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# Automotive Repair Service

BUSINESS PLAN

COLLISION EXPERTS INC.

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*711 West Grand Boulevard  
Detroit, Michigan 48202*

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*Our mission is to act as an integral part of the business community in providing a valuable service to retail, business, and community clients. We intend to provide a level of professional autobody repair and refinishing to our clients that is unmatched in our marketplace. Our service integrity and customer satisfaction practices will result in an ongoing loyal client following across the business community markets we serve.*

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# AUTOMOTIVE REPAIR SERVICE BUSINESS PLAN

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## EXECUTIVE SUMMARY

### Collision Experts Vision Statement

Collision Experts Incorporated has set forth to become a preferred provider of professional autobody repair in the Detroit marketplace. It is our belief that delivering a legacy of premium services will result in an ongoing profitable business enterprise in the highly commoditized automotive services market.

Our 30-year legacy of service to our customers demonstrates this philosophy for success.

### Mission & Quality Management

Our mission is to act as an integral part of the business community in providing a valuable service to retail, business, and community clients. We intend to provide a level of professional autobody repair and refinishing to our clients that is unmatched in our marketplace. Our service integrity and customer satisfaction practices will result in an ongoing loyal client following across the business community markets we serve. Leveraging our business practices, personal management styles, and unique perspectives enable our business to succeed in this dynamic environment.

### Business Summary

Collision Experts Incorporated (CEI) provides a comprehensive set of autobody repair and refinishing services. We provide a comprehensive set of services to benefit multiple clients and business community segments. The business community segments we serve vary widely and distinctly from segment to segment.

It is our view that the competitive pressures impacting our business and the uniqueness of our services creates positive competitive force. Our service delivery policies differ from the norm in that our primary competitors behave in an “industry standard” production model. Although our services are delivered in an industry-standard “insurance-work” business model, our services are delivered in a manner that dictate “doing it right the first time, to keep a customer coming back” as opposed to “hoping a customer is satisfied and accepts the basic level of quality required to get it out the door.”

Each of our market segments we compete in have individual service and quality requirements from our set of services offered. The following business community segments are indicative of the communities we serve:

#### **Business Community Segments**

- Municipal vehicle fleets
- Retail consumers
- Corporate vehicle fleets
- Community churches and non-profit organization fleet vehicles
- Auction-house transactions
- Selective custom work

## REVENUE MODEL

Our business is based on an hourly rate revenue model, based on industry norms, with a moderate degree of complexity. Complexities in our business model are primarily based on continuously changing corporate policy/rate modifications with partner-insurance companies.

Clients are charged based on estimated time and materials required to complete repair in a timely, professional manner to our exacting quality standards.

Market pricing for hourly rate and repair time-allowance standards are used in our pricing model. Industry standard pricing is set forth by industry organization publications and OEM aftermarket repair guidelines. All pricing is normalized to the Southeastern Michigan market-pricing norms and are based on time-studies performed by industry associations and acquired local competitive and labor knowledge. Organizations providing valuable information include Motors Manuals, ADP, and Mitchell Manuals.

CEI's major focus is in providing a high quality service to ensure repeat customers and to foster a relationship built on trust with each of our clients served.

Our revenue model can be characterized quite simply. Throughput, throughput, throughput. We must deliver multiple finished vehicles per day, 341 working days per year. We must continuously have 8-12 cars on our lot rotating through the production/repair process with additional vehicles in inventory reserve.

In this business plan we have chosen to focus on our primary business challenges. We are constantly faced with day-to-day events that cause distraction from our core efforts. The following challenges keep us up at night and drive our behavior on a day-to-day basis.

- Competitive Environment
- Commodity pricing
- Economic factors
- Insurance partner policies (downward pricing pressures)
- State, Municipal, and Federal regulatory environment
- Downward pressure on profit margins
- Cost containment
- Skilled employee/resources (acquiring and retaining reliable, competent employees)
- Industry currency (staying abreast of industry trends and taking proactive action)

Initially our brand advertising required localized regional promotions leveraging regional and mass-market type business communication vehicles. However, while a consistent client base developed and community presence was established, we were able to evolve into a highly targeted model for communicating our services and brand messages to our market and associated business community segments. This model for promotional and community communication strategies has resulted in a highly effective, low budget business process. We believe that the communication and follow-up through reliable demonstration of services and client satisfaction has enabled our continued, manageable growth without having to rely on internal and external resources to manage complex promotional strategies on an ongoing basis.

Our primary brand communications are delivered to our target business community and clients through a simple, time-tested method of touching the right consumer at the right moment. A blend of simple, effective messages are delivered through the following:

- Word-of-mouth
- At-location roadside signage
- Highly targeted community messaging (community and regional newspapers, etc.)
- Local church organization newsletters
- Targeted communications to municipal agencies and corporate fleet managers (letters and commendation examples)

## **PRIMARY BUSINESS CHALLENGES**

## **PROMOTIONAL CONSIDERATIONS**

**BUSINESS INTERDEPENDENCIES**

Our business relationships in this industry will make or break our enterprise on a long-term basis. We must have the ability to work, with integrity, in a coordinated manner with business partners that touch all aspects of our enterprise.

**Business Partners**

Our largest concern and single most interdependent business partner is the insurance agency community we provide services and contract with at the corporate and retail client level. Our clients demand the best and we provide it. We must have the ability to operate at many levels. To this end we participate in industry standard setting organization certification, industry action groups, and consumer advocate organizations to ensure adherence to industry standards and to exceed client expectations.

Many insurance agencies have preferred service providers’ programs that we currently participate in and intend to participate in for the foreseeable duration of our business operations.

Some other companies and business partners that have significant influence and co-reliance on our operations and ultimately, our success, include automotive (OE and aftermarket) companies, towing services, regional and local utility service providers, and the automotive repair aftermarket supply chain.

**Service Providers**

We are only as good as our relationships with other service providers of associated services. On occasion we will not be able to provide custom or specialized services primarily due to specialized customer requirements. For example, a municipal police vehicle may need specialized computer installation our facility is not licensed to perform. This need requires us to rely on contract or labor services through an “outsourcing” agreement. At which point we would contract a provider to repair the damage and pass the costs and associated billing needs to client. We must maintain a trust-based relationship with these providers as we are only as good as the services they provide. The client only sees us and is dependent on us to get the whole job done. Clients are not interested in hearing a story on who’s to blame if something is not “right.”

**Business Systems**

- Automotive OEM
- Financial
- Insurance
- Regulatory and Safety

**LOCATION & FACILITIES**

CEI operates out of an existing automotive repair facility in Southeastern Michigan. Our location is based on a primary thoroughfare in a suburban Detroit area.

Our existing repair facilities and adjacent existing office is our primary occupancy and location for providing services, which is owned by the partners. Our operations have the ability to provide comprehensive service to our clients. Our facilities currently support the following primary client needs:

Extensive remove, replace, rebuild services, including:

- Exterior (structural cosmetic components)
- Interior (structural and cosmetic components)
- Vehicle structural repair (frame and subassembly)

Basic and custom painting and refinishing, including:

- Exterior prep and finish painting

Our facilities are able to support these needs and provide service through the leverage of onsite, state-of-the-art technologies featuring the following:

- High-tech paint facility (dust-free, electrostatic, high-temp curing technology)
- Frame repair equipment (full-service, automotive-grade, non-commercial vehicles)
- 10 professionally staffed, service repair bays
- State-of-the-art office technologies to support financial, repair, and regulatory complexities

Our business is a family business. Our ability to operate as a cohesive unit and manage personalities and financial integrity is tantamount to our success. However, external factors are the primary drivers and result in implications to enable or disable our success. The ongoing operations of our enterprise are reliant on the following five factors:

- Manage business continuity
- Continually expand customer base
- Retain best people
- Maintain stature in community
- Comply with and exceed reasonable regulatory and community expectations

CEI is dedicated to providing high quality services to the retail consumer and business community. It is our intention and common practice to play an integral role in our business and business partner community, with our adjacent residential neighborhood community playing the most important role. Our physical location and business practices require us to take a multi-disciplinary view when considering our success as an enterprise. We must abide by and play a leadership role in addressing local neighborhood community standards for business behavior while taking consideration for business needs and compliance with state, local, and federal regulations for air, noise, water pollution, and recycling regulation. Our policies for exceeding requirements to clear regulatory hurdles to the satisfaction of our neighborhood and local governments has resulted in a win-win-win relationship.

Our policies for financial and resource support of local, school, religious, sporting, and academic activities allows us to provide an environment of mutual trust and reciprocity.

After all we live here, too.

Categorically, operating expenses fall into the following five categories:

### **Operational Expenditures**

#### **1. Administrative:**

Legal Counsel  
 Promotional/marketing  
 Accounting  
 Interest and other items

#### **2. Facilities:**

Utilities (communications, electrical, gas, water, sewer)  
 Specialized Equipment (Shop-owned tools/equipment, paint, and frame repair equipment)  
 Specialized Recycling and Disposal Services

## **CRITICAL SUCCESS FACTORS**

## **COMMUNITY INVOLVEMENT**

## **FINANCIAL CONSIDERATIONS**

**3. Human Resources:**

Compensation (hourly pay, benefits, fringe benefits/bonus program)

**4. Part and Non-Part Inventories:**

Miscellaneous (general assembly parts, general non-part shop supplies)

**5. Vehicle Expenditures:**

Business-Owned Vehicle (business continuity required vehicles)