

## **Fremont Painting Experts**

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### **Painting Contractors Business Plan**

#### **Executive Summary**

Barnum Painters will provide top-quality interior and exterior residential and commercial painting services. The principal officers of Barnum Painters believe that most companies in this industry suffer two major problems. These are poor scheduling of job projects and poor retention of quality employees. Both lead to lower customer satisfaction, lack of repeat business and a low word-of-mouth referral rate. Barnum Painters believes that by implementing this contractor business plan, it can improve upon and exploit these weaknesses to gain local market share.

The objectives for Barnum Painters over the next three years are:

- To achieve sales revenues of approximately \$620,000 by year three.
- To achieve a customer mix of 30% commercial/60% residential building contracts per year.
- To expand operations to include all the Greater Seattle area including Kirkland, Renton and the Kitsap Peninsula.

The company will seek to provide its painting services in the most timely manner and with an ongoing comprehensive quality-control program to provide 100% customer satisfaction. The company's principal officers see each contract as an agreement not between a business and its customers, but between partners that wish to create a close and mutually-beneficial long-term relationship. This will help to provide greater long-term profits through referrals and repeat business.

Barnum Painters will institute the following key procedures to reach its goals:

- Create a position of inventory coordinator, and have at least one expeditor assigned to each project.

- Have a dedicated project manager for each project who can handle quality-control issues.
- Institute a program of profit sharing among all employees.

Barnum Painters is a start-up limited liability company consisting of three principal officers with combined industry experience of 40 years. Barnum Painters will be a partnership between Mr. William Barnum, Mr. Anthony Barnum and Mr. Michael Kruger. The principals will be investing significant amounts of their own capital into the company and will also be seeking a loan of \$7,000 to cover start-up costs and future growth. Finally, the company has procured a \$10,000 line of credit (not shown on financial statements) that will be used if necessary to cover unforeseen expenses or opportunities.

Barnum Painters will be located in a rented suite in the Rucker Industrial Park on 710 Snoquamie Route, Suite 250 in Edmonds, WA. The facilities will include a reception area, offices for the principals, storage area for inventory, and employee lounge. Barnum Painters offers a wide variety of services primarily focused on interior and exterior residential and commercial painting. The firm also provides such services as drywall plastering, acoustical ceilings, pressure washing, and others. The idea is to provide clients with a broad range of related services that will minimize their need to employ a variety of contractors. Barnum Painters will engage in a low-cost leadership strategy while maintaining a suitable level of quality.

Initially the company will focus on residential and commercial customers in the Everett, Washington area. However, by the end of the three-year projections, the company expects to be serving the entire Puget Sound area. The company has rigorously examined its financial projections and concluded that they are both conservative in profits and generous in expenditures. This was done deliberately to provide for unforeseeable events. The company's principals believe that cash flow projections are realistic.

### Keys to Success

The principal officers of Barnum Painters have had many years of experience in the contracting business. They believe that most companies in this industry, which includes painting contractors, suffer from two major problems that Barnum Painters can improve upon and exploit.

The first problem comes from scheduling of jobs. Many painting contractors find it difficult to maintain established schedules with their customers that lead to a decrease in customer satisfaction and retention. This is caused by poor management, less than

reliable employees, and delays in inventory procurement and distribution. The second problem is in retaining reliable and motivated personnel. Many painting companies rely on temporary or transient employees that lead to high turnover rates and decreased service quality.

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#### **Mission**

The mission of Barnum Painters is to provide top-quality interior and exterior residential and commercial painting services. The company will seek to provide these services in the most timely manner and with an ongoing comprehensive quality control program to provide 100% customer satisfaction. The company's principal officers see each contract as an agreement not between a business and its customers, but between partners that wish to create a close and mutually beneficial long-term relationship. This will help to provide greater long-term profits through referrals and repeat business.

#### **Objectives**

The objectives for Barnum Painters over the next three years is to:

- Achieve sales revenues of approximately \$450,000 by year three.
- Achieve a customer mix of 30% commercial/60% residential building contracts per year.
- Expand operations to include all the Greater Seattle area including Kirkland, Renton and the Kitsap Peninsula.

#### **Services**

Barnum Painters offers comprehensive interior and exterior painting services for both the residential and commercial markets.

#### **Service Description**

Barnum Painters services include:

- Full prep work.
- Dry wall contouring.
- Fine detailing.
- Small carpentry work.
- Specialty wall coatings.
- Refinishings.
- Acoustical ceilings.
- Pressure washing/roof cleaning.

Each project is customized to the wants and needs of the client. Prices are determined by the scope of the project, materials needed, wear and tear on equipment and required profit margin.

#### Competitive Comparison

The contracting and painting market is very competitive. The barriers to entry and exit in this market are very low making this an industry with a large number of rival firms with high turnover rates. Buyers have a significant amount of power since they have a large number of companies to choose from. Moreover, services are undifferentiated, which means that customer loyalty is usually low. Painting companies must compete on quality and timeliness of service, customer relations, and price.

Barnum Painters believes that it can improve on the quality and timeliness of services in this industry by instituting procedures that will avoid many of the mistakes that other firms make. This includes delayed schedules and high employee turnover which leads to lower service quality. The company will be equally competitive in price and will maintain close ties with its clients throughout the entire project since each project is a customized job. Through these steps, Barnum Painters will be able to build up a reputation of better quality service at competitive prices than its competitors.

#### WHY YOU SHOULD USE A PROFESSIONAL PAINTING COMPANY

Although many homeowners can paint their own home interiors, the long hours and lack of real experience do not pay off as most project wind up being less than satisfying. For a slightly higher investment a professional painter in Park City can give you the results that you're looking for. Painters utilized techniques and tricks of the trade in half the time. So the next time you're tempted to go out and purchase all those products and supplies, pick up the phone and call a qualified paint company who can bring new life to any room in your home.

#### **The Right Paint For You**

Although the average owner can give you a layman's explanation of the different types of paint on the wall, pro painters understand the science of each paint and its chemical makeup. For instance, they can tell you why there's a distinct difference between full gloss and semi-gloss paint and the effect that it will have on your walls. If you want a flat paint, then a painter can tell you what types of paint make a flat surface that has no glare from the light. Do you know the difference between eggshell paint and satin paint? A seasoned professional does. They can also tell what types of paint works best on different surfaces such as wood, metal, drywall, or plaster.

### **Quality Paint Products**

Every home remodeling project is a major investment that adds value to your home. So if you think that saving money on a cheap can of paint is a smart idea, then think again. Professionals know what brands are truly quality while helping you save money the right way. There are several issues to consider, such as how easy is to clean the wall without destroying the paint. Will the paint chip, crack, or bubble up in a short amount of time? How many coats will have to be applied in order to get the job done? Professionals have the answers to all these questions and can guide along in order to make wise decisions.

### **Painting Contractor**

Painting contractors work in the property maintenance sector. Depending on their skills and resources, they might specialize in painting different types of buildings, including houses and apartments, or commercial properties, such as offices, factories or retail outlets. Some contractors work directly for property owners; others find work through real estate firms, rental agents and property maintenance companies.

### **Estimating**

To win work, contractors generally have to bid against other suppliers. To make an accurate bid, they estimate the time and materials required to complete the job. They measure the area to be painted and discuss the type of finish the customer requires. They assess the quality of the surfaces to work out how much remedial work they must carry out before painting. They might have to remove old paint or wall coverings, or repair cracks and other damage. They also calculate the cost of any essential equipment, such as scaffolding for exterior walls.

### **Planning**

When their bids are successful, contractors meet customers to finalize their requirements and plan the order and timing of work. Contractors estimate the time required for surface preparation, painting several coats and drying time between coats. For interior painting jobs, they might have to allow time for clearing rooms. Exterior painting schedules might be dependent on the weather in different parts of the country. Exterior painting is not practical in very wet or very cold conditions.

### **Preparation**

Thorough preparation is essential to ensure a good finish. Contractors might have to fill cracks or holes and remove old paint if it is badly worn, peeling or flaking. They remove all paint and apply a suitable primer to the bare surface. If the existing paint is in reasonable condition, they clean it and rub it with abrasive material to provide a key for the new paint. On new surfaces, such as bare wood or fresh plaster, they apply a suitable seal, followed by a primer coat.

## **Painting**

Contractors apply several layers of paint to achieve a suitable finish. They leave the first coat to dry for the recommended time and apply one or more finishing coats. They might choose paints with special qualities for different types of room. Manufacturers have developed paints for bathrooms or kitchens that have good resistance to moisture for example. When they have completed painting, they clear away any equipment and restore the area to its original condition.

## **Management**

Painting contractors must also carry out administrative and marketing duties. They prepare final accounts for customers based on the original estimates and any additional work. They analyze the cost of the job compared with the estimate to calculate their profit. They market their business through activities such as setting up websites, asking customers for references or contacting property maintenance companies with details of their services.

## **Hiring a Painting Company**

We'll admit it's not easy to know how to hire a painting contractor. But if you're on the market for a painting company, you need to make a well-informed decision — your house, and often your sanity, are at stake. Don't rush into things when you're deciding how to hire someone to paint your home. To help you prepare for your decision, we've compiled a list of the most common problems with painting contractors, and how you can avoid them.

Whether it's an interior painting company or an exterior painting company you're looking to hire, here's what can go wrong with contracting a painting company.

### **#1: You Hire Someone Who Doesn't Care**

It's one of the most common problems with hiring a painting company. Anyone can call themselves a painting company — it just takes a little signage and the basic materials. Unfortunately, if you hire someone who doesn't have much experience or who is just looking to make some extra money on the side, you may be putting your home at-risk of sloppy, careless painters.

## **#2: The Price Suddenly Increases**

No matter what the job, it's all-too-common for contractors to "unexpectedly" need to do extra work. They'll finish halfway and claim it can't be done without more paint, supplies, etc — and it always comes at extra cost to you, no matter what you verbally agreed to before the job started.

## **#3: Your Contractor Cuts Corners**

We've all seen a cheap paint job — a wall that looks like it could use an extra coat (or three). This effect is often caused by diluting the paint to make it last longer, something you certainly don't want your contracting company to do. Unfortunately, it's not rare in the world of professional painting.

## **Avoiding These Common Problems**

Now that you know what could happen when you're choosing someone to paint your home, you're probably wondering how you can avoid these and other issues. We've written extensively on the topic — take a look at this recent blog post on selecting a contractor for a more in-depth explanation.

The basics of selecting a good painting contractor include:

- Asking for references. Do your research beforehand, and ask your potential painting company if they can provide references who will speak to their work. If they are reluctant to share names and numbers, or if they don't have anyone at all, keep looking.
- Agree to a contract beforehand. Make sure you get an outline of the work that will be performed in writing beforehand — that will help to avoid any last minute "surprises," like extra paint or more supplies.

One of the biggest questions we get is "How do you find good help? Everyone I hire seems to be unreliable."

This is a valid point. Many subcontractors are not reliable. They either show up late (or not at all) and their work is shoddy.

If you're trying to grow your painting business, bad subcontractors can really put a wrench in your operation. You have to show up to the job site to make sure everything's ok, or go to the paint store to get something they forgot. THEN you have to deal with an angry customer who's not satisfied with the work.

There ARE reliable subcontractors out there. It's just a matter of FINDING them and KEEPING them.

Many painting business owners complain about unreliable subs, when the owners are not reliable themselves. To keep reliable subs, YOU have to be reliable also.

A good painting subcontractor is not going to work for you if:

- You don't pay on-time.
- You don't have steady work available.
- You don't do what you say.

It goes both ways. You can complain about not finding reliable help, but if you're not providing an appealing offer for subs, they'll work for someone else.

Another complaint we hear about subs is that they're too expensive. We hear 'There's no way you get away with paying your subs 50%'. But in fact, we DO get away with it.

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