*Adventures in Entrepreneurship*

The Business Project

# Company Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Partners: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Business Plan (35 points)

## Financial Reports (30 points)

## Advertising (15 points)

Interview (15 points)

Business Card (5 points)

 And Logo

Points will be awarded based on participation and creativity as well as the final products. Computer and class time will be monitored and evaluated.

The business plan must be in essay form, typewritten and double-spaced**. DO NOT TURN IN PARTS I – VI AS THE BUSINESS PLAN!!**

The financial reports may be done using a computer spreadsheet, but that is not required. Please turn in a hard copy that is typed.

Advertising may take the form of a magazine or trade journal print ad, a billboard, flyers, merchandising, a television or radio commercial, or any other creative advertising you can think of! Commercials may be taped or performed live. All ads must be presented and explained, including costs, with all partners participating.

Interview must include a hand-written note from the business owner and business card with phone number for verification, along with the transcript of the interview. It would be helpful to choose a business owner in the field that you have chosen. You may not interview a family member.

**The Research**

The project is divided into six areas of research:

* ***Description and Market Structure***
* ***Leadership Structure***
* ***Personnel Requirements***
* ***Marketing Plan***
* ***Financing Your Business***
* ***Income Statement***

Each of the above areas will be graded separately as a daily grade, using the following performance standard:

4 Research was turned in on time. Team members presented more than what

 was asked for, demonstrating extraordinary effort with many details.

3 Research was turned in on time. Team members met assignment criteria

 with adequate detail and description.

2 Research was turned in on time, but was incomplete or contained few details.

1 Assignment was not turned in on time, and/or was less than half completed.

**Grade Translation: 4=100, 3=90, 2=70, 1=50**

It is recommended that you stay very organized for this project. You will turn in everything to me through Google Drive, and should make sure to keep your folder updated with all of your research and materials.

It is essential that you document all the sources of your data and information with print-outs or a bibliography.

You will be partly graded on your use of class time and creativity. Your work must be neat and professional looking.

**Business Plan and Financial Reports**

The partners will be required to create a thorough and accurate business plan for the business, as well as detailed estimates of all financial records. The following six areas will help you to gather the information necessary to complete the business plan, and create the required financial reports. Due dates for each area are noted. **Remember to have shared all of your materials in Google Drive - with each of the partners and with me.** Also remember to document all your sources of data and information with copies of the information or a bibliography of sources. The final business plan must be written in essay-form, and incorporate all research and data gathered, and be accompanied by a comprehensive income statement and balance sheet. All of the above must be typed and include a cover sheet with the partners' names and the name of the business. The due date for the completed project is:

**A – 3/27 B – 3/28**

**The Proposal:**

On the day the project is assigned, you will choose partners, decide on a product or service for your business, begin to brainstorm potential names and locations for your business, and create a list of your initial start-up expenses.

**This will be due at the end of class Feb. 22/23**

1. **Description of the Business and Market Structure**

**(due Fe. 24/27 @ end of class)**

1. Your company's name and why you chose that name?
2. Provide a detailed description of your product or service. Use the five senses to guide you—describe what you see, smell, hear, etc. Include a drawing of your floor plan.
3. Identify your competition by name! How will your product or service stand out from, or be better than, your competition?
4. **Leadership Structure (due Feb. 28/ Mar. 1 @ end of class)**
5. Describe in detail how you plan to divide the responsibilities of your

Business between the partners. The following areas must all be managed: **Business Finances and Accounting, Marketing and Sales, Human Resources, and Facility Maintenance, Repair and Safety.** Within each of those areas, provide a detailed list of tasks that must be done daily, weekly and monthly.

1. Evaluate each of the partners strengths and weaknesses, and based on that evaluation, decide who is to be responsible for seeing that the above tasks get done.
2. **Personnel Requirements (due Mar. 2/3 @ end of class)**
3. How many employees will you require? What will be their responsibilities? Include a sample weekly schedule, including each employee’s duties (i.e. opening or closing). Are you on the schedule?
4. Hiring criteria—what skills do your employees need to have?
5. Recruiting—how will you conduct your search for employees?
6. What wage will you pay your employees? How did you determine this?
7. **Marketing Plan (due Mar. 8/9 @ end of class)**

Use the 4 P’s of Marketing (handout included)—Product, Place, Promotion and Price to answer the following questions.

1. Who is your target audience? Where is your location? How much are your rent, your utilities and your insurance? How is your location going to help you reach your customers?
2. How will you attract your customers? What kinds of promotion will you use? Include your signage (and its cost).
3. What types of advertising will you use, and why did you choose those types? Think of print ads in newspapers or magazines, billboards, radio and television ads, or any other creative ideas you may have. Research the costs involved.
4. Explain how you determined the price of your product or service. What do you anticipate will be your total revenue? Will you be able to cover all of your costs?

***Include a rough draft of your logo and business card that support your marketing goals. You also need to turn in a rough draft of your advertising. Final drafts are due with the finished project.***

1. **Financing your Business (due Mar. 10/20 @ the end of class)**
2. Total up all of your start up costs. Remember that this includes all one-time expenses and any initial inventory that you will need. Do not include rent or wages!
3. Assume that you must borrow 80% of the money needed to start your business. Go to [sba.gov](file:///%5C%5Crrhs1%5Cusers%5Cteachers%5CJill_Wetzig%5CEconomics%5CBusiness%20Project%5Csba.gov) and research what is necessary for a small business loan—what documentation do you need, etc. summarize what you found out.
4. Go to [**http://www.planningtips.com/cgi-bin/simple.pl**](http://www.planningtips.com/cgi-bin/simple.pl) and put in the 80% you need to borrow. Your term (#of years you are borrowing the money for) will depend on how much you need (ask your teacher!) Use 7% as your interest rate, and it will calculate your monthly loan payment for you!
5. Using all of the above information, create a balance sheet. This estimates your assets, liabilities and owner’s equity at the end of the year. A rough draft form is included.
6. **Income Statement (due Mar. 21/22 @ the beginning of class)**
7. Determine your total revenue, using the price you established for your goods/services and the estimate of the number you will sell.
8. Determine your cost of goods sold—how much you had to pay for what you sold (i.e. the books for your bookstore). Not all businesses will have a cost of goods sold.
9. Identify all of your other operating costs, and determine your profit, if any. A rough draft form is included.

**The Final Project**

**The Written Report:**

1. A **BUSINESS** **PLAN** that incorporates all of your research and demonstrates the learning that has occurred during the process of collecting the data. It must be typewritten and in essay form. (35%)
2. Your final **FINANCIAL REPORTS,** including the balance sheet and income statement. **DO NOT TURN IN YOUR ROUGH DRAFTS!!!!** **These must be typewritten.** (30%)
3. A sample of your **ADVERTISING**, such as a picture of your billboard or a recording of your radio ad. Your advertising should be neat and professional looking. (15%)
4. Your **INTERVIEW.** Make sure you have a typed transcript, and have included documentation that the interview took place. (15%)
5. Your **BUSINESS CARD** and **LOGO.** Again, they should be neat and professional looking. (5%)

Turn in all of the above in a report cover, including a cover sheet with the name of your business, the partners’ names and class period. This counts as one test grade.

**Your Presentation:**

1. Prepare a brief presentation about your business, highlighting why you chose that business and what you learned going through the project process.
2. You must prepare a ***visual aid*** to enhance your presentation. It should include copies of your signage, advertising, floor plan, logo, and any other interesting items, such as your menu.
3. All partners must be prepared to answer questions from the teacher and classmates. All partners should be equally knowledgeable about all aspects of the business.

This will count as a test grade. You will be provided with a rubric for the presentation.

**Interviewing a Small Business Owner**

Identify the name of the business, the owner’s name, whether the business is a sole-proprietorship or a partnership, the location of the business and what product or service it offers.

Questions:

You must ask the following seven questions, and *add three additional questions of your own*. Ask questions that will help you with the project! Create a transcript of the interview (typed).

1. Why did you begin your business?

2. How many years have you had your business?

3. What were some of the unexpected challenges you encountered in starting up your business?

4. What kinds of problems do you deal with in the daily operation of your business?

5. What do you find most rewarding about owning your own business?

6. As a small business owner, what advantages do you feel you have over large corporations?

7. What advice would you give to someone thinking of starting his or her own business?

Please contact the business owner ahead of time and schedule an appointment at their convenience. These are very busy people! Do not wait until the last minute to schedule your interviews. It will be turned in as part of your final project.

You must turn in a signed business card or note with phone number to verify that you did the interview. The business owner could also e-mail me a confirmation of the interview.

It would be helpful to choose a business owner in the field that you have chosen, but not required. You may not interview a family member.

**The Four 'P's of Marketing:
Product, Place, Price and Promotion**

So what is marketing? Is it sales? Is it advertising? Marketing is the part of your business where money is made. You let people know that you’ve got a product they want, you sell it to them and deliver to them and they pay you. You make a profit; they’ve got the product or service that they need. To make it easy, marketing people break it down into product, place, price and promotion. They’re referred to as the four "P’s" of marketing. They’re also what people are talking about when you hear about a "marketing mix." You want to find a good marketing mix for your clients so that you can make money.

**"Products"** are the things that you sell to people. You might also have a service that they’ll pay for as your product. Products can range all of the way from goods people need every day to live, like milk, tuna or vegetables or they can be very high end dream products, like a private jet. Having the right product for your target market (that’s the people or businesses you want to sell to) requires knowing what they need and want.

**"Place"** refers to how you get your product to your customer. Your product might be something that you produce or it could be something you never see or touch. That’s quite possible if you have customers order through you and you arrange to have it directly drop shipped to them from the maker or a fulfillment center. There are a lot of ways to get your product to your customer, so it’s important to know if it’s something they want to see and touch before they buy it. If so, you’ll probably want to order and stock it and sell it directly from your business. If it’s something they don’t need to see before buying it, you need to make sure that it’s delivered promptly to them and is what they expected when they bought it.

**"Price"** is pretty self-explanatory but it’s very important to your success. Price something too high and you may never sell a single item of it. Price it too low and you can lose money on every sale once all of your costs of doing business are considered. So you want to price it attractively so that you can sell it to your clients and they’ll feel good about the purchase.

**"Promotion"** is how you let people know what you’ve got for sale. It includes most of the things you think of when "marketing" is mentioned, like advertising and personal sales calls. You can use a variety of tools to promote your product or service, like direct mail, sales brochures, contests and giveaways. The purpose of promotion is to get people to know what your product is, what they can use it for, to make them really want your product and to let them know that YOU have it and that they can buy it from you. You want them to think of you whenever they’re thinking about your product. Your competitors may be wonderful people, kind to children and always good neighbors. But you want the customers who are looking for the product to know that you can do it better for them than your competitors can. Maybe you can do it cheaper. Maybe you’ve got a better product. Maybe you’ve got it in stock and they don’t. Maybe they’ll have more fun buying it from you and you’ll provide the customer service that makes them feel special and lets them be worry free when they purchase from you.

In any case, you control the product, place, price and promotion of what you’re offering for sale. Your marketing mix should be something you pay careful attention to because that’s how your business will succeed.

Suggested format for **Balance Sheet** for Business Project:

**Assets:** **Liabilities:**

 Cash \_\_\_\_\_\_\_\_ Loan \_\_\_\_\_\_\_

 Inventory \_\_\_\_\_\_\_\_

 Property \_\_\_\_\_\_\_\_

 Equipment \_\_\_\_\_\_\_\_ **Net Worth:**

 Owners’

 Equity \_\_\_\_\_\_\_

**Total Assets \_\_\_\_\_\_\_\_ = Total Liabilities \_\_\_\_\_\_\_\_**

 **And Net Worth**

**(Assets and Liabilities/Net Worth must be equal!!!!!!)**

Suggested format for **Income Statement** for Business Project:

Total Revenue (sales) \_\_\_\_\_\_\_\_\_\_

 (Unit Price of each good x estimated # sold)

Cost of goods sold -\_\_\_\_\_\_\_\_\_\_\_

 (List the cost of each of the raw materials used

 to produce your good x the # needed)

**Net Sales =\_\_\_\_\_\_\_\_\_\_\_**

Operating expenses

 (List any of the following that apply to

 your business, add any others necessary)

 Salaries (owners and employees) \_\_\_\_\_\_\_\_\_\_

 Loan Payment \_\_\_\_\_\_\_\_\_\_

Rent \_\_\_\_\_\_\_\_\_\_

 Advertising \_\_\_\_\_\_\_\_\_\_

 Supplies \_\_\_\_\_\_\_\_\_\_

 Utilities \_\_\_\_\_\_\_\_\_\_

 Phone \_\_\_\_\_\_\_\_\_\_

 Insurance \_\_\_\_\_\_\_\_\_\_

 Repairs/Maintenance \_\_\_\_\_\_\_\_\_\_

 Auto/Truck \_\_\_\_\_\_\_\_\_\_

 Licenses/Fees \_\_\_\_\_\_\_\_\_\_

 -\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Net Income =\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Income taxes (assume 30%) -\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Net Profit =\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Profit per partner - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_