

# **Bathroom remodeling Business Plan: A Proven Sample for US Entrepreneurs**

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# TITLE PAGE

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CleanSpace Remodeling LLC (Texas LLC). Founded March 2024 in Austin, TX. James R. Carter (ex-PulteGroup project manager, delivered 120+ \$500K+ remodels). Provides full-service bathroom remodels at \$15,000-\$65,000/project to homeowners in Central Texas, targeting \$650,000 Year 1 revenue at 38% gross margin. Plan dated October 2024.

## SECTION 1: EXECUTIVE SUMMARY

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US homeowners lose \$4.2B annually to bathroom remodel delays and cost overruns (NAHB 2023), with 68% reporting hidden fees. CleanSpace solves this with fixed-price contracts, 3D design previews, and 5-year labor warranties. We serve homeowners aged 35-65 earning \$90K-\$250K in Austin's \$120M bathroom remodel market (18,000 annual projects), charging \$28,500 average per project.

Revenue comes from three service tiers: Essential (\$18K, 35% margin), Premium (\$28.5K, 38% margin), Elite (\$42K, 42% margin). Year 1: \$650,000 revenue (23 projects), \$247,000 gross profit. SG&A controlled at \$232,000 through founder salary caps (\$50K CEO/COO, \$30K CFO part-time) and phased marketing. Break even at 19 projects (Month 10), \$41,000 net profit Year 1.

Seeking \$250,000: \$100,000 owner equity, \$150,000 SBA 7(a) loan at 7.5% (120-month term, \$1,800 monthly payment). Funds cover \$190,000 startup costs and \$60,000 working capital. Enables 23 Year 1 projects, 52 Year 2, 65 Year 3. Projected \$381,600 net profit Year 3 (20.9% margin). ROI: 152% by Year 3 on equity investment.

## SECTION 2: COMPANY OVERVIEW

Texas LLC formed for liability protection and pass-through taxation. Location: Austin (Travis County) chosen for 3.2% annual population growth (US Census), 41% of homes built pre-1990 (prime remodel candidates), and median home value \$475,000 (2024). Ownership: Carter 30%, Lopez 30%, Kim 40%.

James R. Carter (CEO): 10 years at PulteGroup, managed \$28M in remodel projects, 98% on-time delivery. Maria Lopez (COO): 8 years at Austin Bath Solutions, reduced project delays by 37% via digital scheduling. David Kim (CFO): Ex-PulteGroup finance manager, managed \$50M P&L, cut SG&A 18% in 2022.

Date	Milestone	Status	Next Steps
Mar 2024	Texas contractor license #TDLR129873	Complete	N/A
Apr 2024	Website launch (cleanspaceremodel.com)	Complete	SEO optimization
May 2024	First 3 projects signed	Complete	Refine workflow
Jun 2024	Houzz Pro onboarding	Complete	Generate 5 leads/month
Sep 2024	Break even (19 projects)	Target	Track weekly
Dec 2024	\$650,000 revenue	Target	Secure 2 backup subs per trade
Jun 2025	Expand to Williamson County	Target	Hire 1 sales rep
Dec 2025	\$1,510,000 revenue	Target	Implement CRM automation

## SECTION 3: MARKET ANALYSIS

TAM: \$42.8B US bathroom remodels (IBISWorld 2023). SAM: \$1.2B Texas market (Statista 2023, 2.8% of US). SOM: \$120M Austin metro (1.2M households x 1.5% annual remodel rate x \$6,500 avg project = \$117M, rounded to \$120M). CleanSpace targets 1.2% SOM (\$1.44M) Year 1, 2.5% (\$3M) Year 3.

Target customers: Homeowners aged 45-65 (62% of leads), \$120K-\$180K household income (58% of clients), 73% remodeling for aging-in-place or pre-sale. Budget range: \$15K-\$40K (82% of projects). 68% require accessibility features (NAHB 2023).

Trends: 5.3% annual market growth (IBISWorld); 54% of homeowners prefer remodel over move (NAR 2023); aging-in-place remodels growing at 9.1% CAGR (AARP 2024); water-efficient fixtures demand up 14% YoY (EPA WaterSense).

Segment	Size (\$)	Growth Rate	Our Share Target	Rationale
Aging-in-Place	\$48M	9.1%	3.0%	68% demand growth; CAPS-certified team
Pre-Sale Upgrade	\$36M	4.2%	1.8%	70% ROI on bathroom remodels (NAR)
Luxury Spa	\$24M	7.5%	2.5%	Austin median income 22% above US avg
Mid-Range Refresh	\$12M	3.0%	1.2%	Competitor focus on high-end leaves gap

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
US Market	\$42.8B	N/A	N/A	IBISWorld 2023 report
Texas Market	N/A	\$1.2B	N/A	Statista 2023 x 2.8% (TX pop/US pop)
Austin Metro	N/A	N/A	\$120M	1.2M households x 1.5% remodel rate x \$6,500 avg
CleanSpace Y1	N/A	N/A	\$1.44M	1.2% of \$120M SOM

## SECTION 4: COMPETITIVE ANALYSIS

Market fragmented: Top 3 franchises (Bath Planet, DreamMaker, Bath Fitter) hold 12% Austin share. Bath Planet averages \$15K/project (tub-to-shower focus), DreamMaker \$30K (full remodels). 78% of local contractors are solo operators with no online presence (Austin Remodeling Guild survey).

Differentiators: 5-year labor warranty (industry standard 1-2 years), fixed-price quotes with 0.5% change order rate (vs 12% industry avg), 3D design delivery in 5 days (competitors avg 14 days). Verified by 4.9/5 Google rating from 37 reviews in first 6 months.

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
Bath Planet	\$850K	\$12K-\$20K	Franchise brand recognition	Limited to tub conversions	Full remodel capability; 5-year warranty
DreamMaker	\$1.2M	\$28K-\$35K	National marketing budget	18-day design turnaround	5-day 3D designs; local project managers
Austin Bath Remodel	\$600K	\$22K-\$28K	Strong local reviews	No accessibility specialization	CAPS-certified team; aging-in-place focus
Lowe's Install	\$200K (local)	\$18K-\$25K	Big-box trust	32% subcontractor turnover	Vetted subs; 90-day performance reviews
DIY Platforms	N/A	\$0 (tools)	Low upfront cost	47% project failure rate	Fixed-price guarantee; permits handled

Strengths	Weaknesses	Opportunities	Threats
5-year labor warranty	Limited brand awareness	Aging-in-place tax credits	Recession reducing remodel spend
CAPS-certified team	No warehouse space	Partnerships with realtors	Material cost inflation (avg 4.7% YoY)
3D design in 5 days	Dependent on subs	San Antonio expansion (Y3)	New competitors entering market

Fixed-price contracts	3 FTEs Year 1	FHA 203(k) loan referrals	Permitting delays (Austin avg 14 days)
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## SECTION 5: PRODUCTS & SERVICES

CleanSpace offers four remodel tiers with standardized scopes. Full Remodel (\$18K-\$65K) includes tear-out, custom tile, plumbing, and ADA-compliant options. Projects use Kohler/Delta fixtures, Texas Bath Cabinetry vanities, and Austin Stone Works countertops. All include 5-year labor warranty, weekly progress photos, and final walkthrough checklist.

Pricing based on competitor analysis: Bath Planet avg \$15K (limited scope), DreamMaker \$30K. CleanSpace Premium tier at \$28,500 captures middle market with 38% gross margin (vs DreamMaker's 32%). Markup: 28% on materials (industry standard 25-30%), 45% on labor (subcontractor rate \$65/hr vs billed \$95/hr).

Tier	Price	Features	Target Customer	% Revenue	Gross Margin
Essential	\$18,000	Fixture replacement, new flooring	Pre-sale upgrade	30%	35%
Premium	\$28,500	Full layout change, custom tile	Aging-in-place	50%	38%
Elite	\$42,000	Heated floors, steam shower, smart tech	Luxury spa	15%	42%
Accessibility	\$22,000	Zero-threshold shower, grab bars	Medicare clients	5%	36%

Metric	Value	Calculation/Notes
Price per project	\$28,500	Weighted avg of 23 Year 1 projects
COGS per project	\$17,670	\$28,500 x 62% (materials 48%, subs 14%)
Gross Profit/project	\$10,830	\$28,500 - \$17,670
Gross Margin %	38%	\$10,830 / \$28,500
CAC	\$1,430	(\$24,000 marketing / 16.8 leads/mo) x 1.0 conversion rate

LTV	\$8,550	$\$28,500 \times 30\%$ repeat/referral rate
LTV:CAC	6.0	$\$8,550 / \$1,430$
Payback Period	2.1 months	$\$1,430 \text{ CAC} / (\$10,830 \text{ GP} / 5.1 \text{ mo sales cycle})$

## SECTION 6: MARKETING & SALES

Primary channels: Google Local Service Ads (LSA) targeting "bathroom remodel Austin" (\$2,500/mo, \$58.60/lead), Houzz Pro (\$300/mo, 12 leads/mo), Facebook ads (\$1,200/mo targeting \$400K+ home values). SEO focus: 15 core keywords (e.g., "handicap accessible bathroom Austin"), targeting Page 1 ranking for 8 by Month 6.

Sales cycle: 14-day average. Lead -> Consultation (\$295 deposit, 82% show rate) -> 3D design (5 days) -> Quote (45% close rate). Conversion: 4.1% website leads to consultation, 45% consultation to close. Target 16.8 leads/month Year 1 (14.7% close rate = 2.47 projects/month).

Retention: 30/90/365-day follow-ups, \$250 referral bonus, annual "Wellness Check" email. Target 30% repeat/referral rate (industry avg 22%). Expansion via bathroom maintenance packages (\$199/year, 65% margin).

Channel	Monthly Budget	Expected CAC	Leads/Month	Conversion Rate	C ROI	
Google LSA	\$2,500	\$58.60	42.7	4.1%	1.73x	
Houzz Pro	\$300	\$25.00	12.0	3.3%	0.43x	
Facebook Ads	\$1,200	\$40.00	30.0	2.7%	0.81	26.5x
Referrals	\$0	\$0	5.0	30.0%	1.50/A	
Total	\$4,000	\$1,430	89.7	4.9%	4.40x	

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Leads	Customers
1	2500	1200	500	0	300	4500	45	2
2	2500	1200	500	0	300	4500	48	2
3	2500	1200	500	0	300	4500	52	2
4	2500	1200	500	0	300	4500	55	3
5	2500	1200	500	0	300	4500	58	3
6	2500	1200	500	0	300	4500	60	3
7	2500	1200	500	0	300	4500	62	3
8	2500	1200	500	0	300	4500	65	3
9	2500	1200	500	0	300	4500	68	4
10	2500	1200	500	0	300	4500	70	4
11	2500	1200	500	0	300	4500	72	4
12	2500	1200	500	0	300	4500	75	4
Total	30000	14400	6000	0	3600	54000	740	38

## SECTION 7: OPERATIONS

Daily workflow: Lead -> \$295 consultation deposit -> Site assessment -> 3D design (5 days) -> Fixed quote -> 50% deposit -> Material ordering (7-day lead time) -> Project start. One project manager handles 3-4 active projects. Quality control: 20-point checklist at demolition, rough-in, and final stages. Capacity: 80 projects/year with current team (2 projects/week max).

Key vendors: Texas Bath Cabinetry (vanities, \$1,200/project, 4-week lead), Floor & Decor (tile, 15% discount on \$500+ orders), Ferguson (plumbing, net-30 terms). Technology: Jobber (\$59/user/mo for scheduling/invoicing), SketchUp Pro (\$299/yr for 3D renders), QuickBooks Online (\$30/mo).

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Texas Bath Cabinetry	Custom vanities	\$3,200	Net-30, 2% discount	Custom Cabinets Austin
Floor & Decor	Tile/flooring	\$1,800	Cash on delivery	TileBar (online)
Austin Stone Works	Countertops	\$2,500	50% deposit	Granite Transformations
Ferguson	Plumbing fixtures	\$4,000	Net-30	Supply.com
ABC Plumbing	Subcontractor	\$6,000	Per project	Reliable Plumbing (2)

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Jobber	CRM/scheduling	\$177	3	ServiceTitan (too expensive)
QuickBooks Online	Accounting	\$30	1	Xero (less construction features)
SketchUp Pro	3D design	\$25	2	Chief Architect (steep learning curve)
Google Workspace	Email/docs	\$18	3	Microsoft 365
Houzz Pro	Lead gen	\$300	1	Angi Leads (\$120/lead)

## SECTION 8: MANAGEMENT TEAM

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Flat structure: CEO (operations), COO (design/scheduling), CFO (finance). Founder salaries capped Year 1: CEO \$50,000, COO \$50,000, CFO \$30,000 (part-time). Year 2: Add sales rep (\$45,000 base + 5% commission). No equity pool; founders retain 100% ownership until \$2M revenue.

Advisory board: Robert Chen (ex-Lowe's remodel VP, 20 years experience), Maria Garcia (Austin permitting specialist). Compensation: \$1,500/month stipend + 0.5% equity vesting at \$5M valuation.

Month	Role	Salary	Priority	Source	Onboarding Time
6	Sales Rep	\$45,000	High	Indeed	30 days
9	Project Manager	\$55,000	Medium	Referral	45 days
12	Designer	\$48,000	Low	Craigslist	60 days

## SECTION 9: FINANCIAL PLAN

Key assumptions: 16.8 leads/month (4.9% close rate = 0.82 projects), \$28,500 avg revenue/project, 62% COGS (materials 48%, subs 14%), 3.5% monthly churn, \$1,430 CAC. Fixed SG&A: \$14,000/month (salaries \$10,833, software \$250, office \$1,000, insurance \$833). Variable SG&A: 6.2% revenue (marketing).

Revenue model: 50% deposit upfront funds material purchases. Growth driven by lead volume (16.8 leads/mo Year 1 -> 32.5 Year 3) and project value (\$28,500 -> \$29,500). 30% repeat/referral rate adds \$8,550 LTV per customer.

Cost structure: 62% COGS (fixed per project), 32% SG&A (70% fixed, 30% variable). Fixed costs scale linearly: +\$3,500/mo per new hire. Variable costs: 6.2% revenue for marketing, 1.8% for payment processing.

Funding: \$250,000 total. \$190,000 startup costs (see Table 1), \$60,000 working capital (3 months SG&A). Funds 12 months runway, 23 projects, break-even at Month 10.

Category	Item	Cost	Notes
Legal/Formation	Texas LLC filing	300	State fee
Licenses/Permits	Contractor license	1200	TDLR #TDLR1
Licenses/Permits	City business permit	250	Austin permit
Insurance	General liability	3500	\$2M coverage
Insurance	Workers comp	2500	For W-2 employees
Equipment	Power tools	6000	Milwaukee kit
Equipment	Dust containment	7000	Air scrubber

Technology	Web development	5000	WordPress + SEO
Technology	Software setup	2500	Jobber/Software config
Marketing	Launch campaign	15000	Google/LinkedIn ads
Working Capital	3 months SG&A	60000	\$20,000/mo
Professional Fees	Accounting setup	2000	QuickBooks config
Office	Shared workspace deposit	1200	800 sq. ft. @ \$1,200/mo
Branding	Logos/forms	1500	Local designer
Contingency	10% buffer	19000	Based on total
Total		190000	

Category	Monthly Cost	Annual Cost	Notes
Salaries	Fixed 10833	130000	Founders only Year 1
Marketing	Variable 2000	24000	6.2% of revenue





Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Out	101867	32201	39945	48371	58706	67541	76376	85211	102881	111716	120551	129396
Net Cash Flow	-41867	-17951	-11445	-5621	-1706	3709	9124	14539	25369	30784	36199	41604
Ending Cash	1813	-10435	-11844	-5764	8462	30793	61238	99797	154638	217786	288880	350484

Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	650000	400000	410000	350000	350000	480000	490000	430000	430000	1830000
COGS	403000	248000	254200	217000	217000	297600	303800	266600	266600	1134600
Gross Profit	247000	152000	155800	133000	133000	182400	186200	163400	163400	695400
OpEx	232000	125000	126000	115000	115000	145000	146000	135000	135000	561000
EBITDA	15000	27000	29800	18000	18000	37400	40200	28400	28400	134400
Net Income	-15000	18500	20500	12500	12500	25500	27500	19500	19500	102000
Ending Cash	350484	420000	500000	580000	660000	750000	850000	930000	1010000	1010000

Metric	Value	Calculation
Monthly Fixed Costs	15366	SG&A fixed costs
Variable Cost per Project	10830	\$28,500 x 62% COGS
Price per Project	28500	Weighted average
Contribution Margin/project	10830	\$28,500 - \$17,670
Contribution Margin %	38%	\$10,830 / \$28,500
Break-Even Projects/mo	1.42	\$15,366 / \$10,830
Break-Even Revenue/mo	40455	1.42 x \$28,500

Expected Break-Even Month	10	Per cash flow projection
Safety Margin	39.4%	(2.47 projects - 1.42) / 2.47

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	38.0%	37.5%	38.0%	35-45%
Operating Margin %	-2.3%	16.8%	18.0%	10-20%
Net Profit Margin %	-2.3%	12.6%	20.9%	5-15%
Current Ratio	1.2	1.8	2.1	1.5+
Quick Ratio	0.9	1.5	1.8	1.0+
CAC Payback	2.1 mo	1.8 mo	1.5 mo	6-18 mo
LTV:CAC	6.0	7.2	8.5	3.0+
Monthly Burn Rate	19,300	N/A	N/A	N/A
Runway (months)	18.1	N/A	N/A	12+

## SECTION 10: RISK ANALYSIS

Top risks: Subcontractor delays (probability 4/5, impact 4/5, 25% projects delayed >3 days), material cost inflation (prob 5/5, impact 3/5, avg 4.7% YoY), economic downturn (prob 3/5, impact 5/5, 12% remodel spend reduction in 2020 recession). These represent 78% of total risk exposure.

Mitigation: Subcontractor delays addressed by \$2,500/project buffer and 3 backup subs per trade (reduces delay impact by 60%). Material inflation countered by 90-day fixed-price supplier contracts (locks 85% of costs). Recession risk mitigated by aging-in-place focus (only 5% demand drop in 2020 vs 12% overall).

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Subcontractor delays	4	4	16	\$2,500/project buffer; 3 backup subs	Use in-house crew for critical path	Lopez
Material cost inflation	5	3	15	90-day fixed-price contracts	Pass 50% cost to client via addendum	Kim
Economic downturn	3	5	15	Focus on aging-in-place (recession-resilient)	Reduce marketing spend by 30%	Carter
Permitting delays	4	3	12	Dedicated permit expediter (\$75/app)	Use pre-approved plan library	Lopez
Cash flow gap	3	4	12	50% deposit requirement	Draw \$50K line of credit	Kim
Reputation damage	2	5	10	20-point quality checklist	Escalate to CEO within 24h	Carter
Key person loss	1	5	5	Cross-training; \$500K key man insurance	Use advisory board for coverage	Kim
Regulatory change	2	4	8	Monthly code update review	Allocate 5% budget for retrofits	Lopez

## SECTION 11: IMPLEMENTATION TIMELINE

Priority 1: Achieve break-even by Month 10 through lead generation scaling (20+ leads/month) and operational efficiency (reduce project timeline from 35 to 28 days). Critical path: Secure 3 plumbing/electrical subs by Month 3 to avoid delays. Dependencies: Marketing spend requires positive cash flow from Month 6.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
1	Launch operations	First 3 projects signed	\$60K working capital	0 projects delayed	Carter
2	Optimize lead flow	Google LSA conversion rate 4.1%	\$4,500 marketing spend	1.75 projects closed	Lopez
3	Secure backup subs	3 plumbing subs under contract	\$5,000 signing bonus pool	0 projects delayed >3 days	Carter
4	Implement cash flow controls	50% deposit collected on all projects	Payment processing setup	Positive cash flow	Kim
5	Refine pricing	3-tier pricing model live	Updated quote templates	38% gross margin	Lopez
6	Reach cash flow positive	Ending cash > \$30K	2 projects completed	\$8,462 ending cash	Kim
7	Scale lead gen	16.8 leads/month	\$4,500 marketing spend	3 projects closed	Lopez
8	Process optimization	Project timeline 32 days	Jobber workflow automation	20% faster completion	Carter
9	Break-even preparation	19 projects completed	Operational efficiency review	0 net loss	Kim
10	Break-even achieved	\$8,300 net profit	100% on-time projects	Positive EBITDA	Kim
11	Expand service area	Williamson County marketing	\$1,000 ad budget	20% leads from new county	Lopez
12	Year 1 review	\$650,000 revenue achieved	Financial audit	23 projects completed	Kim

## SECTION 12: APPENDIX

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Supporting documents: Austin permitting fee schedule, Texas contractor license #TDLR129873, supplier quotes from Texas Bath Cabinetry and Ferguson, 12-month cash flow model with sensitivity analysis. All assumptions documented per IBISWorld, Statista, and NAHB 2023 reports.