

## **Fixit LLC Business Plan**

4882 N. Convent St

Bourbonnais, IL 60914

1-800-WE FIXIT

[www.fix.it](http://www.fix.it)



**Fixit, LLC**  
*Home repairs made easy*

Chris Meyer, Tammy Ohlsen, Jan Martinez, Rhonda Piatt, Karen Muncie

Professor Keith Sheldon

EMG4006 Business Plan Research

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## **1.0 EXECUTIVE SUMMARY**

Home improvement and home repairs are part of a \$600 billion industry driven primarily by homeowners aged 35 to 65. Connecting available and qualified contractors with a customer in need within a timely manner is a gap within this industry. Fixit LLC has successfully filled this gap in the Chicago area and will fill this need nationwide with our expansion plan.

Fixit LLC fills this industry gap with an on-demand mobile app that connects customers with qualified and available contractors for a small flat-rate fee. We are the Uber of the home repair industry. Fixit LLC is proposing to run our expanded operations within a leased 15,000 square-foot facility in Bourbonnais, Illinois, a southern suburb of Chicago. The village of Bourbonnais is an excellent location that allows for lower facility and operational costs and a large educated labor pool.

Fixit LLC will be competing in the “remodeling within the US” industry sector which falls under the NAICS code 236118. This is an \$84 billion industry that has a low entry barrier and is within the mature stage of its lifecycle. The primary challenge of the industry gap that we intend to fill is convincing customers to use and trust in our on-demand app.

Home ownership and disposable income are two of the key external factors that drive the home repair/improvement industry which is why we chose to target homeowners aged 35-65.

The overall market size of homeowners is just over 64 million homeowners; however, after drilling down into the overall market, we expect just over 14 million homeowners to use an on-demand app for their home service needs. As the population ages, on-demand app usage

among homeowners will increase. We project a first-year revenue of \$37,937,544 increasing to \$39,166,191 by the fifth year.

Fixit LLC will have a dual marketing strategy to attract both consumers and contractors in order to balance supply and demand. Our consumer marketing objectives are to increase brand awareness, target new customers, enter new markets, grow our market share, increase repeat business, and increase sales through the usage of our on-demand app. Our contractor objectives are to increase brand awareness, increase Fixit contractor affiliates, and to increase the supply of contractors in all trades to meet projected demands. Our strategy to meet these objectives will be to use social media, paid cable tv/radio ads, internet marketing, public relations, a strong consumer promotions program, trade journal ads, and trade show sponsorships.

We currently have a five-member management team in place consisting of the original cofounders, Chris Meyer (age 49), Jan Martinez (age 25), Karen Muncie (age 30), Tammy Ohlsen (age 40), and Rhonda Piatt (age 30). This management team will increase to seven during our expansion. The management team is backed up by a three-member board of directors which will expand to five, and a five-member advisory board.

Fixit LLC has signed a five-year lease, dependent upon funding, for a 15,000 square-foot facility. The facility is mostly turnkey ready since it was part of a previous call center and includes cubicles already wired into the data center. The facility will require \$180,000 in improvements and \$1,425,500 in new equipment. The operations plan includes 45 employees in year one, ramping up to 66 employees in year five, with a staffing budget of just under \$3 million.

The business plan includes a full set of five-year pro forma financial statements. Our first year of operation showed a net loss during the first six months before turning a profit for the

remainder of the year. Our five-year income projections show a net income of just under \$31 million in 2020 growing to just over \$33 million in 2024.

Fixit LLC is seeking \$11,375,000 in investment capital to fund our five-year expansion.

## **2.0 BUSINESS IDEA AND EXPANSION PLAN**

We are excited to present the expansion of our business (Fixit LLC), a promising startup. This section will cover the current state of our business, description of our business, market opportunity, and expansion plan.

### **2.1 Description of the Market Opportunity**

Consumers in need of emergency home services must scramble to find a contractor with available time to service their needs. For example, storm damage from a downed tree on a roof is a huge inconvenience and an issue that needs to be immediately addressed. Consumers get frustrated waiting for a contractor that may or may not show up. Consumers don't know who's available to service their needs and while some contractors are over-utilized, many others are under-utilized and idly sit by waiting for the phone to ring. This creates a market opportunity for both consumers and contractors. This is a problem that covers a broad range of home services and the market area would cover the entire United States. A solution to this problem would satisfy a customer's immediate home services needs while also balancing workloads for contractors. Many smaller contractors may see an increase in their business.

### **2.2 Description of the Business**

This business provides an on-demand home service app (the Fixit app). The purpose of this app is to unite consumers with a contractor that is available to fulfill a home services need. Those needs could consist of plumbing, heating/air conditioning, roofing, or lawn care. The consumer would be able to select what type of service they are seeking, then an approved contractor would be able to accept the job within a 24-hour time period. Some circumstances may be an emergency, in that instance the consumer would click on the emergency icon which will let the contractor know it is an urgent situation. The contractor would handle all the consumer billing. The app would make money by charging the contractor a fee for each job they accept. The fee will vary



with the type of service, current demand levels, and the time of day calculated using our unique proprietary algorithm. A second source of revenue will come from advertisers that can target their product based on the type of service. A third source of revenue will come from contractor registration fees.

The clientele would be anyone that is app savvy and does not have the time to call around seeking contractors. This app would offer the confidence in knowing the contractor is certified and a background check has been verified. There is no need for the consumer to fear about who they have coming into their home. Certain criteria would have to be met for the contractor to sign up as a prospect. They must be licensed and insured, undergo a background check, and have references on file. The app will also provide a contractor rating system.

Our product stands out among the competition because of a lower fee structure for contractors, which means more profits for contractors and lower prices for consumers. Our app interface is unique and the most user-friendly among our competition, making it a top consumer and contractor choice. Barriers of entry are low within this market and our company will build a household name known for its high-quality service, low costs, and ease of use.

### **23 Current State of the Business**

Being a homeowner is the ultimate marker of the American Dream. However, disaster can strike at a moment's notice. Sometimes it's a leaking pipe, other times it's a tree falling through the roof into the living room. Once you make sure everyone is safe, it's time for the second headache: finding a contractor. Who are you going to call?

We realized how inconvenient it can be to find someone to fix a home issue. How do you know they're trustworthy? Are they certified? What will it cost? What if you need it done urgently? These questions can be tricky, and that's why we created Fixit.

Fixit is a new app launched in 2019 in Chicago that connects homeowners with contractors

willing to work. Taking a lesson from the popular rideshare model, Fixit shows users a list of contractors in the area that have already been verified and are available to respond to their service call. After the service call is completed, the customer can rate the contractor based on the work performed.

We found that a large portion of the work performed were relatively small tasks (e.g. fixing a leaking pipe) that hovered between \$100 to \$500. These account for about 50% of the jobs listed on Fixit. Only about 4% of projects were considered large projects of \$10,000 or more. We also found that 92% of all jobs found a suitable contractor within 72 hours, with 75% finding a contractor within 36 hours.

About 84% of the revenue for Fixit LLC comes from fees charged to the contractor for each job (which vary by service provided). A second source of revenue comes from service targeted product advertisements. Finally, the last source of revenue is an annual \$35 registration fee for each contractor that participates with Fixit. This fee covers their vetting process which includes a background check. In exchange for this fee, the contractors get access to our customers via the Fixit app. The company currently holds no debt, only the equity stakes made by the co-owners and founders.

Most of the customer reaction has been positive, with the occasional complaint about a substandard job. This accounted for less than 2% of cases, all of which ended with Fixit removing the contractor from our service.

Currently, Fixit is a small team consisting of the five co-owners along with two full-time developers/IT techs and four customer service reps. Our plans include increasing our development team along with adding designers, customer research specialists, and customer support to serve our vision of a nationwide expansion.

## **2.4 The Expansion Plan**

Currently our company only services the Chicago area, we are planning to expand our business over the next five years to offer our services nationwide while also increasing our market share within Chicago. We will start by expanding to major cities across the country incrementally adding more cities until we have covered the entire United States. As our business expands, we will need to add or upgrade our current servers and associated technology to keep our app running efficiently and securely. We will also need to increase our advertising budget to get the word out about our app as it becomes available in more cities. As our company grows and expands nationwide, we will need to increase the number of employees as well.

In our first year we have successfully operated in the Chicago area, bringing together over 20,000 customers in need of immediate repair service with qualified repair technicians. Our app has attracted over 1,250 independent contractors, with more joining every day. The 20,000 Chicago customers represent 1.9% of all Chicago households (U.S. Census Bureau 2018). At this 1.9% customer attraction rate we can project over 2.5 million customers from the 138+ million households in the United States within one year of expanding nationwide (U.S. Census Bureau 2018). With our current average service fee, our five-year revenue projection could exceed \$90 million; however, as you will see in our market analysis, we are going with a more conservative approach.

During our first year we had six employees that worked in a 3,000 square foot facility. The expansion plan below takes into consideration economies of scale, automations, and virtual workers to save on the real estate footprint along with our five-year customer and revenue projections.

Our five-year expansion plan needs are as follows:

- Upgrade to a 15,000 square foot facility (\$500k for a five-year lease)

- Retrofit of leased building (furniture, data center space, office space, whole building generator, separate cooling for data center, etc...)
- Technology upgrades to accommodate increased capacity and new leased facility
- Add 50 new employees
- Marketing costs (just under 3% of our five-year revenue projection)
- Misc. operating expenses (utilities, office supplies, etc.)

Milestones completed in the first year of operation:

- \$200,000 invested by the management team
- \$831,250 first-year revenue (\$700,000 service fees, \$31,250 registration fees, \$100,000 advertising)
- Board of directors and advisory board are in place
- Over 20,000 customers within the Chicago market. This represents 1.9% of the 1.08 million households in Chicago (U.S. Census Bureau 2018)
- Over 1,250 registered contractors in Chicago

Additional details and the budget for our expansion plan will be presented in the remainder of this business plan.

## **2.5 Ownership and Legal Status of the Business**

Fixit Inc. LLC is a privately-owned LLC company located in Chicago, Illinois that specializes in on-demand home services, including but not limited to services performed under the home improvement sector. This LLC company has five owners; they are listed as follows: Chris Meyer, Tammy Ohlsen, Jan Martinez, Rhonda Piatt, and Karen Muncie.

Ownership, as well as any equity funding in the company, is distributed out as follows:

- Chris Meyer (co-owner) – has a 22.5 percent ownership in the company, along with a contribution of \$45,000 towards the company.
- Tammy Ohlsen (co-owner)- has a 20 percent ownership in the company, along with a contribution of \$40,000 towards the company.
- Jan Martinez (co-owner) – has a 17.5 percent ownership of the company, along with a contribution of \$35,000 towards the company.
- Rhonda Piatt (co-owner) – has a 20 percent ownership of the company, along with a contribution of \$40,000 towards the company.
- Karen Muncie (co-owner) – has a 20 percent ownership of the company, along with a contribution of \$40,000 towards the company.

In addition to the above owners, there is also a voluntarily elected board of directors along with a board of advisors. More detail on these boards are covered in section five of this business plan. These select groups of people contribute their advice in company decisions with the final decision being made by the owners of the business.

### **3.0 MARKET ANALYSIS**

The Fixit LLC market analysis used an internal marketing survey that was completed on March 21, 2020 with 25 participants along with external research from IBISWorld, the U.S. Census Bureau, and other external sources. We were able to determine our market segment, market size, estimated sales volumes, buyer behaviors, market trends, and how we align with our competitors based on our market survey and other external research methods described in this section. The results are summarized in the following sections.

#### **3.1 Industry Analysis**

Our industry is a tough one to pin down, as many services tend to be classified separately (e.g. plumbing, electrical, roofing, etc.). However, we have chosen to focus on the industry known by NAICS code 236118, classifying us under residential remodeling and repair. To have a good picture of our industry, this section will go through IBISWorld Report 23611d as well as Report OD5582 which look at remodeling and handyman franchises, respectively.

For the remodeling industry, revenue is estimated at \$84.8 billion with annual growth the last five years averaging 8% year over year. Profits in this sector are approximately \$4.7 billion, or 5.5% of revenue. The two largest costs for this industry are purchases at 52.9% and wages at 25.1%. Finally, this industry is considered mature with low barriers to entry.

Looking specifically at handyman franchises, revenue is estimated at \$4.7 billion with annual growth the last five years averaging 5.7% year over year. Profits in this sector are approximately \$302.1 million, or 6.4% of revenue. The two largest costs for this industry are purchases at 40.9% and wages at 26.3%. Finally, this industry is considered mature with low barriers to entry.

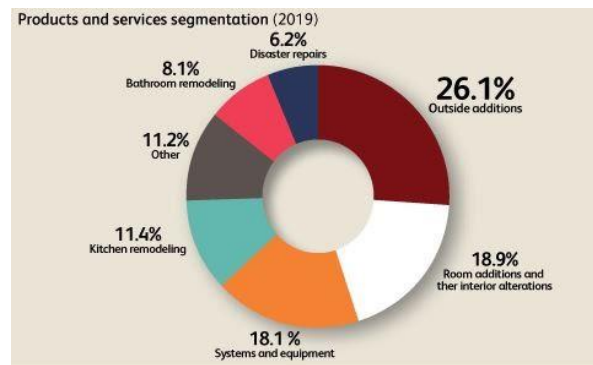
Overall, these are positive indicators for Fixit. A mature industry means that Fixit is entering an established market and has no need of creating market demand. Similarly, an industry with high competition means that there are many sellers already vying for the attention of buyers. Fixit is itself not a new competitor to the market but a marketplace for sellers to more efficiently meet buyers. By analogy, the Amazon Marketplace is a platform for buyers to find sellers, but the primary business of Amazon is not to sell the products itself.

One noticeable difference between both industries is that revenue volatility is high for the remodeling sector but low for the handyperson sector. This could be attributed to two factors, the first being that the handyperson report surveys a much lower number of businesses where revenue might be more consistent. The second factor is that remodeling and repairs are subject to external factors such as homeownership and, indirectly, mortgage rates. As homeownership, mortgage rates, and private spending fluctuate, revenue will fluctuate. Having said that, repair and maintenance is usually seen as essential and not a luxury. For many homeowners, these improvements are urgent and necessary. To quote IBISWorld: “Home improvement spending has been relatively insulated from intense volatility due to the essential nature of repair projects and the rebound in home construction that started in 2011.” Echoing this, spending in home improvement and repairs tends to be near constant, relative to other forms of remodeling.

## **3.2 Market Segmentation and Selection**

### **Market Segmentation**

The chart below, provided by IBISWorld, shows the segmentation by service type within the “remodeling within the US” industry. This data will be used to help define the target market for the Fixit LLC business plan.



Additional ways to segment this industry are by targeting homeowners by age group, median income, and, for the purpose of an on-demand service app, technology usage.

### Target Market Selection

Fixit LLC will be competing within the “remodeling within the US” industry sector. This sector covers remodeling, renovating, repairs, and maintenance of the interiors and exteriors for single-family homes where the service is performed by general contractors. Fixit LLC will primarily target the “disaster repairs” segment and the “systems and equipment” segment within this industry in addition to homeowners within the 35 to 65 year-old age group. The following factors were considered in selecting this target market.

- *Industry Analysis* - The industry analysis provides evidence that homeownership and disposable income are key external factors that drive this industry. This data will help us to further drill down our target market based on these factors.
- *Census Bureau Data*. According to the U.S. Census Bureau, the highest percentage of homeowners is within the 35 to 65 year-old age group. The Census Bureau also indicates that the median household income for all age groups between 35 and 65 is over \$100,000. This is good news since according to



IBISWorld, one of the key external drivers for this industry is households with an income of over \$100,000 since they have more disposable income.

- *IBISWorld service type segmentation.* The industry segment of “disaster repairs” was chosen because it fits our business model of an urgent and on-demand need for repairs. The “systems and equipment” segment covers other emergency and non-emergency repairs along with maintenance items for plumbing, electrical, and HVAC systems which is directly in line with our business model. These two segments account for 24.3% of the overall industry and reflect the services that we offer.
- *Technology usage.* Statista states that internet usage by age group is 100% for adults below the age of 30, 97% for adults 30 to 49, and 88% for adults 50 to 64 with a drop off over the age of 65. This shows that a large portion of adults aged 30 to 64 use the internet. Because younger adults use the internet at higher rates, the overall percentage will increase as the population ages. This shows further evidence that the 35 to 65 age group is a good target market for Fixit LLC.
- *Trends in on-demand apps.* According to Jungleworks, the on-demand home service industry is a \$600 billion sector which will post a CAGR (Compound Annual Growth Rate) of 49% by 2021. They also state that 86.5 million Americans have used an on-demand service app and that this number will continue to grow as younger generations age. This shows that the usage of on-demand apps will trend upwards within the 35 to 65 year-old age group.

- *Determine the secondary target market of contractors willing to offer their services to Fixit LLC.* According to IBISWorld, there are 470,061 people employed within this industry. JungleWorks states that a survey done by Burson-Marsteller shows that 22% of Americans offered their services to on-demand services. This sets our expectation that our target market size for contractors will be approximately 103,413 contractors. This number could potentially be higher if contractors from similar industries join our service.

These factors are evidence that Fixit LLC should target the “disaster repairs” segment and the “systems and equipment” segment within the “remodeling within the US” industry since they directly relate to the services that we offer. Furthermore, the target market will be drilled down to nationwide homeowners within the 35 to 65 year-old age group given the evidence that this age group fits the ideal range for homeownership, salary, and technology usage which are the key drivers for this segment.

### **33 Target Market Size and Trends**

Fixit LLC is an online home services app that will be available nationwide within the United States. While this app will be available to anyone, as stated above, our target market will be nationwide homeowners between the ages of 35 and 65 years old. The following determinants were used to estimate the size of Fixit LLC’s target market.

- *Geographic coverage.* Since Fixit LLC is an online app with no storefront and home repair services are needed by every homeowner within the United States, our services will be available nationwide.

- The number of homeowners in the 35 to 65 year-old age group.* This estimate required data from multiple sources which was applied to the following formula - Population by age group multiplied by the homeownership rate of each age group multiplied by 0.75 (which removes duplicates due to the 50% overall marriage rate). The table below shows the total target market based on our targeted age group.

Age Group	Population	Homeownership rate	Marriage factor, remove dups due to 50% marriage rate	Target Market
35-54	81,990,600	0.65	0.75	39,970,418
55-64	41,897,600	0.78	0.75	24,510,096
				<b>64,480,514</b> Total Target Market

- The number of homeowners within the targeted age group expected to use an on-demand app.* According to JungleWorks.com, 42% of adult Americans have used an on-demand app. This app usage rate indicates that approximately 27,081,816 American homeowners between 35 and 65 years-old will use an on-demand services app.
- The number of homeowners expected to use the Fixit app for a home repair service on an annual basis.* According to a survey done by Porch, 88% of homeowners will repair their homes annually and of those, 60% will call a professional. This means that approximately 14,299,198 homeowners within our market will need a home repair. We are estimating that 5% of these or 714,960 homeowners will use the Fixit app to obtain home services.

In summary, the total target market size is 64,480,514. This market size is further reduced to 27,081,816 when considering the rate of on-demand app usage within this segment. This is further reduced to 14,299,198 homeowners that will use a professional to repair their home. Fixit LLC

expects 5% of these homeowners to use our app which equates to 714,960 service calls per year.

Below is a summary of market size with respect to revenue.

**Summary:**

\$32,173,200 Service fees - Based on an average of a \$45 service fee per service call 714,960\* 45

\$3,619,455 Contractor registration fees - \$35 annual registration fee per contractor 103,413 \* 35

\$2,144,889 Revenue from product advertisement – Avg three ads per service call \* \$1 per ad

\$37,937,535 Total size in revenue expected for Fixit LLC

**Five year forecasted revenue growth:**

2020: \$37,937,535

2021: \$38,241,035

2022: \$38,546,963

2023: \$38,855,339

2024: \$39,166,181

The five-year revenue growth is based on a conservative 0.8% industry growth rate. This doesn't consider our goals for increasing market share. The trend for using on-demand service is increasing which has the potential to increase our market size.

**34 Buyer Behavior**

Based upon Fixit LLC's market research which was conducted March 21, 2020 from a random sampling of 25 potential customers, the findings below describe the expected buyer behavior within our target market segment; the following are factors that affect a consumer's decision to use a home service app.

- *Consumer Type.* The survey reaffirmed our target market selection where the type

of consumer to use our services would primarily be a homeowner. Buyer behavior is affected by the buyer's homeownership status and the homeownership rate is a key external factor to this segment according to IBISWorld. The survey showed that the age groups between 35 and 67 were most likely to own a home (72%) which falls in line with Census Bureau data.

- *Buyer fears/Concerns.* With regard to home repairs, the survey shows that consumers fear an overcharge and poor quality work. Fixit LLC addresses these concerns with upfront pricing and service guarantees. We also address their concerns with a contractor rating system. Similarly, buyers are concerned about contractor credentials. Fixit LLC addresses these concerns with a thorough vetting process where we verify their license, insurance, and ratings.
- *Technology.* In our small sample size, we found that 100% of consumers owned a smartphone or a computer. The survey found that 96% of respondents used the internet to look for a repair service and that 88% would try an on-demand home service app. Most respondents were more likely to use an app if it was easy to use, had secure transactions, and protected their privacy.
- *Home Services.* While the range of home services that Fixit LLC offers is broad, our survey showed that there were services that were more used than others and that there were some services that were hard to find. The table below shows these results. These results show a benefit in attracting quality contractors for these most-used service

5 Most used services	5 Most difficult to find services
Plumbing	Drywall Repair
HVAC	Asbestos removal
Roof	Roof attic fan
Electrical	Fireplace Maintenance
Drywall repair	Quality roofer

In addition to our survey, external research and observations provided beneficial buyer behavior patterns. The following behaviors were obtained from external research and observations.

- *Income level.* According to IBISWorld, household incomes above \$100,000 affect buyer behavior in this segment. This is due to the additional disposable income for repairs. A higher disposable income will affect a buyer's behavior.
- *Buyer skills/age with regards to DIY.* A buyer's handyman skills and/or age can affect whether they do their own repairs (DIY) or whether they seek a professional. Many homeowners that feel they have certain skills and will attempt DIY repairs to save money. As homeowners age, due to potential health and safety issues, they may be less likely to do certain DIY projects (e.g. roof repair). Income level mentioned above will also affect whether a homeowner attempts to do a DIY project. YouTube videos can also affect buyer behavior with regards to doing DIY projects.
- *Available time/Lifestyle.* If a buyer has enough disposable income and is very handy but they lack the free time to do a DIY repair, they are more likely to call a

professional. This also holds true for certain lifestyles, as you make more money and have more disposable income, many people may choose a professional for repair projects that they can do themselves to free up time for other activities or simply because they don't wish to do it themselves.

- *Geography and weather.* Geography and weather can affect a buyer's behavior when it comes to outdoor repairs. DIY homeowners may choose to call a professional based on the weather in certain geographic areas. For example, a winter in the north or a summer in the south may affect a DIY homeowner's decision to do an outdoor repair or to call a professional.
- *Purchase involvement/buying process length.* Due to the broad range of services, the purchase involvement and buying process length will vary. For example, a leaky pipe will be low involvement with a short buying process length, where a replacement of an HVAC system may be high involvement and a lengthier buying process due to the higher expense and product decisions that have to be made.

These are some of the buyer behaviors in this industry that will affect Fixit LLC. These behaviors cover financial aspects, technical aspects, psychographic aspects, geography, weather, purchase involvement, buying process length, and homeowner skills. All these behaviors will be considered in the Fixit LLC business model.

### **35 Competitor Analysis - Direct, Indirect and Future**

#### **Direct Competitors**

Currently, we have only a few direct competitors. Serviz.com, Handy.com, Angie's List, and HomeAdvisor.com are our most direct competitors. Angie's list does not offer background checks or licensing verification, this means the consumer must do the leg work themselves.

HomeAdvisor.com offers background and licensing checks but they may not be available

nationwide. For HomeAdvisor.com, you answer a few questions about your repair needs and input your address, the site then sends you some local offers. Serviz.com offers background and licensing checks and offers an easy way to pick the service you need, book the appointment and pay once the work is complete. While the site is easy to use and covers everything you would need from a home repair service, they are only available in select cities. Handy.com also performs background and licensing checks but does not always have a service provider available in certain areas or the wait is over a week. Fixit LLC will gain a competitive advantage over the direct competition by offering an easy to use app that does background and licensing checks and is able to offer service coast to coast nationwide and provide service in a timely manner.

### **Indirect Competitors**

Our indirect competitors are home improvement stores, local general contractors, and specialized apps like thumbtack.com that offer only window repairs. The indirect competition offers similar services in the consumer's local area. These indirect competitors could offer lower prices but only in a geographically confined area. Increases in local high-quality general contractors would pose a threat to Fixit LLC in those geographical areas.

### **Future Competitors**

The industry of home repair service apps is a growing industry, as the tech savvy under 35 years old market segment increasingly become homeowners. As stated in the business plan previously, this age segment uses technology in their everyday lives, so as the demand for home repairs grows so will the demand for online technology to find these services. Fixit LLC faces future competition as barriers to entry are low in this industry.



## Summary

Competitive Analysis Grid					
	Fixit LLC	Serviz.com	Handy.com	Angie's List	HomeAdvisor.com
Geographic Location	Advantage	Disadvantage	Disadvantage	Even	Even
Background checks and Licensing	Even	Even	Even	Disadvantage	Even
Price	Even	Even	Even	Even	Even
Number of Available Contractors	Advantage	Disadvantage	Disadvantage	Even	Even
Easy to use	Advantage	Advantage	Advantage	Disadvantage	Even

The grid shows that Fixit LLC will have a competitive advantage when it comes to geographic location and number of available contractors. Fixit LLC is on par with its direct competitors for pricing, background checks, and license verification. The disadvantage that Fixit LLC faces is the ease of entry for new direct competitors. Fixit LLC is confident that we can establish an absolute advantage in geographic location and the number of available contractors.

### 3.6 Pro Forma Forecast of Annual Sales Volume

Due to the type of business that Fixit LLC represents, there are no direct industry reports within our sector that reflect the units that we are using for our forecasting model. Fixit LLC will use customer service calls as the base unit to calculate our business volume and growth. This information can be calculated based on the information supplied in section 3.3 of this business plan. The following calculations were used for our Pro forma forecast.

- The total market size of U.S. homeowners between 35 and 65 years old is 64,489,514. According to Porch.com, 88% of homeowners will repair their homes each year and of those homeowners, 60% will use a professional. This reduces the total target market demand (homeowners who will use a

professional for a repair) down to 34,050,463.

- According to JungleWorks.com, 42% of adults use on-demand services. This reduces the target market demand down to 14,301,195 homeowners that will use an on-demand app for home services.
- Fixit LLC expects to divert 5% of the total market demand to use our app. We expect Fixit LLC to divert 714,960 service call units from the total market demand and to expand our market by another 50,000 units. We also expect our market growth to increase by 0.8% per year according to industry growth rates provided by IBISWorld. The tables below represent these calculations.

**Pro forma forecast of annual sales volume**

Units are in service calls per year				
Total Market Size (homeowners 35-65)	Annual service calls per total market	Rate of on-demand use in target market	Expected Market Diversion for Fixit LLC	Expected Market Expansion
64,489,514	64,489,514*.88*.6	56,742,882*.42	14,301,195*5%	714,960
	34,050,463	14,301,195		50000

Total Market			Fixit LLC Market		
Year	Annual Growth	Total Market Demand	Year	Annual Growth	Fixit LLC annual forecast
2020	0.8%	14,301,195	2020	0.8%	*440,393
2021	0.8%	14,415,605	2021	0.8%	764,960
2022	0.8%	14,530,929	2022	0.8%	771,080
2023	0.8%	14,647,177	2023	0.8%	777,248
2024	0.8%	14,764,354	2024	0.8%	783,466

\*2019 actual units was 20,000 in just the Chicago Market. After expansion, units for the first 5 months of 2020 is 324,567. The remaining 7 month forecast is expected to be 440,393 which totals 764,960 units for 2020

The above tables represent our best estimates based on current market conditions with data obtained from IBISWorld, the U.S. Census Bureau, JungleWorks.com, and Porch.com surveys. The second table shows the total market volume compared to Fixit LLC’s forecasted volume.

## **4.0 MARKETING PLAN**

Fixit LLC has a targeted marketing budget set to no more than 3% of our annual revenue (except for the first year). To maintain this marketing expenditure rate and to reach the maximum number of consumers within our primary target market we have put together a mix of marketing channels to promote our brand. The following sections cover our marketing plan with respect to how we plan to increase customer awareness while also meeting our marketing budget.

### **4.1 Description of Marketing Strategic Plan**

Fixit LLC's marketing strategy is complex in that we have a dual marketing strategy aimed at targeting licensed contractors and homeowners between 35-65. These two marketing channels are needed to create a balance between supply and demand. Each channel has specific needs and our strategic marketing plan will address both channels accordingly as outlined below.

#### **Consumer Objectives**

Our objectives are to increase brand awareness amongst homeowners between the ages of 35-65, target new customers, enter new markets, grow our market share, increase repeat business, and increase sales through the usage of our on-demand app. Below are our consumer marketing strategies.

#### **Consumer Strategies**

- Social Media as part of our advertising program
- Internet Marketing as part of our advertising program
- Paid Media advertising (TV/Radio) as part of our advertising program
- Word of mouth as part of our advertising program
- Internal marketing via our mobile app as part of our promotions program
- Earned media/PR as part of our public relations program

## **Contractor Objectives**

Our objectives are to increase brand awareness among licensed contractors, increase Fixit contractor affiliates in current markets, attract contractors in new markets, increase the supply of contractors in all trades to meet projected demands, and to be a contractor's preferred choice for on-demand services. Below are our contractor marketing strategies.

## **Contractor Strategies**

- Social Media as part of our advertising program
- Trade shows as part of our public relations program
- Print media such as trade journals
- Paid Media advertising (TV/Radio) as part of our advertising program
- Earned media/PR as part of our public relations program
- Internet Marketing as part of our advertising program

While these two marketing channels share some similar marketing strategies, the strategies for each market will send different messages based on our marketing objectives for each channel. Some strategies such as paid media may cross both marketing channels in which case the message will serve a dual purpose. All strategies will be aligned to send a consistent message to each channel for the purpose of meeting our marketing objectives. This sums up our strategies and objectives, the following sections will show our tactics or how we plan to meet these strategies and objectives.

## 4.2 Points of Differentiation

The on-demand services sector has a low entry barrier, so differentiation is critical for Fixit LLC to gain market share. Below are our key points of differentiation.

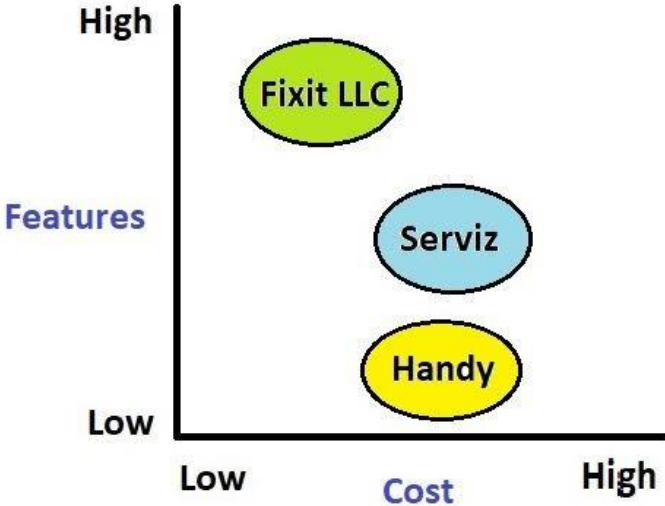
- Our feature rich mobile app that provides seasonal home maintenance alerts, severe weather damage alerts, and other alerts will add value to our customer's experience and allows us to remind them of our services. None of our competitors offer this.
- Our industry-leading app interface that was highly successful in the Chicago market is the easiest and most user-friendly app to use among our competition.
- Our contractor fees are the most competitive in the industry, putting more money in our contractors' pockets and saving consumers money on their service needs.
- Before going live in each market, Fixit ensures that there is enough of a supply of contractors available for the most demanded services. Having the friendliest contractor service fees allows us to capture a large portion of the contractor market. This allows for consistent services available to all markets. Our competitors lack contractor supply in various markets and can't meet the market's demand.

Features	Fixit	Serviz	Handy
Home maintenance alerts via mobile app	X		
Easy to use mobile app	X	X	
Low contractor fees	X		X
sells products		X	X
Electrical, plumbing, HVAC, Roofing, and appliance repairs available in all markets served	X		

These four featured points of differentiation will help build our brand and expand our market share while adding value to our customers and contractors. The table above shows Fixit’s features compared with our top competitors.

**4.3 Positioning Plan in the Marketplace**

Fixit LLC’s target market is homeowners in the 35- to 65-year-old age group. Our position within this market is to offer superior features at a low cost. The chart below shows our market position with respect to our competitors.



Our superior features lie within our industry-leading app. Our app offers many features with a low overhead that allows us to be very competitive on our service fees, which puts us in a great position to increase our market share.

#### 4.4 Pricing Strategy and Weighted Average Price

##### Pricing Strategy:

Fixit LLC has adapted its pricing strategy towards value-based instead of cost-based pricing. Fixit LLC uses a service fee based upon the following criteria:

- The type of service requested by the potential customer
- The demand for the service requested.

The following chart will show a breakdown of Fixit’s rate along with two of our competitors Serviz.com and Handy.com.

**Fixit vs Competitors Serviz.com and Handy.com**

<b>Company Name</b>	<b>Pricing</b>	<b>Markups or fees</b>
<b>Fixit LLC</b>	<b>\$25 to \$70 per hour dependent upon service type</b>	<b>Average of \$45 flat rate fee</b>
<b>Serviz.com</b>	<b>Varies from \$49 to \$79 an hour (market dependent)</b>	<b>20 to 30 % for materials Plus % of hourly rate</b>
<b>Handy.com</b>	<b>Depending on the service rate can range from \$14 to \$35 an hour with limited services.</b>	<b>Early cancellation fee of plan: \$99 and percentage of hourly rate</b>

Fixit LLC, unlike Serviz or Handy, charges a fee based on service type. We cap our hourly rates based on service type and we cap parts markup to no more than 20%; however, the entire hourly rate and parts markup goes directly to the contractor. Our revenue is generated off the service fee.

#### **4.5 Advertising Program**

In our advertisement program, Fixit LLC has found through research that the company's advertisement should be focused on homeowners in the 35 to 65 age range. To focus on advertising to this target market, we will use the advertising methods below as part of our overall advertising program.

- We will use Facebook to advertise. Our company website will have a Facebook tracker. As customers are drawn to our website, the tracker gathers their info to create a custom audience that we can advertise to via Facebook.
- Since our customer base uses Google as their primary search engine, we will use Google AdWords consisting of words that represent our most used services (example: \$200 per day reaches 51,200 people per month).
- We will also advertise via YouTube as many of our consumers watch YouTube videos for DIY home repairs.
- We will also include search engine optimization as part of our marketing program. SEO will draw more customers to our website when they search for services. This will cost about \$1000 per month. It's expected to take 24 months to optimize to our specifications with verified results.



- Fixit will also do TV advertisements, however, we will only do cable advertisements versus network advertisements. This allows for substantial savings and the ability to be more focused on our target market. For example, the DIY channel is mostly watched by our target market with shows such as Rehab Addict or the Vanilla Ice Project. HGTV is another popular cable option. Advertisements can be done for as little as \$100 per spot versus \$3,000 or more per spot for network advertisements.

The above methods will be combined with our promotions and public relations programs to reach our target market and stay within budget. We will primarily focus on internet and social media advertising to reduce costs and increase results.

#### **4.6 Promotions Program**

For our promotions program, we will be using various types of media to reach homeowners across the nation. Below are Fixit's promotions that are part of our overall promotions program.

- Seasonal promotions that are advertised via app alerts, the company website, and through our other advertising channels. For example, a 10% discount on off-season services. This lowers costs to consumers while keeping contractors busy in the off-season.
- First-time customers will receive a 10% discount on their service fee (1st year only promotion). This will be advertised through all our advertising channels.
- Our customer referral program (one part of our rewards program) will reward each customer \$5 in reward points for each new successful referral. The reward points can be applied towards the service fee for future service calls and cannot be redeemed for cash. This will help word-of-mouth advertising and increase our

market share.

- The second part of our customer rewards program will reward our customers for their loyalty. For each service call, they will receive \$1 in Fixit reward points to be used towards future service fees.

The above promotions are designed to be available when our customers are ready to make a purchase. Seasonal promotions are timely because they are lined up with consumer's typical seasonal maintenance needs. The first-time customer discount is designed to attract new customers to our services when they are in need. The referral rewards are designed to pull in new customers during their time of need through word of mouth advertising. Finally, the loyalty rewards are to keep customers coming back when they need our services.

#### **4.7 Public Relations Program**

Fixit LLC will have an aggressive PR program to increase our market reach. The efforts outlined below will be part of Fixit's overall public relations program.

- Our employees and contractors will volunteer with Habitat for Humanity, helping to build homes for low-income families.
- Similarly, we will sponsor Christmas in April by working with our contractors to volunteer for this cause.
- As we roll out our services to new markets, a press kit will be distributed to local media. The press kit will include background information on how the company was formed and highlight the advantages of our app. Through the relations created with local media, we will send out new press kits during times of high demand. For example, if one of our markets had a natural disaster such as a flood, tornado, or hurricane we would send a press kit to the local media that informs

that market of how we can be of service.

- In addition to sending press kits to local media, we will also send kits to local mortgage lenders and real estate agents with the intent of increasing PR through these avenues.
- We will also work with industry trade journals, various websites, and various magazines through press kits and interviews to help promote our business.
- We will make use of social media such as Facebook, Instagram, and Twitter to increase customer awareness. We will also put out a monthly newsletter and maintain an active blog on our company website.
- Finally, we will sponsor the “Komen Race for the Cure” for breast cancer research. This will be done in every local market that sponsors it. We will encourage our employees and contractors to create fundraising teams to participate in this event and for each team member to wear a Fixit breast cancer shirt as they walk.

Since each market area is different, Fixit LLC believes that these grassroots efforts in each market area are important to building our brand and our market reach. We will continue to review each market to improve our grassroots efforts and increase our credibility with the goal of making Fixit a trusted household name.

#### **4.8 Sales Process**

Fixit LLC has an autonomous process and there is no salesperson involved in the transaction for the services rendered. Other than the customer and the contractor, the sales process is driven by our mobile app or website. Below are the steps of our sales process with the tactics used to accomplish each step.

1. Prospecting

- Referrals from current customers
- Facebook ads, Google ads, and other social media leads
- Responses from cable TV ads, public relations, and press releases
- Leads from sponsored events or trade shows

2. The Initial Contact

- Our app and website are the only points of contact and the face of Fixit
- Both our app and website explain the benefits of using Fixit and how to use Fixit.
- The app and website serve as an online sales presentation to convince customers to proceed to the next step.

3. Closing the sale

- Closing the sale is autonomous between the customer and contractor, through the mobile app or website.
- Both the website and the app will lead the customer through closing the sale with our easy-to-use app/website interface.

4. Follow-up

- Every sales transaction will be followed up with a satisfaction survey
- Follow-up will also consist of promoting referrals
- Fixit will send newsletters and promotions as they become available.

The core of this sales process is our prospecting. Since this is an autonomous sales process, our marketing plan is very aggressive in pulling potential customers into our website or mobile app. Once we get the attention of potential customers, our website and app will drive the remainder of the sales process. Due to the sales process being reliant on the website and mobile

app, we created a very robust and industry-leading mobile app and website to drive our sales.

#### 4.9 Marketing Budget

Below is Fixit LLC's five-year marketing budget.

Five Year Proforma Marketing Budget							
Fixit LLC							
Year:	Actual	1	2	3	4	5	
Year ending Dec. 31,	2019	2020	2021	2022	2023	2024	
<b>General Marketing</b>							
- Promotional and advertising material	1000	25,000	25,000	25,000	25,000	25,000	
- Misc local market sponsorships	5000	50,000	50,000	50,000	50,000	50,000	
<b>Advertising</b>							
- Google Adwords	0	73,000	73,000	73,000	73,000	73,000	
- SEO optimization (1 time fee)	0	25,000	0	0	0	0	
- Cable TV ads (DIY & HGTV 1- 100 spots)	0	100,000	100,000	100,000	100,000	100,000	
- Social Media Platforms	5000	50,000	51500	53045	54636	56275	
<b>Promotions</b>							
- Seasonal Promotions	0	0	0	0	0	0	
- First time users (\$5 discount)	80,000	2,085,888	0	0	0	0	
- Customer referrals/rewards	5,000	744,960	75,000	81,250	87,500	93,750	
- Loyalty Program	19,000	148,992	471,000	452,249	433,467	414,734	
<b>Public Relations</b>							
- Christmas in April	0	0	0	0	0	0	
- Susan Komen walk for a cure	1,000	25,000	25,000	25,000	25,000	25,000	
- Habitat for Humanity	0	0	0	0	0	0	
- Press Kits	100	5,000	5,000	5,000	5,000	5,000	
- Industry trade promotions	500	10,000	10,000	10,000	10,000	10,000	
<b>Sales Activities</b>							
- none	0	0	0	0	0	0	
<b>Grand Total Budget</b>		<b>3,342,840</b>	<b>885,500</b>	<b>874,544</b>	<b>863,603</b>	<b>852,759</b>	
<b>Total Revenue</b>		<b>37,937,544</b>	<b>38,241,044</b>	<b>38,546,972</b>	<b>38,855,349</b>	<b>39,166,191</b>	
<b>Percent of Revenue</b>		<b>8.81%</b>	<b>2.32%</b>	<b>2.27%</b>	<b>2.22%</b>	<b>2.18%</b>	

The bullet points below explain some of the line items in the marketing budget table.

- The social media platform budget is for one full-time employee to manage social media marketing.
- Seasonal promotions are contractor discounts that don't affect our marketing budget. These discounts are promoted through free social media ads.
- Christmas in April and Habitat for Humanity are volunteer activities at no cost.
- Susan Komen Race for a cure uses volunteer employees and contractors for teams

to walk in this event. They purchase their own Fixit branded t-shirts to walk in this event and do their own fundraising. While there is no cost to participate in the event, Fixit LLC will donate \$25,000 annually to this cause.

Since Fixit LLC has an autonomous sales process, we can add more spending into our marketing budget which makes our marketing program the core component within our sales process. The 2019 actual budget only represents the Chicago market. We expect our first year of expansion to have the largest influx of new customers over the next five years. After five years, our new customer base will start to taper off and repeat customers will increase. Our goal is to keep our overall marketing budget under 3% of total revenue.

## **5.0 MANAGEMENT PLAN**

Fixit's original five co-founders remain part of the senior management team. As we expand our business, we identify a need to fill some gaps and to adjust our management structure based on our growth needs. This section lays out our current structure and how we plan to address our future needs.

### **5.1 Board of Directors - Names and Qualifications**

The Fixit, LLC board of directors formed during our first year of operation in 2019. The board currently has three members. These members consist of two outside directors and one inside director. The two outside members are volunteers and they aren't currently compensated. All members currently live in the Chicago area, the home base of our business. These active board members correspond with Fixit, LLC every six months or on an as-needed basis to provide guidance.

#### **Outside Directors**

##### **Lou Manfredini, Home Improvement Expert, Age 55**

Mr. Manfredini owns and operates his construction company in Chicago where he has been actively building and renovating homes since 1985. Mr. Manfredini is an American television/radio personality and is known as Mr. Fix-it. Since 1995, he has hosted a radio call-in show for home improvement with WGN (AM) radio. Mr. Manfredini is often on the Today Show and writes a column twice a month for USA Weekend.

##### **Andrew Merz, Digital Marketing Specialist, Solid Digital, 34**

Mr. Merz is a digital marketing specialist with a successful career in marketing at Amazon and Solid Digital. Mr. Merz's work record shows that he can generate revenue through digital marketing. Mr. Merz received his degree in Business from the University of Wisconsin-Milwaukee.

### **Inside Director**

#### **Chris Meyer, Co-founder and CEO, Fixit LLC**

While we currently have three board members, as our business grows, we expect to expand our board to five members whose skills may vary based on our business needs. These five member board will consist of two inside directors and three outside directors.

## **5.2 Senior Managers - Names, Positions and Qualifications**

### **Senior Management Team**

The following is the current list of senior managers for Fixit LLC with a brief bio for each manager. These five senior managers are the original co-founders of Fixit LLC.

#### **Chris Meyer, Co-founder and CEO, Age 49**

Chris is responsible for the overall strategy of the company and the management of senior staff. Chris is also a member of the Board of Directors. Chris worked for over 20 years in IT for a successful health insurance company while also earning a bachelor's degree in Computer Information Systems at Florida Institute of Technology. Chris's expertise in technology and his leadership background along with his passion for fixing things led him to the creation of Fixit.

#### **Tammy Ohlsen, Co-founder and COO, Age 40**

Tammy is responsible for the daily operations of the business along with all facility maintenance. She is also responsible for acquiring new equipment and ensuring its proper installation. Tammy formerly worked as COO for Walker Irrigation Products. She received a



bachelor's degree in Business Management from the University of South Florida.

**Rhonda Piatt, Co-founder and CTO, Age 30**

Rhonda is responsible for the company's information systems and information security.

Rhonda has prior experience as CTO for Suncoast Credit Union. Rhonda has a bachelor's degree in Information Systems Management from The University of Florida.

**Karen Muncie, Co-founder and CFO, Age 30**

Karen is responsible for the financial management of the company as well as accounting.

She is also responsible for Human Resources. Karen worked as an accountant for the Chase Accounting Firm based in Chicago for seven years. Karen received a bachelor's degree in Accounting from the University of Chicago.

**Jan Martinez, Co-founder and EVP, Age 25**

Jan is responsible for the success of the company strategy and the marketing functions of Fixit LLC. Jan also communicates with senior management and the Board of Advisors. Jan has prior experience as COO of Home Helpers, a local home improvement store in the Chicago area. Jan has a bachelor's degree in Project Management from the Florida Institute of Technology.

As stated earlier, while the original co-founders' skills complement each other, there are still gaps that need to be addressed. This will require some management structure changes that need to be made due to some of the senior managers taking on dual roles, some of which aren't within their area of expertise. These five senior managers will remain in a senior manager role in their area of expertise and Fixit LLC will hire additional managers to fill gaps where needed. Senior managers at Fixit LLC manage functional departments such as IT, Marketing, HR, and operations.

**5.3 Advisory Board - Names, Roles and Qualifications**

**General Advisory Board**

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Below is our current advisory board which meets twice a year or as needed. This board consists of various industry experts to help us with a broad array of advice to improve our business.

**Jason Green, Owner of Mobile App Company, Age 37**

Jason Green is the owner of a company called M.A.D. that specializes in mobile app development. He has helped many companies develop and launch successful mobile apps. His primary role is to provide advice on various aspects of how our app should function.

**Katie Scott, Marketing Specialist, Age 42**

Katie Scott has been the head of the marketing department for Conagra Brands for five years. Conagra Brands is headquartered in Chicago. Her primary role is to provide marketing advice for the company and help identify market trends.

**Larry White, CEO Nationwide Contracting, Age 45**

Larry White is the CEO of Nationwide Contracting LLC. His company has business contracts for new construction all over the United States. His primary role is to help advise on the types of services homeowners use the most.

**Sara Campbell, Partner at Chicago Law Offices, Age 38**

Sara Campbell has been a partner at the Chicago Law Offices for seven years. Her primary role is to provide advice on legal matters and current consumer demands.

**Hassam Syed, Vice President of Chicago's Better Business Bureau, Age 32**

Hassam Syed is the current Vice President for the Chicago division of the Better Business Bureau. His primary role is to provide feedback on the wants and needs of the consumer.

This board is completely voluntary. Fixit will continue to refresh this board as needed to bring in fresh ideas and to replace members that can no longer volunteer. This board is a valued asset as we continue to grow our company, for this reason Fixit will continue to seek experts in their field to serve on this board.

## **5.4 Retained and Other Professionals - Names, Role and Qualifications**

During our first year we periodically retained outside professionals to assist with various business needs. Our strategy for obtaining outside professionals is to do so only when it's more cost effective to do so or if our internal staff lacks the expertise needed for the situation that may arise.

### **Brittany Carminati, President of Carminati Consulting, Age 35**

Brittany Carminati is the President of Carminati Consulting, an Information Technology consulting firm located in Chicago. Brittany earned her bachelor's degree in Computer Science at Illinois Wesleyan University. Her primary role is to provide consulting services for the development of the Fixit App.

### **Jennifer Crotty, Co-Founder and Partner for Rieck & Crotty, Age 60**

Jennifer Crotty is the co-founder and partner for Rieck & Crotty, a Business Law firm located in Chicago. Jennifer earned a Juris Doctorate at John Marshall Law School. Her primary role is to give legal advice regarding the company's business dealings.

### **Tyrone M. Lynch, Consultant, Age 60**

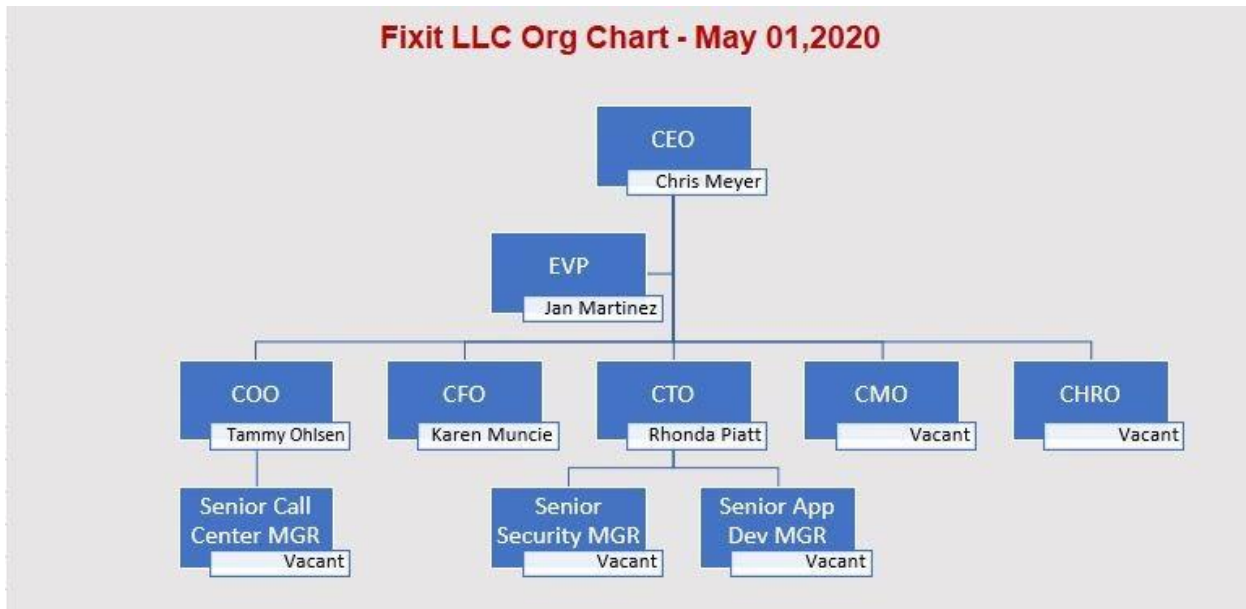
Tyrone M. Lynch is a consultant with the Chicago chapter of SCORE. Tyrone earned his MBA in Finance at the University of Wisconsin at Madison and his bachelor's degree in Finance and Economics from the University of Illinois at Champaign. Tyrone has a background in commercial banking as well as being a business owner, where his experience will be helpful in areas such as business operations as well as business finance.

The above professionals are currently retained for their services by Fixit LLC. As Fixit LLC grows, retained professionals will be added or removed based on company needs. Our current strategy has been to retain professionals on an as-needed or temporary basis. This may change as our company grows as we may look to outsource certain services based on how cost-

effective they are.

## 5.5 Organization Chart

Below is the organizational chart for Fixit LLC.



As shown above, all senior staff report to CEO Chris Meyer. The CEO is also a member of the Board of Directors. All five of the original founders are part of the senior management team. EVP Jan Martinez has a broad array of responsibilities where he communicates with all senior officers and the Board of Advisors. The EVP currently handles the CMO functions as well, however, we are currently interviewing for the CMO role. CFO Karen Muncie also serves a dual role as she currently handles HR functions in addition to the company's finance and accounting functions. We are currently in the process of hiring for the CHRO role. The vacancies in the above organizational chart are explained in the following section regarding how management gaps will be addressed.

## 5.6 Gaps in the Management Structure

The table below shows Fixit's current skills/positions that are currently filled as well as positions that are unfilled which identify gaps in our management structure.

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	Executive Leadership	Finance	Operations	Marketing	Human Resources	Information Systems	Information Security	Accounting
Chris Meyer	X							
Jan Martinez	X							
Tammy Ohlsen			X					
Rhonda Piatt						X		
Karen Muncie		X						X
Gap 1				O				
Gap 2					O			
Gap 3							O	
<b>X = Position filled, O = Position vacant</b>								

Three significant gaps exist in the current management structure: Marketing, HR, and Information Security. Currently, the marketing functions are being handled by the EVP Jan Martinez with advisory from Katie Scott of the Board of Advisors. The CMO position will be filled within two months as Jan works with Katie on the recruitment process. Similarly, the CFO Karen Muncie, in addition to her CFO role, has been handling HR duties with advice from Sarah Campbell of the Board of advisors. There is an open job posting for CHRO and this position will be filled within 3 months. Finally, The CTO Rhonda Piatt has a strong IT background in information systems and is currently handling information security as well. Due to the importance of information security within our business model, this needs to be handled by an expert in information security. For this reason, we have created a new senior management position to handle this function. We currently have an open job posting for this role and it will be filled within three months. Fixit LLC also has roles for a call center manager and an app development manager which currently aren't open positions. These two positions and any future positions or management structure changes will be adjusted as our business grows.

## 5.7 Management Team Ownership and Compensation

As previously mentioned, ownership of the company is currently split amongst five co-owners. Their ownership is based on their personal investment in the company, as shown in the following table.

<b>Management Member</b>	<b>Position/ Affiliation</b>	<b>Base Compensation</b>	<b>Percent Ownership in the Company</b>		<b>Personal Investment in the Company</b>
<b>Chris Meyer</b>	CEO	\$95,000	22.5%	(20.25%)	\$45,000
<b>Tammy Ohlsen</b>	COO	\$80,000	20%	(18%)	\$40,000
<b>Rhonda Piatt</b>	CTO	\$80,000	20%	(18%)	\$40,000
<b>Karen Muncie</b>	CFO	\$80,000	20%	(18%)	\$40,000
<b>Jan Martinez</b>	EVP	\$75,000	17.5%	(15.75%)	\$35,000
<b>Options Pool</b>			0%	(10%)	
<b>Total</b>		\$410,000	100%		\$200,000

As shown above, ownership is split mostly evenly. The ownership percentages on the left side of the column indicate the original ownership based on each co-founders original investment. The co-founders have since agreed to adjust the ownership structure to include an options pool to be used for future senior managers of Fixit LLC.

## 5.8 How the Management Team Will Adjust for Business Growth

As a relatively new company, Fixit LLC will change and adjust as we continue to grow. Currently, we recognize gaps in our executive leadership that we are working on filling such as the ones listed below.

- Chief Marketing Officer
- Chief Security Officer
- Chief Human Resources Officer

We are in the process of making the above changes to our management team to adjust to our current business growth. The above roles will be filled during our first year of expansion. These changes will eliminate all our dual roles while adding more expertise within these areas. As we grow, some responsibilities may become more specialized thus requiring new management roles or other structural changes. Our co-founders have experience in leading teams at executive levels and do not foresee having difficulty as Fixit LLC grows. We will continuously reevaluate our management structure, Board of Directors, and the Advisory Board, and adjust them as needed.

## **6.0 OPERATIONS PLAN**

Fixit LLC's operations plan is laid out in the sections that follow. Fixit LLC's operations plan covers our chosen facility location, facility needs, equipment needs, and staffing needs. We cover our expansion project timeline and list some of the challenges and risks that we may encounter.

### **6.1 Description of Operations Strategic Plan**

Fixit LLC is a mobile app that links the customer to the repair services they are looking for. Fixit specifically targets homeowners between 35 and 65 years of age. The main problem Fixit faces is getting the word out to potential customers. This operations plan focuses on ensuring that our customers have the best experience using our app and receive the best service.

- Licensed and Insured Contractors - Word of mouth is the strongest way for our company to grow. We will make sure all our contractors are licensed and insured and follow standards set by Fixit LLC. The contractor vetting process will be handled by our research team.
- Customer Satisfaction - Every customer will receive a follow-up email about their experience with Fixit. The survey will help Fixit to identify possible problems and fix them before they affect the business.
- Facility and Equipment - Fixit has found a new facility site to house our expanding staff and the creation of newly dedicated teams to focus on meeting our customers' needs. Fixit will be adding necessary equipment as needed to keep our business functioning smoothly. We will ensure that we have enough internet bandwidth and redundant circuits/power to minimize any downtime. Once the



customer places their service order, our technology takes over. For this reason, Fixit LLC's operations plan includes a significant investment in IT to autonomously handle each service request.

- Staffing - Having the appropriate staff to keep Fixit running successfully is a priority for us. As previously mentioned, Fixit will be adding additional staff as needed. All staff will receive training so that they follow the standards and procedures of our growing company. After the customer places their service order, we have a customer service team available to answer any questions or concerns. We also have a research team that not only performs contractor vetting, but also investigates contractor issues after the customer's service order is placed.
- Fundraising - To acquire funds to keep the company operating efficiently as we expand. Fixit will need adequate working capital to cover operating expenses. Fixit will be looking for investors to acquire the funds needed to expand our business across the United States.

Fixit does not have any physical merchandise so there is no product processing or shipping involved. Fixit's operating strategy will be to provide our customers with superior customer service to put Fixit above the competition.

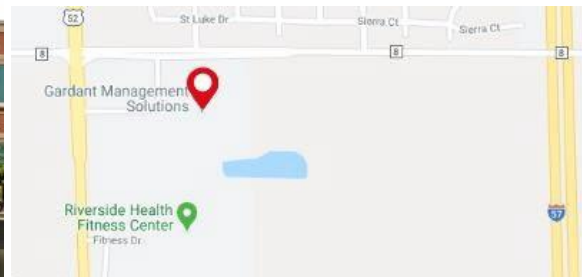
## **6.2 Business Location and Reasons for Site Selection**

Fixit LLC has chosen to locate our headquarters in Bourbonnais IL which is a southern suburb of Chicago. The exact address is 4882 N. Convent St, Bourbonnais, IL 60914. This building is a 150,000 square foot former build-to-suit call center. We were able to obtain a lease for 15,000 square feet on the first floor within this building. This location was superior to two other locations that we looked at. The reasons that we chose this location are listed below.

- This site is mostly turnkey ready

- Existing MDF (main distribution facility) to use for our data center
- Cubicles already exist and are wired into the MDF
- Whole site generator already exists
- Fiber connections already existent
- Close enough to Chicago to attract top tech and management talent. It's also a close commute for all five cofounders.
- Two local colleges (KCC and Olivet) provide great locally educated talent
- Unemployment rates in this area provide a large labor pool
- Labor rates in this area were much lower than rates in the immediate Chicago area
- The Village of Bourbonnais offered Fixit LLC a five-year TIF deal for redevelopment of this unoccupied building
- Conveniently located between U.S. Route 45/52 and Interchange 318 on Interstate 57 for an easy commute
- Lower lease rate than the other two considered locations
- Plenty of turnkey space available for future expansion.

The photo to the left is the front or west side of the building. The map on the right with the location in red shows the location in reference to Route 45/52 and I57.



The other two locations that we considered were Naperville and a downtown Chicago location at 525 West Monroe. Both locations had considerably higher lease rates, higher labor costs, a more difficult commute, cumbersome union requirements, lack of free parking (in downtown Chicago), and no TIF deal. We are excited about our choice of the Bourbonnais location and look forward to becoming part of this community.

### **6.3 Facilities Requirements, Costs, and Acquisition Plans**

As mentioned in the preceding section, the facilities at this location are mostly turnkey ready. The portion of the building we are leasing is the center section of the first floor. The floor plan is shown below. We will have 50 cubicles (which already exist) in the blue area. The former microfilm area near the blue cubicles will be turned into a breakroom. The large open-spaced blue area isn't part of the current lease but can be added for future expansion. The center area in red will be the data center along with space for IT staff and developers. The center area also includes two restrooms and a storage room. The elevators, elevator room, and electrical room are not part of our leased area. The front red area is where all the senior management staff will be located, and includes a boardroom for meetings. The yellow area is not included in our lease. Our leased section of the building has exits to the front (west) parking lot and to the back (east) parking lot. There is also a covered outdoor eating space available to all tenants. The floor plan below will give a visual of the leasehold improvements shown in the spreadsheet below.



Below is the five-year facility budget that includes retrofit items and the annual lease.

Five Year Proforma Facilities and Facility Improvements Budget							
Company:	FIXIT LLC						
For Year ending Dec. 31,	2020	2021	2022	2023	2024	Total	
<b>- Building Improvements</b>							
Retrofit Zoned HVAC for leased space	\$100,000					\$100,000	
Remodel microfilm area into a break room	\$7,500					\$7,500	
Add 2 more offices in the senior management area	\$15,000					\$15,000	
Replace carpet in senior management area (5000 sq ft)	\$25,000					\$25,000	
Add carpet to the blue call center area to reduce noise (4000 sq ft)	\$20,000					\$20,000	
Fixit Sign for front of building	\$5,000					\$5,000	
Update color scheme with regards to painting each area	\$7,500					\$7,500	
<b>Annual total</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$180,000</b>	
		<b>Total cost for retrofit</b>					
Annual Lease for facility	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	
		<b>Total cost for 5-year lease and retrofit</b>					<b>\$680,000</b>

All the above retrofit items will be completed prior to occupying the building. All items will be completed within 60 days of starting. We anticipate that this space will accommodate our growth for the next five years. Our growth plan also includes virtual work from home options that will allow for a stable real estate footprint.

## 6.4 Equipment Requirements, Costs, and Acquisition Plans

Necessary equipment requirements include office furniture, phones, computers, miscellaneous accessories, and technology items for the data center. The following table is the breakdown for each piece of equipment needed for our operation.

Five Year Proforma Machinery and Equipment Budget						
Company:		FIXIT LLC				
For Year ending Dec. 31 >>>	2020	2021	2022	2023	2024	Total
<b>- Office Equipment/Furniture</b>						
7 exec workspaces	\$14,000					\$14,000
Non-exec furniture (43 in the 1st year, 5 each of the following years)	\$21,500	\$2,500	\$2,500	\$2,500	\$2,500	\$31,500
Break room furniture and appliances	\$5,000					\$5,000
IT Personnel area furniture (shelving, tables, fireproof safe, file cabinets)	\$30,000					\$30,000
Data Center Console with 2 chairs	\$8,000					\$8,000
Board Room furniture	\$7,500					\$7,500
<b>- IT &amp; Communications Equip</b>						
5 printers	\$7,500					\$7,500
Computer/2 monitors/phone/headset for each employee (50,5,5,5,5,5)	\$100,000	\$10,000	\$10,000	\$10,000	\$10,000	\$140,000
2 routers, 2 switches	\$15,000					\$15,000
Whole room UPS (100 kVA)	\$75,000				\$5,000	\$80,000
Backup AC unit for data center	\$20,000					\$20,000
6 server cabinets	\$12,000					\$12,000
6 servers, SAN Device, and tape backup unit	\$55,000					\$55,000
Board room video/projector equipment	\$5,000					\$5,000
5 Verizon (Primary) and 5 Comcast (Backup) T1 circuits \$1200 per line per month	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$720,000
Security access system (badge reader)	\$25,000					\$25,000
Software licensing	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
<b>Annual Total &gt;&gt;&gt;</b>	<b>\$594,500</b>	<b>\$206,500</b>	<b>\$206,500</b>	<b>\$206,500</b>	<b>\$211,500</b>	<b>\$1,425,500</b>
	<b>Total cost for equipment &gt;&gt;&gt;</b>					<b>\$1,425,500</b>

For all the above items, RFP's have already been sent out, reviewed, and committed to.

Some items such as the T1 circuits and software licensing are annual costs. Furniture and computer setups account for 45 initial employees within the first year (not including senior management) and the potential growth of approximately five employees per year. UPS batteries will need to be replaced after five years.

## 65 Staffing Headcount, Cost and Hiring Plans

As stated earlier in section 2.3, the 2019 staffing of Fixit LLC had five co-owners, two full-time app developer/IT technicians, and four customer service technicians. With further expansion, Fixit LLC plans to add a research and marketing team and add staff to our customer service and development teams over the next five years. Any other additions to staff will be looked at as future business needs arise. The spreadsheet below represents our current and future staffing needs.

Five Year Proforma Staffing Requirements and Cost Budget												
		Company: <b>Fixit LLC</b>										
Year:	Actual		1		2		3		4		5	
Year ending Dec. 31,	2019		2020		2021		2022		2023		2024	
Operating Function	No. of Staff	Cost of Staff \$	No. of Staff	Cost of Staff \$	No. of Staff	Cost of Staff \$	No. of Staff	Cost of Staff \$	No. of Staff	Cost of Staff \$	No. of Staff	Cost of Staff \$
Senior managers	5	\$410,000	7	\$550,000	7	\$566,500	7	\$583,495	7	\$601,000	7	\$619,030
Operations Managers	0	\$0	2	\$150,000	2	\$154,500	3	\$238,700	3	\$245,861	3	\$253,237
IT Staff	1	\$60,000	2	\$125,000	2	\$128,750	2	\$132,613	2	\$136,591	2	\$140,689
Developers	1	\$70,000	4	\$290,000	4	\$298,700	4	\$307,661	4	\$316,891	4	\$326,398
Customer service	4	\$200,000	23	\$1,184,500	28	\$1,220,035	32	\$1,256,636	35	\$1,294,335	38	\$1,333,165
Research team	0	\$0	7	\$360,500	5	\$371,315	5	\$382,454	5	\$393,928	5	\$405,746
Marketing	0	\$0	7	\$420,000	9	\$432,600	10	\$445,578	12	\$458,945	14	\$472,714
<b>Total - All Functions</b>	<b>6</b>	<b>\$330,000</b>	<b>45</b>	<b>\$2,530,000</b>	<b>50</b>	<b>\$2,605,900</b>	<b>56</b>	<b>\$2,763,642</b>	<b>61</b>	<b>\$2,846,551</b>	<b>66</b>	<b>\$2,931,948</b>

Senior managers are listed for illustrative purposes only, their salary is not included in the total staffing count or budget shown above. Annual salary increases are based on 3% raises. We anticipate a larger research team during 2020 to account for the influx of contractors. The vetting process for contractors which is handled by the research team will require more resources in 2020. We anticipate this to taper off in year two through five. We also anticipate more resources for our marketing team as we grow into more markets.

## 6.6 Operating Expenses and Working Capital Needs

Our operating expenses for the next five years are described in the following chart:

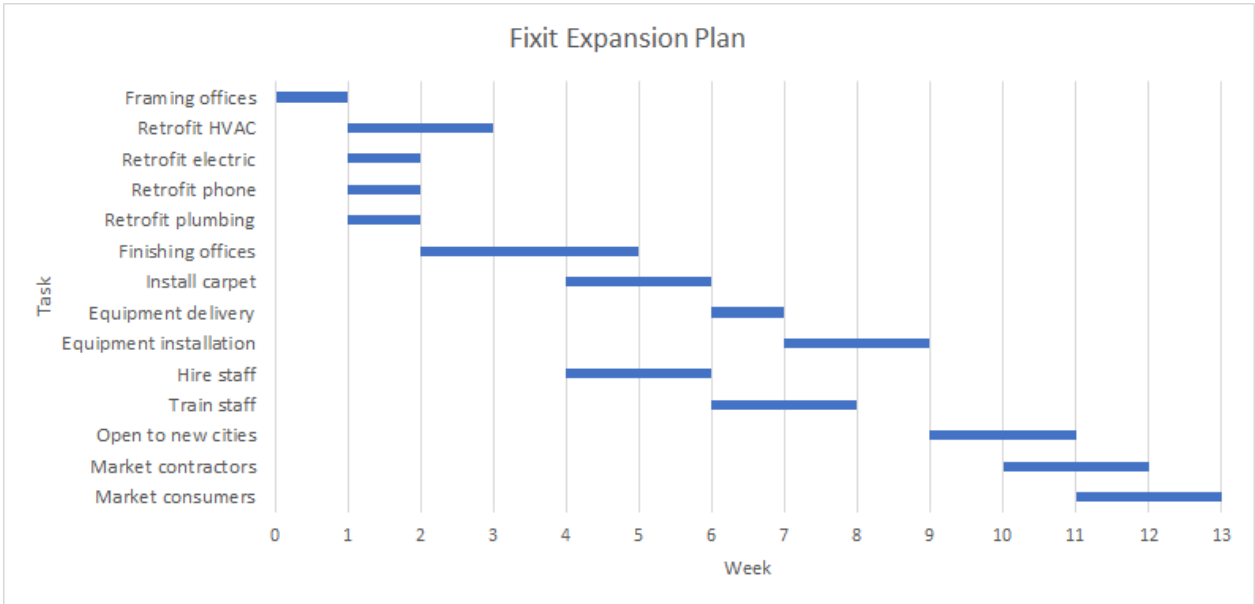
Year:	2020	2021	2022	2023	2024	Total
<b>Annual Lease</b>	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
<b>Office Repairs</b>	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ 180,000
Retrofit HVAC	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Remodel break room	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
Add 2 offices	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Replace carpet in senior management area	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Add carpet to call center area	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Fixit sign for building	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Update color scheme	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
<b>Office supplies</b>	\$ 1,100	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 21,100
<b>Utilities (electric, gas, water/sewage)</b>	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 180,000
<b>Internet/Phone</b>	\$ 14,430	\$ 13,680	\$ 13,680	\$ 13,680	\$ 13,680	\$ 69,150
<b>Equipment</b>	\$ 594,500	\$ 206,500	\$ 206,500	\$ 206,500	\$ 211,500	\$ 1,425,500
Executive workspaces	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ 14,000
Non-exec workspaces	\$ 21,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 31,500
Breakroom	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
IT area furniture	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Data Center console	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 8,000
Boardroom furniture	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
Printers	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500
Computers	\$ 100,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 140,000
Routers and switches	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
UPS	\$ 75,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 80,000
Backup AC	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Server cabinets	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Servers	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000
Boardroom equipment	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
T1 Circuits	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 720,000
Security access	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Software licensing	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
<b>Grand Total Budget</b>	\$ 926,030	\$ 361,180	\$ 361,180	\$ 361,180	\$ 366,180	\$ 2,375,750

As evidenced by the above chart, and described in a prior subsection, most of our costs will be incurred within the first year as we move and remodel our new headquarters. Note that these values are estimated and will vary based on factors such as our team's size. If our team needs to expand further, for example, our costs might rise accordingly.

As for working capital, most of our needs concern covering our first year of expansion. Not including marketing, salaries, staffing, and other HR costs, that would be an estimated total of \$926,030.

### 6.7 Project Management Chart - Development Tasks, Implementation Timeline, and Status

Our initial expansion is planned to last approximately three months, with the bulk of our time initially devoted to remodeling our headquarters. The following Gantt chart shows our plan for those three months:



Because the building we have chosen only requires minor additions and furnishing, we don't anticipate any major delays. Note this expansion plan only considers the first major cities we hope to expand into. As our expansion is a continuous process, those tasks related to marketing and expansion will continue. Similarly, as our business grows and we see the need to hire new staff, those tasks will continue.

### 6.8 Business Development Challenges and Risks

The following challenges and risks are associated with the design, maintenance, and operation of Fixit LLC.

- *Completion of Retrofitting.* Any delay in completing the retrofitting of the building (as described in section 2.4 of the expansion plan) according to the “milestones to be completed” schedule would severely affect the scheduled



opening of the facility.

- *Purchase and Installation of Equipment.* The final decisions for buying and leasing equipment are currently underway and will ramp up once funding is obtained. Any delays in the proper shipping and installation of equipment would severely affect the scheduled opening date.
- *Exceeding Costs of Budgeted Items.* The first opening and staffing of the facility has been carefully budgeted, as shown in the financial section of this plan. Exceeding the budget would be problematic for the firm financially.
- *Final clearances for the city of Bourbonnais, IL.* Final clearance by city and county regulations on our facility must be completed once the building retrofitting initiative is complete.

Fixit LLC is confident that the risks inherent in these four items have been minimized.

Addressing these business challenges and risks using strategic innovation meetings with the team can be beneficial to the business.

## **6.9 Intellectual Property Required by the Business**

Fixit LLC requires the following four forms of Intellectual Property for our business:

- **Patents** - Due to the business nature of its operations, Fixit LLC does not intend to file any patents
- **Trademark** - The logo for Fixit LLC distinctive marks, including its name, logo, and its tagline, have been trademarked. The internet domain name (<http://fix.it>) has been obtained.
- **Copyrights** - The company will periodically copyright the proper software. All internal communications will contain an electronic copyright stamp.
- **Trade Secrets** - Fixit LLC considers the following material to be trade secrets:

Operating manuals, employee orientation material, membership list, business plan, results of membership surveys, and financial records. This material is not allowed to leave Fixit premises, nor should it be copied by anyone without the express permission of Fixit LLC.

Fixit LLC has taken swift action to make sure to protect its intellectual property such as assets, primarily its trademark and trade secrets.

## 7.0 FINANCIAL PLAN

This section includes the source and use of funds statement, income statement, cash flow statement, balance sheet, financial statement assumptions, and key ratios and trends. These statements will give a financial perspective of our company based on our business plan and the assumptions within it. It will also show our need for equity capital needed to launch our expansion.

### 7.1 Expansion Plan Source and Use of Funds Statement

Below is Fixit LLC's source and use of funds statement that covers the funds needed until our operations become self-funding. The assumptions for this statement are based on prior research and covered in section 7.2.

Expansion Plan - Source and Use of Funds Statement	
Company: <b>Fixit LLC</b>	
Source of Funds	
Source	Amount
Management Team Investment	\$200,000
Line of Credit with Chase Bank (3.5% simple interest loan)	\$100,000
Total Funds Committed	\$300,000
Total Funds Required	\$3,710,920
<b>Total Funds Needed from an Equity Investor</b>	<b>\$3,410,920</b>
Use of Funds	
Cost Item	Amount
Office Facilities	\$180,000
Office and Computer Equipment	\$594,500
Staffing and Personnel	\$1,265,000
Sales and Marketing	\$1,671,420
<b>Total Required Funds</b>	<b>\$3,710,920</b>

These required funds represent a significant increase from our first year of operation due to expanding nationwide from a single market. Although we don't have an active bank loan, we were able to secure a \$100,000 line of credit. We expect to be self-funding within six months of expansion. The funds needed will cover the entire first-year costs for the facility retrofit and equipment needed for our facility. The funding will also cover six months of staffing and marketing costs. Our staffing will be increased as business increases throughout the year. Approximately 17.5% of the funds needed will be capitalized through equipment purchases and the remaining 82.5% will be used for operating expenses such as staffing and marketing.

## **7.2 Financial Statement Assumptions Sheet**

Our financial statements are based on the following assumptions.

- Our revenue is based on the modest assumption that we will capture 5% of the homeowners within our target market which also represents just over 1% of all U.S. homeowners.
- Our revenue growth is based on a modest industry growth rate of 0.8% based on research from IBISWorld.
- Our first-year marketing costs are assumed to be the highest within our five-year plan due to the large influx of new customers from each market.
- Our five-year expansion plan assumes a steady demand for home services. The COVID-19 pandemic effects on this assumption are unknown and have not been considered in this paper.
- Our facility expenses assume that we won't outgrow our current facility footprint of 15,000 square feet within the first five years.

- Our pro forma statements assume that there will be no significant inflation or any deflation within the next five years.
- We assume that we will have a large supply of contractors as this is a low-cost way for each contractor to increase their business and revenue.

These assumptions were gathered from the advice of our advisory board and board of directors, our market research, and external sources. The most concern that we have regarding our assumptions is the unknown effects of the COVID-19 pandemic; however, according to the Joint Center for Housing Studies by Harvard University, home repairs and the supply of contractors actually increased during the Great Recession of 2009 which may bode well for the effects of the pandemic on our industry.

### 7.3 Pro Forma Income Statement

The following table breaks down our projected Income Statement for the next five years:

	(Actual) 2019	2020	2021	2022	2023	2024
<b>Revenue</b>						
Service fees	\$ 700,000	\$ 32,173,200	\$ 32,430,586	\$ 32,690,030	\$ 32,951,551	\$ 33,215,163
Registration fees	\$ 31,250	\$ 3,619,455	\$ 3,648,411	\$ 3,677,598	\$ 3,707,019	\$ 3,736,675
Other Revenue	\$ 100,000	\$ 2,144,889	\$ 2,162,048	\$ 2,179,344	\$ 2,196,779	\$ 2,214,353
<b>Total Revenues</b>	<b>\$ 831,250</b>	<b>\$ 37,937,544</b>	<b>\$ 38,241,044</b>	<b>\$ 38,546,973</b>	<b>\$ 38,855,348</b>	<b>\$ 39,166,191</b>
<b>Expenses</b>						
Operating Expenses	\$ 114,680	\$ 51,530	\$ 54,680	\$ 54,680	\$ 54,680	\$ 54,680
Lease	\$ 85,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Repairs/Equipment	\$ 15,000	\$ 386,500	\$ 206,500	\$ 206,500	\$ 206,500	\$ 211,500
Depreciation	\$ 12,000	\$ 89,600	\$ 89,600	\$ 89,600	\$ 89,600	\$ 77,600
Salaries/Wages	\$ 330,000	\$ 2,530,000	\$ 2,605,900	\$ 2,763,642	\$ 2,846,551	\$ 2,931,948
Marketing	\$ 118,000	\$ 3,342,840	\$ 885,500	\$ 874,544	\$ 863,603	\$ 852,759
<b>Total Expenses</b>	<b>\$ 674,680</b>	<b>\$ 6,500,470</b>	<b>\$ 3,942,180</b>	<b>\$ 4,088,966</b>	<b>\$ 4,160,934</b>	<b>\$ 4,228,487</b>
Net Income Before Taxes	\$ 156,570	\$ 31,437,074	\$ 34,298,864	\$ 34,458,007	\$ 34,694,414	\$ 34,937,704
Tax Expense	\$ 166,250	\$ 7,587,509	\$ 7,648,209	\$ 7,709,394	\$ 7,770,870	\$ 7,833,238
<b>Net Income (Loss)</b>	<b>\$ (9,680)</b>	<b>\$ 23,849,565</b>	<b>\$ 26,650,655</b>	<b>\$ 26,748,613</b>	<b>\$ 26,923,544</b>	<b>\$ 27,104,466</b>

As shown above, we expect that our nationwide expansion leads to revenue gains large enough to outweigh our growth expenses. Details for revenue and expenses have been discussed in the preceding sections. Using this table, we can calculate the net profit margin, or the ratio of net income to total revenue. For the next five years, those earnings are 62.87%, 69.69%, 69.39%,

69.29%, and 69.20%. The marketing costs will potentially decrease as the business matures and as our brand becomes more of a household name. The Fixit LLC service is highly scalable. Since our service is automated via technology, as the business grows, staffing levels will remain relatively constant which will decrease our overall COGS (our goods is the service that we provide). The revenue growth assumes a moderate industry growth of 0.8%.

#### 7.4 Pro Forma Balance Sheet

We believe our company will show a great return within two years of the business starting. Following is the pro forma balance sheet for Fixit LLC.

	(Actual) 2019	2020	2021	2022	2023	2024
<b>Assets</b>						
<b>Current Assets</b>						
Accounts Receivable	\$ 100,000	\$ 27,194,586	\$ 26,929,856	\$ 54,122,397	\$ 54,032,401	\$ 81,382,063
Cash	\$ 54,320	\$ 100,000	\$ 27,194,586	\$ 26,929,856	\$ 54,122,397	\$ 54,032,401
<b>Total Current Assets</b>	<b>\$ 154,320</b>	<b>\$ 27,294,586</b>	<b>\$ 54,124,442</b>	<b>\$ 81,052,253</b>	<b>\$108,154,798</b>	<b>\$135,414,464</b>
<b>Fixed (Long-Term) Assets</b>						
Property/Equipment	\$ 60,000	\$ 436,000	\$ 346,400	\$ 256,800	\$ 167,200	\$ 77,600
(Less Depreciation)	\$ (12,000)	\$ (89,600)	\$ (89,600)	\$ (89,600)	\$ (89,600)	\$ (77,600)
<b>Total Fixed Assets</b>	<b>\$ 48,000</b>	<b>\$ 346,400</b>	<b>\$ 256,800</b>	<b>\$ 167,200</b>	<b>\$ 77,600</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 202,320</b>	<b>\$ 27,640,986</b>	<b>\$ 54,381,242</b>	<b>\$ 81,219,453</b>	<b>\$108,232,398</b>	<b>\$135,414,464</b>
<b>Liabilities and Owner's Equity</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 374,430	\$ 4,217,340	\$ 1,243,680	\$ 1,235,724	\$ 1,224,783	\$ 1,218,939
Income Taxes Payable	\$ 166,250	\$ 7,587,508	\$ 7,648,209	\$ 7,709,395	\$ 7,771,070	\$ 7,833,238
Accrued Salaries and Wages	\$ 330,000	\$ 2,530,000	\$ 2,605,900	\$ 2,763,642	\$ 2,846,551	\$ 2,931,948
<b>Total Liabilities</b>	<b>\$ 870,680</b>	<b>\$ 14,334,848</b>	<b>\$ 11,497,789</b>	<b>\$ 11,708,761</b>	<b>\$ 11,842,404</b>	<b>\$ 11,984,125</b>
<b>Equity</b>						
Capital Equity	\$ -	\$ 3,793,754	\$ 3,824,104	\$ 3,854,697	\$ 3,885,434	\$ 3,916,619
Retained Earnings	\$ (668,360)	\$ 9,512,384	\$ 39,059,349	\$ 65,655,995	\$ 92,504,560	\$119,513,720
<b>Total Equity</b>	<b>\$ (668,360)</b>	<b>\$ 13,306,138</b>	<b>\$ 42,883,453</b>	<b>\$ 69,510,692</b>	<b>\$ 96,389,994</b>	<b>\$123,430,339</b>
<b>Total Liabilities and Owner's Equity</b>	<b>\$ 202,320</b>	<b>\$ 27,640,986</b>	<b>\$ 54,381,242</b>	<b>\$ 81,219,453</b>	<b>\$108,232,398</b>	<b>\$135,414,464</b>

On the balance sheet, we see a trend of increasing assets. This shows that our company will be able to reduce our debt ratio year-over-year. Fixit LLC's current ratio during the five-year pro forma period ranges from 1.9 to 11.3. This shows that Fixit's liquidity is very healthy; however, we may need to better leverage our working capital for future growth. After our first year, our ratios trend above the industry average. Since approximately 95% of our revenue is based on service and registration fees, this will make for an excellent cash flow. Based on this,

we will have a large amount of cash on our balance sheet. We have no inventory as we provide an online service. All equipment will be fully depreciated by 2024.

On the liability side, Fixit LLC will average around \$12 million per year in total liabilities except for the first year which will be \$14 million. These liabilities mostly come from accounts payable, income taxes payable, and accrued salaries and wages. Fixit LLC's shareholders equity will increase year-over-year. The slow rate of increase is due to the moderate assumption of a 0.8% increase in sales per year. The shareholders equity will mostly consist of retained earnings while a smaller portion will come from equity capital.

### 7.5 Pro Forma Cash Flow Statement

The following statement shows where the company's cash comes from and how the company uses its cash. The cash receipts are based on our assumptions of what our revenue would be if we were able to capture 5% of our target market. The cash outflows for equipment are based on RFP's received for equipment and services. Income taxes are based on a 20% corporate tax rate.

	(Actual) 2019	2020	2021	2022	2023	2024
<b>Operations</b>						
Customers	\$ 700,000	\$ 32,173,200	\$ 32,430,586	\$ 32,690,030	\$ 32,951,551	\$ 33,215,163
Add: Depreciation	\$ 12,000	\$ 89,600	\$ 89,600	\$ 89,600	\$ 89,600	\$ 77,600
Other Operations	\$ 131,250	\$ 5,764,344	\$ 5,810,459	\$ 5,856,942	\$ 5,903,798	\$ 5,951,028
General Expenses	\$ (199,680)	\$ (152,030)	\$ (154,680)	\$ (154,680)	\$ (154,680)	\$ (154,680)
Wage Expenses	\$ (330,000)	\$ (2,530,000)	\$ (2,605,900)	\$ (2,763,642)	\$ (2,846,551)	\$ (2,931,948)
Marketing	\$ (118,000)	\$ (3,342,840)	\$ (885,500)	\$ (874,544)	\$ (863,603)	\$ (852,759)
Income Taxes	\$ (166,250)	\$ (7,587,509)	\$ (7,648,209)	\$ (7,709,394)	\$ (7,770,870)	\$ (7,833,238)
Cash from Operations	\$ 29,320	\$ 24,414,765	\$ 27,036,356	\$ 27,134,312	\$ 27,309,245	\$ 27,471,166
<b>Investing and Financing Activities</b>						
Borrowing		\$ 3,500,000				
Purchase of	\$ (75,000)	\$ (774,500)	\$ (206,500)	\$ (206,500)	\$ (206,500)	\$ (211,500)
Cash from Investing and Financing	\$ (75,000)	\$ 2,725,500.00	\$ (206,500)	\$ (206,500)	\$ (206,500)	\$ (211,500)
<b>Net Cash Flow</b>	<b>\$ (45,680)</b>	<b>\$ 27,140,265</b>	<b>\$ 26,829,856</b>	<b>\$ 26,927,812</b>	<b>\$ 27,102,745</b>	<b>\$ 27,259,666</b>

The cash flow statement for Fixit LLC shows that by the end of the first year our company will have a net negative cash flow; however, part of the cash flow includes \$60,000 in depreciable equipment over the next five years. As shown in the statement the increase in cash from customer receipts is where most of the company's cash will come from. While this

statement shows an annual cash flow, the cash flow for the first six months of our expanded operation in 2020 will be boosted by a \$3.5 million injection of cash from equity capital. This equity capital will be leveraged in 2020 to boost our growth.

## 7.6 Key Financial Ratios and Analysis of Trends over Time

Below are key ratios for analyzing the financial information for Fixit LLC.

	2019	2020	2021	2022	2023	2024
Debt Ratio	4.30	0.52	0.21	0.14	0.11	0.09
Current Ratio	0.18	1.90	4.71	6.92	9.13	11.30
Working Capital	\$ (716,360)	\$ 12,959,738	\$ 42,626,653	\$ 69,343,492	\$ 96,312,394	\$ 123,430,339
Asset-to-Equity	-0.30	2.08	1.27	1.17	1.12	1.10
Debt-to-Equity	-1.30	1.08	0.27	0.17	0.12	0.10

The above ratios are based on Fixit's balance sheet. As previously mentioned, these ratios show excellent liquidity and are better than industry averages. These ratios also show a great opportunity to better leverage our working capital to further boost our growth, this would reduce the current ratio closer to industry standards.



## **8.0 STATUS AND OFFERING**

We are excited about the nationwide expansion of our business. With this excitement comes an outstanding investment opportunity of an incredible return for a stake in our company. Below are the details of our offering. Please consider this offer as we look forward to having you as an investment partner.

### **8.1 Amount Requested from Investors**

Capital invested in Fixit LLC will cover costs associated with our rapid, nationwide expansion. This will allow us to expand our team and our resources in order to properly serve the homeowners and contractors that will be using our platform. This investment will fund three major areas: marketing, staffing and operating expenses.

Marketing is our first step to expansion. We are focused on a small percentage of homeowners that we believe will respond well to using a mobile app to incur the services of a contractor or repairperson. Marketing will require a significant portion of our capital in order to properly reach our demographic. Another large portion of our costs are those associated with staffing. One of our focuses is to deliver unmatched customer service to everyone on our platform. In order to do this, we will require many service representatives to address the needs of our users. Finally, our last bit of costs are operating expenses. These are mostly overhead costs associated with purchasing and maintaining equipment, minor remodeling to our office, and utilities.

In order to cover these costs, Fixit LLC is seeking \$3,500,000 in investment capital. This investment will go directly into covering our costs and funding our five-year expansion.

## **82 Equity Stake Being Offered to Investors**

Fixit LLC is seeking \$3,500,000 for a 20% equity stake in our company. This indicates a \$17.5 million pre-money valuation and a \$21 million post-money valuation. Due to the expected hypergrowth of Fixit LLC from expanding nationwide, we calculated our current valuation at just over 20 times our 2019 revenue to come up with the \$17.5 million valuation. This valuation rate is not uncommon for private companies experiencing hypergrowth. With our revenue projections, we expect \$192 million in revenue over five years which makes for a return on investment of \$38.4 million over five years.

## **83 Reasons Why the Investment is a Good Idea**

As previously discussed, the home services industry is a large, multi-billion-dollar industry. Even when drilling down our market to a small segment of homeowners, we have found our current market within Chicago to already be profitable. As the population increases and more adults become homeowners, we foresee our business will grow and multiply. Being profitable at an early stage demonstrates that we are a viable platform. Together with our financial predictions, which forecast a strong profit margin higher than the industry average, these results confirm that Fixit LLC is on track to become a key player in the home services industry.

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