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Auto repair shop business plan sample pdf

Opening a mechanic shop can be a rewarding career, especially if you want to do something with your hands. People need their cars to move around, so there's always a need to keep them running smoothly. If you want to open a car shop on the right path, getting started takes a bit of time, some training and solid planning. You technically don't need any education to open a car shop, but your business collects a certain amount of respect when your mechanics are certified by the National Institute for Automotive Service Excellence. Sure, you can always hire the mechanics who followed this path, but the odds are that if you're interested in opening a mechanic shop, you're the mechanic yourself. To obtain an ASE certificate, you need two years of work. You can do this through formal education, such as a shopping school or community college, or you can quickly follow your path by taking an ASE-accredited certificate program. After you've accumulated two years of credit, you have to pass a written test, and it's not the easiest, either. Only two-thirds of people pass the exam on their first test. It's true that you can succeed as an all-around general mechanic, but stores that specialize can actually bring in more customers if they play it wisely. You may live in an area with very congested roads and mixed turn-offs. Wouldn't you like to open a mechanic's shop that specializes in a collision area where collisions are likely to happen? Or perhaps you'll notice that there are few stores that specialize in transfers in the area. You can fill that hole. With ASE certification, you can choose a special purpose from specific car manufacturers for truck equipment, heavy machinery and collision repair. If you want to open a car shop, know that the location is everything. Your company probably won't succeed if you decide to set up your own business in an area where there are few cars or where few people drive. For example, a mechanic who opens a store on Bald Head Island in North Carolina would certainly fail if he has a golf cart business because the island does not allow cars. For a traditional mechanic's shop, a location near the road or a place where people regularly fall apart is your best bet. Also make sure you have enough space for all the elevators you need and park in customer cars. Opening car shops is not cheap. You probably spend about \$4,000 on a lift and \$4,000 related to insurance each year. Your tools can cost about \$15,000 just to start with, and the diagnostic machine alone is \$5,000 to \$10,000. For all the startup costs, you could spend about \$25,000 to \$75,000 just to open your shop, and it could skyrocket if you buy your lot instead of renting. Overall, it's not much compared to most companies, but it's certainly not a small piece of change. If you don't have such financing yourself, you may want to consider approaching a bank or Small Business Administration loan. Make sure that you have business plan to get the best prices. Every business has to go through the same legal rings. You need to form a legal business unit (LLC, S Corp, etc.), register with the IRS and get an employer identification number so you can pay taxes. You must also obtain your local government company license and obtain the necessary insurance. For a car dealership, you need a general liability plan, but if you hire employees, you'll also need employee compensation. Commercial car insurance is not necessary, but it is a good idea. It protects your business if one of your employees gets into an accident when you drive a customer's car around your lot. After you've got the right insurance, you can start hiring employees. Auto stores generally make most of their money on 10 popular services, which average out \$144.10 per job. This includes: Oil and rate (which accounts for about 20 jobs per week on average) Alignments Diagnostics Braking Services A/C repair Refrigerant recycling/charging electronic engine control services Emission control services Spark plug replacement Alternator repair and replacement Make sure your prices remain competitive. A/C services generally rake in the most average of \$276 per job. Brake services come in second with an average of \$223 per job. Oil and grease are the cheapest average of \$30 per job. The car shop won't succeed if no one knows it's there. Advertise your store online with services like Yelp, Google and Angie's List. Also, consider inviting towing companies and giving them incentives to target customers because they are, after all, dealing with broken cars. Coupons for discounted services, such as \$10 oil changes, will help bring in new customers who may become recurring customers. Specialized equipment, location, payroll and general inventory can be expensive to keep up with, especially if you're just starting out. Renovations can make finances your store tight as well. If you need additional working capital, a business loan could help alleviate cash flow and help your car repair shop grow. We will take you through your ways, how to compare them and what you need to apply for. What are the best business loan options for car repairers? The type of funding you choose depends on how your company generates revenue and what you use loan funds for. Since car repairers bring revenue to a lot of customers and you may need a loan to maintain or upgrade your repair tools, financing that is flexible or specialized equipment could be ideal. Merchant advance. The merchant's advance is a one-time loan that you repay using a percentage of your daily sales. If you have a lull but are still in regular business, a merchant cash advance may be a way to add working capital. Financing of equipment. If you need to buy a specialized device in your shop, you can explore the loan that is guaranteed by what you buy - and often offers a better interest rate. can be funded by everything from outlets to equipment through a new lift. Invoice factoring. This is a transparent option when it comes to the overhead cost of the loan. Simply sell your open invoices at a discount, and when your customers make payments, these funds go to the lender, not to you. If you have open invoices, you can use factoring to get money when you need it, such as updating your ad or getting additional parts. SBA loans. The Small Business Administration has established guidelines that banks follow in providing guaranteed loans. Guarantees from the federal government tend to ease some qualification standards, with approved amounts of up to \$5 million. The SBA 504 program loan may work in your favor with larger property purchases, such as expanding your current location or moving to a new one. Business line credit. Like a credit card, it allows a revolving credit line to pay the fixed amount, pay it off and then use it again for other purchases. Once your ad periods are available, you can potentially make a big purchase and pay interest when it's paid off by the end of the campaign. General purpose business loans. These loans are provided by both online and in-store service providers. You may be interested if you are looking for a loan that gives you the freedom to spend it, including using it for several types of purchases. As a general rule, their repayment term is up to 10 years. Compare the top business loan offers 4 questions to ask when comparing funding opportunities Even with the auto repair industry, your needs are very different from competing stores across the city. Here are ways to see if the offer is right for you: How much do I want to borrow? Not all options allow for a minimum or maximum amount that meets your needs. Borrowing more than necessary can lead to paying unnecessary interest, so it's important to get close to the amount you need only. When would I like to repay the loan? Shorter terms sometimes benefit from a lower total cost of your loan, but it may not be feasible in stores with lower cash flow. Consider how much you can pay back and plan any emergencies that might show up. How much am I willing to spend? If you get a lower interest rate, you'll probably have a generally lower cost. Be sure to look for APR if possible, which includes the 50-year rate. When drawing up financing plans, consider insurance, document preparation, application, late and prepayment fees. Prepayment fees can be especially complex if you want to reduce the cost of the loan by paying it off early. Am I right? Before applying, make sure you meet the lender's minimum qualification. Some apps require a hard pull on your credit, which can affect your credit score - unnecessary if you're not eligible in the first place. How to apply different lenders, different criteria are needed based on their types of funding, Here are some key documents that are ready no matter where you end up applying. Proof of income and revenue. Well-documented business income and personal income can prove your ability to repay the amount borrowed. Be sure to collect bank statements, last year's tax documents or other official income documents. If your car repair shop mainly accepts cash payments, be sure to keep the receipts and have an archive system for your documents. Detailed budget. Proof of your ability to plan and make reasonable, achievable goals will help win over lenders. Many SBA loans require you to have a full plan that you submit to a loan official, not just a budget. Be sure to explore the specifics of what each lender requires. Documentation of the current asset. You may be able to use special equipment with any other high-priced company assets to determine your rate if you decide to secure a loan with them. Personal documents. Do government-issued IDs and other identifying documents be readily available as proof that you are who you claim to be. Avoid mistakes if there is no firm business plan ready to go. So important, we mention it twice: a detailed business plan helps sell your ability to repay a loan. Make sure that you have clear, clean, achievable goals and documentation so that all progress is made where possible. Does not meet the minimum business requirement. Many lenders require your business to be set up within a fixed time before considering you a loan - usually at least one to two years. Before applying for funding, make sure that you meet this requirement. If you're just starting, consider a startup loan instead. I don't know your exact income. Some lenders require that the company make \$100,000 or more in annual revenue, so you probably want to expand if there's a minimum you need to meet before the application. If you're not sure exactly how much your business is doing, it's hard for the lender to control. 7 industry tips to run a successful car repair shop We collected tips on automotive industry websites and entrepreneur blogs. Here are seven to help you launch a successful car repair shop: identify your audience and market them. Are you specializing in foreign cars? Domestic? A specific region, make or model? Read the demographics of the people who are likely to buy these vehicles and focus on bringing them in. Make your appointments smooth and predictable. Take the time and resources to invest in planning software that you can access online on your desktop or mobile device. People are busy and the ability to schedule an appointment move without dealing with a phone call can be a comfort that pulls customers back - while saving the basulad off appointments manually. Hire the best to do the best job. Your reputation depends on your employees doing a good job. Invest in good people who understand what and align yourself with the values of your store. Make your customers feel like a million bucks. Customer retention is important and a happy customer is the one who is much more likely to return. If the customer's car has to stay for more than a few hours, you must drive home, where possible, a welcome area and snacks. Encourage reviews. People are much more likely to dismiss a negative view than a positive. If the customer seems satisfied with the work you've done, point them to popular review sites. Pay references. Advertising is not the only way to grow your customer base. Small rewards for submissions help create more business as little as a gift card for a local company. Arrange simple maintenance demonstrations. Share your knowledge with loyal customers and the local community. A little maintenance such as filling the wiper fluid, checking the tyre pressure, changing windscreen wipers and checking the engine oil may be routine for you, but it may be unfamiliar to customers. A small, free demonstration can build a company and keep customers happy. Keep your garage on track for success by pinning down the funding option that is best for your situation. There's a lot to explore, but you can potentially narrow your options quickly, knowing what it is you want and why. Compare your options, find the most appropriate and prepare to make your business even better than your competitors. Frequently asked questions Validation can take anywhere from a few minutes to a few weeks, depending on your funding and lender. Traditional banks and long-term loans tend to take longer, while something like a merchant's cash advance can lead to faster approval. Apps can take about a few minutes to complete a few days. The timing depends to a large extent on the type of loan you're looking for and the lender you're applying for. SBA loans are known as the amount of paperwork needed, while invoice factoring in the application can take just a few minutes. Was this content good for you? You?