

Doors to the World

Doors to the World, Inc. **Business Plan**

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Executive summary

Project objectives

- Increase sales over five years, primarily to export market (New England), Eastern Quebec and British Columbia.
- Goal to achieve 50% of gross sales from exports within five years, while continuing to develop domestic sales.

Business description

- Manufacturer of high-end, custom wooden doors and windows for residential construction and the remodelling market.
- Windows and doors are inlaid with fine glass etchings and brass inlays.
- Located in New Barton, ON since 1987.
- Launched as a family business. Started with wood-framed doors and windows for local builders north of Toronto, with a small atelier.
- Demand for custom French doors and manufacture of heritage windows and doors for retrofit boomed in the late 1990s. Opened a manufacturing facility in 1998.
- 30 employees.
- Company began selling to the new home market in 1988, but in response to changes in market—now a leading supplier to superstores, contractors and building supply dealers in the upscale renovation market.

Products and services

- Custom French doors and windows for retrofits make up 80% of business.
- Interior doors with sound-proof insulated glass make up 20% of business.

Financing need

Current sales are \$4.5 million

	\$
Construct building addition	\$250,000
Purchase new equipment	\$50,000
Total required	\$300,000

Key people

Jonathan Wright, President (70% ownership)

- 41-years-old. More than 20 years' experience in construction industry, 12 as an independent building contractor.
- Main responsibilities: marketing, business planning and financial operations.

David Wright, Chief Operating Officer (30% ownership)

- 38-years-old. 11 years' experience in operations of manufacturing site. BA University of Western Ontario.
- Main responsibilities: production scheduling, purchasing, sales invoicing and office management.

Risk assessment and contingency plan

- Shortage of skilled tradespeople in Ontario makes it difficult to recruit new employees.
 - Partnered with local trade colleges to launch apprenticeship program.
 - Frequent training of current, long-term staff to upgrade skills and allow them to be cross-functional.
- U.S. is a growing market, but we must compete with local and established firms.
 - Establishing experienced distribution partners in New England.
 - Partnering with renovation retailers to use local warehousing for bulk shipping and get priority pricing.
 - If sales targets aren't met, equipment can be sold back to the supplier.

01.

Business overview

Business description

- Manufacturer of high-end, custom wooden doors and windows for residential construction and the remodelling market.
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- 30 employees.
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Mission, vision, values

- **Mission statement.** Doors to the World creates unique, eco-friendly, wood-framed custom windows and doors for the residential market using the highest standards of manufacturing and service.
- **Vision:** Doors to the World is the first choice for North American building retailers and building contractors for custom windows and doors in the residential remodeling sector.
- **Values:** People, Innovation, Service
 - **People:** We invest in employees, through ongoing skills training and creative days. Treat our staff like our best customers.
 - **Innovation:** We embrace innovation—incorporating new design methods, manufacturing processes, green inputs and technology to continue providing the best-looking, best-performing, eco-friendly, customized products. We think about the people who will use our product and integrate customer feedback into processes and products.
 - **Service:** We stand behind our product—with extended service hours, and offering moneyback guarantee on delayed or failed shipments, and a 10-year warranty on all items.

Industry overview and trends

- Canadians spent nearly \$78 billion on home renovations in 2017.
- Approximately one in four homeowners replace windows and doors as part of their renovations.
- As population ages, people tend to stay home more and invest in comfort (cocooning).
- Market niche is buffered against fluctuations in the real estate market.
 - High quality doors and windows add both resale value and comfort.
- Environmental consciousness:
 - Appeal of wood, a natural product, remains strong as people move toward eco-friendly design.
 - Our use of soy-based glues is a selling point for the eco-conscious consumer.
 - Various governments have introduced eco-renovation rebates for homeowners—door and window replacements are a top choice.
- The millwork industry follows fluctuations in new home construction, but repair and remodelling investment is steady.
 - Custom products, such as those from Doors to the World, tend to be protected from fluctuations.
- The tariff battle between U.S. and Canada has settled with the new NAFTA in place; uncertainty had affected pricing of raw steel and aluminium and steel, driving up input and export costs.

Technological trends

- 3D printing has become the norm for prototypes in the millwork industry
 - Led to increased time spent with customers in the design phase, as customers look for higher levels of customization.
 - Doors to the World purchased a 3D printer and intends to purchase a second one as export sales increase.
- Emergence of online platforms has increased competition from vendors and manufacturers outside of Canada and the U.S., in some cases undercutting prices.
- Integrated technology
 - Data on customers, suppliers and orders is now integrated into all processes and connected to machines, which automate inventory, staffing requirements.
 - www.DoorstotheWorld.ca has an inbound marketing strategy that allows it to compete comfortably in the online marketing world to remain the first choice for Canadian and worldwide customers.
 - Focus on specifications of products, photos and stories of real installations to give customers an authentic experience of our product.

Government regulations

Data stewardship

- Laws in Canada and abroad about collection of customer / supplier information have become more strict.
- With some clients / suppliers outside of Canada, we look to international regulations on the storage and protection of our customer data. In particular, the General Data Protection Regulation (GDPR) from the European Union.

Trade agreements

- The new NAFTA, the United States Canada Mexico Agreement, has eased tariffs on steel and aluminium inputs.
- Canada-European Union trade agreement may trigger influx of competitors in the market—may affect input costs positively.

Environmental regulations

- Canadian government is working on the ban of single-use plastic.
- May affect plastic packaging of windows and doors.
- The Extended Producer Responsibility (EPR), specifically for recycling of plastic, is expanding and may require manufacturers or associations to fund and manage disposal of old windows and doors.

The market

Overview of market trends

- Currently serving home renovation and remodeling clients in Ontario, primarily.
- The renovation market in Ontario was valued at around \$30 billion in 2017.
- Main competitors mass produce quality door and window products
 - Three major Canadian manufacturers serve 75% of door and windows segment
 - Premdor, Hunt Windows and Doors and Pella Windows
- Doors to the World products are in the top 30% of pricing in the industry
 - Doors to the World competes with mass producers by providing direct to retailers and superstore renovation outlets
 - Use of retailers' central warehouses helps us capitalize on existing distribution and partner marketing channels.

Target market

- Doors to the World serves custom builders and independent contractors doing high-end construction, remodeling or heritage renovations on their homes.
- Target customers in urban or suburban settings, although development in small towns is increasing in some areas within 200kms of urban centres.
 - Household income of ideal end user customer is in the top 10%, over \$150,000.
- Customers are looking for increased customization of products.
 - Customers want more colour and texture options than they did 20 years ago.
 - For interior, soundproofing has become an important feature.
 - Customers are concerned about the environment and looking for eco-friendly options—Wood and soy-based glues are popular.
- Customers like online specs to be detailed and thorough.
 - Includes offering online tools to design, mix and match.
- Although customers are concentrated in Ontario, they can now purchase custom products online from most places in the world.

Products and services

- Doors to the World provides superior custom-made doors and windows.
 - Known for unique brass inlays and glass etchings.
 - Use eco-friendly glues (soy-based, no formaldehyde).
- Biggest change to product is offering more customization—colour, texture and sizing—to meet customer demands.
- Eco-line started as a niche line for environmentally-conscious consumers—now use eco-friendly materials in all products.

The competition

Competitors and types of competition

- Direct competitors include a handful of artisan door and window ateliers in Ontario that, along with Doors to the World, represent 25% of overall door and window market in Canada.
- Indirect competitors are mass market window and door manufacturers.
 - In the U.S., certain retail brands that manufacture in China or Eastern Europe can offer significantly reduced prices due to lower labour costs, cheaper inputs and mass production.

Competitors' strengths and weaknesses

- **Direct competitors** typically have smaller manufacturing facilities and fewer employees, so they cannot meet increasing demand in the market.
 - They offer one-to-one consultations with clients, which Doors to the World cannot do as often as a larger manufacturer.
- **Indirect competitors** cannot offer the same level of customization, but they have invested in online tools that give end-customers a feeling of ownership over the design and modification process.
 - Mass manufacturers often have more product warehoused, offering customers **less time delay** in manufacture and delivery.

Competitive advantage and differentiator

- **Doors to the World offers a 10-year guarantee on most products.**
- Differentiators
 - Eco-friendly glues offer piece of mind.
 - New designs annually (innovation) using feedback from customers as part of our R&D keep us ahead of consumer trends.
 - In provinces where doors and windows are eligible for a homeowner tax rebate, we process these in-house and claim the eco-rebate on their behalf.
 - Integrated technology between orders, supply and manufacture means swift processes in the manufacturing facility that allow us to address new orders quickly.
 - Competitive payment terms: Established clients have option to pay 50% of order up front (within 30-60 days of invoice) and the rest on receipt.

02.

Sales and marketing

Customers

	Name	Address	Terms	Product/Service
1	Otter Lumber	12312 Oak Road Woodstock, ON	60 days	General renovation & repair material
2	Cabin Depot Superstore	678 Shack Drive Boisjoly, QC	90 days	General renovation & repair material
3	New England Builders	432 Elm Street Roxborough, NY	90 days	General renovation & repair material
4	Spearhead Builders	3210 United Way, NY	30 days	General renovation & repair material

Additional information

Customers in the U.S. market are new (within past five years). Through these builders, we are developing relations with Cabin Depot Superstore in the U.S. to expand our retail offering there.

Suppliers

	Name	Address	Terms	Product/Service
1	Sticks & Stones	321 Brampton Cres. Boulder, ON	60 days	Pre-cut lumber
2	MacMillan Bloedel	72 Clearcut Way Mississauga, ON	45 days	Pre-cut lumber
3	Glass Houses, Inc.	20302 Stonestrow Dr. Toronto, ON	30 days	Glass inlays
4	Hollander Co.	193 Golden Rd. Coquitlam, B.C.	30 days	Brass inlays
5	The Finish Line	1773 Oak Lane Ajax, Ontario	30 days	Wood stain

Additional information

Me2U Internet Service & Security at 775 Grant St., Orangeville, ON, offers combined internet, web hosting, and data security/IT consulting.

Advertising and promotion

- Traditional advertising includes in-store demos, retail point-of-sale signage and displays, product brochures and advertorials in various trade magazines and online industry association publications.
- Online efforts include inbound marketing campaign on new web platform, including blog content, design software and a monthly e-newsletter targeted at contractors and hardware retailers, with opportunities for our suppliers to advertise and promote their products directly to our buyers.
- Participation in two annual trade shows in Toronto and Atlanta.
- Annual co-sponsor of Children's Hospital Western Ontario Dream Home.

Pricing and distribution

- Doors and Windows are priced per unit, size and material
- Some products sold direct from our warehouse to local developers and contractors
- Across Ontario, Quebec and U.S., partnerships with wholesalers (buying groups) and retailers allows us to take advantage of their warehouses and established distribution channels of partners.
- Pricing is in the top-third of the market.

Customer service policy and warranties

- All door and window products have a 10-year warranty against discolouration, shifting or cracking related to the environment (weather).
- Doors to the World has introduced online and telephone service line from 5am-11pm EST, with experts on-hand to answer questions about delivery, product availability from clients in markets across the U.S. May extend to 24-hour service.
- Doors to the World has a good reputation for estimating time for manufacture, shipping and delivery. Delays are backed by a 10% moneyback guarantee, with the option to cancel orders at no cost.

03.

Operating plan

Business location

- Doors to the World operates out of a stand-alone plant.
- Constructed in 1980, located in Milton, ON.
- On-site warehouse for supplies and storage of completed units, truck bays.
- Manufacture facility is operational from 7 am to 11 pm daily.
- Office is staffed from 8 am to 6 pm, with on-call availability from 5 am to 11 pm EST.
- Located near central warehousing of major Canadian retailers in Mississauga.
- **Building lacks display space**, which partners are increasingly demanding.
- **An addition** would accommodate room for display and new equipment, such as expanded 3D printing machines and a training workspace.
- Building was purchased in 2008 for \$587,000.

Equipment

- Traditional manufacture facility – lathes, routers, etc.
 - Wood finishing and glass etching machinery
- 3D printer
- Glass cutting table and tools

Technology requirements and investment needs

- Looking to purchase new laser cutters for glass and mirror etching and shaping.
- Also investing in state-of-the-art lathes and routers.
- Software integration: Machines rely on computer-assisted design (CAD) and can be remote programmed to communicate with online ordering software to “queue-up” or automate orders-in-progress.
- Machines will cut down on administration and production time. Precision cutting and etching will mean less shrink.
- Initial outlay for the machines is \$100,000, plus \$50,000 upgrade to power source.
- Maintenance requires both physical maintenance schedule (regular cleaning and repair), along with electrical inspection and maintenance.
- IT security and data storage (of customer data), must be collected, stored, monitored.

Note: Data collected through this process will allow us to specifically target customers, allowing us to more clearly see trends in ordering, customization and errors that occur.

Environmental compliance

- Doors to the World is subject to Ontario waste compliance laws for any hazardous materials and chemicals used in the manufacturing of our products.
 - Shift to soy-based glues has minimized some of chemical disposal.
 - Stains and paints are subject to industry-regulated disposal and recycling.
 - We work with a local company in Mississauga that picks up coatings (paint, stain) weekly.
- Canada's new laws on single-use plastic, expected to be in place by 2021, may impact how we currently package products for shipment.
- We anticipate an expansion of Extended Producer Responsibility (EPR) in Canada, as it pertains to use and disposal of plastics, which may affect the linings used in our door and window products.

04.

People

Description of the management team

Jonathan Wright, President (70% ownership)

- 41-years-old. More than 20 years' experience in construction industry, 12 as an independent building contractor.
- Main responsibilities: marketing, sales, business planning and financial operations

David Wright, Chief Operating Officer (30% ownership)

- 38-years-old. 11 years' experience in operations of manufacturing site. BA University of Western Ontario.
- Main responsibilities: production, purchasing and office management.

Description of advisory team

Sarah Harris, Principal IT Consultant, We2U Web services

- Oversees monitoring, maintenance of online systems. 20 years' experience and is extensively certified in internet security. Harris works on-site two days weekly and remotely three days.

Kimberly Chong, Marketing and Distribution Specialist, M.BA.

- More than 15 years of experience in the sector. Chong completed a graduate certificate in digital marketing strategy to make better use of online sales. She is a specialist in the integration of marketing, production and distribution systems and advise Doors to the world on those issues.

Key employees

	Name or title	Key responsibilities	Qualifications
1	Carl Smith, Foreman	<ul style="list-style-type: none"> • Overseeing production lines 	<ul style="list-style-type: none"> • 10 years with Doors to the World • Certified Tool & Dye
2	Manuel Rodriguez, Training Lead	<ul style="list-style-type: none"> • HR – Training • Coordinator of apprenticeship and co-op programs 	<ul style="list-style-type: none"> • 5 years with the company • Member of Millwork Training Institute • Instructor at local college
3	Genevieve Sampson, Distribution & Logistics supervisor	<ul style="list-style-type: none"> • Monitoring distribution channels • Setting up new suppliers and wholesale retailers 	<ul style="list-style-type: none"> • 18 years with Doors to the World • Former coordinator with CN Rail for 10 years.

05.

Action Plan

Project objectives

- Expansion of production line, including addition to plant facility, to extend into Eastern Quebec and the United States.
- Continued integration of order, manufacture, distribution systems.

Ressources required

- Total cost of project is 500,000:
 - \$250,000 for plant expansion
 - \$50,000 for new equipment
 - \$100,000 for trade shows, marketing and technology integration
 - \$50,000 for recruitment and training
- Total loan required:
 - \$250,000 for plant expansion
 - \$50,000 for new equipment
- Intension to hire five new skilled tradespeople to staff machinery.

Action plan

	Action	Key milestone/metrics	Person responsible
1	Overhaul of employee manual	June 2020	
2	Registration for U.S. trade show and contract for sponsorship of events	June 2020	
3	Approval of plant addition design	July 2020	
4	Implement ISO 9000 standards	August 2020	
5	Sign distribution agreement and negotiate shipping for the U.S.	August 2020	
6	Start recruitment for CAD designer and three millworker/carpenter	October 2020	
7	Measure potential and test entry strategy in B.C. and Eastern Quebec	March 2021	

Additional information

Over 2-3 years, all activities will be integrated with marketing strategy, including development of new markets, product launch and distribution.

Risk assessment and contingencies

- Primary risk to the project is employee shortage.
 - Working with the college and local guilds to identify early prospects.
 - Training long-term employees on new equipment and technology to allow for more cross-function.
 - Instituting more competitive hiring practices, such as 3 weeks' vacation and option to work for overtime pay or additional leave—incentive for employees to work overtime.
- Entry into U.S. market through North-South distribution channels is solid.
- B.C. regulations around trucking standards – weight, tires and licensing – could trigger time delays in getting product to West Coast market.
 - Plan B is to ship to ship directly to U.S. through established distribution channels and link with retailers in Washington State.
 - Option to eventually (in five years) look at a west coast plant in Washington in B.C. lower mainland.

**Doors
to the
World**

Business Plan

www.doorstotheworld.ca