



Sample Business Plan



Tradesmen

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Strategies & Solutions for Business

Business Plans for Trades People

As the title implies, a business plan is a road map for the future of a business. It is designed to help you plan for the future, allocate resources and identify finance requirements, likely problems and opportunities.

Many people identify business plans with business start ups and loan applications, however, they are important for the ongoing management of the business and let you set goals and targets that you can measure and monitor.

What is a Business Start-Up Plan?

A simple startup plan includes sections including a:

- Summary
- Mission Statement
- Market Analysis
- Break-Even Analysis
- Cash Flow Budget



This kind of plan is ideal to assess the viability of a business venture but is insufficient to use when running the business.

General Business Plans

A general business plan includes a common set of elements (see below) and while the format can certainly vary, the plan will include components such as descriptions of the business, product or service, market, forecasts, management team and financial analysis.

Your plan will depend on your specific situation. For example, description of the management team is very important for investors while financial history is mandatory for the banks and financiers. However, if you're developing a plan for internal use, you may not need to include all the background details of the management team. Your plan should match its purpose.

The Most Important Components

It obviously depends on each case, but fundamentally it is the cash flows and specific implementation details.

- Cash flow is the life blood of a business and also the most unpredictable, particularly for start ups. Cash is often misunderstood as profit but profits don't guarantee cash in the bank. Lots of profitable businesses fail because of poor cash flow.
- Your strategies and plans are just theory unless you assign responsibilities, with dates and budgets, follow up with those responsible and track results. Ideas without action amounts to nothing.

Standard Content

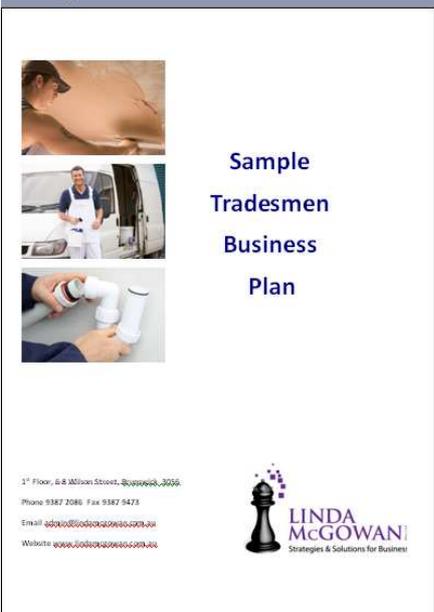
If you have the main ingredients, the order isn't that important but here's a guide :

1. **Executive Summary** - Write this last and it's really just a page or two of highlights.
2. **Company Description** - Legal structure, history, start-up plans, etc.
3. **Product or Service** - Describe them and focus on customer benefits.
4. **Market Analysis** - You need to know your market, demographics, customer needs, location and how to reach them.
5. **Marketing Plan**- Be specific and include management responsibilities with dates and budget.
6. **Management Team** - Include the background of key team members.
7. **Financial Plan**- Includes cash flow projections, profit and loss forecasts, balance sheet, break-even analysis, assumptions, key business ratios, etc.

Don't develop the plan in the same order you present it as a finished document. For example, although the Executive Summary comes as the first section of a business plan, we recommend writing it after everything else is done.

Business Plan Outline

- [1.0 Marketing Vision](#)
- [2.0 Ideal Customer](#)
- [3.0 Point of Difference](#)
- [4.0 Product/Service Innovation](#)
- [5.0 Lead Generation Plan](#)
- [6.0 Lead Conversion Plan](#)
- [7.0 Service Experience](#)
- [8.0 Critical Numbers](#)
- [Appendix](#)



The image shows a sample cover page for a 'Sample Tradesmen Business Plan'. On the left side, there are three small photographs: the top one shows a person's bare back, the middle one shows a man in a white uniform standing next to a white van, and the bottom one shows hands holding a white pipe. To the right of these photos, the text 'Sample Tradesmen Business Plan' is written in a blue, sans-serif font. At the bottom left, there is contact information: '17 Floor, 68 Wilson Street, Singapore, 30056', 'Phone 9387 2080 Fax 9387 9473', 'Email info@lindamcgowan.com', and 'Website www.lindamcgowan.com'. At the bottom right, there is a logo for 'LINDA MCGOWAN' featuring a black chess knight piece and the text 'LINDA MCGOWAN Strategies & Solutions for Business'.

1.0 Marketing Vision

We want to be seen by our customers as plumbing experts who can help them achieve a higher level of energy savings. A win for the client, our business and the planet.

1.1 Gap Dashboard

We have made some optimistic forecasts in the following 'Gap Dashboard' table. As the year progresses we can compare actual performance against the projections.

Gap Dashboard

	Year 1	Year 2	Year 3
Business Goals			
New Diamond Customers	154	160	170
New Construction Installations	51	60	75
Tactical Goals			
Update Website	1	1	1
Actively Solicit Testimonials	50	50	50
Strategic Goals			
Develop long-term relationship with local real estate developers	3	2	2

Ideal Customer

We are looking for clients who want a long-term relationship with a plumbing contractor they can trust.

We know we have an ideal client when they join our Diamond Club which is an annual service agreement that gives them discounts on service, priority scheduling and an annual plumbing inspection. When they sign up for the Diamond Club they are 'partnering' with us, trust us and value quality service.



They desire peace of mind and a company that guarantees satisfaction in the work performed.

Point Of Difference

Our plumbers are courteous and customer focussed. Their skills are outstanding and they receive ongoing training to improve their workmanship. When we hire, we look for personable people. We spend nearly as much time training our team in customer service as we do in training them on improving their technical skills.

Product/Service Innovation

- **Prospects:** Free Report and Tips. Visit our showroom to ask questions or come to our "Client Appreciation/Open House Night"
- **Clients:** \$200-500 Plumbing Repair. \$300 Showroom Fixture Purchase (they install themselves).
- **Premium Clients:** \$1,000s in revenue from these clients. They belong to our Diamond Club and refer their friends and family to us.
- **Champions:** Real Estate Agents who refer their office, other agents and clients to our business.

Lead Generation Plan

Direct Mail cards that offer a free report and discount are sent to local homeowners who have never used our service. We have a small 'branding' weekly ad in the local newspaper that keeps our name in front of prospects and clients.

We also have a small Yellow Page print campaign.

We send out a printed client Newsletter twice a year and have several ways people can find us online and we track these results closely. We cross-promote our services and send out personal notes, e-mails and cards to clients who have used us for service X but have never used us for service Y. These clients already know, like and trust us which makes it easier to sell them additional services.

Lead Conversion Plan

We have a post service system that requires each technician to complete a marketing sheet that includes:

- Did you sell a Diamond Club membership? If not, why not.
- Did you tell the customer about the other services we offer?
- Did you offer to talk to the customer about any add-on sales or leave any product literature? What was their response? What was their interest level?
- Anything else we should record about this customer? (i.e. What type of home is it? Need a new system? Do they have a CO2 detector? Old water heater or laundry hoses?)

Depending on the data recorded on the sheet, the customer receives a follow-up e-mail on a specific product/service, gets put on a long-term 'stay-in-touch' program or a variety of other options. For example, if a customer has an older water heater but was not interested in changing it now, we send them a letter that says:

"When our technician was out last month, he noted you had a water heater that was over 10 years old. Did you know that newer models can save up to 40% on energy costs?" Three months later they receive information on the water heater line we carry. Four months later they receive an e-mail with information on water heater safety. The process is virtually automated.

Service Experience

7.1 Loyalty Product/Service Offerings

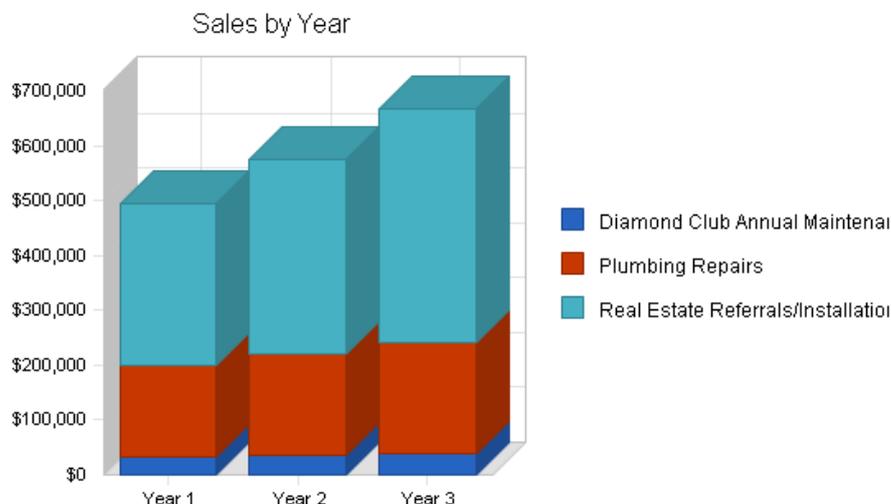
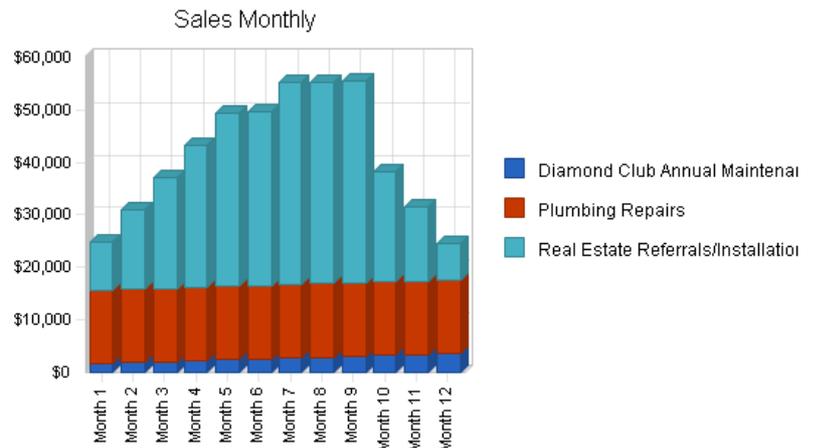
Diamond Club Members receive discounts, specials and member-only offers.

Critical Numbers

We will track our financials and the results of our marketing efforts. The sales forecast and marketing expense budget tables also allow us to enter our actual revenue and expenditures after each month closes. The variance between these two will show us where we are succeeding and where we are falling short. From this information we will determine if and how we will adjust our marketing efforts for the remainder of the year.

8.1 Sales Forecast

Our Sales Forecast focuses on three main categories. The Diamond Club annual maintenance program will bring in the least revenue, but will grow at a steady rate. Plumbing repairs provide a stable monthly revenue while Real Estate Referrals and new Installations account for the largest portion of revenue, but they are cyclical.



Sales Forecast

	Year 1	Year 2	Year 3
Unit Sales			
Diamond Club Annual Maintenance	372	409	450
Plumbing Repairs	480	528	581
Real Estate Referrals/Installations	<u>91</u>	<u>109</u>	<u>131</u>
Total Unit Sales	943	1,046	1,162

	Year 1	Year 2	Year 3
Unit Prices			
Diamond Club Annual Maintenance	\$85.00	\$85.00	\$85.00
Plumbing Repairs	\$350.00	\$350.00	\$350.00
Real Estate Referrals/Installations	\$3,247.25	\$3,247.25	\$3,247.25

Sales

Diamond Club Annual Maintenance	\$31,620	\$34,782	\$38,260
Plumbing Repairs	\$168,000	\$184,800	\$203,280
Real Estate Referrals/Installations	\$295,500	\$354,600	\$425,520
Total Sales	\$495,120	\$574,182	\$667,060

	Year 1	Year 2	Year 3
Direct Unit Costs			
Diamond Club Annual Maintenance	\$21.37	\$21.25	\$21.25
Plumbing Repairs	\$87.50	\$87.50	\$87.50
Real Estate Referrals/Installations	\$811.81	\$811.81	\$811.81

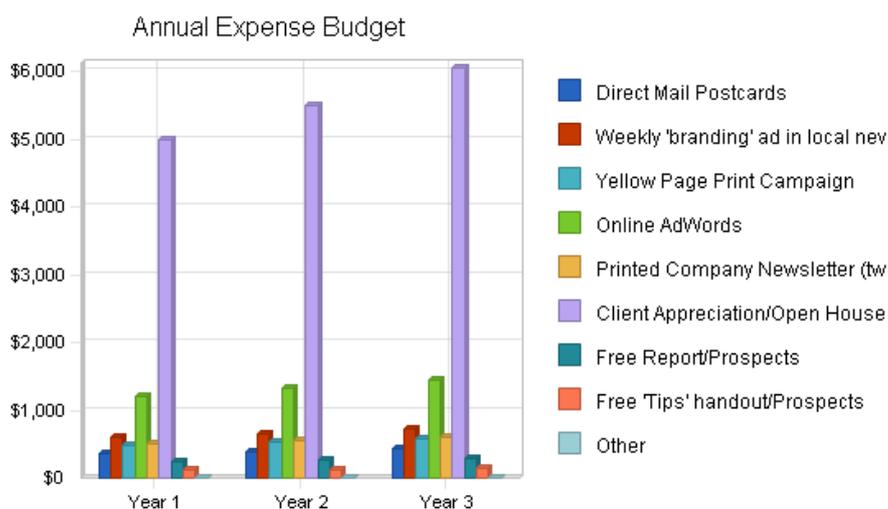
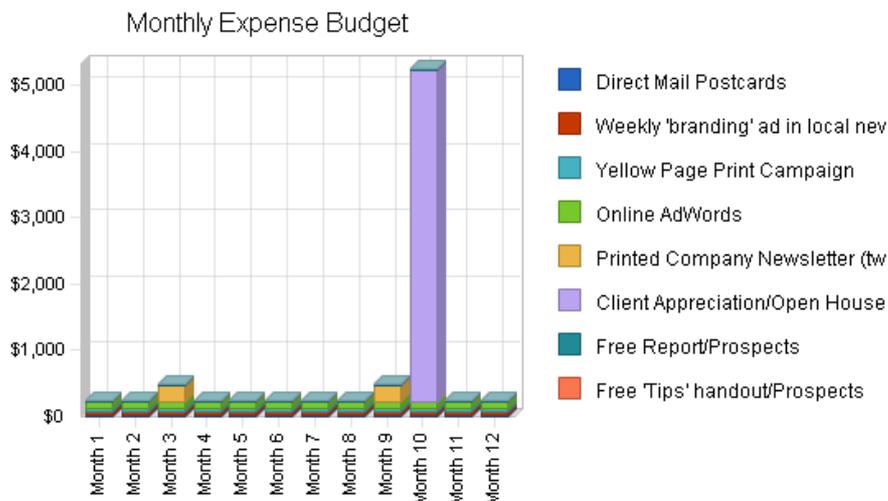
Direct Cost of Sales

Diamond Club Annual Maintenance	\$7,949	\$8,696	\$9,565
Plumbing Repairs	\$42,000	\$46,200	\$50,820
Real Estate Referrals/Installations	\$73,875	\$88,650	\$106,380
Subtotal Direct Cost of Sales	\$123,824	\$143,546	\$166,765

8.2 Marketing Expense Budget

We are budgeting \$8,500 for marketing expenses in year one, with increases of about 10% in years 2 and 3. The bulk of our expenses will be for print media marketing such as newspaper ads, yellow pages lists, brochures and direct marketing pieces. The largest recurring expense will be for Google AdWords placement and tracking.

The following table lays out the individual expenses and timeline.



Marketing Expense Budget

	Year 1	Year 2	Year 3
Direct Mail Postcards	\$360	\$396	\$436
Weekly 'branding' ad in local newspaper	\$600	\$660	\$726
Yellow Page Print Campaign	\$480	\$528	\$581
Online AdWords	\$1,200	\$1,320	\$1,452
Printed Company Newsletter (twice a year)	\$500	\$550	\$605
Client Appreciation/Open House (annual)	\$5,000	\$5,500	\$6,050
Free Report/Prospects	\$240	\$264	\$290
Free 'Tips' Handout/Prospects	\$120	\$132	\$145
Other	\$0	\$0	\$0
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Total Sales and Marketing Expenses	\$8,500	\$9,350	\$10,285
Percentage of Sales	1.72%	1.63%	1.54%

8.3 Key Marketing Metrics

We are building a larger and a returning clientele. Plumbing, by its nature is a business where neither we, nor our clients, wish to have repeat business each month. Rather, we look for our customers to return once a year for maintenance, and perhaps one other time for a remodel project or a repair or upgrade.

Key Marketing Metrics

	Year 1	Year 2	Year 3
Revenue	\$495,120	\$574,182	\$667,060
Leads	159	250	400
Leads Converted	40.00%	40.00%	40.00%
Avg. Transactions/Customer	1	1	1
Avg. \$/Customer	\$2,000	\$2,750	\$3,500
Referrals	36	3	3
Testimonials	24	2	2