## Contents

1.0 Mission Statement........................................................................................................3

2.0 Business Description....................................................................................................4

3.0 Market.........................................................................................................................10

4.0 Competition................................................................................................................14

5.0 Advertising and Promotion.........................................................................................18

6.0 Financial and Human Resources................................................................................22

7.0 Appendix....................................................................................................................26
1.0 Mission Statement

Hammond Earle Awad Testa Auto (HEAT Auto) is used car dealership and detailing service that will serve the Columbiana, Mahoning and Trumbull county areas with high quality used luxury and economy cars.

The Concept

With the current state of the economy the average American no longer sees buying cars new from a dealership as a practical option. Increasing technology in the automotive world is leading to longer lasting cars with a large resale value. Heat Auto plans to take advantage of this state of affairs by procuring a used car dealership license with which it will gain the ability to buy used cars at dealer auctions for well under market value. HEAT Auto will be a partnership shared amongst four fellow business majors from Youngstown State University. The partnership will be entirely operated by the four founders and after its first year of business may look to take on additional workers. HEAT Auto has no plans of going public. Located in Canfield, HEAT Auto will be in prime position to appeal to outbound college students in the tri-county area in need of commuter transportation.

HEAT Auto will separate itself from other used car dealerships in the area by offering a more focused idea of what cars to stock. There will be no room on HEAT Auto’s lot for cars that don’t meet their high standards in order to assure customers of security in purchasing from a trustworthy dealer. Every employee of HEAT Auto will be well informed and trained to handle customers with intelligence and charisma. HEAT Auto believes that by matching quality used cars with a quality staff that they will avoid being labeled as just another pushy used car sales lot.
2.0 Business Description

HEAT Auto will be a luxury used car dealership that sells used luxury automobiles at affordable prices as well as offering used economy cars. All cars stocked by HEAT Auto will be no more than 7 years old. Through research it has been discovered that potential car buyers are most interested in automobiles within this age range. Developing a reputation as a used car dealership that sells quality autos is a high priority that is why HEAT Auto will keep all cars on the lot clean and tuned for each customer looking to take a test drive. To further accomplish these goals and compliment our auto sales HEAT Auto will also offer a detailing service that is high end yet affordable.

What we Offer

HEAT Auto will offer many different types of automobiles including but not limited to cars, sport utility vehicles, trucks and vans. A main priority in selecting the vehicles HEAT Auto will stock will be in assuring the quality and value of each and every auto that is brought onto the lot. HEAT Auto believes the best value in a used car will be found in a vehicle that has less than 100,000 miles on its odometer. It will also be a concern of HEAT Auto to assure that all cars purchased for resale will be of no more than 7 years old unless there is high reason to believe that an older car will retain its value and quality.

As well as offering used cars HEAT Auto will present an auto detailing service to supplement profits and maintain customer base. HEAT Auto will offer a highly customizable detailing service ranging from a simple shampoo and vacuum service to a full clay bar polishing. As well
as interior detailing HEAT Auto will also service premium car washing. By offering many different options in detailing HEAT Auto can hope to attract a large client base.

2.1 Industry Review

The used car industry brought in a total revenue of approximately $77,172,500,000 in 2005 and employed over 189,629 people. This is a booming industry and is showing no signs of decline in the near to distant future. Current trends in car manufacturing are increasing the average life span of car engines and decreasing the amount of wear and tear that cars endure in their life time.

The appeal of offering an auto detailing service is in the low cost of maintain the service and the high revenue it can incur. In 2005 alone the total revenue for auto detailing services was $7,401,000,000 amongst 50, 930 establishments in the United States.

Americans spend a great deal of time in their cars commuting to and from work, shuffling the kids back and forth, and traveling to vacation destinations. All these trips take their toll on cars in the form of wear and tear. In addition, cars get covered in dirt and road debris. People are so busy driving around that it’s easy to neglect the basic maintenance and cleaning chores. Soon enough, the car needs a major overhaul and a good cleaning. While many don’t hesitate to take the car to a dealer or mechanic for mechanical work, many balk at the thought of paying someone else to wash their car. However, auto detailing offers a valuable service at a reasonable rate.

When you add up the costs of all the supplies you need to do the job right including car wash products, leather wipes, car wax, bug remover, tire dressing, and floor shampoo, you’ll find that an auto detailing service is much more affordable than you thought. In addition to cleaning
supplies, what’s your time worth? If you put an hourly price tag on what your time is worth, and compare to an auto detailing, you may be money ahead.

### 2.2 Current Market Status

Over the last ten years the nation has seen an increase in the demand for used cars that is coinciding with the current economic decline. The vast majority of American families today own at least one car with the majority of these families owning more than one car. It is no secret that Americans place a high value in their cars and that their demand for cars has been steadily increasing in recent history. Buying a car new is something that many families just can’t afford and as soon as a new car is driven off the sales lot its resale value drops drastically. The demand and value of pre-owned cars is on the rise. Ever increasing amounts of consumers are learning that pre-owned cars are a much more practical option from an economic standpoint. As well as resale value another reason why many people are more interested in buying pre-owned cars is that the can afford a higher quality used car with the amount of money that would only cover the down payment for a brand new car of lesser quality.

HEAT Auto is acutely aware that increased technology and manufacturing techniques over the past ten years has resulted in cars that if taken care of will last a driver as long as long as they are willing to take care of the vehicle. The U.S. Department of Transportation has reported the average life span of a vehicle is 12 years or 128,500 miles. Recent surveys have shown that, on average, a new car will be sold or traded in after only 4 ½ years or 41,000 miles, which can be considered less than half the average lifespan.
Reports show that there are many different types of used car shoppers and HEAT Auto plans to cater to as many of these customer types as possible but will maintain a focus on younger customers in search of high end used cars as well as middle aged family types that are in need of a quality economy car for a reasonable price.

2.3 Pros of the Used Car Business

Some of the biggest benefits in the used car industry come from having the ability to buy the cars to be resold at dealer auctions for well below market value. These used automobile auctions are closed to public purchase and the items sold are usually acquired by the government through seizures and foreclosures. As the government is the one selling the autos there are no reserve prices, the government is just looking to turn the cars into money at whatever price the dealer will pay. This means that a dealer can buy used cars to stock the sales lot at as little as 35% of market value and take in huge turnover rates on every sale, including the room to bargain with consumers.

As pointed out before manufacturing techniques used on modern cars are leading to a much higher quality product being produced. These cars are built to last longer than the original owner plans to drive them. Most Americans are able to see the huge economic and practical benefits in buying a pre-owned vehicle over buying brand new. The kind of person who buys a car brand new is the kind of person who has more money than logical thinking ability. The kind of person who buys a pre-owned car from HEAT Auto has value in mind and that is what HEAT Auto has in mind when dealing with customers.
The United States and its citizens are currently experiencing a decline in economic affairs. There isn’t as much money floating around to buy luxury items as the hard working American deserves. However that is no reason for any American not to be able to drive the kind of high quality car they choose. For what would be nothing more than a down payment on a brand new economy car from a licensed company dealership a customer can come to HEAT Auto and pay for a high quality pre-owned luxury car in full. The customer gets a quality car and HEAT Auto receives a good return on investment.

2.4 Cons of the Used Car Business and How to Overcome Them

Since there has been used car dealerships there have been typical used car salesmen, the kind of salesmen who see each customer walking onto the lot as nothing more but bags of potential money, the kind of salesmen that would sell their soul for profit if given the chance. This image of a used car salesmen remains today in the eyes of every used car customer. HEAT Auto has identified this as one of the biggest obstacles in gaining a loyal customer base. By pure nature most customers know that any used car dealer can’t be trusted and through consistent friendliness and willingness to help a customer find the car that is right for them HEAT Auto plans to break this mold.

Of course just being friendly and helpful alone isn’t enough to break years of mistrust between salesman and consumer but HEAT Auto. Every car on the lot will be inspected, detailed and tuned to the highest specifications so that HEAT Auto can take pride in knowing the quality behind every sale.
The next big obstacle that HEAT Auto has recognized in its path is making a name for itself. Everyone knows where to find used car dealerships in their neighborhood but seldom are these dealerships known by name or by their quality of product. As a starting business HEAT Auto will suffer from having little to no recognition at all. Why would any customer choose to buy a used car from HEAT Auto when they could buy the same one from another dealership that has already established itself in the area? HEAT Auto will once again put its emphasis on quality salesmanship and staffing. Every employee hired by HEAT Auto will be thoroughly trained and tested to satisfy the customer’s every need and desire. When a customer walks on the sales lot they will feel at home and secure.

2.5 Source of Products

HEAT Auto will acquire its automobiles to be resold in two different ways. The main form of acquisition of new stock will be at used car dealer auctions. Used car auctions are closed to the public and show a vast variety of different vehicles for the dealer to choose from. Here the dealer can obtain the majority of the automobiles on their lot for very low prices compared to their resale value. Another way HEAT Auto will stock its lot with used cars is through trade in. If HEAT Auto feels that a customer’s car is worth reselling it will offer the customer a reduction in price on a car on the lot worth what HEAT Auto deems the customer’s old car is worth.

Any and all used car dealerships are eligible to attend used car auctions held by the government. What HEAT Auto plans to do to make sure that it acquires the right stock is scout each auction and go into each auction with a plan and the knowledge of what automobiles are in demand by the customers. As well as repossessed items used car auctions also sell used cars that rental
companies no longer plan to rent out. These rental cars often offer great value to a used car dealership as long as the mileage isn’t too unreasonable.

3.0 Market

HEAT Auto’s primary customer base will consist of various incomes, ages, marital and lifestyle ranges. Our two primary age ranges are based on the ages most likely to be purchasing a used automobile. These age groups are: age thirty to fifty and eighteen to twenty-five. HEAT Auto’s two primary income level targets are: middle to upper middle class and college students. Our company will also focus on both married and single customers. Lastly, our customer base will consist of consumers who value a luxury lifestyle with a middle class budget and outbound college students.

3.1 Age Range

HEAT Auto will primarily focus on marketing our pre-owned automobiles to customers between ages thirty and fifty and eighteen to twenty-five. Most pre-owned automobiles are sold to parents looking for a reliable and modestly priced vehicle for their son or daughter. The majority of parents range from age thirty to fifty, this is why HEAT Auto will appeal to this predominantly parent age range. Also, this particular age range is at their highest earning potential, so they will undoubtedly have enough income to afford our various products or services.

Another age range that we will center on is the customer aged eighteen to twenty-five. A large portion of consumers within this age range are either attending college or, working a low-income job. Both of these types of consumers are far more likely to purchase a used car as opposed to an
over-priced, new automobile. So, by offering high-quality, affordable pre-owned automobiles, 
HEAT Auto will provide this particular age demographic with appealing products.

3.2 Income Level

Our company will be dealing mostly with middle to upper middle class income customers and 
college age students. The middle and upper middle class consumer is likely to purchase a quality 
used car, truck, van, or sport utility vehicle for their children or for themselves. Due to the 
improvements in automobile manufacturing, pre-owned automobiles can be quite appealing to 
the middle and upper class customer looking for an excellent deal. The rising cost of gasoline 
would also deter the middle and upper middle class consumer from purchasing a new vehicle; 
instead the customer can save their money for gasoline by purchasing a less expensive pre-
owned automobile.

Another Income level demographic of HEAT Auto will be low-earning college students. A vast 
majority of college students in our area commute to school and their workplace. So, a means of 
transportation is extremely necessary for a college student. With the high price of tuition, most 
college students cannot afford new vehicles, so they are exceedingly more likely to purchase a 
pre-owned vehicle.

3.3 Lifestyle

HEAT Auto recognizes two distinctly different lifestyles in their primary customer range. Both 
mature and single consumers are going to be targeted by the marketing plan and for various 
reasons. A married couple is very likely to purchase a used car for several reasons. The couple 
could be starting a family and with increasing costs of groceries and other products, they would 
be likely to save money by purchasing a pre-owned automobile rather than a new automobile.
Another possibility for a married customer to do business with HEAT Auto is to purchase a quality pre-owned automobile for their son or daughter.

Our customer base will also consist of unmarried customers. Financially, a single consumer is remarkably more likely to earn less than the combined income of a married couple. Therefore, this consumer is apt to consider the better value of purchasing a pre-owned vehicle, rather than a much pricier new automobile.

### 3.4 Who the Customer Is and Why

HEAT Auto’s primary customer base consists of clients located in the counties surrounding Canfield, our storefront. These surrounding counties are Columbiana, Mahoning and Trumbull counties.

This demographic was chosen for three reasons; some age groups generate a higher income and will be more prone to purchasing a used car for their children. Lastly, this demographic was created with the concept that college students need cars and they are most likely to purchase pre-owned automobiles.

### 3.5 Quality Automobiles

HEAT Auto will specialize in both pre-owned luxury vehicles and quality economy vehicles. We believe that by offering both luxury and budget-friendly vehicles HEAT Auto will attract many different customers by satisfying their needs for all types of vehicles. Many other used car dealers supply limited models and in doing so, limit their customer base. At HEAT Auto we will offer only quality pre-owned vehicles, regardless of whether the vehicle is considered luxury or budget-friendly.
3.6 Competitive Prices

Our company will provide some of the area’s most competitive prices through several methods. One of these methods is to purchase our products at a low-cost from auctions. By purchasing our automobiles from dealer-only auctions, we can keep our prices equivalent to our competitors.

HEAT Auto will also be competitive with other area dealers by offering a good trade in value. The effects of offering a good trade in value to our customers will contribute to establishing a healthy returning customer base. By offering a good trade in value, we are more likely to be able to sell the customer a broader range of automobiles because they will have more money available.

3.7 Location

We selected our storefront at this address for several different reasons, mainly because this location is suitable to our business’s needs, it has an affordable monthly rate, its location is upscale and our storefront is also on a frequented route. Since our office was formerly a vintage car dealership, this location is best suitable to the type of services and products that HEAT Auto will offer. Another advantage to this location is that the cost to rent the building is $1,976 per month, which is easily affordable. The lot also provides our business with abundant parking and lighting. The upscale location of our business will also contribute to customer satisfaction because the consumer will feel safe in the low crime area of Canfield. With our office positioned on a frequented road more people will be aware of HEAT Auto and therefore they will be more likely to do business with us.
The disadvantages of this location are that there are several local competitors and that we could benefit from having more space in the building. The two primary used car competitors in Canfield are Armando’s Inc. and Fairway Ford, which will be discussed in the proceeding section. The last disadvantage of this location is that with only 3,952 available square feet, our business could benefit from additional space for our products or services.

4.0 Competition

There are many car dealers in the area, they all use different strategies to bring in the customers. With new and used cars being bought every day our company must find a unique way to get the name of our business out there. Competition around us will make or break our company. We must be a step ahead of the rest for our company to succeed. As long as we can afford the prices in the used car business we will make a profit and be able to keep our business running. The cost of everything is going up so we must market our product in the right way to be able to sell what we can and stay in business.

4.1 Area Competition

The location of our car dealership, HEAT Auto, is in Canfield, Ohio at 490 Main Street. Just in Canfield alone there are at least four other car dealerships we must compete with. Ron Haus Auto Sales is a very well know used car place in Canfield and Boardman, Ohio. Because he is well known and they have a variety of used cars, they receive a lot of business. However, they do not always treat people with respect. If they think you are too young or do not have enough money they will not give you the time of day. Boardman has a lot of car dealerships as well. On 224 alone there are about six dealerships and if you drive down either way of Market Street in Boardman there are many more. One bad quality about opening a new dealership is we must let
people know we are there because if not they will go to places they already know about. They will give their business to our competition if we do not let them know we are here. Places such as Ron Haus and other bigger name dealers are better known around town because people drive by the lots and know they are good places to look for a car. If everyone knows about a place the business will be better because word of mouth is a great way for free advertising.

### 4.2 Strengths

Cars are bought and sold every day. New or used there are about 600,000,000 cars on the roads in the world. Cars break or get too beat up and people need to buy new ones. Most people do not want to spend the money on a brand new car so they buy a used one for much cheaper. Buying a car from HEAT Auto is a great idea for many reasons. We offer affordable used cars for everyday people. The cars we sell are only the best. HEAT Auto also offers a service department which will provide oil changes, tire rotations, and basic repairs. The people that work at HEAT Auto will give the best serviced to satisfy the customer. We do not discriminate against anyone, we help find the exact car that will fit in a budget and that will fit our customer.

Today cars are the main way to get around. In places where things are not very close people need ways to get around. Even though gas prices are rising, cars are still the way people get from place to place. Every family has at least one car if not one for every person who drives. More and more kids get their license every day and some get their own car to drive. HEAT Auto has good affordable cars that first time drivers will love. We also market to middle aged people who do not want to or do not have the money to spend on a brand new car. We find the car you want no matter what. If we do not have the car on the lot we will find one for you. HEAT Auto wants to satisfy our customers so they will come back and also so they will tell people about us.
### 4.3 Weaknesses

Along with strengths, weaknesses follow right behind. One weakness is we have to fight to get our name known as better than the rest. There are a lot of competitors in this area and we also have to think about the car sales that happen online. We must be able to sell cars even though we have so much competition. Competition is a big weakness for most businesses. There must be something different about is that people will be attracted to. We have to make sure our service is great and better than the other used car dealerships. Another weakness is that the $20,000 dollars we started out with is barely enough to get our business running. We needed a bugger loan to start off with because the cost of the building plus the cars and equipment was more than $20,000. If we would have had more money in the beginning, like $30,000, we would not have needed to borrow more money from the bank. Every business has its weaknesses to balance out its strengths.

### 4.4 Standing Out in the Market

Our business is very different from others. We are called HEAT Auto because of our names, Hammond, Earle, Awad and Testa. Our slogan is, “HOT deals on HOT wheels” because we sell luxury cars at affordable prices. The entire store is a Hawaiian theme so people can relax in paradise and not stress about buying a car. Some dealers will only deal with customers that have a lot of money. We however will help find the car that fits the customer no matter what. We also have a service center so people do not have to find somewhere to take their car to get fixed or just have the oil checked or the tires rotated. We will be as fair as possible to make sure the customer is happy with everything. No one will want to look somewhere else after coming in to HEAT Auto.
4.5 Focusing on the Right Market

The used car market keeps getting bigger, as the chart on the below shows it has rose from 656,089 used cars in 2002 to 703,835 used cars in 2005. In 2007, the number of used cars has decreased a little because of the rise in gas prices. The used car sales for 2007 were 678,549 used cars, which is still more than what the number was in 2002. HEAT Auto plans to sell more used cars and make the number rise again. Used car sales are highest in the late summer months before winter arrives and in the early spring months when winter is over. If we can get our name out in time we can get every one of our customers a great used car before next winter.

HEAT Auto targets the middle-class because we sell great used cars at a reasonable price. Our plan is to find out what the competition is selling cars at and be right in line with them if not give a better deal. Cheaper is not always better because sometimes people may think there is something wrong with the car. As long as we can give a better deal or give something to the service center along with the car we will succeed. Our cars fit the middle class best because even though we sell luxury cars they are affordable. If we can become well known then everyone will see that we are better than the rest. HEAT Auto wants to satisfy all of our customers, so selling nice cars and a good price will make people happy.

4.6 How HEAT will Handle Competition

People search for the best deal; if HEAT Auto has it then we will sell cars and stay in business. The car market is difficult to make it in but as long as we stay on our toes and keep up we will survive. With our unique atmosphere and great customer service people will definitely buy our cars. HEAT Auto offers many great things other used car dealerships do not. We have a service
center for people who buy our cars. They can get their oil changed, their tires rotated, or just have basic repairs done. We are extremely friendly and if we do not have the car you want on the lot we will find it for you. HEAT Auto will be known as the best used car dealership in the Mahoning and Columbiana county areas.

Cars are the main way to get around no matter where you live. Walking everywhere is just not an option anymore because things are too far away. If we can make sure our cars are affordable for people in the middle class, which is most Americans today, then HEAT Auto will be a very popular used car lot. We want to be better than our competition so we are here to make the customers happy and at the same time make a decent profit to keep our business running. Competition can hurt us but as long as we keep up with the other used car dealerships we will have a good chance of staying in business. HEAT Auto is different from the rest, we make sure we find the right car for the customer and we offer a service center so we make sure the cars runs good for a long time. HEAT Auto will be the place to get the best cars in town.

5.0 Advertising and Promotion

The first place serious buyers go when shopping or purchasing an automobile is the internet. This was proven when a J.D. Power and Associates survey found that 88% of the costumers that test drive a car, checked it out on the internet first. Also in the same study, found that same 64% purchase a car while researching information on the internet. We at HEAT Auto Sales plan to do the majority of our advertising on the internet. As buyers become younger and younger; we expect them to do more buying online, including automobiles. For us at HEAT Auto Sales, we want to put the primary focus on consumers that are serious about vehicles - not just a passive audience watching a television commercial or listening to a radio ad. These shoppers are a lot
more knowledgeable. The Internet serves as a tool that provides access to consumers who are essentially waving their hands and saying, “Hey, I am interested in this car. I want to know more!”

According to the study by J.D. Power and Associates, an automotive internet user visits an average of seven different web sites before making a purchase. Consumers still perceive third-party auto sites to be more impartial and innovative, offering tools, chat rooms, and a lot of links to services that were only recently adopted by some manufacturers. With the internet, it can also bring in people from greater distances. These people might have never dreamed of coming to HEAT Auto. At HEAT Auto Sales, we believe that in order to insure customers buy their vehicle from us; we must put our best product on the Internet. We plan on working in tandem with automotive internet companies to sell more cars. While the Internet is the first place consumers go when they want to buy a car, their final step takes place in the showroom, when they get to take it out for a test drive.

5.1 Internet Advertising

While auto dealers spend hundreds of thousands of dollars on traditional advertising, they still have no precise way of measuring whether consumers are actually paying attention. On average, auto dealers spend $550 on traditional advertising per one car sold, while the average cost per car sold using Internet advertising is only $200, which can only help with our limited start up budget of $20,000. Using the internet not only expands our market, it’s also a cost-efficient form of advertising. While traditional ads require up-front payment with no guarantee of customer response, the Internet lead model is a performance-based system: you pay for the leads, not just the advertisement.
Internet leads generate sales revenue that would not otherwise be captured on the showroom floor. Some customers simply live too far away from dealerships, while others may be unaware of a particular store without being referred by a lead provider. We can expand our range of business 10, 20, and even 50 miles. That will allow us to reach customers that would not normally shop at Heat Auto Sales. By the same token, we can utilize Internet leads to defend our existing sales territories. Because the Internet has allowed consumers from being geographical captives, we don’t plan on the unrealistic belief that locals will automatically shop at their dealerships. Just as Internet leads can enable dealers to expand their sales territories, they also give dealers information on the vehicle buyers who are in their own back yards. Equipped with this information, dealers can provide relevant incentives to attract and maintain local clientele.

5.2 Utilizing Auto Trader

Our main form of internet advertising is through the company Autotrader.com. Autotrader.com is an established third party auto site that allows vehicles to be searched by year, make, model, color, car mileage, and even the distance a car is away from the person searching for it. By listing on Autotrader.com, we are expanding our range of business over just the local community. Searches can be made from hundreds of miles away, bringing in potential customers that are looking for a specific car that we might have in our inventory. Not only does it bring in customers that are looking for a specific type of car, but can also bring in customers that search for a specific price range that matches the listings of one of our many cars. Autotrader.com has listed and sold millions of automobiles from all over the world, and can only help HEAT Auto Sales in our quest to sell quality luxury cars at an affordable price.

5.3 Magazine Advertising
Autotrader.com also coincides with its magazine. Although not as current as its website, the Auto Trader magazine comes out with a new issue monthly. It is readily available to the public, being sold using many outlets including gas stations, supermarkets, convenient stores, hotels, and can even be found at doctor and dentist offices. When a consumer purchases an Auto Trader magazine, he or she is clearly stating they are serious about shopping for a vehicle. That is the exact type of customer we want our vehicles advertised towards, not wasting our time with costly television, radio and newspaper ads that are more general than consumer specific.

By also using Auto Trader the magazine, we are reaching an audience that may or may not have access to the internet, an older hard working audience that doesn’t have time to casually search vehicles online and test drive cars in person. The only time these consumers have to shop for a vehicle is possibly at work during a lunch break while reading the magazine or during a ballet recital for a child or grandchild they promised to attend. The hard working single mom, construction worker, college business professor and many others that is limited in free time. That being said, we plan on competing with other ads on the website and the magazine by bringing out the best in each of our product. Being an auto detailing service, each car will be in the best possible condition before being presented. Each vehicle will be vacuumed, shampooed, and will be detailed using a process called clay bar, leaving each looking though as brand new.

5.4 Word of Mouth Advertising

Our most effective form of advertising will be through word of mouth. Each member of our business group’s livelihood depends on the success of our business and the profit that it makes. With that being stated, each partner will be trained and skilled in the ability of marketing and promoting. By being professional, intelligent, and charismatic, we hope to spread the word of HEAT Auto Sales to as many possible people that we can reach. We have a firm belief at HEAT
Auto Sales, a belief that “Quality service leads to satisfied customers, and satisfied customers can only lead to more success”. What that means is a happy customer will tell others of their experience, a form of free advertising that’s extremely effective in bringing in many new customers, whether it’s buying a new car, or bringing in a vehicle to be detailed. The more effective we are in this method, the more cars we will sell and the more vehicles we will detail.

6.0 Financial & Human Resources

HEAT Auto is a partnership because it enables each owner to bring together our collective resources, for example: budgets, assets, skills knowledge, and expertise. The partnership form of business allows us to utilize innovation, a broader range of skills to deliver and offer improved services. A good partnership can generate solutions to problems that other forms of business cannot resolve. The partners included in the operation are Ali Awad, Michael Testa, Kyle Earle and Monique Hammond.

6.1 Sales Projections for Auto Sales

Our automobile sales are estimated at two vehicles per week at an average profit of $2,500 per sale. This equation over fifty-two weeks yields a yearly profit of $260,000. These speculations take into account the slight variations in sales that occur during winter slumps and summer booms. Starting out with only $20,000 capital leads us to a dilemma in starting inventory. Before acquiring any automobiles at all HEAT Auto will have already spent $7,900 on setting up a location to sell cars. With a $15,000 loan from the Bank of Frank in addition to the $12,100 left over we will have $27,100 left to purchase inventory.
Upon startup HEAT Auto plans to have at least eight cars on the sales lot. Paying an average of $3,200 per car give or take a few hundred dollars either way to increase variety in our stock. These cars could be listed on our lot as $7,000 cars leaving room to bargain as low as $6,000 and still retaining a nearly 200% turnover rate on each car sold. When first starting out the profits from each sale we make will go towards buying more pre-owned vehicles for resale. This tactic will let us build up a larger and more varied inventory. After we have reached a satisfactory amount of cars on the lot we will begin to upgrade the quality of cars we sell. The charts at the end of this report will show our projected sales for the next two years.

6.2 Sales Projections for Detailing Service

Auto detailing is a very cost effective source of income. As long as the quality of work is satisfactory the potential for profit is staggering. HEAT Auto plans to charge $89.99 for full interior and exterior wash. As well as offering other differentiated services for various prices. With the limited amount of labor and advertising available, HEAT Auto projects about 8 detailing jobs per week starting out. Once the business is up and running HEAT Auto will have additional funds to hire a workforce to tend to the detailing services. Once again more specific figures are available in the charts at the end of this report.

6.3 Start Up Costs

HEAT Auto has determined that our start up costs will include various office furnishing such as: office desks, chairs, rugs, decorations and other items critical to the operation of our business, both functionally and aesthetically. Our starts up costs also reflect the non-recurring payment of our Auto Dealers’ License. The cost of two computers for points of sale and other uses are
accounted for, as well as a professional grade detailing vacuum and a cordless telephone. All specific costs for these items can be found in the table under section 1.1.

6.4 Ongoing Expenses

The biggest ongoing expense that HEAT Auto will incur is purchasing used vehicles to resell. This alone will cost thousands of dollars each month. Some of HEAT Auto’s other primary recurring costs include the company’s ongoing costs of advertising, rent and utilities. Our secondary recurring costs include HEAT Auto’s monthly phone bill, internet service and detailing products. To further view the numerical data refer to table 1.1.

6.5 Partner Responsibilities

On major business decisions all members of the partnership have an equal say. However each member will have a segment of the business which he or she specializes in to increase productivity and to promote focus on each individual aspect of the business. Ali Awad will be in charge the auto detailing aspect of the business. He will be doing anything from actually doing the labor involved in detailing down to ordering new products and taking customers orders. Kyle Earle and Mike Testa will be in charge of customer relations and sales, spending most of their time on the sales lot talking with customers and satisfying their requests. Monique Hammond will be in charge of finances and marketing. All of these jobs are what each partner will specialize in but each member will also have a hand in helping any other member in their operations.

6.6 Employees
During the first year of operation HEAT Auto has no intent of hiring additional workers outside of the four original partners. Due to limited funds and the work ethic of our partners we find that employees are not necessary just yet. However in years to come with the increased amount of profits HEAT Auto may see fit to take on additional employees to help with the detailing services and to do secretarial work.