



Automotive Repair Service

BUSINESS PLAN

LR AUTOMOTIVE

6890 Ranch Drive
Traverse City, MI 49663

LR Automotive presents up-to-date financial information, helpful to anyone considering starting an automotive repair service.

- EXECUTIVE SUMMARY
- PARTS & LABOR
- WARRANTIES
- COMMUNITY ACTIVITY
- ORGANIZATION
- COMPANY PHILOSOPHY
- JOB DESCRIPTIONS

EXECUTIVE SUMMARY

The need for a full service automotive center with competent and trusting mechanics is always there. Chuck Liepshur and Rich Rudy have built, and are still accumulating, a clientele that has followed them from location to location through promotions and careers. These clients are loyal and will continue to follow LR Automotive, when we move to our new location.

With advertising in local newspapers, mailers and handbills, business should increase by a margin of 10% annually. People are always looking for an honest auto repair facility which is committed to customer service, reliability and promptness. By being fully committed to our clients, our customer base will increase and will provide a stable ground for our business to grow.

Our company will be offering two products: the first being automotive service which will generate a gross profit margin of 60% on average. This will include bumper-to-bumper service on cars and light trucks, i.e. brakes, computer diagnosis, suspension, exhaust and electrical. The sale of tires will provide a 20% profit margin, but will also help us sell service such as front-end parts and front-end alignments as needed. The only time our services will be performed is when and if they are needed or they are recommended on the O.E. manufacturer's maintenance schedule. Service should provide 90% of the total sales with tire sales making up the remaining 10%.

The parts and products we will use will also help in our appeal to customers. We will use top of the line, name brand parts such as Auto-X, Reman, and Xilco. Customers always look for a well-known brand name when deciding where to take their vehicle.

Counterfeit parts will never be used at LR Automotive.

Last, but not least, warranties also help when customers are deciding where to get their work done. Our

Источник бизнес-плана: <http://www.referenceforbusiness.com>



warranties will meet or exceed industry standards.

Our target customers are the owners of auto and light trucks. This area of service is always growing. Automobiles are being kept an average of 3-5 years and each vehicle requires servicing an average of 2.7 times per year.

As new vehicle prices increase, consumers are inclined to maintain and service their vehicles for longer periods of time. As a result of this trend, the service business will continue to grow.

Our competition will consist of auto dealerships, larger tire and service chains and gas stations with service departments. These are very successful because they are well-known and offer a wide variety of services. The weakness of these companies will be our advantage. These weaknesses include the need to keep the cars several days to finish work. LR Automotive will make every effort to finish jobs the same day. Also, dealerships tend to distance themselves from their clients, refusing to take the time to educate the customer about their problems. Our employees will take the time to point out our customers' vehicle problems and discuss all the possible solutions explaining the advantages and disadvantages of each. We are also going to treat our customers as we would like to be treated, spending time with each one so they know they're not just a number to our business. Follow-up calls to ensure satisfaction will also be made after we have completed the work.

Our customers will be made up of our existing clientele, along with a new customer base which we will gain through advertising. Through our satisfied customers, word will spread that LR is the automotive repair shop that customers can trust, which will increase our customer base. These customers will remain satisfied because they will be happy with our service, prices and the atmosphere we provide.

PARTS & LABOR

We will use only quality parts, which will be readily available in our stock or via our local parts supplier. When we service autos, we will never take short cuts and will never substitute quality in order to obtain a lower price. Our parts warranties will reflect those of the manufacturer.

WARRANTIES

Our labor warranties will be as follows:

- Brakes - Standard brake job -1 year or 12,000 miles - Brake overhaul - 2 years or 24,000 miles
- Shocks - 1 year or 12,000 miles
- Struts - 3 years or 36,000 miles
- Suspension parts - 1 year or 12,000 miles
- Belts - 1 year or 12,000 miles
- Exhaust - 1 year or 12,000 miles
- Alternator/Starter - 6 months or 6,000 miles
- Alignment - 6 months or 6,000 miles
- Water pump -1 year or 12,000 miles
- All other warranties - 90 days or 4,000 miles

COMMUNITY ACTIVITY

We plan on being a visible part of the community in which we are based. We will join community groups and participate in local activities in order to understand community needs. As a result of our visibility, we will get to know the local patrons and that will help LR's business to grow within the community.



ORGANIZATION

We plan on working on 6 cars per day when LR first opens. Our labor force will include two certified technicians and one salesperson. Every employee in our establishment will be knowledgeable in the auto service area. As our business grows and becomes more profitable, we will add trained personnel to ensure the best service available.

COMPANY PHILOSOPHY

1. To provide an atmosphere where the consumer feels confident about his/her purchase(s) and relationships with LR's service employees.
2. Being honest and sincere with the clientele.
3. Being community oriented.
4. To create a place where customers feel good about recommending LR to friends or relatives for their auto concerns.
5. To provide a comfortable living for ourselves and our employees.
6. To provide a healthy work environment where our employees enjoy coming to work each day.
7. To provide benefits for ourselves, our employees and families (i.e. 401K plans, health and dental plans).
8. Our goal is to keep our employees long term by treating them as we would wish to be treated ourselves.

JOB DESCRIPTIONS

Co-President

Objective

To ensure survival and growth of LR Automotive Service and control the operation.

Functions

1. Act as a team leader, making sure that LR team stays on track.
2. Establish and implement company policy, performance standards, policy and procedures.
3. Establish and implement employee controls - feedback based on performance standards, indicators, goals, etc.
4. Financial planning and controls
 1. Paying invoices
 2. Banking
 3. Accounting systems
 4. Sales and expenses
 5. Assets and liabilities
5. Buying and inventory control
6. Advertising and promotion
7. Reconcile statements
8. Planning (long and short range)
9. Answer customer complaints
10. Maintain:
 1. The spark to imagine
 2. The daring to innovate
 3. The discipline to plan
 4. The skill to do



5. The will to achieve
6. The commitment to be responsible
7. The leadership to motivate
11. Scheduling, merchandise store, maintain paper flow, housekeeping and equipment maintenance.
12. Parts room and warehouse organization.
13. Business development, fleet accounts and national accounts.

Salesperson

Objective

Take care of customers that come in the door, and relieve Co-Presidents of detail work.

Functions

1. Completing work orders and calling customers when job is done.
2. All other paper work, i.e. filing work orders daily, inventory management, mailing invoices, PIPT's filing emissions certificates, getting invoice numbers on parts bills and clear pending documents.
3. Housekeeping - keeping counters clean, displays and vending machines dusted, customer waiting area clean daily, empty waste baskets, rest room detail.
4. Supplies - invoices, sales slips, cash receipts, paper towels, keep sufficient change in cash drawer.
5. Special assignments as directed by Co-Presidents.
6. Keep all display materials current, window signs, ad boards, manufacturer rebates and promotions.

Mechanic

Objective

Meet or exceed assigned daily objective. Maximize productivity per hour worked. Get quality work done in the shortest amount of time possible.

Function

1. Get quality work done, fast.
2. Safety check all cars worked on.
3. Add-on sales, direct contact with customer, both face to face and on the phone.
4. Housekeeping.
5. Equipment maintenance.
6. Assist in organizing warehouse and parts room.



Operating Expenses

	Weekly	Monthly	Yearly
Miscellaneous Service Expenses			
Dumpster	\$11.52	\$50.00	\$599.96
EPA Compliance Fee	\$3.50	\$15.19	\$182.28
Floor Dry	\$1.20	\$5.21	\$62.50
Floor Soap	\$4.10	\$17.79	\$213.53
Hand Soap	\$10.50	\$45.57	\$546.84
Shop Towels	\$16.50	\$71.61	\$859.32
Tire Removal	\$11.52	\$50.00	\$599.96
Uniforms	\$18.00	\$78.12	\$937.44
Waste Anti-freeze Removal	\$3.16	\$13.71	\$164.57
Waste Oil Filters Removal	\$6.33	\$27.47	\$329.67
Waste Oil Removal	\$10.36	\$44.96	\$539.55
Welding Supplies & Services	\$19.44	\$84.37	\$1,012.44
Sub-total	\$116.13	\$504.00	\$6,048.05
Office Expenses			
Accountant	\$34.56	\$149.99	\$1,799.88
Advertising	\$69.00	\$299.46	\$3,593.52
Alarm Service	\$5.76	\$25.00	\$299.98
Bad Debt	\$23.04	\$99.99	\$1,199.92
Bank Loan	\$345.62	\$1,500.00	\$18,000.00
Miscellaneous Expense (supplies)	\$250.00	\$1,085.00	\$13,020.00
Property Rental	\$345.62	\$1,499.99	\$17,999.89
Telephone	\$57.60	\$249.98	\$2,999.81
Utilities (light/heat/water)	\$64.50	\$279.91	\$3,359.16
Sub-total	\$1,196.70	\$5,189.35	\$62,272.17
Salaries Expenses			
Clark Laspaine	\$672.00	\$2,916.48	\$34,997.76
Rich Rudy	\$672.00	\$2,916.48	\$34,997.76
Alto Siano	\$576.00	\$2,499.84	\$29,998.08
Sub-total	\$1,920.00	\$8,332.80	\$99,993.60
Insurance			
Health	\$207.37	\$900.80	\$10,809.60
Liability Comprehensive	\$93.00	\$403.62	\$4,843.44
Sub-total	\$300.37	\$1,304.42	\$15,653.04
Taxes			
ITCA(7.65)	\$147.00	\$637.08	\$7,655.76
MISC	\$290.00	\$1,258.80	\$15,105.60
Sub-total	\$176.00	\$763.84	\$9,166.08
Total	\$3,708.20	\$16,093.61	\$193,123.34

Weekly Monthly Yearly

Miscellaneous Service Expenses

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Sub-total	\$1,920.00	\$8,332.80	\$99,993.60
Insurance			
Health	\$207.37	\$900.00	\$10,800.00
Liability/Comprehensive	\$93.00	\$403.62	\$4,843.44
Sub-total	\$300.37	\$1,303.62	\$15,643.44
Taxes			
FICA (7.65)	\$147.00	\$637.98	\$7,655.76
MESC	\$29.00	\$125.86	\$1,510.00
Sub-total	\$176.00	\$763.84	\$9,166.08
Total	\$3,708.20	\$16,093.61	\$193,123.34

Start-Up Cost

Office Equipment	
Alarm Equipment	\$700.00
Cash Register	\$500.00
Coffee Machine	\$50.00
Deposit for Oxygen Tank	\$200.00
Fax Machine	\$300.00
Fire Extinguishers	\$300.00
Incorporation	\$1,000.00
Initial Supplies	\$1,000.00
Office Furniture	\$500.00
Phone Lines (installation)	\$200.00
Phone System (4 lines)	\$1,500.00
Safe	\$850.00
Showroom Furniture	\$1,000.00
Signage	\$800.00
Sub-total	\$8,566.00
Shop Equipment	
2 Post Lift	\$3,672.00
4 Post Lift	\$9,200.00
Air Compressor	\$1,500.00
Alignment Machine	\$5,000.00
Anti-theft Alarm Chime	\$300.00
Arbor Press	\$500.00
Battery Charger	\$231.00
Beaming Picket	\$2,300.00
Catch Pan	\$10.00
Drain Pan	\$21.00
Exhaust Analyzer	\$3,000.00
Exhaust Hoses	\$156.00
Lab Scope	\$50.00
Lift Installation Labor	\$750.00
Michell On-Demand	\$4,154.00
Oil Dispenser	\$60.00
Parts Washer	\$36.00
R12 Air Conditioning Machine	\$2,800.00
R134 Air Conditioning Machine	\$2,800.00
Rolling Lift	\$4,000.00
Straight Compressor	\$575.00
Tall Jack Stand	\$100.00
Tire Balancer	\$1,800.00
Tire Machine	\$2,500.00
Tire Spreader	\$50.00
Tire Tank	\$34.00
Trans Jack	\$400.00
Volt Amp Tester	\$1,000.00
Waste Oil Tank	\$300.00
Welding Tank	\$125.00
Sub-total	\$47,415.30
Total Start-Up Cost	\$55,981.30

Office Equipment

Alarm Equipment	\$700.00
Cash Register	\$500.00
Coffee Machine	\$50.00
Deposit for Oxygen Tank	\$200.00
Fax Machine	\$300.00



Fire Extinguishers	\$260.00
Incorporation	\$1,000.00
Initial Supplies	\$1,000.00
Office Furniture	\$500.00
Phone Lines (installation)	\$206.00
Phone System (4 lines)	\$1,500.00
Safe	\$850.00
Showroom Furniture	\$1,000.00
Signage	\$500.00
Sub-total	\$8,566.00

Shop Equipment

2 Post Lift	\$3,672.00
4 Post Lift	\$9,200.00
Air Compressor	\$1,500.00
Alignment Machine	\$5,000.00
Anti-freeze Drum Cradle	\$30.80
Arbor Press	\$500.00
Battery Charger	\$231.00
Bearing Packer	\$2,300.00
Catch Pan	\$10.00
Drain Pan	\$21.00
Exhaust Analyzer	\$3,000.00
Exhaust Hoses	\$156.00
Lab Scope	\$500.00
Lift Installation Labor	\$750.00
Mitchel On-Demand	\$4,154.00
Oil Dispensor	\$69.00
Parts Washer	\$306.00
R12 Air Conditioning Machine	\$2,800.00
R134 Air Conditioning Machine	\$2,800.00
Rolling Lift	\$4,000.00
Strut Compressor	\$575.00
Tall Jack Stand	\$100.00
Tire Balancer	\$1,500.00
Tire Machine	\$2,500.00
Tire Spreader	\$50.00
Tire Tank	\$34.00
Trans Jack	\$400.00
Volt Amp Tester	\$1,000.00
Waste Oil Tank	\$100.00
Welding Tank	\$125.00
Sub-total	\$47,415.30

**Total Start-Up Cost \$55,981.30**

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First 12 Months	Nov	Dec	Jan	Feb	Mar	Apr
No. of Days	25	25	26	25	26	26
Balance	1,000	657	314	601	258	545
Sales	26,250	26,250	27,300	26,250	27,300	27,300
Inventory Expenses	10,500	10,500	10,920	10,500	10,920	10,920
Gross Profit	15,750	15,750	16,380	15,750	16,380	16,380
Operating Expenses	16,093	16,093	16,093	16,093	16,093	16,093
Net Profit/(Loss)	-343	-343	287	-343	287	287
Balance	357	314	601	258	545	832
Second 12 Months						
No. of Days	25	25	26	24	26	26
Balance	1,924	3,156	4,388	5,508	5,243	6,363
Sales	28,875	28,875	30,030	27,720	30,030	30,030
Inventory Expenses	11,550	11,550	12,012	11,088	12,012	12,012
Gross Profit	17,325	17,325	18,018	16,632	18,018	18,018
Operating Expenses	16,093	16,093	16,898	16,898	16,898	16,898
Net Profit/(Loss)	1,232	1,232	1,120	-266	1,120	1,120
Balance	3,156	4,388	5,508	5,243	6,363	7,483
Third 12 Months						
No. of Days	25	26	26	24	26	26
Balance	13,513	13,983	15,215	16,447	16,155	17,388
Sales	31,763	33,033	33,033	30,492	33,033	33,033
Inventory Expenses	12,705	13,213	13,213	12,197	13,213	13,213
Gross Profit	19,058	19,820	19,820	18,295	19,820	19,820
Operating Expenses	18,587	18,587	18,587	18,587	18,587	18,587
Net Profit/(Loss)	470	1,232	1,232	-292	1,232	1,232
Balance	13,983	15,215	16,447	16,155	17,388	18,620

Sales Projection and Cash Flow

First 12 Months	Nov	Dec	Jan	Feb	Mar	Apr
No. of Days	25	25	26	25	26	26
Balance	1,000	657	314	601	258	545
Sales	26,250	26,250	27,300	26,250	27,300	27,300
Inventory Expenses	10,500	10,500	10,920	10,500	10,920	10,920
Gross Profit	15,750	15,750	16,380	15,750	16,380	16,380
Operating Expenses	16,093	16,093	16,093	16,093	16,093	16,093
Net Profit/(Loss)	-343	-343	287	-343	287	287
Balance	357	314	601	258	545	832
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Operating Expenses	16,093	16,093	16,898	16,898	16,898	16,898
Net Profit/(Loss)	1,232	1,232	1,120	-266	1,120	1,120
Balance	3,156	4,388	5,508	5,243	6,363	7,483
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Sales Projection and Cash Flow

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Gross Profit	19,058	19,820	19,820	18,295	19,820	19,820
Operating Expenses	18,587	18,587	18,587	18,587	18,587	18,587
Net Profit/(Loss)	470	1,232	1232	-292	1232	1232
Balance	13,983	15,215	16,447	16,155	17,388	18,620

Assumptions

Sales

Average 6 vehicles per day @ \$175.00 per vehicle

In 2nd 12 months, average per vehicle increases 10% to \$192.50

Inventory Expenses

40% of sales

Operating Expenses

Average expenses per month

May	Jun	Jul	Aug	Sep	Oct	Total
26	25	26	27	24	27	308
832	1,119	776	1,063	1,980	1,007	
27,300	26,250	27,300	28,350	25,200	28,350	323,400
10,920	10,500	10,920	11,340	10,080	11,340	129,360
16,380	15,750	16,380	17,010	15,120	17,010	194,040
16,093	16,093	16,093	16,093	16,093	16,093	193,116
287	-343	287	917	-973	917	924
1,119	776	1,063	1,980	1,007	1,924	

26	25	26	26	25	27	307
7,483	8,604	9,031	10,151	11,272	11,699	
30,030	28,875	30,030	30,030	28,875	31,185	354,585
12,012	11,550	12,012	12,012	11,550	12,474	141,834
18,018	17,325	18,018	18,018	17,325	18,711	212,751
16,898	16,898	16,898	16,898	16,898	16,898	201,163
1,120	427	1,120	427	1,813		11,589
8,604	9,031	10,151	11,272	11,699	13,513	

25	26	26	26	25	27	308
18,620	19,090	20,322	21,555	22,787	23,257	
31,763	33,033	33,033	33,033	31,763	34,304	391,314
12,705	13,213	13,213	13,213	12,705	13,721	156,526
19,058	19,820	19,820	19,820	19,058	20,582	234,788
18,587	18,587	18,587	18,587	18,587	18,587	223,049
470	1,232	1,232	470	1,995		11,739
19,090	20,322	21,555	22,787	23,257	25,252	

May	Jun	Jul	Aug	Sep	Oct	Total
26	25	26	27	24	27	308
832	1,119	776	1,063	1,980	1,007	
27,300	26,250	27,300	28,350	25,200	28,350	323,400
10,920	10,500	10,920	11,340	10,080	11,340	129,360
16,380	15,750	16,380	17,010	15,120	17,010	194,040
16,093	16,093	16,093	16,093	16,093	16,093	193,116



May	Jun	Jul	Aug	Sep	Oct	Total
287	−343	287	917	−973	917	924
1,119	776	1,063	1,980	1,007	1,924	
26	25	26	26	25	27	307
7,483	8,604	9,031	10,151	11,272	11,699	
30,030	28,875	30,030	30,030	28,875	31,185	354,585
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1,120	427	1,120	1,120	427	1,813	11,589
8,604	9,031	10,151	11,272	11,699	13,513	
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18,620	19,090	20,322	21,555	22,787	23,257	
31,763	33,033	33,033	33,033	31,763	34,304	391,314
12,705	13,213	13,213	13,213	12,705	13,721	156,526
19,058	19,820	19,820	19,820	19,058	20,582	234,788
18,587	18,587	18,587	18,587	18,587	18,587	223,049
470	1,232	1,232	1,232	470	1,995	11,739
19,090	20,322	21,555	22,787	23,257	25,252	