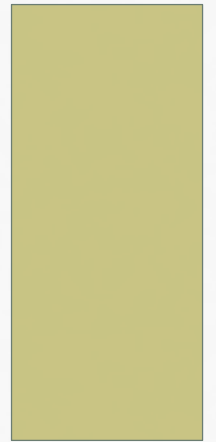


BUSINESS \ FINANCIAL PLAN

CONCRETE SEALANTS



WHY A BUSINESS PLAN

- Primarily for your own use. To help you get a comprehensive look at your business
- A business plan focuses on the future
- Essential if you are looking for financing
- We are going to look at some of the aspects of the precast concrete industry as it pertains to the business plan.
- Some of the information provided came from an NPCA seminar instructed by Joan Blecha

MARKET

- What do you know about your industry?
- What associations and organizations are available?
- I believe that associations are a personal and professional support system
- What is the common denominator with all of the products produced in this industry?
- An Industry with high capital cost. Equipment, forms, trucks, trained labor etc.



PRODUCTS

- What products do you manufacture?
- How do you prioritize your products when you are busy or slow?
- Do you offer accessories to go with your products for extra income?
- Do you offer a commodity or niche product?



CUSTOMERS

- Can you or someone in your company identify with your customers and characteristics.



BRANDING YOUR COMPANY



- Branding is it current?
- Logo's – everyone has them what do you do with them.
- Can you do anything to your commodity product to give it value or perceived value?
- The perception of value has value
- Have you invited customers, specifiers to your shop to show them the difference?



COMPETITION

- What makes you unique?
- What other materials are you competing against?
- You bid against other precasters, you compete against alternative products
- What are the advantages to your product? Can you talk the talk?



EMPLOYEE'S



- What does it take to hire and retain
- A culture of branding, communication and perceived fairness
- Wage tracks and PTO's
- Does your website offer information about job opportunities
- The millennials, are you offering a job or a career?

PRICING STRATEGIES

- Price
- Service
- Quality
- The old saying was choose two out of three. I think it's a blend based on the individual owner



PRICING AS A STRATEGY

- It is a survivability strategy
- Cost controls are an absolute must
- You must consider long term implications
- What you don't pay attention to will bite you
- Don't assume everyone understands the importance of cost controls
- It is usually the indirect cost that get overlooked

MAKING A PRICE CHANGE

- | Price Cut | Sales Increase Volume Needed |
|-----------|------------------------------|
| • 3% | 13.6% |
| • 5% | 25% |
| • 7.5% | 42.9% |
-
- | Price Increase | % of Previous Sales Needed |
|----------------|----------------------------|
| • 3% | 90% |
| • 5% | 83.5% |
| • 7.5% | 77% |

DIRECT COST

- Cost directly associated with the product. Labor, materials operating supplies and delivery cost
- How many operate your delivery trucks for profit?
- Is your trucking for profit?



VARIABLE OVERHEAD COST

- Cost not directly associated with the product
- Utilities, office, Insurance, Taxes, Repair, Debt etc.



EXAMPLE OF BAD DEBT

- Bad Debt Net Operating Profit% 6%
- Write-off Additional Sales
- \$300 \$50,000
- \$750 \$123,500
- \$2000 \$333,333

PRICING

- Regardless if you are selling price, quality or service you must know your cost.



REVENUE DRIVERS - SERVICE

Customer Concerns – Do you listen

- Do you communicate accurate product completion dates for your customers
- If your customers want something made in 3 days, are they willing to pay for the service?
- Performance – are your drivers on time and customer friendly
- There's a increased cost associated with service. More labor, more trucks etc.
- 70% of customers are lost due to lack of service
- 25% lost to indifference
- If you lose a customer on price you can get him back on price
- Cell phone vs 1000 gallon septic tank. It isn't right

QUALITY

- Is quality an issue with your customers?
- Do your customers pay for incorrect products?
- Does your company ever receive a back charge?
- If you give your customer any reason for not paying will they usually be late or not pay at all
- There is also a cost for quality. Plant Certification, QC Person, better forms. Additional training etc.



WHAT ABOUT THE SLOW PAYING CUSTOMER

Think about this with a slow paying customer

Loses discounts each month maybe 2%. An annual expense of 24%

Pays finance charges 1% – 1.5%. 12% - 18% per year. How many contractors have that built into their cost?

How many other vendors is this customer late on payments with?

If your customer is just late on paying you and the fuel guy your too easy

What about the big companies who wait 90 days or more to pay and invoice?

What is your pay schedule?

SALES AND MARKETING

- Who are your customers and how are you reaching out to them?
- Do you have a website? Have you looked at it lately?
- Are they finding you on their smart phones? Are you set up for that? Do you track the traffic to your website? Free Google Analytics.
- Are you missing a great marketing opportunity with your delivery Trucks? Products?
- Brochures, signage, emails, hats where are the promotions getting the best bang
- Can they get all of the product plans via website?



OPERATIONAL PLAN

Price , Quality and Service

How you blend these will determine everything from production techniques, quality control, customer service and inventory control

Have you tried to use your financials for inventory control

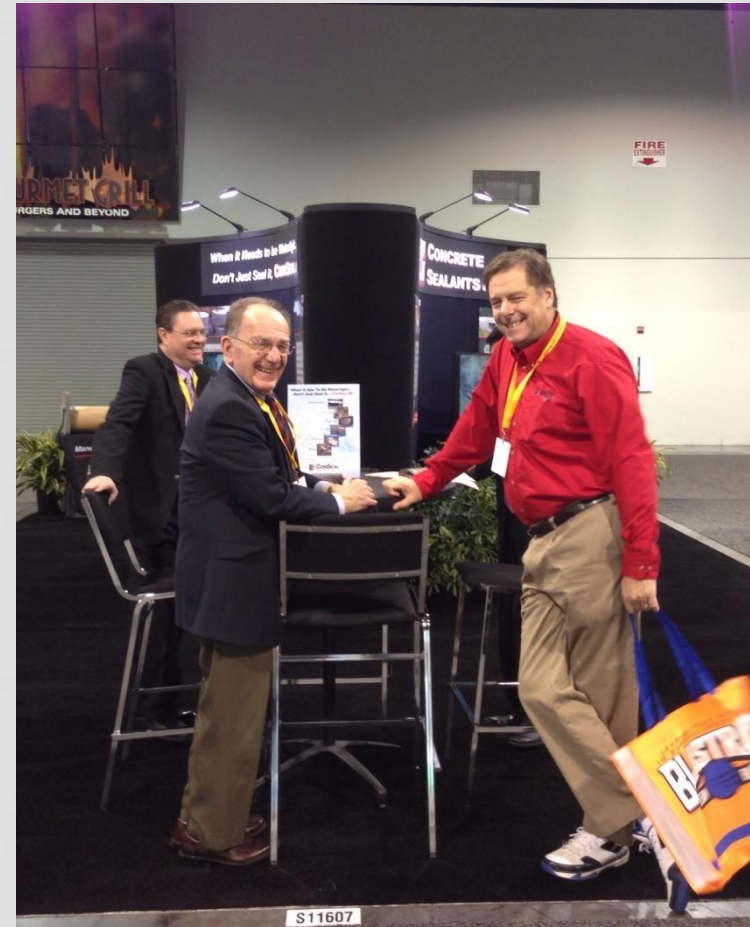
SAFETY

- The cost of being safe \$\$\$
- Who can help you get your safety program in compliance?



MANAGEMENT

- Does anyone know what your role is as an owner or leader in your organization.
- How is your business perceived by your customers and community?
- What motivates you fear or passion?



CLOSING

- Look at this business plan as a tool
- The more you know about yourself and your company the better you're prepared for the future
- Best wishes in 2017

