Financial Plan for 247 Property Maintenance

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**Revenue Model**

As the company is engaged in the maintenance of property and providing other home repair services, the principal revenue-generating activity of the company is selling its personalized construction services to the clients. There can be a number of ways to bill the clients for the services provided by the company. The pricing can be done on the basis of the customized project or the company can also decide a certain price range for a specified set of services provided by it. In many countries, even such house maintenance service companies have a package that works on a membership basis. As per that model, any client can get a membership card for a year or six months, paying a consolidated sum to the company for the maintenance services to be received in the upcoming period (Oduro-Kwarteng, 2011).

**Financial Highlights**

In many cases, the fee charged by such service companies may be increased depending on the urgent requirements of the client. This is a kind of differential pricing strategy of revenue generation, which is generally used in the period of heavy demand for maintenance services. At the same time, it also costs the company more during these times due to the shortage of labor and peak workload. It entirely depends on the planning and strategy of the company to make higher profits in these times while also passing the fair benefits to the other participants of the project.

Funding Requirements/Use of Funds

The property maintenance company needs a funding of $10,00,000 for one of its upcoming construction projects, which includes heavy renovation of a commercial complex. The total funds to be employed for the whole project have been deployed for a number of activities, which can be discussed as follows:

(a) For undergoing the major construction activities, the project manager has to employ its existing workforce or has to hire temporary workers. If it is a pilot project for the company, then it should hire an estimated number of wage workers for the job. It is better to hire temporary workers for any pilot projects undertaken by the company as it results in a lower amount of losses in case of project failure. Apart from the raw material required for the construction, the highest share of funds is allocated to wages of laborers.

(b) There are a number of service offerings, which form an integral part of any construction project. Let the total funds be allocated to the electrical fittings, minor carpentry restorations and such other miscellaneous service offerings be around $150,000.

(c) As the project also involves minor construction work, the raw material required for the construction activity also has to be given due significance. It is crucial to purchase good quality project material as the foundation of the whole project depends on the same(Allen & Iano ,2011). The company may need to do a thorough analysis of bids received from the vendors in order to get the standard quality for the right price. Let the total funds allocated to the project material be equal to $400,000.

(d) There is a high possibility of contingencies in such construction projects. Therefore, a certain amount of funds should be kept in the form of a separate reserve fund so as to meet the cost of all such contingencies that may arise during the execution of the project. Suppose the management sets aside a sum of $50,000 to such a reserve.

Exit Strategy

It is very important for a medium-sized company to devise an exit strategy as the company may have a risky capital structure due to its medium size and a relatively smaller equity base to fund its operations. An exit strategy is a method through which the operations could be entirely transferred to another company engaged in the similar business and the equity shareholders of the company are paid out of the cash generated from the sales (Addis, 2012). As the construction company has devised an exit strategy that aims to sell the existing operational capacity of the company to a bigger player in the market, therefore, the company should analyze the kind of firms that would be interested in buying it. As it is a medium-sized company, only the bigger players in the construction market such as Bechtel Corp., Fluor Corp., Turner Construction and PCL Construction Enterprises would be interested in buying the property maintenance company.

References

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Allen., E. & Iano., J. (2011).*Fundamentals of Building Construction: Materials and Methods.*

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Addis, B. (2012). *Building with reclaimed components and materials: a design handbook for*

*Reuse and recycling.* Routledge.

Appendix:

Balance Sheet:



Income Statement



Cash Flow:

