

**Business Plan For Fiscal Year 2019**

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**BICYCLE**

**RENTAL BUSINESS PLAN**

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**EXECUTIVE SUMMARY**

[Fun Wheels] is a standard and registered bicycle rental shop, offering different kinds of bicycles to suit the customer’s needs. It is set to rent its bicycles to a wide range of customers in one of the most bike-friendly cities in the [United States of America—Minneapolis].

[Fun Wheels] is involved in renting well-maintained bicycles: Mountain bikes, road bikes, hybrid bikes, and tandem bikes. Furthermore, bicycle parts and accessories are from different manufacturers in the United States.

**COMPANY OVERVIEW**

**Mission Statement**

[Fun Wheels] aims to help all kinds of customers have the best experience that [Minneapolis] can offer.

**Philosophy**

[Fun Wheels] will ensure good knowledge of bicycles and the city of [Minneapolis]. Also, Fun Wheel’s hospitality must always be in its best state to ensure that all our customers are given the best treatment. These traits will allow [Fun Wheels] to keep the customers coming.

**Vision**

[Fun Wheels] inspires everyone to enjoy and make [Minneapolis] a better place.

**Outlook**

The rise in rails-to-trails projects has led to more bicycle paths that are far from resort areas, creating excellent rental opportunities. Short-term rental fees are taken each day, opening the possibility of a large number of daily rentals.

**Type of Industry:** Rental Industry

**Business Structure:** Sole Proprietorship

**Ownership:** Sole Proprietorship, [Robert Thomas]

**Start-Up Summary**

The start-up cost is [10K] USD to be provided by the owner and to be used mainly for marketing, insurance, equipment, supplies, and payroll.

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| --- |
| **Start-Up Funding** |
| Start-Up Expenses | $85,530 |
| Start-Up Assets | $84,250 |
| **Total Funding Required** | **$169,780** |
|  |
| **Assets** |  |
| Non-Cash Assets from Start-Up | $74,250 |
| Cash Requirements from Start-up | $7,000 |
| Additional Cash Raised | $0 |
| Cash Balance on Starting Date | $3,000 |
| **Total Assets** | **$84,250** |
|  |
| Capital |  |
| Planned Investment |  |
| Owner | $169,780 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$169,780** |
| Loss at Start-Up (Start-Up Expenses) | -$85,530 |
| **Total Capital** | **$84,250** |
| **Liabilities** | $0 |
| **Total Capital and Liabilities** | **$84,250** |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses |  |
| Operational Cost - 3 Months | $60,000 |
| Advertising | $3,580 |
| Legal Fees | $4,050 |
| Staff Training |  |
| Insurance | $2,400 |
| Other | $15,500 |
| **Total Start-Up Expenses** | **$85,530** |
|  |
| **Start-Up Assets** |  |
| Cash Required | $10,000 |
| Start-Up Inventory | $17,000 |
| Other Current Assets | $14,000 |
| Long-Term Assets | $43,250 |
| **Total Assets** | **$84,250** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$169,780** |

**Management Team:**

|  |  |  |
| --- | --- | --- |
| **Management Team** | **Role/Function** | **Skills** |
| [Gloria T. Thompson] | Shop Manager | Communication, Customer Service, Leadership, and Resilience |
| [Richard J. Garrison] | Accountant | Communication, Self-motivation, Integrity, and Business Acumen |

**Short- and Long-Term Goals and Milestones:**

|  |  |
| --- | --- |
| **Short-Term Goals** | **Milestones** |
| Remodeling of the bicycle rental shop | Completed on [January 16, 2018] |
| Recruitment of employees | In progress; interviews are still ongoing |
| **Long-Term Goals** | **Milestones** |
| Creation of the official website for Fun Wheel | In progress |
| Bike fleet expansion, focusing on bikes that are rising in popularity | In progress; bike fleet is expected to increase to fifty-five bikes by the end of the second fiscal quarter. |

**PRODUCTS AND SERVICES**

**Product/Service Description**

[Fun Wheels] is in the bicycle rental industry to provide a wide range of customers with a variety of bicycles and accessories from the best brands in the [United States of America].

**Value Proposition**

[Fun Wheels] accommodates both locals and tourists every day, ensuring profit and achieving daily goals. Its relaxing environment and smooth-running shop guarantee positive reviews from the customers.

**Pricing Strategy**

[Fun Wheels] utilizes hourly and flat fee rates for its bicycle rentals. Moreover, [Fun Wheels] ensures that the price and quality for its merchandise are competitive with what is obtainable on its level.

Formula:

Profit Margin = 1- (Expenses/Net Sales)

[Fun Wheels]

Profit Margin = 1 - ($83,030/$100,000)

 = 1-0.8303

 = 0.1697 or 16.97%

**EXECUTION**

**Marketing Plan**

[Fun Wheels], like most businesses, is dependent on strong consumer spending to spur the demand for both rental and tourism products. As a part of its marketing strategies, [Fun Wheels] will engage in seasonal discounted fees to attract more customers. It is a strategy that will welcome new customers, reinforce the loyalty of repeat customers, and maximize profits.

**Market Research**

Tremendous changes have come upon the landscape of bicycle rental shops in the last two decades, growing from small outlets to a more organized venture. Combine this with the rising popularity of cycling because of its health and environmental benefits, many individuals will be motivated to visit [Fun Wheels] and rent a bicycle.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| [Fun Wheels] | * Shop location
* Excellent customer service
* Offers a wide range of bicycles from different manufacturers
 | * Still new in the business
* Doesn’t have the financial capabilities to compete with bicycle rental shops in the big market
 | * A lot of people are slowly switching to cycling instead of driving
* The increasing number of tourists in Minneapolis will lead to additional new customers
 | * Economic downturn
* Unfavorable government policies
 |
| [Mountain Trails] | * Global brand recognition
* Low rental fees
 | * Unreliable quality
 | * Growing interest in the bicycle rental industry yields a larger demand for bikes where quality may not be of utmost importance
 | * Other bicycle rental shops that offer better service and high-quality products
 |
| Trinity Riders | * Currently the most popular bicycle rental shop in Minneapolis
 | * Has yet to expand globally
 | * Higher chance of getting recognized by tourists first because of local popularity
 | * Other bicycle rental shops are expanding their businesses faster
 |

**Marketing Strategy**

[Fun Wheels] has conducted thorough feasibility studies around [Minneapolis], specifically in the [Father Hennepin Bluff Park], to determine the available market. That said, the acquired detailed information has been carefully studied and utilized to form the company's business structure with the aim of potentially attracting the most customers.

[Fun Wheels] hired a business consultant that specializes in the bicycle rental industry, to develop marketing strategies that will help attract the largest possible percentage of the available market in [Minneapolis].

[Fun Wheels] will adopt the following sales and marketing approach to gain more customers:

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Creation of a loyalty card that will reward regular customers | The shop manager will manage the loyalty plan for the customers | January 25, 2019 | The loyalty plan for the customers will start by the [second week of February 2019]. |
| Creation of an official website | Hire a web developer | ASAP | Hire an employee or outsource by [March 1, 2019]. |
| Engage in variety shows within the neighborhood to increase shop awareness | The first variety will feature extreme riders and will reward participants with free rides | February 25, 2019 | An increase in the customers’ excitement for Fun Wheels  |

**Organizational Structure**

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**OPERATIONAL PLAN**

**Location and Facilities**

Provide a sketch or blueprint of the facility.

Provide photos or images of the location/facility.

**Tools and Equipment Checklist**

|  |  |
| --- | --- |
| **Software** | **Quantity** |
| QuickBooks | 1 |
| Evernote | 1 |
| **Hardware** | **Quantity** |
| Bicycle repair toolbox | 5 |
| Bicycle spare parts | 10 |

**IT Infrastructure**

The following table reflects the IT infrastructure of [Fun Wheels].

|  |  |  |
| --- | --- | --- |
| **Infrastructure** | **Existing (Y/N)** | **Description** |
| Social Media | N | The official website is still in progress. |
| Latency Proof | Y | No delay in network connections. |
| Zero Downtime | Y | No business disruption due to the network. |
| High-Performance Storage | N | Storage is limited. Evaluation is needed regarding how much more needs to be invested for both storage and backup. |

**FINANCIAL PLAN**

**Assumptions**

Customer attraction and satisfaction will not be a problem if [Fun Wheels] is well-stocked with different kinds of bicycles and if the bicycles are well-maintained. Furthermore, this will translate to positive income generation.

**Monthly Expense**

The chart below shows the projected monthly expense for the fiscal year [2019].

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**Monthly Revenue**

The chart depicts the projected monthly revenue for [2019].

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**Business Financing**

[Robert D. Thomas], the CEO for [Fun Wheels], will single-handedly fund the business’ start-up operation, providing an amount worth $[169,780.00] the majority of the expenses will be for business insurance, payroll, supplies, and maintenance.

**Statements**

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| --- |
| **Profit and Loss Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Sales | $100,000.00 | $110,000.00 | $130,000.00 |
| Direct Cost of Sale | $22,000.00 | $29,141.00 | $31,900.00 |
| Other Cost of Sale | $13,000.00 | $14,546.00 | $23,482.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $65,000.00 | $66,313.00 | $74,618.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $35,000.00 | $43,687.00 | $55,382.00 |
| **Gross Margin % (Gross Profit/Sales)** | **35.00%** | **39.72%** | **42.60%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $0.00 | $0.00 | $0.00 |
| Insurance | $2,400.00 | $2,496.00 | $2,595.00 |
| Utilities | $3,000.00 | $3,120.00 | $3,245.00 |
| Salary (Including Tax) | $16,000.00 | $17,120.00 | $18,318.00 |
| Maintenance & Supplies | $4,000.00 | $4,280.00 | $4,580.00 |
| **Total Operating Expenses** | **$25,400.00** | **$27,016.00** | **$28,738.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $39,600.00 | $39,297.00 | $45,880.00 |
| Depreciation | $4,000.00 | $7,000.00 | $13,000.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $2,450.00 | $3,058.00 | $3,876.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **$7,150.00** | **$13,613.00** | **$22,768.00** |

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| --- |
| **Balance Sheet Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Cash | $89,530.00 | $131,022.50 | $142,216.48 |
| Accounts Receivable | $10,000.00 | $10,700.00 | $11,449.00 |
| Inventory | $17,000.00 | $18,190.00 | $19,463.30 |
| Other Current Assets | $14,000.00 | $14,980.00 | $16,028.60 |
| **Total Current Assets** | **$130,530.00** | **$174,892.50** | **$189,157.38** |
|  |  |  |  |
| Long-Term Assets | $43,250.00 | $46,277.50 | $49,516.92 |
| Accumulated Depreciation | $4,000.00 | $7,000.00 | $13,000.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $39,250.00 | $39,277.50 | $36,516.92 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$169,780.00** | **$214,170.00** | **$225,674.30** |
|  |  |  |  |
| Accounts Payable | $60,000.00 | $64,200.00 | $68,694.00 |
| Notes Payable | $10,030.00 | $10,431.20 | $10,848.45 |
| Other | $15,500.00 | $16,120.00 | $16,764.80 |
| **Total Liabilities** | **$85,530.00** | **$90,751.20** | **$96,307.25** |
|  |  |  |  |
| Paid-in Capital | $20,000.00 | $21,400.00 | $22,898.00 |
| Retained Earnings | $6,267.10 | $9,171.58 | $9,955.15 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$84,250.00** | **$123,418.80** | **$129,367.05** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **101.52%** | **73.53%** | **74.44%** |

|  |
| --- |
| **Cash Flow Projection** |
|  | **FY2018** | **FY2019** | **FY2020** |
| Operating Cash Beginning | $34,530.00 | $62,335.50 | $63,834.48 |
|  |  |  |  |
| **Sources of Cash** | $15,000.00 | $18,000.00 | $15,000.00 |
| Receivables | $10,000.00 | $10,700.00 | $11,449.00 |
| Sales | $35,000.00 | $43,687.00 | $55,382.00 |
| Others | $5,000.00 | $7,000.00 | $8,000.00 |
| **Total Cash** | $99,530.00 | $141,722.50 | $153,665.48 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $0.00 | $0.00 | $0.00 |
| Insurance | $2,400.00 | $2,496.00 | $2,595.00 |
| Utilities | $3,000.00 | $3,120.00 | $3,245.00 |
| Salary (Including Tax) | $16,000.00 | $17,120.00 | $18,318.00 |
| Maintenance & Supplies | $4,000.00 | $4,280.00 | $4,580.00 |
| **Total Expenditures** | $25,400.00 | $27,016.00 | $28,738.00 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$74,130.00** | **$114,706.50** | **$124,927.48** |