

prison
entrepreneurship
program

**Business Plan Competition
October 2, 2026**

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Covenant Custom Products

Prison Entrepreneurship Program
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Covenant Custom Products

Business Plan
October 2, 2026

John
Owner & Founder

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EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																																		
- Lack of critical parts necessary for routine maintenance - Specialized, updated parts retrofitted to be better suited and higher quality - Stronger communication between consumer and designer/distributor to solve problems	Solving a massive operation bottle neck for the state of Texas, while in growing sustains ability to a sector that has ignored it.	- Design & prototype better quality parts for the specified jobs - Research and learn the essential parts & equipment each customer has need of or where quality can be increased																																																		
Customers	Differentiators	Extras																																																		
- Every prison in Texas is always running 24/7 and is always needing routine maintenance - The state of Texas	- I have hands on experience with understanding the frustration of not having necessary parts to fix many problems - I have genuine care & concern to go above and beyond to solve issues - I will be designing new & improved parts better suited to increase quality	N/A																																																		
Marketing	Start-up Costs	Financials & Extras																																																		
Using the personal relations with the unit and solutions, I provide word of mouth and a turning round in budget, saving will get regional asking how the unit is saving so much money	<table><tr><td>Owner investment - cash</td><td>\$</td><td>41,200</td></tr><tr><td>Owner investment - equipment</td><td></td><td>-</td></tr><tr><td>Vehicle and/or equipment loan</td><td></td><td>-</td></tr><tr><td>Start up financing</td><td></td><td>-</td></tr><tr><td>Total start up costs:</td><td>\$</td><td><u>41,200</u></td></tr><tr><td>Plan Purpose:</td><td></td><td>Start-Up</td></tr></table>	Owner investment - cash	\$	41,200	Owner investment - equipment		-	Vehicle and/or equipment loan		-	Start up financing		-	Total start up costs:	\$	<u>41,200</u>	Plan Purpose:		Start-Up	<table><tr><td>Sales</td><td>\$</td><td>451,000</td><td>100%</td></tr><tr><td>COGS</td><td></td><td><u>124,400</u></td><td><u>28%</u></td></tr><tr><td>Gross profit</td><td></td><td>326,500</td><td>72%</td></tr><tr><td>Overhead</td><td></td><td><u>180,600</u></td><td><u>40%</u></td></tr><tr><td>Pretax income</td><td></td><td>145,900</td><td>32%</td></tr><tr><td>Tax expense</td><td></td><td>36,400</td><td>8%</td></tr><tr><td>Owner withdrawals</td><td></td><td>-</td><td>0%</td></tr><tr><td>Net income</td><td>\$</td><td><u>109,400</u></td><td><u>24%</u></td></tr></table>	Sales	\$	451,000	100%	COGS		<u>124,400</u>	<u>28%</u>	Gross profit		326,500	72%	Overhead		<u>180,600</u>	<u>40%</u>	Pretax income		145,900	32%	Tax expense		36,400	8%	Owner withdrawals		-	0%	Net income	\$	<u>109,400</u>	<u>24%</u>
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TEAM LEADERSHIP STATEMENT

CEO:

John brings welding, Machine shop, Fabrication, General Maintenance, HVAC, and plumbing to the table with 10 years' experience in all these areas. He also specializes in Communications, Team building and Leadership.

COO:

German brings 2 years' experience working in a remanufacturing workshop, General labor experience, machinery Operator and Construction. He specializes in framing.

CFO:

Michael T has over 10 years' experience in managing and operating in the Culinary Industry. He is great with numbers and accounting. Figuring all the data and spread sheets to keep the financials of a business in order.

CMO:

Michael F has over 12 years' experience in the Machine industry, having worked on motors, custom racing vehicles, complete teardown and rebuild of machines. He specializes in detailed work of specialized racing components and precision manufacturing of high-performance parts.

PRODUCT/SERVICE OFFERING

Covenant Custom Parts has clearly identified a major operational bottle neck with the (TDCJ) and paired it with a deeply human, high stakes value propositions. Our 10 years of fabrication experience combined with my first-hand knowledge as a TDCJ certified general maintenance technician gives us ultimate founder market fit. I'm not just guessing what the problem is, I've lived it.

We aren't just a middle-man ordering from a catalog, we are creating custom, just in time solutions for obstacle or hard to find institutional hardware. We care about the impact of the more not just the revenue. Our goal is to connect the operational up time (like fixing ice machines) to the basic human dignity of the incarcerated population. State institutions are notorious for slow procurement cycles. A standard supply chain can take weeks to get a specific locking mechanism of HVAC component approved and shipped. TDCJ is one of the largest prison systems in the U.S. When climate control and plumbing fail these units, it becomes a security risk and a compliance nightmare, not just an inconvenience. We have the technical expertise, the internal insight and the heart for the mission. We hope to tailor our partnership and take a Covenant Custom Parts to the next stage by navigating Texas State Procurement contracts and having a refined deck for impact investors.

MARKET/INDUSTRY

MARKET

TDCJ operation parts & equipment malfunctions and breaks down daily, and if it is not an easy fix, the parts (motors, compressors, plumbing models, locking mechanisms) are stored for a while and eventually thrown away. Our business model operates on securing this inventory and establishes a financial incentive to get the department to give us those materials.

COMPETITION

The vendors who then their original parts they currently do not buy refurbished parts. This is a high barrier to entry because having the necessary connections and knowledge of how TDCJ maintenance works can only be acquired by being in prison.

DIFFERENTIATION

I'm refurbishing and repeating used materials that are normally trashed and discarded versus selling brand new at top dollar.

MARKETING STRATEGY

PRICE:

CCP pricing strategy will be set by part received by TDCJ since several variables factors into the price of the refurbishment process. These variables include: specialized diagnostics, ultrasonic, cleaning, and manufacturing broken/wising components.

PLACE:

Our business is based out of Hutchins, TX. Out of a manufacturing warehouse that I was employed at. It is a \$100,000 soft warehouse contain all the necessary equipment to run our major manufacturing needs and space to build our own work station with the specialized equipment.

PROMOTION:

Using my existing relationships with maintenance departments I will have positive contacts with the head of operations whom I have trust already established to be able to start our business and then be able to branch out from there to other units by word of mouth and recommendations.

VISION AND OBJECTIVES

Two Months Before Starting

- File DBA
- Create LLC
- Obtain general Liability Insurance
- Inform potential customers our business will be available soon.
- Take online course on refurbishing components

First Two Months After Starting

- Have vendors license in place to allow business with TDCJ
- Have picked up large quantity of raw material.
- Have refurbished parts and began to resale back to TDCJ.

First Year

- Have reached target sales prediction
- Opened relationships with 2 more units.
- Hired on contract a driver for deliveries.

Second Year

- Reach a complete region of TDCJ
- Buy a company truck and trailer
- Start looking into federal contracts

Fifth Year

- Serving all TDCJ units in Texas
- Also working with counties and federal institutions

Tenth Year

- Appointed new CEO to handle business
- Serving nationwide

Philanthropy

I plan on contributing to PEP in any way possible whether through financial donations, workshops, jobs, and time at events.

Community Impact

I would like to create workshops for the youth to teach basic mechanical and industrial skills. How to use tools, identify problems, teach people how to become DIYers in basic situations of mechanical failures.

START-UP COST

Owner's name	John
Company name	Covenant Custom Products
NAICS Business Classification	
Sector (general classification)	31_33_Manufacturing
Sub-sector (more specific classification)	333: Machinery Manufacturing

Start-up Costs

Year 1

Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1		
marketing, business cards, fliers	200		
cell phone purchase	800		
car/truck down payment, if leased			
permits	500		
supplies, office & misc.	100		
Insurance Deposit	1,000		
Business Software	100		
Cash needed for start-up expenses	2,700		
Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	15,000		15,000
company trailer	6,000		
computer, printer, fax	1,500		1,500
	10,000		10,000
			-
	6,000		6,000
building/office deposit		N/A	N/A
beginning cash balance		N/A	N/A
Cash needed for start-up assets	38,500	-	32,500
			60 assumed life (months)
			542 monthly depreciation
Total start up cost	41,200		

Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	41,200	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	41,200	100%

FINANCIALS STATEMENT (PRO FORMA)

John dba Covenant Custom Products
EOU, Financing, and Payroll Assumptions
Year 1

Assumption 6 - Revenue Model (Economics of One Unit)

	Product 1				Product 2				Product 3			
Product name	Motor				Compressors				Locks			
Product description	For HVAC & Ice machines				For HVAC & Freezers				For Doors			
Price per unit	7,000.00 100%				4,000.00 100%				3,000.00 100%			
Cost of <u>one</u> unit												
Non-owner payroll exp.	9.0%	hours	rate			hours	rate			hours	rate	
Non-owner payroll tax			-	0%			-	0%			-	0%
cost 1 description			-	0%			-	0%			-	0%
cost 2 description		Parts	1,000.00	14%		Parts	800.00	20%		Parts	100.00	3%
cost 3 description		Machine Rentals	1,600.00	23%		Machine Rentals	1,070.00	27%				0%
cost 4 description				0%				0%				0%
Total variable costs			2,600.00	37%			1,870.00	47%			100.00	3%
Gross profit per unit - what you see on income statement			4,400.00	63%			2,130.00	53%			2,900.00	97%

	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
Motor sold		2	2	2	2	2	2	2	2	2	2	2	22
Compressors sold		3	3	3	3	3	3	3	3	3	3	3	33
Locks sold		5	5	5	5	5	5	5	5	5	5	5	55
total revenue		\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 451,000
total cost of sales		\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 11,310	\$ 124,410
total income statement gross profit (excludes owner labor)		\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 29,690	\$ 326,590

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	\$ -	-	-	-	-	-	-	-	-	-	-	-
Interest rate (example 8%)		-	-	-	-	-	-	-	-	-	-	-
Payback period (# of months)		-	-	-	-	-	-	-	-	-	-	-
Grace period (months pay delay)		-	-	-	-	-	-	-	-	-	-	-
Monthly payment	\$ -	-	-	-	-	-	-	-	-	-	-	-

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	1
avg hours each employee(s) worked per month, not in EOU above	160	160	160	160	160	160	160	160	160	160	160	160
average per hour wage	41.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00
salary expense, excluduig payroll taxes	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	72,160

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

	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														
Motor	6	-	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	154,000	34%
Compressors	6	-	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	132,000	29%
Locks	6	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	165,000	37%
Total revenue		-	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	451,000	100%
Cost of Goods Sold	2														
Motor	6	-	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	57,200	13%
Compressors	6	-	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	61,710	14%
Locks	6	-	500	500	500	500	500	500	500	500	500	500	500	5,500	1%
Total COGS		-	11,310	11,310	11,310	11,310	11,310	11,310	11,310	11,310	11,310	11,310	11,310	124,410	28%
Gross profit		-	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	29,690	326,590	72%
Expenses	2														
Auto or truck lease	-	-												-	0%
Depreciation	3	-	542	542	542	542	542	542	542	542	542	542	542	5,958	1%
Gasoline & fuels	-	-	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	12,320	3%
Insurance - bonding	-	-	250	250	250	250	250	250	250	250	250	250	250	2,750	1%
Insurance - vehicle	-	-	250	250	250	250	250	250	250	250	250	250	250	2,750	1%
Interest - equip & start up	7	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
Marketing	200	-	500	500	500	500	500	500	500	500	500	500	500	5,700	1%
Office - rent	-	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,000	10%
Office - insurance	-	-												-	0%
Office - telephone	-	-												-	0%
Office - utilities	-	-												-	0%
Payroll - not owner and not in COGS	8	-	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	6,560	72,160	16%
Payroll taxes (9%)	6 & 8	-	590	590	590	590	590	590	590	590	590	590	590	6,494	1%
Permits	500	-												500	0%
Supplies	100	-	500	500	500	500	500	500	500	500	500	500	500	5,600	1%
Tax service	-	-												-	0%
Telephone - cellular	800	-	250	250	250	250	250	250	250	250	250	250	250	3,550	1%
Start-up expenses	1,100	-	-	-	-	-	-	-	-	-	-	-	-	1,100	0%
Investor Repayment	-	-	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	17,743	4%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
Total expenses		2,700	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	16,175	180,626	40%
Taxable profit (loss)	1	(2,700)	13,515	13,515	13,515	13,515	13,515	13,515	13,515	13,515	13,515	13,515	13,515	145,964	32%
Tax (expense) benefit	1			(6,082)			(10,136)			(10,136)			(10,136)	(36,491)	-8%
Owner's withdrawals	1	-												-	0%
Net profit (loss)		(2,700)	13,515	7,432	13,515	13,515	3,379	13,515	13,515	3,379	13,515	13,515	3,379	109,473	24%
Depreciation	3	-	542	542	542	542	542	542	542	542	542	542	542	5,958	
Equipment purchases	3	(38,500)	-	-	-	-	-	-	-	-	-	-	-	(38,500)	
Principle, equipment loan	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	41,200	-	-	-	-	-	-	-	-	-	-	-	41,200	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash flow		-	14,057	7,974	14,057	14,057	3,920	14,057	14,057	3,920	14,057	14,057	3,920	118,132	
Cash, period start		-	-	14,057	22,031	36,087	50,144	54,064	68,121	82,178	86,098	100,155	114,211	-	
Cash, period end		-	14,057	22,031	36,087	50,144	54,064	68,121	82,178	86,098	100,155	114,211	118,132	118,132	