

prison
entrepreneurship
program

Business Plan Competition
January 23-24, 2020

Phillip
Diamond Cutz-N-Stylez

Prison Entrepreneurship Program
P.O. Box 926274
Houston, TX 77292
(832) 767-0928
www.pep.org

Diamond Cutz-N-Stylz

*“Tired of imperfection & flaws? Welcome to “Diamond Cutz-N-Stylz”
where our Cutz are just as precise as your favorite jewelry”*

Business Plan
January 2020

Phillip
Owner & Founder

TABLE OF CONTENTS

EXECUTIVE SUMMARY1

PERSONAL FIT2

OPPORTUNITY2

SOLUTION3

CUSTOMERS3

DIFFERENTIATORS5

EXTRAS6

MARKETING.....6

RÉSUMÉ ATTACHED

FINANCIAL PROJECTIONS ATTACHED

EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																				
<p>In Dallas hairstyling is a great industry, but not everyone takes pride in perfecting this craft.</p>	<p>Our mission is to exceed the expectations of the people in the community we serve through trust and integrity.</p>	<p>Diamond Cutz –N- Stylz provides quality barbering and hairstyles that are like no other establishment.</p>																																				
Customers	Differentiators	Extras																																				
<p>Based in the Dallas galleria area, I will be providing services for the working class up to the aristocrats of the community.</p>	<p>The service we provide is for men, women and children.</p>	<p>We will offer specialized and flexible scheduling.</p>																																				
Marketing	Financials & Extras	Start-up Costs																																				
<p>I will be advertising my business through social media, radio advertisements and most importantly word of mouth.</p>	<table border="0"> <tr> <td>Sales:</td> <td style="text-align: right;">\$ 284,300</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>COGS</td> <td style="text-align: right; border-bottom: 1px solid black;">8,300</td> <td style="text-align: right; border-bottom: 1px solid black;">3%</td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">275,900</td> <td style="text-align: right;">97%</td> </tr> <tr> <td>Overhead</td> <td style="text-align: right; border-bottom: 1px solid black;">89,000</td> <td style="text-align: right; border-bottom: 1px solid black;">31%</td> </tr> <tr> <td>Pretax income</td> <td style="text-align: right;">186,900</td> <td style="text-align: right;">66%</td> </tr> <tr> <td>Tax expense</td> <td style="text-align: right;">46,700</td> <td style="text-align: right;">16%</td> </tr> <tr> <td>Owner withdrawals</td> <td style="text-align: right;">-</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>Net income</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 140,200</td> <td style="text-align: right; border-bottom: 3px double black;">49%</td> </tr> </table>	Sales:	\$ 284,300	100%	COGS	8,300	3%	Gross profit	275,900	97%	Overhead	89,000	31%	Pretax income	186,900	66%	Tax expense	46,700	16%	Owner withdrawals	-	0%	Net income	\$ 140,200	49%	<table border="0"> <tr> <td>Owner investment - cash</td> <td style="text-align: right;">\$ 16,350</td> </tr> <tr> <td>Owner investment - equipment</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Vehicle and/or equipment loan</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Start up financing</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Total start up costs:</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 16,350</td> </tr> <tr> <td>Plan Purpose:</td> <td style="text-align: right;">Start-Up</td> </tr> </table>	Owner investment - cash	\$ 16,350	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	-	Total start up costs:	\$ 16,350	Plan Purpose:	Start-Up
Sales:	\$ 284,300	100%																																				
COGS	8,300	3%																																				
Gross profit	275,900	97%																																				
Overhead	89,000	31%																																				
Pretax income	186,900	66%																																				
Tax expense	46,700	16%																																				
Owner withdrawals	-	0%																																				
Net income	\$ 140,200	49%																																				
Owner investment - cash	\$ 16,350																																					
Owner investment - equipment	-																																					
Vehicle and/or equipment loan	-																																					
Start up financing	-																																					
Total start up costs:	\$ 16,350																																					
Plan Purpose:	Start-Up																																					
Personal Fit																																						

I have made a promise to myself not to socialize with the same people, to remain sober and not to cheat on my wife. I just love the way it feels to do the right thing, it is stress free and even therapeutic.

PERSONAL FIT

On November 19th, 1982 I was born at Methodist Hospital in Dallas, Texas. I only have one sibling (a sister) by my mother that never maintained and raised the two of us on her own. Throughout my schooling I kept a B and C grade average until the 8th or 9th grade when I eventually dropped out. It was around the age of 15 that I packed up and left the house to pursue another route in life that lead me to never being employed. At around that same age and time I began to make money illegally. I began to really take to the streets by this age. I started to deal narcotics as a way to make ends meet. Well by the time I reach middle school my mother became ill and with the lack of physical and financial support I took to the streets. This behavior and lifestyle eventually led me to being incarcerated in State Jail and TDCJ three times each which totaled to 13 years or so. Overall with that being said, I have served 5 ½ years so far on this sentence and prior to my incarceration I did not understand the importance of patience nor did I have any skills what so ever. So with the help of volunteer programs, classes, and books I have learned quite a few adaptive skills. These skills help me manage my time and deal with issues in a healthy productive manner. I know this to be good because I find myself looking at and handling situations within my life differently to the point that it is even amazing to me how much I have grown. I am committed to being an upstanding law abiding citizen; coming back to prison is not an option for me. I have made a promise to myself not to socialize with the same people, to remain sober and not to cheat on my wife. I just love the way it feels to do the right thing, it is stress free and even therapeutic. I believe that once the substances were out of my system I received more clarity about my life and circumstances. Through the years of self-analysis from myself and others. I just did not like the person that I had become. I have the drive and hustle of Sean “P-Diddy” Combs; I used my investment talent on drugs and other means of illegal gains. I have always thrived on integrity and honesty. My greatest changes have been to acquire a legal trade as well as my unwillingness to break the law in the future. I would like to start my business within the first 180 days of my release. I can be trusted with investment capital because I am a trustworthy person. The business that I am going into is the thing I absolutely love the most. I must do this it is my greatest passion. I will be released no later than June 23, 2021.

OPPORTUNITY

- Can I solve the problem given my skills and personality?
 - Yes.
- Is the customer looking for a more holistic solution than his or her immediate complaint?
 - My company’s main focus is to deliver high quality styles and looks.
- 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 other employees.
- Is there growth potential to expand my business, or is this a dying market?
 - Yes.
- How soon can I get my business up and running?
 - Winter of 2023 at the latest.

- Is this something that will take a lot of cash to get started or is it more of a question of hustle?
 - It will take me \$40,000 dollars to launch this venture.
- Is this something I would be proud to share with my family and parole officer?
 - Yes.
- Is the opportunity (Activity and Start Date) consistent with potential parole restrictions?
 - Yes, I believe it is.
- Would my business start as a part-time venture or need to be full time?
 - We will be a fully operational business.

SOLUTION

- Is what I am offering filling the customer's real need?
 - Yes.
- What are the benefits (not features) that I am providing?
 - Quick service and great customer service.
- Why can I do this better than another business (competitor)?
 - We have mastered and perfected this craft and also take pride in what we do.
- How will I deliver this better idea to my customers?
 - Satisfied customers will want to let the world know about my business.
- 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?
 - I will need a fixed location.
- Do I offer a guaranty or return policy?
 - Yes, if customers are not satisfied then the cut is free.

CUSTOMERS

Demographics:

- Will my service have different appeal to men versus women?
 - We look to satisfy both men and women.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
 - Ideal customers are two years old and up.
- 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?
 - Language does not matter.
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
 - This type of service will appeal to the customers' personal image.

Income:

- Does my customer need a certain income (rich, middle class, poor)?
 - The target customer will be the working class up to the aristocrat of the community.
- Does my customer need to own specific assets (car, house, boat)?
 - My customers' assets will not matter.

Location:

- Where will I sell to my customers (their home, their workplace, on the street, online, my store, an event like trades day)?
 - I will sell to my customer at my store.
- Do I go to my customer (home service) or does my customer come to me?
 - Most of my customers will come to me but in some cases I will travel to them.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
 - My ideal customer will be more of the upper class community.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
 - I plan on being within a 10-20 mile radius of my customer.
- How easily can I find this customer (one at a time or they will provide referrals)?
 - Most of my customers will come by word of mouth.

Other:

- Can I reach these individuals as a group or do I need to find and sell to them individually?
 - I will serve my customers however they come.
- Once I sell to a customer, what is the likelihood that they will buy from me again?
 - Once I provide my service to a customer I am very certain that they will return.

DIFFERENTIATORS

My Competitors	Direct or Indirect	Promotion	Price	Their Advantages	Their Disadvantages	My Differentiators
Super Cuts	Indirect	Advertisement, word of mouth, social media	\$25	High Demand	Service specialties	Our play area for the kids
Clips	Indirect	Advertisement, word of mouth, social media	\$25	Equipped with master barbers	Not community friendly	Most of our service is scheduled, appointments to eliminate wait time
Platinum Cuts	Direct	Word of mouth	\$20	Expertise around the area	Location	Our work and friendly environment
Notorious Cuts	Direct	Word of mouth	\$20	Lots of barbers with all different styles	Location & Wait time	The service we provide for men & children
Jewels Barber Shop	Direct	Advertisement, word of mouth, social media	\$20	Experience and Great location	Wait time	Our artistic style

EXTRAS

External Extras:

- Do you have a connection with a supplier in your industry?
 - I do not think I will need a supplier in this industry.
- Do you have access to a favorable location for your business?
 - No.
- 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.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
 - We will offer specialized and flexible scheduling.
- Are you an especially charming or personable person?
 - Yes. I have a really strong passion for what I do.

MARKETING

Message:

- What are three things your company name (with no other information provided) says about your company?
 - Diamond Cutz will give you outstanding and timely cuts at an affordable price.
- What is your tagline?
 - Our cuts are just as precise as your favorite jeweler.
- How does your name and tagline make you different than your competitors?
 - While others do it for the money, we do it because it is our passion.
- 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?
 - Social media, radio stations and word of mouth.

- How many potential typical customers (not just total people) can you reach each month using the types listed above?
 - I plan on reaching between 300-400 clients a month alone.
- Once you've reached your typical customer, how many will actually buy from you?
 - I estimate roughly 200 to 250 will buy and stay committed.
- For each of the three, what do you think the estimated cost will be?
 - Social media (priceless), word of mouth (priceless) and radio station (\$300).
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
 - Once for the radio station or as needed.
- How will you collect customer reviews?
 - Online website that my customers can visit and leave reviews and feedback.

RESUME

Phillip

1100 Hwy 1807

Venus, TX 76084

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

Experience

Janitor

2003-2005

Cleaned and waxed floors

Landscaper

2011-2012

Lawn care worker

Barber

2006

Cut hair in various styles

Skills

- **Welding**
- **Custom painter**
- **Barber**
- **Collision repair**

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.

Windham School District

2014-2015

GED

Windham School District

2017

Welding Certificate

Phillip dba Diamond Cutz-n-Styles
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														
Haircuts	6	-	3,900	3,900	4,050	4,050	4,200	4,200	4,200	4,500	4,500	4,500	4,800	46,800	16%
Hairstyles	6	-	9,000	9,000	9,000	9,000	9,000	13,500	13,500	15,750	15,750	15,750	15,750	135,000	47%
Lashes & Eyebrow Work	6	-	7,500	7,500	7,500	7,500	7,500	10,000	10,000	11,250	11,250	11,250	11,250	102,500	36%
Total revenue		-	20,400	20,400	20,550	20,550	20,700	27,700	27,700	31,500	31,500	31,500	31,800	284,300	100%
Cost of Goods Sold	2														
Haircuts	6	-	208	208	216	216	224	224	224	240	240	240	256	2,496	1%
Hairstyles	6	-	238	238	238	238	238	357	357	417	417	417	417	3,570	1%
Lashes & Eyebrow Work	6	-	165	165	165	165	165	220	220	248	248	248	248	2,255	1%
Total COGS		-	611	611	619	619	627	801	801	904	904	904	920	8,321	3%
Gross profit		-	19,789	19,789	19,931	19,931	20,073	26,899	26,899	30,596	30,596	30,596	30,880	275,979	97%
Expenses	2														
Auto or truck lease	-														0%
Depreciation	3	-	87	87	87	87	87	87	87	87	87	87	87	953	0%
Gasoline & fuels	-		100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Insurance - bonding	-		300	300	300	300	300	300	300	300	300	300	300	3,300	1%
Insurance - vehicle	-		200	200	200	200	200	200	200	200	200	200	200	2,200	1%
Interest - equip & start up	7	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Marketing	150		500											650	0%
Office - rent	-		750	750	750	750	750	750	750	750	750	750	750	8,250	3%
Office - insurance	-		250	250	250	250	250	250	250	250	250	250	250	2,750	1%
Office - telephone	-		300	300	300	300	300	300	300	300	300	300	300	3,300	1%
Office - utilities	-		200	200	200	200	200	200	200	200	200	200	200	2,200	1%
Payroll - not owner and not in COGS	8	-	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	4,025	44,275	16%
Payroll taxes (9%)	6 & 8	-	362	362	362	362	362	362	362	362	362	362	362	3,985	1%
Permits	700		100	100	100	100	100	100	100	100	100	100	100	1,800	1%
Supplies	10,000		300	200	200	200	200	200	200	200	200	200	200	12,300	4%
Tax service	-		300											300	0%
Telephone - cellular	300		125	125	125	125	125	125	125	125	125	125	125	1,675	1%
Start-up expenses															0%
															0%
															0%
															0%
															0%
															0%
															0%
Total expenses		11,150	7,899	6,999	6,999	6,999	6,999	6,999	6,999	6,999	6,999	6,999	6,999	89,038	31%
Taxable profit (loss)	1	(11,150)	11,890	12,790	12,932	12,932	13,074	19,900	19,900	23,597	23,597	23,597	23,881	186,941	66%
Tax (expense) benefit	1			(3,383)			(9,735)			(15,849)			(17,769)	(46,735)	-16%
Owner's withdrawals	1	-													0%
Net profit (loss)		(11,150)	11,890	9,408	12,932	12,932	3,340	19,900	19,900	7,748	23,597	23,597	6,112	140,206	49%
Depreciation	3	-	87	87	87	87	87	87	87	87	87	87	87	953	
Equipment purchases	3	(5,200)	-	-	-	-	-	-	-	-	-	-	-	(5,200)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	16,350	-	-	-	-	-	-	-	-	-	-	-	16,350	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		-	11,977	9,494	13,019	13,019	3,426	19,987	19,987	7,834	23,684	23,684	6,199	152,309	
Cash, period start		-	-	11,977	21,471	34,490	47,508	50,935	70,921	90,908	98,743	122,426	146,110	-	
Cash, period end		-	11,977	21,471	34,490	47,508	50,935	70,921	90,908	98,743	122,426	146,110	152,309	152,309	