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## BUSINESS PLAN

# PATRICK MCNEELY INTERIORS

## PRELIMINARY BUSINESS PLAN

- I. Business Summary
- II. Market Research
- III. Marketing Plan
- IV. Operating Plan
- V. Financial Information

## I. BUSINESS SUMMARY

Patrick McNeely Interiors is a proposed business that will provide interior design services to the Greater Houston area. It is set up as a sole proprietorship under owner and founder Patrick McNeely, who will start out as the sole employee. The business will be operated out of Houston, Texas.

The business will provide interior design services including furniture sourcing, space planning, finish and material selection, purchasing services, project management, and general design consultation on room refreshes, remodels and renovations, and new builds. The firm will provide clients access to trade-only brands at a discount in the proposed designs, allowing clients to obtain access to the most coveted and luxurious products in the interior design industry. Additionally, the firm will provide connections to lighting designers, local artisans, art consultants, and other specialists to help create holistic, impact design solutions for the client. In general, the firm will focus heavily on luxury residential design for high-net-worth, well-connected clients with multiple homes.

Owner Patrick McNeely has experience in running a smaller greeting card business also based in Houston, Texas. He currently works in budgeting and finances for large capital projects in the oil and gas industry and has extensive experience in cost management. Additionally, he is taking classes at Houston Community College in Interior Design to learn the fundamentals of the design side of the business.

## II. MARKET RESEARCH

Since the pandemic hit in early 2020, the affluent areas of Houston have seen a significant uptick in the amount spent on luxury interior design services. Additionally, luxury home builders had record years in 2020 and are on pace to continue this trend through 2021. Part of this is due to more high-net-worth homeowners keeping their jobs through the pandemic while spending significantly more time at home. Additionally, these potential clients have started purchasing homes outside the city as a respite in lieu of being able to travel.

Information regarding the market can be obtained from the Houston Chamber of Commerce or Bureau of Labor Statistics. Between 2020 and 2029, Houston is expected to grow by about 1.3M residents. It can be assumed that many of these will be young professionals or newly

married couples. A small subset of this will be high-income individuals looking to furnish or build new homes, in which interior design services will likely be sought out. In general, it can be expected that the total market size for a luxury interior designer in this time frame will be about 15,000 individuals. This may seem low upon first glance but is focused on high-net-worth individuals with multimillion dollar homes.

There is significant competition in the Houston area for interior designers. Multiple high-end, full-service firms similar to Patrick McNeely Interiors exist, as well as numerous smaller companies that specialize in one aspect of design (lighting, antiques, draperies, etc). Many of the firms work almost exclusively off word-of-mouth advertising in the luxury market and gain a reputation over the years that keeps projects coming in the door. This is a key competitive element that can be must be acquired to be successful in the market.

### III. MARKETING PLAN

As mentioned, the business will focus on the luxury market in which homeowners are looking to refresh, renovate, or build a new home. These will be high-net-worth clients that have some of the following traits:

- College educated (many with graduate degrees)
- Private school education
- Married (many with children)
- Enjoys hosting social events; has redone homes previously but is looking for another renovation or refresh
- Many are entrepreneurial in nature and own their own businesses or work high-paying jobs (doctor, lawyer, engineer, etc)

Services will be as a consultant on larger, new build projects that are managed by luxury home builders or for smaller décor-only projects, such as refreshing a new room. Additionally, the firm will offer renovation services that are more limited in scope, such as a bathroom or kitchen (vs the entire home).

Services will be priced on an hourly design basis plus a percentage markup on furnishings/etc that the firm procures. The furnishings will come at a discount to the client for using a designer, but it will still allow for profit to be made (i.e. charging retail less 5% when the firm gets a discount of 25%). Clients will purchase design hours up front and receive a biweekly report of hours used and hours remaining to track progress. A DNE (do-not-exceed)

clause will be in place for larger projects to make sure costs stay within a reasonable budget as discussed by the client and homeowner on the front end.

Furnishings will be procured and stored by the firm using a separate warehousing company. This will come at additional fees to the client, but will allow for one seamless installation day vs. months of slowly installing items in the client's home.

In general, Instagram will be the primary vehicle for active advertising. Project photos, progress, and design inspiration will be posted to Instagram daily to gain a loyal following in the Houston area and abroad. This will allow prospective clients to see examples of work and easily pass along referrals to friends. Additionally, it will allow brand new clients to discover the firm's work without a referral, which could lead to referrals down the line.

#### IV. OPERATIONAL PLAN

To begin, the business will have no formal structure, as it will only be owner and designer Patrick McNeely running operations. In time, a design assistant and bookkeeper will likely be the first hires for the firm, which will allow the owner to maintain control of critical business elements while delegating more repetitive, bulk work. From there, more designers could be hired, but it depends greatly on the number of projects being worked, changes in the market, and success of the initial model with our first clients. The goal of Patrick McNeely Interiors is not to become a very large firm (10+ employees), but rather maintain a boutique-style approach with a keen eye for quality and personalized experience.

Financial records will be reported at a monthly basis to ensure a clear picture of the business financials are being maintained at all times. Additionally, financial reviews will occur at a quarterly basis to address any needs for changes in strategy to ensure the fullest market is being captured and to minimize value leakage within the business. This will be a team effort in which all members of the small firm are active participants.

Customer relations will occur primarily through email, but project management milestones will occur through an online software such as Monday or Asana. This will allow clients to track progress as able with minimal need for back-and-forth emails that get lost and become confusing to the client and burdensome for the firm. Additionally, problems will be raised

with clients in a timely manner with the expectation that clients participate in a timely decision to ensure projects stay on schedule and within budget.

## V. FINANCIAL INFORMATION

To begin, the business will need to consider start-up costs. These are outlined in categories below:

### **Initial, essential one-time expenses:**

- Initial sample and material inventory (\$500)
- Necessary licenses and permits (\$50)
- Work area renovations, styling, and drawing station (\$1,000)
- Logo design, branding, and Instagram strategy (\$1,000)

### **Ongoing expenses needed at start-up:**

- Owner will begin working out of home; utilities, internet service, etc will be funded through personal budget (\$0)
- Website domain name procurement and set-up (\$500, \$20/yr)
- Photography of portfolio (\$500)
- Drawing supplies (\$25/mo)
- Stationary, business cards, and paper marketing materials (\$30/mo)
- Continued procurement of samples and material inventory (\$50/mo)

### **Professional expenses on an annual basis:**

- Accountant and attorney costs as needed (\$750/yr)
- Branding and strategy consulting as needed (\$200/yr)
- Gas (\$20/mo)

**Sources**

1. Piotrowski, Christine M. Professional Practice for Interior Designers, 6th ed., John Wiley, 2020.