Business plan excerpt

Harlan Architectural Glass, Inc. · Expansion financing request · Executive summary and use of funds

EXECUTIVE SUMMARY

Harlan Architectural Glass fabricates insulating glass and aluminum storefront systems for commercial contractors within a day's drive of its plant. For eleven years the company has grown by doing one thing its larger competitors do poorly: delivering complete, correctly sized units in ten working days instead of five weeks.

That advantage has reached the limit of the building. The plant runs two shifts on a single insulating line, and in the last fiscal year the company turned away orders it could not schedule. This plan requests construction and equipment financing to build a second production bay, add an automated insulating line, and hire fourteen people over twenty-four months.

The request rests on work already under contract. The company holds signed supply agreements with six regional glazing contractors and a backlog equal to seven months of current capacity.

THE BUSINESS TODAY

- Founded eleven years ago; 38 employees on two shifts
- Customers: 41 active commercial glazing contractors, none above 14 percent of revenue
- On-time delivery of 96 percent over the trailing twelve months
- Remake rate of 1.1 percent against an industry norm near 3 percent

WHY NOW

Three things have changed. Energy codes in the region now require higher-performing glass on most commercial projects, which moves work toward fabricators who can build triple-pane and warm-edge units. Two competing plants have lengthened their lead times past six weeks. And the company's largest customers have asked for written capacity commitments before they bid next year's work.

THE FINANCING REQUEST

Use of funds	Share of request	What it buys
Building addition	46%	A 22,000 square foot production bay with two dock doors
Insulating glass line	34%	Automated line with gas fill and warm-edge spacer application
Handling and racking	9%	Overhead cranes, harp racks, and delivery A-frames
Working capital	11%	Glass inventory and training wages during ramp-up

HOW THE LOAN IS REPAID

The projections assume the new line reaches 50 percent utilization in month nine and 80 percent in month eighteen, both below the rate the current line reached in its first two years. At 50 percent utilization the added gross margin covers the new debt service 1.4 times. The existing business covers its present obligations without any contribution from the expansion.

RISKS AND HOW THEY ARE MANAGED

Construction delay. The addition is a pre-engineered structure on a site the company already owns, with a fixed-price contract and a completion date ahead of the equipment delivery.

Demand. Signed supply agreements cover 60 percent of the new line's first-year capacity. The remainder matches orders declined in the last twelve months.

Labor. The company has trained every one of its current line operators in-house and will hire for the second line in two cohorts, each paired with an experienced lead for ninety days.

Customer concentration. No customer exceeds 14 percent of revenue, and the supply agreements are spread across six contractors in three metropolitan areas.

WHAT THE LENDER IS BEING ASKED TO DECIDE

Whether a profitable fabricator with a full order book, a site it owns, and customers under contract should build the capacity those customers have already asked for. The pages that follow give the market analysis, operating plan, management biographies, and five years of projections with the assumptions behind each line.