

# US Kitchen remodeling Business Case: An Extensive Sample Plan

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Modern Hearth Design & Build LLC (Texas LLC, formed March 15, 2024). Elena Ramirez: managed \$18M in projects at Austin Design Collective (2020-2023). We provide turnkey kitchen remodels (\$25K-\$90K/project) to Austin homeowners earning \$112K+ median income, targeting \$1.2M Year 1 revenue. October 2024.

# 1. EXECUTIVE SUMMARY

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1.2 million US homeowners delayed kitchen remodels in 2023 due to contractor distrust (NKBA survey), costing the industry \$4.8B in lost revenue. Modern Hearth solves this via fixed-price contracts with transparent 3D design (\$750 fee credited to project) and 2-year labor warranty (vs industry standard 1 year). We target homeowners with \$400K-\$1.2M homes in Austin MSA, charging \$50K average project value with 40% gross margin. Year 1 revenue: \$1.2M (24 projects) with \$480K gross profit. Profitability achieved at 17 projects (Month 14) with \$39.9K net income.

We seek \$450,000 funding: \$200,000 SBA 7(a) loan (10-year term, 6.5% interest), \$150,000 founder investment, \$100,000 equity (10% stake). Funds deploy as: 34% equipment/inventory (\$155,000), 22% working capital (\$100,000), 17% marketing launch (\$77,500), 11% facility setup (\$50,000), 9% tech (\$40,500), 7% legal/licensing (\$32,250). This capital enables 24 Year 1 projects, \$139,900 ending cash, and 29.2% safety margin above break-even. Projected 3.5x ROI by Year 3 with \$402,000 net profit.

## 2. COMPANY OVERVIEW

Texas LLC formed March 15, 2024, with \$150,000 founder equity. Chosen for liability protection and pass-through taxation. Austin location targets \$420M metro kitchen remodel market with 5.2% annual growth. Ownership: Elena Ramirez (CEO, 60%), Marcus Thompson (COO, 30%), AGCP (10%).

Elena Ramirez (CEO): 12 years remodeling experience, managed \$18M in projects at Austin Design Collective (2020-2023), NKBA-certified. Marcus Thompson (COO): Licensed TX General Contractor (#124578), delivered \$45M in residential projects with 95% on-time completion (2018-2023).

Date	Milestone	Status	Next Steps
Mar 2024	LLC formation, TX license #124578 secured	Complete	N/A
Apr 2024	3,200 sq. ft. warehouse lease signed (\$4,000/month)	Complete	N/A
May 2024	Buildertrend/SketchUp implementation	Complete	Train staff by June 15
Jun 2024	Medallion Cabinetry supplier contract	Complete	Secure 2nd countertop vendor by Aug 1
Jul 2024	First 2 projects signed (\$48K avg)	Complete	Complete by Aug 30
Sep 2024	Break even at 17 cumulative projects	Pending	Achieve by Month 14
Dec 2024	\$1.2M revenue, 24 projects	Pending	Secure \$50K/month recurring marketing
Mar 2025	Hire 2nd project manager	Pending	After 3 consecutive \$150K+ revenue months

### 3. MARKET ANALYSIS

TAM: \$118B (US kitchen remodels, IBISWorld 2024). SAM: \$14.2B (Texas, 12% of national). SOM: \$420M (Austin metro, calculated from 1.2M housing units x 8.2% remodel rate x \$42,650 avg project value). Year 1 SOM capture: 0.2% (\$850,000 revenue target). Methodology: Austin permit data (2023) shows 9,800 kitchen remodels; we target 17 projects from 1,200 qualified leads.

Target customer: Homeowners aged 35-60 in zip codes 78757/78758, median income \$112,000, home value \$650,000. 68% prioritize energy efficiency (NAHB 2023), budgeting \$45K-\$75K. Buying cycle: 45 days from inquiry to contract (Buildertrend industry benchmark).

Market trends: 1) Energy-efficient remodels growing at 12% CAGR (68% homeowner demand); 2) Smart kitchen features adoption at 52% (up from 31% in 2020); 3) Sustainable materials preference at 45% (FSC wood, recycled quartz); 4) Aging-in-place modifications growing 12% annually.

Segment	Size (\$)	Growth Rate	Our Share Target	Rationale
Full remodels (\$45K-\$75K)	\$294M	5.2%	0.3%	70% of revenue; high margin
Mid-range renos (\$25K-\$40K)	\$84M	4.1%	0.2%	Entry point for referrals
Smart integration (\$8K-\$15K)	\$25.2M	18.3%	0.5%	Partnership with Samsung/GE
Aging-in-place mods	\$16.8M	12.0%	0.4%	+\$5K avg project value

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
US Market	\$118B	N/A	N/A	IBISWorld 2024 report
Texas Market	N/A	\$14.2B	N/A	12% of \$118B national
Austin Metro	N/A	N/A	\$420M	1.2M homes x 8.2% remodel rate x \$42,650 avg value

## 4. COMPETITIVE ANALYSIS

Austin market fragmented: Top 3 competitors hold 15% share. Austin Kitchen & Bath (\$4.2M revenue, 18 employees) dominates with \$45K avg projects but uses subcontractors causing 22% timeline overruns (Houzz reviews). Greenway Remodeling charges 15% premiums for eco-kitchens but lacks smart tech integration. DreamMaker franchise has standardized designs limiting customization (38% client dissatisfaction per J.D. Power).

Our advantages: 1) In-house team reduces delays - 82% on-time completion vs industry 65% (Buildertrend data); 2) Proprietary 3D platform cuts design phase from 14 to 5 days; 3) Fixed-price contracts with \$0 hidden fees (verified by 3rd party); 4) 2-year warranty vs 1-year standard (cost: +1.2% COGS).

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
Austin Kitchen & Bath	\$4.2M	\$45K avg	Brand recognition	22% timeline overruns	In-house team: 82% on-time
Greenway Remodeling	\$1.8M	\$52K avg	Eco-certifications	No smart tech integration	Samsung/GE partnerships
DreamMaker	\$3.1M	\$40K avg	National scale	38% customization complaints	Proprietary 3D design
Lowe's Contractors	\$9.2M (local)	\$38K avg	Brand trust	15% project abandonment	Fixed-price guarantee
Independent GCs	\$250K avg	\$30K avg	Low overhead	No design capability	Turnkey solution

Strengths	Weaknesses	Opportunities	Threats
In-house design-build team (saves 12 days/project)	Limited brand awareness (3% recall)	Texas population growth: 1.5% monthly (Census)	Economic downturn reducing remodel spend
Proprietary 3D software (cuts revisions by 65%)	Small team capacity (8 projects/month max)	Insurance claim repairs: \$120M local market	Material cost inflation (lumber +8.2% YoY)
2-year warranty (vs 1-year standard)	Dependent on 2 key suppliers	Smart kitchen growth: 18.3% CAGR	New national entrants (e.g., HelloFresh remodel)

Fixed-price contracts (0% change orders)	\$100K working capital reserve	Real estate agent referrals (3% fee)	Texas permitting delays (avg 14 days)
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## 5. PRODUCTS & SERVICES

We deliver turnkey kitchen remodels in 3 tiers: 1) Full Remodel (\$45K-\$75K): Complete teardown with custom cabinetry (Medallion), quartz countertops (Austin Stone Works), and smart appliances. Includes 3D design walkthrough and 8-12 week timeline. 2) Mid-Range Reno (\$25K-\$40K): Cabinet refacing, appliance upgrade, and layout tweaks (4-6 weeks). 3) Smart Integration (\$8K-\$15K): Retrofit with Samsung SmartThings, voice-controlled lighting, and energy monitoring.

Pricing based on material costs + 40% margin. Standard tier: \$28K materials + \$12K labor = \$40K (30% margin). Premium: \$42K materials + \$18K labor = \$60K (33.3% margin). Elite: \$55K materials + \$25K labor = \$80K (37.5% margin). Competitor avg: \$45K for similar scope (HomeAdvisor 2024).

Tier	Price	Features	Target Customer	% Revenue	Gross Margin
Standard	\$25K-\$40K	Laminate counters, stock cabinets	Budget-conscious	20%	30%
Premium	\$45K-\$60K	Quartz counters, custom cabinets	Core demographic	70%	33.3%
Elite	\$65K-\$90K	Smart tech, luxury finishes	High-income	10%	37.5%

Metric	Value	Calculation/Notes
Price per project	\$50,000	Weighted avg: (20% x \$32.5K) + (70% x \$52.5K) + (10% x \$77.5K)
COGS per project	\$30,000	Materials \$21,000 + Labor \$9,000 (60% of revenue)
Gross Profit	\$20,000	\$50,000 - \$30,000
Gross Margin	40%	\$20,000 / \$50,000
CAC	\$58.60	\$70,000 annual marketing spend / 1,200 leads x 10% close rate
LTV	\$1,800	2.4 projects/customer x \$50,000 x 40% margin x 3.75 year retention

LTV:CAC	30.7x	\$1,800 / \$58.60
Payback Period	0.8 months	\$58.60 CAC / (\$20,000 GP x 10% monthly revenue share)

## 6. MARKETING & SALES

Digital channels drive 72% of leads. Google Ads: \$3,500/month targeting "kitchen remodeling Austin" (CPC \$6.50, CTR 3.2%, conversion 4.1% -> 145 leads/month at \$58.60 CAC). Instagram/Pinterest: \$1,200/month showcasing before/after projects (CPC \$2.80, conversion 3.5% -> 150 leads/month). Real estate agent referrals: 3% fee on \$50K avg project (\$1,500/referral).

Sales cycle: 45 days avg. Lead -> consultation (60% show rate) -> proposal with 3D render (5-day turnaround) -> contract (30% deposit). Conversion: 35% of consultations close (vs industry 25%). 40% of revenue from referrals by Year 3.

Retention: 30/90/365-day check-ins. "Care Plan" at \$299/year (25% adoption target) for annual inspections. 25% of clients upsell to bathroom remodels within 18 months (avg \$35K project).

Channel	Monthly Budget	CAC	Leads/Mo	Conv. Rate	Cust/Mo	ROI
Google Ads	\$3,500	\$58.60	145	35%	5.1	339%
Social Media	\$1,200	\$68.60	150	35%	5.3	291%
Real Estate Referrals	\$900	\$1,500	1.2	100%	1.2	233%
Home Shows	\$500	\$250	4	25%	1.0	700%
Referral Program	\$400	\$400	1	100%	1.0	400%

Month	Google Ads	Social	Content/SEO	Events	Other	Total	Leads	Cust
1	2,000	800	1,500	0	500	4,800	85	3.0
2	2,500	1,000	1,500	0	500	5,500	105	3.7
3	3,000	1,200	1,500	500	500	6,700	135	4.7
4	3,500	1,200	1,500	500	500	7,200	145	5.1
5	3,500	1,200	1,500	500	500	7,200	145	5.1
6	3,500	1,200	1,500	500	500	7,200	145	5.1
7	3,500	1,200	1,500	500	500	7,200	145	5.1
8	3,500	1,200	1,500	500	500	7,200	145	5.1
9	3,500	1,200	1,500	500	500	7,200	145	5.1
10	3,500	1,200	1,500	500	500	7,200	145	5.1
11	3,500	1,200	1,500	500	500	7,200	145	5.1
12	3,500	1,200	1,500	500	500	7,200	145	5.1

## 7. OPERATIONS

Daily workflow: Mon - site visits/client check-ins; Tue-Thu - construction; Fri - supply ordering/QC audits. Projects run 8-12 weeks with 3 phases: 1) Demolition/rough-ins (14 days), 2) Cabinetry/countertop install (21 days), 3) Finishes/appliances (14 days). Capacity: 8 concurrent projects with 4 craftsmen (2 projects/craftsman). Buildertrend manages scheduling, client comms, and payment triggers.

Key suppliers: Medallion Cabinetry (6-week lead time, \$18K avg order), Austin Stone Works (3-week lead time, \$7K avg). Tech stack: Buildertrend (\$150/user/month), SketchUp Pro (\$299/year), QuickBooks Online (\$50/month).

Vendor	Service	Monthly Cost	Contract Terms	Backup Option
Medallion Cabinetry	Custom cabinets	\$15,000	Net 30, 5% discount for early pay	KraftMaid (10% higher cost)
Austin Stone Works	Countertops	\$5,833	50% deposit, 50% on delivery	Granite Transformations
GE Appliances	Appliance supply	\$8,333	12% bulk discount	Samsung Direct
Buildertrend	Project mgmt	\$600	Annual \$7,200 prepaid	CoConstruct

Tool	Purpose	Monthly Cost	Users	Alternatives
Buildertrend	Project management	\$600	8	CoConstruct (\$500)
SketchUp Pro	3D design	\$25	2	Chief Architect (\$220)
QuickBooks Online	Accounting	\$50	3	Xero (\$30)
RingCentral	Phone/video	\$120	8	Zoom Phone (\$100)

## 8. MANAGEMENT TEAM

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8 FTEs by Year 1 end: CEO (part-time ops), COO (full-time), Lead Designer, Project Manager, Marketing Coordinator, 4 Craftsmen. Salaries: Craftsmen \$65K, PM \$85K, Designer \$75K. Compensation philosophy: 10% above Austin construction median (BLS 2023) + 5% revenue bonus after \$1M.

Advisory board: James Chen (ex-CEO of Texas Remodeling Group, 20+ years), Linda Rodriguez (NKBA board member). Compensation: \$1,500/meeting + 0.5% equity vesting over 3 years.

Month	Role	Salary	Priority	Source	Onboarding
1	COO	\$85,000	1	Internal	Immediate
1	Lead Designer	\$75,000	1	Indeed	30 days
2	Project Manager	\$85,000	1	LinkedIn	45 days
3	Craftsman (x2)	\$65,000	1	Trade schools	14 days
4	Marketing Coordinator	\$55,000	2	Craigslist	30 days
6	Craftsman (x2)	\$65,000	2	Referrals	14 days

## 9. FINANCIAL PLAN

Key assumptions: 15 leads/month by Month 4 (growing to 20/month by Year End), 35% close rate, \$50K avg project value. Monthly churn: 0% (project-based business). COGS: 60% of revenue (materials 42%, labor 18%). Fixed OpEx: \$28,333/month (salaries \$23,333, rent \$4,000, insurance \$1,058). Variable OpEx: 5% revenue (marketing).

Revenue model: Project-based with 30% deposit, 40% at midpoint (4 weeks), 30% at completion (8-12 weeks). Growth drivers: 1) Digital marketing scaling to 20 leads/month; 2) 40% referral revenue by Year 3; 3) \$299/year Care Plan (25% adoption).

Cost structure: 60% COGS (variable), 37% fixed OpEx, 3% variable OpEx. Fixed costs dominate early (salaries 53% of OpEx). Scaling: Each new project adds \$30K COGS but only \$2.5K variable OpEx.

Funding: \$450,000 total. Use: \$155,000 equipment/inventory (34%), \$100,000 working capital (22%), \$77,500 marketing (17%), \$50,000 facility (11%), \$40,500 tech (9%), \$32,250 legal (7%). Funds 18 months runway, achieving \$139,900 ending cash by Year 1.

C: Item	Cost	Notes
Legal/CO filing, operating agreement	\$1,500	Texas SOS fees
Licenses/Permits, business permit	\$2,200	TX Class B license
Equipment tools, safety gear	\$48,000	Milwaukee
Technology, VR setup, software	<b>\$15,000</b>	Includes 1st year subscrip
Initial Cabinet/countertop samples Inventory	\$35,000	Non-retu deposit
Marketing website, SEO, branding Launch	\$50,000	Includes 3-month ad budget

Working Capital	3-month OpEx reserve	\$100,000	\$33,333 x 3
Insurance	Liability, workers' comp	\$12,700	Annual premium
Professional Fees	Accountant, lawyer	\$5,000	Startup compliance
Web Development	Design, build, SEO	\$7,500	WordPress + Houzz Pro
Office Setup	Furniture, signage	\$22,000	3,200 sq. ft. space
Branding	Logo, collateral	\$2,500	Print/digital assets
Training	Software certification	\$3,000	Builder training
Contingency	Unplanned costs	\$27,750	10% of subtotal
Other	Vehicle down payment	\$15,000	2024 Ford Transit
<b>TOTAL</b>		<b>\$305,250</b>	

Category	Monthly	Annual	Notes
Rent	Fixed \$4,000	\$48,000	3,200 sq. ft. warehouse

Salaries	Fixed \$23,333	\$280,000	8 FTEs by Month 6
Benefits	Fixed \$3,467	\$41,600	15% of payroll
Insurance	Fixed \$1,058	\$12,700	Liability + workers' comp
Software	Fixed \$700	\$8,400	Buildertree QuickBooks
Utilities	Fixed \$600	\$7,200	Electric, internet, phone
Marketing	Variable \$5,000	\$60,000	5% of \$1.2M revenue
Vehicle	Variable \$1,250	\$15,000	Fuel, maintenance
Supplies	Variable \$500	\$6,000	Office/computer materials
Professional Services	Fixed \$833	\$10,000	Accountant lawyer
Loan Payment	Fixed \$2,267	\$27,200	SBA 7(a) \$200K at 6.5%
Miscellaneous	Variable \$800	\$10,000	Unplanned expenses
<b>Fixed Total</b>	<b>\$33,291</b>	<b>\$399,500</b>	
<b>Variable Total</b>	<b>\$6,583</b>	<b>\$78,996</b>	
<b>COMBINED</b>	<b>\$39,874</b>	<b>\$478,496</b>	



Ending Cash	70,125	53,751	30,760	23,303	15,846	8,389	17,805	27,221	36,637	46,053	55,469	64,885
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Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	1,200,000	520,000	572,000	629,200	692,120	761,332	837,465	921,212	1,013,333	2,805,000
COGS	720,000	312,000	343,200	377,520	415,272	456,799	502,479	552,727	608,000	1,683,000
Gross Profit	480,000	208,000	228,800	251,680	276,848	304,533	334,986	368,485	405,333	1,122,000
OpEx	440,100	150,000	152,000	154,000	156,000	180,000	185,000	190,000	195,000	720,000
EBITDA	39,900	58,000	76,800	97,680	120,848	124,533	149,986	178,485	210,333	402,000
Net Income	39,900	45,000	60,000	77,000	95,000	98,000	118,000	140,000	165,000	402,000
Ending Cash	139,900	184,900	244,900	321,900	416,900	514,900	632,900	772,900	937,900	937,900

Metric	Value	Calculation
Monthly Fixed Costs	\$28,333	$(\$340,000 \text{ annual} / 12)$
Variable Cost per Project	\$30,000	60% of \$50,000 revenue
Price per Project	\$50,000	Weighted average
Contribution Margin	\$20,000	$\$50,000 - \$30,000$
Contribution Margin %	40%	$\$20,000 / \$50,000$
Break-Even Units	1.42	$\$28,333 / \$20,000$
Break-Even Revenue	\$71,000	$1.42 \times \$50,000$
Expected Break-Even	Month 14	Cumulative revenue \$850,000
Safety Margin	29.2%	$(24 \text{ projects} - 17) / 24$

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	40.0%	40.0%	40.0%	35-45% (IBISWorld)
Operating Margin %	3.3%	26.9%	32.5%	5-15% (Remodeling)
Net Profit Margin %	3.3%	24.0%	14.3%	2-10% (Small contractors)
Current Ratio	1.8	2.1	2.5	1.5+ (Healthy)
Quick Ratio	1.2	1.5	1.8	1.0+ (Healthy)
CAC Payback	0.8 months	0.7 months	0.6 months	6-18 months (SaaS)
LTV:CAC	30.7x	35.0x	40.0x	3:1 minimum
Monthly Burn Rate	\$28,333	\$0	\$0	N/A
Runway (months)	3.5	Indefinite	Indefinite	6+ minimum

## 10. RISK ANALYSIS

Top risks: 1) Economic downturn (40% probability, 30% revenue impact) - mitigated by targeting homeowners with high equity (68% remodel for stay, not sell). 2) Material cost inflation (65% probability, 15% COGS impact) - addressed via 6-week inventory buffer and Medallion's price-lock clause. 3) Labor shortage (70% probability, 20% project delay risk) - countered with \$65K salaries (10% above Austin median) and apprenticeship program.

Mitigation specifics: Permit delays reduced by \$1,200/month expediter (target: 98% approval rate). Supply chain issues managed via dual-sourcing (e.g., KraftMaid backup for cabinets). Cash flow gaps prevented by 30% deposits and \$100K reserve.

Risk	Prob (1-5)	Impact (1-5)	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Economic downturn	4	4	16	Target homeowners with >30% equity	Launch insurance-claim repairs	CEO
Material inflation	5	3	15	6-week inventory buffer	Negotiate price caps with suppliers	COO
Labor shortage	5	4	20	\$65K salaries + apprenticeships	Temp agency contracts	COO
Permit delays	3	3	9	\$1,200/month permit expediter	Pre-submission reviews	PM
Project delays	4	3	12	Buildertrend scheduling	Penalty-free timeline extensions	COO
Cash flow gap	2	5	10	30% deposit requirement	GreenSky financing partnership	CEO
Reputation damage	3	4	12	Weekly client updates	\$500 goodwill credits	Designer
Competitor entry	2	3	6	Community sponsorships	Price matching on core services	CEO

## 11. IMPLEMENTATION TIMELINE

Critical path: Supplier contracts (Month 1-2), lead generation ramp (Month 3-4), break-even (Month 14).  
 Dependencies: Medallion contract required before marketing launch; Buildertrend training must precede project starts.

Month	Milestone	Deliverables	Resources	Success Metric	Owner
1	Team hiring complete	COO, Designer onboarded	\$35K salary budget	Roles filled by Day 15	CEO
2	Supplier contracts signed	Medallion, Stone Works agreements	Legal review (\$2K)	6-week lead time confirmed	COO
3	Marketing launch	Website live, ad campaigns active	\$15K launch budget	50 leads by Month End	Marketing
4	First 5 projects started	Contracts signed, deposits collected	Design team capacity	\$150K revenue booked	Designer
5	Process refinement	Updated workflow documentation	Team feedback sessions	10% timeline improvement	COO
6	Break-even trajectory	10 cumulative projects completed	Full team operational	Cash flow > -\$10K	CEO
7	Referral program launch	Client incentives active	\$400 monthly budget	15% referral rate	Marketing
8	Scale to 3 projects/week	8 concurrent projects	Additional craftsman hired	\$150K monthly revenue	COO
9	Introduce Care Plan	\$299/year service offering	Marketing materials	10% adoption rate	CEO
10	Year 1 revenue target	24 projects completed	Full marketing budget	\$1.2M revenue achieved	CEO
11	Profitability review	Financial model validation	CFO consultant (\$2K)	Net income > \$0	CEO
12	Year 2 planning	40-project capacity plan	Team strategy session	Q1 budget approved	CEO

## 12. APPENDIX

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Full supporting documents available: 1) Supplier contracts (Medallion, Austin Stone Works), 2) Detailed market research (IBISWorld, NAHB, U.S. Census), 3) Financial model with all assumptions, 4) Resumes of key personnel, 5) SBA loan term sheet. All revenue projections based on Austin permit data and Buildertrend industry benchmarks.