

<<Your Name>> Car Wash

Business Plan

<<Your Name>> Car Wash Business Plan and Request for Financing

Table of Contents

EXECUTIVE SUMMARY	74
MARKET OPPORTUNITY	74
UNIQUE COMPETITIVE ADVANTAGE	74
CUSTOMER ANALYSIS	74
COMPETITION ANALYSIS.....	74
MARKETING PLAN	74
FINANCIAL PLAN.....	74
MANAGEMENT TEAM	74
SECTION 1 – COMPANY AND MARKET ANALYSIS	75
COMPANY PROFILE	75
RELEVANT MARKET SIZE.....	75
LOCATION IN THE MARKET.....	75
TRENDS	75
DATA SOURCES	75
<input type="checkbox"/> 2005 International Carwash Association Study of Consumer Car Washing Attitudes and Habits	75
<input type="checkbox"/> Demographic Information from a realtor or a service like Claritas®	75
<input type="checkbox"/> Subject Matter Expertise from a local, seasoned distributor	75
SECTION 2 – CUSTOMER ANALYSIS	75
CUSTOMER DEMOGRAPHICS	76
SECTION 3 – COMPETITIVE ANALYSIS	76
BARRIERS TO ENTRY	77
MAJOR COMPETITOR RESPONSE	77
SUMMARY	77
SECTION 4 – MARKETING PLAN.....	78
PRODUCTS AND SERVICES.....	78
PROMOTIONAL BUDGET	78
PRICING	78
ADVERTISING & PROMOTION.....	78
PLACE.....	78
BUSINESS CHALLENGES.....	79
SECTION 5 – MANAGEMENT TEAM.....	79
OWNERS AND OFFICERS	79
PROFESSIONAL AND ADVISORY SUPPORT	79
SECTION 6 – OPERATIONS PLAN.....	79
LOCATION AND FACILITIES	79
BUSINESS HOURS	81
LEGAL ENVIRONMENT	81
KEY OPERATIONAL PROCESSES.....	81
PERSONNEL	81
PRODUCTION METHOD.....	81
QUALITY CONTROL.....	81
CUSTOMER SERVICE POLICIES.....	82
INVENTORY CONTROL.....	82

MAINTENANCE.....	82
A/R AND A/P	82
SECTION 7 – FINANCIAL PLAN	83
FUNDING SOURCES AND USES.....	83
2 YEAR P&L PROJECTION.....	83
12 MONTH CASH FLOW PROJECTION.....	83
PERSONAL FINANCIAL STATEMENT.....	83

Executive Summary

The executive summary succinctly states your reason for writing the business plan. It tells the reader what you want and why. Ask for the loan and define how you will repay your loan, and over what term. The questions that pertain to your situation should be addressed here clearly and succinctly. Write this section last. We suggest you make it two pages or less. Include everything that you would cover in a five-minute interview.

Explain the fundamentals of the proposed business using the following sections:

Market Opportunity

Unique Competitive Advantage

Customer Analysis

Competition Analysis

Marketing Plan

Financial Plan

Management

Market Opportunity

Summarize your opportunity. This information will be contained in section 4, Marketing Plan.

Unique Competitive Advantage

Summarize your unique competitive advantage. This information will be contained in section 4, Marketing Plan. From things as simple as you have a better, more convenient location to something like we are the "first to market" with ...

Customer Analysis

This section summarizes the customers that you will be targeting. Demographic information and the International Carwash Association Study of Car Wash Consumer Habits are your best source for data. Local focus group work can be used as well, both informal and formal.

Competition Analysis

Summary of section 3 which comprehensively outlines all of the competition within a three-mile trade area.

Marketing Plan

This section summarizes the marketing plan, section 4, from the perspective of offering, price, promotion and place.

Financial Plan

State clearly how much money you want, precisely how you are going to use it, and how it will make your business more profitable, thereby ensuring repayment.

Complete financial plan details are located in section 7.

Management Team

Summarize the players on your management team and the key players on your supplier team. Include professional services personnel or companies as well. Section 5, Management Team will have complete details and bios..

Section 1 – Company and Market Analysis

Company Profile

What business will you be in? What will you do? Include a mission statement (30 words or less) followed by:

- Company goals and objectives: Goals are destinations — where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal may be to have a healthy, successful company that is a leader in customer service and has a loyal customer following. Objectives may include annual sales targets and specific measures of customer satisfaction.
- Business philosophy: What is important to you in business?
- To whom will you market your products? (State it briefly here — you will do a more thorough explanation in the *Marketing Plan* section).
- Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them?
- Describe your most important company strengths and core competencies. What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?
- Legal form of ownership: Identify whether you are a sole proprietor, involved in a partnership, corporation, or limited liability corporation (LLC)? Why have you selected this form? You can locate entity descriptions, advantages and disadvantages from many sources including online government and private sites.

Relevant Market Size

Sharp analysts want to understand the relevant market size of your trade area, not the market size of car washing in your state or country. Use this section to identify this market.

Location in the Market

Describe your location and what is happening around you with regard to business synergy, growth trends, traffic patterns, planned future land use, etc.

Trends

Identify industry trends that will have the greatest impact on your business. Examples include water and sewer costs, power costs, competitor growth plans, legislation (such as bans on driveway washing), attitude trends (such as increasing use of automatic car washes), and pricing trends.

Make sure you not only identify positive and negative trends that may affect your business, but also what your plan will be to take advantage of the trends or protect your business from them. For example, investing in soft starters for your high horse power motors to reduce peak demand and control electrical costs as much as possible will help to limit rising utility costs.

Data Sources

List the sources of your data with modifying information. Some potential places to gather data are the following:

- 2005 International Carwash Association Study of Consumer Car Washing Attitudes and Habits
- Demographic Information from a realtor or service such as Claritas®
- Subject matter expertise from a local, seasoned distributor
- Public library
- Car Care World Expo educational seminars

Section 2 – Customer Analysis

Include opening remarks over viewing your customer analysis.

Customer Demographics

Identify your demographic profile which should include your target customers, their characteristics, and their geographic locations. You may have more than one customer group. Identify those groups that are most important to your business. Then, for each customer group, construct demographic profile inputs such as:

- Age
- Gender
- Location
- Income level
- Family household, single household

For business customers, the demographic factors might be:

- Industry
- Location
- Size of workforce
- Number of fleet vehicles
- Cross merchandising possibilities

Other demographic factors should be added according to your target customers.

Section 3 – Competitive Analysis

What services and other car washes will compete with you?

List your major competitors:
(Names and addresses)

Will they compete with you in all offerings, or just for certain services, certain customers, or in certain locations?

Will you have important indirect competitors (i.e. detail shops, charity car washes, mobile washing)?

How will your services compare with the competition?

Use the competitive analysis table to compare your company with your two most important competitors. The first column lists key competitive factors. Since these vary from one industry to another, you may want to customize this list of factors.

In the column labeled **me**, state how you honestly think you will perform in customers' minds. Then check whether you think this factor will be a strength or weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. Remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want to provide an honest assessment of your firm's strong and weak points. Now analyze each major competitor. In a few words, state how you think they compare to your business. In the final column, estimate the importance of each competitive factor to the customer. 1 = critical; 5 = not very important.

Table 1: Competitive Analysis

FACTOR	Me	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Services Offered						
Wash Method						
Price						
Quality						
Selection						
Reliability						
Professional Image						
Convenience						
Location						
Payment Options						
Payment Methods						
Customer Service						

Barriers to Entry

Discuss barriers to entry for future competitors into your trade area. Consider such barriers as available sites properly zoned or in alignment with future land use plans in the city or township, sewer tap fee costs, land costs, or conversion potential of another building into a car wash.

Major Competitor Response

Complete this statement. The major competitors' most likely response to my entrance into the trade area will be Include your plan to handle their response.

Summary

Finish by including a short paragraph stating your competitive advantages and disadvantages.

Section 4 – Marketing Plan

Now that you have systematically analyzed your industry, your services, your customers, and the competition, you should have a clear picture of where your company fits into the world.

In one short paragraph, define your niche or unique corner of the market.

Products and Services

Explain your products and services and how you deliver them.

Promotional Budget

How much will you spend promoting the items listed above?

- Before startup (these numbers will appear in your startup budget)?
- Ongoing (these numbers will appear in your operating plan budget)?

Pricing

Explain your method or methods of setting prices. Will you drive volume with price or margin with customer service and quality? Can you do both? Are you focused on the customer experience? Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, or the same? Why?

How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price or a combination of other factors? What will be your customer service and credit policies?

- Individual Customer Pricing - Providing individual services requires the same time and energy investments as corporate services. Consider an incentive to reward frequency of use of your car wash or encourage pre-paid packages so that your car wash captures the revenue up front from pre-paid debit cards.
- Account Pricing – Account pricing usually entails a guaranteed number of washes per month in exchange for a discounted price. Example account customers are car dealers, police department and local sales fleets.

Advertising & Promotion

- How will you spread the word to customers?
- Regarding advertising, what media will you use, why, and how often? Why this mix and not another?
- Have you identified low-cost methods to maximize your promotional budget?
- Will you use methods other than paid advertising, such as word of mouth (how will you stimulate it?), and networks of friends or professionals?
- What image of your wash do you want to project? How do you want customers to see you?
- In addition to advertising, what plans do you have for graphic image support? This includes things such as logo design, cards and letterhead, brochures, signage, and interior design (if customers come in to your place of business).
- Should you have a system to identify repeat customers and maintain consistent contact with them?

Place

- When customers come to your place of business, is it convenient?
- Does your site provide easy in and out access?
- Do you have additional parking?
- Do you have interior spaces?
- Is your site consistent with your image? Is your site what customers want and expect?

- Where is the competition located?
- Are you in your customers' traffic pattern?
- Are you on the "going home" side of the road?
- Are you in an area to benefit from surrounding business draw?

Business Challenges

What are your business challenges? Outline items such as work force availability and work force management, too little traffic or too much, management training, service delivery and consistency, cash control, etc. Provide your solutions to each challenge.

Section 5 – Management Team

- Who will manage the business on a day-to-day basis?
- What experience does that person bring to the business?
- What special or distinctive competencies does your management team exhibit?
- Is there a succession plan in place if key personnel are lost or incapacitated?
- Include position descriptions for key employees.

If you will have more than 10 employees, create an organizational chart showing the management hierarchy and responsibility assignments for key functions.

Owners and Officers

If you are seeking loans or investors, include resumes of owners and key employees. Identify whether or not the owners or investors will have an active role in the business.

Professional and Advisory Support

List key information for the following members of your support team:

- Board of directors
- Management advisory board
- Attorney
- Accountant
- Insurance agent
- Consultant or consultants
- Mentors and key advisors

Section 6 – Operations Plan

Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

Location and Facilities

What qualities do you need in a location? Describe the type of location you will have per the following considerations:

Physical requirements:

- Amount of space: Most car wash types will require 1-2 acres. Smaller footprints can sometimes squeeze onto 2/3 acre lots. Multi-profit center concepts can sometimes require up to 4 acres.

- Size considerations.
 - Ensure that you understand the setback requirements which can consume significant amounts of space. Also verify the location of easements which can sometimes encumber full use of the site.
 - Some municipalities have queuing formulas that dictate stacking space requirements.
 - Almost all new builds or major renovations will require detention areas for storm water. Detention requirements can consume up to 1/3 of your site and sometimes pre-detention can be extremely expensive. Detention can be buried, but can increase site development by hundreds of thousands of dollars.
 - Layout requirements dictate which direction the exit can point, which direction bay doors can point, or where vacuuming can be performed. These requirements can sometimes make a prospective location unusable for your intended purpose.
- Type of building: Most municipalities have architectural guidelines that you must follow in order to permit your building design. Ask the municipality if they can recommend an architect who is familiar with their requirements. Even if another architect is handling your project, consider hiring the recommended architect to consult with your firm in order to best comply with local guidelines. In the long run, you will save money and time.
- Zoning and special use considerations: Getting entitled (permitted) can be a frustrating process. Even if a car wash is permitted use according to the zoning ordinance, frequently, car washes require special use or conditional use permits which can cause you to be denied permits for a car wash. You can also be rejected due to other permit demands that make your building not financially viable. Inquire with the planning department to understand the ordinances in your local area. Also, many municipalities will offer a meeting, usually for a couple of hundred dollars, with the head of the planning department to discuss the viability of permitting a car wash in their city or town. This can save you time and money. More often than not, there is a lead realtor in a section of a city or town that can save you tremendous time locating perspective parcels. They often have the right connections in the planning department to get unofficial answers as to whether or not a car wash will be permitted.
- Power and other utilities: Ideally, you would like 460VAC three phase available to you because it is more efficient than 208VAC three phase. You will prefer city water and sewers to well water and a leech field. If you do not have city water and a sewer, at a minimum ensure that you alert your supplier to the unavailability of these services. Better yet, find a site that has city services. Ensure that local ordinances will allow car wash effluent to be sent to a leech field if that is your only option. Natural gas is preferable to heat water and the building, and high speed internet access to clear credit cards is necessary. Location of these utilities is very important. The closer they are to the site the less expensive the site development will be. You will pay more for a site with utilities on site. This premium needs to be gauged against the additional cost of bringing them to a less expensive parcel. Bringing utilities in is often very expensive, especially if you have to cross a road.
- Access is important. The more convenient your location is to other routine stops in your trade area the better.
- Include a drawing or layout of your proposed facility so the banker and suppliers can visualize your concept.
- If you are planning to build, costs and specifications will be a big part of your plan. Cost estimation should be based on a full take-off from a General Contractor. These numbers will become part of your financial plan. Qualified distributors with development construction can save you thousands of dollars by value engineering your building with the architect.

Business Hours

Inform the reader of your proposed business hours and provide your reasoning. Relate this decision back to your target customers and ensure that your staffing plan matches it.

Legal Environment

Describe the following:

- Licensing and bonding requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations covering your industry or profession
- Zoning or building code requirements
- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing, or purchased)

Key Operational Processes

On a daily basis, your car wash must deliver convenience, consistent quality, and damage free cleaning in a safe environment. To make this happen, the following key operational processes must be executed:

- Opening procedures
- Shift change report
- Quality audit procedure
- Closing procedures
- Maintenance procedures
- Personnel

Ensure you consider and communicate the following:

- Key hires
- Number of employees
- Type of labor (skilled, unskilled, and professional)
- Where and how will you find the right employees?
- Pay structure
- Training methods and requirements
- Who performs which tasks?
- Do you have schedules and written procedures prepared?
- Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.
- For certain functions, will you use contract workers in addition to employees?

Production Method

Create a short narrative on the service delivery sequence from the perspective of the customer and how they will interface with your site and employees. This will not only provide the reader with insight as to how you will deliver the service, but will also serve as a check for you to ensure you have not omitted a critical part of the sequence.

Quality Control

Quality control will be accomplished and will be improved using a continuous improvement process. Detail your quality assurance procedures.

Customer Service Policies

Define your policy regarding customer complaints. For example, will you provide a no questions asked re-wash when someone complains about quality? Will you refund their money?

Inventory control

The car wash portion of a car wash business, (not considering quick lube, gasoline, C-stores), has very little inventory. However, depending on what other businesses that you combine with the car wash, you may have vast and complex inventory considerations. What are your inventory issues?

- Average value in stock (i.e., what is your inventory investment)?
- Seasonal buildups: You may decide to build up an extra inventory going into wash season to ensure you have enough products during busy days or longer lead times. Usually this is not necessary.
- Lead-time for ordering: Check with your suppliers for parts, wash media and chemicals.

Maintenance

Discuss your maintenance plan in this section. Maintaining your car wash is critical; not just the equipment function and adjustment but also the facility. This will be a critical part of your success. A qualified local distributor should be able to provide you with daily, weekly, monthly, semi-annual and annual preventative maintenance checklists. Moreover, a good local distributor should be able to offer various service options they will perform for any maintenance that you do not want to tackle. The offerings are often “bid to you” time and material, recurring scheduled maintenance or on a per car basis. Good distributors show up with parts in their vehicles ready to diagnose and repair.

A/R and A/P

It is typical in the car wash industry for purchases to be made on the spot in cash, credit card or pre-paid card. It is also typical to pay suppliers for parts, chemicals and supplies with credit cards. Some suppliers will still allow open accounts on 15-30 day terms. These terms, actually can cost the operator more money than credit card terms as a method of payment because the cost of the part or service needs to be increased in order to carry the operator. It is not uncommon to have discounts associated with credit card payment terms. As you set up your A/R and A/P policies, consider first if it is to your advantage to do something different.

- Do you plan to sell on credit? Do you really need to sell on credit? It is not customary in the car wash industry to sell on credit unless it is an account like the local hospital security fleet. Even so, in today's business environment you can likely set up most accounts through credit card billing.
- If yes, what policies are in place regarding who receives credit and how much?
- How will you check the credit “worthiness” of new applicants?

If you do extend credit, you should review it on a monthly basis. This will help you identify and track how much of your money is tied up in credit given to customers, and will alert you to slow payment problems. You will need a policy for dealing with slow-paying customers. This policy should include:

- When do you make a phone call?
- When do you send a letter?
- When do you involve your attorney?

You should also age your accounts payable or what you owe to your suppliers. This will help you plan your cash flow. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. Many car wash owners have opted or been asked to pay by credit card to allow terms, without depleting the cash of the buyer or seller. This eliminates the necessity to track payments and usually allows the operator to buy at the lowest discounts.

Section 7 – Financial Plan

Funding Sources and Uses

This section provides a clear cut picture of the source of funds for the project and the use of those funds. This section is usually accomplished best by using spreadsheets.

2 Year P&L Projection

Provide at least a one year P&L projection. We recommend that you provide at least a two year look.

12 Month Cash Flow Projection

Provide a 12 month cash flow projection.

Personal Financial Statement

Include personal financial statements for each owner and major stockholder, showing assets and liabilities held outside of the business and personal net worth. Owners will often have to draw on personal assets to finance the business, and these statements will show what is available. Bankers and investors usually want this information as well. You should plan on signing a personal guarantee of repayment with the bank or other lender.