

TIPS – STEP 2
DESCRIPTION AND ANALYSIS OF BUSINESS
ENTREPRENEURSHIP PARTICIPATING EVENT

Tip #1- Any student who decides to conduct this Entrepreneurship project needs to first make your business something that is the *latest trend or original concept*. For instance, the hottest franchise business or a new concept!

1. Turn-in a minimum 3 typed pages (double-spaced).
2. Type your name and event – (ENT) at the top of your paper.
3. Bold each section description when submitting work. Ex: **Description**.
4. Make sure you include detailed information for all submitted sections.
 - A. **Rationale and marketing research**- should include reasons why you selected this business. Include the name of your advisory person who will provide you with the information you will need to adequately complete this 5-week project. Explain how you will complete your research for this project such as personal interviews, internet research etc.
 - B. **Introduction**- Explain the type of business you are starting, such as fast-food restaurant. Explain what types of products and services your company provides. **(If Franchise)**- explain History, headquarters, # of stores worldwide.
 - C. **Self-Analysis**- Write about yourself, (and any additional team members in your group). Include names, grade levels, after-school job, volunteer experience, GPA (if over 3.0%). You may also include a short paragraph explaining that after school you would like to become an entrepreneur and open your own company in the career field you have chosen.
 - D. **Analysis of the Business situation**- explain whether or not this company is a growing business which is popular among customers in our area and explain why. Example- “I feel my Mexican restaurant will be successful in the Coral Springs area because the area is growing with little competition in the area. Also include location of your business- city, street address, major intersection where company located. Include **Geographics**- where you will draw your customers from. Example- “ My customers will come from coral springs, and Tamarac generally since the company is located between both cities. **Demographics**- Must include detailed information gathered from the internet and researched from the Chamber of commerce website about your chosen city. Include information such as average income, age, ethnic background and average price of a home/condo in the area. **Economic Analysis of the trading area**- Is the area in a commercial, warehouse, or residential area. Explain the area in detail.
 - E. **Proposed organization**- explain your chosen type of ownership- sole proprietorship, partnership, corporation or S-Corp; explain why you selected your company and the advantages. (See Marketing book Pg. 704-709).
 - For planned personnel include the total # of employees you will need to run the company including managers and a brief description of there job duties.
 - **(If a Franchise business)**: must include **Franchise Fee? Monthly royalty?** Any other information provided from website **franchise.org**. You might need to call corporate headquarters for this information!

Tips for Writing – Step 3
PROPOSED MARKETING/PROMOTION PLAN (steps A – E)
Entrepreneurship Participating/Franchise

1. Turn-in a minimum 3 typed pages double-spaced.
2. Label and bold each section for which you are completing this week.
- A. **Proposed products and/or services.** Include a detailed description of your proposed companies products and/or services. Include an actual price list. Maybe mention a few of your suppliers.
- B. **Proposed pricing policy-** If you included your price list from step A then simply write about your actual cost of the items sold, how much is the mark-up on your products sold? Explain how are your prices compared to your competitors? Who are your main competitors?
- C. **Personal promotion-** (See handout with list of several examples). I would suggest using a minimum of 2 personal promotions for your business- Are they realistic? Ask me if unsure!
- D. **Non-Personal Promotion-** You will need to list and identify a minimum of 3-4 forms of advertising to inform people about your business. Be specific when naming your advertising. Example- Sun Sentinel newspaper, Y-100 radio station. You will need to refer to the marketing book to page 404 on Advertising Media for selecting tips on your advertising. Make sure you include 1 advantage or reason for why you selected each form of advertising.
 - **Print media-** includes newspaper, magazine, direct-mail flyers, directory (yellow pages)
 - **Broadcast media-** includes radio (AM-FM), television (broadcast or cable)
 - **Social Media advertising-** Face book, Twitter, Fan Page
 - **Transit Advertising-** taxi cabs, bus lines, airports, and kiosks.
 - **Customer loyalty programs-** reward cards or **Online Specials** offered to customers for repeat shopping to their business. Discounts offered.
- E. **Place-** channel of distribution- How will you deliver your products to your customers? Delivery service? Internet orders?

TIPS FOR WRITING A PROMOTIONAL PLAN

Personal Promotion: non-media sales plan, staffing and merchandising appeal.

In this step the idea is to identify how you will make your customers and/or employees feel important and valuable. When designing your sales promotion keep in mind ideas which will make your customers feel good about how you are treating them as customers.

Examples for Personal promotion:

- Drycleaners and bagel shops offer customers a stamp card to fill completely to receive one-free purchase. (Loyalty Marketing Program)
- Merchant Credit cards offering customers special discounts and savings.

- Free trip or merchandise offer to customers. (drawings)
- Offering a business card bowl to win a free dinner or lunch.
- Some restaurants offer a free dinner on your Birthday/Anniversary.
- Private sale to preferred customers on a selected date.

CREATING A “GRAND OPENING” EVENT

Tip-only use this event if you are writing an Entrepreneurship Business Plan paper!
 The purpose is to create excitement for your customers about the opening of your store. Sometimes businesses offer their customers free samples of the products during the grand opening period.

Note- a grand opening should occur actually 1-2 months after the business has already opened for the purpose of removing any problems prior to the Grand opening.

Ways to promote your Grand Opening include:

- balloons placed on top of the business.
- Signage outside the business promoting Grand Opening.
- Special offers and free items to customers on this day.

MERCHANDISING APPEAL

How you will display the merchandise for your customers. For instance, in a deli restaurant certain food items might be displayed behind a clear glass counter near the front of the store for customers to view bakery goods.

For example at Denny’s Restaurant their menu displays photographs of all of their menu items for customers to view.

Visual Merchandising and Displays include:

- window and floor displays.

Employee Relations- Making your employees feel valuable and well-motivated. Some examples include:

- Employee of the month- wins something from company.
- Company picnic or Holiday party.
- Bonus offer to employees who sell during a specified period of time.
- Ex: Top sales associate for this promotion wins a \$100 gift certificate to a local restaurant

Tips for calculating a business plan on following page!

CALCULATING EMPLOYEE PAYROLL FOR A BUSINESS

Worth 30 points/ Team of two students

Note- you must get calculations correct and show all work to receive any points!

Ask yourself the following questions:

1. How many employees will the business need to operate effectively?
2. How much \$ do I pay my staff per hour?
3. How many hours will my employees work each week? Month?
4. Owners draw- How much \$ will I pay myself (owner) out of the business to help with living expenses?

To assist you in your calculations you must use the following information below;

Employee Salary breakdown

8 sales associates @ \$9.00 per hour

2 assistant managers @ \$15.00 per hour

1 Store Manager @ \$22.00 per hour

3 warehouse workers @ \$8.50 per hour

Owner's weekly draw will be \$400

Weekly Hours breakdown:

Sales associates will work 30 hours per week

Asst. Managers will work 40 hours per week

Store Manager will work 50 hour week

Step 1- Calculate employees' Hourly salary; next determine their weekly salary; Next, multiply by 4 weeks to determine their monthly salary.

Step 2- Add up all 15 workers to determine a total Employee payroll budget for the month.

Calculating a Financial Plan for a Business

If you ever dreamed of one owning your own business it is necessary to know how to calculate a Financial Plan as part of your Business Plan. No bank would ever give you a loan without this important information. This activity will show you how to complete a Financial Plan.

Step A- You will calculate each of the expense listed below and fill-in the columns appropriately.

	monthly	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Gross Income					
Start-up Costs					
Rent or mortgage					
Employee Payroll					
Owners Draw					
Utilities (phone/electric)					
Advertising					
Insurance					
Working capital					
Legal/accounting fees					
Licenses & Permits					
supplies					
Total Expenses					
Net Income or Loss					

Gross Income is money coming into the business while everything else listed above are expenses and must be subtracted from Gross Income. The difference will be either Income or Loss on the chart. If showing a loss then use ().

Once you know your monthly calculation simply multiply by 3 for each quarter or 4 Qtrs. = 12 months!

Your calculations will be checked for accuracy!

Tips for calculating each of the above expenses include:

1. **Calculating the Business' Gross Income-** Simply calculate how much \$ each day you anticipate the business will earn each day; then multiply by 7-days. Next multiply by 4-weeks. This will determine your Monthly Gross Income.

2. **Start-up Costs-** This includes furniture, supplies, & all equipment. Simply add up and divide by 12 months since you will pay it off over the course of the 1st year. Example if your start-up cost was \$25,000 divided by 12 mo. = \$2,083; next calculate quarterly or every 3 mo. = \$6,249 each quarter.

3. **Rent or Mortgage-** Here you will need to estimate how much it costs to rent the building space for your company. It's generally based upon the square footage needed. Ask Mr. Kennedy if you are unsure.

4. **Calculating Employees Payroll-** You will need to ask yourself the following questions:

- * How many employees will the business need to operate effectively?
- * How much \$ will I pay them hourly?
- * Will my employees work on average of 30-40 hours per week?

Next, calculate your amount by 4-weeks to determine monthly payroll.

5. Owners Draw- It is necessary for the owner/manager to take a small salary (draw) out of the business to help with living expenses. As a rule of thumb, take a minimum of \$500-\$700 weekly; then calculate by 4 weeks to determine monthly Draw.

6. Utilities- This includes electricity and phone. Try to estimate how much electricity it will cost to run the company. For example a restaurant uses lots of electricity for kitchen refrigeration and A/C and gas for ovens. Electric could run anywhere from \$600- \$1,200 monthly depending on size of restaurant. Next add \$100 monthly for phone service.

7. Advertising- For this section you will need to calculate a 12-month advertising budget for any 3-forms of Advertising Media. Use the Advertising Costs sheet from my teacher website. (list each Ad Media and show calculations)

8. Insurance- Depending on the type of business you have this amount will fluctuate. See Mr. Kennedy for help if unsure. Ex: Jet Ski business is risky therefore high insurance.

9. Working Capital- Estimate 10% of your Gross Income for cash on hand.

10. Legal/ Accounting fees- On average estimate \$100-\$200 each month.

11. Licenses & Permits- You only pay this once per year. Estimate \$100 per quarter.

12. Supplies- Identify a minimum of 5 supplies needed and calculate a total for month.

13. Franchises- If you selected a franchise business you will also need to calculate the Yearly “Franchise Fee” and monthly “Royalties” and add 2 columns to this spreadsheet.

Step 2-

Next, you will need to calculate **Capital and a Repayment Plan**. For this section, you will need to explain how much of your own money was invested in the business venture and the remaining money need (list actual dollar amount) you are requesting to finance from the bank. Ex:

Personal Investment (capital) – You need to show a personal investment in this business of 25% of your own money as your capital investment. For instance if you need to borrow \$400,00 then you need to invest \$100,000(ideas include- gift from parents, grand parents, personal bank account, you liquidated “sold for cash” personal property you sold.

How much money will you need to start this business? For this activity simply multiply your combined expenses for the first two years of operation.

Next, go online to Bankrate.com to determine your monthly loan repayment amount. Base your business loan on the current loan prime rate of 7.5%.Go online to calculate your monthly interest rate loan for 10-years to pay off.

See Mr. Kennedy if you need help calculating your monthly Loan Repayment schedule.

My business partner and I will jointly **invest Personal Capital** in the amount of

- **Tips for completing 3-year Plan:**
- **Estimate Net profit growth in year 2 by 8% and add to figure.**
- **Estimate growth in your business from Year 2 to Year 3 by another 5% and add to figure.**
- **Show increase in Employee salaries by same figures since your costs go up.**

PROJECTED THREE YEAR PLAN

3 Year Financial Plan	Year 1	Year 2	Year 3
Yearly Net profit			
Expenses			
Term Loan Payments (10 years)			
Royalties (only if a franchise)			
Occupational License			
Employee Salaries			
Lease			
Utilities			
Advertising			
Total Expenses			
Yearly Profit (or Loss)			

The following page will provide tips for Step 1 – Executive Summary and turning-in your entire Deca Manual!

TURNING-IN YOUR COMPLETING DECA MANUAL
Worth 50 points

(11-Page Manuals)

- Entrepreneurship Participating
- Entrepreneurship Franchising
- Advertising Campaign
- Fashion Promotion Plan

(30-Page Manuals)

- * Marketing Research Events
- * Entrepreneurship Written
- * Community Service

Executive Summary

This is simply an overview of your entire marketing project. This must be single-spaced and include ALL sections from your paper. Bold sections titles in summary and entire paper. Example- **Introduction** **Self-analysis** **location**

Table of Contents- The table of contents should follow the title page. The table of contents may be single-spaced and may be one or more pages long. The table of contents page(s) will not be numbered.

Title Page- Center document and include: (double space)

Name of Competitive Event
Name of your proposed business
Monarch High DECA Chapter
5050 Wiles Road
Coconut Creek, Florida
Participant's name
Current Date

Prior to turning-in your completed paper make sure you have the following steps completed:

1. Go to www.deca.org and read and follow the Checklist standards pertaining to your paper. Points will be deducted for any steps missing.
2. The body of the written entry must be limited to 11 numbered pages, not including the title page and table of contents page. Note- see above list of 30-page manual list.
3. The pages must be numbered in sequence, starting with the executive summary.
4. Your typed entry must be double-spaced with the exception of the Executive Summary, which is single-spaced.
5. Make sure you **bold** each of your headings and underline your sub-headings throughout paper.
6. Manuals must flow with no empty “white space” between sections.
7. Make sure your paper follows the sequence outlined in the guidelines checklist.
8. Pick-up and sign the Statement of Assurance sheet. This form must be placed on the 2nd page of your paper.
9. (Important) Ask your English teacher to proofread your completed DECA manual and check for proper sentence structure and word usage.