations of \$1.2 million annually. Before the family venture, Mark received his MBA from Cornell University. With 30 years invested in the community, the [BUSINESS OWNER LAST NAME] family name has generated significant value as a fair, active member of the community. Lastly, [BUSINESS NAME] will be able to leverage several of the [BUSINESS OWNER LAST NAME]'s for their business expertise.

[BUSINESS NAME] is positioning itself as the premier hand car wash serving the Long Island area. Mark has forecasted a 20% market share. The business will generate a

95% gross margin and an 11% net margin after year one and 20.79% after year three. By year three the business will have developed a yearly net profit of \$48,000 .

Highlights



Click to Enlarge

1.1 Objectives

The objectives for [BUSINESS NAME] Car Wash and Detail Service are:

1. To be viewed as a premium car wash and detail service in East Meadow.
2. Maintain a gross profit margin of over 95%.
3. Maintain a net profit margin of 10-15%.
4. Expand to two locations after third year of operation.

1.2 Mission

The mission of Soapy Ride is to provide top-quality washing and detail service for luxury car owners in East Meadow, NY. [BUSINESS NAME] will work to keep employees satisfied in order to maintain impeccable customer service.

2.0 Company Summary

The company is solely owned by [BUSINESS OWNER NAME] and will be funded by an initial investment of \$30,000. [BUSINESS NAME] is New York State registered C corporation.

2.1 Company Ownership

The company will be solely owned by [BUSINESS OWNER NAME]. Mark has been in the car industry all his life, having grown up in the family car repair business. He came across the location in East Meadow purely by accident and he felt it would be a perfect location for a car wash service.

2.2 Start-up Summary

The start-up expenses for [BUSINESS NAME] will be financed by [BUSINESS OWNER NAME], from the profits he made in selling his part of the family car repair business. The property on Hempstead Road will be leased in April 2001 for a minimum of three years, with the option to extend the lease for another three years after that.

Mark is working with the family lawyer to set up incorporation and to discuss lease issues before the business is launched. He is working with a local graphic designer to develop a logo, letterhead, and company brochures. Although Mark has been in the car repair business, he has not been in the wash and detailing business, which is a very different service (quick turnaround per car is incredibly important). For this reason he is working with an acquaintance to set up the system that will ensure efficient service even during peak usage.

Rent on the location has been negotiated and will be \$1,200 per month. In addition, insurance for the business will be approximately \$200 per month and will be paid by direct debit on a monthly basis. Expensed equipment includes three high-power water pumps, two industrial vacuum cleaners, two computer terminals, and one cash register. All of the equipment will be depreciated over three years.

The location was previously used as a quick stop automobile service shop, so it is set up to move vehicles quickly through the premises, but does not have all the necessary systems in place to host a car wash and detail facility. The services of a contracting company will be sought to convert the use of the facility and to improve the customer waiting room facilities.

Start-up

Requirements

Start-up Expenses

Legal	\$500
Stationery etc.	\$400
Brochures	\$450
Consultants	\$0
Insurance	\$200

Rent	\$1,200
Research and Development	\$300
Expensed Equipment	\$4,100
Signs	\$700
Building Materials	\$1,200

Building Labor	\$1,000
Total Start-up Expenses	\$10,050

Start-up Assets Needed	
------------------------	--

Cash Balance on Starting Date	\$8,700
-------------------------------	---------

Start-up Inventory	\$250
--------------------	-------

Other Current Assets	\$1,000
Total Current Assets	\$9,950

Long-term Assets	\$10,000
Total Assets	\$19,950

Total Requirements	\$30,000
--------------------	----------

Funding	
---------	--

Investment	
Investor 1	\$30,000
Investor 2	\$0

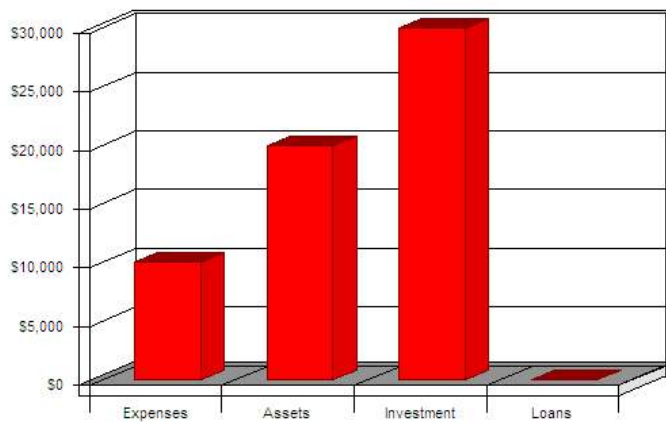
Other	\$0
Total Investment	\$30,000

Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$0
Current Liabilities	\$0

Long-term Liabilities	\$0
Total Liabilities	\$0

Loss at Start-up	(\$10,050)
Total Capital	\$19,950
Total Capital and Liabilities	\$19,950

Start-up



Click to Enlarge

3.0 Services

[BUSINESS NAME] will provide three services to its customers:

- Car washing (exterior)
- Car cleaning (interior)
- Car detailing.

4.0 Market Analysis Summary

The car wash will be based in East Meadow, New York. This area has a number of benefits in terms of the market that it will provide for the business. Over 40% of households in the immediate neighborhood earn over \$70,000 annually. Many people in the neighborhood own and/or lease new cars and place great value on their cars and how they look. There are a large number of car dealerships in the area--five within three miles of the proposed location for [BUSINESS NAME].

4.1 Market Segmentation

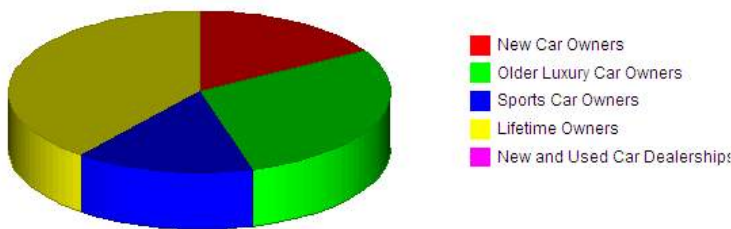
[BUSINESS NAME] segments its customers by type of car ownership. We believe that the type of car that a person owns says volumes about their driving, and, therefore their car washing and detailing requirements.

1. **New car owners:** Owners of newer cars are most likely to use a hand car washing service. These owners take great pride in their cars and will bring them often to the wash and detail service. The goal with these customers is to promote regular use of the wash and detail service. The aim is to inform these customers that [BUSINESS NAME] will keep their car looking as good as it did the day they drove it off the lot.
2. **Older luxury car owners:** These people have either owned their high-end luxury cars for several years or are unable to afford the expense of a new luxury car but want the feel of relaxed driving. Both of these groups want to keep their cars in the best shape possible. Those who have bought second-hand cars will often spend many hours in their cars and will place high importance on keeping their cars looking good. These owners will bring their cars in for regular washes and occasional details.
3. **Sports car owners:** These people are often younger or middle-aged men and will regard the look of their car as important. They will also pride themselves on the look of their car and will have their car hand washed (at least) weekly. These drivers will have an occasional detail, but will keep their cars so clean the detail will not be necessary very often.
4. **Lifetime owners:** Many of these people have owned their cars for more than five or six years, and are more likely to be women. They are attached to their cars as friends and though it may be more sensible for them to purchase a new car, they will bring their car in for a wash occasionally, just when the car is dirty. They like their

cars to look presentable, and want to keep it in good shape but are not tied up in the look of their car. For this reason, they will not have a detail carried out on their car unless they are selling it.

5. **Dealerships:** There are five new and used car dealerships within three miles of the proposed location of [BUSINESS NAME]. These dealerships often use outside car wash services to detail their vehicles before they are put up for sale. In addition, there are fifteen other car dealerships within a seven mile radius of [BUSINESS NAME].
6. **Local businesses:** Some local businesses have fleets of cars and small vans that must be kept clean to maintain their company image. These businesses will be looking for a cost effective, efficient car washing service to perform this service, and will prefer to use a car wash service during the week rather than during weekends, like the general public.

Market Analysis (Pie)



Click to Enlarge

Market Analysis							
Potential Customers	Growth	2001	2002	2003	2004	2005	CAGR
New Car Owners	10%	7,200	7,920	8,712	9,583	10,541	10.00%
Older Luxury Car Owners	15%	12,500	14,375	16,531	19,011	21,863	15.00%
Sports Car Owners	15%	6,500	7,475	8,596	9,885	11,368	15.00%

Lifetime Owners	10%	17,000	18,700	20,570	22,627	24,890	10.00%
-----------------	-----	--------	--------	--------	--------	--------	--------

New and Used Car Dealerships	7%	9	10	11	12	13	9.63%
Total	12.28%	43,209	48,480	54,420	61,118	68,675	12.28%

4.2 Target Market Segment Strategy

The strategy behind [BUSINESS NAME] target segmentation is to attract customers who will be repeat users and will frequent the business in the typically quiet times for a car wash business. It will not be difficult to attract customers during the summer months and on the weekends, the weekdays however, especially in the winter, people will not think about having their cars washed. For this reason, [BUSINESS NAME] will target people who will tend not to be restricted to these busy times.

- Business owners (new car owners) tend to be very busy people, but are often able to make their own hours.
- Retired people (older luxury car owners) are not restricted by typical work schedules so will be able to frequent the car wash during the week.
- Dealerships will need cars detailed and washed regardless of the time of the day and week. This will supply a constant flow of traffic.
- Businesses will need their fleet cars washed during the week during regular business hours.

4.3 Service Business Analysis

The hand car washing business in East Meadow consists of many small competitors. Everything from local children raising money for their youth group on a Saturday by cleaning cars, to the automatic car wash machines, are competition for [BUSINESS NAME]. However, these two alternatives aim to meet the needs of the price-conscious individuals who are choosing the service simply so they do not have to clean the car themselves. [BUSINESS NAME] on the other hand, targets the quality-conscious individuals who value their car enough to spend \$10-\$15 per week to make it look good.

4.3.1 Competition and Buying Patterns

There is one other hand car wash shop in East Meadow. It is quite new and is trying to compete with automatic car washes by offering low prices. However, it is not targeting the customers who seek quality cleaning.

The customers who [BUSINESS NAME] is targeting have their cars washed based on the quality of the job. They do not mind spending a little more each week to have their car washed and waxed in order to keep the paint work in excellent shape. The businesses that [BUSINESS NAME] targets will be more cost conscious, so prices will be approximately 30% less for these customers to promote volume usage.

5.0 Strategy and Implementation Summary

The key differentiator for [BUSINESS NAME] Car Wash is [BUSINESS OWNER NAME] and his business and personal connections within the East Meadow neighborhood. For this reason, the sales and marketing focus will be on a one-to-one basis, with the emphasis on gaining loyal and repeat customers as "friends" of the business. [BUSINESS NAME], therefore, will depend on word-of-mouth advertising for the immediate community.

5.1 Competitive Edge

[BUSINESS NAME]' competitive edge will be [BUSINESS OWNER NAME] and the quality of the family name in the East Meadow area. As mentioned, the family has been in the car business for over 30 years, and has an excellent reputation and a myriad of both business and personal contacts. In addition, Mark has put a great deal of emphasis on creating a system that is both fast and efficient, which will keep costs, in terms of time spent per car, to a minimum.

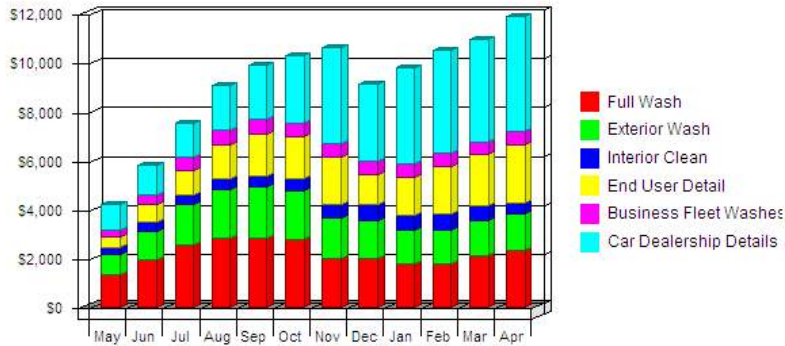
5.2 Sales Strategy

Sales strategy is on a one-to-one basis. All customers will feel they are a valued friend of [BUSINESS NAME], and that all employees care about the care and upkeep of each vehicle. We must be aware that there are low switching costs in the car washing industry, so we have to work hard to develop and keep repeat customers.

5.2.1 Sales Forecast

The following chart forecasts sales based upon the Market Segmentation Strategy. Sales are seasonal in this industry, tending to be higher in the warmer summer months, and to drop off in the winter. However, we will aim to flatten sales across the sales cycle by targeting segments that will want to keep their cars clean and looking good year round.

Sales Monthly



Click to Enlarge

Sales Forecast

Unit Sales	FY 2002	FY 2003	FY 2004
Full Wash	1,760	2,288	2,974
Exterior Wash	2,050	2,665	3,465
Interior Clean	770	1,001	1,301
End User Detail	129	193	290
Business Fleet Washes	615	923	1,384

Car Dealership Details	494	642	963
Total Unit Sales	5,818	7,712	10,376

Unit Prices	FY 2002	FY 2003	FY 2004
Full Wash	\$15.00	\$15.00	\$15.00
Exterior Wash	\$9.00	\$10.00	\$12.00
Interior Clean	\$8.00	\$9.00	\$9.00
End User Detail	\$140.00	\$145.00	\$150.00

Business Fleet Washes	\$10.00	\$10.00	\$10.00
-----------------------	---------	---------	---------

Car Dealership Details	\$70.00	\$75.00	\$80.00
------------------------	---------	---------	---------

Sales			
Full Wash	\$26,400	\$34,320	\$44,616
Exterior Wash	\$18,450	\$26,650	\$41,574
Interior Clean	\$6,160	\$9,009	\$11,712
End User Detail	\$18,060	\$27,985	\$43,425
Business Fleet Washes	\$6,150	\$9,225	\$13,838
Car Dealership Details	\$34,580	\$48,150	\$77,040
Total Sales	\$109,800	\$155,339	\$232,204

Direct Unit Costs	FY 2002	FY 2003	FY 2004
Full Wash	\$0.70	\$0.80	\$0.90
Exterior Wash	\$0.40	\$0.45	\$0.50
Interior Clean	\$0.30	\$0.35	\$0.40
End User Detail	\$3.00	\$3.50	\$4.00
Business Fleet Washes	\$0.70	\$0.75	\$0.80
Car Dealership Details	\$3.00	\$3.50	\$4.00

Direct Cost of Sales	FY 2002	FY 2003	FY 2004
Full Wash	\$1,232	\$1,830	\$2,677
Exterior Wash	\$820	\$1,199	\$1,732
Interior Clean	\$231	\$350	\$521
End User Detail	\$387	\$676	\$1,158
Business Fleet Washes	\$431	\$692	\$1,107
Car Dealership Details	\$1,482	\$2,247	\$3,852
Subtotal Direct Cost of Sales	\$4,583	\$6,994	\$11,047

5.3 Milestones

The following table outlines the important milestones in the planning and implementation of [BUSINESS NAME].

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Complete Business Plan	2/1/2001	5/1/2001	\$0	ABC	Department
Sign Rental Contract	3/20/2001	3/20/2001	\$475	Mark	Owner
Convert Premises	4/1/2001	4/30/2001	\$0	Contractors	Contractors
Hire Car Wash Staff	4/20/2001	4/20/2001	\$200	Mark	Owner
Hire Admin Staff	4/20/2001	4/20/2001	\$200	Mark	Owner
Open for Business	5/1/2001	5/1/2001	\$0	Staff	Staff

Distribute Flyers	4/28/2001	5/5/2001	\$75	Friends	Friends
-------------------	-----------	----------	------	---------	---------

Press Release	4/29/2001	4/29/2001	\$25	Mark	Owner
---------------	-----------	-----------	------	------	-------

Follow-up on Press Release	4/30/2001	4/30/2001	\$0	Mark	Owner
Totals			\$975		

6.0 Management Summary

[BUSINESS OWNER NAME] is the sole owner and manager of [BUSINESS NAME]. In addition, he will be helped (on an unofficial basis) by his father, Barry [BUSINESS OWNER LAST NAME]. Barry has over 30 years experience as an entrepreneur, both in the car business and in property development and management.

[BUSINESS OWNER NAME] will also have the assistance of John, the family accountant, in creating a long-term strategic vision for the company. John is a family friend and has worked with the [BUSINESS OWNER LAST NAME] family for 23 years. He has worked with hundreds of small- and medium-sized businesses during his career.

6.1 Personnel Plan

Since car washing is a seasonal business, with business increasing in the warm summer months, and being busier on the weekends than during the week, [BUSINESS NAME] will rely on both temporary and part-time help. The company will hire one full-time car wash/detail specialist and one full-time car wash specialist when it opens for business. Although it will rely on temporary and part-time help, quality will not be compromised, since all washers and detailers will receive thorough training. The company will also hire an administrative assistant who will assist Mark with paperwork and act as a receptionist.

Personnel Plan				
	FY 2002	FY 2003	FY 2004	
Owner	\$18,000	\$30,000	\$40,000	
Car Washers	\$30,240	\$43,312	\$51,174	
Admin/Sales	\$13,440	\$15,000	\$22,000	

Total People	0	0	0
Total Payroll	\$61,680	\$88,312	\$113,174

7.0 Financial Plan

The following plan outlines the financial development of [BUSINESS NAME]. The business will be initially financed by a \$30,000 investment by [BUSINESS OWNER NAME] and will finance growth through cash flow. This will mean that the company will grow more slowly than it could, but it will ensure that Mark retains control over the direction of the company. In year three, it is hoped that the company will be able to open a second location. It is envisioned that an outside loan or equity funding will be sought at that time.

7.1 Important Assumptions

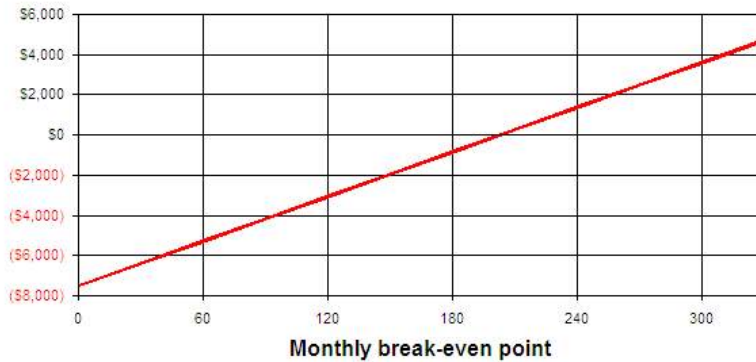
The financial projections for [BUSINESS NAME] are based on the following assumptions. These assumptions are thought to be quite conservative, as are the financial forecasts.

General Assumptions			
	FY 2002	FY 2003	FY 2004
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Sales on Credit %	15.00%	15.00%	15.00%
Other	0	0	0

7.2 Break-even Analysis

Fixed monthly costs for [BUSINESS NAME] are estimated to be approximately \$7,500, and break even monthly units are 203 units per month.

Break-even Analysis



Break-even point = where line intersects with 0

Click to Enlarge

Break-even Analysis:

Monthly Units Break-even	203
Monthly Revenue Break-even	\$9,122

Assumptions:

Average Per-Unit Revenue	\$45.00
Average Per-Unit Variable Cost	\$8.00

Estimated Monthly Fixed Cost	\$7,500
------------------------------	---------

7.3 Projected Profit and Loss

The following Profit and Loss table illustrates income and expenses monthly for the first year, and annually for the next two years.

Pro Forma Profit and Loss

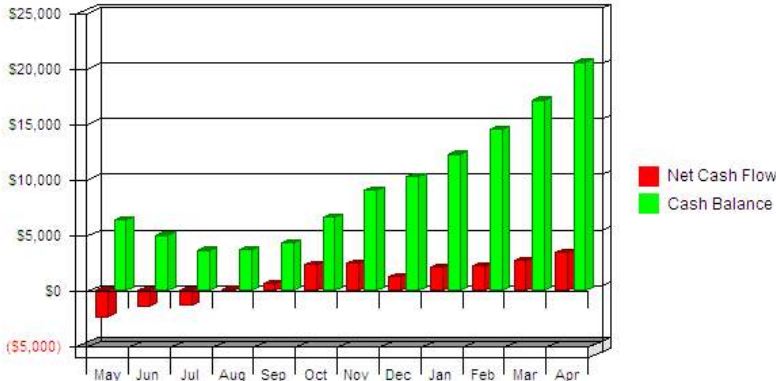
	FY 2002	FY 2003	FY 2004
Sales	\$109,800	\$155,339	\$232,204
Direct Cost of Sales	\$4,583	\$6,994	\$11,047
Other	\$0	\$0	\$0

	-----	-----	-----
Total Cost of Sales	\$4,583	\$6,994	\$11,047
Gross Margin	\$105,218	\$148,345	\$221,157
Gross Margin %	95.83%	95.50%	95.24%
Expenses:			
Payroll	\$61,680	\$88,312	\$113,174
Sales and Marketing and Other Expenses	\$2,600	\$1,550	\$1,700
Depreciation	\$2,070	\$2,070	\$2,070
Leased Equipment	\$0	\$0	\$0
Utilities	\$3,325	\$3,500	\$3,750
Insurance	\$1,800	\$1,800	\$1,800
Rent	\$4,800	\$5,500	\$6,000
Payroll Taxes	\$15,420	\$22,078	\$28,294
Other	\$0	\$0	\$0
	-----	-----	-----
Total Operating Expenses	\$91,695	\$124,810	\$156,788
Profit Before Interest and Taxes	\$13,523	\$23,535	\$64,370
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$3,204	\$5,884	\$16,361
Net Profit	\$10,318	\$17,651	\$48,009
Net Profit/Sales	9.40%	11.36%	20.68%

7.4 Projected Cash Flow

The following Cash Flow table illustrates that if [BUSINESS NAME] meets projected sales, it will have positive cash flow after month three of operation.

Cash



Click to Enlarge

Pro Forma Cash Flow			
	FY 2002	FY 2003	FY 2004
Cash Received			
Cash from Operations:			
Cash Sales	\$93,330	\$132,038	\$197,374
Cash from Receivables	\$13,918	\$22,242	\$33,044
Subtotal Cash from Operations	\$107,248	\$154,280	\$230,417
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current	\$0	\$0	\$0

Borrowing

New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0

New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$107,248	\$154,280	\$230,417

Expenditures	FY 2002	FY 2003	FY 2004
Expenditures from Operations:			
Cash Spending	\$2,072	\$2,548	\$4,082
Payment of Accounts Payable	\$93,389	\$132,822	\$176,854
Subtotal Spent on Operations	\$95,461	\$135,370	\$180,936

Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0

Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$95,461	\$135,370	\$180,936
Net Cash Flow	\$11,787	\$18,910	\$49,481
Cash Balance	\$20,487	\$39,397	\$88,878

7.5 Projected Balance Sheet

[BUSINESS NAME]' balance sheet illustrates a healthy financial position for this new company. The monthly estimates are included in the appendices.

Pro Forma Balance Sheet			
Assets			
Current Assets	FY 2002	FY 2003	FY 2004
Cash	\$20,487	\$39,397	\$88,878
Accounts Receivable	\$2,552	\$3,611	\$5,398
Inventory	\$483	\$737	\$1,164
Other Current Assets	\$1,000	\$1,000	\$1,000
Total Current Assets	\$24,522	\$44,745	\$96,440
Long-term Assets			

Long-term Assets	\$10,000	\$10,000	\$10,000
Accumulated Depreciation	\$2,070	\$4,140	\$6,210
Total Long-term Assets	\$7,930	\$5,860	\$3,790
Total Assets	\$32,452	\$50,605	\$100,230

Liabilities and Capital

Current Liabilities	FY 2002	FY 2003	FY 2004
Accounts Payable	\$2,184	\$2,686	\$4,302
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$2,184	\$2,686	\$4,302

Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$2,184	\$2,686	\$4,302

Paid-in Capital	\$30,000	\$30,000	\$30,000
Retained Earnings	(\$10,050)	\$268	\$17,919
Earnings	\$10,318	\$17,651	\$48,009
Total Capital	\$30,268	\$47,919	\$95,929
Total Liabilities and Capital	\$32,452	\$50,605	\$100,230
Net Worth	\$30,268	\$47,919	\$95,929

7.6 Business Ratios

The following table contains important ratios for the car wash industry, as determined by the Standard Industry Classification (SIC) code, 7542.

Ratio Analysis				
	FY 2002	FY 2003	FY 2004	Industry Profile
Sales Growth	0.00%	41.47%	49.48%	3.00%
Percent of Total Assets				
Accounts Receivable	7.86%	7.14%	5.39%	8.70%
Inventory	1.49%	1.46%	1.16%	9.50%
Other Current Assets	3.08%	1.98%	1.00%	26.40%
Total Current Assets	75.56%	88.42%	96.22%	44.60%
Long-term Assets	24.44%	11.58%	3.78%	55.40%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	6.73%	5.31%	4.29%	29.30%
Long-term Liabilities				
Long-term Liabilities	0.00%	0.00%	0.00%	27.80%
Total Liabilities	6.73%	5.31%	4.29%	57.10%
Net Worth	93.27%	94.69%	95.71%	42.90%

Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	95.83%	95.50%	95.24%	0.00%
Selling, General & Administrative Expenses	86.59%	84.13%	74.45%	68.20%
Advertising Expenses	0.91%	0.74%	0.56%	1.50%
Profit Before Interest and Taxes	12.32%	15.15%	27.72%	2.70%
Main Ratios				
Current	11.23	16.66	22.42	1.53
Quick	11.01	16.39	22.15	0.88
Total Debt to Total Assets	6.73%	5.31%	4.29%	57.10%
Pre-tax Return on Net Worth	44.68%	49.11%	67.10%	3.40%
Pre-tax Return on Assets	41.67%	46.51%	64.22%	8.00%
Additional Ratios				
	FY 2002	FY 2003	FY 2004	
Net Profit Margin	9.40%	11.36%	20.68%	n.a
Return on Equity	34.09%	36.83%	50.05%	n.a
Activity Ratios				

Accounts Receivable Turnover	6.45	6.45	6.45	n.a
Collection Days	43	48	47	n.a
Inventory Turnover	12.00	11.46	11.62	n.a
Accounts Payable Turnover	43.76	49.64	41.49	n.a
Payment Days	5	7	7	n.a
Total Asset Turnover	3.38	3.07	2.32	n.a

Debt Ratios				
Debt to Net Worth	0.07	0.06	0.04	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

Liquidity Ratios				
Net Working Capital	\$22,338	\$42,059	\$92,139	n.a
Interest Coverage	0.00	0.00	0.00	n.a

Additional Ratios				
Assets to Sales	0.30	0.33	0.43	n.a
Current Debt/Total	7%	5%	4%	n.a

Assets

Acid Test 9.84 15.04 20.89 n.a

Sales/Net Worth 3.63 3.24 2.42 n.a

Dividend Payout	0.00	0.00	0.00	n.a
-----------------	------	------	------	-----

[Go to Top](#)