



# Fire Equipment Retailer

GALLAGHER'S FIRE SERVICE

---

432 Janeway Blvd.  
Collier, VA 26650

---

*This plan for a fire equipment retailer reveals how paying attention to needs in your community can pay off when it comes to planning your business. Often overlooked, city services, like the fire department, represent a niche market of sorts and can be a source of income as well as the general populace.*

---

- EXECUTIVE SUMMARY
- DESCRIPTION OF THE BUSINESS AND INDUSTRY
- MARKET ANALYSIS
- COMPETITOR ANALYSIS
- STRATEGIC PLAN
- ORGANIZATION
- FINANCIAL PLAN AND FINANCIAL REQUEST
- SUMMARY AND CONCLUSIONS
- APPENDICES

## EXECUTIVE SUMMARY

### Mission Statement

To improve and promote safety in the home and at the workplace.

### Business Objective(s)

We would like to turn it into a full-time family operated business within the next five years.

### Competitive Advantage

Our business is a family owned small business that will attract the local community. It is a small area where marketing strategy relies on the promotion of word of mouth advertising.

### Market Strategy

Word of mouth advertising and the implementation of safety seminars and product demonstrations.



## The Management Team

Steve J. Gallagher, Jr. is the owner and operator. He takes care of all the refurbishing, public relations, and distribution. Dawn D. Gallagher takes care of ordering, marketing, and accounts receivable and accounts payable.

## The Product

We will sell new and used extinguishers, hydrants, hoses, signs, smoke detectors, and equipment for several fire departments. Along with selling the products, we will refurbish and refill old extinguishers to make them look and operate like new equipment.

This is a unique business, in that we take old extinguishers that are no longer usable, break them down, completely refurbish the mechanical components, refill with a dry chemical, paint, and reapply stickers.

# DESCRIPTION OF THE BUSINESS AND INDUSTRY

## The Company

Our company was established out of a market demand. We were offered our first job in February of 1995. We had not even bought all of our equipment and supplies to complete a job of this size. This was what encouraged us to begin our business. We saw the need for the business in the area and the profit that could be made.

The business is very time consuming and a dirty job, but it also allows us to control the growth. It is something that you can work as much or as little as you want to. We also are very conscious about the environment. By refilling and putting to use the old fire extinguishers, they do not take up space in a landfill somewhere.

Our products have taken to the market very well. Some of the business owners didn't realize that there were laws as to how many extinguishers they needed and the distance between them that was allowed.

Competition is always a concern. They may not exist today but you can never verify their nonexistence tomorrow. At the present time, the closest business that offers similar services is more than one hour away.

## The Industry

The development of OSHA brought about laws that every business will have at least one extinguisher every 75 feet, and the commercial vehicles will have at least one extinguisher when they are on the highways.

The industry will probably level off in the next three to five years, to a sustained rate that will provide us with a comfortable living. Once the demand has been met, we will check into carrying over into someone else's territory.

## The Product

Fire safety equipment is used for prevention of a fire or to aid in the containing of a fire. The equipment must be in proper functioning condition to work when it is needed.

# MARKET ANALYSIS

## Description of the Customer

We decided on our business because of the customer's needs. We heard of a company's need for our business and that other local companies were also looking for this type of business. With the laws, these services are



something that all businesses should have for their legal protection. We also read all of the OSHA rules and regulations to find out what most of our customers legally need.

Most of our customers are small businesses. We set up a monthly service contract, which kept our customers buying products and using our services. As a business would grow or expand or a new business opened, their needs would change. Our expectations are that our services will continue to be needed and as new laws and regulations change, we will learn them and pass them on to our customers. Our most effective media is word of mouth.

## Target Market Description

Our customer's real criterion to purchase is the law. They want us to come back and make sure their equipment is still able to function properly if they should need it. They like being able to purchase our product or services from their own business, or in some cases, their own homes. We believe this is a service that our customers really like.

Summer is the best season for our market. Construction sites are very profitable for our business. They often have small fires that need to be extinguished, so they use their equipment. This in turn produces a need for us to come out and pick up their product with loaner equipment available until their products are returned.

Price really wouldn't affect our customer's purchases. This is a product that they have to purchase, and we are the only business that sells these types of products. They will pay for better quality. We only get our products from top name supplier. They better brand names really speak for themselves.

Competition has not moved into our territory yet. That was a big factor in our starting this type of business.

## Market Influences

OSHA laws and other regulations.

## Competitive Advantage(s)

We will keep the customer satisfied with our prices and customer service. We will only purchase the top of the line products to pass on to our customers and also offer a warranty on our services. We make it convenient to the customers by going to them. We keep up with the market changes. Our friendly incomparable services will keep our customers happy.

# COMPETITOR ANALYSIS

## Existing Competitors

We have no local competitors in the area. In our geographic segment our products and services are provided by no other company.

## Potential Competitors

The market at this time is really to small.

# STRATEGIC PLAN



## **Market Strategy**

Short-term, provide in existing market, and long-term, to expand products, territory and market share.

## **Promotion**

We use public relations for our promotions. We set up booths at different local events and direct marketing. We also use the newspaper and yellow pages as means of advertisement. This has been very effective.

## **Suppliers**

Our major suppliers are Walter Kiddie, Amick, and Water Works. Their terms are all net 30 days. We try to keep as much on hand as we can, but delivery is less than one week. We try to schedule IIT Inventory, less overhead.

## **Distribution**

Our product will be distributed by ourselves. We deliver our own products to our customers. This gives us a personal relationship with our customers.

## **Customer Service**

On site, and the same business day if material is in stock.

## **Risk Assessment and Contingency Plans**

New competition, new OSHA laws (good and bad).

# **ORGANIZATION**

## **Management Philosophy**

To provide the best equipment for the cheapest money.

## **Business Organization**

This is a sole proprietorship. We were required to purchase a business license from the Department of Tax and Revenue in Chuckton, Virginia.

## **Succession Plan**

Death of someone, or to hand down to the children.

## **Identification of Firms Assisting the Company**

Our attorney is Garth C. Blake. We bank locally at the Bank of Thomasville. We carry our insurance through Glenby County Insurance Agency, and our advertising agency is the Citizen's News.



## Staffing Plan

We currently employ two employees. They both are pursuing their college degrees. We have no plans to hire anyone else at the present time. We hope to take the business full-time with our current employees.

Steve will continue taking any classes offered through the local university that will help him to better understand the laws and regulations for the safety equipment.

## Risk Management Strategies

Keep away from too much overhead, and to keep low prices as to not allow competition.

# FINANCIAL PLAN AND FINANCIAL REQUEST

## Financial Request

We chose equity financing. This was another reason to chose this type of business. It has a very low start up cost. We invested very little money from our savings to purchase our equipment and supplies we needed.

## Financial Practices

The cash accounting method best suited our needs. We worked on an as need basis for awhile with products. We would order them on credit and then when we were paid, we would pay our supplier.

# SUMMARY AND CONCLUSION

I believe that my business will prevail, not only for my service, but for the safety my service provides.

## Current and Projected Profit and Loss Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	32,000	55,000	50,000	62,000	70,000
Less: Cost of Sales	26,000	40,000	35,000	43,000	47,000
Gross Profit	6,000	15,000	15,000	19,000	23,000
Less:					
Salary Expense					
Payroll Expense					
Other Services					
Office Supplies	500	750	750	900	1,050
Maintenance & Repairs	500	500	500	600	
	700				
Advertising	200	500	1,000	1,000	1,000
Automobile	1,000	1,500	1,500	2,000	2,000
Travel & Entertainment					
Consulting Services					
Rent					
Telephone	200	400	400	450	500
Utilities					
Insurance	300	300	300	300	350
Taxes					
Interest	200	500	500	550	600
Depreciation	500	500	500	500	700
Other Expenses					
Total Expenses	3,400	4,950	5,450	6,300	6,900
Operating Profit	2,600	10,050	9,550	12,700	16,100
Add: Other Income					
Less: Other Expenses					
Pretax Profit	2,600	10,050	9,550	12,700	16,100
Income Tax Provision	650	2,512	2,387	3,175	4,025
Net Income after Taxes	1,950	7,538	7,163	9,525	12,075



	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	32,000	55,000	50,000	62,000	70,000
Less: Cost of Sales	26,000	40,000	35,000	43,000	47,000
Gross Profit	6,000	15,000	15,000	19,000	23,000
Less:					
Salary Expense					
Payroll Expense					
Other Services					
Office Supplies	500	750	750	900	1,050
Maintenance & Repairs	500	500	500	600	
	700				
Advertising	200	500	1,000	1,000	1,000
Automobile	1,000	1,500	1,500	2,000	2,000
Travel & Entertainment					
Consulting Services					
Rent					
Telephone	200	400	400	450	500
Utilities					
Insurance	300	300	300	300	350
Taxes					
Interest	200	500	500	550	600
Depreciation	500	500	500	500	700
Other Expenses					
Total Expenses	3,400	4,950	5,450	6,300	6,900
Operating Profit	2,600	10,050	9,550	12,700	16,100
Add: Other Income					
Less: Other Expenses					
Pretax Profit	2,600	10,050	9,550	12,700	16,100
Income Tax Provision	650	2,512	2,387	3,175	4,025
Net Income after Taxes	1,950	7,538	7,163	9,525	12,075



## Current and Balance Sheet

	Current	Projected
<b>Assets</b>		
Current Assets:		
Cash and equivalents	46,500	60,000
Accounts receivable	3,000	6,000
Inventory (net)	12,000	15,000
Office supplies	500	750
Prepaid items	1,000	1,000
Other current assets	5,000	5,000
Total Current Assets	68,000	87,750
Fixed Assets (net):		
Furniture and fixtures	1,500	1,500
Leasehold improvements		
Machinery and equipment		
Total Fixed Assets		
Other Assets	2,000	4,000
Total Assets	71,500	93,250
<b>Liabilities and net worth:</b>		
Current Liabilities:		
Accounts payable	6,000	12,000
Taxes payable	3,000	5,000
Interest payable		
Current portion of long-term debt		
Short-term debt	15,000	30,000
Miscellaneous payables		
Total Current Liabilities	24,000	47,000
Long-term Liabilities		
Long-term debt (net)		
Convertible debentures		
Total Long-Term Liabilities	24,000	47,000
Net Worth:		
Capital stock	71,500	93,250
Paid-in surplus		
Retained earnings		
Total Net Worth	71,500	93,250

Current    Projected

### Assets

#### Current Assets:

Cash and equivalents	46,500	60,000
Accounts receivable	3,000	6,000
Inventory (net)	12,000	15,000
Office supplies	500	750
Prepaid items	1,000	1,000
Other current assets	5,000	5,000
Total Current Assets	68,000	87,750

#### Fixed Assets (net):

Furniture and fixtures	1,500	1,500
Leasehold improvements		
Machinery and equipment		
Total Fixed Assets		
Other Assets	2,000	4,000
Total Assets	71,500	93,250

### Liabilities and net worth :

#### Current Liabilities:

Accounts payable	6,000	12,000
Taxes payable	3,000	5,000
Interest payable		
Current portion of long-term debt		



	Current	Projected
Short-term debt	15,000	30,000
Miscellaneous payables		
Total Current Liabilities	24,000	47,000
Long-term Liabilities		
Long-term debt (net)		
Convertible debentures		
Total Long-Term Liabilities	24,000	47,000
Net Worth:		
Capital stock	71,500	93,250
Paid-in surplus		
Retained earnings		
Total Net Worth	71,500	93,250