

5 successful business plans

There are many prescriptions for remodeling success

OF ALL THE BENEFITS OF BEING IN THE remodeling business, the flexibility to tailor the meaning of success to a unique set of personal goals is arguably at the top of the list.

There are those remodelers who would like to grow their firm as large as it can get, the fastest possible way. Others may desire to build a small business over time that can be passed to a number of generations.

But many remodelers are focused on shorter term goals: getting kids through college, taking five weeks off each year to run a camp for disadvantaged children, taking extended time off to be with family each year. There are as many possible scenarios for success as there are remodelers. One remodeler's idea of success is likely to give another nightmares. The key is creating a business plan that matches those success goals, the experts say.

Randall Hall of Randall Hall Design/Build in Dallas, who was recently recognized as the 2004 Remodeler of the Year, has had a business plan for many years. His plans are not for bankers, rather it is an internal document. Hall uses it to guide the company throughout a given plan year. A good business plan, he says, has several key elements:

- An introduction and company mission statement.
- Goals—both dollar volume and a description of any other personal and professional goals.
- A Track record of what the company has done in volume, profitability and types of projects
- Marketing—deciding where to target marketing dollars to reach the type of

clients/projects the firm aims to serve and in which geographic area.

- Competitive analysis—a list of competitors who aim to serve a similar client base in the same location along with a list of their strengths and weaknesses.
- Future objectives—a general discussion of objectives that go beyond the immediate year's plan.

"I've always monitored my business by budget on a regular basis and my business plan on a quarterly basis, but I know I have to put it down on paper and make it a working document in order to be most effective," Hall tells *QR*. "I know that I have to put it on paper if I want my employees to share my vision."

With this in mind, *QR* spoke with five successful remodelers and asked them to outline their business planning process. Some of the resulting conversations revealed detailed, written plans with specific revenue, profit and profitability goals for their company. Others offered a less formal, less written but nonetheless successful method of business planning.

Looking out at the year ahead, many remodelers would do well to consider their personal goals and how they relate back to the companies they own and operate.

The following profiles of five very different remodelers and their business planning process offers a multitude of insights into one of the primary benefits of being an entrepreneur in the remodeling industry: the flexibility to create a work/life matrix that succeeds personally and professionally.

Hitting the Mark



MARK IV Builders

Bethesda, MD

Years in business: 16

Written plan: Yes

Frequency to which plan is referred: No less than quarterly

Goal of plan: To establish a professional and satisfying company culture

Primary sources of business expertise: Some outside consultants, networking with other remodeling companies around the country

Quote on business planning: "Since we've instituted our business plan, we're much more efficient and I'm more comfortable believing our numbers and forecasts."

Year established: 1988

2003 Gross Sales: \$3.38 million

Gross profit: 29%

2004 Projected gross sales: \$4.1 million

Projected gross profit: 29%

FOR MARK SCOTT, PRESIDENT OF MARK IV Builders in Bethesda, Maryland, having a written business plan has always seemed like an exercise in futility. But that was before his business started growing by leaps and bounds.

I've always avoided writing down a business plan, because then I might be held responsible for actually getting there," says Scott, who admits that point of view had a lot to do with his being diagnosed with attention-deficit disorder. "Now, we're bigger than I ever expected we'd be, and the lack of standard procedures and clearly defined goals has started to hurt the company. My employees – like most people – can't operate in the same chaotic world in which I'm comfortable."

With over \$4 million in volume from 17n projects this year, Scott realized that he couldn't run his business alone anymore. He also realized that with a million-dollar overhead, even small business mistakes could turn out to be very expensive. So several months ago, he committed himself and his company to establishing what he had always avoided. And he began by hiring consultants and building standard procedures into his operations.

MARK IV is now charting their business records: tracking sales efficiency, on-time completion percentage, materials costs and a host of other data. "We've always kept good records in the past, but we just didn't do anything with them," he says. "Now we'll be better able to spot trends and predict our future. And we may stop tracking some things as we figure out what makes us more efficient."

**"I still run what I call A 'benevolent dictatorship,' but I realize that I don't do certain things very well. So I certainly listen to and welcome input from all of my employees."
-Mark Scott**

In addition to outside consultants, Scott is traveling outside his market and visiting with other successful remodeling companies around the country to discover what their best practices are. He is also including his entire staff in the process, as he fervently believes in open communication within his company. He meets with his three most senior people monthly and holds less frequent but still regular meetings with the rest of his staff.

"I still run what I call a benevolent dictatorship: but I realize that I don't do certain things very well so I certainly listen to and welcome input from all of my employees," says Scott.

MARK IV's business plan has yet to be finalized, but Scott has clear goals in his sights. "Our written plan is going to take something of a natural course, but I'm putting myself under the gun to ensure it's completed in a timely manner," says Scott. "The plan is to double the company in size over the next four years and all future employee bonuses are going to be tied to meeting those expectations."