

prison
entrepreneurship
program

Business Plan Competition
September 20, 2024

Fat Boy Burritos

Prison Entrepreneurship Program
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Fat Boy Burritos

Business Plan
September 2024

Santos
Owner & Founder

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EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																		
<ul style="list-style-type: none"> Area lacking good quality traditional Mexican food Long waits in Mexican restaurant lines 	<ul style="list-style-type: none"> To provide customers with extra-large mostly meat filled burritos. To deliver the ultimate Mexican food truck experience 	<ul style="list-style-type: none"> All local advertisement Original family recipes Partner with delivery apps such as Door dash and Uber eats 																																		
Customers	Differentiators	Extras																																		
<ul style="list-style-type: none"> Middle to upper class residents of the heights area 	<ul style="list-style-type: none"> All local advertisement Original family recipes Partner with delivery apps such as Door dash and Uber eats 	<ul style="list-style-type: none"> Custom burrito and drink carriers Gourmet sweet burritos/deserts. 																																		
Marketing	Start-up Costs	Financials & Extras																																		
<ul style="list-style-type: none"> Customer loyalty rewards punch cards Free delivery within 4 mile radius for the first 2 months of operation Fat Boy Burrito graphic wrapped food trucks 	<table> <tr> <td>Owner investment - cash</td> <td>\$ 100,000</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>50,000</td> </tr> <tr> <td>Total start-up costs:</td> <td><u>\$ 150,000</u></td> </tr> </table>	Owner investment - cash	\$ 100,000	Owner investment - equipment	-	Vehicle and/or equipment loan	-	Start up financing	50,000	Total start-up costs:	<u>\$ 150,000</u>	<p>Year one summary income statement:</p> <table> <tr> <td>Sales</td> <td>\$384,600</td> <td>100%</td> </tr> <tr> <td>COGS</td> <td><u>155,100</u></td> <td><u>40%</u></td> </tr> <tr> <td>Gross profit</td> <td>229,400</td> <td>60%</td> </tr> <tr> <td>Overhead</td> <td><u>66,800</u></td> <td><u>17%</u></td> </tr> <tr> <td>Pretax income</td> <td>162,600</td> <td>42%</td> </tr> <tr> <td>Tax expense</td> <td>40,600</td> <td>11%</td> </tr> <tr> <td>Owner withdrawals</td> <td><u>55,000</u></td> <td><u>14%</u></td> </tr> <tr> <td>Net income</td> <td><u>\$66,900</u></td> <td><u>17%</u></td> </tr> </table>	Sales	\$384,600	100%	COGS	<u>155,100</u>	<u>40%</u>	Gross profit	229,400	60%	Overhead	<u>66,800</u>	<u>17%</u>	Pretax income	162,600	42%	Tax expense	40,600	11%	Owner withdrawals	<u>55,000</u>	<u>14%</u>	Net income	<u>\$66,900</u>	<u>17%</u>
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TEAM LEADERSHIP STATEMENT

CEO: Santos P.

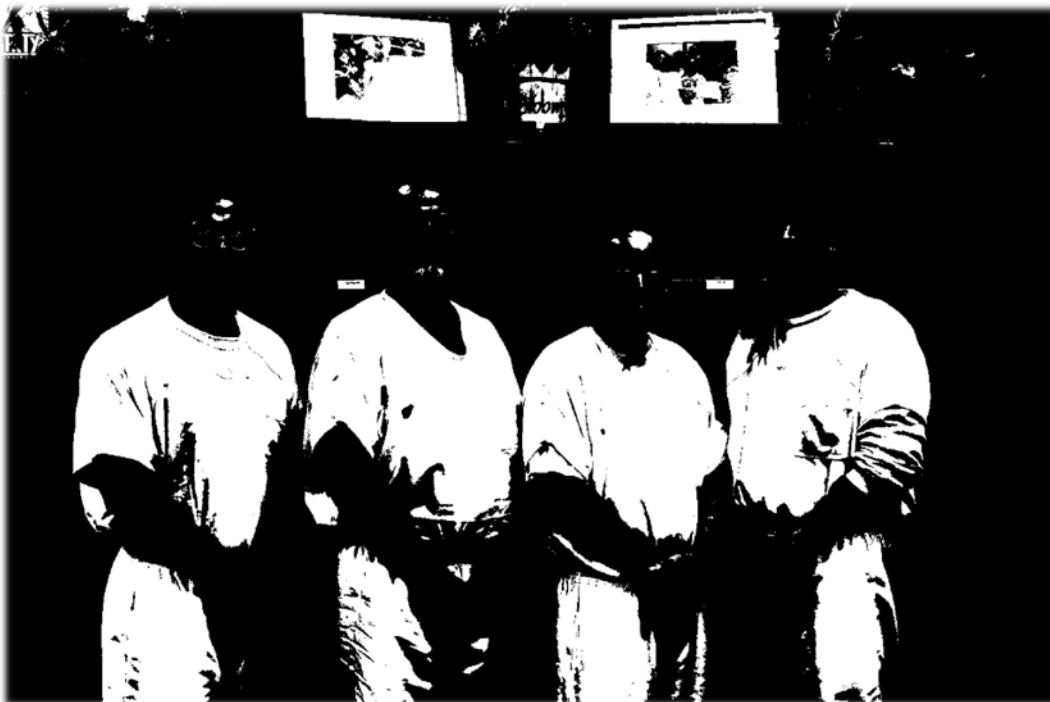
Santos brings over 30 years of experience in customer service and over 2 years of experience in the food industry. Santos brings a unique style of cooking using secret family recipes.

COO: Joel I.

Joel has a background in the trucking industry and restaurant he has knowledge of operations and distribution, scheduling procedures and training. Strong analytical skills able to solve problems resourcefully.

CFO: Raymond D.

He will be bringing two years of construction background where he developed contracts with vendors and suppliers, experienced in delegation and subcontracting which will play a key role in managing our financials.



PRODUCT/SERVICE OFFERING

We at Fat Boy Burritos will be providing a variety of hand-crafted quality burritos and burrito bowls along with Aguas Fresca's. The average price for the burrito and burrito bowls which will include a side of had tossed tortilla chips will be 12.95, which will provide 50%, 40%, and 10% of our total revenue. Our business will be located at the edge of the Heights, just blocks from the local farmers market. We will begin operations in 2025. Fat Boy Burritos will be creating our burritos using high quality flour, meats, and organic produce. We will also provide a variety of spices and condiments imported directly from Mexico such as chili morita, pulla and pasilla to name a few. Meats we will be offering will be pork shoulder, and beef fajita (arachera) we want our business to thrive immediately so we will be using a wide variety of marketing strategies. In finding our target customers we will use different types of promotions, advertisements, flyers, and signs. Social media will be a main point of attack for our marketing strategy as well. Connecting with customers on a personal level will be something we aim to do in every transaction. Me as the owner, I will be taking your order, mingling with the customers, and personally seeing that your needs and expectations are met. We hope in the future that our food truck can become a well-recognized franchise. The Fat Boy brand is just about great food, it's about a phenomenal Fat Boy experience.

MARKET/INDUSTRY

Burritos have not only gained popularity in the U.S., but worldwide. From Freebirds here in the U.S. to Burrito Blues in Ireland, the rising demand is due to the convenience of on the go meals with preference in Mexican cuisine. Now adding to this trend is the food truck industry which has an estimated annual growth rate of 6.5% from 2024-2029. With 4.15 billion in sales in 2023. The burrito and food truck industry are a hot trend, showing significant growth. We will be located near the heights area, which is the demographic we will be reaching out to the middle upper-class residents in the heights and surrounding area of a 3-mile radius. We plan on running promotions such as deals that reward loyalty, use word of mouth and our goal is to win customers over one at a time.

COMPETITION

Our direct competitors are Bullritos, Freebirds world burrito, in the 3-mile radius I have set up from the heights area I have seen 8-10 food trucks offering a variety of street foods, which will also be my competitors. Barriers for the industry are many but the main focus is the purchasing of the truck, what type of truck, what size, trailer vs truck, picking a commissary, getting your license, insurance, permits, and following food truck regulations.

DIFFERENTIATION

Fat boy burritos are not a production line, we have hand crafted flour tortillas, combined with dried chili peppers, our food recipes are handed down over 3 generations, our signature ingredients and the use of a variety of dried and fresh chili peppers imported from Mexico. Everything we prepare is executed with excellence, now as a street food truck vender people want the complete food truck experience but we will offer delivery services such as Uber eats, Door Dash and Grub Hub I will be involved in the day to day operation, from greeting customers, preparing and serving food to the customers.

MARKETING STRATEGY

PRICE:

The average rate for a Burrito is \$9.99. We at Fat Boy burritos will be selling the burrito and burrito bowls slightly higher at \$12.99. One unit consist of 1 Burrito and some House made tortilla chips. Being that we will be located in the high-End area, we will be offering better quality product to meet the higher standards such as grass feed beef

PLACE:

Fat Boy Burritos will be located in Houston, TX in the heights area. We will be operating on the corner of 28th St. and Airline Dr. in the Heights. We will be located conveniently 2 blocks from the farmers market and will be only one block form 610. This will be valuable because we will be walking distance from the farmers market and close to the freeway for our delivery drivers.

PROMOTION:

Our promotion strategy will include branding and adding QR codes to the food truck itself. We will use Facebook and business cards to promote the business. We will also use other social media platforms like TicTok. We plan to retain customers by using loyalty punch cards. We also plan to launch a website with all our promotional deals. Such as our opening deal where all orders over \$40 will be delivered personally from the original fat boy himself for free within a 3-mile radius.

VISION AND OBJECTIVES

TWO MONTHS BEFORE STARTING:

- Acquiring LLC, dba, permits, and licenses
- Locking in our home location

FIRST TWO MONTHS AFTER STARTING:

- Began to establish our burritos as the top gourmet food truck in the area
- Hire 2 additional employees
- Served 500 customers

FIRST YEAR:

- Assessed and revised menu and marketing strategy
- Launched our gourmet sweet burrito desert line

SECOND YEAR:

- Purchased and made operational a second food truck working the Sugarland area and to be used for special events such as concerts, baseball games, and county fairs.

FIFTH YEAR:

- Open up a food truck park with Fat Boy theme
- Expanded menu to include a variety of Fat Boy Mexican cuisine

PHILANTHROPY:

At Fat Boy Burritos we plan to take 10% of our net profit and donate it to Texas children's Hospital cancer division.

COMMUNITY IMPACT:

We want to help other Prison Entrepreneurship Program graduates by hiring their individual newly operational businesses to do tasks for Fat Boy Burritos. An example would be Flawless Mobile Detail which we will utilize to keep all of our equipment clean and well maintained.

FINANCIAL SUMMARY

Fat Boy Burritos revenue model is based on selling the following **(3)** of products:

- **Cochinita Pivil Burrito** sales at an average price of **\$12.99**. This product has a material cost of **\$5.25** producing a gross profit of **\$7.74** for each product sold. Materials include pork shoulder, chili guajillo, chili cascabel, rice, avocado, cilantro, and chili serrano. We project selling **14,000** of these products in the first **YEAR** for revenues of **\$181,000**
- **Fajita ranchero bowl** sells at an average price of **\$12.99**. This product has a material cost of **\$5.25** producing a gross profit of **\$7.74** for each product sold. Materials include beef fajita (arrachera) chili chipotle, chili ancho rice, onion, and cilantro, avocado. We project to sell **9,350** of these products in the first year of revenues of **\$121,457**
- **Aguas Fresca's** sales at an average price of **\$5**. This product has a material cost of **\$2.00** producing a gross profit of **\$3.00** for each product sold. Materials include mango, cantaloupe, cucumber, and lime. We project selling **16,300** of these products in the first **YEAR** for revenues of **\$81,337**

This will generate more than **\$384,600** in first year revenues with a net profit of **\$66,900** this is a **17%** net margin after deducting **\$55,000** in total owner compensation, **\$66,800** in overhead and paying **\$40,600** in income taxes.

Our **Yearly** break-even will be **8650** burritos sold.

Fat Boy Burritos will start in **January of 2026**. Total start-up funding is **\$150,000**. This amount will cover all equipment, inventory, and initial marketing.

An amount of **\$100,000** will be the **CEO's** initial capital contribution.

FINANCIALS

Owner's name	Santos
Company name	Fat Boy Burritos
NAICS Business Classification	
Sector (general classification)	72_Accommodation_and_Food_Services
Sub-sector (more specific classification)	722: Food Services and Drinking Places

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	100		
car/truck down payment, if leased			
permits	1,000		
supplies, office & misc.	2,000		
LLC	300		
FIRE SAFTY,INSURANCE	500		
COOKWARE,GENERATOR	3,000		
LICENSE, PERMITS	1,600		
	4,000		
Cash needed for start-up expenses	12,600		

Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	40,000		40,000
company trailer			-
computer, printer, fax			-
			-
			-
building/office deposit	3,000	N/A	N/A
beginning cash balance	94,400	N/A	N/A
Cash needed for start-up assets	137,400	-	40,000
			60 assumed life (months)
			667 monthly depreciation

Total start up cost	150,000	
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Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	100,000	67%
Vehicle loan and other equipment debt (see note 7 for financing)	-	0%
Startup financing, if applicable (for example Kiva loan)	50,000	33%
Outside equity investment, if applicable		0%
Total start up cost, total sources	150,000	100%

FINANCIALS (CONTINUED)

Santos dba Fat Boy Burritos
 EOU, Financing, and Payroll Assumptions
 Year 1

Assumption 6 - Revenue Model (Economics of One Unit)

	Product 1				Product 2				Product 3			
Product name	COCHINITA PIVIL BURRITO				FAJITA RANCHERO BOWL				AGUAS FRESCAS			
Product description	PORK SHOULDER, CHILE CAZCABEL, CHILE GUAJILLO, ONION CILANTRO AVOCADO, FLOUR TORTILLA				Beef FAJITA, CHILE CHIPOTLE, CHILE ANCHO, RICE, ONION, CILANTRO, AVOCADO, TORTILLA				DRINKS MADE FROM FRESH NATURAL FRUITS, SUCH AS MANGO, CANTALOP, CUCUMBER LIME			
Price per unit	12.99		100%		12.99		100%		4.99		100%	
Cost of one unit	hours	rate			hours	rate			hours	rate		
Non-owner payroll exp.			-	0%			-	0%			-	0%
Non-owner payroll tax	9.0%		-	0%			-	0%			-	0%
cost 1 description			5.25	40%			5.25	40%			2.00	40%
cost 2 description				0%				0%				0%
cost 3 description				0%				0%				0%
cost 4 description				0%				0%				0%
Total variable costs			5.25	40%			5.25	40%			2.00	40%
Gross profit per unit - what you see on income statement			7.74	60%			7.74	60%			2.99	60%

	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
COCHINITA PIVIL BURRITO sold		250	350	500	900	1,500	1,800	1,800	1,500	1,800	1,800	1,800	14,000
FAJITA RANCHERO BOWL sold		200	250	300	600	1,000	1,200	1,200	1,000	1,200	1,200	1,200	9,350
AGUAS FRESCAS sold		200	200	400	1,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	16,300
total revenue		\$ 6,844	\$ 8,792	\$ 12,388	\$ 24,475	\$ 42,455	\$ 48,950	\$ 51,445	\$ 42,455	\$ 48,950	\$ 48,950	\$ 48,950	\$ 384,654
total cost of sales		\$ 2,763	\$ 3,550	\$ 5,000	\$ 9,875	\$ 17,125	\$ 19,750	\$ 20,750	\$ 17,125	\$ 19,750	\$ 19,750	\$ 19,750	\$ 155,188
total income statement gross profit (excludes owner labor)		\$ 4,081	\$ 5,242	\$ 7,388	\$ 14,600	\$ 25,330	\$ 29,200	\$ 30,695	\$ 25,330	\$ 29,200	\$ 29,200	\$ 29,200	\$ 229,466

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	\$ -											
Interest rate (example 8%)												
Loan term (# of months)												
Monthly payment												
Start-up financing, see Start-up Costs sheet												
Amount borrowed	\$ 50,000			50,000	50,000	50,000	45,984	41,941	37,871	33,774	29,650	
Interest rate (example 8%)	8.0%											
Payback period (# of months)	12											
Grace period (months pay delay)	6											
Monthly payment	\$ 4,349											
principal, beginning				50,000	50,000	50,000	45,984	41,941	37,871	33,774	29,650	
interest expense				-	-	333	307	280	252	225	198	1,595
principal payment				-	-	(4,016)	(4,043)	(4,070)	(4,097)	(4,124)	(4,152)	(24,502)
principal, ending				50,000	50,000	50,000	41,941	37,871	33,774	29,650	25,498	

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	1	1	1	1	1	1	1	
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	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	
salary expense, excluding payroll taxes	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	26,400

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)

Santos dba Fat Boy Burritos 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														
COCHINITA PIVIL BURRITO	6	-	3,248	4,547	6,495	11,691	19,485	23,382	23,382	19,485	23,382	23,382	23,382	181,860	47%
FAJITA RANCHERO BOWL	6	-	2,598	3,248	3,897	7,794	12,990	15,588	15,588	12,990	15,588	15,588	15,588	121,457	32%
AGUAS FRESCAS	6	-	998	998	1,996	4,990	9,980	9,980	12,475	9,980	9,980	9,980	9,980	81,337	21%
Total revenue		-	6,844	8,792	12,388	24,475	42,455	48,950	51,445	42,455	48,950	48,950	48,950	384,654	100%
Cost of Goods Sold	2														
COCHINITA PIVIL BURRITO	6	-	1,313	1,838	2,625	4,725	7,875	9,450	9,450	7,875	9,450	9,450	9,450	73,500	19%
FAJITA RANCHERO BOWL	6	-	1,050	1,313	1,575	3,150	5,250	6,300	6,300	5,250	6,300	6,300	6,300	49,088	13%
AGUAS FRESCAS	6	-	400	400	800	2,000	4,000	4,000	5,000	4,000	4,000	4,000	4,000	32,600	8%
Total COGS		-	2,763	3,550	5,000	9,875	17,125	19,750	20,750	17,125	19,750	19,750	19,750	155,188	40%
Gross profit		-	4,081	5,242	7,388	14,600	25,330	29,200	30,695	25,330	29,200	29,200	29,200	229,466	60%
Expenses	2														
Auto or truck lease	-	-													0%
Depreciation	3	-	667	667	667	667	667	667	667	667	667	667	667	7,333	2%
Gasoline & fuels	-	-	350	350	350	350	350	350	350	350	350	350	350	3,850	1%
Insurance - bonding	-	-													0%
Insurance - vehicle	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	1%
Interest - equip & start up	7	-	-	-	-	-	-	333	307	280	252	225	198	1,595	0%
Marketing	100	-	100	100	100	100	100	100	100	100	100	100	100	1,200	0%
Office - rent	-	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Office - insurance	-	-													0%
Office - telephone	-	-													0%
Office - utilities	-	-													0%
Payroll - not owner and not in COGS	8	-	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	26,400	7%
Payroll taxes (9%)	6 & 8	-	216	216	216	216	216	216	216	216	216	216	216	2,376	1%
Permits	1,000	-												1,000	0%
Supplies	2,000	-	300	300	300	300	300	300	300	300	300	300	300	5,300	1%
Tax service	-	-													0%
Telephone - cellular	100	-	50	50	50	50	50	50	50	50	50	50	50	650	0%
Start-up expenses	9,400	-												9,400	2%
		-													0%
		-													0%
		-													0%
		-													0%
		-													0%
		-													0%
Total expenses		12,600	4,783	4,783	4,783	4,783	4,783	5,116	5,089	5,062	5,035	5,008	4,980	66,804	17%
Taxable profit (loss)	1	(12,600)	(702)	459	2,605	9,817	20,547	24,084	25,606	20,268	24,165	24,192	24,220	162,662	42%
Tax (expense) benefit	1						(5,032)			(17,489)			(18,144)	(40,665)	-11%
Owner's withdrawals	1	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(55,000)	-14%
Net profit (loss)		(12,600)	(5,702)	(4,541)	(2,395)	4,817	10,515	19,084	20,606	(2,222)	19,165	19,192	1,075	66,996	17%
Depreciation	3	-	667	667	667	667	667	667	667	667	667	667	667	7,333	
Equipment purchases	3	(43,000)	-	-	-	-	-	-	-	-	-	-	-	(43,000)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	50,000	-	-	-	-	-	(4,016)	(4,043)	(4,070)	(4,097)	(4,124)	(4,152)	25,498	
Owner contribution	3	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		94,400	(5,035)	(3,874)	(1,728)	5,484	11,182	15,735	17,230	(5,625)	15,735	15,735	(2,410)	156,828	
Cash, period start		-	94,400	89,365	85,491	83,763	89,247	100,429	116,164	133,393	127,768	143,503	159,238	-	
Cash, period end		94,400	89,365	85,491	83,763	89,247	100,429	116,164	133,393	127,768	143,503	159,238	156,828	156,828	