



**BABSON**  
COLLEGE

# **Foundations of Management & Entrepreneurship**

**BUSINESS PROJECT HANDBOOK**



**2012-2013  
Academic Year**

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Welcome!

You are about to embark on an exciting journey:

Foundations of Management & Entrepreneurship (FME) is designed to expose you to the world of entrepreneurship and management with special emphasis on the use of information technology for effective decision making and business execution. The business project is designed to teach you the skills and vocabulary needed to survive and prosper. One way to accomplish this mission is to allow you to be part of a team to design, start and manage a real business.

Because most business activity is more involved than running your neighborhood lemonade stand, your journey will be complicated. You will learn about various *functional areas* of business and how they interrelate. The *organizational skills* you'll learn will facilitate your interactions with others. And, the *technical tools* you'll learn will help monitor your activities, ensuring efficient efforts and desired results.

Your journey will also involve additional sensitivities. Emphasizing our limited resources, the global economy wants us to balance business activities with many *social, environmental and community concerns*. Being a 'good citizen' isn't only morally appropriate; it is becoming critical for business success. Keep this in mind while working with the community service organization of your choice.

Our goals are straightforward: We plan to expose you to the business world from a variety of perspectives. We want you to appreciate and understand the importance of responsibility to the community and to society from a business perspective. We will give you the opportunity to apply what you learn in the classroom to actual business practice. In addition, *we want to stimulate your desire to learn*, enhancing your prospects for a successful and exciting career.

This handbook was written to serve as a reference guide for the field project, describing it in more detail and suggesting several issues you should consider throughout the year. Your instructors, as well as Rob Major and Sandy Siciliano in the Academic Services Office, are available to answer any questions you might have.

This project will be a journey of self-discovery. How well can you manage and work? How good are your organizational and interpersonal skills? Are you prepared to lead when the group requires a leader and to follow when needed? How are your financial, computer and quantitative skills developing? How about your communication skills? Do you listen well? Can you effectively argue your case and persuade others? And, if you discover your skills in any of these areas aren't as sound as you'd like, how well can you adapt, learn, and grow?

Most importantly, **we want you to have fun while you learn**. If you see the value in doing so, you will have learned a great deal by the end of the academic year. Your efforts combined with the efforts of your classmates will bring success to the project. Standing as coaches, facilitators and experts, we, the faculty, are prepared to help and guide you through this journey. But, we won't do the work for you; only you can do that.

Welcome aboard the FME 2012-2013 Business Project! Enjoy your trip!

**The FME Faculty  
August 2012**

## **Do's and Don'ts of the FME Field Project** **(Excerpted from the FME Field Project Handbook)**

- Any use of the Babson logo, shade of green, seal, mascot and/or College name must be approved by College Marketing. (Page 2)
- Business must receive three bids when the payment to a vendor for products or services will exceed \$300 during the course of business. (Page 8)
- Every student must sign a conflict of interest form which discloses their relationship with the vendors selected by their business. (Pages 8, 30-32)
- All deposits must be made to the FME Bank which is located in the Academic Services Office in Hollister Hall. (Page 20)
- FME Businesses must be closed down in every respect (e.g., all cash in, all outstanding bills paid, acceptance of final deliveries by customers) no later than 4/12/13. (Page 4)
- All businesses must complete the Closing of Business Checklist supplied by the Academic Services Office (see Appendix 5, page 28). FME project grades can be impacted if a business fails to properly close down. (Page 4)
- FME businesses are encouraged to advertise and promote their product or service, but any pornographic, inflammatory, or offensive material is strictly forbidden. Promoting the use of alcohol or tobacco in any of your promotional materials is prohibited. (Page 1)
- Do not contact any alumni or parents via mass mailings. FME businesses will be advertised in the Alumni electronic newsletter once a month during the spring semester. (Page 3)
- FME businesses can utilize a college vehicle to pick up supplies, but you are not permitted to use the college vehicle as an integral part of your business (such as a shuttle service). The driver must be van certified by Public Safety. (Page 4)
- FME businesses are allowed to use group space provided in residence halls and other campus facilities, but inventory storage in a student's dorm room is prohibited. (Pages 4, 19)
- Negotiating is very important when operating a business, but a student may not sign a contract on behalf of the FME business, committing the business to any agreement. (Page 3)
- FME businesses cannot sell or dispense non-Pepsi products. This includes beverages, including water, and non-beverage products, such as t-shirts and posters. (Page 2)
- Being creative is highly praised when generating business ideas, but make sure the ideas are plausible and legal. Any illegal or logistically impossible ideas will be rejected. (Page 1)
- Do not contact any agencies or organizations regarding community service opportunities until you have spoken with someone from the Bernon Center. (Page 5)
- Approval from the Wellesley Board of Health is required to sell packaged food; non packaged food sales are not allowed. (Page 1)
- Students must collect MA sales tax (6.25%), from their customers, if appropriate. (Page 2)

- FME businesses are presumed to be going-concerns. Hence, liquidation sales are not permitted. (Page 4)
- A business that pays its vendors with wire transfers will be charged \$30 per wire transfer. (Page 19)
- Any fund-raising event must be approved by the FME faculty and Academic Services. (Page 19)
- One copy of the written report summarizing the FME Field Project experience must be prepared and handed-in on the last day of class in the Spring semester to a faculty member (they will share). An electronic copy must be submitted to the Academic Services Office. (Page 23)
- Each FME business **is required** to develop a website for its business. If you wish to accept credit card payments for sales made via the web, you **must** use the PayPal configuration provided by Babson College. (Page 19)

## Part 1 – Guidelines for Business Proposals

**The guidelines which follow must be understood and followed by every member of the FME class. Failure to do so can impact your FME grade and your standing at the College.**

Here are some ideas that have been rejected in the past by either the FME faculty, the Academic Services Office, or fellow students. The reason for rejection can vary from “illegal” to “logistically impossible”:

- An on-campus sun-tanning salon
- An on campus hair salon
- An on-campus movie theatre
- Sale of Tobacco Products
- Sale of alcohol or any items that are related to the consumption of alcohol such as drinking game apparatus

This is only a sample of rejected ideas. Do not automatically assume that an idea will be rejected. Think creatively, do your research and ask questions. Also keep in mind that your business is a reflection of you, the entrepreneur. A positive image in the community is an important asset in business.

### I. Foodservice Retail Businesses

Your business **cannot** involve the handling of any food that is not prepackaged. In addition, your employees cannot remove any prepackaged food from its packaging to heat or otherwise prepare it.

Businesses planning to sell prepackaged food **must** complete an application with the Wellesley Board of Health. The applications are available in the Academic Services Office in Hollister Hall. There is no fee associated with the application and the application process will take about 7-10 days. All businesses must comply with the regulations of the Wellesley Board of Health.

### II. Advertising and Promotion Policies: On Campus

Postings may be displayed in designated spaces in campus buildings according to building policies, which may require additional approval. The business is responsible for determining what the policy is and adhering to it. Each posting must include the name of the sponsoring organization. Outdoor advertisements are permitted by special approval of the Office of Campus Life. Individuals who post any item are responsible for the removal of the posting once the event has taken place (or the business has closed).

All advertising and promotional material should adhere to generally accepted standards of good taste. Any pornographic, inflammatory or offensive material is strictly forbidden. You may not promote the use of alcohol or tobacco in any of your promotional materials.

### III. Use of Babson's Name, Logo, Seal, and Mascot

All FME and student business use of the Babson logo, the color green, the seal, the mascot and College name must be from the approved imagery available at College Marketing. Requests for any use must be made directly to College Marketing and cannot be used until written approval has been granted.

### IV. Sale of Non-Pepsi Beverage Products

Babson College has granted Pepsi the exclusive right to make its beverages available for sale and distribution on campus. The Agreement covers the College's vending machines and its food service operations, including catering. In addition, any event or activity funded or sponsored by the College or any entity or organization that receives funding from the College must comply with this Agreement.

**Bottom line** – if you plan to sell or dispense beverages, including bottled water, they must be Pepsi products. This policy also prohibits the sale or distribution of non-beverage products, such as t-shirts and posters from Pepsi competitors (i.e., Coke logo items). Non-Pepsi products may be sold or dispensed by student groups if the student activity or event is held off-campus.

### V. Compliance with Campus, Local, State and Federal Regulations

All FME businesses must comply with campus, local, state and federal laws and regulations (i.e. Foodservice Businesses, Copyrighted Materials). The Dean of Student Affairs Office, the Office of Campus Life, the Office of Public Safety, the Athletic Department, the Director of Risk Management and the Office of Health Services are available to assist you with any questions you may have regarding compliance.

FME businesses will **NOT** be granted tax exempt status and no FME business will be allowed use of the College's tax exempt number in making purchases.

If an FME business is selling a product that is a taxable item under Massachusetts law, the business is required to collect the appropriate Massachusetts state sales tax for those specific transactions. You may go to the Massachusetts Web site to determine whether your product is taxable under Massachusetts law. There is further information available at [http://www.dor.state.ma.us/publ/pdfs/sls\\_use.pdf](http://www.dor.state.ma.us/publ/pdfs/sls_use.pdf) from the Department of Revenue.

Any sales made within the Commonwealth of Massachusetts that are subject to its 6.25% sales tax must be identified separately (the business must have a receipt that records the transaction that shows the amount of sales tax collected) and the tax collected at the time of the purchase. Collected sales tax is submitted to the FME Bank.

## VI. Contracts

**A student may not sign a contract, committing an FME business to any agreement, on behalf of that FME business.** All contracts **MUST** be approved by the faculty of that business and **MUST** be signed by the FME program advisor, Sandy Siciliano, on behalf of the FME business. Such contracts include agreements with suppliers and agreements to provide services to customers.

## VII. Great Way to Publicize on Campus

PowerPoint slides can be submitted to the Caitlin Capozzi to be put up on campus screens. Send your slide(s) to [ccapozzi@babson.edu](mailto:ccapozzi@babson.edu).

## VIII. Mailing Lists to Parents and Alumni

The college is very sensitive regarding alumni contact. **All requests to contact alumni must be made through the Alumni Relations Office and sent only with their explicit, written understanding and approval.** Once the material is approved, the material would be sent by the students at the expense of the business.

The College needs to maintain a reasonable amount of contact with parents as well. Due to the high demand of requests for access to parent mailing lists, FME businesses are **not** permitted to solicit parents via mass mailings. All FME Businesses will be advertised in the parent version of the monthly Alumni electronic newsletter during the spring semester. The links to each business website will be easily accessed by the parents through this newsletter.

Any questions concerning parent contact can be directed to the Alumni Relations Office.

## IX. All Campus Communication

Each FME business will be allowed one mass mailing via campus mailboxes. Mass mailings through the student Mail Services require 2 business days. Please have your approved mailing piece reproduced at the Document Center and request 2,000 copies.

**The mailing MUST be approved by your faculty.**

**Note: Unauthorized mass Emails (an Email that uses an Email “group”) will be a violation of the College’s policy on the Acceptable Use of Campus Network and Computing Systems.** (Refer to the Undergraduate Handbook available in the Babson Portal in Resources/Campus Services.)

## X. College Vehicles

FME businesses will **not** be permitted to use college vehicles as an integral part of their business plans, such as a shuttle service. If a business plans to use a college vehicle (to pick up supplies for example or travel to a community service event), the use of the vehicle must adhere to the guidelines put forth for all student organizations on campus. Any student who plans to drive a college vehicle must be van certified by the Public Safety office. If van



certification is deemed necessary, please plan accordingly. Needing a van on Friday does not mean you can get certified on Thursday.

## **XI. Group Space**

Each business will be assigned office or storage space in Park Manor Central. FME businesses that utilize additional group space, such as those provided in residence halls or other campus facilities (i.e. athletic facilities, Sorenson Center), should adhere to all the guidelines for such use set forth by the Office of Campus Life or the appropriate department. Any request to access or use space in campus facilities must be reviewed and approved by the Office of Campus Life or the appropriate facility management center. FME businesses are also expected to treat the facilities with care and respect and take personal ownership for the cleanliness, security and management of the space. **Inventory cannot be stored in a student's dorm room.** Rather inventory must be stored in the space assigned to your business.

To reserve rooms for meetings and presentation practices, use the Room Reservation Link in the Smart Tools area of the Babson Portal ([portal.babson.edu](http://portal.babson.edu)). Rooms are reserved on a first come, first service basis.

## **XII. Closing of Business**

- By Friday **April 12, 2013**, businesses must cease operations in all respects, i.e. all deliveries must be received by the customers, all monies received from customers and all payments made to vendors.
- By the week of **April 22, 2013**, businesses must complete the Closing of Business Checklist supplied by the Academic Services Office (see Appendix 5).
- By **May 1, 2013**, business must submit their written FME Report to their faculty and to the Office of Academic Services. FME field project grades can be impacted if a business fails to properly close down.

Since FME businesses are considered to be going-concerns, **liquidation sales are not permitted. In other words, you may not sell your product/service at a reduced rate during the final two weeks of the business. Any price reductions during the spring must be approved by the faculty.**

## Part 2 - Guidelines for Community Service Proposals

### Community Service Guidelines

Because of the importance of giving back to the community, each FME business will donate its profits to one or more nonprofit organizations. In addition, each student is required to donate eight (8) hours of his/her time to a community service organization chosen by the business members as well as a (1) hour reflection hosted in the Glavin Chapel. **Any student that fails to complete his/her community service hours will fail the spring semester of FME.**

#### I. Community Service Project Ideas

The Bernon Center for Public Service has identified several projects in the Boston area designed specifically to work with the large number of students in each FME business. Josh Stevenson, the Community Engagement Coordinator of the Bernon Center, has worked with these organizations and can assist you in implementing a project. Go to <http://spprodfe.babson.edu/undergraduate/academics/curriculum/fme/Pages/fme-service-projects.aspx> for a list of suggested projects. If your team is interested in a listed project or if your team is interested in an organization that is not listed, complete a FME Project Selection form (available on the website) and someone from the Bernon Center will contact you. Some of the projects are very popular, so the sooner you decide and fill out the form, the better. **You cannot fill out the project form until after your team has chosen a category (after the Feasibility presentation).** A service contract provided by the Bernon Center must be signed before your team can begin planning the implementation of your actual project.

#### II. Other Reminders

- **Do not contact any agencies**, listed on the website or otherwise, **until you have spoken to someone in the Bernon Center**
- **All projects must be approved by Josh Stevenson (from the Bernon Center) before they can be presented.**
- The project can be an ongoing or a one-time event or a combination of the two.
- All e-mail correspondence with the agency must be cc'd to Josh Stevenson and your professors
- The VP of Community Service in each business is required to put together a Community Service report which consists of written reflections, pictures and confirmation that all students completed the required 8 hours of community service. You must submit the final report to the Bernon Center and their FME faculty at the end of the semester.
- Each business member must complete a community service evaluation form at the completion of his or her individual service. Look at the Reports to the Community on file in Academic Services Office for samples of what has been done in the past.
- Invite a representative from the community service organization to attend your final report to the community.

**After you complete your Presentation to the Community at the end of the spring semester, you must write a letter to the organization that will be receiving your company's profits. This letter will accompany the donation check that will be sent during the summer by the Academic Services Office. Copies of the letter must be submitted to the Bernon Center and the original must be given to Sandy Siciliano in the Academic Services Office.**

## Part 3 - FME Fall Semester Process and Schedule

This section of the handbook describes the presentation format used to determine the final two business ideas per section that will be executed in the spring semester. During the Fall semester, you will be asked to deliver a total of four (possibly five) presentations, each emphasizing different aspects of the business formation process. The faculty will share additional insight regarding their individual expectations for each of the presentations.

Since the presentations cover different stages of the entrepreneurship process and aspects of the FME businesses, the length of each presentation will also differ. Look below for some details for each presentation. In addition, a round of voting will occur after the first three presentations to determine which business ideas will proceed to the next stage. By the end of the third presentation, the Feasibility presentation, each FME section will have identified two business ideas to be executed in the spring semester.

### **Business Proposal Presentation #1 – The Rocket Pitch**

Length of presentation: 3 minutes (no Q&A)

Details for this presentation are on Page 7. Each group must submit a Rocket Pitch form prior to the presentation. Faculty will provide specific guidelines for submission.

### **Business Proposal Presentation #2 – Proof of Concept**

Length of presentation: 5.5 minutes and 2 minutes for Q&A

Details for this presentation are on Page 8. Each group must submit a Proof of Concept form prior to the presentation. Faculty will provide specific guidelines for submission.

### **Business Proposal Presentation #3 – Feasibility**

Length of presentation: 10 minutes and 3 minutes of Q&A

Details for this presentation are on Page 9. Each group must submit a Feasibility form prior to the presentation. Faculty will provide specific guidelines for submission.

### **Business Proposal Presentation #4 – Request for Funding/Business Plan**

Length of presentation: 30 minutes and 10 minutes of Q&A

The details for this presentation on Page 11 outline the deliverables that must be provided to the faculty before this presentation. Each group must submit a written business plan at the time of the presentation. Guidelines for writing the business plan are found on Page 13.

**Note:** If the faculty does not feel that based on the information presented the business should be granted a loan, a **second presentation** that covers an updated business plan will be scheduled by the Faculty.

# Business Proposal Presentation #1 – The Rocket Pitch

The day the business project starts, the class will be divided into approximately 20 groups of 3. Your group's task is to develop a business idea. See **Part 1 of this handbook** for guidelines. After your group has developed a business idea, the group will rocket pitch the idea to the FME class. Your team will submit a Rocket Pitch form to your faculty prior to the pitch itself.

A *Rocket Pitch* is designed to help you focus your opportunity and teach you to quickly and succinctly deliver the critical differentiating elements of the business idea. Each group is given **3 minutes and 3 PowerPoint slides** to pitch the critical elements and benefits of the business idea. Pitches happen in rapid succession and time is not allotted for questions. Please follow your faculty instructions as to how to set up for these presentations.

Here is a guide to help you prepare your Rocket Pitch:

## Slide 1: The Opportunity

- What is the problem/opportunity you've identified?
- What is your solution to this problem or the source of opportunity?
- What needs are being satisfied?
- Overt benefit, dramatic difference, real reason to believe
- What is your vision of the business?

## Slide 2: The Market

- Who is your target market?
- Give an estimate of the market size and potential demand.
- Who is your competition?

## Slide 3: The Business Model

- How will you make money?
- What is the cost of your product and selling price? What is your margin?
- Where will you get the product? Or how will your service be delivered?
- Why is this idea attractive to FME students? How will you keep 30 students busy?
- Why will this idea be a successful business venture?
- Discuss the impact of your proposed business on society, the environment, and any other affected stakeholders.

Your subgroup can decide how it wants to deliver the presentation. You will make your presentation during a two hour block on a scheduled Friday to your entire FME class. After all the presentations have been given, the students will vote to determine which business ideas will move forward.

## Business Proposal Presentation #2 – Proof of Concept

Any team that is proposing a new business must have a solid understanding of its market and customers. The 9 surviving business ideas will be responsible for conducting qualitative market research (such as focus groups or personal interviews) with potential customers considered part of the target market. Prior to administering market research you **must** obtain approval from your Board of Directors (you should consider your faculty and mentors as your Board of Directors for your business efforts). The results of your market research will be shared with the class in presentation (#2) and presentation (#3).

Your team will submit a Proof of Concept pre-form to your faculty prior to the presentation.

The goal of this presentation is to convince your audience that your business idea is a business opportunity. As a result, your **five minute** presentation should include at least the following:

### 1. Findings from your qualitative research (focus groups/interviews)

- Methodology
  - When and how were your focus groups/interviews conducted?
  - Who were the participants?
  - What secondary research did you perform?
  - Any additional information you feel is necessary
- Data Obtained
  - Overall interest in the product(s) or service
  - Purchase intention
  - Pricing information
  - Desired attributes
  - Suggestions regarding reaching your target customer group
- Preliminary Conclusions
  - Has your preliminary idea changed as a result of the focus group data?
  - Is your calculation of market size affected?
- What do you want to learn from the quantitative research?

### 2. Product Based Businesses

- Cost quotes from at least 3 suppliers\*
  - Supplier name, contact information, quote
  - Report any conflict of interest\*\*
  - Analysis of the supplier's social responsibility impacts and efforts
- Completed form to faculty (click [here](#) for the form) with Proof of Concept Pre-Form

### 3. Financial Decisions

- At what price will you be selling your product?
- How much inventory will you need to start the business?

### 4. Gross Margin Calculations

Use your judgment to include additional information as the situation warrants. Remember: a little work now confirming your assumptions about the market can save you an enormous headache later.

Members of the class will have time to ask questions about the data presented which may require the presenting group to conduct more market research before the next presentation. **At the end of the presentations, the class will vote for the 5 proposals that will continue on.**

\* When a payment to a vendor for products or services will exceed \$300 during the course of business, the business must receive at least **three** bids from different vendors.

\*\* In addition, each student must sign a conflict of interest form (Appendix 7) which discloses their relationship (if any) with the vendors selected by the business. Note: It's perfectly acceptable to have relationships with vendors, but the relationship must be disclosed.

## Business Proposal Presentation #3 – Feasibility

The goal of this presentation is to convince your classmates of the merits of your business proposal. Additional market research must be presented. You are responsible for developing and administering a detailed market survey to 100 individuals. If your target market is businesses, you must survey (or interview) 10 businesses in your target market. Your survey must be approved by your faculty before it is administered. The survey itself must be administered at least ten days before your feasibility presentation. **The survey cannot be distributed to any Babson Email lists.** In addition, each group will select and present a community service category.

Each group will continue to develop the details of its proposal, will submit a Feasibility form to their faculty and make a concise, detailed and persuasive **10-minute** presentation covering the following:

### For the Business Project:

- **Description of the Business**
  - Revisit overt benefit, dramatic difference, and real reason to believe
  - Discuss the impact on society, the environment, and any other affected stakeholders.
- **Discuss the Mission and Overarching Goals of Your Business**
- **Report your Findings from Quantitative Research (surveys)**
  - Use charts and graphs to illustrate the most important findings.
  - Synthesize your quantitative findings with your qualitative findings.
  - How has the data analysis changed or shaped the business opportunity?
- **Revisit Target Market and Size of Market**
  - Identify your target market
  - What are the attributes desired by the customers?
  - A comprehensive calculation of the market size
  - Evidence that demand exists or can be created
- **Discuss your Marketing Strategy**
  - Review of competitive environment
  - How will your product be distributed? How will your service be delivered?
  - Discussion of product pricing and costs
  - How do you plan to advertise your business and promote your product or service?
- **Discuss your Prospective Supplier**
  - Supplier name, contact information, quote, minimum order quantity
  - Why did you select them? What is their leadtime for initial and subsequent orders?
  - How will they ship the product? Are there shipping costs? What recourse do you have if the product received is not as promised?
  - Where is the product actually produced?
  - Report any conflict of interest\*\*
  - Analysis of the supplier's social responsibility efforts
  - Do you have a backup supplier?
  - Completed form to faculty (click [here](#) for the form) with Feasibility PreForm
- **Start-Up Costs**
  - Give a more comprehensive estimate of capital requirements via a formal schedule of startup costs

- Remember the requirements need to include the “physical” cash needed to operate the business (\$100 for a cash drawer to make change and \$200 for petty cash)
- **A Pro-Forma Income Statement**
  - A projection of your Income Statement at the end of the business.
  - A breakeven analysis based on the projection.
- **Risks**
  - What are the risks of this business?
- **The Community Service Idea**

You will present a **community service category** at this time.

**After this presentation, the class will vote to select the 2 businesses and 2 community service categories that will apply for funding so that they might be implemented during the Spring semester.**

After the category is chosen for each team, a member of the team should be designated as the Community Service business representative. This person should **review** the possible projects on the Bernon Center website, discuss any other projects they might wish to do with Josh Stevenson of the Bernon Center, **discuss** the possibilities with their business members, and then **meet** with Josh Stevenson to determine a final project idea.

## **Business Proposal Presentation #4 – Request for Funding/Business Plan**

The goal of this presentation is to convince your Board of Directors that this business opportunity is well thought out, that assumptions are well researched, and the opportunity is worthy of funding. The team will submit a Request for Funding form to their faculty prior to the presentation.

The team will also create a business plan that covers the details of their plans for their activities for the spring. Details about the plan can be found beginning on Page 13.

Using this as their foundation, the students will make a presentation to their Board of Directors to request funding for their plan. After the presentation, there will be time for questions from the Board of Directors, as well as students. If the Board does not feel that you have presented strong enough evidence to support funding the business, the group will have to do rework their materials based on the feedback and do another presentation to request funding.

All business members must disclose any substantial interest in any supplier or other partner to their FME business and therefore must sign a conflict of interest disclosure form (**Appendix 7**). In addition, the CEO and other senior officers must notify academic services of any conflicts disclosed by their business members.

The presentation itself should be based on the material in the Business Plan Report and should focus on the following areas:

### **For the Business Plan Presentation:**

#### **1. Description of the Business**

- Revisit overt benefit, dramatic difference, and real reason to believe
- Discuss how the team reshaped the opportunity that was presented in the Feasibility Presentation. If this is a different idea, what additional research has been done to support this choice?
- Discuss the impact on society, the environment, and any other affected stakeholders.

#### **2. Revisit the Mission and Overarching Goals of Your Business**

#### **3. Revisit Target Market and Size of Market**

#### **4. Provide more Details of your Marketing Strategy**

- Review of competitive environment
- How will your product be distributed? How will your service be delivered?
- Discussion of product pricing and costs
- Who is your supplier (if any)?
- How do you plan to advertise your business and promote your product or service?

#### **5. Start-Up Costs**

- Give a more final estimate of capital requirements via a formal schedule of startup costs
- What assumptions are you making?

#### **6. Schedule for Sales**

- Present a weekly estimate of unit sales
- Indicate when you expect to have promotions



## 7. A Pro-Forma Income Statement

- Present a weekly pro forma income statement, as well as a total for the life of the business
- Present your breakeven analysis in units.
- Explain your assumptions

## 8. A Cash Budget

- Present a weekly cash budget
- Explain your assumptions

## 9. Risks

- Based on current assumptions, what are the risks of this business?
- Did you research your company name and tag line for copyright and trademark infringement?

## 10. Human Resources

- Present your organization structure. Up to two members will be given the authority to use a Purchasing Card (Pcard). The Pcard application form must be submitted to Sandy Siciliano for approval by November 16, 2012 and she will forward it to Anne Krueger in the Purchasing Department.
- How will you measure your success and lessons learned throughout the field project?
- How will you involve every member of the team?
- How will you ensure that every member of the team enjoys the field project?
- How will your business evaluate performance?
- What schedule has been created for doing evaluations and quality of life surveys?

### For the Community Service Project:

- 1) Overview of the relevance and significance of the community service endeavor **approved** by the Bernon Center. The presentation should include:
  - Statements from community leaders or agency representatives who can attest to the project's relevance and significance.
  - What lessons will you learn from this project?
  - What are the long-term prospects for the project? How might it continue and be integrated with ongoing activities at Babson College (classes, programs, student groups, etc.)?
- 2) What is the human or environmental need that is being addressed by this project? For example, does the project respond to a need to bridge racial or class divisions, differences between the "street" and the suburb, need for improving health and public safety, need for opening up economic development opportunities, need for restoring public trust and confidence, need for increasing civic participation, need of a "special community", etc.
- 3) What are the values represented by the community service project, and how, if relevant, do they tie into the values represented by the business project? That is, fostering respect for human dignity, helping to improve the quality of life, developing a service ethic, helping to build connections among diverse groups and reduce alienation, encouraging self-help, helping to promote social justice, promoting environmental stewardship, etc.
- 4) What are the logistics for the community service project? When will it begin? How will every student get involved?
- 5) What evaluation assessments will you use to measure the project's success?

# Business Plan

The business plan is a written document that is submitted to your faculty. It's your roadmap for the spring. Your weekly reports during the spring semester will detail how well you are doing according to your business plan and your Board of Directors will want to understand why there are the inevitable deviations.

## **FME BUSINESS PLAN** (written plan)

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The FME Business Plan has eight sections including an executive summary. All sections must be included in your plan to receive full credit. Each section should begin on a new page and your entire plan should not exceed 40 pages (including the appendix). The final plan should be placed in a binder (or stapled or bound) before submitting to your professors (or some may prefer electronic submission). Other submission and writing guidelines include:

- A title page and table of contents should precede the executive summary and business plan sections. The title page should contain the name of your business and list all business members.
- Number all pages starting with the executive summary.
- Avoid language such as “we”, “our”, “I”, etc. You should say “the business” or use the name of the business. For example, rather than stating, “We are capitalizing on a trend in organic foods,” the plan should state, “‘Crunch’ capitalizes on the growing trend in organic foods.” In addition, pennies aren’t necessary. Don’t say “operating expenses are \$74.27 per month”. Rather, you should say “operating expenses are \$75 per month.” Remember, your business plan is simply a plan and exactness is not possible.
- Professionalism is very, very important. The quality of the writing and formatting is a reflection on the business team. Pay attention to the details. Proofread, edit, and then proofread and edit again.
- A business plan is not a novel. The use of charts and graphs within the text of the document is strongly encouraged as well as spacing between paragraphs and/or subsections within a major section.
- Single space your document and do not use font larger than 12pt or smaller than 11 pt.

## **Business Plan Sections**

The sections below list questions for you to think about as you develop each section of the business plan, yet your plan should not be in a Q&A format or in bulleted format. The questions are simply meant to guide your thinking. Your faculty may add to this list or de-emphasize sections.

### **Executive Summary (1-2 pages)**

The *Executive Summary* is a 1-2 page description of your entire plan for the spring semester. The summary should highlight the important aspects of each section of your business plan. Subsections within the executive summary are acceptable. The summary should be a stand-alone document; do not refer to other sections of the business plan within the text of the executive summary.

### **Company Overview (2-3 pages)**

The *Company Overview* introduces the reader to your business. The following questions should be answered within the text of this section:

- What is the name of your business?
- What is your mission statement?
- What is your product and/or service offering? Describe in detail

- What is the overt benefit and competitive advantage of your product/service offering? In other words, why does your company exist?
- What are the goals of the company?
- What charitable organization will benefit from your time and profits? Why was this organization chosen and how does it align with the goals of the company?
- What is the company's code of conduct?
- What values does the team hold as most important to help define a successful work environment for their project?
- Discuss the impact on society, the environment, and any other affected constituencies.

### **Marketing (2-4 pages)**

The *Marketing* section informs the reader how you will price, promote, and sell your product to a specified target market. The following questions should be addressed within the text of this session:

- What is your target market and what is the size of this market?
- Who is your direct competition and what is your competitive advantage? Hint: Competitive advantage is usually a combination of your overt benefit, dramatic difference, and real reason to believe. Understanding these laws of marketing physics (Doug Hall) will help differentiate you from your competition.
- What is the price of your products/services and how was price determined?
- How will you promote your product throughout the spring semester?
- Where will you sell product? Are there alternative channels of distribution to consider? How will you sell product? How will employees be trained to sell?
- What are your estimated marketing expenses? Be specific in terms of amounts spent on promotion and sales.
- How will your Web site support your marketing efforts? How often will the Web site change?
- Will your customers be able to purchase from your Web site?
- How will you be able to determine the effectiveness of your marketing efforts?

### **Sales (2-3 pages)**

The *Sales* section informs the reader how you conduct sales. The following questions should be addressed within the text of this section:

- What is your sales forecast? Present a weekly forecast (dollars and units) for the life of the business. Hint: A chart would be great here.
- Will you have a sales guide and conduct training?
- Will everyone be required to sell? Will a sales quota be established for each employee? Please describe and provide details as to how it was determined.
- What data/information will you need to track and management the sales cycle? What information systems will you have in place to support inventory management? Who will develop them? How will they be developed? Who will be responsible for them on the user side?

### **Day-to-Day Operations (3-4 pages)**

The *Operations* section informs the reader how the business will be run on a day to day basis that maximizes value for customers and profit for the company. *Operations* is defined as the processes used to deliver products and services to the marketplace. For an FME business this may include a website (design and execution), establishment of an ecommerce gateway, developing sales tracking and inventory tracking systems, working with suppliers on payment terms, and collecting money. All businesses **must** cease operations 10-12 days before the final report to the community. In addition, your business cannot promise goods or services beyond the last week of the semester; all goods and services **must** be delivered and payment received by **April 13, 2013**.

The following questions should be addressed within the text of this section:

- When exactly will the team be running your business, executing the community service project, and preparing its reports for the Board of Directors and the Babson Community? **See Part 7** for a template of the spring schedule.
- Provide operating schedules and deadlines (be sure to identify critical paths). Illustrate these as Pert Charts and as a Gantt chart and show as an Appendix to the report.
- What business processes will be used in the business? Who has primary responsibility for creating the processes and how will employees be trained to use the processes.
- What information systems will you have in place to support operations? Who will develop them? How will they be developed? Who will be responsible for them on the user side?
- How will money be collected from customers and deposited into the FME bank? This question may be addressed here or in the finance section.
- How will you get product to the customer? Will the customer be paying shipping costs? If they are an expense to the business, they must appear in the Pro Forma Income Statement.
- What data/information will you need to track and be reporting on a regular basis to the Board of Directors and finally to the Babson Community during the second semester?
- What kind of information systems (e.g. spreadsheets, databases, etc.) will you be creating to store the information and to produce the reports? How will you go about collecting the data/information you need?

### **Inventory Management (2-3 pages)**

The *Operations* section informs the reader how the business will be run on a day to day basis that maximizes value for customers and profit for the company. *Operations* is defined as the processes used to deliver products and services to the marketplace. For an FME business this may include a website (design and execution), establishment of an ecommerce gateway, developing sales tracking and inventory tracking systems, working with suppliers on payment terms, and collecting money. All businesses **must** cease operations 10-12 days before the final report to the community. In addition, your business cannot promise goods or services beyond the last week of the semester; all goods and services **must** be delivered and payment received by **April 12, 2013**.

The following questions should be addressed within the text of this section:

- What suppliers will you use? Do you have a backup supplier? Why was the supplier chosen? What is your analysis of the supplier's social responsibility efforts and your supplier's environmental and societal footprint? Please provide contact information of all suppliers used. All contracts must be approved by faculty and Rob Major. Students cannot enter into contracts on their own. International suppliers must have an established relationship with a shipping agent such as Fed Ex, UPS, etc.
- What is the cost of the product and how much will you order initially? What is the likelihood of the company needing to reorder inventory? How will you determine when to re-order? How much would you reorder at that time?
- How many different items will you buy and manage? (colors, sizes, etc.) Where is the product actually produced? Will you track material at size/color level or just total number of products? Will your products be assigned serial numbers?
- What are your procurement and production/service delivery plans? Is there a minimum order quantity? What is the lead-time for the initial and subsequent orders (including shipping time)? How will product be shipped? Are there shipping costs?
- What is the return policy in case your product is not received as promised (defective, late, wrong quantity, etc.)
- If your supplier is international, what paperwork and customs issues will have to be dealt with?
- How will you get product to the customer? Will the customer be paying shipping costs? If they are an expense to the business, they should appear in the Pro Forma Income Statement.
- If you plan to sell online, how will you track and fulfill these orders?
- Provide operating schedules and deadlines (be sure to identify critical paths). Illustrate these as Pert Charts and as a Gantt chart and show as an Appendix to the report.
- How will you keep track of inventory? Where will it be stored? Will it be distributed to employees? If so, how will you track what employees have? How will you audit inventory to

verify that physical inventory agrees with your financial statements? How frequent will these audits occur? Be specific.

- What information systems will you have in place to support inventory management? Who will develop them? How will they be developed? Who will be responsible for them on the user side? How will you go about collecting the data/information you need?

### **Startup Phase (1-2 pages)**

This section will outline the tasks that need to be completed before the business can open its doors.

- Schedule of startup costs
- Overview of the tasks required, with time requirement and personnel assignment
- Gantt chart for startup tasks should be an appendix.

### **Information Technology (2-4 pages)**

The Information Technology (IT) section informs the reader how the organization plans to use technology to reach its strategic objectives. Information Technology is a support function. The Accounting, Marketing, Sales, Operations, and Human Resources Departments approve and assist in the design and testing of the various systems used within their departments.

- How will information systems be used to support internal communication within your organization? Give examples. When will this support be operational? How will it be accessed for effectiveness?
- What type of Web presence does your company need and how will it be achieved and monitored? How will your company support the efforts of Marketing regarding the company's Web site? How will your company provide the ability to purchase from your Web site (if that is necessary)? How will those efforts be monitored and enhanced, if necessary?
- Every department in an organization requires some sort of data collection and reporting. What systems have been identified for each department (Sales, Operation, Finance, Human Resource, etc.)? Are these systems identified in the appropriate section of this Business Plan? Include a project plan for the implementation of each of these systems (include design, development, testing, and roll-out) in the Appendix section.
- If you plan to allow customers to purchase from your Web site, how will you assure the security of their credit card information?
- Do you plan to register a domain name for your Web site? If so, does the cost appear in your Startup Costs?
- Do you plan to host your Web site off campus? If so, how will you decide on the hosting vendor? Is the cost reflected in your financial statements?
- Will you outsource the development of your Web site, or do you plan to develop it with your own personnel? If you are planning on outsourcing, have you identified your vendor? How will you manage the process? How will modifications be handled - by your company or your vendor? If by your vendor, are those costs in your Proforma statements?
- Who within your organization is responsible for technical support of the various systems?

### **Social Responsibility (1-2 pages)**

Social responsibility through the community service aspect of the FME business experience is a very important component of the FME experience. The following questions should be addressed within the text of this section:

- What role does social responsibility play in your FME business?
- What charitable organization are you serving?
- How will the event or service days be organized?
- How many hours will each employee complete with the organization?
- What type of work will employees be doing?
- How do you plan to assess the impact of community service on business employees?
- What resources are needed to effectively coordinate and execute the community service requirement of the FME businesses (e.g. transportation, college space, materials, etc.)

### **Human Resources & Communication (4-5 pages)**

Effective performance evaluation and ongoing, timely communication is the lifeline of FME businesses. The following questions should be addressed with the text of this section:

- What will guide interactions with each other, with board members, customers, vendors and members of the campus or outside community?
- What processes, guidelines or principles will the team use to guide behavior and resolve problems that may arise, either problems among members of the group, or with vendors, customers, board members, the campus or external community?
- Please provide an organization chart with all managers and employees listed in their respective roles. How many rounds of performance appraisals will be conducted in the spring semester? On what dates?
- How many rounds of quality of work life survey will be conducted in the spring semester? On what dates?
- Develop a Gantt chart for the work the department needs to perform and include as an appendix.
- How long will human resources take to compile the PA feedback?
- How long will managers have to deliver the PA feedback?
- How will appraisals and QWL surveys be administered?
- Develop a chart (or spreadsheet) of who will be evaluating whom in the 360 performance appraisal process and include it as an appendix.
- What mechanisms will be used to communicate with employees (e.g. email, IM-chats, Collaborate, Blackboard, newsletter)? And how often?

An appendix should include a formal job description for every job in the business. It should include an organization chart that shows every member of the business.

### **Financials (7-8 pages)**

This section of the plan should include the following:

- Forecast of unit sales (weekly)
- Cash Budget (weekly)
- Pro forma income statement (weekly)
- Breakeven in units

The business plan should also cover the following:

- All FME businesses must rent office space from the college (See page 4). How much is rent?
- What procedures will you have in place for providing controls over your assets (cash and inventory)?
- What information systems will you have in place to support the financial activities of the business?

### **Risk (1-2 pages)**

This section of the plan should include a risk assessment.

- What is the risk assessment for the assumptions that you have made?
- What is the nature of those risks?
- What is the effect of those risks?
- What have you done to minimize the effects of those risks?

### **Appendix Section**

- Organization chart with all managers and employees
- Gantt chart for Operations
- Gantt chart for Human Resources
- Project plan for Information Systems implementations
- Formal job descriptions
- Anything else that could add value to the plan!

## Part 4 - Organization Design

This section will help you think through your organizational structure and staffing requirements for your project. It will also give you an overview of some of the key job functions such as marketing and operations common to many organizations.

The first place to start is your business readings; they explain a variety of organizational designs and discuss the pros and cons for each. When designing your own organizational structure, answer the following questions (adapted from “Responsible Management” by Prof. John Miller of Bucknell University):

**Differentiation: Is there a logical way to divide the work?** What are the tasks? Based on the tasks, what departments or divisions make sense? How can tasks be broken up into jobs? Are there any interdependencies among those jobs? What groups of tasks should be kept apart so that the group can maintain control or so that they will not get in each other’s way.

**Integration: Is there a logical way to coordinate the work?** What coordination mechanisms are required among the departments to ensure that each department has the information it needs to do its job? What communication channels make sense?

**Assignment (Staffing and Delegation): Who will do the work?** What are the job descriptions for these jobs? Who reports to whom? How will people be assigned to these jobs? Who has the formal authority to expect compliance with these job descriptions? How will non-compliance be communicated?

Most businesses are either designed around functions or around goals (and there are of course hybrids). Most FME businesses are designed around functions. Review the reports by previous FME businesses that are on reserve in the Academic Services Office for some ideas. During the course of operations, if the team decides the organization design they started with is not working, the team can decide to change it.

After the major functions and activities are determined and the organizational structure drawn, create job descriptions and write them down so all members know what is expected of them. Writing them down will also prevent miscommunication. Next, discuss the jobs as a team, but don’t be tempted to fill positions by asking people to volunteer for something that appeals to them. Not everyone can be a CEO or manager, so consider the job requirements and the skills of the people vying for the jobs. No matter what position you hold, you will learn a great deal about working in a business and businesses in general. **Assure a Good Fit Between Jobs and People!**

## Part 5 – Operations

Several factors should be considered when conducting business:

- Chances are that most projects will be using computers for various tasks. Therefore, think about the role computers will play and how that will impact your costs.
- If the business needs a telephone, the cost of the instrument and calling costs must be considered.
- Your project may require furniture, equipment and/or appliances. Consider the cost of what you need and be realistic about how and where you'll get it.
- If your business plans to pay your vendors through wire transfers, there will be a \$30 fee for each wire transfer. Keep this in mind when considering costs.
- Each FME business **is required** to develop a website for the business. If you wish to accept credit card payments for sales made via the web, you **must** use the PayPal configuration provided by Babson College.
- If your business plans to add a product line or host an event to promote your business, be sure this is approved by the FME faculty and Academic Services. "Fund raising" events, per se, are not allowed.

### Startup Loan

When your funding has been approved, turn in your request for funds form (signed by your faculty) to Sandy Siciliano in the Academic Services Office in Hollister Hall. At this time you will be given instructions on how to access the funds for your business.

### Business Space and Rent

Each business is **required** to rent office or storage space in Park Manor Central. Through a petition process, students must make a case as to why they need the Reynolds Campus retail space. The business with the most persuasive case will be able to rent a retail space in the Reynolds Campus Center.

The Academic Services Office will help with project logistics and operations while you are in the planning stage. After the field project has been decided for the team, the management team will need to meet with the staff of the Academic Services Office regarding operational specifics such as getting keys and setting up your business account.

### *Rents for the Spring semester\**

PMC Office or PMC Storage                      \$50

***All rent payments will be made to the FME Bank as a withdrawal from your FME account on March 1<sup>st</sup>. This will show up on your weekly statements as a withdrawal.***

### Furniture

Facilities is available to remove furniture from your space and bring furniture that is available (limited supply) in storage to your space. In order to have this happen you must submit a work order request to Facilities through Portal under Facilities Web Request.

### Keys

All requests for keys must be submitted to Sandy Siciliano by e-mail. The request will be forwarded to Facilities with Sandy's authorization. You will be notified when the keys are ready and can be picked up and signed for in the Academic Services Office in Hollister Hall. Your business can have up to 3 sets of keys. **There is \$25 charge for any lost keys.**

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\* For all FME office and storage space, except the retail space in the Reynolds Campus Center, Babson College will make a donation to the appropriate community service organization for the rents collected.



## **Part 6 - Required Reports and Control Mechanisms**

### **I. Accounting & Cash Management In FME**

#### **A. Cash Management**

Details for handling funds will be distributed to the CFO of each business in early December. All cash (and check) deposits must be made at the FME Bank located in Hollister Hall.

#### **B. Purchasing Policy & Reimbursement Of Expenses**

All other details for these will be distributed to each business in early December.

#### **C. Accounting**

The CFO or VP of Finance will account for all expenditures and produce an accurate financial statement. All disbursements issued by the treasurer of the business must be sent to the controller of the business for recording. The controller will keep a log of all cash receipts and send them to the treasurer for deposit. This division of duties is critical for cash controls within the business.

The CFO or VP of Finance will keep a set of financial statements similar in format to those which are used in FME and in your accounting class. Any change in format requires approval by your professor in advance by submitting a sample of the requested format. All records must be maintained by computer and a complete set of financial reports that are current up to the end of the previous reporting period must be submitted to the Faculty before each business update and formal presentation during the Spring semester.

The CFO or VP of Finance may issue a more complete set of accounting and cash management procedures. If so, a copy must be submitted to your professors for approval in advance, of implementation.

#### **D. Auditing**

Each field project will be audited by a member of Babson's Purchasing Dept. staff to ensure compliance with the policies above.

#### **Financial Statements**

Information about required financial statements will be distributed to each business in early December.

#### **Final Financial Reconciliation Form**

Final reconciliation forms (see **Appendix 3 for a sample**) will be supplied to each group at the start of the spring semester. At the end of the spring semester, final reconciliation forms must be signed by the various officers of the company and submitted to the Academic Services Office, where they will be filed.

## **2. Human Resources Reports**

The Board of Directors requires the following types of reports:

### **A. Performance Evaluations**

At least two times during the project's operation, and at the conclusion of the project, each student will receive a performance evaluation from other group members. Beginning in the fall semester and continuing into the spring semester, the Human Resources department will be involved in designing and administering the performance evaluation system. A considerable amount of class time and out-of-class time will be necessary to perform this function.

### **B. Quality Of Work Life (QWL) Survey**

Management uses a QWL survey to measure job satisfaction. These surveys provide feedback to the management team allowing for changes that would improve the quality of work life. You will create your own survey and administer it at least twice during the spring semester. An analysis of the results and the steps taken afterwards should be presented to the Board of Directors each time it is administered.

**Review the previous FME reports that are available in the Academic Services Office in Hollister Hall for insight into how other FME field project teams handled these items.**

## Part 7 - Template of Schedule for Spring Semester

In the Spring Semester, each team will report their progress to the Board of Directors weekly during class time.

As part of your preparation for Business Plan Presentation, you will propose a schedule of project-related activities for the second semester. Here is a template for you to use in creating the schedule. Certain standard milestones are included on the template, but exact dates can be negotiated with the Board of Directors.

### *Business Activity/Milestone*

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**“Official” Product/Service Launch:**

First Full Week of Classes

**Community Service Project Begins:**

Beginning of February (will vary based on project)

**Begin Planning for Final Presentation:**

First Week in April (will vary based on business)

**All Businesses Cease Operation:**

Friday April 12, 2013 **at the latest!**

\*\* All business transactions must be 100% completed. In other words, all deliveries **must** be received by the customers, all Accounts Receivables **must** be received, and all Accounts Payable **must** be paid for in full by April 12, 2013.

**Practice Report to Community:**

Next to Last Week of Classes

**Presentations (and Reports) to Community:**

Last Week of Classes

## Part 8 – Presentation/Report to Babson Community

At the end of the spring semester, the members of each business prepare a final presentation and a written report. These deliverables will describe your business project experience and what you have learned.

The presentation to the community (historically called “the Report to the Community”) should be based on the written report but repackaged as an appropriate presentation. We strongly suggest you begin the work on the report when you return from spring break. The presentation is based on the material you have gathered for the report. Your faculty will give you additional guidance on these deliverables.

Your group will make a 30-45 minute presentation (during class time) to the Babson Community describing your project and what you have learned. In addition to the presentation, a written report is required. You must submit one copy of the written report which summarizes the FME Business Project experience to your faculty (they will share). An electronic copy must be submitted to the Academic Services office. The report serves as a resource of important information for future FME classes.

As part of your project work during the second semester, you will be expected to work out details of the presentation. Three weeks before the close of your business, you are to inform the Board of Directors of your plans, including an overview of what topics you expect to cover in the report and in the presentation to the Babson Community.

Here is list of topics you should consider for your written report. Keep in mind that a subset of these topics should be in your presentation.

- Give an overview of business activities and community service activities. How well did your project do compared with the specific plans you developed for the business and community service project? Did it take on a life of its own? If so, how and why?
- How did the project contribute to meeting the goals of the course and your personal learning goals, either goals you originally stated or goals you developed at various stages of the project?
- How did the project contribute to your understanding of the relationship between business and the external community?
- What did you learn about working with others: with your team and with other project stakeholders such as board members, customers, vendors, the community, etc.? What did you learn about dealing with cultural and gender diversity?
- What were the core values associated with your business/community service plan, and how did they "square" with your own values?
- What skills have you developed during the course of the project? What skills will require further work?
- What were the high points of the project, and what were the toughest moments?
- What problems did you encounter during the project and how were they resolved?
- Focus on what you learned during the course of the project. What was the most important thing you learned from the project? How did the project lead to a learning experience?
- What would you recommend to First Year students next year concerning this project?
- If you had the power to change any aspect of the project, what would it be?

## **Appendix 1 - Corporate Statement of Values**

Over the past several years, concerns about corporate ethics have caused many American companies to develop codes of ethics and statements about corporate values. Traditionally, the moral dimension of business has been known as corporate social responsibility; more recently business ethics has become a fast-growing professional field. It is useful to distinguish between the two by saying that "corporate social responsibility" or "corporate civic responsibility" refers to the interaction between the company and the outside world, while "business ethics" pertains to behavioral issues occurring within the corporation. Clearly, these realms overlap but there are differences in approach.

Estimates are that roughly four-fifths of large American firms and one third of large British firms now have these codes of conduct and value-based mission statements, which serve as guiding principles for organizational behavior as well as covering specific areas such as buying policies, safety and environmental responsibilities, and consumer relations. An example of how Williams Sonoma defines its mission and values can be referenced on its homepage at [http://www.williams-sonomainc.com/car/car\\_val.cfm](http://www.williams-sonomainc.com/car/car_val.cfm)

## **Appendix 2 - Corporate Statement of Social Responsibility**

Many companies structure their corporate social responsibility efforts through corporate philanthropy. Under current tax policy, a firm can donate up to 10 percent of pretax earnings to charitable causes and declare this as a write-off. Even though many corporations do not come close to this limit, there is a considerable amount of contributions made each year. Most companies have a giving program of one kind or another, either through a formally structured corporate foundation or through a giving committee, usually populated by senior executives, employees, and sometimes community representatives. According to Giving USA, a publication of Giving USA Foundation, researched and written by the Center of Philanthropy at Indiana University, corporations contributed 5.6% of the total contributions in 2003, amounting to \$13.46 billion in charitable giving. These contributions went to 9 different types of recipient organizations including Education, Health, Human Services, Arts, Culture, Humanities, Public Society Benefit, Environment, International Affairs, Religion and Foundations. The total amount of charitable contributions for 2003 is an increase over 2002 with the growth rate at the highest since the year 2000. For more information on corporate philanthropy or Giving USA, visit the American Association of Fundraising Counsel website at <http://www.aafr.org>.

In addition to corporate philanthropy, many firms encourage employee voluntarism and community service. In a recent survey of 454 public companies, 92 percent said they have programs to encourage their employees to volunteer, 68 percent said they provide some form of release time to employees, and 50 percent said they make community service part of the corporate mission.

An example of how Apple Computer communicates its civic responsibility role can be found at: <http://www.apple.com/about/environment/>

# Appendix 3 – “Sample” FME Final Financial Reconciliation Form

**Spring 2013  
(SUBJECT TO CHANGE)**

Business: \_\_\_\_\_

<b>Figures from Income Statement (Lines 1 thru 7)</b>		<b>Enter figures in this column</b>
1	Gross Receipts from your business	
2	Cost of Goods Sold	
3	Gross Margin	
4	Rent Expense	
5	Other Expenses	
6	Gain/(Loss) from sale of assets	
7	Net Profit/(Loss) from business activities	
<b>Figures from Budget Status Report (Line 8 and 9)</b>		
Date of report <input style="width: 150px; height: 20px;" type="text"/>		
8	Total Revenue	
9	Total Expenses	
10	Net (subtract Line 9 from Line 8)	
Does Line 7 agree with Line 10? (Yes/No) <input style="width: 50px; height: 20px;" type="text"/>		
If not, attach an explanation.		

Attached Forms:

- Final Income Statement
- Final “Bank of FME” Statements (4)

\_\_\_\_\_  
Signature of CEO

\_\_\_\_\_  
Signature of CFO/VP of Finance

\_\_\_\_\_  
Signature of FME Faculty Member

# Appendix 4 – REYNOLDS CAMPUS CENTER VENDOR CARTS

## Policies & Procedures for FME Businesses Academic Year 2012-2013

### REGISTRATION

Reservations for the semester must be requested on an FME Business Vendor Cart Registration form, available in the Office of Campus Life. Reservation forms must be returned to the Office of Campus Life by Monday, January 21, 2013 for reservations starting Monday, January 28, 2013.

A designated FME business group contact must be identified on the registration form. This individual will be responsible for communicating all Vendor Cart information to their FME business group members.

### RESERVATION TIMESLOTS

Each FME business will be guaranteed one permanent reservation timeslots per week during the Spring 2012 semester. Assignments are made with consideration for FME businesses, outside vendors, Babson clubs and organizations, student businesses, employees, and Reynolds Campus Center events.

The permanent reservation timeslots available for FME businesses Monday through Thursday during the Spring 2013 semester are: 9:00 am – 11:00 am; 11:00 am – 1:00 pm, 1:00 pm – 3:00 pm; 3:00 pm – 6:00 pm.

### REYNOLDS VENDOR CART SCHEDULE

After reviewing the FME reservation requests, a weekly schedule will be compiled, with consideration for the needs of all of the businesses, and will be distributed to the designated FME contacts via email. The reservation schedule will provide permanent timeslot assignments for the FME businesses which submitted registration forms. Business contacts will be notified via email of any changes to the schedule.

### RESERVATION CHANGES & CANCELLATIONS

After initial registration, any requests for schedule changes or revisions must be submitted by email to [rhansen@babson.edu](mailto:rhansen@babson.edu). Changes can be made only if scheduling permits. The deadline for changes is Thursday at 4:30 pm for the following week.

Failure to use the vendor carts during scheduled timeslots will jeopardize your eligibility to use the space in the future. This is highly valued space and failure to provide a cancellation notice will also jeopardize reservation privileges.

The Office of Campus Life will utilize the following procedure for failure to comply with the Reservation Changes and Cancellations policy: First violation – warning via email; Second violation – warning via email and letter to FME instructor; Third violation – loss of Vendor Cart privileges.

### RULES, REGULATIONS, AND LIABILITY

The Office of Campus Life will not be held responsible for any damage to or loss of merchandise or equipment, and vendors expressly assume all responsibility. Use of stereo equipment, radios, or other forms of sound reproduction and amplification is prohibited. Electrical cords must be secured on the floor with heavy-duty tape. All trash must be removed from the assigned space and surrounding area immediately following the end of the reservation time.

There must always be a 3-foot pathway on each side of the cart. Extra chairs may be placed only at the ends of the cart, not on the sides. Boxes for products must be stored out of the pathway, either in, under, or at the end of the cart. Failure to move chairs or products from the pathways when asked by an Office of Campus Life or Information Desk staff member may result in loss of Vendor Cart privileges.

**For more information about the Vendor Cart Program, please contact:**

**Rita Hansen, Office of Campus Life, Reynolds Campus Center, Room 211**  
[rhansen@babson.edu](mailto:rhansen@babson.edu)

[Note: the card that is available in the lobby of Trim is available on a first come, first serve basis](#)



## Appendix 5 – FME Close of Business Checklist

This form must be completed and signed by Monday April 22, 2013. You will need to hand this form to Sandy Siciliano at the time of your Close of Business meeting. This meeting must take place before your final report to the community. Please contact Sandy Siciliano at ext. 4223 with any questions.

**Business Name** \_\_\_\_\_

**CEO** \_\_\_\_\_

### Business Space

\_\_\_\_\_ Office Space has been cleaned out (office left in the condition you found it)

\_\_\_\_\_ Office keys have been returned to Sandy Siciliano in the Academic Services Office.

### Finances and inventory

\_\_\_\_\_ Inventory has been liquidated and/or donated

\_\_\_\_\_ All products and services have been delivered

\_\_\_\_\_ All of our money has been collected

\_\_\_\_\_ Vendors have been paid

\_\_\_\_\_ Reconciliation form is completed and is enclosed with this check list

\_\_\_\_\_ Petty Cash has been reconciled and turned in.

\_\_\_\_\_ Audit has been completed

\_\_\_\_\_ Phone company has been paid in full (if applicable)

\_\_\_\_\_ **Total paid to community service**

### Community Service Info

Community Service

Address \_\_\_\_\_

Phone Number \_\_\_\_\_

Contact Name \_\_\_\_\_

### Miscellaneous

Summer Contact Info:

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_

**CEO Signature:** The undersigned acknowledges that these activities have been completed and any misrepresentation would be a violation of Babson College's Academic Honesty and Integrity Policy.

**CEO** \_\_\_\_\_ **Date** \_\_\_\_\_

## Appendix 6 – On Campus Resources

Service	Name	Extension
Overall FME Administration	Sandy Siciliano	4223
Alumni Relations Office	Anne Heller	4235
Campus Life issues	Student Life	4438
College Marketing – Babson Name, Logo, Seal, Mascot	Stephanie Hamel	5717
Risk Management		5688
Community Service/Bernon Center	Josh Stevenson	5565
Document Center – Printing and Posters	General Number	5300
Keys to Business Space	Sandy Siciliano	4223
Reynolds Campus Center Contact Vendor Cart Reservations	Rita Hansen	4309
Student Mail Services – Business Mail	Steve Heaslip	4298
Work Order	Facilities	4444

## Appendix 7 – Disclosure of Substantial Interests

### Disclosure of Substantial Interests 2012-2013

All students must complete this form and have it signed by the CEO and CFO of the business. The CEO and CFO will be responsible for gathering all completed forms and summarizing the information in the **Summary of Disclosure of Substantial Interests** form.

**Business Name:** \_\_\_\_\_ **Number of Students in Business:** \_\_\_\_\_  
**Student Name:** \_\_\_\_\_ **Position in Business:** \_\_\_\_\_  
**Faculty:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Student Signature:** \_\_\_\_\_

**Substantial Interest** means (1) ownership by you (or any family member) of an interest of 5% or more in a business entity; (2) annual income or payment, or expected annual income or payment, to you (or any family member) of more than \$10,000 from a business entity; (3) service by you (or any family member) as an officer, manager, trustee, director, agent, employee of a business entity (except that uncompensated service as a director of a not-for-profit corporation is not a Substantial Interest)

\*\* A copy of the College's full Policy on Ethics and Conflicts of Interest (FME business) is attached.

Do you (or any family member) have a Substantial Interest, either directly or indirectly in a business entity with a financial or other business relationship with the College or FME business? This business entity's relationship with the College or FME business could have occurred during the FME business cycle or prior to the FME business cycle. This business entity may also include any that is seeking to create a relationship with the College or FME business in the coming FME fiscal year.

Yes       No      If yes, please complete the following:

**Name and Identity of Owner:** \_\_\_\_\_  
**Name of Business Entity:** \_\_\_\_\_  
**Nature of Ownership Interest:** \_\_\_\_\_  
**Nature of Financial Relationship:** \_\_\_\_\_

FME CEO Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

FME CFO Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

***Please return a signed copy to the CEO or CFO of the business, who will in turn submit all complete forms to the faculty after all forms have been received. The CEO or CFO should gather all information on this form to complete the Summary of Disclosure of Substantial Interests form.***

## Appendix 8 – Summary of Disclosure of Substantial Interests

### Summary Disclosure of Substantial Interests 2012-2013

**Business Name:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**CEO:** \_\_\_\_\_ **CFO:** \_\_\_\_\_  
**Faculty:** \_\_\_\_\_ **Number of Students in Business:** \_\_\_\_\_

Does ANY MEMBER (or any member of their family) of your FME business have a Substantial Interest, either directly or indirectly in a business entity with a financial or other business relationship with the College or FME business? This business entity's relationship with the College or FME business could have occurred during the FME business cycle or prior to the FME business cycle. This business entity may also include any that is seeking to create a relationship with the College or FME business in the coming FME fiscal year.

Yes       No      If yes, please complete the following:

<u>Student Name</u>	<u>Name &amp; Identity of Owner</u>	<u>Name of Business Entity</u>	<u>Nature of Ownership Interest</u>	<u>Nature of Financial Relationship</u>

A copy of the College's full Policy on Ethics and Conflicts of Interest (FME Business) is attached. The CEO and CFO of each business are responsible for disclosure on behalf of all company members.

FME CEO Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_

FME CFO Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_

Faculty Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**\*\* Please return a copy of this signed form to the Office of Academic Services, c/o Sandy Siciliano.**

## **Appendix 9 – Policy on Ethics and Conflicts of Interest**

### **BABSON COLLEGE Policy on Ethics and Conflicts of Interest FME Business Officers and Members**

#### **1. Statement of Purpose: Disclosure of Potential Conflicts on Interest**

The goal of this Policy is to clarify the obligations of members of the FME program of Babson College and its Affiliates to disclose and avoid conflicts of interest. The members of the FME business must disclose any Substantial Interest he or she (or any member of their family) has in any corporation, partnership, limited liability company, or other association or entity (each, a “Business”) that has in the prior fiscal year, currently has, or seeks to have a financial relationship with the FME Business, the College, or any Affiliate. Each FME business member shall submit a Disclosure Statement in the form attached the CEO or CFO of the business, who will in turn submit all completed copies to the faculty once all forms have been received. The CEO and CFO will then complete the Summary Disclosure form and submit a signed copy to the Office of Academic Services for the appropriate business, which shall be promptly updated to disclose any new or proposed financial relationships with the College arising after it is filed.

#### **2. Statement of Policy**

- A.** The FME business shall not enter into a financial relationship with a Business in which an FME Employee (or his/her family) has a Substantial Interest nor will an FME Employee participate in structuring the contract terms or specifications or influence the approval of such financial relationship unless the financial relationship: (1) results from a competitive bid and the competitive bid is evaluated by persons other than the Employee; (2) involves a contract for goods or service sold to the general public upon uniform terms and conditions and at a uniform price and the term, and such conditions and price are evaluated by persons other than the Employee; and (3) is deemed by the Conflicts Committee to be in the best interest of the College.
- B.** An FME Employee shall not have responsibility for, or influence the administration of, or payments under, the College’s or an Affiliate’s financial relationship with a Business in which the FME Employee has a Substantial Interest.
- C.** An FME Employee shall not accept a gift or other consideration at less than fair value from a Business that has entered into or is negotiating a financial relationship with the College or an Affiliate, if the FME Employee participated in structuring the contract terms or specifications or was responsible for approval of such relationship. Gifts of nominal value, such as an occasional meal or tickets to cultural or sporting events are not included in this restriction.
- D.** An FME Employee must seek prior written approval of the Academic Services Office before representing a party who has an adverse relationship with the College in matters concerning the College.

#### **3. Sanctions for Violation of Policy**

A committee consisting of the section faculty, director of MFE and a representative from Academic Services will review any cases involving alleged violation of this policy. Sanctions will be decided by this committee but could result in a referral of the case to the Judicial Board.