Module 7: Pitch for Funding

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Value Proposition: Product or Service

Hello! Thank you for giving me this opportunity today, my name is Crystal Meser. I came to you today to introduce you to a new business idea called Menard's HandyPro Service. This service will be provided by Menards to give the customers a feeling of relief knowing that they can come to Menards if they need help with any repairs, installations, or questions. Finally, customers will not have the pain staking task of having to sort through contractors, wondering if they are really reputable. Did you know that there are 1.7 million online searches by people looking for independent contractors each month (WebFX, 2023)?

By Menards diversifying into this business, it will not only build a loyal customer relationship, but it will provide the customers with a sense of comfort knowing that there will always be someone to turn too that they can depend on and trust, building a strong customer business relationship bond. This service will offer knowledgeable installation and repair crews as a service to Menard's customers. It will consist of Electrical, Flooring, Bathroom, Drywall, Kitchen, Landscaping, Siding, Framing, Roofing, Plumbing, Carpentry, Painting, Heating and Air Conditioning, Installation, and Consulting.

Value Proposition: Overall Strategic Plan

Menard's mission statement is "Service and quality and is the place to save BIG money! On all your home improvement needs." (*Menards Mission Statement - Zippia,* 2024) This service will fit in perfectly with Menards overall strategic plan and mission. We will provide these services at a lower cost to help save the customers money. It will intertwine with Menard's model to "Save Big Money at Menards."

Competitive Advantage: Opportunity Discovery

Currently in today's market there is no diversified home improvement retail company that offers a one stop shop for their customers offering contractor services through their business. When customers come to home improvement stores, they are working on projects. With our blue market strategy, we could be the biggest home improvement retailer that offers a full range of services to help our customers with their home, yard, and repair projects. This is a need that consumers are looking for that is hard to find. Like I said 1.7 million people are searching online for contractor help every month (WebFX, 2023).

Competitive Advantage: Value Proposition Shift

Menards is currently in a red ocean. The market is over saturated, and highly competitive. Using the Blue Ocean Strategy I was able to take customers pain points and look into solutions that would not only focus on our customers needs and wants but also help us diversify our business into other markets. This will increase Menard's market share and help us gain a competitive advantage.

Risks and Opportunities: Industry Disruption

Menards can only gain from diversifying their company by adding on this service for its customers. Menards works with a lot of third-party contractors this could be considered a disruption to Menards business. However, our strategic goals are still going to be maintaining our relationships with our contractors by still offering them their discount card for using our services, but we can even take this one step further by helping our contractors out by recommending college students that need a job when Menards can't afford to take any more employees for our HandyPro Service. Many contractors need good help, and we will be able to recommend them graduates that are looking for a job by partnering with Penn Foster.

Risk and Opportunities: Risks Associated with Development

Like any startup there are many risks to consider when diversifying into this service. We have to look at market demand, competition, laws and regulations, scheduling challenges, licensed skilled workers, delivery of materials to the customers, financial sustainability, and will it even be profitable? We also have to look at our customers. Being sure that we address complaints, and making sure our customers expectations are met so that we can maintain a positive reputation. We have to consider advertising, and how we are going to reach our market. We have to look at technology and think about how we are going to protect our client's data. Economics plays a huge role in risks today. Product pricing could go up, causing our service prices to go up, and demand could go down due to this.

Growth Opportunities: Company Growth Opportunities

The handyman service has a projected growth rate of 19.67% by 2032 (Yahoo Is Part of the Yahoo Family of Brands, n.d) The Electrical Repair service is predicted even a higher CAGR at 21.34% according to IBISWorld analysis (Wilson, 2023). Currently there are 160,000 handy man contractors in the United States. This could be considered a risk for Menards but instead it should be looked at as a growth opportunity. Menards has all of these product offerings inside its buildings, the only thing it is missing is the service to help their customers install, remodel, repair, or replace the merchandise their customers buy from the Menard's home improvement retail stores.

Growth Opportunities: Competitive Advantage

Menards is much more established, reputable, and already has a huge customer base. Currently Menards has 336 store locations residing in 15 states primarily focused on the Midwest region. 44 states in the United States are still unoccupied by Menards (ScrapeHero, 2024). With this new service in place, I foresee Menards growing substantially and expanding into the states that are unoccupied by Menards currently. Offering this new service will bring new growth opportunities for Menards and give them an extra advantage by providing customers with convenience and piece of mind knowing that they can go somewhere to get help by a trustworthy company.

Distinguish as a New Product or Innovation: Fit Within the Capabilities of the Company

The mission statement at Menards is "Service and quality and is the place to save BIG money! on all your home improvement needs." (*Menards Mission Statement - Zippia*, 2024a) By offering this service we will be enhancing are overall mission and it fits within the capabilities of the company.

Distinguish as a New Product or Innovation Overall Portfolio Addition

The overall handy man business is increasing with a $264.7bn in revenue, with a profit of $14.3bn according to IBISWorld. The profit in this industry is significant. The biggest competitor that currently exists on the market is Mr. Handy Man Services L.L.C. They are a one stop shop for all your home and installation needs. They are a franchise, and the initial startup costs are around $233,780. With an annual revenue of $285,000. After one year the ROI on this business is 21.46% with your initial investment costs. After two years the ROI with one worker is 103.4% with one worker making $65,000 annually. For two workers working annually both making $65,000 the ROI is 35.91%. Each job averaging $421 per household (Gcs, 2023). The revenue of this company is $285,000 a year. Other reports state that the average handyman business is averaging around $540,000 in revenue a year (Micaela, 2023). With Menards being as established as they are, I believe that they would have no problem diversifying into this market, expanding their portfolio, and seeing positive returns and gaining more market share (*Handyman Services in the US*, 2023).

Target Segment: Target Customer

Menard's HandyPro Service target consumer base will consist of:

- Homeowners – repairs interior and exterior on their house, outside projects, and preventative maintenance
- Tenants – repairs, and maintenance
- Vacation Rental Owners- repairs and maintenance.
- Property Managers- repairs and maintenance
- Small business owners- repairs, maintenance, and restoration projects.
- Hotels- repairs, maintenance, and restoration projects.
- Restaurants- repairs, maintenance, and restoration projects.
- Bars- repairs, maintenance, and restoration projects.

- Retail Stores – repairs, maintenance, and restoration projects.
- Offices – repairs, maintenance, and restoration projects.
- Commercial buildings – repairs, maintenance, and restoration projects.

(FinModelsLab, 2023)

Target Segment: Blue Ocean Strategy

Blue ocean strategy is an important competitive advantage. Blue ocean strategy takes your company out of the red ocean. A red ocean is the market space that is occupied by companies already in existence. Blue ocean leverages the idea of taking a company who has high competition in a saturated market and differentiating them from their competitors (Blue Ocean Strategy, 2024). With Menards we will be changing this plain home improvement retail store and add a needed, in demand, opportunity to provide a service to help their customers and enhance their business portfolio.

Our blue ocean strategy could have Menards offer these repair services to customers and could expand their revenue and Menards could increase their market share. Menards would provide repair and installation services to the customers. The HandyPro team will recommend products from Menards to the customers that are in need of replacement, increasing Menard's revenue.

Starting, Menards could offer the most needed services and expand from there. Electrical Installation is the top demand currently in the market (Wilson, 2023). This could lead to a positive cash flow for the company. This business plan will have initial costs at first such as educating, licensing, training, insurance policies, benefits, salaries, marketing, and legal documents drafted up. In the end the potential growth of Menards business services is there, and I believe the cash flow will be positive and Menards will be profitable, because of it.

Speculate sales: Projected Revenue Gain

24-Month Pro Forma

	Previous Fiscal Year	24-Month Projections
Sales	$ 157,403,000	$179,501,000
Cost of goods sold	$ 104,625,000	$120,340,000
Gross profit	$ 52,778,000	$59,161,000
Selling expenses	$26,284,000	$29,581,000
Administrative expenses	$2,455,000	$3,072,000
Total operating expense	$28,739,000	$32,653,000
Income from operations	$24,039,000	$26,508,000
Other income	$55,000	$(329,000)
Income before tax and interest	$24,094,000	$26,179,000
Other expense (interest)	$1,617,000	$1,406,000
Income before income tax	$22,477,000	$24,561,000
Income tax expense	$5,372,000	$6,016,000
Net income	$17,105,000	$18,545,000

In this 24-Month Pro Forma I have taken the current Income Statement from Home Depot by using Mergent's Online Database and adjusted the gains and losses into the 24-month projections by using the Income Statement from Carrier Global Corp. which is a contracting company that offers multiple services (Sign in to YourAccount, n.d). As you can tell in the chart above our Net Income at the end of totaling all of the costs, we still would hold a ROI of $1,440,000. If we figure out the percentage of increase that is within one year, we could take $18,545,000 minus $17,105,000 which equals $1,440,000 divide that by the previous years' income $17,105,000 which equal 0.084 and we multiply that by 100 to get an 8.4 % increase in net income.

Speculate Sales: Risks Associated with Sales

Even though these numbers are speculation, after doing more research on other handy man companies the profit looks promising after the initial investment. There are some risks that could affect the sales outcome for the year. These risks could consist of:

Pricing Strategy- making sure that pricing is competitive while staying profitable.

Unforeseen Pandemics – Covid was unforeseen and took many businesses under, we need to develop strategies for handling this.

Economic Impacts - Supply and Demand can effect prices. Recessions can impact our business which in return would impact our sales.

Cash Constraints – Insufficient repayment from customers could cause an impact on Menard's cash flow making an impact on their business growth, and operating expenses.

Competition- other home improvement retailers may try to compete with our services which could also impact sales in the future if we don't maintain a positive customer experience with competitive pricing strategies.

Speculate Profitability: Is the Project Profitable?

If we observe the 24-Month Pro Forma sales increased by $22,098,000. After taking out the (COGS) cost of goods sold which includes materials, labor, and over head costs we ended up with a Gross Profit of $59,161,000. I then subtracted the selling expenses. This includes salaries, advertising costs, training costs, sales software and tools (Chen, 2023). We ended up with $29,581,000. Then I took out the administrative expenses such as rent, office supplies, administrative salaries, insurance premiums, depreciation, travel and entertainment, office cleaning, licenses, security services, etc. and I ended with $3,072,000 (Chen, 2023). After totaling the expenses including administrative and selling expenses, I ended up with $32,653,000 in operating expenses. To get our income from operations I took the Gross Profit minus the Total Operating Expenses which gave me $26,508,000. I subtracted other income off of my income from operations which gave me $26,179,000 income before tax and interest. Other income could consist of things like legal settlements, insurance settlements, profits from rental equipment, dividends or gains (Chen, 2023). I then took the other expense and entered it in. Other expenses usually consist of interest from loans or losses on sales, fines, or penalties, etc. (Chen, 2023). After subtracting $1,406,000 from my Income before tax and interest $26,179,000 I ended up with $24,561,000. I then subtracted the Income Tax Expense $6,016,000 which is taxable income that the company owes from the current period. This came me a final Net Income of $18,545,000. The net income is the profit that the company has actually earned after deducting interest, expenses, taxes, and other costs (Chen, 2023). If I had to make an educated guess, I would say that Menards HandyPro Service will in return be profitable.

Speculate Profitability: Impact on Functional Areas

Menards HandyPro Service will make an impact on functional ares of the business including our key partners including Penn Foster, Third Party Contractors, Advisors, Mentors, Lawyers, Accountants, Suppliers, Distributors, Advertising Firms, etc. We will be investing time, money, and building stronger relationships with them. We will have added costs to our cost structure including fixed, and variable costs. We will be making a huge impact on our customer relationships. We will be impacting multiple customer segments and adding into our revenue streams.

CSR Plan: The CSR Data

My Menards Handyman Pro service can help align with the company's CSR by helping customers recycle their appliances when they upgrade to newer models. Menards could recycle the metal, and aluminum. They can also recycle the leftover wood when they are helping customers with their building projects.

Menards could also start their own training campus. Certifying, and educating citizens interested in building a skill that doesn't require years of education. Menards then could offer third party contractors a buyout of certified students if they don't need their services at that time with their company. This would increase revenue, and help Menards promote Corporate Social Responsibility. This would make a positive impact on society by offering people to learn skills and come out having a career offered to them.

CSR Plan: Community Investment

Menards won an award in 2016 for being Business Friend of the Environment. They have improved their processes by reducing wasted energy and they also have decreased the wood waste from outside suppliers by recycling it to help the environment (Novak, 2022b). This makes Menards company image look great to the public. Menards is using CSR by putting practices in place to help protect the environment.

CSR Plan: Increasing the Competitive Advantage of the Company

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Menards could leverage recycling appliances and use this as a competitive tool by making this a selling point to gain more business from our customers. Especially since most places charge you for a recycling fee to get rid of appliances. We could offer free recycling of old and broken appliances for our customers, if they shop with us. This way we can gain sales, save our customers money, and save the environment. This could make a huge impact all in one.

DEI Plan: The Culture

Menards doesn't have a clearly defined (DEI) diversity, equality, inclusion strategy laid out on their website, but their website does talk about having a "promote-from-within culture" (*Menards® Careers at Menards®*, n.d.).

> Menard Inc. is an Equal Opportunity Employer. We do not and will not discriminate in employment and personnel practices on the basis of race, sex, age, handicap, religion, national origin or any other basis prohibited by applicable law. Hiring, transferring and promotion practices are performed without regard to the above listed items.

I did find this statement posted above from Menards from a post online called Knoji's questions and answers, but when I go to Menard's actual website it is not clearly seen. I think I could help Menards improve their DEI strategy and make it more impactful.

DEI Plan: Overall Strategic Plan

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The strategies I would use to create DEI awareness at Menards is by putting a diversity program together so that a team can be formed. Employees can reach out to the team members with questions, concerns or for support if they need it. I would have this team hold events to grow awareness. This will also help our employees have a stronger understanding of DEI, and it will allow them to build solid relationships which will lead to stronger teams. I would make sure we are recruiting a diverse workforce and using Equal Employment Opportunities to make sure we are fostering fair work practices. I would make sure clear policies are in place regarding diversity, equality, and inclusion. I would make sure there are resources to support our workers so that they can advance their careers and gain professional skills through educational programs.

I would like to thank all of you for your time to hear me out about my idea of Menards using blue ocean strategy to expand their home improvement retail business and offering new in demand services. I hope I was able to give you enough information to help you make a final decision. Menard's HandyPro… can you hear it? A place our customers can count on. This is a promising step in diversifying our company. This is what our customers are asking for…this is what consumers are needing, wanting, and googling for. We should listen. We need to listen in order to stay competitive and grow our market share. We need to help consumers solve their problems… with all their home improvement needs and stand forth with our mission to help our customers "Save Big Money at Menards." (*Menards Mission Statement - Zippia*, 2024). Thank you.

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