

**NEZA RIDES CAR WASH**

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This plan is written as a guide for starting and managing this new business. More research should be conducted to suit your particular geography.

Any names used are imaginary and are only meant for example purposes, any infringement is unintended.

Financials represented are for example purposes and should be edited to suit your budget.

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## Table of Contents

---

1. Executive Summary .....	4
1.1. Objectives.....	4
1.2. Mission.....	5
2. Company Summary .....	5
2.1. Company Ownership .....	5
2.2. Start-up Summary .....	5
3. Services.....	7
4. Market Analysis Summary .....	8
4.1. Market Segmentation.....	8
4.2. Target Market Segment Strategy.....	9
4.3. Service Business Analysis .....	9
4.3.1. Competition and Buying Patterns .....	9
5. Strategy and Implementation Summary .....	9
5.1. Competitive Edge .....	10
5.2. Sales Strategy .....	10
5.2.1. Sales Forecast .....	10
5.3. Milestones .....	12
6. Management Summary.....	12
6.1. Personnel Plan .....	12
7. Financial Plan.....	13
7.1. Important Assumptions.....	13
7.2. Break-even Analysis .....	13
7.3. Projected Profit and Loss .....	13
7.4. Projected Cash Flow .....	14
7.5. Projected Balance Sheet.....	15
7.6. Business Ratios.....	16

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## 1. Executive Summary

Neza Rides will be a prominent hand car wash serving Kigali. Neza Rides can be run by the owner or hired manager.

### **The Business**

Neza Rides will be providing customers with three services: exterior car washing, interior cleaning, and detailing. Neza Rides will have competitors that are also trying to offer a high quality service for a reasonable rate. But most are trying to compete on price alone. Neza Rides' will have the ability to provide a high quality service, both in regards to the actual washing as well as customer service which is all based on their ability to find the best employees. Hiring the best employees is cost effective because it decreases HR costs associated with turnover and other employee costs. Hiring the best employees and making sure that they are well taken care of ensures that they in turn take care of the customers. Study after study proves that a happy employee is far more likely to provide the highest level of customer service compared to an employee who is not happy and feels that they are being taken advantage of.

### **The Customers**

Neza Rides will target three main groups of customers: individual car owner, car dealers, and local businesses. The surrounding area will have to be quite affluent, 30% of the residents should at least earn over Rwf.500,000 a month. Consequently, they have nice cars and want them to look nice. It will also be accessible to car dealers who will drive in for a thorough detail before marketing the vehicles. Lastly, there will have to be some different local businesses that have company cars and that require clean appearances.

### **Management**

The owner will handle marketing and finances, an assistant manager will manage the smooth sailing of the operations. At least four car washers and two car detailing specialists.

Neza Rides can easily position itself as the premier hand car wash serving Kigali. We have forecasted a 20% Market share. The business will generate a 95% gross margin and an 11% net margin after year one and 20.79% after year three. By year three the business will have developed a yearly net profit of Rwf.4, 800,000.

#### 1.1. Objectives

The objectives for your Car Wash and Detail Service are:

1. To be viewed as a premium car wash and detail service in Kigali.
2. Maintain a gross profit margin of over 95%.
3. Maintain a net profit margin of 10-15%.
4. Expand to two locations after third year of operation.

## 1.2. Mission

The mission of Neza Rides will be to provide top-quality washing and detail service for luxury car owners in Kigali. Neza Rides will also work to keep employees satisfied in order to maintain impeccable customer service.

## 2. Company Summary

Neza Rides intends to position itself as the premier hand car wash serving Kigali.

Neza Rides will provide customers with three services: exterior car washing, interior cleaning, and detailing.

The owner has seen a need for this business by emphasizing on a fact that many employers ignore; a happy employee is far more likely to provide the highest level of customer service compared to an employee who is not happy and feels that they are being taken advantage of.

This passion will help position Neza Rides as the premier hand car wash service.

### 2.1. Company Ownership

(The company if owned by someone who has some experience in the car industry will be an added advantage.)

### 2.2. Start-up Summary

The start-up expenses options for Neza Rides are listed below;

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# Neza Rides Car Wash

Include own figures

<b>Start-up</b>	
<b>Requirements</b>	
<b>Start-up Expenses</b>	
Legal	
Stationery etc.	
Brochures	
Consultants	
Insurance	
Rent	
Research and Development	
Expensed Equipment	
Signs	
Building Materials	
Building Labor	
<b>Total Start-up Expenses</b>	
<b>Start-up Assets</b>	
Cash Required	
Start-up Inventory	
Other Current Assets	
Long-term Assets	
<b>Total Assets</b>	
<b>Total Requirements</b>	

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<b>Start-up Funding</b>	
<b>Start-up Expenses to Fund</b>	
<b>Start-up Assets to Fund</b>	
<b>Total Funding Required</b>	
<b>Assets</b>	
<b>Non-cash Assets from Start-up</b>	
<b>Cash Requirements from Start-up</b>	
<b>Additional Cash Raised</b>	
<b>Cash Balance on Starting Date</b>	
<b>Total Assets</b>	
<b>Liabilities and Capital</b>	
<b>Liabilities</b>	
<b>Current Borrowing</b>	
<b>Long-term Liabilities</b>	
<b>Accounts Payable (Outstanding Bills)</b>	
<b>Other Current Liabilities (interest-free)</b>	
<b>Total Liabilities</b>	
<b>Capital</b>	
<b>Planned Investment</b>	
<b>Investor 1</b>	
<b>Investor 2</b>	
<b>Other</b>	
<b>Additional Investment Requirement</b>	
<b>Total Planned Investment</b>	
<b>Loss at Start-up (Start-up Expenses)</b>	
<b>Total Capital</b>	
<b>Total Capital and Liabilities</b>	
<b>Total Funding</b>	

### 3. Services

Neza Rides will provide three services to its customers:

- Car washing (exterior)
- Car cleaning (interior)
- Car detailing.

## 4. Market Analysis Summary

The car wash will preferably be in a city centre suburb. This area has a number of benefits in terms of the Market that it will provide for the business. Over 30% of households in the immediate neighborhoods earn over Rwf.500, 000 monthly. Many people in the neighborhood own fancy cars and place great value on their cars and how they look.

### 4.1. Market Segmentation

Neza Rides will segment its customers by type of car ownership. We believe that the type of car that a person owns says volumes about their driving, and, therefore their car washing and detailing requirements.

1. **New car owners:** Owners of newer cars are most likely to use a hand car washing service. These owners take great pride in their cars and will bring them often to the wash and detail service. The goal with these customers is to promote regular use of the wash and detail service. The aim is to inform these customers that Neza Rides will keep their car looking as good.
2. **Used Car Owners:** Those who have bought second-hand cars will often place high importance on keeping their cars looking good. These owners will bring their cars in for regular washes and occasional details.
3. **Busy executives:** This category may encompass the majority of our customers, many people are living in apartments and do not have helpers to assist with exterior car cleaning; they too want to have clean cars but do not have the time to do it themselves.
4. **Women owners:** Many are attached to their cars as friends and though it may be more sensible for them to purchase a new car, they will bring their car in for a wash occasionally, just when the car is dirty. They like their cars to look presentable, and want to keep it in good shape but are not tied up in the look of their car.
5. **Dealerships:** There are five new and used car dealerships within three kilometers of the proposed location of Neza Rides. These dealerships often use outside car wash services to detail their vehicles before they are put up for sale.
6. **Local businesses:** Some local businesses have fleets of cars and small vans that must be kept clean to maintain their company image. These businesses will be looking for a cost effective, efficient car washing service to perform this service, and will prefer to use a car wash service during the week rather than during weekends, like the general public.

### Research your geography

<b>Market Analysis</b>							
	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
<b>Potential Customers</b>							
<b>New Car Owners</b>	10%	7,200	7,920	8,712	9,583	10,541	10.00%
<b>Used Car Owners</b>	15%	12,500	14,375	16,531	19,011	21,863	15.00%
<b>Busy Execs</b>	15%	6,500	7,475	8,596	9,885	11,368	15.00%
<b>Women Owners</b>	10%	17,000	18,700	20,570	22,627	24,890	10.00%
<b>New and Used Car Dealerships</b>	7%	9	10	11	12	13	9.63%
<b>Total</b>	<b>12.28%</b>	<b>43,209</b>	<b>48,480</b>	<b>54,420</b>	<b>61,118</b>	<b>68,675</b>	<b>12.28%</b>



## 4.2. Target Market Segment Strategy

The strategy behind Neza Rides target segmentation will be to attract customers who will be repeat users and will frequent the business in the typically quiet times for a car wash business. For this reason, Neza Rides will target people who will tend not to be restricted to these busy times.

- Business owners & new car owners tend to be very busy people, but are often able to make their own hours; we can offer car pickups and drop-offs for this segment.
- Self employed; are not restricted by typical work schedules so will be able to frequent the car wash during the week.
- Dealerships will need cars detailed and washed regardless of the time of the day and week. This will supply a constant flow of traffic.
- Businesses will need their fleet cars washed during the week during regular business hours.

## 4.3. Service Business Analysis

The hand car washing business in Kigali consists of many small competitors. Everything from the houseboys who wash cars at their owner's homes, to the several car washing bays, are competition for Neza Rides. However, these two alternatives aim to meet the needs of the price-conscious individuals who are choosing the service simply so they do not have to clean the car themselves. Neza Rides on the other hand, targets the quality-conscious individuals who value their car enough to spend Rwf.3,000-10,000 per week to make it look good.

### 4.3.1. Competition and Buying Patterns

There is one other automatic car wash shop near the city square. It is quite new and is trying to compete with local hand car washes by offering low prices. However, it is not targeting the customers who seek quality cleaning.

The customers who Neza Rides is targeting have their cars washed based on the quality of the job. They do not mind spending a little more each week to have their car washed and waxed in order to keep the paint work in excellent shape. The businesses that Neza Rides targets will be more cost conscious, so prices will be approximately 30% less for these customers to promote volume usage.

## 5. Strategy and Implementation Summary

The key differentiator for Neza Rides Car Wash will have to be the owner and his business and personal connections within the neighborhood. For this reason, the sales and Marketing focus will be on a one-to-one basis, with the emphasis on gaining loyal and repeat customers as "friends" of the business. Neza Rides, therefore, will depend on word-of-mouth advertising for the immediate community.

### 5.1. Competitive Edge

Neza Rides' competitive edge will depend on the owner's emphasis on building the reputation of the car wash and also the nearness to the target Market.

Neza Rides will also offer Car pickups and Drop off for its busy customers.

### 5.2. Sales Strategy

Sales strategy is on a one-to-one basis. All customers will feel they are a valued friend of Neza Rides, and that all employees care about the care and upkeep of each vehicle. You must be aware that there are low switching costs in the car washing industry, so you have to work hard to develop and keep repeat customers.

#### 5.2.1. Sales Forecast

The following chart forecasts sales based upon the Market Segmentation Strategy. Sales are seasonal in this industry, tending to be higher in the warmer months, and to drop off in the rainy. However, you will aim to flatten sales across the sales cycle by targeting segments that will want to keep their cars clean and looking good year round.

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# Neza Rides Car Wash

Include own figures

<b>Sales Forecast</b>	Year 1	Year 2	Year 3
Unit Sales			
Full Wash			
Exterior Wash			
Interior Clean			
End User Detail			
Business Fleet Washes			
Car Dealership Details			
Total Unit Sales			
Unit Prices			
Full Wash			
Exterior Wash			
Interior Clean			
End User Detail			
Business Fleet Washes			
Car Dealership Details			
Sales			
Full Wash			
Exterior Wash			
Interior Clean			
End User Detail			
Business Fleet Washes			
Car Dealership Details			
Total Sales			
Direct Unit Costs			
Full Wash			
Exterior Wash			
Interior Clean			
End User Detail			
Business Fleet Washes			
Car Dealership Details			
Direct Cost of Sales			
Full Wash			
Exterior Wash			
Interior Clean			
End User Detail			
Business Fleet Washes			
Car Dealership Details			
Subtotal Direct Cost of Sales			

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# Neza Rides Car Wash

## 5.3. Milestones

The following table outlines the important milestones in the planning and implementation of Neza Rides.

<b>Milestones</b>					
<b>Milestone</b>	<b>Start Date</b>	<b>End Date</b>	<b>Budget</b>	<b>Manager</b>	<b>Department</b>
<b>Complete Business Plan</b>	2/1/2013	5/1/2013		ABC	Department
<b>Sign Rental Contract</b>	3/20/2013	3/20/2013		XYZ	Owner
<b>Convert Premises</b>	4/1/2013	4/30/2013		Contractors	Contractors
<b>Hire Car Wash Staff</b>	4/20/2013	4/20/2013		XYZ	Owner
<b>Hire Admin Staff</b>	4/20/2013	4/20/2013		XYZ	Owner
<b>Open for Business</b>	5/1/2013	5/1/2013		Staff	Staff
<b>Distribute Flyers</b>	4/28/2013	5/5/2013		Friends	Friends
<b>Press Release</b>	4/29/2013	4/29/2013		XYZ	Owner
<b>Follow-up on Press Release</b>	4/30/2013	4/30/2013		XYZ	Owner
<b>Totals</b>					

## 6. Management Summary

List the managers or supervisors of the different departments.

### 6.1. Personnel Plan

Since car washing is a seasonal business, with business increasing in the hot dry months, and being busier on the weekends than during the week, Neza Rides will rely on both temporary and part-time help. The company will hire two full-time car wash/detail specialist and on four full-time car washers when it opens for business. Although it will rely on temporary and part-time help, quality will not be compromised, since all washers and detailers will receive thorough training. The company will also hire an administrative assistant who will assist with paperwork and act as a receptionist.

List own salary plan

<b>Personnel Plan</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Owner</b>			
<b>Car Washers</b>			
<b>Admin/Sales</b>			
<b>Total People</b>			
<b>Total Payroll</b>			

# Neza Rides Car Wash

## 7. Financial Plan

The following plan outlines the financial development of Neza Rides. The business will be initially financed by a Rwf.3, 000,000 investment by owner and will finance growth through cash flow. This will mean that the company will grow more slowly than it could, but it will ensure that the owner retains control over the direction of the company. In year three, it is hoped that the company will be able to open a second location. It is envisioned that an outside loan or equity funding will have to be sought at that time.

### 7.1. Important Assumptions

The financial projections for Neza Rides are based on the following assumptions. These assumptions are thought to be quite conservative, as are the financial forecasts.

List own figures

<b>General Assumptions</b>			
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Other	0	0	0

### 7.2. Break-even Analysis

Fixed monthly costs for Neza Rides are estimated to be approximately Rwf.7, 500,000 and break even monthly units are 103 units per month.

List own figures

<b>Break-even Analysis</b>	
Monthly Units Break-even	16,490
Monthly Revenue Break-even	590,000
<b>Assumptions:</b>	
Average Per-Unit Revenue	3.58
Average Per-Unit Variable Cost	0.79
Estimated Monthly Fixed Cost	460,100

### 7.3. Projected Profit and Loss

The following Profit and Loss table illustrates income and expenses monthly for the first year, and annually for the next two years.

## Neza Rides Car Wash

<b>Pro Forma Profit and Loss</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Sales</b>			
<b>Direct Cost of Sales</b>			
<b>Other</b>			
<b>Total Cost of Sales</b>	-----	-----	-----
<b>Gross Margin</b>			
<b>Gross Margin %</b>			
<b>Expenses</b>			
<b>Payroll</b>			
<b>Sales and Marketing and Other Expenses</b>			
<b>Depreciation</b>			
<b>Leased Equipment</b>			
<b>Utilities</b>			
<b>Insurance</b>			
<b>Rent</b>			
<b>Payroll Taxes</b>			
<b>Other</b>			
<b>Total Operating Expenses</b>	-----	-----	-----
<b>Profit Before Interest and Taxes</b>			
<b>EBITDA</b>			
<b>Interest Expense</b>			
<b>Taxes Incurred</b>			
<b>Net Profit</b>			
<b>Net Profit/Sales</b>			

### 7.4. Projected Cash Flow

The following Cash Flow table illustrates that if Neza Rides meets projected sales, it will have positive cash flow after month three of operation.

## Neza Rides Car Wash

<b>Pro Forma Cash Flow</b>	Year 1	Year 2	Year 3
<b>Cash Received</b>			
<b>Cash from Operations</b>			
<b>Cash Sales</b>			
<b>Cash from Receivables</b>			
<b>Subtotal Cash from Operations</b>			
<b>Additional Cash Received</b>			
<b>Sales Tax, VAT, HST/GST Received</b>			
<b>New Current Borrowing</b>			
<b>New Other Liabilities (interest-free)</b>			
<b>New Long-term Liabilities</b>			
<b>Sales of Other Current Assets</b>			
<b>Sales of Long-term Assets</b>			
<b>New Investment Received</b>			
<b>Subtotal Cash Received</b>			
<b>Expenditures</b>			
<b>Expenditures from Operations</b>			
<b>Cash Spending</b>			
<b>Bill Payments</b>			
<b>Subtotal Spent on Operations</b>			
<b>Additional Cash Spent</b>			
<b>Sales Tax, VAT, HST/GST Paid Out</b>			
<b>Principal Repayment of Current Borrowing</b>			
<b>Other Liabilities Principal Repayment</b>			
<b>Long-term Liabilities Principal Repayment</b>			
<b>Purchase Other Current Assets</b>			
<b>Purchase Long-term Assets</b>			
<b>Dividends</b>			
<b>Subtotal Cash Spent</b>			
<b>Net Cash Flow</b>			
<b>Cash Balance</b>			

### 7.5. Projected Balance Sheet

Neza Rides' balance sheet illustrates a healthy financial position for this new company. The monthly estimates are included in the appendix.

## Neza Rides Car Wash

<b>Pro Forma Balance Sheet</b>	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash			
Accounts Receivable			
Inventory			
Other Current Assets			
<b>Total Current Assets</b>			
<b>Long-term Assets</b>			
Long-term Assets			
Accumulated Depreciation			
<b>Total Long-term Assets</b>			
<b>Total Assets</b>			
<b>Liabilities and Capital</b>	Year 1	Year 2	Year 3
<b>Current Liabilities</b>			
Accounts Payable			
Current Borrowing			
Other Current Liabilities			
<b>Subtotal Current Liabilities</b>			
<b>Long-term Liabilities</b>			
<b>Total Liabilities</b>			
<b>Paid-in Capital</b>			
<b>Retained Earnings</b>			
Earnings			
<b>Total Capital</b>			
<b>Total Liabilities and Capital</b>			
<b>Net Worth</b>			

### 7.6. Business Ratios

The following table contains important ratios for the car wash industry.



# Neza Rides Car Wash

<b>Ratio Analysis</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Industry Profile</b>
Sales Growth				
Percent of Total Assets				
Accounts Receivable				
Inventory				
Other Current Assets				
Total Current Assets				
Long-term Assets				
Total Assets				
Current Liabilities				
Long-term Liabilities				
Total Liabilities				
Net Worth				
Percent of Sales				
Sales				
Gross Margin				
Selling, General & Administrative Expenses				
Advertising Expenses				
Profit Before Interest and Taxes				
Main Ratios				
Current				
Quick				
Total Debt to Total Assets				
Pre-tax Return on Net Worth				
Pre-tax Return on Assets				
Additional Ratios				
Net Profit Margin				
Return on Equity				
Activity Ratios				
Accounts Receivable Turnover				
Collection Days				
Inventory Turnover				
Accounts Payable Turnover				
Payment Days				
Total Asset Turnover				
Debt Ratios				
Debt to Net Worth				
Current Liab. to Liab.				
Liquidity Ratios				
Net Working Capital				

Neza Rides Car Wash

<b>Interest Coverage</b>	
<b>Additional Ratios</b>	
<b>Assets to Sales</b>	
<b>Current Debt/Total Assets</b>	
<b>Acid Test</b>	
<b>Sales/Net Worth</b>	
<b>Dividend Payout</b>	

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List references and research sources.

Success is never by chance, but by sheer determination. We are confident that with determination, you will be a Rich African.

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