

prison
entrepreneurship
program

Business Plan Competition
January 23-24, 2020

James Earl
Cyber Cutz

Prison Entrepreneurship Program
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Cyber Cutz

“Your next haircut is one click away”

Business Plan
January 2020

James
Owner & Founder

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EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																				
<p>People need a way to connect to a barber or stylist.</p>	<p>Cybercuts is all about customer satisfaction. Let us help you find the Barber/Stylist that best suits you. Cybercuts is one click away.</p>	<p>We will provide a way to connect to barber/stylist that suits them best no matter where they are in the world.</p>																																				
Customers	Differentiators	Extras																																				
<p>We will be targeting barbers, stylists and people who care about their appearances.</p>	<p>We will offer discounts for people who have a 1yr. membership, free downloads and chances to win hair care products with the completion of a survey.</p>	<p>None known at this time.</p>																																				
Marketing	Financials & Extras	Start-up Costs																																				
<p>We will use flyers, signs, newspapers, social media, word of mouth and links to our website in our marketing attempts.</p>	<table border="1"> <tbody> <tr> <td>Sales:</td> <td>\$ 84,600</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td>-</td> <td>0%</td> </tr> <tr> <td>Gross profit</td> <td>84,600</td> <td>100%</td> </tr> <tr> <td>Overhead</td> <td>25,400</td> <td>30%</td> </tr> <tr> <td>Pretax income</td> <td>59,100</td> <td>70%</td> </tr> <tr> <td>Tax expense</td> <td>14,700</td> <td>17%</td> </tr> <tr> <td>Owner withdrawals</td> <td>-</td> <td>0%</td> </tr> <tr> <td>Net income</td> <td>\$ 44,300</td> <td>52%</td> </tr> </tbody> </table>	Sales:	\$ 84,600	100%	COGS	-	0%	Gross profit	84,600	100%	Overhead	25,400	30%	Pretax income	59,100	70%	Tax expense	14,700	17%	Owner withdrawals	-	0%	Net income	\$ 44,300	52%	<table border="1"> <tbody> <tr> <td>Owner investment - cash</td> <td>\$ 16,300</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>\$ 16,300</td> </tr> <tr> <td>Plan Purpose:</td> <td>Start-Up</td> </tr> </tbody> </table>	Owner investment - cash	\$ 16,300	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	-	Total start up costs:	\$ 16,300	Plan Purpose:	Start-Up
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Personal Fit																																						

I want to make my mother proud for once so she can see her son living a good and honest life full of reason and purpose, leading my sons down roads that are not dead end streets.

PERSONAL FIT

I was born on April 25, 1984 in Lufkin, Texas. My mother had five kids, my two oldest sisters, me and my baby brothers. We moved to Dallas, Texas when I was two weeks old. My mother and father were together for nine years before separating. I was 7 years old when I saw my dad drive off and never come back home. I was a good kid in school throughout elementary and made straight A's. On my 10th birthday my mother asked me what I wanted and I told her a lawn mower. I started mowing yards on the block and made really good money for a 10 year old boy. My step father saw how much money I was making and decided to start up a full service lawn care. By the time I was 12 years old we had over 50 yards. I went to school and mowed yards in the evening and on the weekends.

As a child I was always fascinated with a lifestyle that eventually became my reality. I started hanging out with the wrong crowd at the age of 13 and started a gang with my friends at the age of 14. The middle school I attended was infested with gangs and the only way to make it at that time in the 90's was to be participating with one. We committed crimes to support our partying and lifestyle. Before long I would be an addict not just to drugs but the lifestyle as a whole. This was an addiction that spiraled out of control. I started selling and transporting drugs on a larger scale which enabled me to stop committing other crimes. I was arrested on numerous charges none of which would send me to prison until I started selling heroin.

I have been to prison now for a total of 3 times all for drug offenses. My first 2 trips to prison did not change my perspective or outlook on life. All I did was continue to sell drugs and look for more clientele and a better connection. In 2010 my sons' mother was murdered in the house I left her while I was on my way to prison on drug charges. You would think that such a traumatic experience would be enough to change my life but I continued in my old ways until I wound up in prison again and again. In the Dallas county jail my sister came to see me and informed me that my grandfather had passed and said some things to me that would change my way of thinking for the rest of my life.

Twenty years had passed, my kids were almost grown, people I loved had passed and I was on my way back to prison. I was tired and hated myself for the life I lived. The life I once glorified I now hated with a passion. I wanted to have a different life but did not know how. I started by signing up for faith based dorms so I could have a closer relationship with God and get away from people who were not trying to have a better life. I enrolled in classes and made a commitment to myself, my family and God not to ever use and or be associated with drugs or that lifestyle as long as I live. I signed up for PEP and prayed over my application and had my sister do so as well. I knew that the program would give me the skills and opportunity to have a successful life. I plan on continuing my education upon release by going to E-School as well as Barber College. I have a new found passion which is cutting hair and will start my career as a barber as soon as I am done with the college hours.

I have wanted to own my own business since I was 10 years old but I went into the wrong business. I want to make my mother proud for once so she can see her son living a good and honest life full of reason and purpose, leading my sons down roads that are not dead end streets. I will be released in Dallas, Texas in the year 2020.

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?
 - Yes.
- Do I need to do all of the work myself or can I hire others to help me and still maintain quality?
 - I will need to hire others to help me.
- Is there growth potential to expand my business, or is this a dying market?
 - There is a large amount of growth potential.
- How soon can I get my business up and running?
 - Within six months of my release.
- 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 a limited amount of cash for marketing and start up for my web page.
- 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.
- Would my business start as a part-time venture or need to be full time?
 - This will be a part time venture and progress into a 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?
 - Barbers/stylist will expand their clientele. It will allow them to find the barber/stylist that suits them best.
- Why can I do this better than another business (competitor)?
 - My experience and expertise will allow me to be a step above my competition.
- How will I deliver this better idea to my customers?
 - Word of mouth, signs, fliers and social media.
- 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. My passion is to make people feel good and if they look good they feel good.

- 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?
 - No. I do not need a fixed location.
- Do I offer a guaranty or return policy?
 - We guarantee customer satisfaction.

CUSTOMERS

Demographics:

- Will my service have different appeal to men versus women?
 - It will appeal to men and women alike.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
 - My ideal customers will be all ages over the age of one year old.
- Does my customer need to be married, single or does it matter?
 - 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.)?
 - Personal image.

Income:

- Does my customer need a certain income (rich, middle class, poor)?
 - No.
- Does my customer need to own specific assets (car, house, boat)?
 - No.

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 my service online.
- Do I go to my customer (home service) or does my customer come to me?
 - Customers will go to my web site.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
 - All neighborhoods and walks of life.

- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
 - My customers will be located nationwide.
- How easily can I find this customer (one at a time or they will provide referrals)?
 - I will be able to attract customers individually and as a group through referrals.

Other:

- Can I reach these individuals as a group or do I need to find and sell to them individually?
 - I will be able to sell to my customers as a group and individually.
- 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?
 - My clients will be barbers and stylist.
- What industry is my customer in?
 - Hair care, Health and beauty.
- What size customer do I want to serve (large/small, single/multiple locations)?
 - Size doesn't matter although the size will help.
- Will my customer require special insurance (construction bonding, liability insurance)?
 - No.
- Does my customer require 24/7 service?
 - No.
- Do I have the capacity to meet the customer's demands?
 - Yes.
- Will the size of a customer allow me to develop other clients or will I be hostage to one company?
 - The size will allow me to grow my business.

DIFFERENTIATORS

My Competitors	Direct or Indirect	Promotion	Price	Their Advantages	Their Disadvantages	My Differentiators
Shear Cuts.Com	Direct	Radio/ Ads	Varies	Well known website	Only advertised on radio	I will advertise on TV stations as well as radios

EXTRAS

External Extras:

- Do you have a connection with a supplier in your industry?
 - I have someone to help me build the web page and also people to help me market and incorporate Cybercuts into their business as well.
- Do you have access to a favorable location for your business?
 - Yes.
- Are you going to be the first company of your type in your chosen area operations?
 - Yes.

Internal Extras:

- Do you have a new or cutting edge concept?
 - Yes.
- Will you be able to offer specialized or flexible scheduling that your competitors cannot match initially?
 - Yes.
- Are you an especially charming or personable person?
 - Yes. I consider myself charming.

MARKETING

Message:

- What are three things your company name (with no other information provided) says about your company?
 - We are online and love dealing with haircuts.
- What is your tagline?
 - Your next haircut is one click away.
- How does your name and tagline make you different than your competitors?
 - We are an online service for barbershop.
- 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?
 - Fliers, Signs, Social Media, Word of Mouth, Public Speaking, Seminars, Family and Friends.
- How many potential typical customers (not just total people) can you reach each month using the types listed above?
 - Hundreds and possibly thousands.
- Once you've reached your typical customer, how many will actually buy from you?
 - 20%-40%.
- For each of the three, what do you think the estimated cost will be?
 - \$1,000.
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
 - The cost will be reoccurring as I expand.
- How will you collect customer reviews?
 - I will have online reviews at Cybercuts.Com.

RESUME

James

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Venus, TX 76084

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Experience

Home Builder

2010-2012

Electrical work, lay carpet, paint, texture and trim work.

Barber

2017-2019

Cut and style hair.

Clerk Recreation

2018-2019

Maintain recreational equipment and supplies.

Skills

- **Barber**
- **Forklift Operator**
- **Material Handler**
- **Clerical Work**

Education/Certifications

PEP

May2019-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.

Mid Cities Education

2002-2003

High School Diploma

Owner's name	James
Company name	Cybercuts

NAICS Business Classification

Sector (general classification)	_81_Other_Services_except_Public_Administration
Sub-sector (more specific classification)	812: Personal and Laundry Services

**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	800
car/truck down payment, if leased	3,500
permits	
supplies, office & misc.	
Upp	10,000
Cash needed for start-up expenses	15,300

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			-
Misc.	1,000		1,000
			-
			-
building/office deposit		N/A	N/A
beginning cash balance		N/A	N/A
Cash needed for start-up assets	1,000	-	1,000

60 assumed life (months)
17 monthly depreciation

Total start up cost 16,300

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	16,300	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	16,300	100%

James dba Cybercuts
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														
Regular Membership	6	-	1,190	1,190	1,190	1,488	1,785	1,785	2,083	2,380	2,380	2,678	2,975	21,123	25%
Barber/Stylist Membership	6	-	995	995	1,493	1,493	1,990	199	2,488	2,985	2,985	3,483	4,478	23,582	28%
VIP Membership	6	-	998	998	1,995	2,993	2,993	2,993	3,990	4,988	4,988	5,985	6,983	39,900	47%
Total revenue		-	3,183	3,183	4,678	5,973	6,768	4,977	8,560	10,353	10,353	12,145	14,435	84,604	100%
Cost of Goods Sold	2														
Regular Membership	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Barber/Stylist Membership	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
VIP Membership	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total COGS		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Gross profit		-	3,183	3,183	4,678	5,973	6,768	4,977	8,560	10,353	10,353	12,145	14,435	84,604	100%
Expenses	2														
Auto or truck lease		3,500												3,500	4%
Depreciation	3	-	17	17	17	17	17	17	17	17	17	17	17	183	0%
Gasoline & fuels		-	300	300	300	300	400	400	600	600	600	700	700	5,200	6%
Insurance - bonding		-												-	0%
Insurance - vehicle		-	150	150	150	150	150	150	150	150	150	150	150	1,650	2%
Interest - equip & start up	7	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Marketing		1,000	200	200	200	200	200	200	200	200	200	200	200	3,200	4%
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		-												-	0%
Supplies		-												-	0%
Tax service		-												-	0%
Telephone - cellular		800	80	80	80	80	80	80	80	80	80	80	80	1,680	2%
Start-up expenses		10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	12%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
		-												-	0%
Total expenses		15,300	747	747	747	747	847	847	1,047	1,047	1,047	1,147	1,147	25,413	30%
Taxable profit (loss)	1	(15,300)	2,436	2,436	3,931	5,226	5,921	4,130	7,513	9,306	9,306	10,998	13,288	59,191	70%
Tax (expense) benefit	1	-	-	-	-	-	(1,162)	-	(5,237)	-	-	(8,398)	(14,798)	(14,798)	-17%
Owner's withdrawals	1	-												-	0%
Net profit (loss)		(15,300)	2,436	2,436	3,931	5,226	4,759	4,130	7,513	4,069	9,306	10,998	4,890	44,393	52%
Depreciation	3	-	17	17	17	17	17	17	17	17	17	17	17	183	
Equipment purchases	3	(1,000)	-	-	-	-	-	-	-	-	-	-	-	(1,000)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	16,300	-	-	-	-	-	-	-	-	-	-	-	16,300	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		-	2,453	2,453	3,948	5,243	4,775	4,147	7,530	4,085	9,323	11,015	4,907	59,876	
Cash, period start		-	-	2,453	4,905	8,853	14,095	18,870	23,017	30,547	34,632	43,954	54,969	-	
Cash, period end		-	2,453	4,905	8,853	14,095	18,870	23,017	30,547	34,632	43,954	54,969	59,876	59,876	