

# Private Investigator

FB Eyes

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*This business plan details the goals and objectives for an independent Private Investigator (PI) firm founded by three former police officers.*

## EXECUTIVE SUMMARY

FBEyes was founded in 2005, by three former police officers. They're friends of the same police force for over 30 years.

In this time the three had gone different paths in the Bangor Police force. James Walsh had spent the majority of his career in the fraud section. Colin Day had spent the majority of his time in the narcotics division. Finally Greg Baker had focused his entire career on the administration and management of the police force. While all three partners of the newly formed FBEyes firm had spent their careers in separate divisions of this large police force, they all had one thing in common. They enjoyed the investigation part of their job and had taken all the required steps to educate themselves on all aspects of their respective job functions. These skills had not only made them leaders in their divisions, it also gave them a great amount of access to other police forces in other cities.

All three had decided to take early retirement in order for them to launch their own Private investigation firm. While there was a substantial amount of competition from the long established firms, all three based their decision on solid market statistics that supported the decision to open their own PI firm.

Over a period of twelve months prior to their official retirement, all three members spent their free time gathering and working on the business plan. They also hired a management consulting firm to work with them to build the business plan and look for outside opinions on the business sector.

While most PI firms were a one or two person operation, which focused on the basics of the industry like surveillance and searching for people etc, FBEyes decided that this was a good area, however wanted to add all their backgrounds and training to the business. Therefore throughout the formulation of the business plan and model these specialized skills were added to the firm's services it would offer to the market.

## PRODUCTS & SERVICES

Based on the market, as well the background and training of the three partners within FBEyes, the products and services offered have been determined as follows:

1. Background checks for employers
2. Fraud Investigations for companies when a company reports suspected fraud from an employee. This can also be hired by local police forces, where subjective investigation is required.
3. Competition search for when a company thinks their copyright or products are being copied or sold.
4. Standard surveillance of husbands or wives' promiscuity. This area has a lot of competition; however the partners felt that with their training, they would attract higher paying clients allowing for more of an executive type of client base. Not to mention this area has the highest percentage of income for most PI Companies and cannot be overlooked.
5. Bounty hunting. This area is another strong point for the PI Firm, with the training as well as work experience, the partners felt they know where to look and the skills required to gain the trust of police

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forces and clients. The skills of the PI Firm would result in quick capture of runners and turn into fast cash flow for the PI Firm. This area would be sub contracted to other officers who still work in the police force, however want to earn money from this part time job. The present laws in the region allow for police officers to work in similar jobs as long as no information is used from police databases and or files.

6. Missing persons. This area, while small, still has a lot of potential. With the majority of MPs actually investigated by police forces, due to the large work load of local police forces, most MPs do not get the proper investigations, unless they are deemed to be of a criminal nature. The base fee for this service is high, however part of the reason for this, we will offer this service free to specific cases, like children or lower income cases. Each case will be reviewed on an individual basis.
7. Stolen Property. This most likely going to be one of our smaller areas of business services. However due to the large amount of unreported stolen property that takes place each year in the region, we feel with the training and backgrounds that we have in this area we could offer a service and make money at the same time. A large percentage of stolen property is taken by the same criminals or rings. Due to large insurance costs, most businesses don't report items stolen, simply because of the cost of increase in insurance is increased and these costs in most cases over the long run for items less that \$5,000 in value aren't worth reporting to the police force.

## COMPETITION

In the present market we have the following competitors:

1. Glassman Investigators-they have been in business for 20 years; they only provide services to the surveillance and missing persons sectors. They are a ten-employee firm that has built a solid foundation in the market. They tend not to target the corporate arena, just the private person market.
2. Hayes Investigations Inc.-this is a large firm that offers services to all the same areas we will be offering. They have been in business for 25 years and a strong affiliation with a national Private Investor chain. They tend to charge the highest of fees and don't seem to have any difficulty getting enough clients to pay these fees. Hayes employs 20 full time investigators and 10 part time. Actually two of the founders of FBeyes had actually worked for Hayes for 5 years on a part time basis.
3. Spyware Investigations. This two-person firm that only specializes in surveillance area, mostly in marriage, divorce sort of situations. Most of their leads and clients come from lawyers wanting to better their clients' cases with video tape or pictures.
4. There are about four more firms that are run by a single-person-owner-manager type of situation. These firms tend to only get enough revenue to meet the costs of the firm and that is it. There is no growth in this area.
5. The area, where we will most likely see the biggest competition will be from the outside national chain investigator firms. These firms are hired and basically flown into our market to do their work. Because most of the skills and needs of the clients are such that the company doing the hiring feel it is required that they hire these firms. With our market research, we have determined that the hiring companies would rather hire a local firm to do the work simply because they feel we would have a better understanding of the market, therefore be able to provide quicker and more cost effective services.

As mentioned in the above competitor breakdown, we have indicated the areas where each competitor focuses all their attention. This in-depth understanding of each competitor's area of expertise will allow us to get a much faster footprint in the market, at a quicker rate.

During the twelve months preceding the launch of our firm, all three partners spent time preparing the company. While each partner when they retire will only be in the age group of 50-54, none of them will require taking a salary from the firm. With their early retirement package they all received a bonus payout of \$300,000-\$400,000. This combined with the fact that all partners were wise investors and are debt free.

While most start-up companies tend to start with a lot of debt in the first few years, FBeyes will not be in this position. All the required software, training etc has already been paid for. The only startup expenses are that of advertising and office set-up, etc. It was felt by all partners that an office should be established; while most in this sector tend to be home based, the clients we were going after, i.e. corporate etc., would like to have a place

they could go to meet, allowing the client to meet in a more confidential manner with our firm. This was really important in cases of fraud etc.

With the start-up it was decided that each partner would focus on their area of expertise and as required would hire contract staff to fill in where they could not.

The key to our strategy will be to make slow inroads into the established markets. This would allow us to grow at our own pace and keep our competitors in the market from noticing our presence. We will take the approach of the turtle in the race, not that of the rabbit.

While we will be bringing specialized skills to the market, we feel there will be times where we will collaborate with other firms, offer advice and or our services. Over time we feel this will be a key to building strong relationships with our key clients and partners.

## MARKETING & SALES

The forms of marketing we will use to market our PI Firm:

1. Word of mouth; clients telling other clients about our service
2. Former working relationships we had in the police force, with people
3. Yellow Pages advertising; this will be a small portion of our client acquisitions, yet a required expense
4. Law Firms; we will actively target these firms for business and referrals
5. Charity work in the community; while this may not seem like a place to find clients, it in our opinion is key to our success. There is a lot of solid relationships made while donating your time
6. Other police forces around the country, where we will offer specialized forms of services to this sector. Due the nature of this business we cannot elaborate
7. We will also offer local newspapers and or magazines a weekly or monthly editorial column. This will allow us to be known for our services, while getting exposure to our market for free. Nobody in our market does this presently and we have inquired with local newspapers and magazines. Both provided support and said would even pay us for the editorial
8. We will post a website that offers free advice to anyone wanting information. Due to legal limitations we cannot go into details in this section, we will however post a good general information about areas of interest to our readers

## Market Analysis

The city of Bangor has close to 1 million people living in the city, with another 300,000 living in a 20-mile radius. This is a new city in the sense of cities. Up to 1950 the population Bangor was around 250,000. When oil reserves were discovered the city grew at extraordinary pace. This pace of growth has allowed the city to spend billions on infrastructure. While the positives of this growth are evident, the not so glamorous area of crime and criminal activities has also flourished.

Based on our Market Analysis we have determined that there is \$40,000,000 spent in our sector each year. Our goal is to attain at least 5% of this market in the first two years.

The types of clients and the average per-use charges

1. Typical Surveillance-\$700 per day
2. Fraud Investigations-\$1500 per day
3. Bounty Hunter-35% of fee paid to courts for bail jumping
4. Background Checks-start at \$500 and can go as high as \$10,000 based on amount of detail required and position in company of person being hired.

Note: all the above fees are expense-extra-based.

We have already talked with a few clients and they have signed formal agreements, that when we open, we will be contracted to do work for them. Based on previous three-year average of expenditures we have determined that this will amount to approximately \$ 300,000 per year in revenue to our firm. Other clients have indicated that while they could not make a commitment at the time, would ask us for a quote when they tender certain

jobs.

As noted here, all of our revenue contracts we have in place are from companies. Once we advertise that we are in business, we are confident that we will gain a market share of the independent market, and based on the services we will offer, this will come from areas of service we offer that is required in our market, but not yet offered by local firms.

At the present rate of growth, we are very confident that the opening of our firm will position us in the next three years to have hired at least 20 contract investigators.

Over the career of all the partners, they were able to build very strong relationships with other employees in the police force. These relationships allowed the management of the firm to cultivate the ability to add contract staff needed over time. The vast amount of qualified contract staff available to sub-contract for us, will allow us to grow our business at a faster rate of growth than would be normally expected.

Most sub-contractors just want to make a little additional income on a part-time basis. On average these contractors can make \$10,000–\$20,000 per year from us.

## FINANCIAL ANALYSIS

With the start up of FB Eyes, each partner invested \$10,000 for a total of \$30,000; this was to cover the following:

1. Office Rental-\$800.00 per month
2. Telephone Equipment-\$1500
3. Incorporation Cost-\$700
4. Business License-\$220
5. Office Equipment-\$2200
6. Computers-\$5700
7. Furniture-\$2500
8. Supplies-\$700
9. Yellow Page Ad (Prepay)-\$1600
10. Specialized Equipment-\$5600 (Paid Already)
11. Specialized Software-\$8900 (Paid Already)
12. Lease Company vehicles-\$1200 monthly
13. Legal Costs-\$2000

Some or most of these expenses were paid for by the partners prior to the opening of FB Eyes. That being said, the strength of the company is in great start-up shape. No debt and no cash flow pressures on the partners personally or for the company, will allow the partners to grow the company in a stress free situation.