

prison
entrepreneurship
program

Business Plan Competition
January 23-24, 2020

Miguel
Mr. Foam A Home

Prison Entrepreneurship Program
P.O. Box 926274
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Mr. Foam A Home

“You ever stop to think why your house is not cool enough then you should call Mr. Foam A Home”

Business Plan
January 2020

Miguel
Owner & Founder

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EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																				
<p>Homeowners suffer from high monthly electric bills due to insufficient insulation.</p>	<p>MR Foam A Home is focused on helping reduce our clients energy bills by providing an insulation that will reduce the amount of heat coming into your home as well as keeping our customers as cool as possible.</p>	<p>Foaming your home is the best solution in saving up to 40 on your energy bills.</p>																																				
Customers	Differentiators	Extras																																				
<p>Homeowners and builders in the DFW area.</p>	<p>We have 4 years in the industry and we are committed to growing a relationship with clients.</p>	<p>We have little relationships with companies but we plan our business to be committed to advance with them.</p>																																				
Marketing	Financials & Extras	Start-up Costs																																				
<p>We will approach our homeowners by flyers and our website.</p>	<table border="0"> <tr> <td>Sales:</td> <td style="text-align: right;">\$ 502,500</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>COGS</td> <td style="text-align: right;"><u>25,400</u></td> <td style="text-align: right;"><u>5%</u></td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">477,000</td> <td style="text-align: right;">95%</td> </tr> <tr> <td>Overhead</td> <td style="text-align: right;"><u>71,500</u></td> <td style="text-align: right;"><u>14%</u></td> </tr> <tr> <td>Pretax income</td> <td style="text-align: right;">405,400</td> <td style="text-align: right;">81%</td> </tr> <tr> <td>Tax expense</td> <td style="text-align: right;">101,300</td> <td style="text-align: right;">20%</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;"><u>\$ 304,100</u></td> <td style="text-align: right;"><u>61%</u></td> </tr> </table>	Sales:	\$ 502,500	100%	COGS	<u>25,400</u>	<u>5%</u>	Gross profit	477,000	95%	Overhead	<u>71,500</u>	<u>14%</u>	Pretax income	405,400	81%	Tax expense	101,300	20%	Owner withdrawals	-	0%	Net income	<u>\$ 304,100</u>	<u>61%</u>	<table border="0"> <tr> <td>Owner investment - cash</td> <td style="text-align: right;">\$ 18,700</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;">20,000</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;"><u><u>\$ 38,700</u></u></td> </tr> <tr> <td>Plan Purpose:</td> <td style="text-align: right;">Start-Up</td> </tr> </table>	Owner investment - cash	\$ 18,700	Owner investment - equipment	-	Vehicle and/or equipment loan	20,000	Start up financing	-	Total start up costs:	<u><u>\$ 38,700</u></u>	Plan Purpose:	Start-Up
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Personal Fit																																						

As the founder of MR Foam A Home, I hope to have a striking impact in the foaming industry. With the 4 years that I have spent working in foaming I have a good level of performing.

PERSONAL FIT

My name is Miguel; born 1984, August 23, in Dallas, Texas. I have lived in Dallas my entire life; raised by both parents with a brother and two sisters. Growing up I had a good loving family; my dad was a hard worker and provided for us. I was a good student up until I reached middle school. My first year of middle school seen a lot of fighting and suspensions, and lasted until the ninth grade; in which I decided to drop out of school.

At the age of 15 I began to cause trouble, indulging in illegal activities that resulted in me being arrested and charged with robbery. I was sentenced from juvenile and placed on probation; which I completed by God's grace. By the age of 17 I was heavy on drugs and I was incarcerated a number of times. June of 2017 I was sentenced to five years TDC for another robbery charge. My mind set was I am just going to do my time and go home when it is over; I did not have a plan.

I am now seeing life through a different set of eyes and I no longer think the same way I used to think. My parents are sick and need my help; they inform me of the fact that they are praying for me to change because life is too short to be wasting it in prison. My kids are also hurting from my actions. With all these facts coming to reality in my mind; I see clearly my folly and the serious need for change.

I no longer hide in darkness, thanks to PEP I have learned some values and have set some goals for myself. The reality of my family's suffering because of my actions, has triggered something great inside me; I no longer have a desire for drugs or alcohol. I instead want to be successful in life. I never thought about running a business before, but here I find myself piecing one together; bring to life a unrealized capability.

With the help of my PEP brothers and all of the PEP staff along with the volunteers; I have faith that I can accomplish the vision I have for my business. I am eager to start up my business, but know I must first attain the startup capital. I can only hope that this organization see that I can be trusted; while doing everything I can to gain that trust righteously.

OPPORTUNITY

- Can I solve the problem given my skills and personality?
 - With 10 years in this industry I not only possess the skills to solve this problem, but valuable insight on all problems in this industry as well.
- Is the customer looking for a more holistic solution than his or her immediate complaint?
 - No, I believe the customer just wants the job done and done efficiently with effectiveness.
- 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 the help of several family members that share the same drive and passion as I.
- Is there growth potential to expand my business, or is this a dying market?

- The industry for foaming attic has been growing and expanding since the 1800s.
- How soon can I get my business up and running?
 - I plan to be up and running 12 to 36 months after 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 certainly cost to begin, but will pay for its self once up and running.
- Is this something I would be proud to share with my family and parole officer?
 - Yes, I plan to have family working with me.
- 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?
 - It will be a full time venture.

SOLUTION

- Is what I am offering filling the customer's real need?
 - Production companies spend hundreds of thousands on high energy usage each day; I solve that problem with efficient insulation and maximum service.
- What are the benefits (not features) that I am providing?
 - Weather proofing efficiency and savings on energy bills.
- Why can I do this better than another business (competitor)?
 - I have 10 years' experience and I have personally experienced the headache of not being able to keep the home cool, so I strive to correct that.
- How will I deliver this better idea to my customers?
 - With the use of the most accepted forms of media, I will easily be able to deliver this idea.
- Is my delivery (retail store, home service, etc.) consistent with how I will produce the service (one-day delivery, hand-made products, etc.)?
 - Yes, I will have everything fashionably balanced to maintain consistency.
- Is my solution consistent with my passion for selling?
 - Yes I have 10 years' experience in this industry, so I have long since developed a passion for this business that is second to none.
- Is the price of my solution equal to or less than the customer's pain?
 - Equal to, but we offer multiple services that will save customer time and money.
- Is the approximate cost of my solution lower than the price?
 - Yes, tools and equipment that will be needed for business will be had prior to start-up; thus saving on start-up cost.
- Do I need a fixed location (Storefront) or is this a mobile business?
 - No, I will be mobile.
- Do I offer a guaranty or return policy?
 - I do not.

CUSTOMERS

Demographics:

- Will my service have different appeal to men versus women?
 - I am targeting homeowners, so male and female will be interested.
- What is my ideal customer's age (children, young adult, middle aged, mature)?
 - Mature adults, which will be at least 21 years and older.
- Does my customer need to be married, single or does it matter?
 - Marital status is insignificant.
- Do language or ethnicity differences improve or limit my ability to sell to my ideal customer?
 - Neither will hinder nor improve my business.
- What aspect of my ideal customer am I appealing to (outdoors person, health conscious, nerd, their personal image, environmental concerns, recreation, etc.)?
 - It will appeal to all homeowners in need of my service, but those with environmental concerns will love it.

Income:

- Does my customer need a certain income (rich, middle class, poor)?
 - My average customer will be in the middle to rich income levels.
- Does my customer need to own specific assets (car, house, boat)?
 - Yes, they will need a house/apartment.

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 customers at their homes 100% of the time.
- Do I go to my customer (home service) or does my customer come to me?
 - I come to my customer to conduct business once contacted through phone or email.
- What neighborhood will my ideal customer live/work in (River Oaks/Highland park, a suburb, or small rural community)?
 - Most customers will be in suburb and up-scale communities.
- How close are my customers geographically located (live close to each other or spread all over the city)? Time is money.
 - They will be spread all over as I am willing to travel up to 200 miles.
- How easily can I find this customer (one at a time or they will provide referrals)?
 - Customers will be attained one at a time through referrals and in droves using my preferred advertisements.

Other:

- Can I reach these individuals as a group or do I need to find and sell to them individually?
 - I may do both in order to reach customers.
- Once I sell to a customer, what is the likelihood that they will buy from me again?
 - The likelihood is very-to say the least.

If Doing Business to Business Operations (Optional):

- Am I selling to a wholesaler, retailer or does it matter?
 - I am selling to those in the real estate business and homeowners.
- What industry is my customer in?
 - Various industries.
- What size customer do I want to serve (large/small, single/multiple locations)?
 - I want to serve a large size as I seek to expand my business in the future.
- Will my customer require special insurance (construction bonding, liability insurance)?
 - No, not for me at least.
- Does my customer require 24/7 service?
 - No.
- Do I have the capacity to meet the customer's demands?
 - Yes, and if I find I do not-I will adjust.
- Will the size of a customer allow me to develop other clients or will I be hostage to one company?
 - I will be free to work with anyone in need of my service.

DIFFERENTIATORS

Differentiators

My Competitors	Direct or Indirect	Promotion	Price	Their Advantages	Their Disadvantages	My Differentiators
SPI (Specialty Products Inc.)	Direct	Billboards and TV ads.	\$6,000	Well established.	Slow production.	Time and cost efficient.
SPFA (Spray Polyurethane Foam Alliance)	Indirect	Outside sales force.	\$7,000 to \$9,000	Well established, customer connections, and convenience.	Lack of safety concern and never on time.	Cost efficient.
Green-Isolation Technologies. PHP	Indirect	Newspaper.	\$400 to \$450	Well established.	Under-staffed.	I charge less.

EXTRAS

External Extras:

- Do you have a connection with a supplier in your industry?
 - Yes, I have 10 years' experience in the insulation business and have developed special business relationships with several suppliers.
- 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?
 - 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?
 - I will try to offer some things that are different than my competitors.
- Are you an especially charming or personable person?
 - Yes I am charming.

MARKETING

Message:

- What are three things your company name (with no other information provided) says about your company?
 - We are an interior attic insulation service which will provide two main services and we are in the foaming industry.
- What is your tagline?
 - Mr. Foam A Home can help you cut your energy bills by foaming your home or rental property.
- How does your name and tagline make you different than your competitors?
 - It shows that we specialize in what service we offer.
- Can your message be effectively conveyed through multiple types of media?
 - Yes, every home owner that is remodeling will know who we are and what we offer.
- Is your message effective across different demographics?
 - Yes, it is effective across all demographics.
- Is your pricing consistent with the market for similar offerings?
 - Yes.
- Is your pricing consistent with the degree of personalization?
 - Yes, because pricing will vary depending on job size.

Media:

- What are three types of media you will use to reach your customers?
 - Flyers, word of mouth, social media, and referrals from property owners.
- How many potential typical customers (not just total people) can you reach each month using the types listed above?
 - I predict at least 100 different prospects a month.
- Once you've reached your typical customer, how many will actually buy from you?
 - I will receive business with 20 to 35 customers a month.
- For each of the three, what do you think the estimated cost will be?
 - \$30 for business cards/flyers (door hangers \$80), and word of mouth will be a result of hard and great work being produced.
- For each cost estimate, is this a one-time expense up front or a recurring monthly charge?
 - I will pay quarterly to stay stocked.
- How will you collect customer reviews?
 - I will conduct on-site surveys and post the results online for other potential customers to review.

RESUME

Miguel

1100 Hwy 1807

Venus, TX 76084

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

Experience

State of Texas

February 2017-March 2019

Janitorial duties consistent with cleaning various surfaces.

Priority One Moving Service

January 2013-May 2016

Delivery driver.

Fritz Industry

2009-2011

Shipping and receiving duties associated with business inventory.

Skills

- **Logistics**
- **Shipping/Receiving**
- **Inventory Control**
- **Load/Unload 18 Wheelers**
- **Operate Forklift**
- **Pull Items For Orders**
- **Organize Pick Ups and Deliveries**
- **Maintain Inventory Log**

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.

A.Meaco Smith

2002-2003

Minor Courses

Windham School District

2017-2019

G.E.D.

Owner's name	Miguel
Company name	Mr. Foam A Home
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	150
car/truck down payment, if leased	
permits	
supplies, office & misc.	200
	200
	1,000
Cash needed for start-up expenses	1,650

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	6,000		6,000
company trailer			
computer, printer, fax	1,050		1,050
	10,000	20,000	30,000
			-
			-
building/office deposit		N/A	N/A
beginning cash balance		N/A	N/A
Cash needed for start-up assets	17,050	20,000	37,050

60 assumed life (months)
618 monthly depreciation

Total start up cost **38,700**

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	18,700	48%
Vehicle loan and other equipment debt (see note 7 for financing)	20,000	52%
Startup financing, if applicable (for example Kiva loan)		0%
Outside equity investment, if applicable		0%
Total start up cost, total sources	38,700	100%

Miguel dba Mr. Foam A Home
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														
Foam Installation	6	-	24,000	24,000	30,000	30,000	30,000	36,000	36,000	60,000	60,000	60,000	60,000	450,000	90%
Repair	6	-	2,800	2,800	3,500	3,500	3,500	4,200	4,200	7,000	7,000	7,000	7,000	52,500	10%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total revenue		-	26,800	26,800	33,500	33,500	33,500	40,200	40,200	67,000	67,000	67,000	67,000	502,500	100%
Cost of Goods Sold	2														
Foam Installation	6	-	767	767	959	959	959	1,151	1,151	1,918	1,918	1,918	1,918	14,388	3%
Repair	6	-	592	592	740	740	740	888	888	1,480	1,480	1,480	1,480	11,097	2%
line not used	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total COGS		-	1,359	1,359	1,699	1,699	1,699	2,039	2,039	3,398	3,398	3,398	3,398	25,485	5%
Gross profit		-	25,441	25,441	31,801	31,801	31,801	38,161	38,161	63,602	63,602	63,602	63,602	477,015	95%
Expenses	2														
Auto or truck lease	-														0%
Depreciation	3	-	618	618	618	618	618	618	618	618	618	618	618	6,793	1%
Gasoline & fuels	-		200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Insurance - bonding	-													-	0%
Insurance - vehicle	-		150	150	150	150	150	150	150	150	150	150	150	1,650	0%
Interest - equip & start up	7	-	133	132	130	128	126	124	122	120	118	117	115	1,365	0%
Marketing	100		50		50		50		50		50		50	400	0%
Office - rent	-		300	300	300	300	300	300	300	300	300	300	300	3,300	1%
Office - insurance	-		75	75	75	75	75	75	75	75	75	75	75	825	0%
Office - telephone	-		50	50	50	50	50	50	50	50	50	50	50	550	0%
Office - utilities	-		100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Payroll - not owner and not in COGS	8	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,000	9%
Payroll taxes (9%)	6 & 8	-	360	360	360	360	360	360	360	360	360	360	360	3,960	1%
Permits	-													-	0%
Supplies	200		100	100	100	100	100	100	100	100	100	100	100	1,300	0%
Tax service	-													-	0%
Telephone - cellular	150		100	100	100	100	100	100	100	100	100	100	100	1,250	0%
Start-up expenses	1,200		-	-	-	-	-	-	-	-	-	-	-	1,200	0%
Website	-		150	150	150	150	150	150	150	150	150	150	150	1,650	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
Total expenses		1,650	6,386	6,334	6,382	6,330	6,379	6,327	6,375	6,323	6,371	6,319	6,367	71,542	14%
Taxable profit (loss)	1	(1,650)	19,055	19,107	25,419	25,471	25,422	31,835	31,786	57,279	57,231	57,283	57,235	405,473	81%
Tax (expense) benefit	1			(9,128)			(19,078)			(30,225)			(42,937)	(101,368)	-20%
Owner's withdrawals	1	-												-	0%
Net profit (loss)		(1,650)	19,055	9,979	25,419	25,471	6,345	31,835	31,786	27,054	57,231	57,283	14,298	304,104	61%
Depreciation	3	-	618	618	618	618	618	618	618	618	618	618	618	6,793	
Equipment purchases	3	(37,050)	-	-	-	-	-	-	-	-	-	-	-	(37,050)	
Principle, equipment loan	7	20,000	(272)	(274)	(276)	(278)	(280)	(281)	(283)	(285)	(287)	(289)	(291)	16,904	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	18,700	-	-	-	-	-	-	-	-	-	-	-	18,700	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		-	19,400	10,322	25,760	25,810	6,682	32,171	32,121	27,386	57,561	57,611	14,624	309,451	
Cash, period start		-	-	19,400	29,723	55,483	81,294	87,976	120,147	152,267	179,654	237,215	294,827	-	
Cash, period end		-	19,400	29,723	55,483	81,294	87,976	120,147	152,267	179,654	237,215	294,827	309,451	309,451	