

Sample Business Plan:
CALDER DRY CLEANER*



CALDER DRY CLEANING

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Calder Dry Cleaners

Summary Business Plan

Company Overview

Services

Calder Dry Cleaners provides the service of dry cleaning which includes garments that require special care such as wool, silk, beaded garments, suits, wedding gowns, comforters, blankets, bed sheets, curtains, and tablecloths. The business will also provide professional removal of a variety of stains as well as a professional finishing press. The restoration and pressing of wedding and baptism gowns will provide an additional unique service to customers.

Because most of the dry cleaners in La Porte and surrounding cities do not provide wedding gown restoration, typically sending these garments out to specialty cleaners, Calder Dry Cleaners intends to provide this service which will make our business unique in the area. Moreover, all our equipment is the latest generation and is friendly to the environment.

The laundry service has a second major line in the industry, specializing in cotton dress shirts and polo shirts with the choice of light, medium and heavy starch. In addition, we will clean blue jeans, khakis with heavy starch as well as light starch. The laundry can also include sleeping bags, quilts, tablecloths and comforters according to the materials, care and instructions.

In addition to dry cleaning and laundry, the business includes an alterations department, which specializes in mending garments, hemming, taking in or out, and altering formal suits and dresses.

After owning and managing an alterations business in Oregon for twenty three years, we have learned about excellent customer service and satisfaction. A very good example of our success is that wherever City Dry Cleaners opens a new branch, it sends one of our owners, Anna, to build the customer base. Many customers follow her wherever she goes.

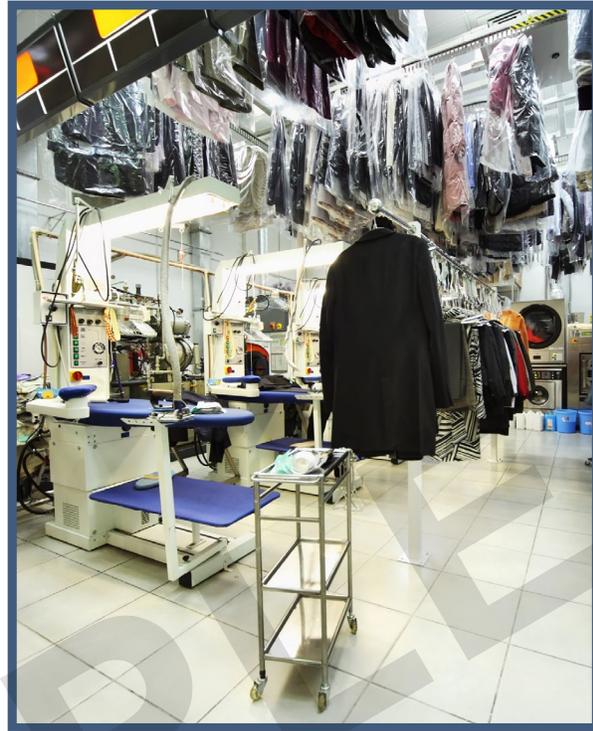
Customers will always receive a professional greeting, and orders will be completed on time. We will offer reasonable prices and promote trust between our customers and our company. We will also encourage communication between our customers and our company regarding their items. Excellent customer service is our most powerful attribute.



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Education

By attending seminars, training, and trade shows, we will be able to improve our service and products. This year, we attended many seminars, which were held by the Dry Clean and Laundry Institute, and Texas Association of Dry Cleaners in Dallas, Texas. We have learned how to operate the new generation of dry cleaning machines, and how to maintain them. We also have learned about spot removing by using new products (Wilson Company Product). We have learned how to build a route service and marketing plan as well.

All three owners have the experience and knowledge to operate and run the business. Because of participation in several seminars and working on the same field for many years as mentioned above, the owners are able to manage the business. In addition, one of the owners, Michael Calder, has maintenance experience. All the machines and computer systems will be managed and maintained by Mr. Smith.

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Objectives

Calder Dry Cleaners considers its business as a startup, but one that will expand. The company's objective is to start the business in one location and then add new branches in different areas.

Calder Dry Cleaners is part of the dry cleaner and laundry industry that intends to "go green" and maintain a friendly environment. Excellent customer service, high knowledge of the business, and experience will be at the core of the Calder Dry Cleaners business.

Structure

Calder Dry Cleaners has a corporate structure with three owners and equality in shareholders. Calder Dry Cleaners business owners are the following:

1. René Calder, President
 - B.S. in Science in Statistics Analysis
 - Owned and managed alteration business from 1984-2006 in Oregon
 - Works at City Dry Cleaner/alteration department from 2006 to present
 - Has excellent customer service skills
 - Computer literate
2. Jennifer Calder, Treasurer
 - B.S. in Microbiology
 - Experience in managing and customer service from 1997-2006 in Oregon
 - Computer literate
3. Michael Calder, Secretary
 - Excellent customer service
 - Maintenance experience
 - Networking and technical experience

Location

The store is located in a very busy shopping center at the high-trafficked intersection of Locke Lane and I-56 in La Porte, Texas. The current tenants are several retail clothing stores, Bank of America, Home Depot, Wells Fargo Bank, Guitar Center, Pizza Guy Restaurant, and Sally Beauty Supply.

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The shopping center is surrounded by a very established neighborhood. Also, it is close to the busiest division of car dealer centers.

According to 2007 La Porte traffic counts, the traffic in the intersection of Locke Lane and I-56 is estimated at 45,000 cars per day. See attached traffic count report.

According to 2007 demographics, Calder Dry Cleaners is surrounded by affluent, well educated, married home owners as shown on the attached demographic report.

Marketing, Analysis and Strategy

Calder Dry Cleaners will service households, doctors' offices, lawyers, real estate, brokers, accountants, financial institutes, insurance companies, car dealerships, banks and retail stores. Expanding and opening dry cleaning locations in different areas will add more profit to the business over time.

According to the 2010 demographic census, the population within a one mile radius is 17,144. The projection in 2015 will increase to 27,046. In 2010, the 3 mile population was 119,620, and the projection in 2015 is 120,999. The population within a five mile radius for 2010 is 235,471, and 238,111 for 2015. (See attached demographic report.)

Our business has competitors in the market, City Dry Cleaners and Speedy Dry Cleaners. The owner will work and manage full time which will have a great impact on the employees and customers. In addition, when opening our business, Anna will quit working at City Dry Cleaners. That means this store will lose approximately \$5,000 or more monthly. Anna's experience at City Dry Cleaners and her knowledge of other dry cleaners has found that the employees do not take ownership in their responsibilities and therefore the competition lacks in professionalism. The majority of these stores are closed during business hours, which Calder Dry Cleaners will take advantage of.

Operations, Sales and Development

Operations

The store will be opened Monday through Friday from 7:00 a.m. to 7:00 p.m., and from 7:00 a.m. to 6:00 p.m. on Saturday. Sunday will be available for drop off and pick up only, from 10:00 a.m. to 3:00 p.m. With regards to production days, the production will start from 5:00 a.m. to 1:30 p.m. Express service will be available Monday through Saturday from 7:00 a.m. to 11:00 a.m. The route service will have a driver with a van to deliver and pick up services to homes and business on Monday, Wednesday and Friday during regular business hours.

All our services will be done onsite. First, customers drop of their orders. Then the orders will be detailed in the computer system. Third, orders will be sorted for dry cleaning or laundry. After sorting them, the process starts with light colors and ends with dark ones. Finally, orders will be ready for pressing. The procedure of the spot removal will be done before or after the

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cleaning depending on the type of spot. After finishing, orders will be online for assembling. They will be racked on the conveyor ready to be picked up and paid for. Route orders will be delivered at customers' homes and businesses.

The Dry Cleaning and Laundry business provides a service which is in demand at all times. At early morning, the customer drops off his or her garment on their way to work. During the morning and afternoon, customers drop off and pick up their orders. In the evening, while driving home, employees stop and pick up their orders.

The company will have a drop off box in front of the store and will be used by the customers at their convenience.

Furthermore, there are many seasonal periods during the year. In the spring, there are graduations, proms, Easter and Memorial Day. In the summer, people attend camping outings, graduations, weddings, vacations, Fourth of July and Labor Day. In the fall and winter, Halloween, Thanksgiving, Christmas and New Year are observed. Our service will be in demand on all of these occasions. We also provide spring cleaning (the store provides a special promotion for this season). In addition to what was mentioned above, the alterations department will provide its service the whole year. All our departments are critical to the success of our business.

Sales

Our philosophy is to offer neither discount prices nor high prices. That means the standard cost to launder a shirt is \$1.50 compared to the high prices in the market, which is \$2.19. For dry cleaning, the starting price will be \$3.99 and may go up according to the type of fabric, compared with the high end priced market, where the starting price is \$6.00. With this level of pricing, the company will have excellent sales with a reasonable profit. For the route service, there will be no extra charge.

Our model will include free services. For example, we will make donations to the Salvation Army; pressing the flag for free on Patriotic Holidays, and discounts for nonprofit organizations. Through this, we will build an excellent reputation in our community. We will also make contracts with retail stores to have their garments cleaned and altered with a special discount within an agreement in place.

First time customers will be offered 25% off their next order. A coupon will be attached to their order when they come to pick it up. This is one of our strategies to bring customers back to our business and build our customer base. In addition, customers are not charged extra for same day service.

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Market Evaluation

A formula which Calder Dry Cleaners can evaluate its market was found by DLI Institute.

What the company needs:

1. Total population within three miles radius of the location
2. Makeup of white collar and blue collar workers within the above populations' figures.
3. Number of actual competitors within the area.

The shirt sales volume is 25% of dry cleaning sales volume.

According to the demographic report, the white collar is 60.6%, and blue collar is 21.3%

The population within a three mile radius is $119.620 \div 3 = 39,873.33$ family units. Each family unit will spend \$120.00 per year on dry cleaning.

$39,973.33 \times 120 = \$4,784,799.90$ in potential sales. Calder Dry Cleaners has six competitors within the three mile radius.

$4,784,799.90 \div 7$ (6 competitors + 1) = 683,542.84

This is the potential sales for dry cleaning in a year divided by 52 weeks = 13,145.05 per week.

The shirt sales will be \$3,286.26 per week.

Advertising

The company will use effective ways to capture customers' attention and response. Flyers will be distributed, advertisements will be mailed, internet networking will be utilized and flyers will be placed on vehicles. All these messages will be supported by promotions. Also, word of mouth will be the best referral.

The company maintains a strong budget for effective advertising. The software the company plans to use has an internet link which makes it possible to email customers with promotions and sales. This is considered an excellent communication between the company and its customers.

The owners are involved in the community with churches and the disabled adult schools and also have relationships with business persons and the Calder City Council. This should also lead to referrals.

There are effective ways to keep communication and follow-up with our customers in terms of informing them of our business updates. We will email, send letters, or call our customers to keep them updated.

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Service Transactions

The product transaction will be handled by credit cards, cash and checks. We will have sales people for the route and they will earn a percentage for each new customer they add. We will survey our customers by asking them how they heard about our business. This way helps us improve and develop our sales strategy.

Problems and Obstacles

Every business has challenges and obstacles facing them. Our company will depend on our expertise, the DLI Institute, and Texas Associated Cleaners. There are monthly magazines which include research and articles regarding the industry around the nation finding solutions to these obstacles and keeping the company updated with all the new regulations.

The Dry Cleaning and Laundry business has some product problems. First, during the dry cleaning cycle, on some garments, the dark color bleeds and transfers into the nearby colors; this is the manufacturer's responsibility. In this case, the business will have experience with these garments before dry cleaning them. In other words, there will be a special test performed on a questionable garment to inform the customer of the potential for bleeds. Then it will be the customer's decision to keep it or take it back to the retail store. The procedure will be the customer's decision, and will be authorized so Calder Dry Cleaners will not be responsible for any damage. Also, there are some elements, such as sunlight, dust or smoke that affects curtain drape fabrics. The possibility of the damage will be explained to the customer so that the procedure will be done with approval.

Secondly, another common problem in the laundry business is breaking buttons, which will be solved by replacing them at no extra charge. When the shirts are old, the possibility of tearing the fabric with the process is high. That will be solved in two ways after we explain to the customer why this happens.

Because of our professional business and the knowledge of the business, our customers will trust and appreciate our business.

Financing

The plant's start-up cost is estimated at \$250,000.00. The owners will invest \$125,000.00 in the purchase of the equipment. They are seeking a loan for \$125,000.00 for the rest of the equipment and installation. The owners have \$125,000.00 in cash.

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Startup Cost Worksheet - Ask your Leasing Representative for a sample Start Up Cost Worksheet

Five Year Profit and Loss Projection Sheets

According to the DLI survey in 2007 for managing the expenses for the dry cleaning industry, they found the cost of expenses by percentage of sales are:

- Labor 30%
- Payroll taxes, unemployment 4.4%
- Claims 0.3%
- Utilities 3.6%
- Supplies 5.6%
- Auto Expenses 2.9%
- Advertising & Public Relations 2.4%
- Repair & Maintenance 1.75%



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