

Business Plan

Franchise Project

BAM WOOD
Bois Artisanal & Mural

Manufacturing, Importation, Distribution
& Retail Sale of
Solid Wood Products



BOIS ARTISANAL & MURAL



BOIS ARTISANAL & MURAL

Corporate Name: 9345-4049 Québec inc.

Commercial Name: Bois Artisanal & Mural / BAM Wood

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Word from the President - Founder

Hello,

My name is Dave Garneau, owner of the Company and Commercial Brand “BAM WOOD/Bois Artisanal & Mural” that I founded in 2011. I opened a retail sales outlet in 2012 and established a production factory in 2014. The two facilities were separated until I combined the sales and production under the same roof in 2017, which was necessary to the optimization of the company’s profitability. Since 2016, the company generates about 1,5 millions in annual revenue, with a net profit margin around 12% (gross profit margin of 48%).

The financial investment to reach the level of 1 million in annual sales was relatively modest considering the potential of the enterprise. The company is currently without debts, and there is a lot of interest in the BAM WOOD product line, we already know the project is profitable and even lucrative, making my business concept ripe for franchising.

While building up the Montreal boutique, I’ve pushed the visibility of my brand online and by distributing my line of standardized products in hardware stores (Home hardware, Rona, BMR, Kent, etc.). BAM WOOD is currently established in 150 points of sale in Québec, Ontario and the Maritimes. We know our products are selling well and we can continue to develop several products by adapting to interior decoration trends, all of which fortells a great future for my company.

The business model of the BAM WOOD company is unique and innovative. People appreciate our company because we fulfill a gap in the commercial landscape. By combining sales, production and distribution, the company is ensured to expand rapidly. By setting up BAM WOOD franchises in Canada and the United States, while selling online in large volume... BAM WOOD will become the leader in the sale of solid wood products.

The key to success in our field is to conceive products that are simple, duplicable and profitable. Also, our products are mainly in rustic style, which reduces the quantity of returns related to imperfections, since imperfections and wear add a cachet that is very sought after by consumers. We also import products from Asia and resell them with profit margins between 50% and 200%.

In conclusion, I sincerely believe that my business concept can be franchised. This is why the enterprise I am proposing is a Golden opportunity. BAM WOOD will rapidly position itself as the leader in the field of solid wood products dedicated to interior decoration.

On this, I invite you to read the Business Plan of my company, while hoping that it shall lead to a business opportunity for you and I. Thanking you for your interest in my company, I hope you enjoy reading, and do not hesitate to contact me if you have any further questions.

Dave Garneau
President, BAM WOOD
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History of the company / nature of activities

Bois Artisanal & Mural (BAM Wood) was established by Mr Dave Garneau in Montreal in 2011. By combining the passion for wood and interior design, as well as for marketing and sales, BAM WOOD took form in 2011. Dave saw the potential in that sector because there are no similar companies on the market specializing in the retail sale of solid wood products coming from different sawmills and cabinetmakers of Quebec. Our line of products and services aims to fill a gap in the fields of construction and interior decoration.

BAM WOOD is an innovative company that contributes to the economic development of its region with its retail store offering items entirely made in Quebec. It currently counts seven employees and operates in collaboration with many subcontractors. The head office of the company is currently situated at 1435 Tees in Ville St-laurent.

Our expertise is in the transformation of raw wood into finished products. The know-how and support of BAM WOOD's supply network enabled the company to conceptualize and create high quality products at highly competitive prices. The very essence of the company is to create products that are trendy, authentic and entirely manufactured in Quebec. BAM WOOD products are standardized, wrapped and sold in large surface retailers, online, as well as in BAM WOOD branches (franchised). Our products line includes antique style floors, wall sidings, rustic shelves and counters, furniture, beams, etc. All our products are sold at competitive prices. Our show room allows us to exhibit featured items of the company and to meet clients for custom orders.

Since its first year of operation in 2012, BAM WOOD has developed a recurring clientele in Montreal, as well as privileged links with several suppliers like J.L.Ouellette Centre de Pin, Bois Exxium, Bois Maron, Irving, etc. Since 2015, BAM WOOD has also signed contracts for the sale of our products with several renowned chains like Home Hardware, Kent, Rona and BMR.



History of the company / nature of activities

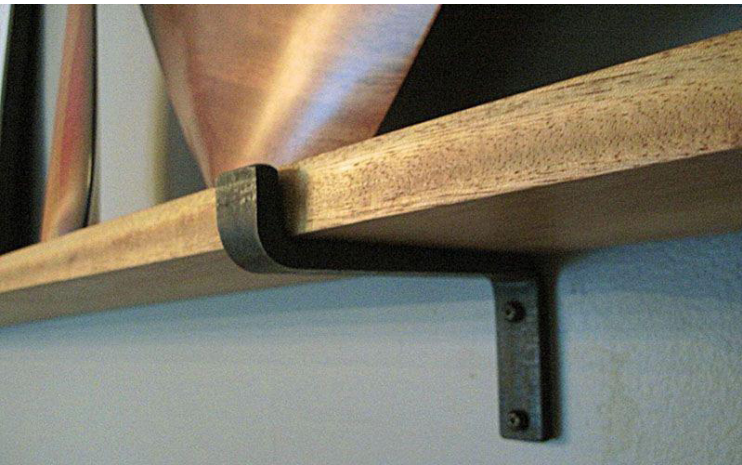
BAM WOOD is entering a business optimization phase of its three main distribution channels:

- Production and wholesale of leading BAM WOOD products;
- Configuration and optimization of the BAM WOOD boutique;
- Online sale of leading products and custom made items.

The company has established a brand image and reputation with several hundred customers. We have developed a know-how in the use of social media and affiliations to develop a good presence and prove the credibility of the company online.

BAM WOOD relies on the development of its trademark and the quality of its products to become a leader in the sale of solid wood products sold in large surface stores nationwide.

We already have several concrete achievements in our portfolio. We have a catalog of more than 50 standard products that we produce for retailers in furniture, decoration and renovation. We have nearly 20,000 people who follow us on social media networks such as Facebook, Pinterest et Instagram... In short the company already has a lot of momentum!



History of the company / nature of activities

The quality of our products and services allows us to be recognized quickly in our sector of activity, and our brand is already well-established in Eastern Canada, since there are no other outlets where you can obtain a product line like ours. We know there is demand for our products because sales are constantly rising since our debut in 2012. This all confirms the great potential of our business model everywhere in North America.

That is why we aim to franchise our concept. We are currently in a restructuring phase of our first Montreal franchise, and we plan on opening at least two more before the end of 2020. At the moment, Dave is setting up a precise franchise plan, describing the way BAM WOOD franchises should be configured, including rules and protocols, and elaborating a detailed franchise contract. We have already implemented an online management system for franchises.

However, a restructuring is necessary to the growth of our enterprise. We know our products are selling well, now we have to organize all aspects of business to amplify our production capacity as well as our profit margins. Our Ville St-Laurent boutique already employs 5 people, and we plan on hiring at least two more full time employees in the next year. With the structure we are establishing, we are certain we can reach 3 millions in sales revenue by the end of 2020.



Wood does not go out of fashion, on the contrary it is getting more and more popular. Thus we know that the style of our products will always be in. Furthermore, Dave always keeps up with new trends and has always been innovative since he started the company. For example, in 2015 Mr Garneau went on Radio-Canada's "Dans L'Œil du Dragon" (the French version of "Dragon's Den") tv show, presenting sliding barn doors sold with its rails. At the time there were no stores selling such products, yet BAM WOOD had been selling barn doors in mass quantities for 3 years already! The same year, we started selling our barn style wall coverings in hardware stores after doing it in our boutique for years, and they are still selling very well to this day at these resellers, along with our barn doors.

We already have a transactional website and effective methods for delivering our products outside of our region. Our site is quite beautiful and convivial, people will thus discover a new way to buy wood products such as beams, shelves, furniture, doors, etc. This is why BAM WOOD will become a leader in the field, with the uniqueness, competitive prices and accessibility of our products, we know that eventually people will think BAM WOOD whenever they think about products made of wood.

Objectives

BAM WOOD's main objectives for the coming year are :

- Reach 2,5 millions in sales revenue;
- Find another reseller with at least 20 stores;
- Open a new boutique in the Québec City region.



Summary of executives

The company's stockholders are Dave Garneau, Carl Fournier, Martin Courcy and Alain Beaupré.

Mr. Garneau, founder of the company, counts 15 ans of experience in the sector of wood and interior design, as well as around twenty years in publicity and marketing. His experience is what molded the concept and image of BAM Wood based on the marketing and conception of standardized and trendy wood products.

M. Fournier collaborates with the enterprise since 2017. He possesses over 20 years of sales experience in the field of hardware stores in Quebec. As such he has a lot of contacts that are key to the development of BAM Wood's business in Quebec.

M. Beaupré has a Business Administration Diploma, and possesses a lot of expertise in business development, operations and organisational systems management. He recently worked as a contributor to the development of our products and of our product lines, as well as to the implementation of methods allowing our SME to position itself well through our ever expanding market sector.

M. Courcy for his part has vast experience in computer science and programming. He contributed to the development of our transactional website as well as to an online orders management system, which will be quite useful for the franchising of our business. Also, he has many years of experience in the real estate sector, which will open up many options to establish new franchises in Canada and the United States.

Together, they join forces and interests to reach the company's objectives by propelling the BAM WOOD brand online, by getting new major resellers, and by franchising our concept in Canada and the United States.



Location and facilities

The company is currently renting a 5000 square feet space in Ville St-Laurent. The boutique area is around 700 square feet. Monthly cost of rent is \$3800. The location is perfect for our enterprise, being near 3 major Montreal highways, and thus easily accessible for our clientele. It is an industrial and commercial area with high traffic, so there are many potential customers for our interior decoration products. Since 2012, we've built a regular clientele in the Montreal region. With some local publicity, our customer base will keep growing in our sector of activities. Rent being affordable considering location and size of our facilities, it is thus easy to monetize the company.

Our boutique displays our leading products such as furniture, beams, barn doors, etc. Walls are covered with our sidings. Our retail space generates almost a million in sales revenue since 2016 (not counting sales online and at our resellers). We foresee that each franchise can reach sales number of 1 million inside two years of activities with local sales. We can approximate similar numbers for online sales and sales at our resellers. Therefore we can estimate that a BAM WOOD franchise can attain sales numbers of 3 millions inside 3 years, and 5 millions by the 5 year point.

The backstore area contains a management office, and there is a large space dedicated to production, packing and shipping. This workshop is equipped with all the tools necessary to the manufacturing of our products (doors, sidings, shelves, etc.). To optimize production, we estimate that an investment of 75K would allow us to triple our internal production capacity, which would automatically double our annual revenues. And the beauty of it is, we would immediately be able to reach 3 millions in sales revenues.



Main demographic, economic, social and cultural factors

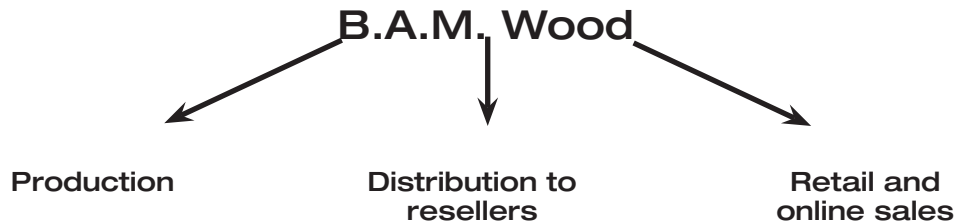
After 7 years of operations, we have no doubt that we own a winning concept. We are noticing the generational and cultural differences among our clientele, the long distances they are willing to travel to buy our products, it is quite simply impressive and that is why there is a golden opportunity for BAM WOOD to take over this still nearly virgin market sector in 2019.

Everyone loves wood, there will always be customers for our products. Living in an age where synthetic products surround us more and more, wood is gaining in nobility with each passing year. The products we offer add a touch of authenticity, purity, harmony with nature, and this in many styles, from modern to rural. They are affordable, well presented, and of exceptional quality. To this effect, as evoked by Daniel Corbin, designer at Decor-D, in the January-February 2017 of CHEZ SOI magazine: "People prefer to bet on quality; they want a product of ecological design and made to last. We are thinking beyond the present moment." This affirmation is even more true in 2019. BAM WOOD's brand image offers products entirely conceived and developed locally with natural resources from Canada and the United States, which is what people are looking for nowadays. BAM WOOD products remind us of our origins and introduce a warm and natural touch to our homes. This trend that carries on through the years mixes well with contemporary and industrial style currents.

It is ironic to think that in 2019 we are introducing a new business concept for the retail market by selling one of the oldest natural resources that humans know. But people, more and more, are seeking authentic products, which is why we know there will eventually be several BAM WOOD franchises in North America. Our goal is to fill this hole by franchising our points of sale. Currently people are going through sites such as Kijiji to find our products and services... a clear sign that they cannot find them and that the opportunity is there to commercialize our business concept on a grand scale.



BAM WOOD has three channels of sale and distribution, which assures a sustained sales production all year long and allows for gradual expansions through all three channels, bringing security to the company. The sales structure of BAM WOOD is set up in the following manner:



The sales strategy of BAM WOOD products is organized through the maintenance of three portals built around one brand name:

Retail sale in BAM WOOD boutiques:

Each BAM WOOD boutique can sell in a radius of up to 500 km (approximately 310 miles). With the lack of competition, we've made sales to customers coming from very far. Inside BAM WOOD boutiques, we are able to sign contracts for custom orders for both residential and commercial purposes. The boutique is generally managed by a franchisee who owns stock in the company. Each BAM WOOD franchise uses our online sales and project management system. BAM WOOD Inc. is thus always able to monitor the profitability of each franchise.

Online sale through the BAM WOOD website:

We have two websites: one for BAM WOOD stores, conceived for the sale of products offered in local BAM WOOD boutiques (extended products line); the other site regroups standardized BAM WOOD products that can be sold and shipped anywhere. Both sites are complementary and can be accessed at either of the following addresses: www.bamwood.ca (general site for standardized products); and www.bamwood.shop (site for BAM WOOD stores with extended products line).

Sale through our resellers:

BAM WOOD displays are already found in almost 150 hardware stores in Eastern Canada, and currently generate over a million in annual sales revenue. This number is always growing and will soon generate even more per year, since our current restructuring should enable us to supply larger chains like Lowes or Home Depot. What's more, we are currently working in collaboration with Irving to set up a program of "BAM WOOD space" in several Kent Building Supplies stores. This concept could later be sold in other large surface retail chains.

Description of products and services

BAM produces and sells a vast array of solid wood products destined for interior decoration. We sell wood provided by several sawmills in Eastern Canada. We supply wood to various Quebecois cabinet makers, who manufacture some custom items, and we internally produce our standardized collection. We counsel customers, and we can elaborate 3D plans with them in the approbation process. We also sell antique style flooring, rustic-industrial shelves, and all kinds of wall sidings.

Some of our specialized products are unique on the market. For example: our Red Pine tongued and grooved flooring, made of 3/4" thick solid wood, that comes in 5 different widths (up to 12") and up to 16 feet long, or our wall sidings in barn wood or round timber styles. Simply put, we have unique, trendy products of superior quality that are in high demand.

All our products must meet our high quality standards. The moisture content of our wood may not exceed 8%. For custom projects, we have set up an approbation system to minimize the margin of error. Up to this day, the quality control is still carried out by Mr Garneau (president and founder), to ensure that our standards are always respected with consistency.

Our standard products line is already selling repeatedly in hardware stores and online. These items can be shipped anywhere. We've sold some of them in Western Canada, in the U.S. and even in Europe, and our new transactional site will allow us to sell to many countries.



Standardized BAM Wood products

Here are the standardized BAM WOOD products, manufactured at our Ville St-Laurent workshop:

Barn Doors: We produce 4 standard models for our resellers, with around 10 finish options. Doors can also be custom ordered in hardware stores, in BAM WOOD boutiques as well as online.

Barn Wood Style Wall Coverings: Wall coverings made of raw tongued and grooved pine wood, easy to install, available in several colors, each pack covers 10 square feet.

Furniture: So far, we have standardized tables, benches and shelves. They are simple and fast to produce, which allows for competitive pricing, while relying on the beauty of solid wood.

Beams: Beams and faux beams made of pine wood and offered in various sizes. Standard beams sold in hardware stores are 3”X6”X8’. Our standard faux beams are 5”X7”X8’. These items are highly sought after right now, and figure among our most profitable products.

Rustic Shelves: Rustic shelves packed with its industrial hardware, sold online and in stores. We manufacture hundreds of these shelves every month.

Custom orders production: So far these orders are generally sold at our BAM WOOD boutique, because these projects usually require more personalized management. However we are currently working on a “Custom” portal on our website, which would allow any employee to take on such a mandate by entering all the details required for the manufacturing of the customized items.



Marketing and distribution

BAM WOOD's strategy is to develop a line of standardized products, wrapped and ready to be distributed at our resellers and on our transactional website. A marketing push has been made since 2015 on nearly a dozen of our leading products to set them up under the BAM WOOD brand. Products are wrapped as kits containing assembly instructions in a packaging that reflects the BAM WOOD brand image.

Market sectors

Market segmentation is set up as such:

- Products sold in large retail surfaces: Kent, Home Hardware, BMR, Rona, etc.
- Conception and manufacturing of custom made products, sold at BAM WOOD boutique.
- Sale of a wide variety of solid wood products at BAM WOOD boutique.
- Sale to commercial clients of custom made projects (Millwork).
- Online sale of standard products.

BAM WOOD offers its products and services to two types of customers: public and commercial. The Ville St-Laurent workshop is used for the manufacturing of most of our products, and we also subcontract some of the production as needed. In both cases, production is standardized to insure the marketing in mass quantity of the company's leading products:

- Sliding barn doors
- Barn wood style wall sidings
- Red pine flooring
- Beams and faux beams
- Rustic shelves with their steel hardware
- Items for home decoration and solid wood furniture

These leading products are part of a catalog distributed to resellers, designers and commercial clients. The conception and manufacturing of custom orders includes furniture, interior decoration items, floors, wall sidings, etc. The BAM WOOD boutique features leading products as well as showcases custom items to create interest and make them into leading products.

The sale to commercial clients targets hardware stores, construction contractors as well as interior designers.

The www.bamwood.ca portal features in a transactional website the whole line of standardized BAM WOOD products that can be shipped by mail courriers. We also have a transactional site for BAM WOOD stores, that also contains more specialized products that can be delivered in a 500 km radius of a store. On the facebook page of the company, which counts nearly 18 000 followers, we feature some of the best creations made for both individual and commercial clients.

Commercialization and Distribution

We have developed an integrated management system allowing customers to track their orders and to stay updated on the progress and technical questions relating to their custom orders. Tools facilitating orders, such as price calculators, are part of the website to submit project evaluation applications as well as to obtain real-time submissions.

The web portal of the BAM WOOD standard product line (www.bamwood.ca) is a transactional site featuring all the standardized products that can be shipped anywhere in North America.

BAM WOOD gained a certain notoriety online by reaching a vast amount of followers on social media sites, as well as with affiliate links on major external sites that bring great traffic to the many BAM WOOD sites.

On top of that, we have installed BAM WOOD displays in nearly a hundred large surface hardware stores in Eastern Canada. These bring in a steady flow of sales, as well as provide significant exposure to our brand.



Comparative advantages in terms of production

Comparative advantages in terms of production

Since we are producing internally and also do business with several subcontractors, we can adjust accordingly and rapidly if production demands increase, while still offering a fast service. We possess deep knowledge of our products, so we are able to maintain very high standards of quality control. We can counsel our customers and focus on their needs. We work on the approbation of custom projects. We manage deliveries to ensure total customer satisfaction on reception of their merchandise.

We maintain tight control on the management of our points of sale (boutique, resellers and websites), as well as on project management and logistics of deliveries.

Our existing contacts and suppliers give us the benefit of a strong purchasing power, which is a very important factor in the wood sector. This is why our value for money ratio is unbeatable, while still allowing for an interesting profit margin. BAM WOOD is a very competitive company when it comes to retail prices.

Market knowledge

In our first 7 years of operations, we took notice of which products were the most profitable and set aside those that were not. We've adapted to new market trends of interior decoration and renovation. We have now reached the phase of growing our network of resellers and of franchising the BAM WOOD boutiques, to offer our products to a wider audience on the international stage.

We make between 30% and 150% of net profit margin on the sale of our products. Some of our furniture retails for over \$2000, and it is not uncommon to get orders well above \$10,000 in sales of flooring, stairs, doors, etc. Therefore it is sufficient to get just a few good sales in the showroom, combined to regular sales at resellers and online, and the profitability of the company is not difficult to attain on a monthly basis.

Importance of sector

Our geographical location is perfect, our products and services are on point, and our infrastructure is organized to factor in a rapid expansion. We know which products are to be made internally and which should be delegated to subcontractors. We collaborate with reliable and efficient subcontractors. Since 2013, BAM WOOD has proven to be a lucrative company whose products are in high demand. Now we only need to kickstart the promotion of our products, so that more people are aware of their easy accessibility.

Our transactional website allows us to sell across Canada and the United States. We devise more and more standardized products to sell in higher quantities, create repeat sales, and maximize the profitability of our products.

Segmentation of leading products

The interior decoration sector is growing and our products have been in fashion for years. Whether it be for any room in your home, a hotel lobby or a conference room, we can enhance the warmth of its ambiance with our solid wood products.

The sector of interior decoration, like the majority of other sectors, is tightly connected to the economy. However, the majority of finance experts agree that the economy will only get better in the coming years. People will continue to invest in their homes to own something unique and personalized. People are more and more up to date on new processes that let them bring their own ideas and they participate more to their interior decor. This is why a boutique offering small or large quantities of wood, at wholesale price represents a winning concept in any city with a population over 300,000. It's the reason BAM WOOD markets its solid wood products. Our product line gets people's interest because it is a part of our history, it reminds us of our homes of yesteryear. By mixing with a modern decor, our products bring warmth and character to any environment. BAM WOOD is a unique concept that is welcome in the industry of interior decoration.



Processes and criterias of purchases

People expect that the companies they do business with can ensure a proper understanding of their need in the development of their decoration projects. They are interested in innovative solutions focused on the ambiance they wish to create inside their business or home. Customers must trust in our capacity to perfectly understand their needs. They also expect quick deadlines and have no desire to get into the technical details of a project. The ability to plainly present a project to a client is a powerful selling argument. Also, the need for a strong portfolio is a common necessity in the field of interior decoration. Pricing become a factor when the time comes to renovate or build a home, which is why we offer several options while trying to respect our client's budget.

Target markets

Our main markets are:

- 1 - The general public, via our boutique and transactional websites
- 2 - Interior designers
- 3 - Construction contractors
- 4 - The food service industry
- 5 - Businesses with office spaces

This diversified clientele brings us a constant flow of production all year long. To reach larger scale clients, it will be necessary to approach them with high quality marketing material. To do so in the first year, stockholders Dave Garneau and Carl Fournier will collaborate to the sales process, since they are the best placed to sell our products and services, using a dynamic approach that will set us apart in the field of home decoration.

With quality promotional material and a strong website, presenting realistic and creative project propositions, we know we can continue building a loyal clientele. With two target clientele types, we must elaborate separate marketing strategies. Meaning we need publicity targeted at residential clients, and in parallel reach out to commercial clients. On top of that, we have two salesmen on the road that are further building our standing in Eastern Canada hardware stores.

On the retail sales stage, we already have around 150 resellers so far, and we want to gain at least another large chain (ex.: BMR or Patrick Morin) before the end of 2019. Doing so would further strenghten and ensure our profitability for the next two years, and enable us to open a second BAM WOOD store.

Profit margins of leading products

Profit margins of leading products

We get a minimum of 30% in profit on the sale of products, be it in store, at our resellers or online. The production is done entirely by experienced cabinetmakers, either in-house or subcontracted.

Barn doors			
	82poX33po	82poX37po	82poX43po
Retail price	219\$	249\$	299\$
Wholesale price	145\$	155\$	205\$
Cost	85\$	95\$	105\$
Retail margin	134\$	154\$	194\$
Wholesale margin	60\$	114,93	100\$

Barn wood style wall sidings (price per pack)				
COLOR CODE	BAMW001 BAMW004	BAMW002 BAMW005	BAMW003 BAMW007	BAMW008 BAMW009
Retail price	45,00\$	42,00\$	45,00\$	49,00\$
Wholesale price	32,00\$	30,00\$	32,00\$	33,00\$
Cost	16,50\$	15,00\$	16,50\$	17,50\$
Retail margin	28,50\$	27,00\$	28,50\$	31,50\$
Wholesale margin	15,50\$	15,00\$	15,50\$	15,50\$



Profit margin of leading products

Faux beams				
	5" X 7" X 8pi	7" X 5" X 6pi	4" X 9" X 6pi	8" X 10" X 10pi
Price per beam	39,99\$	39,99\$	39,99\$	39,99\$
Cost	17,50\$	17,50\$	17,50\$	17,50\$
Margin	22,49\$	22,49\$	22,49\$	22,49\$

Shelves			
	2"X 8" X 36"	1,5"X 10" X 36"	2"X 12" X 48"
Price per shelf	70,00\$	60,00\$	85,00\$
Cost	25,00\$	18,00\$	34,00\$
Margin	45,00\$	42,00\$	51,00\$



The trend is currently towards essences of rustic and natural wood. The products we have to offer add a warm ambiance and are in harmony with nature, integrating well with any style, from modern to rural.

Consequences or risk factors

A marked interest towards BAM WOOD products helped the company to sign major contracts with large distributors, therefore we are able to offer fast delivery deadlines and meet all quality requirements.

Currently, with the quantity of major mandates that must be fulfilled rapidly, the production costs of orders is entirely at the expense of stockholders, and the more we produce, the higher the production costs are, rendering unpredictable the costs to meet delivery deadlines and keep repeated order bookings with our biggest customers such as Kent Building Supplie (Irving), Patrick Moin, Bouclair, etc.

Short term strategy

- Approach major large surface chains in canada and the United States
- Finalize our secure transactional website
- Increase usage of social media
- Approach designer firms to sign some “Millwork” contracts
- Get some high quality marketing material printed
- Exhibit at events such as national home shows
- Sell on various online shopping sites (Etsy, ebay, Alibaba, Facebook, etc.)



Marketing and promotion

Several marketing strategies will be deployed to reach our target clientele:

- Increase usage of social medias to offer a privileged communication with customers in general, but also some specific segments such as designers and architects
- Solicitating subscriptions to a newsletter from our website.
- Personalized electronic catalogue offered through website.
- Advertisements in home decoration magazines to announce the opening of new franchises and other promotional events.
- Transactional website and promotional campaigns with Google Ad Words.
- Exhibit at the National Home Show 2020.

Marketing and distribution

Our marketing strategy will be based on three distinct but complementary fronts. The very foundation of our approach will always be to offer high quality products at affordable prices, while innovating with new standardized products under the BAM WOOD banner.

The first approach will be the sale of our products in franchised boutiques. The location for these boutiques will geographically be in easily accessible areas near related companies that can bring potential customers to our stores. We will use the www.bamwood.ca website to support our franchises, offering a unique destination highlighting our furniture, accessories and branded BAM WOOD collections, maximizing the visual impact with its rich video and photo contents.

The second approach is to continue to develop our standardized products line on sale at resellers and online at www.bamwood.ca. We will keep reaching out to hardware and decor stores to make them discover te BAM WOOD product lines.

The third approach will be to reach out to interior designers and construction contractors to offer our “Millwork” services (custom made projects for commercial purposes). We will present a portfolio of our projects and submit samples of our finishes as well as a high quality promotional brochure.



Competitive situation analysis

Our main competitors in the Montreal area are cabinet makers and some specialized companies. They occupy a small part of the market, and we know there is a lot of space for a business model such as BAM WOOD's, because more and more people are used to shopping in large surface stores, which is why we offer our products at hardware stores along with our own BAM WOOD boutique. We are confident that eventually people will not waste time looking for solid wood products on Kijiji or other such sites, they will simply think BAM WOOD!

There is always available market space for companies selling quality products and services in the fields of construction and decoration.. Furthermore, there are no other businesses specialized in the sale of solid wood products with a business model that facilitates access to these home decoration products, while selling on three fronts: in store, online and in large surface hardware stores.

Since opening our boutique in 2012, we knew we would build a solid reputation in Montreal. We established ourselves in an expanding neighborhood and quickly built a solid reputation. Our presence in hardware stores since 2015 also greatly contributed to make us known in Eastern Canada. All those reasons currently give us a huge headstart on the competition.

We know our products are in high demand, and people often travel more than 50km to buy our products. That's why we have no doubt that our BAM WOOD franchise concept can succeed very well in any city with a population over 300,000.

Our customers don't want to waste time, they need something fast that does not compromise on quality, they expect a rapid service and they don't want to pay too much. It's the case in any sector, including construction and decoration materials. We want to position ourselves as a company that offers quick and affordable services while developing a reputation for quality. Which is why we must make our products available for sale on many platforms. That way, people will think of us when the time comes for a wooden wall, an antique floor, or rustic shelves.



Competitors and types of competition

The current competition in large surface is essentially made up of products imported from China. But products made of solid wood are rarely imported from China, since wood has a tendency to warp due to climate variations, which is why hardware stores buy these products locally.

For sale directly to the public, there are some independent woodworkers and some specialized stores that can be seen as competition, however they are also potential suppliers and collaborators on some levels.

Competitors	Products	Differences
Bois Direct	Barn wood style sidings.	<ul style="list-style-type: none"> • The majority of their products are made of plywood. • They do not have as many widths or lengths available. • Their prices are on average 30% higher than ours.
Bois Léger Concept	Timber wood, doors, moldings, floors, paneling, finishing products.	<ul style="list-style-type: none"> • They are not in the same geographical area. • Their prices are on average 40% higher than ours. • They do not have the same kinds of flooring and wall sidings that we sell. • They are one of our distributors.
J.L.Ouellette Centre Des Pin	Timber wood, doors, moldings, floors, paneling, finishing products.	<ul style="list-style-type: none"> • They do not have the same kinds of flooring and wall sidings that we have. • Their products are not available in hardware stores • They are one of our distributors.
Bois SD Malo	Timber wood, flooring, paneling.	<ul style="list-style-type: none"> • Their prices are on average 10% higher than ours. • They do not have the same kinds of flooring and wall sidings that we sell. • They sell many kinds of wood species. • It,s a factory, they do not have a show room.
Langevin Forest	Timber wood, moldings, flooring, raw wood, beams, finishing products.	<ul style="list-style-type: none"> • They offer many wood species. • Their prices are on average 10% higher than ours. • They do not sell finished products.
Bois Urbain	Furniture, doors, timber wood products.	<ul style="list-style-type: none"> • Their prices are on average 30% higher than ours. • They do not have a lot of inventory, so wait time is longer to receive your product. • They do not have many models of standard products available, they mostly make custom products.

Price setting strategy

We make on average 40% of profit on products made by subcontractors, and that profit margin is around 60% for products made in-house. To ensure that we are competitive, we have done a competition analysis of prices and deadlines, we then set our prices in the same range or lower than those of many of our competitors. Our fixed expenses being generally lower than those of our competitors, we can afford to have lower prices on most of our products. Furthermore, our methods were developed to maximize production. In general, our competitors make all their profits on production times, while we make a good portion of our profits by selling the raw materials, which helps us to be competitive with prices. Working with many subcontractors also enables us to have a multitude of ongoing projects at the same time, which helps us to offer faster service while maintaining an important profit margin.

Competitive advantages

We develop the BAM WOOD brand name and our own line of locally-made products. We've attained a strong credibility level, because we've been selling our products in hardware stores for 5 years, and they still sell very well to this day.

We have the privilege of a well-established suppliers network, with whom business relations are already very strong. It represents a great advantage to be able to work in such close collaboration with many leaders of the wood industry in Canada and the United States.

We possess a strong transactional website and online promotion tools. We can assess that our online sales will account for 30% of our sales revenue in the next two years.

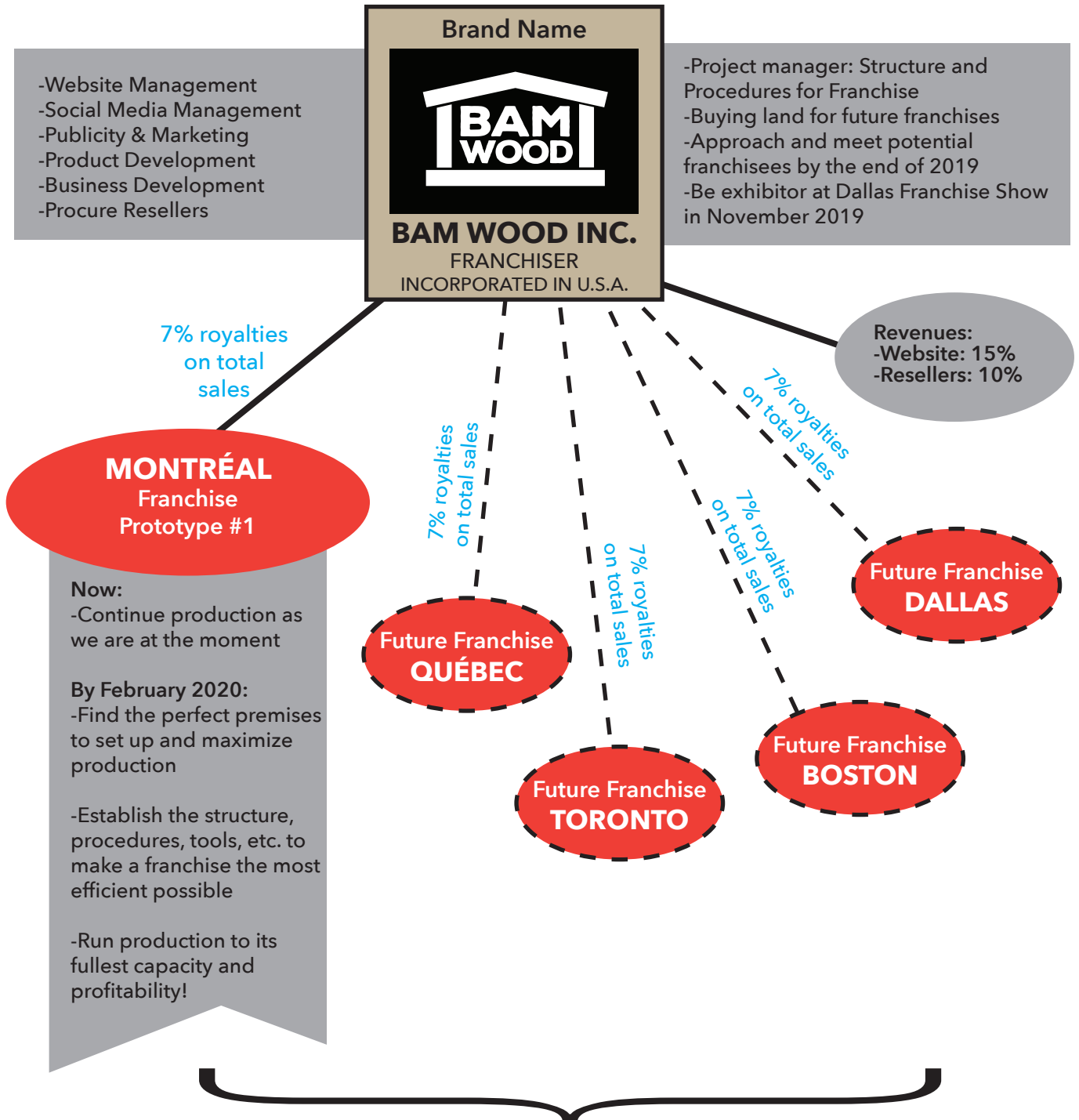


Our resellers generate very good publicity for our business, because all week long thousands of people are walking by our displays featuring the BAM WOOD brand logo. Our boutique also brings us great exposure, being open 6 days a week, and we put up a lot of advertising online to attract people inside our store. The Montreal boutique generates around \$500,000 in annual sales revenue (not to mention the \$1 million in annual revenue coming from our resellers and online sales). It should be noted that after our restructuring, we should be able to generate 3 millions in sales revenue, and this inside 3 months.

We own three vehicles that we will wrap with the company's colors, and we will send out direct mail advertising. We will strategically place advertisement in local newspapers and magazines, while promoting special sales and events. Word of mouth has always been the best publicity for us, since the projects we undertake brings us more referred customers, so the more mandates we take on, the more our name will be known.

In the next two years, we plan to sponsor some public events, social organisations, sports teams, etc. Promoting our website is one of our highest short-term priorities, to represent our company by featuring our products and services as well as a portfolio of past works. This site is transactional and should generate around \$200,000 in the next year (a number that will keep growing).





Average commission 9%
 -\$10,000,000 sales revenue = \$900,000

Average expenses: 2 employees + office space = \$150,000

Financial model

Average annual sales revenue by product categories in 2019 :

BAM WOOD boutique : \$400,000

Resellers: \$900,000

Online: \$200,000

TOTAL: 1.5 millions

Expenses:

PRODUCTION COSTS (including Payroll): \$800,000

OPERATING COSTS OF BOUTIQUE: \$120,000

EXPENSES RELATED TO PACKING AND SHIPPING: \$150,000

MARKETING: \$50,000

RENT, PHONE, INTERNET, ELECTRICITY, etc.: \$75,000

COMMISSIONS: \$200,000

The below chart illustrates the financial model of the products sale in boutique (as an example):

Monthly sales revenue	Production & Operations	Transactions costs	Commissions to founder	Benefit margin
\$7692	\$5135	\$150	\$538	\$1869 (24% net margin)

Details about location/property

1435 Tees, Ville St-Laurent

5000 square feet

Monthly rent is \$3800, including utilities and taxes.

Tools and equipment

A paint machine will be necessary, retailing for about \$35,000. We have a packing machine worth \$12,000.

Research and development

We are always searching for new products and currently have nearly a dozen in development.

A BAM WOOD franchise must have in its starting stage a General Manager (usually one of the stockholders), 1 salesperson, 1 Administrative Assistant, 1 woodworker, and one worker.

As the sales revenues grow, additional workers are hired. Their starting salary is \$14 an hour.

The franchise must also hire an accountant for financial records maintenance. Bookkeeping should be done by the Administrative Assistant.

Management team

Dave Garneau - Chief Executive

Responsible for the general management of the company. His mandate is to structure the company by implementing protocols at all levels. Mr. Garneau will always be on the lookout for the financial development of his business and will be primarily responsible for sales. He will also contribute to the promotion of the company in the business world in Montreal, while representing the company at conventions and meetings with large customers.

Alain Beaupré - Director of Operations

Carl Fournier - Sales Management Director

Martin Courcy - Director of Business Development

Key personnel

	Name and Title	Principal responsibilities	Competences
1	Dave Garneau, President	Business & Products Development, Marketing, Quality Control, Sales	Management, Marketing
2	Carl Fournier	Operations, Finance, Sales	Management & Sales
3	Yves DeMontigny	Project Management, Sales	Sales & Administration
4	Alain Beaupré	Director of Operations	Projects and Staff Management

Implementation plan

BAM WOOD is a business that already generates 1,5 millions in annual sales revenue. With an investment of \$250,000, we could double that number to 3 millions within a few months, since this investment would help us restructure the company to produce a higher volume and get higher scale clients. \$80,000 will go towards production equipment that would optimize the profitability of the company. \$60,000 will go to remodeling the current space (industrial shelves, supports, etc.). \$30,000 in marketing (web, vehicle wraps, signs, brochures, etc.), and \$80,000 for general production costs to buy wood and pay employees to produce more stock that will be sold at our hardware store resellers (who pay us 30 days after delivery).

Market risks

The sectors of decoration and construction rest directly on the economy, but almost any person or company at some point has to do some construction or decoration works. The scenario that every sector of activity will have difficulties is almost impossible, it can indeed slow down, but there will always be a place for businesses that stand out in the field of interior decoration.

For sales in boutique, we have established a sales contract structure requiring a deposit of 30% to start, and payment balance on delivery of the merchandise. We do credit verifications before opening any commercial account that want to pay before 30 days.

PRODUITS DE BOIS MASSIF • SOLID WOOD PRODUCTS



BOIS ARTISANAL & MURAL

- Portes de grange • Plancher rustique • Comptoirs et tablettes
- Bois de grange • Revêtement mural • Poutres & Fausses poutres
- Meubles • Armoires de cuisine • Composantes d'escaliers

www.BAMWOOD.ca • 514.538.7005

*For more information, please contact Dave Garneau at 438-521-2207,
or by email at dave@bamwood.ca.*

Thank you for taking the time to read our Business Plan.

Cordially,

Dave Garneau, President Founder

