

ABC CAR RENTALS Sample Business Plan -

***Business Plan***



March 18, 2024

John Doe & JANE Doe

Bridge Street, Castries, Saint Lucia

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Appendix 1 (Cash Flow Statement)

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**PROJECT PROFILE**

Business Name: ABC Car Rentals

Owners: John Doe and Jane Doe

Address of Owner: La Clery, Castries

Business Address: Bridge Street, Castries

Telephone No: 758- xxxx

Type of Business: Partnership (*e.g. Sole Proprietor, Partnership etc.)*

How long have you been operating? ………………….

Products or Services: Rental of Vehicles

Total Project Cost: $xxxxxx

Loan Amount Required: $xxxxxx

Interest Rate: 3%

Loan Duration: 36 months

Current Employment: 0

Employment Expected: 4

Intended Source of raw materials: Local

Target Market: Tourists, Hotels, Guest Houses, Government Workers

Projected Annual Sales $xxxxxx

Projected Annual Profit $xxxxxx

**EXECUTIVE SUMMARY**

**ABC Car Rentals** is car rental business, which operated under as a partnership owned and managed by two (2) customer service-oriented individuals, namely Mr John Doe and Mrs Jane Doe. **ABC Car Rentals** was registered on … [insert date] and the Certificate No. is ...[insert number as shown on the business registration certificate] and has been in operation from [insert date]

The business customer market consists of tourists from hotels and guest houses, insurance companies, government workers and employed persons with a valid driver’s license. **ABC Car Rentals** mission is to provide a reliable, convenient service to its customers at an affordable price.

The partnership is seeking financing in the form of a loan-grant of $xxxx to develop an app where customers can book our services online as well as make online payment. Monthly loan premiums of XXXX will be repaid over a three (3) year period at an interest rate of 3%.

**ABC Car Rentals** financial projections for the past year indicates that the business is profitable with a net profit of $XXXX. Financial projections for the next 12 months (i.e. Month 20XX to Month 20XX), indicate that the business is expected to generate a cash surplus of $xxx, annual sales of $xxxx and a net profit of $xxx after taxes.

**BUSINESS BACKGROUND**

**ABC Car Rentals** is car rental business, which operated under as a partnership owned and managed by two (2) customer service-oriented individuals, namely Mr John Doe and Mrs Jane Doe. **ABC Car Rentals** was registered on … [insert date] and the Certificate No. is ...[insert number as shown on the business registration certificate] and has been in operation from [insert date]

The business currently serves major hotels in the north of the island and also operates at the two (2) airports in Saint Lucian. The business has been in existence for over two (2) years. ABC Car rentals uses social media marketing, referrals from the hotels and word of mouth marketing to promote its business.

The principle owner and Mr. John Doe holds a certificate and an Advanced Diploma in Business Administration. He has had experience working in this industry for over ten (10) years. Business partner Mrs Jane Doe, is a Certified Account and has worked as an Accountant at XXX Company for five (5) years. Both individuals work full-time in the business.

ABC Car Rentals goal is to increase their digital presence by developing a car rental app which will enable customers to book vehicles and make online payments. This app will also be used to advertise the business services and promote specials and discounts to its customers.

**MARKETING MANAGEMENT**

**MARKET RESEARCH**

The Global Car Rental market is anticipated to rise at a considerable rate during the forecast period, between 2023 and 2031. In 2022, the market is growing at a steady rate and with the rising adoption of strategies by key players, the market is expected to rise over the projected horizon. The market in North America is expected to grow considerably during the forecast period. The high adoption of advanced technology and the presence of large players in this region are likely to create ample growth opportunities for the Car Rental Market size is projected to reach Multimillion USD by 2029, In comparison to 2022, at unexpected compound annual growth rate (CAGR) during 2022-2029. ***(Source: XXXXXX)***

Saint Lucia is a tourism based destination with over one million visitors entering the island on a yearly basis of which 300,000 are stay over visitors. (See Table 1 below) Most of our tourist are from the United States of America, United Kingdom and the Caribbean.

Stay over visitors would need either a taxi service or a rental service available to them to move around. These visitors who spend a longer period of time on the island would prefer a rental service than a taxi service, because it is more convenient and cheaper.

Additionally, Saint Lucians also enjoy the convenience of having a vehicle at their disposal to go on their various rendezvous. These activities take place mainly on weekends, holidays and also on evenings. Further, Saint Lucia has a lot of holidays and events therefore persons have more leisure time. With more time on hand, persons who do not own a vehicle would most likely rent a vehicle to attend various activities.

Further, Automotive rental companies are placing a greater emphasis on enhancing the customer experience, recognizing the importance of customer satisfaction in the competitive rental market. This focus is leading to the adoption of technologies like self-service kiosks, mobile apps, and personalized customer service solutions. Based on the research data, a market exists for this type of business and the need to adopt the use of technology to survive in the market.

**MARKETING STRATEGY**

**TARGET MARKET**

**ABC Car Rentals** target market consist of tourists overstaying at hotels, guest houses, government and insurance agencies.

Tourists and guests at hotels and guest houses are one of the main segments because persons lodging at these places normally require the use of a rental vehicle. Also, by linking with the insurance companies, **ABC Car Rentals** can get clients who need a rental vehicle while their vehicle is being repaired or replace.

**SERVICE DESCRIPTION**

**ABC Car Rentals** provides a prompt, reliable and affordable quality service to its clients. Rentals will be delivered to clients who require their vehicles at the airport on arrival. Clients can also pick up their rentals at the business office located in Castries.

**PRICE**

Vehicles will be rented at a rate of $150.00 per day. A client who rents a vehicle for six (6) consecutive days will get the seventh day free of charge. Clients will be responsible for fuelling the rented vehicles.

**PROMOTION**

**ABC Car Rentals** employs a number of promotional activities with a view to informing the target market about its existence and stimulating interest in its services. Radio and television advertisement, flyers, bill boards, business cards and social media (Facebook) and word of mouth advertising are currently being used to promote the business. Promotional activities will be scheduled at specific months within the year. The schedule below shows the activity, the month in which the activity will be undertaken and the cost of each activity.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Activity** | **Unit Cost** | **Frequency** | **Month** | **Total** |
| 10 seconds Radio Advert | $30.00 | 2 advert per day for 2 days | April | $480.00 |
| 10 seconds Television Ad | $90.00 | 1 advert per week | May | $360.00 |
| Public billboards | $50.00 | 6 | June | $300.00 |
| Business Cards | $1.10 | 300 | April | $330.00 |
| Facebook | $0.00 | - | Monthly | $0.00 |
| **TOTAL** |  |  |  | **$1,470.00** |

 **PLACE/DISTRIBUTION**

The offices of **ABC Car Rentals** will be situated on Bridge Street, Castries St. Lucia. The vehicles will be secured at the said premises and clients will pick up the rented vehicles at the office or have the vehicles delivered to them.

**COMPETITOR ANALYSIS**

**ABC Car Rentals’** major competitors are:-

* Drive-A –Matic Car Rental
* Guy’s Car Rental
* Car Rental Saint Lucia Airport

**Competitors’ Strengths & Weaknesses**

|  |  |
| --- | --- |
| **STRENGTHS** | **WEAKNESSES** |
| * They are well established and known
* They provide rental of new vehicles
* Some have linkages with insurance companies and are registered with the insurance council.
* Fleet size is large and they have different types of vehicles available (jeeps, cars, etc.).
 | * Security Deposit is extremely high $500 - $2000 EC.
* Their services are not 24 hours.
* Lacks after sales service.
* Vehicles are not always properly cleaned before handing over to the next client.
 |

**ABC CAR RENTALS’** **S.W.O.T ANALYSIS**

|  |  |
| --- | --- |
| **STRENGTHS** | **WEAKNESSES** |
| * Rental security deposit is much lower than that of competitors at $300 EC
* Rental services are available 24 hours, seven days a week
 | * **ABC Car Rentals** is a new business competing against established companies. To significantly build sales, we must not only find new customers – we must take customers away from existing suppliers.
* Initial fleet size is limited to only two vehicles.
 |
| **OPPORTUNITIES** | **THREATS** |
| * To forge relationships with insurance companies, hotels, guest houses etc.
* Use of technology e.g. Facebook to access potential customers.
* To develop a flexible rental policy
* To increase fleet size to include other types of vehicles
* Provide after sales care.
 | * Competitors may become more aggressive and decide to reduce security deposit fees.
* Competitors may advertise more vigorously and offer special promotional packages that **ABC Car Rentals**, as a new entrant, may not be able to offer.
* Entry of new competitors in the market.
* Changing buyer tastes
* Increased cost of vehicle parts
 |

***NOTE:******The SWOT Analysis can also be done as a list.***

**HUMAN RESOURCE MANAGEMENT**

**ABC Car Rentals** currently has a management team of two (2) persons - a full time Manager and an Accountant. Mr John serves as the manager and is responsible for marketing, vehicle maintenance and the overall operations of the business. Mrs. Jane Doe, as the Accountant, is responsible for managing all the financial aspects of the business.

ABC Rentals also employs two (2) full time drivers/assistants with the responsibility to deliver vehicles to customer’s location, basic car maintenance, and any other duties assigned by the Manager.

Mr. John Doe and Mrs Jane Doe each receive a monthly salary of $4,000 and $3000 respectively. The Driver/Assistant are paid $1,600 monthly.

The table below shows the number of persons employed and their remuneration:

|  |  |  |  |
| --- | --- | --- | --- |
| **POSITION** | **NO. OF EMPLOYEES** | **MONTHLY WAGE RATE** | **YEARLY TOTAL** |
|  Manager | 1 | $4,000 | $48,000 |
|  Accountant | 1 | $3,000 | $36,000 |
|  Driver/Assistant | 2 | $1,600 | $38,400 |
|  |  |  |  |
|  **TOTAL** |  |  | **$122,400** |

**RISK MANAGEMENT**

The table below identifies the possible risks **ABC Car Rentals** may encounter, the assessment of these risks and the strategies which will be used to mitigate these risks. *(Note: This is a sample risk register and does not necessarily pertain to a Rental Company. Select the risks that are relevant to your business).*

|  |  |  |
| --- | --- | --- |
|  RISK DESCRIPTION  | RISK ASSESMENT | STRATEGIES/ACTION |
| INTERNAL RISKS |
| * Unskilled personnel
* Breakdown of tools and equipment
* Unreliable supplier

 * Non-payment or Late by clients
* Vacation/illness
 | * Poor quality of work, high staff turnover, time in training new personnel
* Loss of sales, loss of customers, delay in manufacturing
* Poor image of business, loss of sale
* Reduced profit, increase in bad debts
* Break in business continuity
 | * Hire skilled staff, use employment contracts
* Schedule periodic equipment and tool maintenance, have more than one tool available
* Choose a reliable supplier, enter into agreements, create links with other supplier
* Develop a credit and policy and ensure that it is enforced
* Train the other staff member to manage business
 |
| EXTERNAL RISKS |
| * Natural disasters/ fire/theft

 * Government regulations (increase in taxes)
* Economic Slump
 | * Loss of assets, break in business continuity, closure of business
* Reduction in profits
* Reduction in sales
 | * Insurance Coverage
* Increase the price of product
* Enter into new markets, look into a more innovative venture, focus on my best selling product and market it.
 |

**OPERATIONS MANAGEMENT**

The business operates seven (7) days a week, i.e. from Monday to Sunday. Operating hours are from 6:00am to 6:00 pm; however, clients can call the owners at any time to source a vehicle. The business seeks to go the extra mile for their clients by providing exceptional service, hence the reason requests are dealt with at the clients’ demand. Rentals will be delivered to clients who require that their vehicles be delivered to the airport. Clients can also pick up their rentals at the business’ office located on Bridge Street, Castries.

**ASSET REGISTER**

**ASSET COST YEAR OF PURCHASE DEPRECIATION**

Vehicle (7) $xxxxx each 2015 10%

***Note:*** *(In this section of the plan you need to discuss any special licences or certificates which are required to operate, e.g. Liquor licence, Trade licence, Health Card, etc.)*

**PURPOSE OF THE LOAN-GRANT PROJECT:**

The funds will be used to create an App with capabilities for customers to reserve vehicles and make payments. In addition, this app will be used to advertise and market our services.

XXX App Ltd will be contracted to create the app with the following key features:

* **Easy login**: users must be able to conveniently create accounts and log in to them (e.g. through social media platforms).
* **Search and filters:** car class, body type, price, engine type, colour, and so on).
* **Reservation management**: the user must have access to the reservation panel. Car rental scheduling, cancellation, fee estimation or so-called “instant booking”
* **Payments**: by credit cards (automatic payments after linking the card to the account) or PayPal or similar services.
* **Notifications**: notifications that inform them of promotions, upcoming rental end dates, or scheduled vehicle reservations.

**Benefits of the Project (i.e. the App)**

The App will manage the entire business's operations through booking modules, inventory management, customer management, etc. This application will boost the productivity and efficiency of the business. Thus **ABC Car Rentals** will be able to reach a wider market which will result in increased sales revenue.

**LOAN GRANT EXPENDITURE:**

Design - $ XXXX

Development - $ XXXX

Testing - $ XXXX

Maintenance - $ XXXX

**Total: - $ XXXX**

**LOAN REPAYMENT:**

The loan is calculated using the reducing balance method.

Loan Amount: $XXXXX

Interest Rate: 3%

Duration: 36 months (3 years)

Monthly Loan Repayment: $XXXXX

**FINANCIAL RESOURCE MANAGEMENT**

**RECORD KEEPING**

Maintaining a proper record keeping structure will be very valuable to the overall control and management of this operation. A simple but effective recording system will be set up, which will capture all expenses and revenue of the business. A separate cheque account will be set up for the business and bank deposits will be made on a weekly basis.

**REVENUE**

CAR (A) @ $150.00 per day x 7 days a week = $1,050 x 4 weeks a month = $4,200

**MONTHLY TOTAL: $8,400.00**

We understand that both vehicles will not always be rented out for seven (7) days every month, therefore we derived a conservative estimate of approximately 60-85% of the total monthly revenue.

On average a projected revenue of between $XXXX- $XXXX is expected on a monthly basis. Revenue is projected at the highest during the month of December which is the festive/holiday season in Saint Lucia.

**OTHER REVENUE:**

**ABC Car Rentals** will from strategic alliances with other car rental companies to rent their vehicles at and agreed price when demand is high. The same arrangement will be available to their strategic partners. The total projected revenue for the year through this arrangement is $XXXX.