**Unit 3 – Individual Project**

**“Business Plans” - 5 Pages of detail to secure an A grade**

A Business Plan for Precision Auto Detailing

Chad Frank and Kyle Carson, both in their 20s, worked for one of the largest package delivery services in the world, but their jobs on the package-sorting line were just that, jobs. Chad and Kyle wanted more from their work than their current jobs could offer. That's what led them to buy a local auto detailing business, Precision Auto Detailing. They could work their regular shifts at the delivery service from 6 p.m. to 10 p.m. and could devote the early part of the day to running their own company. The partners invested just $6,000 in the detailing business, which bought them some tools and equipment (most of it rather old), a lease on a building in a high-traffic location, and a small base of established customers, some of whom were local car dealers.

Chad and Kyle kept both of the part-time employees the previous owner had hired and began making sales calls on other car dealers in the area to try to earn their business. Precision Auto Detailing offered pick-up and delivery of the cars they cleaned, and Kyle or Chad always inspected the cars before they were returned to their owners. Their strategy was to provide top-quality service and convenience at a fair price. Precision’s prices ranged from $100 for the basic detail job to $250 for the top-of-the-line specialty cleaning, which resembled an auto restoration job.

Within 8 months, Precision’s sales were growing rapidly due largely to the personal selling efforts of its new owners and to the quality of the work the company provided its customers. Chad and Kyle knew they needed to purchase some new detailing equipment, and after several customer inquiries, they were considering buying the equipment to offer a spray-on truck bed liner service. The bed-liner equipment would cost about $30,000 initially, but retail prices to customers for the service would start at $350 and go up, depending upon the size of the truck and the options selected. The business has been profitable since Chad and Kyle bought it, and the partners have been plowing almost all of the profits back into the company. Their retained earnings are just not yet enough to sustain the rapid growth the company is experiencing.

At a family gathering one day, Kyle talked with you about the business. "We need some money to finance our growth," Kyle said. "But we don’t know where to go for it or what we need to do to get it. We thought about going to a bank and requesting a loan, but we’ve never done anything like that before."

"Sounds like you need a business plan," you reply "No bank will make a loan to a small business without a solid business plan."

"A business plan?" asked Kyle. "What goes into a business plan for a company like ours? What would a banker want to see?"

"It's time to sing Happy Birthday," you say, "I'll send you an e-mail with all the details."

* Explain why Kyle and Chad need a business plan, and what are some of the important factors of a business plan?
* Prepare an outline of the elements you would recommend these two young entrepreneurs include in their business plan.
* What do bankers, other lenders, or investors want to see in a business plan?
* What advice would you offer Kyle and Chad when they are ready to present their business plan to a banker?

Your report must include a reference list. All research should be cited in the body of the paper. Your report should contain an abstract, a short introduction, and conclusion in addition to the body of the paper (note: the 3-5 pages length requirement excludes the title page and reference list pages). Please note that if you have a source in your reference section, you need to cite it in the body of the paper per APA guidelines and vice-versa.