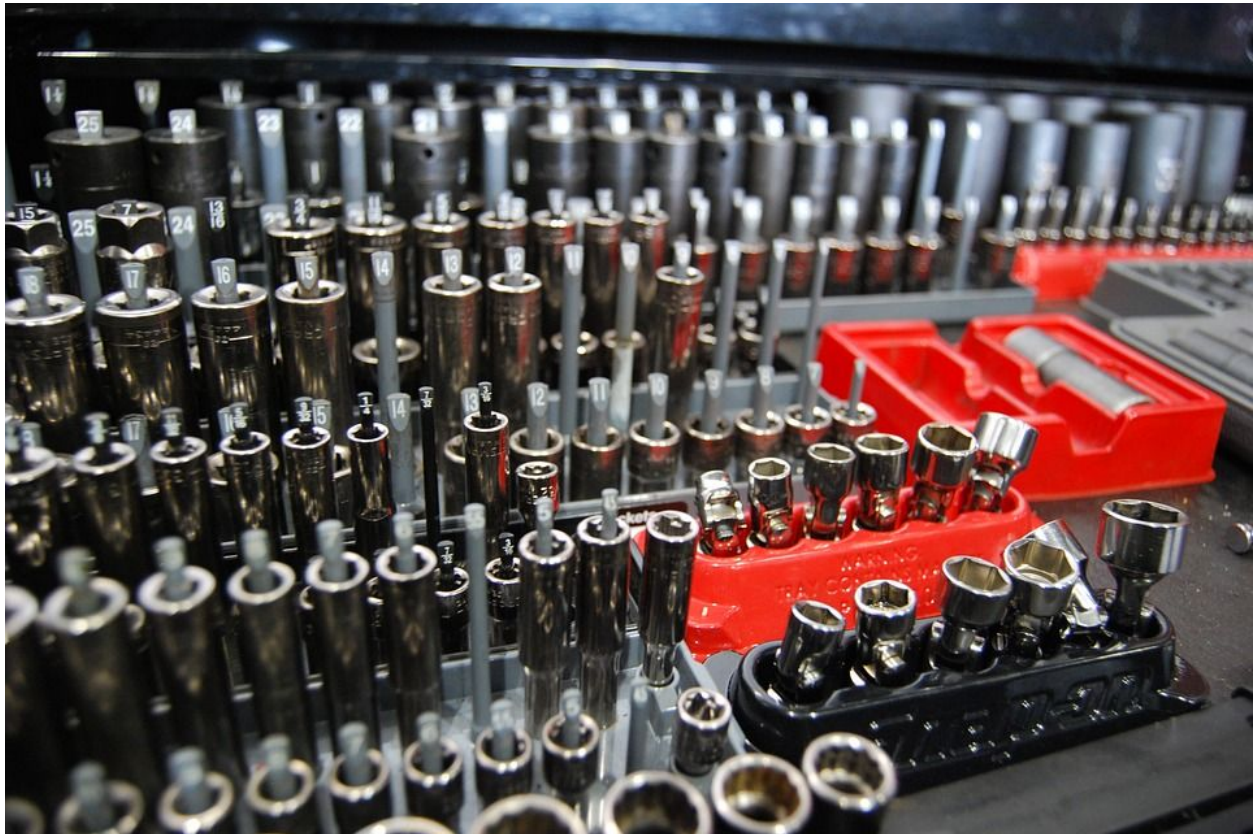


Mechanics on the Run



“There for you when you’re at work, with a quick and honest service”

Table of Contents

Executive Summary.....3-4

Business Concept.....4-5

Industry/Market Analysis.....5-7

Service Plan.....7-8

Marketing Strategy.....8-9

Pricing & Feasibility.....10-11

Financials.....11-12

Assumptions & Risks.....13

Executive Summary:

Mechanics on the Run will provide quality automotive maintenance to businesses. With this, this will allow businesses to save money on employee wages by providing our service as a perk to employees at no expense to the employees. This approach, will be cost-effective, timely, and convenient.

In order to run this business, we will need to have two full-time mechanics. These mechanics will be contracted and will use their own trucks. We will provide tools and vehicle parts for the mechanics to use. These mechanics will be responsible for providing all repair and maintenance services to our clients. This will mostly entail oil changes, changing of brake pads, and other minor maintenance activities.

This industry has relatively low barriers to entry. The two main industries we will compete with are the oil change industry and the automotive mechanic industry. There are thousands of businesses in each of these industries in the United States.

We will focus on the greater Milwaukee area. There are over 37,000 businesses in this market with around 1,200 having more than 100 employees. In order to reach this market, we will have advertising through newspaper, radio, and social media. With this, we will also have a 24 hour email service. In order to schedule appointments, clients will be able to reach us through email and by phone.

Financially, based on an increasing subscriber base through twelve months, we plan to turn a profit to be reinvested in the business by month eight. This is based on a four-tier subscription plan. Businesses under 100 employees and businesses over 100 employees will each have a silver and gold subscription option to be paid per month.

Overall, we intend to provide the highest quality service and end product to our customers. We plan to build a quality relationship with them for years to come.

Business Concept:

Our business is going to be based on a convenient service. Mechanics on the Run will be a service plan that we will be used as an employee benefit. Mechanics on the Run will be a new way for business owners and corporate boards to pay employees without the repercussion of being taxed on it as well. This is going to be a package sold to a business for employee use. Instead of employees having to take time off of work or using their lunch break or weekend for routine maintenance they can have it done right at work by a trustworthy company at no cost to them. Mechanics on the run will be sold in two different packages silver and a gold package. The silver could include one or all of the following oil change, oil filter swap, tire rotation, tire pressure, fluid check (wiper fluid, coolant, transmission oil, and power steering fluid). The Gold package could include one or all of the following oil change, oil filter swap, tire rotation, tire pressure, fluid check (wiper fluid, coolant, transmission oil, and power steering fluid), brake pad replacement, light replacement, and problem diagnostic as well as a basic greasing.

Our customer base will be rather large considering any business could be of interest for us. We will be starting in the greater Milwaukee area, but our customer base is rather large for expanding considering the number of registered vehicles in the United States last year was 261.8 million. With there being 37,728 businesses in the Greater Milwaukee area with 1,254 having more than 100 employees leaves us with a great place to start as well as a huge market to make money in considering we will have rates depending on how many employees are employed at

each business. We will have the two packages available at rates set for businesses with less than 100 employees and businesses with more than 100 employees. For a business that has less than 100 employees we will charge \$200 for the silver package and \$350 for the gold package. For businesses with over 100 employees we will charge \$375 for the silver package and \$600 for the Gold package. The more workers the more cars that will be in the lot. Which in the end totals to us needing more mechanics on the job each day. Our convenience plan we will hope to get a company down to scheduled maintenance so we can have our employees not wasting time. We would like to go to certain businesses on certain days, but the packages does not limit the car owners to just that considering most employees do not all use their vehicles in the same exact way as well as mishaps can happen frequently and things can go wrong. With that being said we do have call ins to our line as well as a 24 hour email line. This way we can get a mechanic over to the business as soon as possible that day.

Industry Analysis:

The automotive mechanic industry in the United States brings in revenues of greater than \$50 billion annually. In 2016, the industry brought in over \$62 billion in revenues. The automotive mechanic industry is a growing industry. Between 2010 and 2016 revenues increased by more than \$9 billion. Furthermore, the industry is expected to grow between 2017 and 2022 at an annual rate of 1.4% per year. There are more than 250,000 auto mechanic shops in the United States. About 65% of the total industry is nonemploying establishments and businesses that consist of self-employed individuals.

Although there are no major players in the industry holding a majority market share, there are a handful of businesses that stand out as much more successful than others. Jiffy Lube has an estimated market share of 2.4%. They have over 2,000 franchised service centers; more than 90% of these are located in the U.S. In 2016, Jiffy Lube generated \$1.6 billion in global sales. Another significant company is Midas Inc. Midas has more than 1,000 shops in 13 countries, including the U.S. In 2016, Midas generated around \$1.5 billion in sales. Midas has an estimated market share of 1.3%. A third significant organization is Monro Muffler Brake Inc. Monro was initially a subsidiary of Midas, but ended its affiliation with Midas in 1966. Monro employs around 6,600 workers and over 1,000 shops in 25 states. Monro is projected to generate over \$270 million in 2017. They currently have an estimated market share of just under 1%.

A second major industry that may affect our business is the oil change services industry. Although this industry is much smaller than the automotive mechanic industry, it still may play a significant role in identifying our potential customer base, competitors, and our overall standing in the automotive industry. The oil change services industry brings in revenues of almost \$7 billion per year. In 2016, revenues totaled \$6.89 billion. The industry is expected to grow from 2017 to 2022 at a rate of 0.6% per year. There are approximately 30,000 oil change service businesses in the U.S. This industry is mainly characterized by small-scale operators; the majority of owners operate at a local level and have just one establishment.

The largest player in this industry is Royal Dutch/Shell Group. These companies merged in 2005. Royal Dutch/Shell Group have an estimated market share of 9.4%. Shell employs over 90,000 employees in 80 different countries. They are the parent company of other businesses such as Jiffy Lube, Pennzoil, and Shell Rapid Lube. There are a handful of companies that own a

mentionable market share in this industry; Ashland Inc. at 4.2%, The Pep Boys at 3.1%, Kwik Kar Lube & Automotive Service Centers at 1.2%, and Chevron Corp. at 0.9%.

A third industry to look at would be the emergency roadside assistance industry. The main player in this industry is the American Automobile Association more commonly referred to as AAA.

Mechanics on the Run will cover the greater Milwaukee area and target businesses as our main customer segment.

Service Plan:

Since our idea is solely a service, we intend to put our customers first. We know that the best way to spread and expand a business is through word of mouth. Which is why we will have one mechanic to start which will be just a runner that can make it to companies that have call ins were a vehicle needs to be fixed as soon as possible when we may not be scheduled to show up on that day.

We will be installing reliable products that we will be getting from trusted dealers. Products like Fram oil filters, castrol oil, and peak coolant to name a few. These are brand names that many have trusted and are backed with experience.

However, as a part of our service plan we will keep records of each vehicle that we work on just for proper maintenance and for precautionary reasoning. With that being said it will not be our responsibility to inform a customer of an oil change or a new installment. This will be left up to the customer and will be kept out of our hands for many good reasons. One being this is

how we can get away from being too pushy with installments or work and this way we can not be held reliable for not doing some sort of service. This service is left up to the employee to use. It is provided by the employer so the employees do not have to use their own time or get used by the local shop for more money. This is a trusted service that maintains your car without the hundreds of extra dollars thrown on top for non-necessary fixes.

In order to keep our service at a very high ranking we will set up an email with a 24 hour response. This way, especially in the early stages of our new business we can learn first hand from our customers what is and what isn't working. I think that this is the best way to communicate with your customers and grow your business. The only way for us to fix our mistakes is for us to know first hand what our mistakes are.

Marketing Strategy:

Target Market, Branding, and Competition

Our primary target will consist of vehicle owners on a broader scale, but narrowing it down it will be business owners. They are the ones who we will be going after to have them purchase the benefit package. With the number of business being 27.9 million, I believe that we have a huge market. However, our target market to start will be the Greater Milwaukee area which would be about 37,728 companies and around 1,254 being over one hundred employees. I believe that our target company will have between 25-75 employees. This will be an exceptional rate for the employer and this will also be a solid amount of vehicles to work on for one site since our staff will be low when we start.

Our branding will come through our name. Mechanics on the run will be the catchy title we need to get our point across that we are there for your efficiency. Our branding will come from the fact that we will be coming to your vehicle rather than you seeking out us. We would like to trademark this so we can be a known type of benefit just like a 401k or insurance plan is known.

We will have a vast array of competition, but nothing offering the same thing as what we do. We are differentiating ourselves from the competition. AAA is a similar benefit offered by companies, but is used as a travel assist. It brings roadside assistance wherever you're at as well as good rates on hotels and rentals. AAA also can recommend quality shops to get your vehicles fixed as well. Our other two competitors are the most frequently used. That is just your local shop or a trusted friend or family who has knowledge in this trade. Many have a trusted shop who has never done them wrong or a friend who will do it for cheap, and can get them a good rate on parts.

All of this fine, but it does not take away the need for time. All of these competitors are looking for you to use your time or pay extra for them to come pick it up. This is where we separate ourselves. We are not wasting any of their time and will be able to complete all of the maintenance while they are making money. For all of these people who were paying for this to be done, they should love the saving of money. Instead of burning money and time that could be spent making money, they will now be making money and getting their car fixed for free.

Pricing & Feasibility:

Our pricing came off of what an average price of an oil change is considered. We came up with an average cost of \$46 for an oil change. We also took into consideration on average how many times you need to change your oil in a year. This came out to be an average of 5. \$46 multiplies by five times a year equals \$230 dollars on an average per person per year. We took a smaller sample since we considered most businesses under 100 employees are going to be on the lower end of the scale. We use 25 employees to multiply by the \$230 and then divide it by twelve to see what an average companies employees are paying together per month on oil changes alone. It end up coming out to be \$480 per month. We obviously, planned on cutting a chunk off of that so we could compete and make it worth their time to use us. We also knew that not every car is going to need to be fixed every month so we started are silver package out at \$200 which was less than half and then our gold package at \$350. The financials shows how this works out for our company with our expenses.

The feasibility of this price makes perfect sense for employers and employees. For employers, if you just purchase the silver package and pay \$200 a month, that's only \$2400 a year. This is a cheap way to get an advantage in a wage negotiation with employees say they give this benefit to them over an extra dollar for their hourly wage to 2 employees who work a 40 hours a week. They could save \$4160 a year for just two employees. If you subtract that from the monthly payments that total \$2400 you get \$1760 leftover in your pocket as the employer. Which any business owner is going to love.

The employee feasibility I think is makes sense for them as well. Obviously, there are mechanic shops that come and pick up vehicles, but there is a charge for that as well. Or even if

you have to get a rental vehicle for the day that cost more money as well. This way you can drive your car to work have the work done and then leave with it at night with no hassle for the employee whatsoever.

Financials:

Start-up Costs (Balance Sheet)

| | |
|----------------------------------|-----------------|
| Tools | \$2,000 |
| Advertising | |
| Radio | \$4,000 |
| Newspaper | \$1,200 |
| Uniforms | \$200 |
| Computers | \$1,200 |
| Desks | \$200 |
| Initial Deficit (First 3 months) | \$12,620 |
| Total | \$21,420 |
| x1.2 | \$25,704 |

Financing (Balance Sheet)

| | |
|--------------------|-----------------|
| Chandler | \$5,000 |
| Noah | \$5,000 |
| Family and Friends | \$15,704 |
| Total | \$25,704 |

- Financing was added in order to prevent the business from going into debt for the first three months.

Profit and Loss Statement

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Subscriptions | | | | | | | | | | | | |
| Under 100 Employees | | | | | | | | | | | | |
| Silver (\$200) | \$ 800.00 | \$ 1,600.00 | \$ 2,400.00 | \$ 3,200.00 | \$ 4,000.00 | \$ 4,800.00 | \$ 5,600.00 | \$ 6,400.00 | \$ 7,200.00 | \$ 8,000.00 | \$ 8,800.00 | \$ 9,600.00 |
| Gold (\$350) | \$ 350.00 | \$ 700.00 | \$ 1,050.00 | \$ 1,400.00 | \$ 1,750.00 | \$ 2,100.00 | \$ 2,450.00 | \$ 2,800.00 | \$ 3,150.00 | \$ 3,500.00 | \$ 3,850.00 | \$ 4,200.00 |
| Over 100 Employees | | | | | | | | | | | | |
| Silver (\$375) | \$ 3,000.00 | \$ 6,000.00 | \$ 9,000.00 | \$ 12,000.00 | \$ 15,000.00 | \$ 18,000.00 | \$ 21,000.00 | \$ 24,000.00 | \$ 27,000.00 | \$ 30,000.00 | \$ 33,000.00 | \$ 36,000.00 |
| Gold (\$600) | \$ 1,200.00 | \$ 2,400.00 | \$ 3,600.00 | \$ 4,800.00 | \$ 6,000.00 | \$ 7,200.00 | \$ 8,400.00 | \$ 9,600.00 | \$ 10,800.00 | \$ 12,000.00 | \$ 13,200.00 | \$ 14,400.00 |
| Initial Financing | \$ 7,730.00 | \$ 4,890.00 | \$ 2,050.00 | | | | | | | | | |
| Total Revenue | \$13,080.00 | \$15,590.00 | \$18,100.00 | \$21,400.00 | \$26,750.00 | \$32,100.00 | \$37,450.00 | \$42,800.00 | \$48,150.00 | \$53,500.00 | \$58,850.00 | \$64,200.00 |

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Wages | | | | | | | | | | | | |
| Mechanic 1 (\$20/hr - 40hr/wk) | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 |
| Mechanic 2 | | | | | | | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 | \$ 3,200.00 |
| Mechanic Mileage (\$.55/mile) | \$ 770.00 | \$ 770.00 | \$ 770.00 | \$ 770.00 | \$ 770.00 | \$ 770.00 | \$ 1,540.00 | \$ 1,540.00 | \$ 1,540.00 | \$ 1,540.00 | \$ 1,540.00 | \$ 1,540.00 |
| Chandler | | | | | | | | | | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 |
| Noah | | | | | | | | | | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 |
| Rent | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 | \$ 1,400.00 |
| Parts | | | | | | | | | | | | |
| Oil | \$ 1,341.00 | \$ 2,682.00 | \$ 4,023.00 | \$ 5,364.00 | \$ 6,705.00 | \$ 8,046.00 | \$ 9,387.00 | \$ 10,728.00 | \$ 12,069.00 | \$ 13,410.00 | \$ 14,751.00 | \$ 16,092.00 |
| Oil Filters | \$ 708.00 | \$ 1,416.00 | \$ 2,124.00 | \$ 2,832.00 | \$ 3,540.00 | \$ 4,248.00 | \$ 4,956.00 | \$ 5,664.00 | \$ 6,372.00 | \$ 7,080.00 | \$ 7,788.00 | \$ 8,496.00 |
| Brake Pads | \$ 361.00 | \$ 722.00 | \$ 1,083.00 | \$ 1,444.00 | \$ 1,805.00 | \$ 2,166.00 | \$ 2,527.00 | \$ 2,888.00 | \$ 3,249.00 | \$ 3,610.00 | \$ 3,971.00 | \$ 4,332.00 |
| Miscellaneous Parts | \$ 100.00 | \$ 200.00 | \$ 300.00 | \$ 400.00 | \$ 500.00 | \$ 600.00 | \$ 700.00 | \$ 800.00 | \$ 900.00 | \$ 1,000.00 | \$ 1,100.00 | \$ 1,200.00 |
| Advertising | | | | | | | | | | | | |
| Radio | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 |
| Newspaper | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 | \$ 1,200.00 |
| Total Expenses | \$13,080.00 | \$15,590.00 | \$18,100.00 | \$20,610.00 | \$23,120.00 | \$25,630.00 | \$32,110.00 | \$34,620.00 | \$37,130.00 | \$49,640.00 | \$52,150.00 | \$54,660.00 |

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|--|--------------|--------------|--------------|------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Total Revenue | \$ 13,080.00 | \$ 15,590.00 | \$ 18,100.00 | \$ 21,400.00 | \$ 26,750.00 | \$ 32,100.00 | \$ 37,450.00 | \$ 42,800.00 | \$ 48,150.00 | \$ 53,500.00 | \$ 58,850.00 | \$ 64,200.00 |
| Total Expenses | \$ 13,080.00 | \$ 15,590.00 | \$ 18,100.00 | \$ 20,610.00 | \$ 23,120.00 | \$ 25,630.00 | \$ 32,110.00 | \$ 34,620.00 | \$ 37,130.00 | \$ 49,640.00 | \$ 52,150.00 | \$ 54,660.00 |
| Net Income/Loss | \$ - | \$ - | \$ - | \$ 790.00 | \$ 3,630.00 | \$ 6,470.00 | \$ 5,340.00 | \$ 8,180.00 | \$ 11,020.00 | \$ 3,860.00 | \$ 6,700.00 | \$ 9,540.00 |
| Payback to Investors (Family and Friends) | \$ - | \$ - | \$ - | \$ 790.00 | \$ 3,630.00 | \$ 6,740.00 | \$ 5,340.00 | \$ 775.00 | \$ - | \$ - | \$ - | \$ - |
| Initial Investment of \$15,704 to be paid back 1.1x (\$17,275) | | | | \$ 790.00 | \$ 4,420.00 | \$ 11,160.00 | \$ 16,500.00 | \$ 17,275.00 | | | | |
| Net Profit (To be reinvested) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,405.00 | \$ 11,020.00 | \$ 3,860.00 | \$ 6,700.00 | \$ 9,540.00 |

- We needed to hire a second mechanic for Month 7 in order to accomplish all of the work that would need to be done.
- We won't pay ourselves until it is feasible and the business can remain profitable.
- The financing for parts is based on the maximum number of potential parts to be used in a month; there is still room for variance.

Assumptions and Risks

There are several assumptions and risks regarding this type of business. No business quite like this exists in Milwaukee. With this, it is hard to say beyond actually trying to implement this business whether something like this could find sustained success. On top of this, a lot of employees would rather take additional salary in comparison to a benefit like this. Furthermore, people who work in cities have a greater propensity to take public transportation which could greatly impact our business.

On top of all of this, we may experience several liability issues with working at a businesses location, or in the parking area of a business complex. We would need to figure out who the liability falls on and how to provide our service in a safe and efficient way for all.

Overall, the financials would make it seem like this business idea is feasible, but ultimately, this is something that may need additional research and testing. It all comes down to being able to sell our value proposition to businesses that this could save them a significant sum in the long run without affecting their day-to-day operations.

Resources used:

<https://www.angieslist.com/articles/how-much-does-oil-change-cost.htm>

http://www.mmac.org/uploads/3/7/9/6/37962993/demo_economicprofile2014.pdf

<http://libproxy.uww.edu:2702/reports/us/industry/default.aspx?entid=1696>

<http://libproxy.uww.edu:2702/reports/us/industry/default.aspx?entid=1689>

<http://newsroom.aaa.com/>