



Institut Libanais de Développement Économique & Social  
Lebanese Institute for Economic & Social Development

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# Air Condition Repair Shop

**Feasibility study prepared by:  
Elias Abou Fadel, economist.**

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## Table of Contents

<b>Summary</b>	<b>2</b>
<b>1- Description of the project</b>	<b>3</b>
1-1 Nature of services	
1-2 Business location	
<b>2- Market analysis</b>	<b>3</b>
2-1 Industry trends and analysis	
2-2 Market opportunities and limitations	4
2-3 Target market	
2-4 Competition	
<b>3- Service process</b>	<b>4</b>
3-1 Procurement	
3-2 Working conditions	5
3-3 Training, advancement and other qualifications	
3-4 Description of the process	6
<b>4- Marketing and selling techniques</b>	<b>6</b>
4-1 Selling techniques	
4-2 Pricing	
<b>5- Financial plan</b>	<b>6</b>
5-1 Initial capital and loan requirement	
5-1-1 Direct costs	7
5-1-2 General and administrative expenses	8
5-1-3 Working capital needs and investment needs	
5-2 Loan repayment schedule	9
5-3 Projected income statement	
5-3-1 Statement of retained earning	10
5-4 Table 4 : Projected balance sheet	
5-5 Projected cash flow	
5-6 Break even analysis	11
5-7 Sensitivity analysis	
<b>6- Key success factors and recommendations</b>	<b>12</b>
<b>7- Conclusion</b>	<b>12</b>

The points of view expressed in this study reflect the author opinion.

## Summary

The following feasibility study represents a heating and air condition repair shop operating and financial plan for the coming five years. The feasibility study draws on the nature of the work, the market potential, and the projected financial results.

Most repair shops in the Mountain and the South are family owned and operated. They usually consist of the father and son, or the father and an assistant. Repair, installation or maintenance is done most of the time on the client's premises.

Maintenance and repair work is expected to increase due to the current economical situation and people tendency to buy used equipment whereas installation is expected to decrease with the current situation.

Main competitors of heating and air condition repair shop are free lance technicians working with dealers on case by case basis and dealers offering free services upon the purchase of new air-condition systems.

The financing requirements for starting up a heating and air condition repair shop amount to 3 119 \$US of which 1 119 \$US will be injected by the investors, and the remaining 2 000 \$US will be taken as a loan and reimbursed over a period of two years in equal monthly installments with an interest rate of 8,5 % per year.

Total sales are expected to be 26 360 \$US in year one of operation and will increase gradually to reach 39 261 \$US in year five. The gross profit margin is around 59 % over the five years period. The expected net income is 7 656 \$US in year one and it reaches 14 788 \$US in Year five. The net profit margin is 29 % in year one and it increases over the years to reach 38 % in year five.

The overall performance of the heating and air condition repair shop is highly correlated to the economical situation. Any changes in the expected sales, which are a major key driver of the activity, would impact the bottom line results.