

prison
entrepreneurship
program

Business Plan Competition
September 20, 2024

Texas Phat Wraps and Fabrication

Prison Entrepreneurship Program

P.O. Box 2767

Houston, TX 77252

(832) 767-0928

www.pep.org

Texas Phat Wraps and Fabrication

Business Plan
September 2024

Christian
Owner & Founder

TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 1

TEAM LEADERSHIP STATEMENT 2

PRODUCT/SERVICE OFFERING..... 3

MARKET/INDUSTRY 4

COMPETITION..... 4

DIFFERENTIATION..... 4

MARKETING STRATEGY..... 5

VISION AND OBJECTIVES 6

FINANCIAL SUMMARY..... 7

FINANCIALS 8

FINANCIALS (CONTINUED)..... 9

EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																					
<ul style="list-style-type: none"> Faded paint or unsatisfied with color? Ability to customize vehicles and equipment Business designing mobile and commercial advertisement Logos, decals, graphics Additional aftermarket parts Desire to be unique 	<ul style="list-style-type: none"> To save original paint and offer a cheaper color charge To be able to advertise on the go Be able to customize your vehicle or equipment to your personal needs 	<ul style="list-style-type: none"> Able to wrap vehicles/equipment to efficiently customize to their needs Can wrap anything our consumers wants Design team on hand to assist in color logo or graphics either changed or created 																																					
Customers	Differentiators	Extras																																					
<ul style="list-style-type: none"> Low to high end vehicle owners Equipment owners (trailers, food trucks, etc.) Business owners (new, small, or big) Water craft, air craft owners 	<ul style="list-style-type: none"> We do it all in house Designers on hand for customizing Able to print material in house Efficiently able to get all projects completed 	<ul style="list-style-type: none"> We offer discounts to return customers and have options for fleet and business bundle deals We endorse our community with deals for schools, sports team, small business owners 																																					
Marketing	Start-up Costs	Financials & Extras																																					
<ul style="list-style-type: none"> Customer reviews online Videos of before and after services Using social media (Facebook, Instagram, Tik Tok) Advertising on our company vehicles Business to business service trade 	<table> <tr> <td>Owner investment - cash</td> <td>\$50,000</td> </tr> <tr> <td>Owner investment - equipment</td> <td>-</td> </tr> <tr> <td>Vehicle and/or equipment loan</td> <td>150,000</td> </tr> <tr> <td>Start up financing</td> <td>41,500</td> </tr> <tr> <td>Total start-up costs:</td> <td><u>\$241,500</u></td> </tr> </table>	Owner investment - cash	\$50,000	Owner investment - equipment	-	Vehicle and/or equipment loan	150,000	Start up financing	41,500	Total start-up costs:	<u>\$241,500</u>	<table> <tr> <td colspan="3">Year one summary income statement:</td> </tr> <tr> <td>Sales</td> <td>\$413,600</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td>67,100</td> <td>16%</td> </tr> <tr> <td>Gross profit</td> <td>346,500</td> <td>84%</td> </tr> <tr> <td>Overhead</td> <td>164,800</td> <td>40%</td> </tr> <tr> <td>Pretax income</td> <td>181,600</td> <td>44%</td> </tr> <tr> <td>Tax expense</td> <td>45,400</td> <td>11%</td> </tr> <tr> <td>Owner withdrawals</td> <td>44,000</td> <td>11%</td> </tr> <tr> <td>Net income</td> <td>\$92,200</td> <td>22%</td> </tr> </table>	Year one summary income statement:			Sales	\$413,600	100%	COGS	67,100	16%	Gross profit	346,500	84%	Overhead	164,800	40%	Pretax income	181,600	44%	Tax expense	45,400	11%	Owner withdrawals	44,000	11%	Net income	\$92,200	22%
Owner investment - cash	\$50,000																																						
Owner investment - equipment	-																																						
Vehicle and/or equipment loan	150,000																																						
Start up financing	41,500																																						
Total start-up costs:	<u>\$241,500</u>																																						
Year one summary income statement:																																							
Sales	\$413,600	100%																																					
COGS	67,100	16%																																					
Gross profit	346,500	84%																																					
Overhead	164,800	40%																																					
Pretax income	181,600	44%																																					
Tax expense	45,400	11%																																					
Owner withdrawals	44,000	11%																																					
Net income	\$92,200	22%																																					

TEAM LEADERSHIP STATEMENT

Business Name: Texas Phat Wraps and Fabrication

CEO: Christian

Christian brings leadership, determination and innovation to the table and has five years of experience in vehicle maintenance. He also specializes and has the ability to inspire others and get the job done effectively.

COO: Eladio

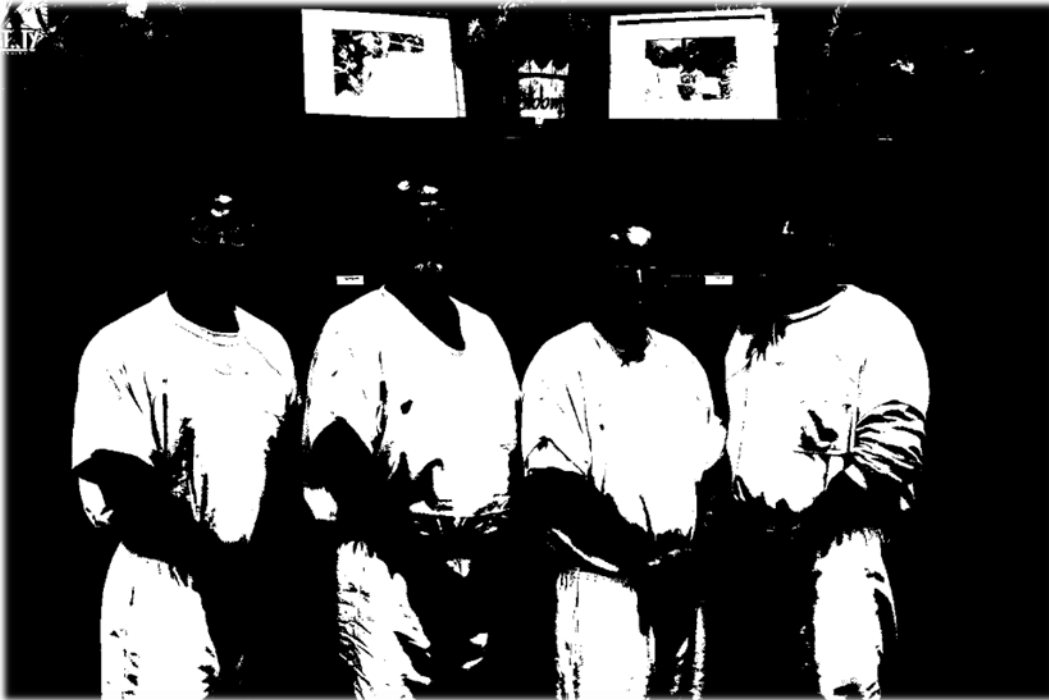
Eladio brings honesty, supervision, and dedication to the table and has over ten years in concrete construction and over five years of supervision. He also specializes and has the ability to oversee operations, delegate, and make sure things run on time.

CFO: Sammy

Sammy brings a set of skills, integrity, and experience to the table and he has twelve years in corrugated box industry and five years in dispatch. He also specializes and has the ability to run machinery, can do logistics, and has his commercial driver's license.

CMO: Paul

Paul brings optimism, passion, and versatility to the table and he has fifteen years of experience in Automotive paint and body work and ten years in pest control. He also specializes and has the ability to multitask, network, and is able to get real results.



PRODUCT/SERVICE OFFERING

Texas Phat Wraps and Fabrication is a vinyl wrapping and vehicle fabrication company. We offer affordable exclusive vinyl wraps for cars, trucks, RVs, boats, trailers, food trucks and much more. We currently print and stock our wraps in house, keeping basic colors and select favorites in store. When a customer requires a specific color or insignia, we are able to get it on demand. Also, at Texas Phat Wraps and Fabrication we offer the installations of body kits and body accessories. Our company's revenue model sits at 80% vinyl wraps and 20% body fabrication and accessories. Which will fluctuate throughout the year. We plan to be up and running in Austin, Texas by 2030.

Our vinyl wraps offer affordable customization for vehicle owners and businesses across Texas looking to stand out or offer mobile advertisement. We print/make colors and designs to fit our customers' needs not only with vinyl wraps that are conveniently less expensive than the alternative paint job, it lets you keep the value of the original paint on the vehicle. We also equip you with a way to customize your vehicle from wide body kits to under glow lights, diffusers, or even spoilers. What sets us apart from our competitors we don't just limit our services to cars and trucks, we also provide a service for store fronts, food trucks, trailers, RVs, buses, boats, yachts, and even personal planes. Basically, with that being said, if you want it wrapped come to Texas Phat.

Our goal in the future of our company include product and store expansion in Texas. We plan on having at least three locations within five years after our initial startup. We are looking to have two stores in Austin, north which will be our hub location, and south Austin. We plan then to expand a store in San Antonio. We plan on having more in store options not just limiting to vinyl wraps and installing body kits and accessories, but also the latest selection of rims to put on our customers vehicles. Another option we would like to expand our product line even installing high quality speakers for our customer's vehicles, boats, RVs, trailers, or food trucks too. Lastly, we will provide window tinting to our future services to make us a one stop shop for customized vehicles.

Even though we only plan for the expansion of three stores in five years we plan to be in every major city in Texas branching from Dallas to Houston with multiple locations in each city. We believe we are different than our competitors simply by making your vehicles, equipment, or business unique just for you. It is our vision to have everyone who desires their own unique design or style to be able to have it at an affordable price to and for our customers. If you're looking for anything to be wrapped come see our selection at Texas Phat.

MARKET/INDUSTRY

Texas Phat Wraps and Fabrication services vehicles, equipment, and business owners across the state of Texas ranging from low to high end vehicles, and larger franchises. We are currently looking to setup in North Austin. We plan to reach future customers through social media platforms to maximize our reach. Along with individual accounts updated with pictures, videos, and customer reviews. We plan to grow with our internet optimization as well as our product displaying advertisement on our vehicles. We specialize in vinyl car wraps growing million-dollar industry. We offer unique customization for vehicle owners, and self-promotion for large and small businesses.

COMPETITION

Our biggest competitors would be pre-existing vinyl wrap and mobile advertising companies. As well as the alternative option of paint, on a national level our competition would be MAACO or Keller Williams. We believe at least 40% of customers will come from our competitors with the barrier of entry being so low in our field, we might face new competition in the future

DIFFERENTIATION

Texas Phat Wraps and Fabrications takes quality and uniqueness to a new level in our ability to customize and create the design dreams of our customers. We not only offer services for businesses looking for store front or mobile advertising, we also provide vinyl car wraps for cars, trucks, food trucks, trailers and private planes. If you want to get it wrapped, come to Texas Phat, where we are confident our wraps will grow our customer businesses and will satisfy their every customization dream.

MARKETING STRATEGY

PRICE:

Texas Phat Wraps and Fabrication will use strategic pricing for services including advertising and vehicle customization based on variable factors. These factors include size, type of material, amount they need wrapped, and cost of material. Our prices on services range from 500 to 8,000 dollars on basic vehicles or equipment. We offer a variety of services at flexible prices to keep an edge on our competitors.

PLACE:

Texas Phat Wraps and Fabrications initial location will be in north Austin. Austin is one of the fastest growing cities in Texas, and we expect our business to grow as the tech and locally owned business continue to expand. We provide our services to Austin and the state of Texas.

PROMOTION:

Our promotion strategies include wrapping our vehicles for self-promotion, and networking with local communities for business to business service trading. We are targeting small businesses, car clubs, and Auto mechanic shops. We also plan to have social media accounts on all platforms to reach future customers with up to date pictures, videos, and customer reviews.

VISION AND OBJECTIVES

TWO MONTHS BEFORE STARTING:

- Finalize business plan
- Plan out finances
- Revise business goals
- File DBA
- Create LLC
- Begin promotion for business

FIRST TWO MONTHS AFTER STARTING:

- Complete at least five wraps/services a month
- Evaluate what promotions are bringing in customers
- Start placing bids on commercial fleets

FIRST YEAR:

- Try to get ten services a month
- Evaluate service to break even
- Accrue at least \$125,000 in revenue

SECOND YEAR:

- Do twenty services a month
- Add another location
- Accrue at least \$250,000 in revenue

FIFTH YEAR:

- Be leading wrap services in Austin, Texas
- Consider branching out/ adding services

TENTH YEAR:

- Lead the state in vinyl wraps
- Begin to sell business

PHILANTHROPY:

I plan to tithe 15% of net profit yearly after five years I plan to donate to 5% charity and 5% to PEP.

COMMUNITY IMPACT:

I want our service to bring small businesses together and unite the community, schools, and other organizations through the expansion of knowledge and support from our citizens.

FINANCIAL SUMMARY

Texas Phat Wraps revenue model is based on selling the following **3** of products:

- **Texas Phat Partial Wrap** sales at an average price of **\$600**. This product has material cost of **\$150** producing a gross profit of **\$450** for each product sold. Materials include heat gun, magnets, vinyl wrap. We project selling **192** of these products in the first **YEAR** for revenues of **\$115,200**.
- **Texas Phat Full Wrap** sales at an average price of **\$3,500**. This product has material cost of **\$800** producing a gross profit of **\$2,700** for each product sold. Materials include heat gun, magnets, tape, vinyl wrap. We project selling **96** of these products in the first **YEAR** for revenues of **\$336,000**.
- **Texas Phat Graphics** sales at an average price of **\$500**. This product has material cost of **\$100** producing a gross profit of **\$400** for each product sold. Materials include print machine, tape, cleaning solution. We project selling **150** of these products in the first **YEAR** for revenues of **\$75,000**.

This will generate more than **\$500,000** in first year revenues with a net profit of **\$526,200**. This is a **15%** net margin after deducting **\$50,000** in total owner compensation, **\$65,000** in overhead and paying **\$15,000** in income taxes.

Our **Yearly** break-even will be **112** units sold.

Texas Phat Wraps will start in October 2030. Total start-up funding is **\$150,000**. This amount will cover supplies, initial marketing, rent, and equipment.

The **\$50,000** will be **CEO's** initial capital contribution.

FINANCIALS

Owner's name	Christian
Company name	Texas Phat Wraps and Fabrication
NAICS Business Classification	
Sector (general classification)	
Sub-sector (more specific classification)	

Start-up Costs Year 1

Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1
marketing, business cards, fliers	5,000
cell phone purchase	500
car/truck down payment, if leased	1,500
permits	500
supplies, office & misc.	20,000

Cash needed for start-up expenses 27,500

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	3,000		3,000
company trailer	2,500		
computer, printer, fax	5,000		5,000
Oven/Printer	-	150,000	150,000
			-
			-
building/office deposit	3,500	N/A	N/A
beginning cash balance	50,000	N/A	N/A
Cash needed for start-up assets	<u>64,000</u>	<u>150,000</u>	<u>158,000</u>

60 assumed life (months)
2,633 monthly depreciation

Total start up cost 241,500

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	50,000	21%
Vehicle loan and other equipment debt (see note 7 for financing)	150,000	62%
Startup financing, if applicable (for example Kiva loan)	41,500	17%
Outside equity investment, if applicable	-	0%
Total start up cost, total sources	<u>241,500</u>	100%

FINANCIALS (CONTINUED)

Christian dba Texas Phat Wraps and Fabrication
EOU, Financing, and Payroll Assumptions
Year 1

Assumption 6 - Revenue Model (Economics of One Unit)

	Product 1				Product 2				Product 3			
Product name	Texas Phat Partial Wrap				Texas Phat Full Wrap				Texas Phat Grapic			
Product description	Individual panel or side wrap				Full wrap for entire vehicle or equipment				Service for decal logo or graphic design			
Price per unit	600.00		100%		3,500.00		100%		500.00		100%	
Cost of one unit	hours	rate			hours	rate			hours	rate		
Non-owner payroll exp.	-	-	-	0%	-	-	-	0%	-	-	-	0%
Non-owner payroll tax	-	-	-	0%	-	-	-	0%	-	-	-	0%
cost 1 description	Wrap	150.00	25%		Wrap	500.00	14%		Custom Wrap	100.00	20%	
cost 2 description			0%				0%				0%	
cost 3 description			0%				0%				0%	
cost 4 description			0%				0%				0%	
Total variable costs		150.00	25%			500.00	14%			100.00	20%	
Gross profit per unit - what you see on income statement		450.00	75%			3,000.00	86%			400.00	80%	

	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
Texas Phat Partial Wrap sold		6	6	6	6	6	6	6	6	6	6	6	66
Texas Phat Full Wrap sold		8	8	8	8	8	8	8	8	8	8	8	88
Texas Phat Grapic sold		12	12	12	12	12	12	12	12	12	12	12	132
total revenue		\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 37,600	\$ 413,600
total cost of sales		\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 6,100	\$ 67,100
total income statement gross profit (excludes owner labor)		\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 346,500

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	\$ 150,000	principal, beginning	150,000	148,063	146,110	144,140	142,154	140,152	138,133	136,097	134,044	131,974	129,887	
Interest rate (example 8%)	10.0%	interest expense	1,250	1,234	1,218	1,201	1,185	1,168	1,151	1,134	1,117	1,100	1,082	12,840
Loan term (# of months)	60	principal payment	(1,937)	(1,953)	(1,969)	(1,986)	(2,002)	(2,019)	(2,036)	(2,053)	(2,070)	(2,087)	(2,105)	(22,218)
Monthly payment	3,187	principal, ending	148,063	146,110	144,140	142,154	140,152	138,133	136,097	134,044	131,974	129,887	127,782	
Start-up financing, see Start-up Costs sheet														
Amount borrowed	\$ 41,500	principal, beginning	41,500	41,500	41,500	41,031	40,557	40,077	39,590	39,098	38,599	38,095	37,584	
Interest rate (example 8%)	15.0%	interest expense	-	-	519	513	507	501	495	489	482	476	470	4,452
Payback period (# of months)	60	principal payment	-	-	(469)	(474)	(480)	(486)	(492)	(499)	(505)	(511)	(517)	(4,434)
Grace period (months pay delay)	3	principal, ending	41,500	41,500	41,031	40,557	40,077	39,590	39,098	38,599	38,095	37,584	37,066	
Monthly payment	\$ 987													

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	1	1	1	1	2	2	2	2	2	2	2	2
avg hours each employee(s) worked per month, not in EOU above	12	12	12	12	12	12	12	12	12	12	12	12
average per hour wage	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
salary expense, excludng payroll taxes	240	240	240	240	480	480	480	480	480	480	480	4,320

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)

Christian dba Texas Phat Wraps and Fabrication 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														
Texas Phat Partial Wrap	6	-	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	39,600	10%
Texas Phat Full Wrap	6	-	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	308,000	74%
Texas Phat Grapic	6	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	66,000	16%
Total revenue		-	37,600	37,600	37,600	37,600	37,600	37,600	37,600	37,600	37,600	37,600	37,600	413,600	100%
Cost of Goods Sold	2														
Texas Phat Partial Wrap	6	-	900	900	900	900	900	900	900	900	900	900	900	9,900	2%
Texas Phat Full Wrap	6	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,000	11%
Texas Phat Grapic	6	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	13,200	3%
Total COGS		-	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100	67,100	16%
Gross profit		-	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	346,500	84%
Expenses	2														
Auto or truck lease		1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,500	3%
Depreciation	3	-	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	28,967	7%
Gasoline & fuels	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
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	3%
Insurance - vehicle	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Interest - equip & start up	7	-	1,250	1,234	1,736	1,714	1,692	1,669	1,646	1,623	1,600	1,576	1,552	17,291	4%
Marketing		5,000	-	-	-	-	5,000	-	-	-	-	-	5,000	15,000	4%
Office - rent	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	33,000	8%
Office - insurance	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Office - telephone	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	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	-	240	240	240	240	480	480	480	480	480	480	480	4,320	1%
Payroll taxes (9%)	6 & 8	-	22	22	22	22	43	43	43	43	43	43	43	389	0%
Permits		500	-	-	-	-	-	-	-	-	-	-	500	1,000	0%
Supplies		20,000	-	1,500	-	-	1,500	-	-	1,500	-	-	1,500	26,000	6%
Tax service		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Telephone - cellular		500	50	50	50	50	50	50	50	50	50	50	50	1,050	0%
Start-up expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
		-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total expenses		27,500	10,495	11,979	10,981	10,959	17,698	11,175	11,153	12,629	11,106	11,082	18,059	164,817	40%
Taxable profit (loss)	1	(27,500)	21,005	19,521	20,519	20,541	13,802	20,325	20,347	18,871	20,394	20,418	13,441	181,683	44%
Tax (expense) benefit	1	-		(3,257)			(13,715)			(14,886)			(13,563)	(45,421)	-11%
Owner's withdrawals	1	-	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(44,000)	-11%
Net profit (loss)		(27,500)	17,005	12,265	16,519	16,541	(3,914)	16,325	16,347	(15)	16,394	16,418	(4,122)	92,262	22%
Depreciation	3	-	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	2,633	28,967	
Equipment purchases	3	(164,000)	-	-	-	-	-	-	-	-	-	-	-	(164,000)	
Principle, equipment loan	7	150,000	(1,937)	(1,953)	(1,969)	(1,986)	(2,002)	(2,019)	(2,036)	(2,053)	(2,070)	(2,087)	(2,105)	127,782	
Repay debt financing	7	41,500	-	-	(469)	(474)	(480)	(486)	(492)	(499)	(505)	(511)	(517)	37,066	
Owner contribution	3	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		50,000	17,701	12,945	16,714	16,714	(3,763)	16,452	16,452	67	16,452	16,452	(4,111)	172,077	
Cash, period start		-	50,000	67,701	80,646	97,360	114,074	110,311	126,764	143,216	143,283	159,735	176,188	-	
Cash, period end		50,000	67,701	80,646	97,360	114,074	110,311	126,764	143,216	143,283	159,735	176,188	172,077	172,077	