

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

(Worth 50 points/ due on Friday!)

1. Turn-in 2-3 typed pages (double-spaced and size 12).
2. TYPE your name and event – (Entrepreneurship) at the top right-hand corner 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 3-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.
  - 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. 612). 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.

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

(worth 50 points)

1. Turn-in 3 typed pages double-spaced and size 12.
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.
- E. **Place-** channel of distribution- How will you deliver your products to your customers? Delivery service? Internet orders?

**Grading Rubric – Entrepreneurship Participating for Step 3**

- Open a “new” file and label as Step 3. You will copy and paste all sections together at the end of your project for a combined 11-pages.
- TYPE your name, Event-franchise, class hour in the upper right-hand corner.
- **Bold** each of your headings and all sub-headings.
- See my Personal Promotions posted on my teacher website for ideas!

## TIPS FOR WRITING A PROMOTIONAL PLAN

Read 17.2- Types of Promotions for detailed descriptions.

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

**Customer Loyalty programs-** A way to reward your loyal customers who continually make purchases at the business.

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 of Personal Promotions:

- Offer customers a **stamp card** to fill completely to receive one-free purchase. Popular with bagel, drycleaners and local restaurants. (**Loyalty Marketing Program**)
- **Customer Reward Card** with company name- Ex: Panera Bread; CVS/Pharmacy (**Loyalty Marketing Program**)
- **Special coupon & promo codes** offered only to those customers who go to the Company website and provide their email address for special discounts. Simply print the coupon or download on your smart phone for discounts. Ex: Smokey Bones restaurant.
- **Online loyalty marketing program-** offered to customers who complete an online survey on company website to rate their customer experience. Must be completed within 48-hours. Special promo # is placed on customer receipt to complete.
- **Product samples** offered to customers to try your product. EX: Publix & BJ's.
- **Drawings-** Sign-up for a free trip or merchandise offer to customers.
- 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. Customers with Merchant Credit cards- ex: Macys, Sears.
- **Premiums-** gifts offered to customers within the store.

### 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.

Visual Merchandising and Displays include: window and floor displays.

**Sales Force Promotions (Employee Relations)** - Making your employees feel valuable and well-motivated. Some examples include:

- Employee of the month- wins something from company.
- Bonus offer to employees who are the “Top sales” associate during a specified period of time.

**TIPS FOR WRITING- STEP 4- PROPOSED FINANCIAL PLAN (A –C)  
ENTREPRENEURSHIP PARTICIPATING**  
(worth 50 weekly points and due on Friday!)

1. Turn-in a minimum 3 typed pages double-spaced.
2. label and bold each section you complete.

**Step A- Projected income/cash flow statement.** Include detailed description of all of your income and expenses for the 1<sup>st</sup> year of business. See handout tip sheet which includes examples of start-up costs and continuing costs. Show your salary expenses breakdown for your employees. Make sure you include- rent, electric, advertising, phone, supplies.

- Set up your financial plan quarterly- 1st, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, not monthly.
- Make sure you total your income and total your expenses to determine Net income or loss.

**Step B – 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.

**Step C- Capital and Repayment Plan.** For this section you will need to explain how much of your own money was invested in this business venture. Estimate that you will invest between 25% to 50% of your own money used as your own capital investment and the remaining money needed (list actual dollar amount) you are requesting financing from a bank.

**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.

## 5. Bibliography

\* Include all sources of information- textbooks, newspapers, internet, and personal interviews. Must explain purpose for each source in your bibliography. I would suggest 8-12 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, 2008)
4. Bestbuy.com website to research current products/services.

# 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.

Print Student Names \_\_\_\_\_ & \_\_\_\_\_

Print the Company Name here: \_\_\_\_\_

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

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 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 \_\_\_\_\_

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

**The monthly Business Loan Re-payment will be** \_\_\_\_\_

## **TURNING-IN YOUR COMPLETING DECA MANUAL**

### **Worth 60 points**

#### **(11-Page Manuals)**

- Entrepreneurship Participating
- Entrepreneurship Franchising
- Advertising Campaign
- Fashion Promotion Plan
- Sports Marketing Event

#### **(30-Page Manuals)**

- \* Marketing Research Events
- \* Entrepreneurship Written
- \* Community Service
- \* Learn & Earn
- \* Public Relations campaign

#### **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(s)**  
**Current Date**

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

1. Go to [www.deca.org](http://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 2<sup>nd</sup> 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.