

TIPS FOR WRITING AN INTERNATIONAL BUSINESS PLAN MANUAL

The purpose of the **International Business Plan Event** is to provide an opportunity for the participants to prepare a written proposal for a new business venture in an international setting. Make sure your chosen company exports the product to another country. Your manual will include detailed information about the foreign country you selected to start your business and the trading country you selected to export your product/service. For instance, you set-up a business in the Bahamas and you export the product to the United States.

Use the following chapters from the Marketing Essentials Book to assist you in completing your manual:

Ch. 3- Political and Economic Analysis & Ch. 4 Global Analysis

Don't Google your research; instead use these 3 Suggested website search engines: Go to Monarchs website/ Guidance/ media center/library resources/ research databases/ **world book/ Grolier/ SIRS**

Step 2- Introduction

Identification of existing trade barriers- Trade barriers- Sometimes nations impose trade barriers or restrictions when they want to limit trade. These controls restrict the flow of goods/ services among nations.

Helpful International Marketing Terms to Know:

3 Types of Trade Restrictions- tariffs, quotas, and embargoes.

Tariff- (sometimes called a duty) is a tax on imports. Tariffs may be used to produce revenue for a country.

Protective Tariff- Its purpose is to increase the price of imported goods so that domestic products can compete with them.

Quota- An import quota limits either the quantity or the monetary value of a product that may be imported. Ex: Limiting foreign automobiles into the US to give US auto makers a better chance to compete.

Embargo- A total ban on specific goods coming into and leaving a country. A government can impose an embargo for health reasons or political reasons.

Step 3- ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION

Describe the trading country's economic system- Does your chosen company export its goods/services to another country? If not, it should so explain in detail.

Explain the level of foreign investment in that country. For instance, what other countries operate or trade with your chosen country?

B. Trade area and cultural analysis

Competitive advantages and disadvantages of the proposed product and/or service- Explain if there are any advantages or disadvantages for your chosen company in your chosen country, in terms of its location, workforce or natural resources. Ex: China offers a cheap labor to produce goods to export.

2. Market Segment Analysis- a description of your target market, and the buying behavior of your potential customers.

Step 4- Planned Operation of the proposed business/product/service

Tip- Use ch. 35 (Developing a Business Plan) to help you complete this section.

A. **Proposed Organization-** See types of Ownership on page 746.

- Start-up steps to form the business- See pgs. 746-746 (staffing, job descriptions, organization chart, outside experts, manufacturing processes)

- **Organizational chart** with specific job descriptions- (Tip- speak to your store manager for specific job duties.

Employee Job Titles	Specific Job Duties
(1) Store Manager	<ul style="list-style-type: none"> - Oversees all aspects of running the business. - Handles payroll for employees. - Assigns responsibilities to store managers.
(3) store managers	Manager #1- Oversees advertising and Financial budgets. Manager #2- Handles day-to-day employee scheduling Manager #3- Day-to-day operations and ordering supplies.
(6) Sales Associates	<ul style="list-style-type: none"> - provide excellent customer service. - stock handling and merchandising skills. - speak to customers about current promotions and sales. - must have excellent product knowledge.
(1) secretary	Use of Professional Telephone etiquette. Use of Microsoft office, excel, PageMaker Pro, Web Design.
(1) Web Host Master	Keep company website updated and user friendly to customers.
(2) custodians	Keep store clean and inviting to customers.

(2) **Proposed product/service-**

2. How will the product/supplies be transported to/from the home country

- For this section see Ch. 22 (Physical Distribution) how will you have your products transported to the other country? See types of transportation systems on pg. 465-470 (trucks, railroads, waterways, pipelines, and air carriers).
- Inventory policies- Use Ch. 24 (Stock Handling and Inventory Control) I recommend mentioning Inventory Management (pg. 509) and Inventory Systems found on pg. 510-511.

(3) **Proposed strategies**

(4) **1. Proposed pricing strategies-** For this step use ch. 26 (Pricing Strategies) as a helpful guide. For instance, markup pricing on pg. 545 and Competition pricing on pg. 535 & 546).

2. Proposed promotional program-

Tip- Use the following chapters:

Ch. 17 (Promotional Concepts and Strategies) tip- Include ways you will advertise your company abroad. See Elements of a Promotional Mix on pg. 364.

Ch. 19 (Advertising Media) for different types of advertising media (Print Media on pg. 402, Broadcast media on pg. 406. See 19.2 (Media Measurement and Rates) Examples include Newspaper rates on pg. 410, Magazine Rates on pg. 412; Television rates on pg. 414.

Create a **one-year promotional plan outline-** create a chart and spread out different Advertising Medias throughout the 12-month period.

Step 5- Planned Financing

A. Projected income statement. Include detailed description of all of your income and expenses for the 1st year of business. (See handout creating an income statement).

1. Projected Quarterly income statement for the first year's operation.

- Make sure you total your income and total your expenses to determine Net income or loss.

C. Projected 3-year plan. You always want to show that your business will grow over the years, as your customer base grows.

Tip- Add each of your four quarterly expenses for Year 1 and multiply by 10% to determine your total expenses for Year 2; next add an additional 5% for total expense from Year 2 to Year 3.

Estimate **Gross Profit** growth of 20% for Year 2 and 10% growth for Year 3.

Projected Income Statement for 1st Year Operation (Sales, expenses, profit/loss)

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 an income statement.

Step A- You will calculate each of the expenses listed below and fill-in the columns appropriately. Calculate quarterly (every 3-months)

	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					

Using a separate sheet of paper you must show all your work for each of the steps and staple to this financial Plan to receive full-credit. 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, & equipment. Simply itemize a minimum of 5 Start-up costs and estimate how much \$ you think it costs to purchase for your business.

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 your business person advisor 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 _____

We will need a bank loan to borrow (state \$ amount) _____

The monthly Business Loan Re-payment will be _____

6. A brief narrative description of the planned growth of the proposed business.

To determine what interest rate you will pay look at the current prime rate on loans- this is the best rate for those individuals with excellent credit! Go online to calculate your interest rate for a loan between 5 to 10 years maximum.

Step 6- Bibliography

* Include all sources of information- textbooks, newspapers, internet, and personal interviews. Must explain purpose for each source in your bibliography. I would suggest at least 6 sources.

Example:

1. Marketing Essentials textbook- Ch. 33 (forms of business ownership)
2. Marketing Essentials textbook- Ch. 36 (How to Prepare an Income Statement)
3. Met with store manager at Best Buy for tips on my marketing plan. (Oct. 21, 2010)
4. Bestbuy.com website to research current products/services.

Step 7- Appendix (optional yet recommended)

I would include appropriate pictures, charts, letters, or general background information pertaining to your international manual business plan.

TURNING-IN YOUR COMPLETING DECA MANUAL Worth 60 points

(30-Page Manual)

International Business Plan- IBP

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 30 numbered pages, not including the title page and table of contents page.
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.