

prison
entrepreneurship
program

Business Plan Competition
September 20, 2024

Image Inc.

Prison Entrepreneurship Program
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Image Inc.

Business Plan
September 2024

Franklin
Owner & Founder

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FINANCIALS (CONTINUED)..... ERROR! BOOKMARK NOT DEFINED.

EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																					
<ul style="list-style-type: none"> Prisoners need shoes and the commissary is always out of footwear The quality of shoe that is sparsely available is poor and doesn't last Prisoners want a variety available of quality footwear to choose from 	<ul style="list-style-type: none"> Offer comfortable quality shoes for all incarcerated persons via an app that allows them to circumnavigate the institutions commissary and have their shoes mailed and received via the institutions mail room 	<ul style="list-style-type: none"> Provide a variety of approved shoes for inmates Create a strategic alliance with shoe manufacturers to allow my website to order shoe purchases To have quality brands and reasonable price range for the inmates 																																					
Customers	Differentiators	Extras																																					
<ul style="list-style-type: none"> Family of and Inmates of TDCJ Expanding to other states DOC's Securus and JPay Texas County and Local Municipality Jails 	<ul style="list-style-type: none"> We will always have shoes and sizes in stock We take out the headache of not being able to have a variety of quality shoes to choose from We will deliver our shoes through the institutional mail room via U.S. Postal Service 	<ul style="list-style-type: none"> Will allow inmates to set up a profile to match with pen pals Our shoes are name brand and not poor quality that's never in stock Will be on every States tablets with a catalog to choose from and purchase footwear 																																					
Marketing	Start-up Costs	Financials & Extras																																					
<ul style="list-style-type: none"> Social Media Search Engine Optimization Pure Promotion and Mixed Model Promotion using local sports teams and schools 	<table> <tr> <td>Owner investment - cash</td> <td>\$25,000</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>45,650</td> </tr> <tr> <td>Total start-up costs:</td> <td><u>\$70,650</u></td> </tr> </table>	Owner investment - cash	\$25,000	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	45,650	Total start-up costs:	<u>\$70,650</u>	<table> <tr> <td colspan="3">Year one summary income statement:</td> </tr> <tr> <td>Sales</td> <td>\$11,824,400</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td>3,709,900</td> <td>31%</td> </tr> <tr> <td>Gross profit</td> <td>8,114,500</td> <td>69%</td> </tr> <tr> <td>Overhead</td> <td>172,400</td> <td>1%</td> </tr> <tr> <td>Pretax income</td> <td>7,942,000</td> <td>67%</td> </tr> <tr> <td>Tax expense</td> <td>1,985,500</td> <td>17%</td> </tr> <tr> <td>Owner withdrawals</td> <td>58,000</td> <td>0%</td> </tr> <tr> <td>Net income</td> <td>\$5,898,400</td> <td>50%</td> </tr> </table>	Year one summary income statement:			Sales	\$11,824,400	100%	COGS	3,709,900	31%	Gross profit	8,114,500	69%	Overhead	172,400	1%	Pretax income	7,942,000	67%	Tax expense	1,985,500	17%	Owner withdrawals	58,000	0%	Net income	\$5,898,400	50%
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TEAM LEADERSHIP STATEMENT

Business Name: Image Inc.

CEO: Franklin

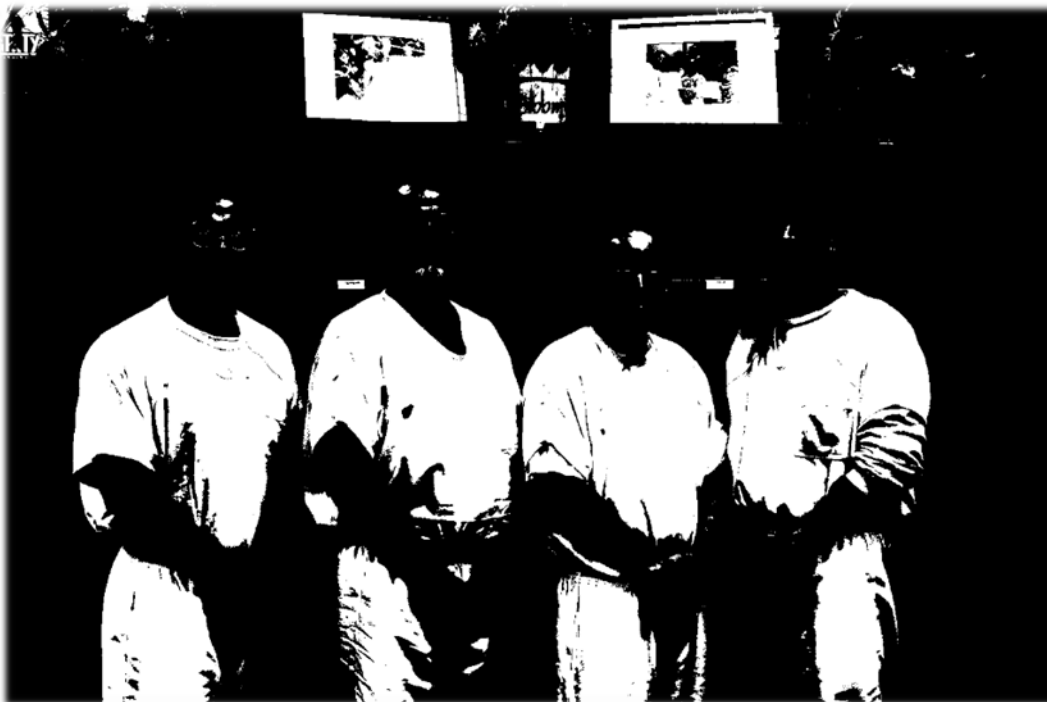
Franklin brings to Image Inc. his years of experience in the music industry. He has natural skill with writing and acting while honing his leadership skills. Franklin also has years of experience in sales and networking which will aid him in creating lasting networks of customers and suppliers for Image Inc.

CFO: Justin

Justin comes to Image Inc. with an analytical background as he has spent the last years maintaining crews and projects in the construction industry. He is detailed oriented dedicated to Organizational growth.

CMO: Angel

Angel earned his communication and sales skills through the automotive industry over the last years where he consistently earned high sales awards. He continues to hone his networking and people skills which makes him an excellent choice in creating a marketing and promotions campaign to take Image Inc. from startup to market competitor.



PRODUCT/SERVICE OFFERING

At Image Inc. we offer high quality custom shoes and the best customer service you can find. Our employees are well equipped to help our customers with anything. We cover all types of footwear such as athletic, leather, medical condition footwear and dress and casual. We believe our customers deserve the best quality, material and the opportunity to even create their own image. This is why we work so hard at satisfying our clients with a variety of materials and styles.

Our non-luxury brand will contribute to 93% of our revenue and 7% of this revenue will come from our luxury line. We look to open for business on May 4, 2025 at 8a.m. and customers can come and get what their feet deserve or shop via our online app. Our products will have the best and a wide variety of stitching. We pride ourselves on quality. Our insoles will make you feel like you're walking on air and our diversity allows us to satisfy a wide variety of customers. You want to dress casual? We have a shoe for you. Want to go outside and enjoy a walk or run? We have the best sneakers for you. We also offer discounts on our products like, "Big Man" shoes deal where a father and son buy the same shoes they'll get a pair half-off. The same option applies to the ladies as well in the "Just like momma" discount. We care about our customers and love that you can create the most beautiful shoes with our "Your own image custom design" option that gives you the opportunity to customize your shoes to your style.

We may not be the only shoe company but we are one that specializes in quality products. We believe our customers are more important than capital which is why we have a line especially for prisoners. Male and female that have different styles. We plan to procure contracts with Correctional Institutions and partner with Securus to have our app on the tablets in the prison where prisoners can conveniently order our brand of shoe that complies with the Institutions criteria. We will also plan to start our "Reach out to a prisoner" program where we provide a platform for our customers to match and write a prisoner. We don't just sell shoes, we build communities, support friendships and believe in rehabilitation. We have many goals for our future but our main one is to go National and have stores in different cities in different states. We look to cover all State and Federal Prisons as well as county jails. We will have our services available via catalog on the inmate's tablets through Securus and JPay. Our number one priority is this, keep our customers happy and satisfy with our best! Different Styles, Different sizes, Different Images! It's time for new, better and image.

MARKET/INDUSTRY

The footwear industry is one of the largest industries in the world. In 2024 the footwear market projected revenue is predicted to gross \$412.90 billion. This market is divided into several categories such as athletic, casual, formal, textile and other footwear as well. 93% of sales will be non-luxury and 7% will be for luxury.

COMPETITION

While there are numerous shoe companies, we plan to compete with the larger name brands such as Footlocker, Payless Shoes, Champs, etc. We plan to market our brand nationwide. Barriers to entry are high as this is a flooded market. However, we plan to offer shoes in every price bracket of every category.

DIFFERENTIATION

In addition to our public products, we plan to design our own shoe line which will be entirely produced domestically with only the highest quality materials exclusively for prisoners. We are committed to giving back to our communities and are an equal opportunity employer. In addition to our athletic shoes and sneakers we will also offer dress and luxury shoes at competitive prices.

MARKETING STRATEGY

PRICE:

We offer a great variety of competitive prices. These prices will fluctuate according to materials, sizes and styles. Our price range will be from \$50.00 to \$500.00. Our prices for prisoners will fall within the purview to each facility policy.

PLACE:

We will be based in Texas which has a population of 30.03 million people. Our exclusive line of shoes will be for the Prisons, State Jails, SAJP and Counties with a population of 121,976 inmates.

PROMOTION:

Our promotion strategy will consist of Social Media, Search Engine Optimization, Mixed Model Promotions, and television and radio commercials. For the incarcerated community we will use catalogs and partner with Securus to have our brands inventory available on the tablets so inmates can purchase shoes via this platform.

VISION AND OBJECTIVES

TWO MONTHS BEFORE STARTING:

- Serve God
- Obtain six months operating capital
- Obtain all permits and licenses
- Become a vendor for major shoe brands
- Obtain contract with TDCJ and Securus to sell shoes directly on Tablets and ship to inmates
- Locate storefront for public shopping

FIRST TWO MONTHS AFTER STARTING:

- Begin selling and delivering shoes to TDCJ inmates
- Maintaining customer satisfaction
- Creating a healthy lifestyle for myself and my family

FIRST YEAR:

- Use successful TDCJ operations as pilot for moving to Louisiana DOC opportunity
- Open second storefront location
- Help transitioning former inmates rehabilitate by offering employment opportunity

SECOND YEAR:

- Investigate operations across US Penal System and possibly Federal BOC
- Open two storefront locations in the Houston area
- Continue rehabilitation assistance for former inmates

FIFTH YEAR:

- Have multiple storefronts operating successfully in major cities across Texas
- Begin venturing into TDCJ approved clothing line
- Sponsoring events for inmates and their families

TENTH YEAR:

- Still serving God and growing with successful sales
- Maintaining customer satisfaction

PHILANTHROPY:

By year two Image Inc. will be sponsoring events for the community and helping single parents with special discounts for children's shoes. We will also be helping inmates rehabilitate and offer them pathways for a bright future.

COMMUNITY IMPACT:

Image Inc. will be helping the community by sponsoring events for families. We will also be assisting with those suffering mental health conditions. Image Inc. will be helping inmates and their families rebuild relationships.

FINANCIAL SUMMARY

Image Inc. revenue model is based on selling the following **3** of products:

- **Inmate Shoes** sells at an average price of **\$100.00**. This product has material cost of **\$29.11** producing a gross profit of \$ for each product sold. Materials include **Various Shoes, Shipping/ Shopping Bag**. We project selling **102,500** of these products in the first **YEAR** for revenues of **\$10,25,000.00**.
- **Next Step Shoe** sells at an average price of **\$225.00**. This product has material cost of **\$104.11** producing a gross profit of **\$120.89** for each product sold. Materials include **Upgraded Shoe, Shipping/ Shopping Bag**. We project selling **735** of these products in the first **YEAR** for revenues of **\$1,740,375.00**.
- **Premium Shoe** sells at an average price of **\$500.00**. This product has material cost of **\$203.94** producing a gross profit of **\$296.06** for each product sold. Materials **Premium Shoe, Shipping/ Shopping Bag**. We project selling **75** of these products in the first **YEAR** for revenues of **\$37,500.00**.

This will generate more than **\$11,824,475.00** in first year revenues with a net profit of **\$5,898,400.00**. This is a **50%** net margin after deducting **\$58,000.00** in total owner compensation, **\$172,400.00** in overhead and paying **\$1,985,500.00** in income taxes.

Our **Yearly** break-even will be **1540** of units sold.

Image Inc. will start in January of **2027**. Total start-up funding is **\$70,650.00**. This amount will cover **Base Inventory, Storefront, Marketing Campaign, Shipping Supplies, Back Office Computer and Point of Sale Equipment**.

An amount of **\$25,000.00** will be **CEO's** initial capital contribution.

FINANCIALS

Owner's name	Franklin
Company name	Image Inc.
NAICS Business Classification	
Sector (general classification)	44_45_Retail_Trade
Sub-sector (more specific classification)	448: Clothing and Clothing Accessories Stores

Start-up Costs

Year 1

Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1		
marketing, business cards, fliers	2,000		
cell phone purchase	150		
car/truck down payment, if leased	25,000		
permits			
supplies, office & misc.	1,000		
Inventory	20,000		
Shipping Supplies	1,500		
Shoping bags	1,500		
Cash needed for start-up expenses	51,150		
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	25,000		25,000
Store Fixtures	5,000		5,000
			-
			-
building/office deposit	2,000	N/A	N/A
beginning cash balance	10,000	N/A	N/A
Cash needed for start-up assets	42,000	-	30,000
			60 assumed life (months)
			500 monthly depreciation
Total start up cost	93,150		

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	25,000	27%
Vehicle loan and other equipment debt (see note 7 for financing)	-	0%
Startup financing, if applicable (for example Kiva loan)	68,150	73%
Outside equity investment, if applicable		0%
Total start up cost, total sources	93,150	100%

FINANCIALS (CONTINUED)

Franklin Villalobos dba Image Inc.
EOU, Financing, and Payroll Assumptions
Year 1

Assumption 6 - Revenue Model (Economics of One Unit)

	Product 1				Product 2				Product 3			
Product name	inmate shoe				next step				premium			
Product description	reebok nikes puma filas adidas				airmax jordans, etc				Gucci, jordans			
Price per unit	100.00 100%				225.00 100%				500.00 100%			
Cost of <u>one</u> unit												
Non-owner payroll exp.	hours	rate			hours	rate			hours	rate		
Non-owner payroll tax	0.25	7.75	1.94	2%	0.25	7.75	1.94	1%	0.25	7.75	1.94	0%
cost 1 description	shoe 25.00 25%				shoe 100.00 44%				shoe 200.00 40%			
cost 2 description	shipping/shoping bag 2.00 2%				shipping/shoping bag 2.00 1%				shipping/shoping bag 2.00 0%			
cost 3 description												
cost 4 description												
Total variable costs	29.11 29%				104.11 46%				203.94 41%			
Gross profit per unit - what you see on income statement	70.89 71%				120.89 54%				296.06 59%			

	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	Total Year
inmate shoe sold			3,000	5,000	7,000	7,500	8,000	9,000	10,500	11,000	11,500	14,000	16,000	102,500
next step sold			500	550	500	575	600	625	665	685	691	705	735	6,831
premium sold			3	3	5	5	5	7	7	10	10	10	10	75
total revenue			\$414,000	\$ 625,250	\$ 815,000	\$ 881,875	\$ 937,500	\$ 1,044,125	\$ 1,203,125	\$ 1,259,125	\$ 1,310,475	\$ 1,563,625	\$ 1,770,375	\$ 11,824,475
total cost of sales			\$139,988	\$ 203,408	\$ 256,826	\$ 279,188	\$ 296,344	\$ 328,462	\$ 376,288	\$ 393,536	\$ 408,714	\$ 482,940	\$ 544,278	\$ 3,709,972
total income statement gross profit (excludes owner labor)			\$274,012	\$ 421,842	\$ 558,174	\$ 602,687	\$ 641,156	\$ 715,663	\$ 826,837	\$ 865,589	\$ 901,761	\$ 1,080,685	\$ 1,226,097	\$ 8,114,503

Assumption 7 - Financing

		Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
Equipment financing, see Start-up Costs sheet	amortization schedule												
Amount borrowed	\$ -	principal, beginning	-	-	-	-	-	-	-	-	-	-	-
Interest rate (example 8%)	12.0%	interest expense	-	-	-	-	-	-	-	-	-	-	-
Loan term (# of months)	-	principal payment	-	-	-	-	-	-	-	-	-	-	-
Monthly payment	-	principal, ending	-	-	-	-	-	-	-	-	-	-	-
Start-up financing, see Start-up Costs sheet													
Amount borrowed	\$ 45,650	principal, beginning	45,650	45,650	45,650	45,650	45,650	45,091	44,526	43,956	43,380	42,799	
Interest rate (example 8%)	12.0%	interest expense	-	-	-	-	457	451	445	440	434	428	2,654
Payback period (# of months)	60	principal payment	-	-	-	-	(559)	(565)	(570)	(576)	(582)	(587)	(3,439)
Grace period (months pay delay)	6	principal, ending	45,650	45,650	45,650	45,650	45,091	44,526	43,956	43,380	42,799	42,211	
Monthly payment	\$ 1,015												

Assumption 8 - Payroll, nondirect

	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
# of employees	3	3	3	3	3	3	3	3	5	5	5	
avg hours each employee(s) worked per month, not in EOU above	160	160	160	160	160	160	160	160	160	160	160	
average per hour wage	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	
salary expense, excluding payroll taxes	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	10,400	10,400	10,400	81,120

Assumption 9 - Equipment Purchases, after start-up

Description	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year

FINANCIALS (CONTINUED)

Franklin dba Image Inc.

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														
Inmate Shoes	6	-	300,000	500,000	700,000	750,000	800,000	900,000	1,050,000	1,100,000	1,150,000	1,400,000	1,600,000	10,250,000	87%
Next Step	6	-	112,500	123,750	112,500	129,375	135,000	140,625	149,625	154,125	155,475	158,625	165,375	1,536,975	13%
Premium	6	-	1,500	1,500	1,500	2,500	2,500	3,500	3,500	5,000	5,000	5,000	5,000	36,500	0%
Total revenue			414,000	625,250	814,000	881,875	937,500	1,044,125	1,203,125	1,259,125	1,310,475	1,563,625	1,770,375	11,823,475	100%
Cost of Goods Sold	2														
Inmate Shoes	6	-	87,323	145,538	203,753	218,306	232,860	261,968	305,629	320,183	334,736	407,505	465,720	2,983,519	25%
Next Step	6	-	52,054	57,259	52,054	59,862	62,465	65,067	69,231	71,314	71,938	73,396	76,519	711,158	6%
Premium	6	-	612	612	612	1,020	1,020	1,428	1,428	2,039	2,039	2,039	2,039	14,887	0%
Total COGS			139,988	203,408	256,418	279,188	296,344	328,462	376,288	393,536	408,714	482,940	544,278	3,709,565	31%
Gross profit			274,012	421,842	557,582	602,687	641,156	715,663	826,837	865,589	901,761	1,080,685	1,226,097	8,113,910	69%
Expenses	2														
Auto or truck lease		25,000													25,000 0%
Depreciation	3	-	500	500	500	500	500	500	500	500	500	500	500	5,500	0%
Gasoline & fuels	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	0%
Insurance - bonding	-	-												-	0%
Insurance - vehicle	-	-	120	120	120	120	120	120	120	120	120	120	120	1,320	0%
Interest - equip & start up	7	-	-	-	-	-	682	673	665	656	648	639	639	3,962	0%
Marketing		2,000												2,000	0%
Office - rent	-	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,000	0%
Office - insurance	-	-												-	0%
Office - telephone	-	-												-	0%
Office - utilities	-	-												-	0%
Payroll - not owner and not in COGS	8	-	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	68,640	1%
Payroll taxes (9%)	6 & 8	-	562	562	562	562	562	562	562	562	562	562	562	6,178	0%
Permits	-	-												-	0%
Supplies	1,000	-												1,000	0%
Tax service	-	-												-	0%
Telephone - cellular	150	-												150	0%
Start-up expenses	23,000	-												23,000	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
	-													-	0%
Total expenses		51,150	9,922	9,922	9,922	9,922	9,922	10,603	10,595	10,586	10,578	10,569	10,561	164,250	1%
Taxable profit (loss)	1	(51,150)	264,090	411,920	547,660	592,766	631,234	705,060	816,242	855,003	891,183	1,070,116	1,215,536	7,949,661	67%
Tax (expense) benefit	1	-		(156,215)			(442,915)			(594,076)			(794,209)	(1,987,415)	-17%
Owner's withdrawals	1	-	(4,545)	(4,545)	(4,545)	(4,545)	(4,545)	(4,545)	(4,545)	(4,545)	(4,545)	(20,000)	(4,550)	(65,455)	-1%
Net profit (loss)		(51,150)	259,545	251,160	543,115	588,221	183,774	700,515	811,697	256,382	886,638	1,050,116	416,777	5,896,791	50%
Depreciation	3	-	500	500	500	500	500	500	500	500	500	500	500	5,500	
Equipment purchases	3	(32,000)	-	-	-	-	-	-	-	-	-	-	-	(32,000)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	68,150	-	-	-	-	-	(834)	(843)	(851)	(860)	(868)	(877)	63,016	
Owner contribution	3	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		10,000	260,045	251,660	543,615	588,721	184,274	700,180	811,355	256,031	886,279	1,049,747	416,400	5,958,307	
Cash, period start	-	-	10,000	270,045	521,705	1,065,321	1,654,041	1,838,315	2,538,496	3,349,850	3,605,881	4,492,159	5,541,907	-	
Cash, period end	-	10,000	270,045	521,705	1,065,321	1,654,041	1,838,315	2,538,496	3,349,850	3,605,881	4,492,159	5,541,907	5,958,307	5,958,307	