

prison
entrepreneurship
program

Business Plan Competition
January 23-24, 2020

Yancy
Automatic Fire Sprinklers & Alarms

Prison Entrepreneurship Program
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Automatic Fire Sprinklers & Alarms

“Protecting property and saving lives”

Business Plan
January 2020

Yancy
Owner & Founder

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EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																				
Jobs are required to have fire protection and there are not enough companies to do the jobs.	At Automatic Fire Sprinklers and Alarms our mission as a fire prevention equipment installation company is to develop a highly successful, profitable business.	An honest company that is in the industry for more than the money.																																				
Customers	Differentiators	Extras																																				
We will be seeking residential and commercial contractors and property managers.	Free inspections & willing to take on any job.	My company is not new but the way I do business is not typical.																																				
Marketing	Financials & Extras	Start-up Costs																																				
Flyers, signs, newspapers and word of mouth will be the forms of advertisement we use.	<table border="0"> <tr> <td>Sales:</td> <td>\$ 321,500</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td><u>106,000</u></td> <td><u>33%</u></td> </tr> <tr> <td>Gross profit</td> <td>215,500</td> <td>67%</td> </tr> <tr> <td>Overhead</td> <td><u>56,600</u></td> <td><u>18%</u></td> </tr> <tr> <td>Pretax income</td> <td>158,800</td> <td>49%</td> </tr> <tr> <td>Tax expense</td> <td>39,700</td> <td>12%</td> </tr> <tr> <td>Owner withdrawals</td> <td><u>55,000</u></td> <td><u>17%</u></td> </tr> <tr> <td>Net income</td> <td><u>\$ 64,100</u></td> <td><u>20%</u></td> </tr> </table>	Sales:	\$ 321,500	100%	COGS	<u>106,000</u>	<u>33%</u>	Gross profit	215,500	67%	Overhead	<u>56,600</u>	<u>18%</u>	Pretax income	158,800	49%	Tax expense	39,700	12%	Owner withdrawals	<u>55,000</u>	<u>17%</u>	Net income	<u>\$ 64,100</u>	<u>20%</u>	<table border="0"> <tr> <td>Owner investment - cash</td> <td>\$ 30,700</td> </tr> <tr> <td>Owner investment - equipment</td> <td>-</td> </tr> <tr> <td>Vehicle and/or equipment loan</td> <td>-</td> </tr> <tr> <td>Start up financing</td> <td>-</td> </tr> <tr> <td>Total start up costs:</td> <td><u>\$ 30,700</u></td> </tr> <tr> <td>Plan Purpose:</td> <td>Startup</td> </tr> </table>	Owner investment - cash	\$ 30,700	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	-	Total start up costs:	<u>\$ 30,700</u>	Plan Purpose:	Startup
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	Personal Fit																																					

I will try the best of my abilities provide great quality work.

PERSONAL FIT

My name is Yancy. I was born on January 21, 1981 in Fort Worth, Texas. I have two children. I got into a lot of trouble as a child. I did not finish high school and the last grade that I completed was the 8th grade. At the age of 10, I was sent to TYC. I was raised in a bad environment. I have seen things as a child that should not been seen at all as a child. I am currently in prison for robbery. I have been incarcerated twice in prison for a total of 10 years. My whole life I have dealt with addiction. I can finally say I will not drink or use drugs again. I have missed being able to raise my children. It is my goal that when I get out, I will be able to provide for my family. Prison has opened my eyes to the things I have missed due to my incarceration and poor decisions. My children deserve to have a good father in their life. A father that is a good role model. A father that is a leader and knows how to manage situations without irrational thinking. Seeing my children grow up through the years that I have been in prison really opened my eyes and made me want to change. I have good people skills, and I can deal with all types of people on a personal and business level. It would be a real dream to own a business of my own, which would be a fire sprinkler business. I enjoy installing fire protection equipment systems. I know a lot about installation.

I have made a lot of changes including the people I associate with. I no longer put myself in bad situations that I cannot think myself out of. I will need to get myself and my family financially situated before I could take the risk of starting my own business. I think a realistic goal would be 5 years after my release from prison. The reason I will be able to be entrusted with investment capital is because I have accepted the values that we live by here in PEP and applied them to my everyday life. Being a man of integrity will allow me to be entrusted by not only my peers, but also to those who I associate myself with. I will not accept any loans if I do not think that I can pay them back on time. My goal is to not only open any fire protection business, but a successful fire protection business. I will be released to Fort Worth, Texas on the day of April 16th, 2021.

OPPORTUNITY

- Can I solve the problem given my skills and personality?
 - Yes, I have over 13 years in the fire protection industry.
- Is the customer looking for a more holistic solution than his or her immediate complaint?
 - I would like to show my customers that there are still honest companies out there.
- Do I need to do all of the work myself or can I hire others to help me and still maintain quality?
 - I will have to hire a few people but they will be trained.
- Is there growth potential to expand my business, or is this a dying market?
 - Yes there are potential growth opportunities in this industry.
- How soon can I get my business up and running?
 - Immediately upon release.

- Is this something that will take a lot of cash to get started or is it more of a question of hustle?
 - I believe it will take both money and determination.
- Is this something I would be proud to share with my family and parole officer?
 - Yes, I am very proud of what I do.
- Is the opportunity (Activity and Start Date) consistent with potential parole restrictions?
 - Yes.
- Would my business start as a part-time venture or need to be full time?
 - Yes, Full-time.

SOLUTION

- Is what I am offering filling the customer's real need?
 - Yes there is a need for fire protection.
- What are the benefits (not features) that I am providing?
 - Low price for customers/quality work.
- Why can I do this better than another business (competitor)?
 - I believe with my determination and lack of greed I will excel in the industry.
- How will I deliver this better idea to my customers?
 - I will rely on my experience and customer satisfaction.
- Is my delivery (retail store, home service, etc.) consistent with how I will produce the service (one-day delivery, hand-made products, etc.)?
 - Yes.
- Is my solution consistent with my passion for selling?
 - Yes.
- Is the price of my solution equal to or less than the customer's pain?
 - Yes.
- Is the approximate cost of my solution lower than the price?
 - Yes.
- Do I need a fixed location (Storefront) or is this a mobile business?
 - At first I will work out of my house.
- Do I offer a guaranty or return policy?
 - Yes all of my work comes with a guarantee.

CUSTOMERS

Demographics:

- Will my service have different appeal to men versus women?
 - No. Fire protection is needed by all.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
 - All.
- Does my customer need to be married, single or does it matter?
 - It does not matter.

- Do language or ethnicity differences improve or limit my ability to sell to my ideal customer?
 - No.
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
 - Commercial and residential contractors.

Income:

- Does my customer need a certain income (rich, middle class, poor)?
 - No, fire protection is required in most place of business.
- Does my customer need to own specific assets (car, house, boat)?
 - Yes, they do need to own or lease the home or building.

Location:

- Where will I sell to my customers (their home, their workplace, on the street, online, my store, an event like trades day)?
 - Online and jobsites.
- Do I go to my customer (home service) or does my customer come to me?
 - Both.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
 - It does not matter.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
 - It does not matter.
- How easily can I find this customer (one at a time or they will provide referrals)?
 - Both, customer referrals and jobs bided.

Other:

- Can I reach these individuals as a group or do I need to find and sell to them individually?
 - Both.
- Once I sell to a customer, what is the likelihood that they will buy from me again?
 - Highly likely.

DIFFERENTIATORS

My Competitors	Direct or Indirect	Promotion	Price	Their Advantages	Their Disadvantages	My Differentiators
Lonestar Fire	Direct	T.V. & Radio	\$1- \$3 per Sq. Foot	Well known established customers	Too big for small jobs	Free inspection & willing to take on any job
Emergency Fire	Direct	T.V. & Radio	\$1- \$3 per Sq. Foot	Well known established customers	Too big for small jobs	Free inspection & willing to take on any job
American Automatic	Direct	T.V. & Radio	\$1- \$3 per Sq. Foot	Well known established customers	Too big for small jobs	Free inspection & willing to take on any job
Standard Fire	Direct	T.V. & Radio	\$1- \$3 per Sq. Foot	Well known established customers	Too big for small jobs	Free inspection & willing to take on any job
DFW Fire	Direct	T.V. & Radio	\$1- \$3 per Sq. Foot	Well known established customers	Too big for small jobs	Free inspection & willing to take on any job

EXTRAS

External Extras:

- Do you have a connection with a supplier in your industry?
 - Yes I have been in the industry for 13 years.
- Do you have access to a favorable location for your business?
 - No, but I can set up anywhere.
- Are you going to be the first company of your type in your chosen area operations?
 - No.

Internal Extras:

- Do you have a new or cutting edge concept?
 - No it is not new but there is high demand for it.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
 - I will offer free inspections.
- Are you an especially charming or personable person?
 - Both, it will depend on the customer as to how I will interact with them.

MARKETING

Message:

- What are three things your company name (with no other information provided) says about your company?
 - We do fire protection, automatic sprinklers, alarms and original name.
- What is your tagline?
 - We show what is needed.
- How does your name and tagline make you different than your competitors?
 - It implies that I care more about saving lives and property than making money.
- Can your message be effectively conveyed through multiple types of media?
 - Yes.
- Is your message effective across different demographics?
 - Yes.
- Is your pricing consistent with the market for similar offerings?
 - Yes.
- Is your pricing consistent with the degree of personalization?
 - Yes.

Media:

- What are three types of media you will use to reach your customers?
 - Facebook, business cards and word of mouth.

- How many potential typical customers (not just total people) can you reach each month using the types listed above?
 - As many as possible.
- Once you've reached your typical customer, how many will actually buy from you?
 - As many as I can get.
- For each of the three, what do you think the estimated cost will be?
 - I do not know.
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
 - Monthly.
- How will you collect customer reviews?
 - I will talk to them and also use Facebook Marketplace Profile.

RESUME

Yancy

1100 Hwy 1807

Venus, TX 76084

Cell 999-999-999, myaccount@gmail.com

Experience

Helper/ Fitter

1999-2004

Install fire sprinkler systems

Fitter

2004-2007

Fire protection

Welder

2004-2012

Weld various metals

Skills

- **Welder**
- **Pipefitter**

Education/Certifications

PEP

May 2019-January 2020

Values-based entrepreneurship program of intensive three-month leadership academy and six-month business plan competition with training in business, marketing, finance and competitive strategies. Participants are coached by top executives and MBA advisors from universities across the country culminating in a 30-minute presentation to CEOs and investors. Graduates earn certificate in Entrepreneurship from Baylor University's Hankamer School of Business.

Owner's name	Yancy
Company name	Barefoot Automatic
NAICS Business Classification	
Sector (general classification)	23 Construction
Sub-sector (more specific classification)	238: Specialty Trade Contractors

Start-up Costs
Year 1

Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1
marketing, business cards, fliers	100
cell phone purchase	100
car/truck down payment, if leased	5,000
permits	1,500
supplies, office & misc.	1,000
Cash needed for start-up expenses	7,700

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van			-
company trailer	2,000		
computer, printer, fax	1,000		1,000
Tool and Equipment	5,000		5,000
Threading Machine, Tools and Ladders	5,500		5,500
			-
building/office deposit		N/A	N/A
beginning cash balance	15,000	N/A	N/A
Cash needed for start-up assets	28,500	-	11,500

60 assumed life (months)
192 monthly depreciation

Total start up cost 36,200

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	36,200	100%
Vehicle loan and other equipment debt (see note 7 for financing)	-	0%
Startup financing, if applicable (for example Kiva loan)		0%
Outside equity investment, if applicable		0%
Total start up cost, total sources	<u><u>36,200</u></u>	100%

Yancy dba Barefoot Automatic
Projected Income and Cash Flow Statements
Year 1

	Assump- tions	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	First Year	% of Total Revenue
Revenue	2														
Fire Sprinkler Installation	6	-	21,000	21,000	21,000	21,000	28,000	28,000	28,000	28,000	28,000	35,000	35,000	294,000	91%
Service Calls	6	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	27,500	9%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total revenue		-	23,500	23,500	23,500	23,500	30,500	30,500	30,500	30,500	30,500	37,500	37,500	321,500	100%
Cost of Goods Sold	2														
Fire Sprinkler Installation	6	-	6,000	6,000	6,000	6,000	8,000	8,000	8,000	8,000	8,000	10,000	10,000	84,000	26%
Service Calls	6	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,000	7%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total COGS		-	8,000	8,000	8,000	8,000	10,000	10,000	10,000	10,000	10,000	12,000	12,000	106,000	33%
Gross profit		-	15,500	15,500	15,500	15,500	20,500	20,500	20,500	20,500	20,500	25,500	25,500	215,500	67%
Expenses	2														
Auto or truck lease		5,000												5,000	2%
Depreciation	3	-	192	192	192	192	192	192	192	192	192	192	192	2,108	1%
Gasoline & fuels		-	200	200	200	200	200	200	200	200	200	200	200	2,200	1%
Insurance - bonding		-	1,500	-	-	-	-	-	-	-	-	-	-	1,500	0%
Insurance - vehicle		-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Interest - equip & start up	7	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Marketing		100		200		200			200			200		900	0%
Office - rent		-												-	0%
Office - insurance		-												-	0%
Office - telephone		-												-	0%
Office - utilities		-												-	0%
Payroll - not owner and not in COGS	8	-	1,800	1,800	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	36,000	11%
Payroll taxes (9%)	6 & 8	-	162	162	324	324	324	324	324	324	324	324	324	3,240	1%
Permits		1,500	1,500											3,000	1%
Supplies		1,000												1,000	0%
Tax service		-												-	0%
Telephone - cellular		100	50	50	50	50	50	50	50	50	50	50	50	650	0%
Start-up expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
Total expenses		7,700	5,504	2,704	4,466	4,666	4,466	4,466	4,666	4,466	4,466	4,666	4,466	56,698	18%
Taxable profit (loss)	1	(7,700)	9,996	12,796	11,034	10,834	16,034	16,034	15,834	16,034	16,034	20,834	21,034	158,802	49%
Tax (expense) benefit	1			(3,773)			(9,476)			(11,976)			(14,476)	(39,700)	-12%
Owner's withdrawals	1	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(55,000)	-17%
Net profit (loss)		(7,700)	4,996	4,023	6,034	5,834	1,559	11,034	10,834	(941)	11,034	15,834	1,559	64,101	20%
Depreciation	3	-	192	192	192	192	192	192	192	192	192	192	192	2,108	
Equipment purchases	3	(13,500)	-	-	-	-	-	-	-	-	-	-	-	(13,500)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	36,200	-	-	-	-	-	-	-	-	-	-	-	36,200	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		15,000	5,188	4,215	6,226	6,026	1,750	11,226	11,026	(750)	11,226	16,026	1,750	88,910	
Cash, period start		-	15,000	20,188	24,403	30,629	36,655	38,405	49,631	60,657	59,907	71,133	87,159	-	
Cash, period end		15,000	20,188	24,403	30,629	36,655	38,405	49,631	60,657	59,907	71,133	87,159	88,910	88,910	