

prison  
entrepreneurship  
program

Business Plan Competition  
January 23-24, 2020

Armando  
Mr. Brad's Auto Sales

Prison Entrepreneurship Program  
P.O. Box 926274  
Houston, TX 77292  
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[www.pep.org](http://www.pep.org)

# *Mr. Brads Auto Sales*

*“Ride high or ride low Brads is the place to go”*

Business Plan  
January 2020

*Armando*  
Owner & Founder

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**EXECUTIVE SUMMARY**

<b>Opportunity</b>	<b>Purpose</b>	<b>Solution</b>																																				
<p>Many people are looking for a second opportunity in life and finding a vehicle is just a hardship.</p>	<p>Mr. Brads Auto Sales strives to exceed each of our customers' expectations by focusing on their wants and needs.</p>	<p>Mr. Brads Auto Sales is going to give people the second chance of owning their own vehicle.</p>																																				
<b>Customers</b>	<b>Differentiators</b>	<b>Extras</b>																																				
<p>People in need of a vehicle who need a second chance due to the fact of their driving record or recent offenders that have been released from prison.</p>	<p>The sale is the beginning of a relationship with our customers. We treat our customers with respect. We also help during rough times of unexpected financial emergencies.</p>	<p>We are the second chance to give you the Fresh-Start Outlook.</p>																																				
<b>Marketing</b>	<b>Start-up Costs</b>	<b>Financials &amp; Extras</b>																																				
<p>We will reach our customers through mailing out fliers and handing out business cards. We will also use search engine optimization.</p>	<table border="0"> <tr> <td>Sales:</td> <td style="text-align: right;">\$ 866,500</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>COGS</td> <td style="text-align: right;"><u>434,600</u></td> <td style="text-align: right;"><u>50%</u></td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">431,800</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>Overhead</td> <td style="text-align: right;"><u>66,200</u></td> <td style="text-align: right;"><u>8%</u></td> </tr> <tr> <td>Pretax income</td> <td style="text-align: right;">365,500</td> <td style="text-align: right;">42%</td> </tr> <tr> <td>Tax expense</td> <td style="text-align: right;">91,300</td> <td style="text-align: right;">11%</td> </tr> <tr> <td>Owner withdrawals</td> <td style="text-align: right;"><u>33,000</u></td> <td style="text-align: right;"><u>4%</u></td> </tr> <tr> <td>Net income</td> <td style="text-align: right;"><u>\$ 241,100</u></td> <td style="text-align: right;"><u>28%</u></td> </tr> </table>	Sales:	\$ 866,500	100%	COGS	<u>434,600</u>	<u>50%</u>	Gross profit	431,800	50%	Overhead	<u>66,200</u>	<u>8%</u>	Pretax income	365,500	42%	Tax expense	91,300	11%	Owner withdrawals	<u>33,000</u>	<u>4%</u>	Net income	<u>\$ 241,100</u>	<u>28%</u>	<table border="0"> <tr> <td>Owner investment - cash</td> <td style="text-align: right;">\$ 23,650</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><b>Total start up costs:</b></td> <td style="text-align: right;"><u><u>\$ 23,650</u></u></td> </tr> <tr> <td><b>Plan Purpose:</b></td> <td style="text-align: right;">Startup</td> </tr> </table>	Owner investment - cash	\$ 23,650	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	-	<b>Total start up costs:</b>	<u><u>\$ 23,650</u></u>	<b>Plan Purpose:</b>	Startup
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<b>Personal Fit</b>																																						

I am a first generation Mexican American born in East Texas with three beautiful daughters and one son. My kids are everything and they are the reason I came to PEP. I would like to provide them with everything I never had.

## PERSONAL FIT

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My name is Armando, I was born in Nacogdoches, Texas on January 6, 1989 and raised in Lufkin, Texas. I am a first generation Mexican American. I was raised with my father and stepmother since the age of three, due to the fact that my mother was battling with her addictions that is the reason I went to live with my father who won my custody battle. My father and his wife later had children of their own plus her two daughters of her previous marriage. Even though my step-mother did not give me birth she always did her best to guide me and be the mother I needed growing up. It was not enough to fill that void I had inside me so I started rebelling and causing problems in their marriage. At the age of 14 after spending many summers and school breaks with my mother I decided I wanted to move with her and her husband to Houston, TX and it was only a matter of time that I would be introduced to drugs and alcohol. They were not fit parents but I did not care because they let me do whatever I wanted to do. From skipping school to selling drugs there was no good structure in my household. After a few months my step-father lost his job so I had to move back with my father and his wife to Lufkin TX. That was a big difference for me. My father and his wife had a lot of structure which I had to follow that was something that was not in my plans and that is when I finally moved and decided to make my own decisions. I had to mature quick, look for a job to pay for my bills and my party lifestyle which is how I met the first women who changed my life. She gave birth to our daughter on March 4, 2009. Finally I felt that my life was complete. I had a women who loved me and a daughter to raise but I guess that was not enough. I was still trying to search for that love from a women which probably comes from my absent mother I now have three beautiful daughters and an amazing son from the ages of 10 to 6. I always wanted to be that father figure and raise them totally different from me. I guess so far I have failed them. I came to prison on a four year sentence. We all make mistakes but this mistake is going to mark me for me for the rest of my life. The only difference is that I am making this a learning experience, one where I am going to come out stronger. My kids are everything to me and they are the big reason that I came to this program. I wanted to give them everything I never had.

I was torn even worse being here locked behind these walls. So when I was going through the Robert Lewis videos that they showed us going through phase one. They really opened up my mind and heart but most of all I discovered my own wounds that I did not even know existed. Very shortly before my incarceration I met an amazing beautiful women, named Sylvia, who has also had a lot to do with my new way of thinking. With her and these Robert Lewis videos it has really opened and changed my heart and most importantly the direction in which I am headed towards. I have made a lifelong commitment to myself and my kids and Sylvia that I will not go back to my old lifestyle. We even relocated our home to Austin, Texas so I will have a fresh start after I am released. After I graduate with Vision 20/20 on January 24<sup>th</sup> 2020 I will be a servant-leader and give back to my upcoming PEP brothers to guide and show them what it took to accomplish what I have. After I am released I will be working at a car lot to save money and gain more knowledge to start up my car lot approximately a year after my release. I will use the tools that Pep has provided me with to accomplish everything here on out the rest of my life.

## **OPPORTUNITY**

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- Can I solve the problem given my skills and personality?
  - My personality and skills are already there but what I need is experience so I will be working at a dealership before I start my own venture.
- Is the customer looking for a more holistic solution than his or her immediate complaint?
  - At the beginning I am not really satisfying my customers holistic needs in the course of financing and any other extra amenities.
- Do I need to do all of the work myself or can I hire others to help me and still maintain quality?
  - I will operate this business myself however I will also be seeking talent to add to my business as I grow.
- Is there growth potential to expand my business, or is this a dying market?
  - Absolutely, I plan to grow from a small lot to a dealership.
- How soon can I get my business up and running?
  - Within three years upon my release to gain the money and experience.
- Is this something that will take a lot of cash to get started or is it more of a question of hustle?
  - It is going to take quite a bit of money to get started.
- Is this something I would be proud to share with my family and parole officer?
  - I will definitely operate and still be living by our 10 driving values so of course it would.
- 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?
  - It is going to be a life time venture.

## **SOLUTION**

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- Is what I am offering filling the customer's real need?
  - Yes because vehicles are a part of our everyday life.
- What are the benefits (not features) that I am providing?
  - Good vehicles at a reasonable price.
- Why can I do this better than another business (competitor)?
  - Not only does my passion drive me but I will be doing this with integrity.
- How will I deliver this better idea to my customers?
  - My business marketing with my ability to provide a vehicle who to someone who needs a second chance.

- Is my delivery (retail store, home service, etc.) consistent with how I will produce the service (one-day delivery, hand-made products, etc.)?
  - Not applicable to my business.
- 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?
  - My customer's pain does not have a monetary value but my solution can erase their pain.
- Is the approximate cost of my solution lower than the price?
  - My price will be lower but I am in business to make money too.
- Do I need a fixed location (Storefront) or is this a mobile business?
  - Yes.
- Do I offer a guaranty or return policy?
  - We offer that our focus be on our customers wants and needs at the same time.

## **CUSTOMERS**

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### **Demographics:**

- Will my service have different appeal to men versus women?
  - No will seek to appeal to both equally.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
  - 18-63 years old
- 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?
  - It has no limit, I will actually have an advantage due to my bilingual background.
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
  - It appeals to everyday people who need a vehicle to get to where they need to go.

### **Income:**

- Does my customer need a certain income (rich, middle class, poor)?
  - Middle and high class income whom can afford a vehicle.
- Does my customer need to own specific assets (car, house, boat)?
  - No the assets of my customers will not be a factor.

### **Location:**

- Where will I sell to my customers (their home, their workplace, on the street, online, my store, an event like trades day)?
  - Internet and my brick and mortar location.

- Do I go to my customer (home service) or does my customer come to me?
  - They will be coming to me.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
  - Anyone that is able to purchase a vehicle.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
  - Does not matter as long as they are willing to travel to get a vehicle.
- How easily can I find this customer (one at a time or they will provide referrals)?
  - I will find customers one at time and they will hopefully provide referrals.

**Other:**

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

**DIFFERENTIATORS**

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<b>My Competitors</b>	<b>Direct or Indirect</b>	<b>Promotion</b>	<b>Price</b>	<b>Their Advantages</b>	<b>Their Disadvantages</b>	<b>My Differentiators</b>
Chacon Autos	Direct	Newspaper Ads, Radio	Varies	Family Oriented	Not Enough Vehicles	Personal, Cost Effectiveness
Hertz Car Sales	Indirect	Newspaper Ads, Radio	Varies	Branding Well Known	Vehicles Have High Mileage	Personal, Cost Effectiveness
Dynamic Motors	Direct	Newspaper Ads, Radio	Varies	Convenience	Sell Salvaged Vehicles	Personal, Cost Effectiveness
Hickory Used Car Super Store	Indirect	Newspaper Ads, Radio	Varies	Convenience	Vehicles Have High Mileage	Personal, Cost Effectiveness

## **EXTRAS**

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### **External Extras:**

- Do you have a connection with a supplier in your industry?
  - No but I will make connections with others in the same industry.
- Do you have access to a favorable location for your business?
  - I will be looking for an appropriate location around the inner part of Austin, Texas.
- Are you going to be the first company of your type in your chosen area operations?
  - No, but I will be the first to offer second chance to many people who have not received that before.

### **Internal Extras:**

- Do you have a new or cutting edge concept?
  - No, but I will be the first to offer second chance to many people who have not received that before.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
  - I am going to have a set schedule but depending on certain situations I will be very flexible.
- Are you an especially charming or personable person?
  - My passion and charisma drive me to make it all possible.

## **MARKETING**

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### **Message:**

- What are three things your company name (with no other information provided) says about your company?
  - I sell vehicles, I am independent, we do this with integrity
- What is your tagline?
  - Ride high or ride low Mr. Brads is the place to go.
- How does your name and tagline make you different than your competitors?
  - My car lot is the destination to go when searching for a vehicle.
- Can your message be effectively conveyed through multiple types of media?
  - Yes, and it will be.
- Is your message effective across different demographics?
  - Yes anyone is welcome at Mr. Brads
- Is your pricing consistent with the market for similar offerings?
  - It will be similar to the market but we will not have the same selling strategies.
- Is your pricing consistent with the degree of personalization?
  - The price will vary from the vehicle that each customer chooses.

### **Media:**

- What are three types of media you will use to reach your customers?
  - Social media, business cards, search engine optimization and word of mouth.
- How many potential typical customers (not just total people) can you reach each month using the types listed above?
  - I would like to reach at least 50 a month using this technique.
- Once you've reached your typical customer, how many will actually buy from you?
  - I will seek to do business with 3-6 customers a week.
- For each of the three, what do you think the estimated cost will be?
  - Business cards (\$100), search engine optimization (unknown), social media and word of mouth (priceless).
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
  - Search engine optimization (monthly), business cards (3 month cycles), social media and word of mouth (priceless).
- How will you collect customer reviews?
  - I will have online customers review and also customer feedback forms as well.

## RESUME

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### **Armando**

1100 Hwy 1807

Venus, TX 76084

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

### **Experience**

#### **Foreman/Maintenance**

*February 2008-March 2013*

Job Duties: Made sure all machines stayed up and running during operational hours.

#### **Floor Hand**

*March 2013-May 2015*

Job Duties: Worked hard, lifted heavy equipment & operated heavy machinery.

#### **Floor Hand/Derrick Hand**

*September 2015-May 2017*

Job Duties: In charge of setting up equipment in derrick and work safely to complete job.

### **Skills**

- **Bi-lingual**
- **Operator of Maintenance Machinery**
- **Heavy Equipment Operator**
- **OSHA Certified**
- **Forklift Certified**

### **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.

#### **School name: Windham School**

*August 2018-September 2018*

#### **District**

Certificate: GED

Owner's name	Armando
Company name	Mr. Brad's Auto Sales
<b>NAICS Business Classification</b>	
Sector (general classification)	55 Management of Companies and Enterprises
Sub-sector (more specific classification)	551: Management of Companies and Enterprises

**Start-up Costs**  
**Year 1**

**Assumption 4 - Total Uses**

Non-Depreciable Costs	Paid or contributed in Month 1
marketing, business cards, fliers	1,000
cell phone purchase	500
car/truck down payment, if leased	
permits	300
supplies, office & misc.	300
Vehicles	950
<b>Cash needed for start-up expenses</b>	<b>3,050</b>

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van			-
company trailer			
computer, printer, fax	600		600
Vehicles	20,000		20,000
			-
			-
building/office deposit		N/A	N/A
beginning cash balance		N/A	N/A
<b>Cash needed for start-up assets</b>	<b>20,600</b>	<b>-</b>	<b>20,600</b>

60 assumed life (months)  
343 monthly depreciation

**Total start up cost** 23,650

**Assumption 5 - Total Sources**

Cash owner will contribute and the value of owner's assets contributed to company	23,650	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%
<b>Total start up cost, total sources</b>	<u><u>23,650</u></u>	100%



**Armando dba Mr. Brad's Auto Sales**  
**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														
Sedan	6	-	19,500	26,000	19,500	32,500	19,500	13,000	13,000	19,500	39,000	52,000	65,000	318,500	37%
Truck	6	-	10,000	20,000	20,000	10,000	10,000	10,000	-	10,000	40,000	70,000	60,000	260,000	30%
SUV	6	-	12,000	12,000	24,000	24,000	12,000	-	12,000	12,000	24,000	84,000	72,000	288,000	33%
<b>Total revenue</b>		-	41,500	58,000	63,500	66,500	41,500	23,000	25,000	41,500	103,000	206,000	197,000	866,500	100%
Cost of Goods Sold	2														
Sedan	6	-	9,750	13,000	9,750	16,250	9,750	6,500	6,500	9,750	19,500	26,000	32,500	159,250	18%
Truck	6	-	5,100	10,200	10,200	5,100	5,100	5,100	-	5,100	20,400	35,700	30,600	132,600	15%
SUV	6	-	5,950	5,950	11,900	11,900	5,950	-	5,950	5,950	11,900	41,650	35,700	142,800	16%
<b>Total COGS</b>		-	20,800	29,150	31,850	33,250	20,800	11,600	12,450	20,800	51,800	103,350	98,800	434,650	50%
<b>Gross profit</b>		-	20,700	28,850	31,650	33,250	20,700	11,400	12,550	20,700	51,200	102,650	98,200	431,850	50%
Expenses	2														
Auto or truck lease	-	-													0%
Depreciation	3	-	343	343	343	343	343	343	343	343	343	343	343	3,777	0%
Gasoline & fuels	-	-	155	220	235	245	155	115	115	155	510	760	750	3,415	0%
Insurance - bonding	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Insurance - vehicle	-	-												-	0%
Interest - equip & start up	7	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Marketing	1,000	-	300	300	300	300	300	300	300	300	300	300	300	4,300	0%
Office - rent	-	-	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	20,350	2%
Office - insurance	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Office - telephone	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Office - utilities	-	-	150	150	150	150	150	150	150	150	150	150	150	1,650	0%
Payroll - not owner and not in COGS	8	-	-	-	-	-	-	-	-	2,400	3,600	6,400	7,200	19,600	2%
Payroll taxes (9%)	6 & 8	-	-	-	-	-	-	-	-	216	324	576	648	1,764	0%
Permits	300	-												300	0%
Supplies	300	-												300	0%
Tax service	-	-												-	0%
Telephone - cellular	500	-	50	50	50	50	50	50	50	50	50	50	50	1,050	0%
Start-up expenses	950	-	-	-	-	-	-	-	-	-	-	-	-	950	0%
Website	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
<b>Total expenses</b>		3,050	3,648	3,713	3,728	3,738	3,648	3,608	3,608	6,264	7,927	11,229	12,091	66,256	8%
<b>Taxable profit (loss)</b>	1	(3,050)	17,052	25,137	27,922	29,512	17,052	7,792	8,942	14,436	43,273	91,421	86,109	365,594	42%
Tax (expense) benefit	1			(9,785)			(18,621)			(7,792)			(55,201)	(91,399)	-11%
Owner's withdrawals	1	-	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(33,000)	-4%
<b>Net profit (loss)</b>		(3,050)	14,052	12,352	24,922	26,512	(4,570)	4,792	5,942	3,643	40,273	88,421	27,908	241,196	28%
Depreciation	3	-	343	343	343	343	343	343	343	343	343	343	343	3,777	
Equipment purchases	3	(20,600)	-	-	-	-	-	-	-	-	-	-	-	(20,600)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	23,650	-	-	-	-	-	-	-	-	-	-	-	23,650	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash flow</b>		-	14,395	12,695	25,265	26,855	(4,226)	5,135	6,285	3,987	40,616	88,764	28,252	248,022	
Cash, period start		-	-	14,395	27,090	52,355	79,210	74,984	80,119	86,404	90,391	131,007	219,771	-	
<b>Cash, period end</b>		-	14,395	27,090	52,355	79,210	74,984	80,119	86,404	90,391	131,007	219,771	248,022	248,022	