

prison
entrepreneurship
program

Business Plan Competition
January 23-24, 2020

Cedric Jr.
Mud Flap Logistic

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

Mud Flap Logistic

“Big or small we haul it all”

Business Plan
January 2020

Cedric Jr.
Owner & Founder

TABLE OF CONTENTS

EXECUTIVE SUMMARY1

PERSONAL FIT2

OPPORTUNITY3

SOLUTION3

CUSTOMERS4

DIFFERENTIATORS6

EXTRAS7

MARKETING.....7

RÉSUMÉ ATTACHED

FINANCIAL PROJECTIONS ATTACHED

EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																				
<p>A shortage of truckers to transport sand, rocks and mulch.</p>	<p>Here at Mud Flap Logistic we work hard in an extraordinary way to make our customers happy. We are located in the DFW area and specialize in hauling frack sand and more.</p>	<p>Transport sand, rocks and dirt to all customers/provide a 24hr on call transportation to customers' unmet needs.</p>																																				
Customers	Differentiators	Extras																																				
<p>Oilfield leases/ private land owners/ commercial businesses.</p>	<p>Free estimates/ long term commitment to customers/ family friendly with a 24/7 service.</p>	<p>I have connections within the trucking and oilfield industry.</p>																																				
Marketing	Financials & Extras	Start-up Costs																																				
<p>I will advertise through oil shows/ business cards/ fliers and word of mouth. I will also be using Google Ad words as a marketing technique.</p>	<table border="0"> <tr> <td>Sales:</td> <td>\$ 441,000</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td><u>46,900</u></td> <td><u>11%</u></td> </tr> <tr> <td>Gross profit</td> <td>394,100</td> <td>89%</td> </tr> <tr> <td>Overhead</td> <td><u>80,800</u></td> <td><u>18%</u></td> </tr> <tr> <td>Pretax income</td> <td>313,200</td> <td>71%</td> </tr> <tr> <td>Tax expense</td> <td>78,300</td> <td>18%</td> </tr> <tr> <td>Owner withdrawals</td> <td><u>46,200</u></td> <td>10%</td> </tr> <tr> <td>Net income</td> <td><u>\$ 188,700</u></td> <td><u>43%</u></td> </tr> </table>	Sales:	\$ 441,000	100%	COGS	<u>46,900</u>	<u>11%</u>	Gross profit	394,100	89%	Overhead	<u>80,800</u>	<u>18%</u>	Pretax income	313,200	71%	Tax expense	78,300	18%	Owner withdrawals	<u>46,200</u>	10%	Net income	<u>\$ 188,700</u>	<u>43%</u>	<table border="0"> <tr> <td>Owner investment - cash</td> <td>\$ 12,550</td> </tr> <tr> <td>Owner investment - equipment</td> <td>-</td> </tr> <tr> <td>Vehicle and/or equipment loan</td> <td>133,000</td> </tr> <tr> <td>Start up financing</td> <td>-</td> </tr> <tr> <td>Total start up costs:</td> <td><u>\$145,550</u></td> </tr> <tr> <td>Plan Purpose:</td> <td>Startup</td> </tr> </table>	Owner investment - cash	\$ 12,550	Owner investment - equipment	-	Vehicle and/or equipment loan	133,000	Start up financing	-	Total start up costs:	<u>\$145,550</u>	Plan Purpose:	Startup
Sales:	\$ 441,000	100%																																				
COGS	<u>46,900</u>	<u>11%</u>																																				
Gross profit	394,100	89%																																				
Overhead	<u>80,800</u>	<u>18%</u>																																				
Pretax income	313,200	71%																																				
Tax expense	78,300	18%																																				
Owner withdrawals	<u>46,200</u>	10%																																				
Net income	<u>\$ 188,700</u>	<u>43%</u>																																				
Owner investment - cash	\$ 12,550																																					
Owner investment - equipment	-																																					
Vehicle and/or equipment loan	133,000																																					
Start up financing	-																																					
Total start up costs:	<u>\$145,550</u>																																					
Plan Purpose:	Startup																																					
	Personal Fit																																					

I am a hard worker, faithful and very open minded. Owning my own business has always been a dream of mine. I want to be my own boss and lead people through the doorways of success. My family is another important factor in my life. I want to live life in a way that when I go to bed at night I can go to sleep knowing I did everything I could to move mountains in my life.

PERSONAL FIT

My name is Cedric W. Jr., I was born January 26, 1988 and I was raised in Dallas, Texas. I would like to take this priceless moment, yes, your time, to tell you all a little about me and my personal background.

As a kid I was a good boy; doing mostly everything my parents told me to do. My family consist of five people including myself. I have a younger sister and an older brother. By the grace of God, I grew up with both of my parents; this gave me an idea of what the man and woman's roles were, in particular, the roles of a husband and wife.

All was well with us, we were members of a church, namely, Saint Mark Baptist. My parents have always set a good example for us giving us the jewels of wisdom that were passed down from their parents. However, they, as most humans do, went off course which, in turn, led me off course.

In my high school years I started hanging around my so called friends. This led to me skipping school, which led me to dragging my mom in and out of truancy court. You would think I would have learned my lesson after so many whooping's, but I did not. I started smoking weed and every so often I would have a drink of alcohol.

My mom had enough of my mischief, the taking her in and out of court, causing her to take off from work. During that time the State of Texas was locking up all parents for not keeping up with their kid's whereabouts. So, on the first day of school in 2006; the year I was supposed to graduate with my peers, my mom gave me an ultimatum. She asked me, "Do you want to go to school or do you want to work, because I am not going to jail behind you!" What does a 17 year old say to such a question? My reply was the same as any other 17 year old, I said, "I want to work!" I thought to myself, is that what life is about... working.

That was one of the worst moments of my life. I ended up working at Burger King for about eight months but after that quit working for Burger King, and moved to California for about six months to help out my ill grandmother. I could not find work out there, so I went back to school for my high school diploma. One day, while I was on my way to school I got a phone call from my uncle, telling me that my grandma was in the hospital. She had been battling lung cancer for some time now. The cancer won and my grandma passed away

After my grandma died, I moved back to Texas with my sister. I had no real guidance from my family or my friends and I could not get a job. I lived with my sister for about two years and then after a while I was told to leave and I started living with a relative. After so many attempts, I finally found a good job, I started working in the Walmart meat department and after my 90 day probation period was up I applied for TLE (Tire Lube Express). I was making decent money, with plenty of hours, overtime, and benefits. Nevertheless, I lost that job over me arguing with a customer. I had later found another job that was good at passing out hours. Life was good, but something was missing...

You see, when God came into my world I was at the lowest point in my life. Because although I was married, it was a rocky marriage, although I had my prayers answered in regards to my youngest son being born; it was overwhelmingly burdensome, I had a job, but it was a dead end job, and even though I had a car and an apartment of my own, I also had a car note along with a lot of bills.

God saved me. Some may say that me being in prison is a rude awakening, but on the contrary it was and is in fact prayers being answered. God rescues me, after I cried out to him for help with my problems. I have been on this spiritual journey ever since and I look ahead to my future; I can see myself not being perfect, but striving every day to become more and more like Jesus Christ. I could also see my future being very successfully fruitful, with my wife, children, and me leaving behind a dynasty. May God bless us all with the desires of our hearts! Thank you for your time.

OPPORTUNITY

- Can I solve the problem given my skills and personality?
 - Yes after obtaining licensing and other training.
- Is the customer looking for a more holistic solution than his or her immediate complaint?
 - I will be helping my customers with their shortage of fracking sand services.
- 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 as a sole proprietorship until demand deems more but will also have a contingency plan for a rapid influx of business.
- 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?
 - I plan to open my business in the year 2021 or 2022.
- Is this something that will take a lot of cash to get started or is it more of a question of hustle?
 - Combination of both.
- Is this something I would be proud to share with my family and parole officer?
 - This business would be something worth showing to anyone.
- 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?
 - Full-time venture.

SOLUTION

- Is what I am offering filling the customer's real need?
 - Yes.

- What are the benefits (not features) that I am providing?
 - Quality and superior service.
- Why can I do this better than another business (competitor)?
 - My experience in this field will set me apart from my competition.
- How will I deliver this better idea to my customers?
 - By offering free estimations, long-term commitment to customers through contract basis.
- 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?
 - Yes. I will need a fixed location.
- Do I offer a guaranty or return policy?
 - We will offer complete satisfaction guaranteed.

CUSTOMERS

Demographics:

- Will my service have different appeal to men versus women?
 - No, we will serve both equally.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
 - The age will be 18 years and older.
- Does my customer need to be married, single or does it matter?
 - This does not matter in my business.
- Do language or ethnicity differences improve or limit my ability to sell to my ideal customer?
 - The customer will need to speak English.
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
 - I will be appealing to the outdoor person.

Income:

- Does my customer need a certain income (rich, middle class, poor)?
 - My target customer will be in the middle to rich class.
- Does my customer need to own specific assets (car, house, boat)?
 - My customer will need to have land for the loads I will be hauling for them.

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 be selling to oil field sites and places of that nature.
- 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)?
 - Mostly in the West Texas region in the Permian Basin Area.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
 - They will typically be close by to one another however it really does not matter.
- How easily can I find this customer (one at a time or they will provide referrals)?
 - Both.

Other:

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

If Doing Business to Business Operations (Optional):

- Am I selling to a wholesaler, retailer or does it matter?
 - I will be selling to oil field companies as needed.
- What industry is my customer in?
 - Oil and gas industry.
- What size customer do I want to serve (large/small, single/multiple locations)?
 - I will sell to any customer needing my service.
- Will my customer require special insurance (construction bonding, liability insurance)?
 - Bonding insurance.
- Does my customer require 24/7 service?
 - Yes, and I will provide it.
- Do I have the capacity to meet the customer's demands?
 - After training I will be fully capable of meeting customers' demands.
- Will the size of a customer allow me to develop other clients or will I be hostage to one company?
 - No, I will be open to all customers needing service.

DIFFERENTIATORS

My Competitors	Direct or Indirect	Promotion	Price	Their Advantages	Their Disadvantages	My Differentiators
Big Rig Fracking Inc.	Direct	Web/ Word of mouth	High	Experience in industry & a lot of sub-contracts	24/7 Service	24/7 Service
Frackline Transport	Direct	Newspaper/ Business cards	Too High	Experience in industry & a lot of sub-contracts	24/7 Service	24/7 Service

EXTRAS

External Extras:

- Do you have a connection with a supplier in your industry?
 - No.
- Do you have access to a favorable location for your business?
 - I will be located in the West Texas region.
- Are you going to be the first company of your type in your chosen area operations?
 - No, however I will offer many different skills and services.

Internal Extras:

- Do you have a new or cutting edge concept?
 - No, however my company will seek to find ways to differentiate.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
 - I will offer unique training that no company can provide.
- Are you an especially charming or personable person?
 - Yes, I have over 10 years' experience in customer service.

MARKETING

Message:

- What are three things your company name (with no other information provided) says about your company?
 - We deliver on time and are cost effective deliveries every time, all the time.
- What is your tagline?
 - Mud Flap is the name, hauling is our thing, big or small we haul it all.
- How does your name and tagline make you different than your competitors?
 - My tag line says that we are happy to be who we are as a brand and we are willing to be of service to every task at hand.
- 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?
 - Web, Google search engine optimization, Newspaper, 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?
 - Maybe 50-110 people.
- Once you've reached your typical customer, how many will actually buy from you?
 - Anywhere from 35-75 potential customer will use my business after they hear my pitch.
- For each of the three, what do you think the estimated cost will be?
 - Still doing research to determine this answer.
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
 - Hopefully a one-time expense but that remains to be seen.
- How will you collect customer reviews?
 - Online services will be used to collect customer feedback.

RESUME

Cedric Jr.

1100 Hwy 1807

Venus, TX 76084

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

Experience

UPS/ Overnight Loader

2007-2008

Loaded trucks and scanned boxes

Wal-Mart

2011-2013

Packaged meat, changed oil and tire rotation and balance tires

Skills

- **Customer Service**
- **Specialized painter**
- **Floor Specialist**
- **Fence Installer**
- **Landscape specialist**
- **OSHA 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.

Windham School District

2019

GED

Owner's name	Cedric Jr.
Company name	Mud Flap Logistics
NAICS Business Classification	
Sector (general classification)	_48_49_Transportation_and_Warehousing
Sub-sector (more specific classification)	484: Truck Transportation

Start-up Costs
Year 1

Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1
marketing, business cards, fliers	500
cell phone purchase	50
car/truck down payment, if leased	8,000
permits	
supplies, office & misc.	1,000
Tools	800
Cash needed for start-up expenses	10,350

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	1,200	80,000	81,200
company trailer			-
computer, printer, fax			-
Trailer	1,000	53,000	54,000
			-
			-
building/office deposit		N/A	N/A
beginning cash balance		N/A	N/A
Cash needed for start-up assets	2,200	133,000	135,200

60 assumed life (months)
2,253 monthly depreciation

Total start up cost **145,550**

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	12,550	9%
Vehicle loan and other equipment debt (see note 7 for financing)	133,000	91%
Startup financing, if applicable (for example Kiva loan)		0%
Outside equity investment, if applicable		0%
Total start up cost, total sources	<u>145,550</u>	100%

Cedric Jr. dba Mud Flap Logistics
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														
Dirt Delivery	6	-	30,000	39,000	48,000	54,000	51,000	51,000	63,000	-	-	-	-	336,000	76%
Frac Sand Delivery	6	-	13,500	12,000	13,500	16,500	18,000	15,000	16,500	-	-	-	-	105,000	24%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total revenue		-	43,500	51,000	61,500	70,500	69,000	66,000	79,500	-	-	-	-	441,000	100%
Cost of Goods Sold	2														
Dirt Delivery	6	-	2,000	2,600	3,200	3,600	3,400	3,400	4,200	-	-	-	-	22,400	5%
Frac Sand Delivery	6	-	3,150	2,800	3,150	3,850	4,200	3,500	3,850	-	-	-	-	24,500	6%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total COGS		-	5,150	5,400	6,350	7,450	7,600	6,900	8,050	-	-	-	-	46,900	11%
Gross profit		-	38,350	45,600	55,150	63,050	61,400	59,100	71,450	-	-	-	-	394,100	89%
Expenses	2														
Auto or truck lease		8,000												8,000	2%
Depreciation	3	-	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	24,787	6%
Gasoline & fuels	-	-	700	700	700	700	700	700	700	700	700	700	700	7,700	2%
Insurance - bonding	-	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000	2%
Insurance - vehicle	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Interest - equip & start up	7	-	887	882	877	872	867	862	857	852	847	842	837	9,481	2%
Marketing		500	1,000				1,000							2,500	1%
Office - rent	-	-												-	0%
Office - insurance	-	-												-	0%
Office - telephone	-	-												-	0%
Office - utilities	-	-												-	0%
Payroll - not owner and not in COGS	8	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Payroll taxes (9%)	6 & 8	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Permits	-	-	400	400	400	400	400	400	400	400	400	400	400	4,400	1%
Supplies		1,000	100	100	100	100	100	100	100	100	100	100	100	2,100	0%
Tax service	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Telephone - cellular		50	208	208	208	208	208	208	208	208	208	208	208	2,338	1%
Start-up expenses		800	-	-	-	-	-	-	-	-	-	-	-	800	0%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
														-	0%
Total expenses		10,350	7,248	6,243	6,238	6,233	7,228	6,223	6,218	6,213	6,208	6,203	6,198	80,806	18%
Taxable profit (loss)	1	(10,350)	31,102	39,357	48,912	56,817	54,172	52,877	65,232	(6,213)	(6,208)	(6,203)	(6,198)	313,294	71%
Tax (expense) benefit	1			(15,027)			(39,975)			(27,974)			4,652	(78,323)	-18%
Owner's withdrawals	1	-	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(46,200)	-10%
Net profit (loss)		(10,350)	26,902	20,130	44,712	52,617	9,997	48,677	61,032	(38,387)	(10,408)	(10,403)	(5,746)	188,770	43%
Depreciation	3	-	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	24,787	
Equipment purchases	3	(135,200)	-	-	-	-	-	-	-	-	-	-	-	(135,200)	
Principle, equipment loan	7	133,000	(727)	(732)	(737)	(742)	(747)	(752)	(757)	(762)	(767)	(772)	(777)	124,731	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	12,550	-	-	-	-	-	-	-	-	-	-	-	12,550	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		-	28,428	21,651	46,228	54,128	11,503	50,178	62,528	(36,895)	(8,922)	(8,922)	(4,269)	215,638	
Cash, period start		-	-	28,428	50,079	96,308	150,436	161,940	212,118	274,646	237,751	228,829	219,908	-	
Cash, period end		-	28,428	50,079	96,308	150,436	161,940	212,118	274,646	237,751	228,829	219,908	215,638	215,638	