

Hands-On Auto Parts: Business Plan

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Business Description

Hands-On Auto Parts will be a specialty retailer of automotive parts, accessories, and maintenance items for do-it-yourself customers, and it also will provide those customers with workspaces and tools which enable them to do-it-themselves. Hands-On will primarily operate within the automotive aftermarket industry, which includes replacement parts (including tires), accessories, maintenance items, batteries, and automotive fluids for cars and light trucks (pickup trucks, vans, minivans and sport utility vehicles). Hands-On stores will offer a selection of brand name and proprietary automotive products for domestic and imported cars and light trucks. Hands-On will also offer low-cost rental workspaces which will provide a place to work on vehicles for customers who do not have a workspace of their own. Hands-On will also offer low-cost or no-cost rental tools to customers which will save them both time and effort on their automotive projects. Hands-On will also offer some basic automotive services that go beyond the expertise of the average do-it-yourself customer. For those customers with ongoing projects, Hands-On will also offer on-site vehicle storage.

The unique combination of quality auto parts and accommodations to carry out projects using those parts will empower potential do-it-yourself or "shade-tree" mechanics. National trends have recently popularized vehicle customization within an entirely new generation of shade-tree mechanics. Some of the fastest growing areas participating in these trends are urban areas where there is little space to work on a vehicle. Hands-On Auto Parts will focus on these urban areas to provide residents safe and inexpensive facilities for their automotive projects.

In addition to parts and services, Hands-On employees will provide sound automotive advice to our customers. Because of our unique format, in addition to giving verbal advice, employees will also be able to "get their hands dirty" and show the customer exactly what needs to be done at any stage of a project. Both our knowledgeable sales staff and shop technicians will always be available to assist and advise customers. We will also have a library of how-to manuals for customers to borrow during their projects. Our large break room/meeting room will allow shade-tree mechanics to relax, take a break and collaborate with other shade-tree mechanics, fostering an advantageous atmosphere for mechanics of all skill levels.

The shops, both workspaces and stores, will average approximately 37,800 square feet. The stores themselves will average approximately 12,000 square feet in size and carry between 18,000 and 25,000 stock keeping units (SKUs).

Eventually, Hands-On will offer online shopping and access to over one million SKUs. Our web site, www.handson.com, will allow Hands-On customers to pick up merchandise at a conveniently located store or have their purchase shipped directly to their home.

Due to potential liabilities, Hands-On Auto Parts will be incorporated to minimize the personal liability for the owners. While the safety of our customers is extremely important, the fact remains that we are allowing customers to operate power tools on Company property with minimal supervision. There is a great potential for lawsuits. Setting up the Company as a corporation will protect the owners from lawsuits against the Company.

Products and Services

Our products will fall into two distinct categories: sales products and rental products. Our sales products will be exactly what a customer would expect from a quality auto parts store. These products will also represent our main source of revenue. We will offer a wide variety of popular brand name products. We will also carry generic "plain label" merchandise that we will market under our own brand name. Private labeling will allow us, in most cases, to greatly increase our profit margins since the procurement costs are much lower for these types of items.

While most of our income will come from our sales products, it is our rental products that will set us apart from other auto parts stores. The rental products will consist of on-site workspaces and storage units. "Workspaces" will consist of efficiency enabling, environmentally safe areas with a variety of tools and equipment suited for different types of automotive repair projects. The tools will be state-of-the-art, professional grade tools that will make every customer's project smooth and efficient. Every workspace will be designed with environmental protection in mind. Workspaces will be classified as long- or short-term. The long-term workspaces will allow customers to work on their vehicles over a period of more than one day; customers will be able to lock their vehicle in the workspace when they leave the shop. A cheaper solution for long term projects will be for customers to utilize short-term workspaces and storage units. They will be able to use the short-term units to work on their projects and then store their unfinished vehicles in a storage unit while they are not working on them. Short-term workspaces will be broken into two classifications: set-time and daily. The set-time workspaces will consist of one-hour and two-hour spaces that customers will use on a first-come first-served basis. The daily units will be reserved in advance. We will also have some specialty units like the oil change pit and tire rotation lifts. These are tasks that will not take very long when we provide the proper tools, so customers will just line up to use the tools on a first-come first-served basis. The oil change pit will be equipped to serve three customers at once,

and there will be two tire-rotation lifts. We will also provide environmental services at no charge. For the most part, these services will consist of automotive waste collection and disposal; in-store customers and even non-customers will be able to dispose of fluids and other waste in our environmentally safe containers.

The number of workspaces in each shop will vary according to the population of the area in which the store is located. The floor plan we have designed represents a shop equipped for a densely populated area.

Sales Products, a category listing of parts we will sell:

Apparel and logo items

Auto parts

Books and repair manuals

Chemicals and fluids

Containers

Performance parts

Replacement parts

Seasonal products

Tools

Truck accessories

Growth Plan

We are convinced that a great demand exists for our product/service synergism, so we expect to be successful and create a buzz in the industry. That buzz will work for us and against us at the same time; we obviously want to generate excitement about our new concept, but the noise we make in the industry will also alert the established auto parts stores to our presence. During the early stages of our development, we will have many competitors who are better financed than we are. One of our big concerns is that our success will lead to those competitors retooling their existing locations to offer the same services as Hands-On Auto Parts. To counter those possibilities, we will focus our market positioning so that our name is synonymous with hands on auto parts stores. Positioning though, will only reach as far as our stores reach, so we have laid out an aggressive growth plan for rapid expansion into the market.

In our first year, we will start with one store in Queens, NY. This high profile location will not only provide access to a large base of potential customers, but it will also generate substantial word-of-mouth advertising. Conventional advertising in Queens cannot help but be seen by potential customers in other boroughs in New York City, and some parts of New Jersey and Connecticut. This promulgation of information will pave the way for our second year expansion—we will build three more stores in Brooklyn, the Bronx, and Staten Island, and another store in New Jersey (most likely Secaucus, but market testing will determine the location).

In our third year, our Northeast region will start to take shape with new stores in Boston, Hartford, Buffalo, Philadelphia, Pittsburgh and Washington, DC. The expanse of the region will require a centralized distribution center. This will mark a very important milestone for Hands-On Auto Parts. With the introduction of our regional warehouse, we will also begin to sell parts via the internet. The warehouse will be designed to perform both as a distribution center and as our e-commerce center of operations. Internet sales will mark the beginning of international sales for Hands-On and will also allow us to offer more specialized parts due to a greatly increased customer base. These specialized parts will significantly enhance our value to our customers in our stores. The stores will not stock all specialty parts, but with direct access to our internet stock, stores will be able to get specialty parts more quickly and at cheaper prices than before.

In our fourth and fifth years, we will expand to develop our Midwest region which will be based in Chicago. During that time, we will also begin the true internationalization of Hands-On Auto Parts by building stores in Montreal, Ottawa, and Toronto, Canada.

The fifth and sixth years will see the development of the Southeast region which will include many military bases in addition to our urban locations. In subsequent years, we will continue to expand. The direction in which we expand will depend on where the market stands at that time. Obviously we will be expanding to the west with our sights set on California with its large urban areas and strong "car culture," and we will also be considering Mexico at the same time. Mexico is a fast-growing market for auto parts stores and about 75% of Mexicans live in urban areas.

Our management team will grow as the Company grows. The entire Corporate Management Team has already been compiled even though the "corporation" will begin as one store. For parts of the first two years, all members of the management team will fill lower level roles in the Queens store. They will serve as store managers, sales clerks and shop managers, and will plan and implement the growth of the Company at the same time. When the Northeast region gets big enough, they will stop filling in-store roles and begin acting as both corporate managers and Northeast region managers. With the emergence of the second region in the Midwest, a change in management will take place. A regional level will be added to the management structure. That will mean that both a Midwest Management Team and a Northeast Management Team will be put in place in year four. The Corporate Management Team will begin acting as true corporate management, coordinating our national and international operations from a small corporate office in New York located near the original store.

Corporate Management Team: Positions and Job Descriptions

John Nolan, Chief Executive Officer (CEO)

Develops primary goals, strategic plans, policies and short- and long-range objectives for the organization. Directs and coordinates activities to achieve profit

and return on capital. Establishes organizational structure and delegates authority to subordinates. Leads the organization towards objectives, meets with and advises other executives and reviews results of business operations. Represents the organization to the financial community, major customers, government agencies, shareholders, and the public.

Yelena Dayen, Chief Information Officer (CIO)

Contributes to strategic business planning regarding technology and systems required to maintain Company operations and competitiveness. Recognizes new developments in information systems technology and anticipates organizational modifications. Establishes long-term needs for information systems, and plans strategy for developing systems and acquiring hardware to meet application needs. Ensures confidentiality and reliability of corporate data, proprietary information and intellectual property. Oversees all facets of e-commerce and supply chain management systems. Functions as top level contact to assist regional managers in determining information systems requirements and solutions.

Richie Herrera, Chief Human Resource Officer (CHRO)

Plans and directs programs for all human resources areas including employment, employee relations, compensation, training and development, benefits administration and equal employment opportunity. Develops policies and programs to meet organizational needs and provides guidance and technical assistance to other areas.

Todd Johnson, Chief Operating Officer (COO)

Manages organization operations by directing and coordinating activities consistent with established goals, objectives, and policies. Follows direction set by the Chief Executive Officer. Implements programs to ensure attainment of business plan projections for growth and profits. Provides direction and structure for operating units. Participates in developing policy and strategic plans. Directs and coordinates functions of the Marketing Director and the Sales Director so that both sides of the Operations Department work in unison.

Raymond Wong , Chief Financial Officer (CFO)

Directs the overall financial planning and accounting practices for the Company. Oversees treasury, accounting, budget, tax and audit activities. Oversees financial and accounting system controls and standards and ensures timely financial and statistical reports for management use. This is the top finance and accounting position for the Company.

Nominating faculty: Professor John Dixon, Accounting 425, Department of Business, School of Professional Studies, New York City College of Technology, CUNY.

Cite as: Dayen, Y., Herrera, R., Johnson, T., Nolan, J., & Wong, R. (2006). Hands-on auto parts: Business plan. *City Tech Writer, 1*, 59-63. Online at <https://openlab.citytech.cuny.edu/city-tech-writer-sampler/>