**Tim’s Tech – Technology Support Business Plan**

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CPD 494: Entrepreneurship in Cybersecurity

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**Executive Summary**

1. **Introduction of Company**

Our company started from the realization that many individuals encounter numerous different types of electrical and technological issues and have no idea who exactly they should be contacting about it.

Tim’s Tech Company stands as the first step to solving any individual’s general tech needs, no matter the size. Our company’s warehouse is based out of the garage area located off of Castleton Commerce Way off of London Bridge Road. We use the location for storing all of our materials, vehicles, and any other resources we own as well as our primary call center and main spot for all of our centralized needs. Our goal is to assist each individual with their technology needs utilizing our team of experienced individuals who are specialized in networking, electrical appliances, mobile devices, etc. and maintaining relationships with customers in a potential subscription-based service.

We value convenience, integrity, community, and quality assurance or the service is free. Our company is currently based in Virginia Beach, VA and prefer a close relationship with our customers to ensure that the service that they receive is on par with what we would provide to our own families. We hope to expend to other areas after building a solid foundation in which we can provide continuous service to those less qualified individuals.

1. **Self-Introduction**

I am the owner of the company, Timothy Robinson. I am an ODU graduate with a BA in Cybersecurity and a minor in Computer Science and Risk Management Insurance which has given me a background in the field of technology, programming, and business. For managers we would need two for each aspect of the company: the warehouse, tech support, and on call professionals. They would need experience and education in different fields of technology such as cybersecurity, networking, IT, etc. From my experience, we would need at least two shifts of workers and that is based on each type of worker. We would need at least 4 on call specialist with 2 tech support to answer phones and customer service and 4 inventory/assistant workers and a manager for any given shift. According to [zippia](http://www.zippia.com/technical-support-specialist-jobs/demographics), the average wage for tech support workers is $45,000-$50,000 while warehouse/inventory workers annual salary is $30,000, and customer service and tech support workers’ salaries are around $31,000. Our business would be structured as an LLC as it gives protection to our numerous employees under limited liability which allows them some breathing room when completing their work. [It is also much easier for startup and upkeep overall as the business progresses because it requires less paperwork and fees.](https://www.nerdwallet.com/article/small-business/starting-successful-llc)

1. **Target Market**

The ideal client are individuals who are less savvy with technology yet are very much exposed to it and may need the most assistance in a variety of different forms of technology. [According to the United States Census Bureau](https://cbb.census.gov/sbe/#view=report&industries=811212&geoType=zcta&geoId=23453&reportType=summary&clusterName=Computer+and+Office+Machine+Repair+and+Maintenance) the largest market of individuals within the area is between 18-25 years old. Furthermore, there is 3% more woman in the area with a 51.7% and are Caucasian at 53% in the area. The median income for the area is around $69,932 with a majority, at 91.7%, with a high school degree or higher. Within the area, the number of individuals with broadband internet which would be our target audience is 91.6%. The total population in the 23453-area code area is 35,019 with at least 65% of them being employed and 10% on disability which is a wide list of potential clients. Likewise, it is estimated that consumers spend a total of around $74,203.34 per household and of that nearly $3,000 is spend on entertainment/recreation and $23,606 spend on housing such as utilities and services which would be our ideal portion of their budget that we would target. We would reach this market by using email marketing, online marketing automation which collects data of potential customers using their saved cookies and related searches to acquire likeminded individuals and expose them to desired material which in this case is anyone who is searching for tech related issues. Furthermore, we could leave a brochure through hand delivery as well as personalized company vehicles for advertising our company and a reference system that may come with benefits to those who refer us to others.

1. **Competitive Advantage**

Our advantage would include our connections to suppliers, vendors, and diverse experts in numerous and diverse fields to ensure the problem encountered is solved. Our membership service also allows individuals who are lacking in knowledge of maintenance and technology in general have a go-to service for any required needs. Furthermore, we would hopefully be able to connect directly to suppliers to obtain materials at a much cheaper price ensuring the best possible service at the lowest possible price.

1. **Sales and Pricing Method**

Our professionals would determine the pricing of services based on materials and time of each project. Likewise, for our subscription-based service this would be summed up to a monthly fee instead and would only require possible purchase for materials at the company expense.

Quoting competitors in the field (Mr.Fix), for appliance and electronic repair ranges based on the device, materials, and service. From cross referencing the price of the required materials for a fix and the overall price of the service it appears they charge triple the cost of materials themselves and to fix it themselves. While we do value our employees, we find that up pricing to be outrageous and would find a quote for the materials and charge only a fraction of what competitors would. This would in turn make us favorable in terms of having a guaranteed service while also making our customers not feel cheated as we would make them a part of the process in be more transparent with the process as opposed to other companies who attempt to hide the true cost of everything.

1. **Current Financial Status**

We would begin our business through a loan from the bank that would pay for vehicles, people’s initial paychecks until we get a stable customer base, and any other materials we would require to start business. Our primary initial milestone is to reach a profitable amount of consistent customers at our lowest possible price and then after reaching that number we would increase our prices slightly to make a notable profit to be able to buy required materials, pay for our employees, and pay for our factory in which we conduct business whilst remaining low enough that our customers don’t feel cheated in any way. After we pay off our loan and reach a stable financial level we would then work on further developing our business in such ways as investing in new locations, more professionals, or overall improved materials.

1. **Opening Business Plan**

As aforementioned, our business would open initially using a loan to help pay for our expenses required in the beginning but in specific our first day would primarily consist of networking using email marketing, online marketing automation which collects data of potential customers using their saved cookies and related searches to acquire like-minded individuals and expose them to desired material which in this case is anyone who is searching for tech related issues. Furthermore, we could leave a brochure through hand delivery as well as personalized company vehicles for advertising our company and a reference system that may come with benefits to those who refer us to others.

1. **Gratitude and closing statement**

We sincerely appreciate you giving us the time and consideration in reading our executive summary and business plan and hope you consider joining us as part of our family.

**Business Description**

* 1. **Company Name:** Tim’s Tech Company
  2. **Type of Business structure:** LLC
  3. **Owners:** Timothy Robinson
  4. **Location:** Virginia Beach, VA
  5. **Company origin story:**

Our company started from our owner, Timothy Robinson’s, realization that many individuals encounter numerous different types of electrical and technological issues and have no idea who exactly they should be contacting about it.

* 1. **Mission statement:**

Tim’s Tech Company stands as the first step to solving any individual’s general tech needs, no matter the size. Our goal is to assist each individual with their technology needs utilizing our team of experienced individuals who are specialized in networking, electrical appliances, mobile devices, etc. and maintaining relationships with customers in a potential subscription-based service.

* 1. **Offered services/products and target audience:**

We provide a one-stop shop for any possible technological needs an individual may require due to our extensive list of diverse professionals in the field. You tell us the issue and we fix it or your money back. We provide Support help line, On call professional services (i.e., electricians, networking experts, etc.) with on site maintenance, Application and Device repair, advice and assistance service.

Our target market is individuals who live in the Virginia Beach area that may encounter numerous issues with electronics and technology and need an efficient one stop shop for all their issues. We would offer advice for anyone looking to build PC’s, any broad technological they may be experiencing with their systems, electronic repairs or troubleshooting, networking issues, or any general broad issues that may occur. We would either provide one-time services for specific issues or due to our broad experiences, a subscription-based service that people can pay monthly to have on call, guaranteed support for any issues that come with benefit such as a more personalized experience and one time monthly fee for any issues that may occur in the time of service.

* 1. **Short-term objectives:**

a. Obtaining and maintaining a number of clients

b. Obtaining diverse employees with different specializations and further educating current employees.

c. Building up a catalog of support tickets to help ensure each problem is pin pointed more efficiently and a solution is created sooner.

* 1. **Vision statement:**

We value convenience, integrity, community, and quality assurance or the service is free. Our company is currently based in Virginia Beach, VA and prefer a close relationship with our customers to ensure that the service that they receive is on par with what we would provide to our own families. We hope to expend to other areas after building a solid foundation in which we **can provide continuous service to those less qualified individuals.**

* 1. **Industry:**

The IT industry can be very intimidating and at times, very unreliable for those who aren’t themselves professionals. Our service is a gateway into that world that is constantly changing and developing which can be hard to stay up-to-date with. Our company would prioritize on developing our own knowledge on the changing industry to ensure we can assist any others who may need expert support.

**Product/Service**

**3.1 Description:**

We provide a one-stop shop for any possible technological needs an individual may require due to our extensive list of diverse professionals in the field. You tell us the issue and we fix it or your money back. We provide Support help line, On call professional services (i.e., electricians, networking experts, etc.) with on-site maintenance, Application and Device repair, advice and assistance service. If a customer is experiencing an issue than we can connect them with a professional in our service who may be able to assist based on a description of their issue. Likewise, we also do consultation and maintenance work with any electronic or tech related topics.

**3.2 Pricing:**

Our professionals would determine the pricing of services based on materials and time of each project. Likewise, for our subscription-based service this would be summed up to a monthly fee instead and would only require possible purchase for materials at the company expense.

Quoting competitors in the field (Mr.Fix), for appliance and electronic repair ranges based on the device, materials, and service. From cross referencing the price of the required materials for a fix and the overall price of the service it appears they charge triple the cost of materials themselves and to fix it themselves. A specific example is in the case in which they charge $105 for battery repair when the battery itself only cost $35 which is a $70 markup for a simple pop out and swap job. While we do value our employees, we find that up pricing to be outrageous and would find a quote for the materials and charge only a fraction of what competitors would. This would in turn make us favorable in terms of having a guaranteed service while also making our customers not feel cheated as we would make them a part of the process in be more transparent with the process as opposed to other companies who attempt to hide the true cost of everything.

**3.3 Product Comparison:**

Our advantage would include our connections to suppliers, vendors, and diverse experts in numerous and diverse fields to ensure the problem encountered is solved. Our membership service also allows individuals who are lacking in knowledge of maintenance and technology in general have a go-to service for any required needs. Furthermore, we would hopefully be able to connect directly to suppliers to obtain materials at a much cheaper price ensuring the best possible service at the lowest possible price.

**3.4 Sales Literature:**

We would use email marketing, online marketing automation which collects data of potential customers using their saved cookies and related searches to acquire like minded individuals and expose them to desired material which in this case is anyone who is searching for tech related issues. Furthermore, we could leave a brochure through hand delivery as well as personalized company vehicles for advertising our company and a reference system that may come with benefits to those who refer us to others.

**3.5 Order Management**

Our order management would be completed through support tickets in which we would address them either directly on call or connect them with a professional in the field who can then set up a maintenance visit to the location when required. We also have a website that would help organize customer information that they can fill out themselves with a formatted template which would make it easier to catalog.

**3.6 Delivery Requirements:**

We would take weekly inventory in which we determine the most used type of materials and create a list based off of that in which we can build on and create an accurate account on how much of each material we need and ensure we are in stock of any required goods. Likewise, we could also make specific request for any special required goods from our suppliers that may be necessary.

**3.7 Legal Requirements:**

This would include liability for onsite injuries as well as insurance for property damage and ensuring our equipment is up to date on the required standard as well as ensuring any completed work meets legal requirements to be effective and safe depending on the job. Furthermore, we would need to ensure each of our specialist has the proper licensing to complete their job. Furthermore, there is also relevant permits that must be acquired when completing specific work that may involve private properties.

## Product & Service Description Worksheet

|  |  |
| --- | --- |
| **Business Name** | Tim’s Tech Company |
| **Product/ Service Idea** | Support help line, On call professional services (i.e., electricians, networking experts, etc.), Application and Device repair, advice and assistance service. We provide a one-stop shop for any possible technological needs an individual may require due to our extensive list of diverse professionals in the field. You tell us the issue and we fix it or your money back. |
| **Special Benefits** | A support ticket logging system to cover a wide array of issues and their solutions, a monthly service to aid with any issues that may arise, |
| **Unique Features** | Money back guarantee, Membership service, Diverse provided services. |
| **Limits and Liabilities** | Due to diversity, we may encounter issues that we are not yet capable of solving. Employee on-site related injuries, any possible damages that may occur. |
| **Production and Delivery** | Company support lines and company vehicles to hold any required resources as well as advertisement |
| **Suppliers** | Numerous tech companies with an organized inventory and request logging system for any required materials we may need |

**Marketing Analysis**

**4.1 Industrial description:**

According to the Bureau of Labor Statistics, Computer Support Specialists have a median pay of around $55,510 per year and had around 844,600 jobs in 2020. Furthermore, there is a predicted 9% growth in the career field within the next decade which is an estimated 72,200 job changes into the field as a result from the need to replace workers who transfer to different occupations or exit the labor force.

**4.2 Target market:**

The ideal client are individuals who are less savvy with technology yet are very much exposed to it and may need the most assistance in a variety of different forms of technology. According to the United States Census Bureau the largest market of individuals within the area is between 18-25 years old. Furthermore, there is 3% more woman in the area with a 51.7% and are Caucasian at 53% in the area. The median income for the area is around $69,932 with a majority, at 91.7%, with a high school degree or higher. Within the area, the number of individuals with broadband internet which would be our target audience is 91.6%. The total population in the 23453-area code area is 35,019 with at least 65% of them being employed and 10% on disability which is a wide list of potential clients. Likewise, it is estimated that consumers spend a total of around $74,203.34 per household and of that nearly $3,000 is spend on entertainment/recreation and $23,606 spend on housing such as utilities and services which would be our ideal portion of their budget that we would target. We would reach this market by using email marketing, online marketing automation which collects data of potential customers using their saved cookies and related searches to acquire likeminded individuals and expose them to desired material which in this case is anyone who is searching for tech related issues. Furthermore, we could leave a brochure through hand delivery as well as personalized company vehicles for advertising our company and a reference system that may come with benefits to those who refer us to others.

**4.3 Market need:**

In the current state of the world, i.e. pandemic and overall advancement and implementation of technology, Info Tech Research Group recorded that their has been a drastic shift increase in the desire for digital interactions between people and thus a much larger reliance on technology and with this, a major increase in the need for business that can assist this shift as well as provide maintenance and overall advice. The three main drivers according to the research group for the shift of a high reliance on technology are Covid-19 as it limited gatherings in general, workers not wanting to risk going to the office in person and would rather quit if not given the option to work remotely, and IT spending as companies are investing more to make much more efficient technology systems for both workers and customers.

**4.4 Market growth & trends:**

There has been a 9% mark-up of computer support specialist job opportunities which is a projected 70,400 openings predicted in the future which will only increase as the reliance on technology increases

**4.5 Market research testing:**

To conduct my market research testing I used sources provided by SBDCNet which gave information on specific research groups collecting information on the field of technology support companies in the area and cross-referenced that with information predicted by the Occupational outlook handbook provided by the Bureau of Labor Statistics.

**4.6 Competitive analysis:**

Some local competitors include MR.Fix, Geek Squad, OfficeMax Tech Services, and East Coast Computers. Some strengths they have is already established branding and having hyper specialized services to issues but it also acts as a weakness as it limits their abilities. Likewise, they also overcharge exponential for their service in which the labor fees are nearly triple the cost of the product to fix the problem cost (using MR Fix as an example). Some issues that may prevent entering the market is finding a consistent client list as well as determining optimal location and finding reliable suppliers to ensure quality as well as optimal pricing.

**4.7 Barriers to entry:**

* Technology: With technology constantly improving we would both need to ensure our specialist remain up to date on their knowledge as well as maintaining adequate materials to be able to work on any encountered issues.
* Branding: Establishing a unique trademark that both invokes a sense of expertise in the field while also upholding our ideals of community.
* Cost of entry: Startup costs, like renting a space and hiring employees, are expensive. Also, specialty equipment often comes with hefty price tags.
* Location: Location big enough to house all required materials while also being cost efficient.
* Competition: A market saturated with a lot of generic fix-it shops

**4.8 Regulations:** explain the main regulations applicable to your business and which steps you are going to take to remain compliant.

* Operating Agreement (OA) which protects assets, sets rules for LLC against default state laws, and binding contract with any partners or suppliers.
* Employment contract to protect company from malicious intent of disgruntled employees
* Drafting a Computer Service Contract when undergoing computer fixing to avoid financial disputes in the event of any issues that may arise.
* General Data Protection Regulation (GDPR) -Regulates how companies manage personal data and requires companies to have data mapping and inventory, ensure third-party venders are compliant, and ensuring date is only accessed from willing participants.
* Payment Card Industry Data Security Standard – manages and protects consumer payment information.
* Certificate of Occupancy (CO) – All building codes, zoning laws, and government regulations have been met.
* General Liability Insurance

**Marketing Strategy**

**5.1 Purpose of Product/Service:**

We provide a one-stop shop for any possible technological needs an individual may require due to our extensive list of diverse professionals in the field. You tell us the issue and we fix it or your money back. We provide Support help line, On call professional services (i.e., electricians, networking experts, etc.) with on-site maintenance, Application and Device repair, advice and assistance service. If a customer is experiencing an issue than we can connect them with a professional in our service who may be able to assist based on a description of their issue. Likewise, we also do consultation and maintenance work with any electronic or tech related topics.

**5.2 Competitive Edge:**

People would choose our product over our competitors because we are much more convenient and versatile in our expertise while also ensuring we maintain fair and comparable prices with what other people are offering. Likewise, our subscription-based service would entice people to stay with our service at an overall cheaper price for individuals who continuously seek help.

**5.3 Marketing Strategy:**

Our order management would be completed through support tickets in which we would address them either directly on call or connect them with a professional in the field who can then set up a maintenance visit to the location when required. We would use email marketing, online marketing automation which collects data of potential customers using their saved cookies and related searches to acquire like-minded individuals and expose them to desired material which in this case is anyone who is searching for tech related issues. Furthermore, we could leave a brochure through hand delivery as well as personalized company vehicles for advertising our company and allow us to deliver needed materials and a primary source of transportation for our employees. We would also have a reference system that comes with benefits to those who refer us to others such as discounts on future services.

**5.4 Pricing Strategy:**

We would utilize numerous different pricing strategies such as market penetration, bundle pricing, promotional pricing, and competitive pricing. Due to the nature of our business, it’s difficult to ascertain a specific price for all the services we provide as each job requires different materials and time to complete, however according to [Cleveroad](https://www.cleveroad.com/blog/it-consulting-rates), hourly IT consulting rates range between $75-$175 an hour and for a monthly fee they usually charge a monthly retainer which allows a consultant to be on call and ready to assist at any time. We would focus on the $75 initial fee for the consultation and add on based on other variables that [Tateeda](https://tateeda.com/blog/it-consulting-rates-per-hour) suggest such as location, the IT consultants skill level and experience, complexity of the issue, required materials and technology, and time frame of specialized work.

**5.5 Sales Strategy:**

We would advertise our comparable prices and provide quality guaranteed or money back policy. Likewise, we also would give out a reference system in which any time someone you recommend uses our service once, then you get $50 off your next service usage.

**5.6 Sales Forecast:**

According to CFOshare, there are three common structures for small businesses sales forecast:

|  |  |
| --- | --- |
| Sales Team Strategy | Sales reps \* Sales efficiency = new customers |
| Advertising Strategy | Ad spend/Customer Acquisition cost = new customers |
| Marketing & Sales Strategy | Ad spend/cost per lead =leads  Leads\*sales close rate = new customers |

**5.7 Milestones:**

Our primary initial milestone is to reach a profitable amount of consistent customers at our lowest possible price and then after reaching that number we would increase our prices slightly to make a notable profit to be able to buy required materials, pay for our employees, and pay for our factory in which we conduct business whilst remaining low enough that our customers don’t feel cheated in any way.

**Operational Section**

**6.1 Day-to-day Operation:**

Our scheduled hours of operation would be 7 a.m – 10 p.m everyday with two different shifts which the hours can be adjusted based on business; the shifts would be 7 a.m – 2 p.m and then 2 p.m – 10 p.m. General task would include inventory, scheduled appointments, and technology support line.

**6.2 Value of Company:**

The value of our company is determined by the experience of our workers, our building, company vehicles, and our inventory of tools and resources. Our building can be found at the Windwood Center in Virginia Beach which can be rented for $230 per person per month which would grant access to 39 Private offices and 2 meeting rooms. For our company vehicles, the Nissan NV200 is a reliable choice totaling around $15,000-$20,000 per vehicle. The resources and equipment pricing is a little more harder to pinpoint as the value of required materials can differ from job to job.

**6.3 Function of Website:**

We can use it to provide information about our company as well as contact information and an opportunity to send in support tickets to allow issues to be addressed directly and easier connection to a professional. It would be divided into the different types of repairs we could provide as well as price quoting for whatever specific issue may be experienced at the time. It could also be used to track the repair statues of each support ticket.

**6.4 Required equipment/materials:**

We would need PCs to run on site services as well as any required tools for requested jobs as well as any thing to ensure our company vehicles can run.

**6.5 How Will Service Be Created**

Our service will consist of two parts: the first part will have our trained professionals go to the site that requires service and either give an expert opinion on an issue and price quoting or directly fix the solution and base the price according to time of service and cost of required materials. The second part is the fix-it side in which customers bring in damaged goods and we assess damage and cost of repair.

**6.7 Time of Service:**

Schedule IT support calls usually average around 20 minutes while visits range from 45min- an hour and a half according to reuters.com

**6.8 Cost of Service:**

Due to the nature of our business, it’s difficult to ascertain a specific price for all the services we provide as each job requires different materials and time to complete, however according to Cleveroad, hourly IT consulting rates range between $75-$175 an hour and for a monthly fee they usually charge a monthly retainer which allows a consultant to be on call and ready to assist at any time. We would focus on the $75 initial fee for the consultation and add on based on other variables that Tateeda suggest such as location, the IT consultant’s skill level and experience, complexity of the issue, required materials and technology, and time frame of specialized work.

**6.9 Quality Assurance of product/service:**

To ensure quality we can get an ISO 9000 certification by training our personnel, creating a quality policy manual, prepare operating procedures, holding internal audits, and paying the registration fee.

**6.10 What type of testing will ensure product/service functions as expected:**

As mentioned before, besides the ISO 9000 certification we could also implement post survey feedback to ensure that our service meets customer expectations on a consistent basis.

**6.11 What equipment will be needed to implement your product/service to your customers:**

As aforementioned, we would need PCs to run on site services as well as any required tools for requested jobs as well as anything to ensure our company vehicles can run.

**Management Section**

**7.1 Our Business**

Our company is an LLC whose mission statement is that we stand as the first step to solving any individual’s general tech needs, no matter the size. Our goal is to assist each individual with their technology needs utilizing our team of experienced individuals who are specialized in networking, electrical appliances, mobile devices, etc. and maintaining relationships with customers in a potential subscription-based service. Our vision is we value convenience, integrity, community, and quality assurance or the service is free. Our company is currently based in Virginia Beach, VA and prefer a close relationship with our customers to ensure that the service that they receive is on par with what we would provide to our own families. We hope to expend to other areas after building a solid foundation in which we can provide continuous service to those less qualified individuals.

* 1. **The Owner:**

The owner is Timothy Robinson, he has seven years of experience in the service industry and after all that time he wanted to use his education to create a career for himself. He graduated from ODU with a Cybersecurity major and a dual minor in Computer Science and Risk Management Insurance.

* 1. **Resume For Timothy Robinson**

**Table

Description automatically generated**

* 1. **Identify the managers:**

For managers we would need two for each aspect of the company: the warehouse, tech support, and on call professionals. They would need experience and education in different fields of technology such as cybersecurity, networking, IT, etc.

Manager Requirements:

* Bachelor’s Degree in IT, Cybersecurity, or any tech-based major
* Management Experience
* Strong Communication, leadership, and problem-solving skills
* Technical and analytical skills

IT Support Requirements:

* Bachelor’s Degree in IT, Cybersecurity, or any tech-based major
* Good Communication Skills
* Technical and analytical skills

Warehouse Employee:

* Prior experience working in a warehouse
* Knowledge of operating a forklift
* Ability to work on feet for 8 hours and carry loads up to 80 pounds
* Ability to work independently and safely
  1. **Number of workers:**

From my experience, we would need at least two shifts of workers and that is based on each type of worker. We would need at least 4 on call specialist with 2 tech support to answer phones and customer service and 4 inventory/assistant workers and a manager for any given shift. According to [zippia](https://www.zippia.com/technical-support-specialist-jobs/demographics/), the average wage for tech support workers is $45,000-$50,000 while warehouse/inventory workers annual salary is $30,000, and customer service and tech support workers’ salaries are around $31,000.

* 1. **Chain of command:**

We would have a simple triangle hierarchy in which the normal workers are supervised by a manager, and they report back to the owner with a proper procedure following any needed action or relevant information. Likewise, we would ensure specific work is always checked by a supervisor and we have a proper chain of command for any sensitive information or issues that may occur.

**Financial Statements**

|  |  |  |  |
| --- | --- | --- | --- |
| Sales | $95,943 | $267,581 | $333,625 |
|  |  |  |  |
| Direct Cost of Sales | **$8,138** | **$22,987** | **$29,120** |
| Other Cost of Goods | **0** | **0** | **0** |
| Total Cost of Sales | **$8,138** | **$22,987** | **$29,120** |
| Gross Margin | **$87,805** | **$244,594** | **$304,505** |
| Gross Margin % |  |  |  |

**8.1 Pro Forma Profit and Loss**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Expenses |  |  |  | | |  | |  | |
| Payroll | **$182,000** |  | **$251,600** | | |  | | **$259,600** | |
| Sales and Marketing and other Expense | **$5,000** |  | **$6,100** | | |  | | **$6,100** | |
| Depreciation | **$1,500** |  | | **$1,500** |  | | **$1,500** | |
| Rent | **$11,040** |  | **$11,040** | | |  | | **$11,040** | |
| Utilities | **$5,000** |  | **$5,000** | | |  | | **$5,000** | |
| Insurance | **$5,500** |  | **$5,500** | | |  | | **$5,500** | |
| Payroll Taxes | **$25,000** |  | **$31,000** | | |  | | **$32,000** | |
| Programming | **0** |  | **0** | | |  | | **0** | |
| Total Operating Expenses | **$235,040** |  | **$311,740** | | |  | | **$320,740** | |
| Profit Before Interest and Taxes | **$163,540** |  | **$96,968** | | |  | | **$176,822** | |
| EBITHDA | **$161,810** |  | **$98,768** | | |  | | **$176,922** | |
| Interest Expense | **$9,213** |  | **$9,533** | | |  | | **$9,945** | |
| Taxes Incurred | **0** |  | **$10,977** | | |  | | **$36,100** | |
| Net Profit | **$162,775** |  | **$66,825** | | |  | | **$130,840** | |
| Net Profit/Sales |  |  |  | | |  | |  | |

*Source:* Fictitious data, for illustration purposes only

* 1. **Pro Forma Cash Flow**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Cash Received |  | |  | |  | |
| Cash From Operations |  | |  | |  | |
| Cash Sales | **$15,097** | | **$102,098** | | **$113,650** | |
| Cash From Receivables | **$37,100** | | **$105,111** | | **$246,154** | |
| Subtotal Cash from Operations | **$52,100** | | **$206,143** | | **$353,100** | |
| Additional Cash Received | **0** | | **0** | | **0** | |
| Sales Tax, VAT, HST/GST Received | **0** | | **0** | | **0** | |
| New Current Borrowing | **0** | | **0** | | **0** | |
| New Other Liabilities (interest-free) | **0** | | **0** | | **0** | |
| New Long-term Liabilities | **0** | | **0** | | **0** | |
| Sales of Other Current Assets | **0** | | **0** | | **0** | |
| Sales of Long-term Assets | **0** | | **0** | | **0** | |
| New Investment Received | **0** | | **0** | | **0** | |
| Subtotal Cash Received | **$52,100** | | **$206,143** | | **$353,100** | |
| Expenditures | | **Year 1** | | **Year 2** | | **Year 3** |
| Expenditures from Operations | |  | |  | |  |
| Cash Spending | | **$159,000** | | **$116,200** | | **$120,200** |
| Bill Payments | | **$84,120** | | **$132,940** | | **$161,611** |
| Subtotal Spent on Operations | | **$243,120** | | **$249,140** | | **$281,811** |
| Additional Cash Spent | | **0** | | **0** | | **0** |
| Sales Tax, VAT, HST/GST Paid Out | | **0** | | **0** | | **0** |
| Principal Repayment of Current Borrowing | | **0** | | **0** | | **0** |
| Other Liabilities Principal Repayment | | **0** | | **0** | | **0** |
| Long-Term Liabilities Principal Repayment | | **0** | | **0** | | **0** |
| Purchase Other Current Assets | | **0** | | **0** | | **0** |
| Purchase Long-term Assets  Dividends | | **0** | | **0** | | **0** |
| Subtotal Cash Spent | | **$243,120** | | **$249,140** | | **$281,811** |
| Net Cash Flow | | **$195,016** | | **$12,935** | | **$75,185** |
| Cash Balance | | **$32,066** | | **$22,973** | | **$80,025** |

*Source:* Fictitious data, for illustration purposes only

* 1. **eBreak-even Analysis**

|  |  |
| --- | --- |
| Break-Even Analysis |  |
| Monthly Revenue Break-even | **fixed costs/(1-(Unit Variable Cost/Unit Price)).** |
| Assumptions: |  |
| Average Percent Variable Cost |  |
| Estimated Monthly Fixed Cost |  |

*Source:* Fictitious data, for illustration purposes only

* 1. **Pro Forma Balance Sheet**

|  |  |  |  |
| --- | --- | --- | --- |
| Assets |  |  |  |
| Current Assets |  |  |  |
| Cash | **$24,170** | **$19,051** | **$77,100** |
| Accounts Receivable | **$24,379** | **$109,455** | **$127,027** |
| Inventory | **$1,300** | **$3,618** | **$5,201** |
| Other Current Assets | **0** | **0** | **0** |
| Total Current Assets | **$49,849** | **$132,124** | **$209,328** |
| Long-term Assets | **$8,500** | **$8,500** | **$8,500** |
| Accumulated Depreciation | **$1,500** | **$2,900** | **$6,800** |
| Total Long-term Assets | **$7,000** | **$5,600** | **$1,700** |
| Total Assets | **$56,849** | **$137,724** | **$211,028** |
| Liabilities and Capital | **Year 1** | **Year 2** | **Year 3** |
| Current Liabilities |  |  |  |
| Accounts Payable | **$8,016** | **$11,369** | **$13,636** |
| Current Borrowing | **0** | **0** | **0** |
| Other Current Liabilities | **0** | **0** | **0** |
| Subtotal Current Liabilities | **$8,016** | **$11,369** | **$13,636** |
| Long-term Liabilities | **$82,665** | **$107,438** | **$91,213** |
| Total Liabilities | **$90,681** | **$118,807** | **$104,849** |
| Paid-in Capital | **$120,000** | **$120,000** | **$120,000** |
| Retained Earnings | **$21,350** | **$167,473** | **$122,009** |
| Earnings | **$150,000** | **$50,233** | **$104,830** |
| Total Capital | **$22,330** | **$16,500** | **$107,011** |
| Total Liabilities and Capital | **$60,720** | **$130,474** | **$220,109** |
| Net Worth | **$150,000** | **$17,800** | **$118,211** |

*Source:* Fictitious data, for illustration purposes only

**Appendix:**

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