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**EXECUTIVE SUMMARY**

[Gorman Residential Decorators] is a startup painting and decorating company based in [Montgomery], [Alabama]. The company provides full residential painting and decorating services at inexpensive prices. The company takes full advantage of the internet in promoting its services. With the continuously growing market, the company expects an increase in the number of customers monthly in the coming years.

**COMPANY OVERVIEW**

**Mission Statement:** [Gorman Residential Decorators] provides professional quality painting and decorating services to its target customers.

**Philosophy:** [Gorman Residential Decorators] delivers its services focusing on the values of excellence, reliability, and honesty.

**Vision:** [Gorman Residential Decorators] envisions itself as the first choice of residences in Montgomery, Alabama for painting and decorating services.

**Outlook:** The painting and decorating industry steadily grows following the boom in the housing market. In [Montgomery], [Alabama], about [60%] of the residential establishments require regular painting maintenance. The company foresees sufficient monthly customers as these residences will prefer not to do the paint job on their own.

**Type of Industry:** Painting and Decorating Industry

**Business Structure:** Sole Proprietorship

**Ownership:** Sole Proprietorship, [Frank Gorman]

**Start-Up Summary**: [Gorman Residential Decorators] has a total start-up cost of [185K USD]. The sole proprietor will provide the funds to pay for initial operating expenses such as rent, insurance, payroll, legal fees, and advertising costs.

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| **Start-Up Funding** |
| Start-Up Expenses | $98,300 |
| Start-Up Assets | $86,700 |
| **Total Funding Required** | **$185,000** |
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| Assets |  |
| Non-Cash Assets from Start-Up | $54,700 |
| Cash Requirements from Start-up | $8,500 |
| Additional Cash Raised | $22,000 |
| Cash Balance on Starting Date | $1,500 |
| **Total Assets** | **$86,700** |
|  |
| Capital |  |
| Planned Investment |  |
| Owners | $185,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$185,000** |
| Loss at Start-Up (Start-Up Expenses) | -$98,300 |
| **Total Capital** | **$86,700** |
| Liabilities | $0 |
| **Total Capital and Liabilities** | **$86,700** |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses |  |
| Rent - 6 Months | $10,800 |
| Advertising | $2,000 |
| Legal Fees | $3,000 |
| Staff Training | $5,000 |
| Insurance | $2,500 |
| Other | $75,000 |
| **Total Start-Up Expenses** | **$98,300** |
|  |
| Start-Up Assets |  |
| Cash Required | $10,000 |
| Start-Up Inventory | $20,000 |
| Other Current Assets | $22,000 |
| Long-Term Assets | $34,700 |
| **Total Assets** | **$86,700** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$185,000** |

**Management Team:**

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| --- | --- | --- |
| **Management Team** | **Role/Function** | **Skills** |
| Frank Gorman | General Manager | Leadership, Communication, Decision-Making, Delegation, Time Management |
| Lori Higgins | Marketing Manager | Planning and Organization, Attention to Detail, Market Awareness |

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

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| **Short-Term Goals** | **Milestones** |
| Recruit qualified residential painters and decorators  | Hired a total of 8 painters and decorators on November 28, 2018 |
| Acquire the necessary permits and licenses to operate | Submitted the required documents to receive the license to provide painting and decorating services  |
| **Long-Term Goals** | **Milestones** |
| Gain a client base in popular neighborhoods in Montgomery, Alabama  | Chosen an office near large neighborhoods in Montgomery, Alabama |
| Secure a solid online market presence | Hired a website developer to create the company’s website |

**PRODUCTS AND SERVICES**

**Product/Service Description:** [Gorman Residential Decorators] provides full residential painting and decorating services to small and medium houses at affordable rates. The company offers a quote to the client after a survey of the residence location.

**Value Proposition:** [Gorman Residential Decorators] uses only premium quality paints when rendering its painting and decorating services. In addition, the company completes the paint job with quality and in the quickest way possible.

**Pricing Strategy:** [Gorman Residential Decorators] chooses the cost-plus pricing approach when providing a quote to the client.

**EXECUTION**

**Marketing Plan:** [Gorman Residential Decorators] plans to promote its services with the full use of the internet through its website and various social media platforms.

**Market Research:** The residential painting and decorating industry has grown so much as more and more people are investing in the housing market. Most of the residences [Montgomery], [Alabama], show interest in availing painting and decorating services for their homes instead of doing them on their own.



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|  **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Gorman Residential Decorators | Offers cost-efficient and professional quality painting/decorating services | Has a weak market presence  | Developers are looking for low-cost yet quality painters/decorators making it advantageous for the company | Impending increase in the price of paint threatens the cost-efficiency of the company’s services |
| Alabama Painting Contractors | Uses advanced technology when rendering its painting anddecoratingservices | Has poor customer service  | Consumers tend to rely on companies having reliable technology maintaining the demand for such painting services | Consumer behavior depends on the quality of service they can get |
| Monte Residential Painters | Recognized as one of the top provider of painting anddecorating services | Has limited service offerings | Steady increase in the demand for painting/decorating services  | Governmental laws that restrict the companies to offer certain painting/decorating services |

**Marketing Strategy:** [Gorman Residential Decorators] will utilize the internet to advertise its painting and decorating services. The company will equip its website with rich content and will use social media to promote its services.

The following activities have been started by the marketing manager to accomplish the marketing strategies.

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| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Website Creation | Develop a website with rich content | ASAP | The informative and user-friendly website of the company is available by January 2019. |
| Social Media | Post articles, videos, and images highlighting the company’s services and every post must have a link that goes straight to the company website. | January 10, 2019 | The company’s posts receive 1,000 likes from social media users.  |

**Organizational Structure:**

Frank Gorman, the owner of Gorman Residential Decorators, will personally oversee the business’ daily operations. All the employees of the company will directly report to the owner. The owner will solve any conflict or problem at work.

**OPERATIONAL PLAN**

**Location and Facilities**

[Gorman Residential Decorators] will operate in a 1,600 square foot leased space located at [44 Market Plaza Downtown Montgomery], [Montgomery], [Alabama] 36104, USA. The company will use this space as an office where all planning and organization with clients take place. The office will have an open-space layout for easy communication among employees.

**Tools and Equipment Checklist**

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| --- | --- |
| **Software** | **Quantity** |
| Inventory Management System | 1 |
| Customer Database System | 1 |
| **Hardware** | **Quantity** |
| Computers | 5 |
| Printers | 2 |

**IT Infrastructure**

The following table reflects the IT infrastructure of Gorman Residential Decorators.

|  |  |  |
| --- | --- | --- |
| **Infrastructure** | **Existing (Y/N)** | **Description** |
| Social Media | N | The company has no social media accounts yet. |
| Website | N | The company does not own a website yet.  |
| Latency Proof | Y | The company does not suffer delays in network connections. |
| Zero Downtime | Y | The company does not experience any downtime.  |

**FINANCIAL PLAN**

**Assumptions**

[Gorman Residential Decorators] referred to market trends as basis for its financial assumptions during the creation of projected financial statements. These assumptions are as follows:

* The company projects a [35%] increase in its sales in the next three years.
* The prevailing market interest is [4.5%]. The tax rate on compensation is [10%].
* The company expects a [5%] increase in the cost of paint, utilities, and maintenance by the end of the year.

**Monthly Expense**

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**Monthly Revenue**

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**Business Financing**

The sole proprietor generated the fund to initially operate Gorman Residential Decorators through a short-term business loan payable within [2 years]. The interest imposed on the business loan follows the prevailing market interest rate.

**Statements**

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| **Profit and Loss Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Sales | $255,000.00 | $344,250.00 | $464,737.50 |
| Direct Cost of Sale | $102,000.00 | $137,700.00 | $185,895.00 |
| Other Cost of Sale | $2,500.00 | $2,625.00 | $2,756.25 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $150,500.00 | $203,925.00 | $276,086.25 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $104,500.00 | $140,325.00 | $188,651.25 |
| **Gross Margin % (Gross Profit/Sales)** | **40.98%** | **40.76%** | **40.59%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $21,600.00 | $21,600.00 | $21,600.00 |
| Insurance | $10,000.00 | $10,000.00 | $10,000.00 |
| Utilities | $5,000.00 | $5,100.00 | $5,202.00 |
| Salary (Including Tax) | $50,000.00 | $50,000.00 | $50,000.00 |
| Maintenance & Supplies | $5,000.00 | $5,125.00 | $5,253.13 |
| **Total Operating Expenses** | **$91,600.00** | **$91,825.00** | **$92,055.13** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $58,900.00 | $112,100.00 | $184,031.13 |
| Depreciation | $850.00 | $850.00 | $850.00 |
| Interest Expense | $8,325.00 | $8,325.00 | $8,325.00 |
| Taxes Paid | $5,000.00 | $5,000.00 | $5,000.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **-$425.00** | **$35,175.00** | **$83,271.13** |

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| **Balance Sheet Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Cash | $18,400.00 | $60,400.00 | $147,566.13 |
| Accounts Receivable | $30,000.00 | $40,500.00 | $54,675.00 |
| Inventory | $50,000.00 | $52,500.00 | $55,125.00 |
| Other Current Assets | $35,000.00 | $42,000.00 | $42,000.00 |
| **Total Current Assets** | **$133,400.00** | **$195,400.00** | **$299,366.13** |
|  |  |  |  |
| Long-Term Assets | $65,000.00 | $65,000.00 | $65,000.00 |
| Accumulated Depreciation | $850.00 | $1,700.00 | $2,550.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $64,150.00 | $63,300.00 | $62,450.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$197,550.00** | **$258,700.00** | **$361,816.13** |
|  |  |  |  |
| Accounts Payable | $70,000.00 | $65,000.00 | $60,000.00 |
| Notes Payable | $22,000.00 | $25,300.00 | $29,095.00 |
| Other | $6,000.00 | $6,000.00 | $6,000.00 |
| **Total Liabilities** | **$98,000.00** | **$96,300.00** | **$95,095.00** |
|  |  |  |  |
| Paid-in Capital | $100,000.00 | $100,000.00 | $100,000.00 |
| Retained Earnings | -$425.00 | $34,750.00 | $118,021.13 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$99,550.00** | **$162,400.00** | **$266,721.13** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **98.44%** | **59.30%** | **35.65%** |

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| **Cash Flow Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Operating Cash Beginning | $10,000.00 | $18,400.00 | $60,400.00 |
|  |  |  |  |
| **Sources of Cash** | $6,500.00 | $8,125.00 | $10,156.25 |
| Receivables | $30,000.00 | $40,500.00 | $54,675.00 |
| Sales | $60,000.00 | $81,000.00 | $109,350.00 |
| Others | $3,500.00 | $4,200.00 | $5,040.00 |
| **Total Cash** | $110,000.00 | $152,225.00 | $239,621.25 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $21,600.00 | $21,600.00 | $21,600.00 |
| Insurance | $10,000.00 | $10,000.00 | $10,000.00 |
| Utilities | $5,000.00 | $5,100.00 | $5,202.00 |
| Salary (Including Tax) | $50,000.00 | $50,000.00 | $50,000.00 |
| Maintenance & Supplies | $5,000.00 | $5,125.00 | $5,253.13 |
| **Total Expenditures** | $91,600.00 | $91,825.00 | $92,055.13 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$18,400.00** | **$60,400.00** | **$147,566.13** |