



# NFTE Business Plan Guide

## Business Plan Guide Overview

This business plan guide acts as a bridge from classroom instruction to completion of the student business plan. Teachers should use this as a guided practice after instruction in order to show students how to apply the knowledge they just learned to their own business plans. Teachers should follow the chart that demonstrates the flow of instruction on page 2 of this guide. Students can also use this guide as a reference to assist with independently completing business plans.

Features of the New Template	Student Benefits	Teacher Benefits
Business plan guide	<ul style="list-style-type: none"><li>• Gives students a reference tool to help support independent student work</li></ul>	<ul style="list-style-type: none"><li>• Assists teachers with classroom management as students can guide their own work</li></ul>

Each section in the written portion of the business plan guide contains the following:

- **Content Overview** – A brief refresher of the content already learned from class as it relates to that specific part of the business plan
- **Exemplar Explained** – An explanation of that section of Eva’s business plan, relating how she filled out the business plan in relation to the content learned
- **Rubric Indicator** – Excerpt from the rubric to see what is required for that section of the business plan, and how Eva would be evaluated on her responses
- **Apply Learning to Business Plan** – Guided instruction to connect class instruction and Eva’s Edibles example to the student business plan
- **Curriculum Connection** – A reference to where to find the instructional material for that section in the NFTE curriculum

Each section in the presentation portion of the business plan guide contains an overview of content on each slide, examples of completed slides in the template, and instructions on where to find information on the written business plan

## Business Plan Guide - Flow of Instruction

### Opportunity Recognition

Unit of Learning: Opportunity Recognition  
11<sup>th</sup> Edition Chapters: 1,2,3,4,5,6  
Experiential Activities  
Eva's Edibles Case Studies  
Eva's Edibles Exemplar Business Plan  
Business Plan Guide  
Written Plan Sections: 1.1-1.6  
Written Plan Rubric  
Eva's Edibles Exemplar Presentation Slides  
Business Plan Guide  
Presentation Slides: Name of Business, Problem/Unmet Need, Solution/How Biz Fills Need, Description of Product/Service, Qualifications  
Presentation Rubric  
Unit Assessment

### Market Research

Unit of Learning: Market Research  
11<sup>th</sup> Edition Chapters: 7  
Experiential Activities  
Eva's Edibles Case Studies  
Eva's Edibles Exemplar Business Plan  
Business Plan Guide  
Written Plan Sections: 2.1-2.6  
Written Plan Rubric  
Eva's Edibles Exemplar Presentation Slides  
Business Plan Guide  
Presentation Slides: Market Analysis, Competition  
Unit Assessment

### Promotion & Sales

Unit of Learning: Promotion & Sales  
11<sup>th</sup> Edition: Chapters: 8,9  
Experiential Activities  
Eva's Edibles Case Studies  
Eva's Edibles Exemplar Business Plan  
Business Plan Guide  
Written Plan Sections: 3.1-3.4  
Written Plan Rubric  
Eva's Edibles Exemplar Presentation Slides  
Business Plan Guide  
Presentation Slides: Promotion & Sales, Sales Projections  
Unit Assessment

### Business Financials

Unit of Learning: Business Financials  
11<sup>th</sup> Edition: Chapters: 10,11,12,13  
Experiential Activities  
Eva's Edibles Case Studies  
Eva's Edibles Exemplar Business Plan  
Business Plan Guide  
Written Plan Sections: 4.1-4.8  
Written Plan Rubric  
Eva's Edibles Exemplar Presentation Slides  
Business Plan Guide  
Presentation Slides: Business Model, Sales Projections, Start Up Funds  
Unit Assessment

## Part 1: Opportunity Recognition and Business Structure



### 1.1 Business Opportunity

A business idea is only a good business *opportunity* if it fills a need or want in a particular market. Many of us come up with business ideas, but very few can recognize a great business opportunity. Opportunity recognition is the process of identifying a need that can be met by a new business. Here, you should look to outline and justify your reasoning for starting a business. Think about a consumer need or want. A need is something that people must have in order to survive, and a want is a product or service that people desire. By now you should already have asked yourself the following questions:

- Does my idea fill a need or want that's not currently being met?
- Will the idea work in the location or in the way that you plan to sell it?
- Can I put the idea into action within a reasonable amount of time? Consider your window of opportunity (the time you have to take action on your idea before the opportunity is lost).
- Do I have the resources and skills to create the business (or know someone else who could help me do it)?
- Can I provide the product or service at a price that will attract customers but still earn a reasonable profit?
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#### Exemplar Explained

Take a look at our sample business plan, Eva's Edibles, and how she explains her business opportunity.

The personal chef business is a viable opportunity for the Columbus area. Columbus has a large population of professionals, from the business and medical spheres, primarily, which is growing steadily. Individuals from these professions earn \$50,000 or more per year, providing them with substantial amounts of disposable income.



Eva sets the stage for her business opportunity by identifying her target market. She saw a viable opportunity for a personal chef business in the Columbus area by examining the initial market and then segmenting it by income.

What these individuals have in terms of income, they lack in terms of time. As a result, they go out to dinner or order in four out of five workdays each week. Eva's Edibles seeks to provide these individuals with a healthy, homemade, and affordable alternative to ordering from area restaurants.



Eva bridges the gap by taking the context of her target demographic and diving deeper. She has established that there is an unfulfilled need or want in this market by looking not only at income, but also at lifestyle.

Using the rubric below, think about how Eva's business opportunity aligns with indicator 1.1 on the rubric. What improvements could be made? Where is there room for growth in the communication of her business idea? In order to receive full credit, you must identify a business idea that fulfills a want or need that is currently *not* being met by an existing business.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Identify a business idea that fulfills a want or need that is not being met by existing businesses	1.1 Business Opportunity	Idea is clearly described and linked to clear need or want; data is used to support claims	Idea is clearly described and linked to clear need or want	Idea is described but is not linked to a clear need or want	Idea is poorly described and not linked to a need or want

## How To

You have identified your idea and now it's time to determine whether it is a valid business opportunity. Entrepreneurs typically use one of the three tools below to identify whether or not their business idea is a good opportunity.

- A **Cost/Benefit Analysis** occurs when an entrepreneur adds up all the expected benefits of an opportunity and subtracts all the expected costs. If the benefits outweigh the costs, the opportunity may be worthwhile.

- An **Opportunity-Cost Analysis** occurs when an entrepreneur examines the potential benefits that they forfeit when they choose one course of action over others, or the value of what they give up to get something.
- A **SWOT Analysis** is an evaluation of the strengths, weaknesses, opportunities, and threats of a particular opportunity. The next page will show you an example of a blank SWOT analysis.

For this exercise, we're going to focus on a SWOT analysis. Follow these steps to complete the table below:

**Step 1 – Strengths:** What skills do you have that would enable you to do well with this specific opportunity? What resources do you have available (time, money, and people who can help you)? Do you have any unique knowledge or experiences that could give you an edge?

**Step 2 – Weaknesses:** In what skill or knowledge areas do you need to improve? What resources are you lacking? What might potential customers see as a weakness in your product or service?

**Step 3 – Opportunities:** Does this business idea fill an unmet need or want? Are there any trends or changes happening in your community that you could use as an advantage? What could you do better than other companies already in your field?

**Step 4 – Threats:** What obstacles stand in the way of pursuing this opportunity? What current trends could potentially harm your business? How fierce is the competition in this business area? Does this business idea have a short window of opportunity?

SWOT Analysis: Your Business	
Strengths	Weaknesses
Opportunities	Threats

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## 1.2 Type of Business

Consider what you would like the primary function of your business to be and the type of products you wish to sell. As you read in Chapter 3, new businesses will be categorized as manufacturing, wholesale, retail, service, or a combination of these. The type of business you choose should effectively meet the

### Curriculum Connection

It is important to be aware of things going on around you so that you can recognize potential opportunities. Keep an eye out for problems, changes, new discoveries, existing products and services, and unique knowledge in places such as newspapers, magazines, business and governmental agencies, trade resources, and the internet.

Chapter 6, Section 2 on pages 147-165 of *Entrepreneurship: Owning Your Future*

Eva's Edibles will be a service business preparing healthy dinners that will be easily reheated by client.



Eva explains her business clearly and links it to a consumer need: easily prepared dinners for the week

Does Eva's Edibles fit neatly into the category of a service business, or could she be considered a manufacturing and service business? Remember, some businesses may be classified as combinations of different categories.

Something else to consider is that the function of the type of business should be connected to the business opportunity. Does Eva explain how being a service business fulfills a need or a want in the market? Use the rubric below to determine whether Eva's description of her type of business is clearly connected to the business opportunity. .

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
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Identify a business idea fulfills a want or need that is not being met by existing businesses	1.2 Type of Business	Idea is clearly described and linked to clear need or want; data is used to support claims	Idea is clearly described and linked to clear need or want	Idea is described but is not linked to a clear need or want	Idea is poorly described and not linked to a need or want
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## How To

Step 1 – Think about your business and the product or service you're going to sell. Review the descriptions for each type of business function.

Step 2 – Choose the type of business you wish to operate based on your knowledge of manufacturing, wholesale, retail, and service businesses.

- **Manufacturing:** Describes businesses that convert materials into goods for sale that are suitable for consumer use.
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- **Industrial:** Describes a business that sells goods to other manufacturing businesses such as metal and plastic parts, lumber, and heavy machinery.
- **Consumer:** A business that sells products that are eventually bought by the public. Small manufacturing businesses that produce consumer goods sometimes sell directly to the public.
- **Wholesaling:** A business that buys goods in large quantities, typically from manufacturers, and resells them in small batches to retailers.
- **Retailing:** Describes a business that buys goods, often from wholesalers, and resells them directly to customers in stores, shops, and boutiques.
- **Service:** A business that provides a service to customers for a fee.
- **Other:** Your business might be a combination of two types of businesses or more. For example, if your business makes baskets, it would be considered a manufacturing business. If you also sell directly to consumers, you would be a retail company as well. And, if you offer lower prices for bulk orders to a local store, you also operate as a wholesale business. So you would be a retail-wholesale-manufacturer

Use the Chart below as a quick guide to the four main types of businesses.

Manufacturing Business	Wholesale Business	Retail Business	Service Business
Creates products with raw materials	Buys products in bulk from manufacturers	Buys smaller bundles from wholesalers	Offers a unique set of skills or expertise at a fee
Sells in bulk to wholesalers	Sells in smaller bundles to retailers	Sells single items to consumers	

Step 3 – Describe the type of business you wish to start and explain in detail *why* your business fits that category. Also be sure to explain how your business best fits the need or want in the market. For example, if you decide to be a retail business, be sure that setting up your business in this way best serves the customers who would be most interested in buying your product or service.

### **Curriculum Connection**

SWOT analysis chart  
Chapter 3, Section 1 on pages 50-55 of Entrepreneurship: Owning your Future  
Workbook pages 21-25  
Workbook pages 56-60



### 1.3 Business Ownership

This is where you will describe the business ownership structure you desire for your company. This may be a sole proprietorship, partnership, corporation, or a cooperative

#### Exemplar Explained

Eva's Edibles will be a Limited Liability Company (LLC), wholly owned and operated by Eva Tan. The LLC status will protect Eva Tan's personal assets and allows the company to enjoy some tax benefits.



Eva describes how her company plans to operate initially, but does not, however, discuss how she anticipates LLC status may affect taxes, profits, policies, and ownership as her business grows.

Does Eva give enough detail explaining why she chose to start her business as a Limited Liability Company? What tax benefits would she receive with LLC business ownership? Use the rubric below to assess Eva's performance identifying the right type of business ownership.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Structure a business logically and appropriately</b>	1.3 Type of Business Ownership	<p>Idea is clearly described and linked to clear need or want; data is used to support claims</p> <p>Ownership type is best for the business; states rationales for chosen type</p>	<p>Idea is clearly described and linked to clear need or want</p> <p>Ownership type is best for the business; states one rationale for chosen type</p>	<p>Idea is described but is not linked to a clear need or want</p> <p>Ownership type is identified; no rationale provided for chosen type</p>	<p>Idea is poorly described and not linked to a need or want</p> <p>Ownership type does not fit business model; no rationale provided or flawed rationale</p>

## **How To**

When considering the types of business ownership, an important consideration is the owner's liability, or the legal obligation of a business owner to use personal money and possessions to pay the debts of the business. Business debts could include loans that must be repaid, money owed to other businesses, and judgments resulting from lawsuits against the business. Liability can come in the form of unlimited or limited liability. Which type of business ownership is best for you?

**Step 1:** Read Chapter 3, Section 2 and examine the Business Ownership chart on page 63 of *Entrepreneurship: Owning Your Future*

- Sole Proprietorship – pg. 57
- General/Limited Partnership – pages 58-59
- C Corporation – pages 60-61
- Subchapter S Corporation – pages 60-61
- Nonprofit Corporation – pages 60-61
- Limited Liability Company – pages 60-61

**Step 2** - Identify which type of business ownership is appropriate for your business. Consider:

- Ownership
- Liability
- Taxes
- Profit Distribution
- Voting Policy

**Step 3** - This is the implementation phase. After you've considered the advantages and disadvantages of each type of business ownership structure, refer back to pages 57-61 of the text for next steps pertaining to implementation. It is also important to keep the future of your business in mind. Will the current ownership structure encourage growth?

### **Curriculum Connection**

Chapter 3, Section 2 on pages 56-69.

Business Ownership Chart

Workbook pages 26-30

## 1.4 Mission Statement

Your mission statement should be front and center in the minds of everyone involved in your business. As the statement of why you exist, it's also the statement that explains to them why they would want to do business with you.

Some businesses go so far as to make their mission statements the themes of their advertising campaigns. If you do nothing else, you should make sure your mission statement is highly visible in your business premises, on your website if you have one, and on all your marketing materials.

A good mission statement isn't just a slogan, its an operations manual. It cannot provide the guidance that it's intended to provide if people are not familiar with it.

### Exemplar Explained

Take a look at the mission statement from Eva's Edibles below:

Eva's Edibles, a personal chef service, will provide busy clients with healthy and delicious dinners that are based on clients' preferences and prepared in their kitchens. Dinners are stored in clients' refrigerators or freezers to be reheated at their convenience.



Eva describes exactly what her business does. She describes the service Eva's Edibles provides and how the service is provided.

What is missing from Eva's Edibles' mission statement here? Eva found a way to be detailed and brief, but an excellent mission statement clearly states what the business does and why it exists. Its language should be appealing and exciting to the reader. Where on the rubric would you grade Eva's mission statement?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Explain the relationship between themselves, their business, and their community</b>	1.4 Mission Statement	Clearly and succinctly states what the business does and why it exists; language is appealing and exciting	Clearly states what the business does and why it exists	Does not clearly state what the business does or why it exists	Is unrelated to what the business does or why it exists

## **How To**

Step 1 – Describe what your company does

Step 2 – Describe how you do it. Think about core values, not a detailed description of how the business works. Focus on what your company is the *best* at. These are its core competencies – what it does better than any of its competitors. Once you've decided which core values are most important, add one (or two at the most) to your description of what your company does.

Sample Values:

- Provide high product quality
- Provide superior customer service
- Protect the quality of the environment
- Ensure equal access to resources
- Encourage innovation/creativity
- Practice sustainable development

Step 3 – Add Why. This is the spark or passion behind your business.

Why does your business do what it does? For some people, it helps to think back on why they started their business in the first place.

Use the following examples to guide you.

- The Coca-Cola Company exists to benefit and refresh everyone who is touched by our business.
- Every day, everywhere, we use our technology and expertise to make payments safe, simple and smart (Mastercard Worldwide).
- The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.

Step 4 – Review.

When you're finished, have another look at your mission statement and see if it says what you want to say or if there's a better way of phrasing it.

## 1.5 Social Responsibility

A good business balances profit and growth with the good of society. As you read in chapter 5, corporate social responsibility makes good business sense. Whether it is a large corporation sponsoring a charity telethon or a local supermarket offering a refund for using environmentally friendly bags, social responsibility often translates into profits. This is often described as *“doing well by doing good.”*

### Exemplar Explained

Eva’s Edibles strikes this balance with the following statement of social responsibility:

Eva’s Edibles will use natural, organic, and locally grown ingredients whenever possible.

The company’s code of ethics directs that the business be as “green” as possible. It will choose vendors who are environmentally and socially responsible.



Eva starts nicely by breaking down her company operations into smaller elements to highlight the social responsibility of each part.

In the future, Eva Tan hopes to volunteer at local elementary schools to speak with students about healthy eating and lifestyle choices.



Eva plans to use her expertise to educate students in her community about healthy eating. This is an excellent way to leverage her knowledge to promote her brand in the community while “doing good”

After three years, Eva’s Edibles plans to contribute 1% of yearly net profit to a local food bank.



Eva plans to contribute a percentage of her earnings to a charitable cause after 3 years of solid business activity. Not only is this great community engagement, but also a smart business decision.

Eva’s social responsibility plan is well-defined and innovative. She strives to engage with the community in a positive way and has a plan to develop that partnership for the future. Look at the guidelines for an exemplary social responsibility plan below. Social responsibility plans should be tightly aligned with the mission statement. In this case, Eva may want to reevaluate her mission statement to make sure they both fit well together. Is there room for improvement here?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Explain the relationship between themselves, their business, and their community</b>	1.5 Social Responsibility	SR Plan is well-defined, innovative, tightly aligned with mission statement	SR Plan is well-defined and somewhat aligned with mission statement	SR Plan may be unclear or is unrelated to mission statement	No SR plan provided

### How To

Social responsibility does not need to be limited to the surrounding community. It is often built initially from within your business and can affect employees, customers, suppliers, investors, and creditors. Consider the culture and relationships you would like to cultivate within your working community and begin to draft some social policies and guidelines.

Step 1 – Examine your mission statement and see which form(s) of social responsibility are best for your company. Which part of your business or community do you wish to serve? The following list highlights some of the most common beneficiaries of socially responsible business practice.

- Employees
- Community
- Customers
- Suppliers
- Investors and Creditors
- Environmentally Friendly Enterprises
- Energy-Efficient Workplace
- Cause-Related Marketing
- Philanthropy

Step 2 – Once you’ve decided which area of your business or community you’d like to serve, consider exactly *how* you’d like to serve that community. Eva tackled social responsibility on three fronts: going green within her company by choosing environmentally responsible vendors, educating youth in her community, and making a financial contribution to a socially responsible organization.

Step 3 – Consider what a short-term and long-term implementation process would look like. In the short term, Eva plans to work immediately with environmentally responsible vendors. This is something can turn into a long-term policy. Another long-term policy of Eva’s is that, once she is financially capable, she will donate a percentage of her profits to a local food bank.

Step 4 - Write a short paragraph describing what social responsibility elements you will implement in your business.

**Curriculum Connection**

Chapter 5, Section 2 on pages 115-135

Workbook pages 46-50

## 1.6 Qualifications

The qualifications section illustrates any relevant education, licenses, certifications, interests, and work experience that enables you to become a successful business owner. This also gives potential investors and business partners a chance to learn more about you.

### Exemplar Explained

Eva's qualifications make her an excellent fit for the food service industry. Her credentials include relevant academic and professional experiences as well as training and certification in the culinary arts.

Eva Tan has an associate's degree in Business Management from Columbus State Community College. As Assistant to the Director of the Campus Dining Services at Ohio State University, Eva acquired experience in the management of various types of food-service operations, as well as catering.



Here, Eva highlights her qualifications and how they're applicable to her business. She has a degree in business management as well as practical management experience in the food services industry at Ohio State University.

She also ran her own event-planning business, Eva's Entertainment Services, for four years. Eva has completed an intensive training course offered by the U.S. Personal Chef Association (USPCA), and has received the federally recognized trademarked designation of Certified Personal Chef (CPC).



Eva supplements her initial credentials with experience on her own. Her event planning experience shows that she has prior experience with entrepreneurship as well as federal certification and intensive training.

Eva has many personal characteristics and skills that are particularly valuable in the personal chef business, including: a passion for cooking, attention to detail, organizational skills, flexibility, creativity, sociability, ability to multi-task, high physical energy, and endurance.



This is where Eva dives deeper and explains how her personal characteristics make her a good fit for small business ownership in the food service industry. She highlights her strengths here.

What are Eva's qualifications for running her business? Consider what she says she is passionate about and what unique knowledge she may bring to Eva's Edibles. Has she presented them clearly? Use the rubric below to evaluate Eva's qualifications.



Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Explain the relationship between themselves, their business, and their community</b>	1.6 Qualifications	Lists 3 or more qualifications that provide compelling rationale for student running business	Lists 3 qualifications that are all connected to running the business	Lists 3 qualifications but qualifications are not all connected to running the business	Lists less than 3 qualifications or qualifications listed are irrelevant to running the business

### How To

For this section, ask yourself how your current education, work experience, and interests qualify you to start your own business.

Step 1 – Refer back to your SWOT analysis. As we continuously connect our learning for every aspect of the business plan, take a look back at your SWOT analysis to examine your list of strengths and weaknesses.

Step 2 - Perform an in-depth self-assessment of your personal characteristics and skills to determine your strengths and weaknesses as they relate to your business. Remember, your SWOT analysis may not go into great detail at this point. What do you consider to be your strongest attributes? Where do you see room for growth? Evaluate each of these as they relate to the characteristics and skills necessary for your business to be successful.

Step 3 – For areas of improvement, consider skills that can be developed through training and practice. For example, you didn't know how to tie a shoe when you were born. You learned this skill through practice and the help of adults. Some of the basic skills entrepreneurs require are:

- **Business Skill:** An understanding of how to create and manage a business
- **Communication Skill:** The ability to listen well, write well, and speak well
- **Computer Skill:** The ability to use technological tools effectively
- **Decision-Making and Problem-Solving Skills:** The ability to apply logic, information, and past experiences to new decisions and problems.
- **Mathematical Skill:** The ability to use math to create budgets, keep accurate records, and analyze financial statements
- **Organizational Skill:** The knack for keeping tasks and information in order; the ability to plan well and manage your time
- **People Skills:** The ability to persuade and motivate people; an understanding of be a leader and work in a team.

Step 4 – Focus on your strengths. What are 3 or more qualifications that provide a compelling rationale for you to run your business? This may include past

education, work experience, certification, interests, or personal attributes. Now, write a short biography about yourself using those qualifications, focusing on the specific skills you have that relate to your industry.

**Curriculum Connection**

SWOT Analysis

Chapter 1, Section 2 in *Entrepreneurship: Owning Your Future* pages 13-25

Workbook pages 6-10

## Part 2: Market Research



### 2.1 Market Research

As we discussed in Chapter 1, you start a business because you see an opportunity develop from a great idea. You have already identified a consumer need or want that can be fulfilled with the help of a new business, but how will you determine who your potential customers will be? Each business must stay informed about its market and market research is an organized way to gather and analyze the information needed to make good business decisions. When conducting market research, focus on three main areas: business environment, customers, and competition.



### Exemplar Explained

The personal chef business is one of the fastest-growing segments in the food-service industry. According to the American Personal and Private Chef Association (APPCA), about 9,000 personal chefs are currently serving some 72,000 clients nationwide. Those numbers are expected to double over the next five years.



Eva provides an overview of the overall industry in this portion of her business plan. It provides the reader with initial context. Remember, your audience will not necessarily be familiar with your industry, so it's very important to start off with important industry background numbers.

Of the 301,800 Columbus households that have two or more people, 36.7% have annual, combined incomes of over \$50,000. The people in this market have busy lifestyles and want healthy dinners. In general, the target households go out to dinner or orders in four out of five workdays each week. Eva's Edibles will provide people an opportunity to stay healthy, without compromising a busy and productive lifestyle.



Eva begins to narrow her focus here. She knows that her business is going to primarily serve households with an income strong enough to support spending on a personal chef service. Not only does she focus on households, but she also notes that these households will be those with *two or more people*. Fine details are important here when analyzing your market.

As an introduction to her market, Eva does a good job of identifying her target geographic area and briefly examining competition, trends, and market size.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Determine the market size for their business by using primary and secondary sources	2.1 Market Research	Correctly identifies industry name and size; connects current trends to further support business opportunity	Student correctly identifies industry name and size for their business	Incorrectly identifies either the industry name or size, though provides evidence research	Incorrectly identifies industry name and size; research not completed
		Potential target market size is accurate, based on clear quantitative reasoning, and includes student-generated primary research	Potential target market size is accurate and based on clear quantitative reasoning	Potential target market size is inaccurate but based on clear quantitative reasoning	Potential target market size is inaccurate; no quantitative rationale provided

## **How To**

Research in these three areas is the key to understanding your market. When conducting market research, try to express your findings using numbers in order to provide your audience with organized information.

Step 1 – Find the total population of your target geographic area. This is typically the city in which you plan to start your business.

Step 2 – Begin to narrow your market using the following criteria:

- The zip code where you will be selling your product
- The age range of your target consumer
- The gender of your target customer (if applicable)
- The income level of your target customer (if applicable)

### **Curriculum Connection**

Chapter 7, Section 1 on pages 167-176 of *Entrepreneurship: Owning Your Future*

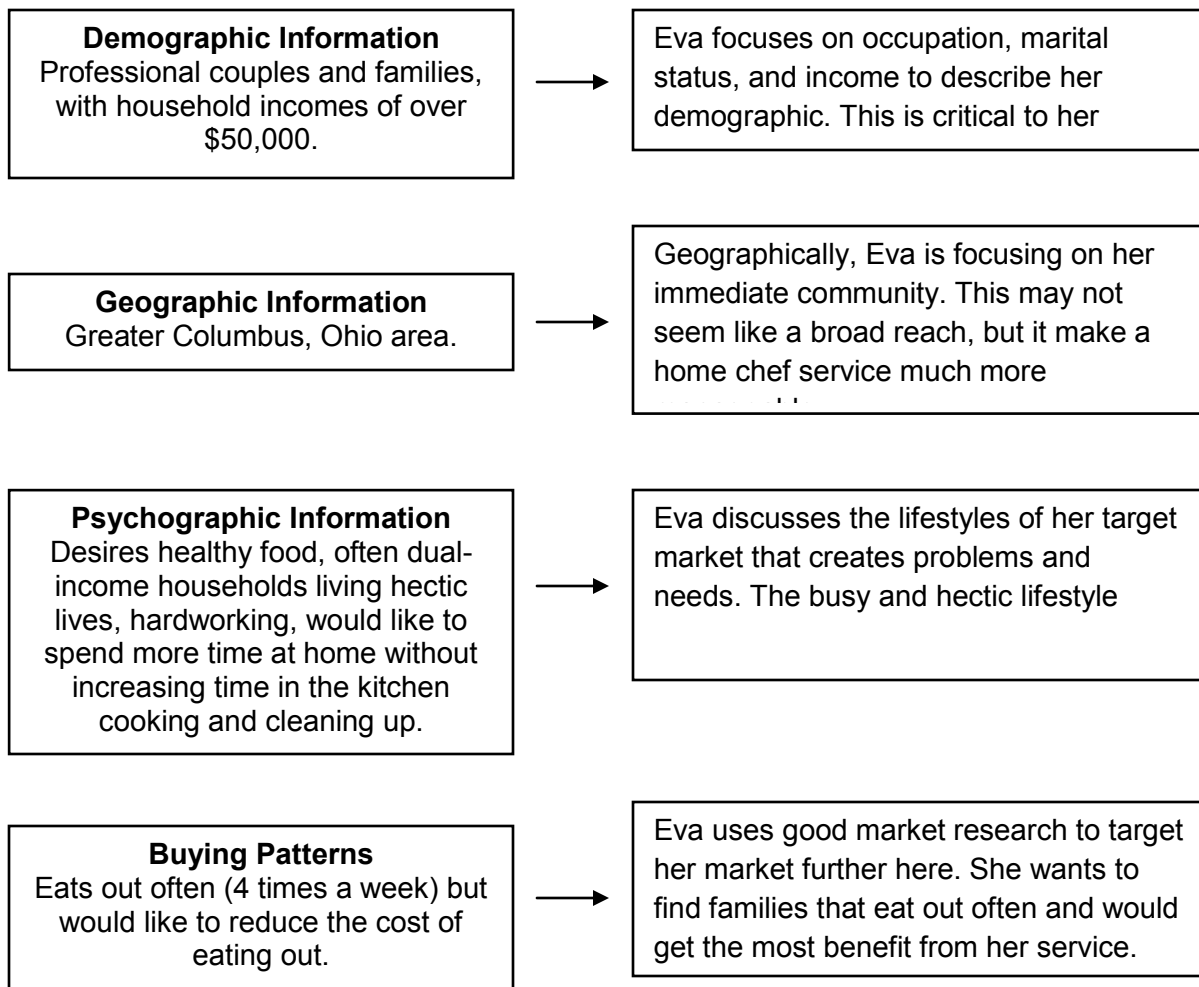
Workbook pages 61-65

## 2.2 Target Market

As a new business owner, you may be tempted to try to sell your product or service to as many customers as possible. However, most products are only suitable for a limited number of customers who are the most likely to buy the product or service.

### Exemplar Explained

Eva's target market included professional families and couples in the Greater Columbus area with incomes presumably high enough to support a low-cost personal chef service. Her target consumers desire to eat healthy food at home while spending little time in the kitchen cooking and cleaning up. Her target market is identified as follows:



Eva seems to do a good job finding relevant information in all four key categories. How would you rate Eva's target market research? Does it dive deep enough into her target market?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Identify an appropriate target market in terms of demographics, psychographics, and consumer behaviors	2.2 Target Market	Extensive and relevant demographic, geographic and psychographic information; linked to product or service's features and benefits	Relevant demographic, geographic and psychographic information; linked to product or service's features and benefits	Limited or irrelevant demographic, geographic and psychographic information; somewhat linked to product or service's features and benefits	Limited or irrelevant demographic, geographic and psychographic information; not linked to product or service's features and benefits

### How To

- **Demographic Information:** The objective social and economic facts about people such as age, gender, marital status, family size, ethnic background, education, occupation, and annual income.
- **Geographic Information:** Groupings that include geographic regions such as states, counties, cities, neighborhoods and climates.
- **Psychographic Information:** Psychological characteristics of customers such as attitudes, opinions, beliefs, interests, personalities, lifestyles, political affiliation, and personal preferences.
- **Buying Patterns:** What is the current buying behavior of your target market? Consider current trends and which of those trends your target consumers may be trying to change.

#### Step 1 – Describe your target market

Remember, the characteristics you identify are not limitations on who *could* be your customer, but rather a way to estimate how many people are the MOST LIKELY to be interested in your product or service

#### Step 2 – Estimate the population of your target market

Total population of targeted geographic area: Pick the zip code(s) you are going to focus on, and use [www.zipskinny.com](http://www.zipskinny.com) to calculate the total population in that/those zip code(s).

Population of target market: Use ZipSkinny.com or Census.gov to find the percentage of the total population that meets your target market criteria. Multiply this percentage by the Total Population.

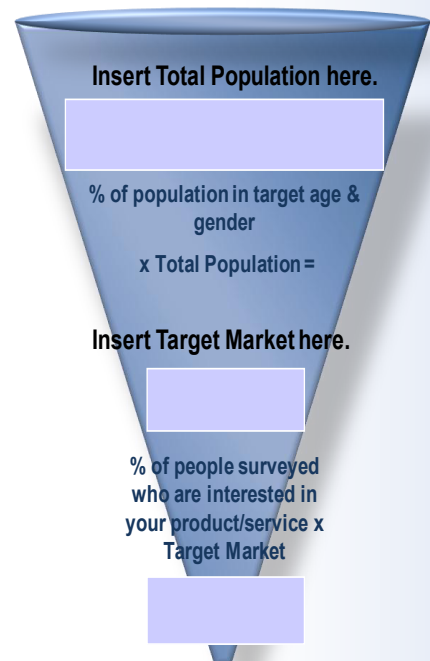
Target Market (based on survey): Multiply the Target Market by the percentage of people who would be willing to try the product or service.

Use the chart on the following page to guide you through the market analysis portion of the business plan.

# Market Analysis

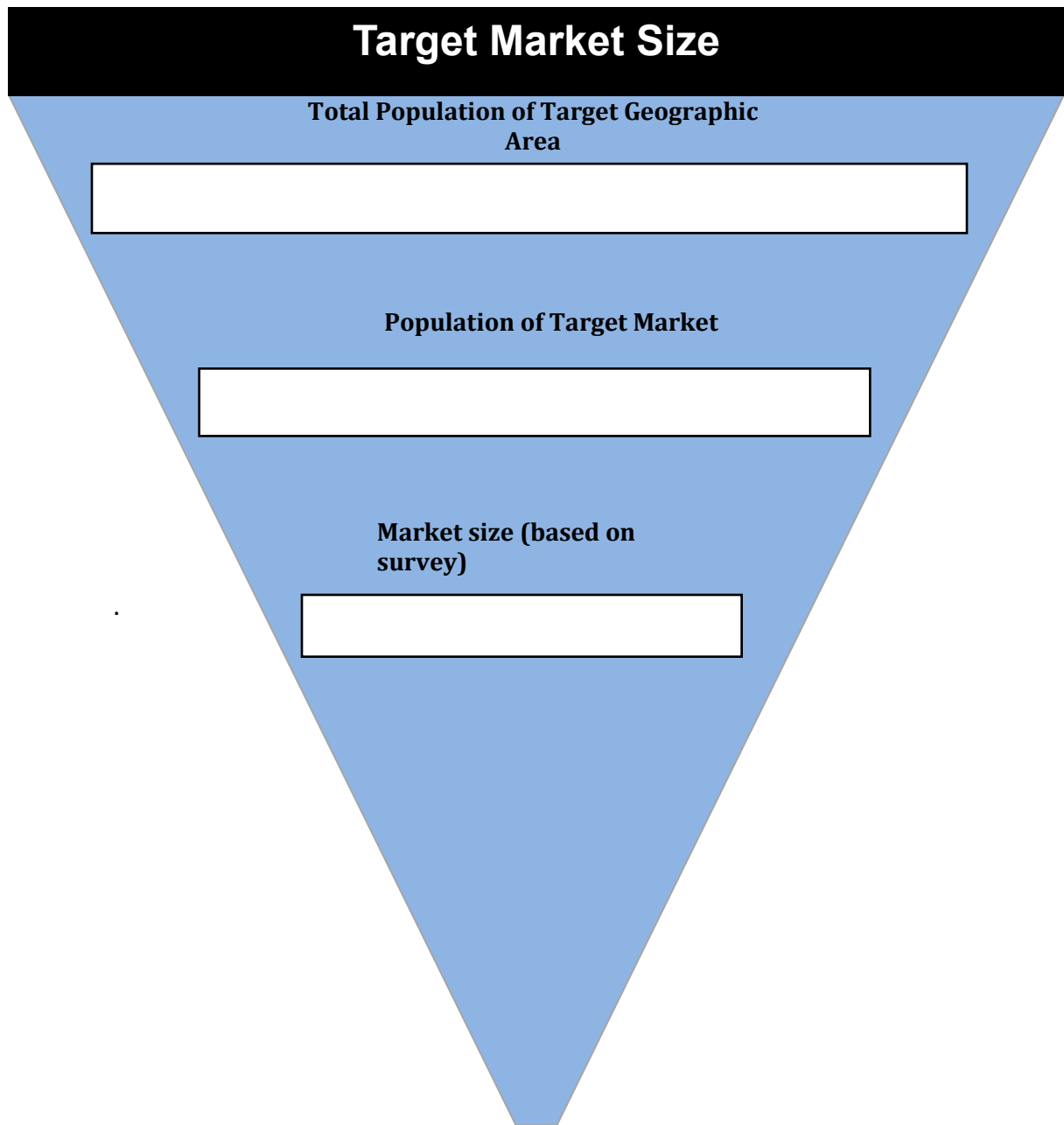
Industry Name	What is your product or service?
Industry Size	How much is being spent in your industry?

Total Population	The total population of my target area is _____ people (according to the statistics of your zip code.
Target Market	I'm targeting women between the ages of ____ and ____ with an annual income between \$ _____ and \$ _____
Potential Market Size	Based on a recent survey, ____% of respondents in my target market are interested in purchasing my product



Now, fill in your final Geographic Population, Target Market Population Information, and Market Size Information below.





### Step 3 – Estimate Industry Statistics

Identify what industry your business is a part of. For example, a restaurant is part of the food service industry. Next, research how big your industry is. This is the “gross annual sales” or “gross receipts,” meaning the total amount of money the businesses in that industry make in sales in one year. Use bizstats.com to get started by going to <http://bizstats.com/reports/ind-corp-sales.php>

Step 4 – Summarize what you’ve found. Write a brief paragraph or two, summarizing your target demographics, target market population, and industry size.

What are judges looking for?
Extensive and relevant demographic, geographic and psychographic information that is linked to product or service’s features and benefits
Correctly identifies industry name and size
Connects current trends to further support business opportunity
Potential target size is accurate, based on clear quantitative reasoning, and includes student-generated primary research

### **Curriculum Connection**

Chapter 7, Section 1 pages 169-175 of *Entrepreneurship: Owning Your Future*

## 2.3 Competitors

Another critical area of market research involves identifying the rival businesses in your industry that will compete for your target market. The information you collect about your competition will be of two types: direct competition and indirect competition.

### Exemplar Explained

Because Eva is in the food service industry as a personal chef, her direct competitors include personal chefs in the greater Columbus area. Once she identified the broad range of competition, she narrowed her direct competitors by credentials, pricing, and marketing structure.

Her indirect competition is slightly different. Keep in mind that indirect competitors may fill the same customer need or want, but with a different product or service. For example, although Eva's service is that of a personal chef, fast food and takeout establishments with lower prices will have a negative effect on her business. Examine each indirect competitor and identify effective ways to differentiate your product.

**Direct Competition:** There are currently 15 personal chefs, or businesses performing some type of personal chef service, in the greater Columbus area. Of these, only seven advertise that they are members of one of the professional personal chef associations. Based on Website research, only one direct competitor is federally recognized as a Certified Personal Chef. Only two indicated specifically that they were focused on preparing healthy meals. On average, similar personal chefs in the Columbus area charge between \$300 and \$500 for their chef services. Groceries are an additional cost. Eva's Edibles will charge \$325, including groceries, making its pricing very competitive.



Eva has carefully examined her direct competition by finding personal chefs in the Greater Columbus area. She then focuses on her competitive advantages of prices and qualifications

**Indirect Competition:** Columbus area restaurants, including fast food and takeout establishments, will indirectly compete with Eva's Edibles. The upscale restaurants are generally expensive and will not be an everyday option. The majority of lower-priced, "family-style," and fast food restaurants offer meals much lower in quality and nutrition than the dinners that will be provided by Eva's Edibles.



Eva's indirect competition is not as clear to define. These are competitors that fill customer needs with a different product or service. In this case, Eva's Edibles is competing with restaurants.

Did Eva discuss enough about her competition in her business plan to meet expectations? Where would you rate her performance on the rubric?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Differentiate their business from direct and indirect competitors</b> <b>Set a long-term vision for their business based on their understanding of market trends and future challenges</b>	2.3 Competitors	Identifies more than 3 direct competitors and provides info about their prices, location, quality, and reputation; provides comparison between competitors and own business	Identifies 3 direct competitors and provides info about their prices, location, quality, and reputation	Identifies 2 direct competitors and provides info about their prices, location, quality, and reputation	Identifies 2 or fewer direct competitors but does not provide info about their prices, location, quality, and reputation
		Identifies multiple indirect competitors and provides info about their prices, location, quality, and reputation; comments on why competitors are indirect	Identifies multiple indirect competitors and provides info about their prices, location, quality, and reputation	Identifies an indirect competitor and provides info about their prices, location, quality, and reputation	Info on indirect competitors missing or inaccurate

### How To

Summarize your direct and indirect competition by describing what other businesses exist and how they are similar or different from your company.

**Direct Competitors** – Businesses in your market that sell a product or service similar to yours. For example, McDonald's and Burger King are direct competitors.

**Indirect Competitors** – Businesses that sell different products or services from yours but fill the same customer need or want. For example, Taco Bell and McDonalds are indirect competitors.

<b>What are judges looking for?</b>
<b>Identifies more than 3 direct competitors and provides info about their prices, location, quality, and reputation</b>
<b>Provides comparison between competitors and own business</b>
<b>Comments on why competitors are indirect</b>

### **Curriculum Connection**

**Chapter 7, Section 2 on pages 177-191 of *Entrepreneurship: Owning Your Future***

**Workbook pages 66-70**

## 2.4 Competitive Advantage

What puts your business ahead of the competition? Your competitive advantage could consist of one or more unique characteristics that distinguish your business from others. Think about:

- What product or service can your business provide that your competitors don't?
- What mix of products or services can your business provide that your competitors don't?
- What specialized selling or delivery method can give your business a competitive advantage?
- In what unique ways can your business meet customers' wants or needs?

### **Exemplar Explained**

After a careful look at her competition, Eva determined that Eva's Edibles has three major competitive advantages:

1. It will focus on customer service by allowing clients to choose their menus.
2. It will focus on preparing healthy versions of client favorites and, after consultation with clients, will tailor dinners to meet their special dietary needs.
3. Eva Tan will be one of the few personal chefs in Columbus to have the federally recognized designation of Certified Personal Chef. Eva Tan is an active member of the United States Personal Chef Association.

According to the rubric, to exceed expectations you are expected to state at least 3 clear and valid competitive advantages that your business has over its competition. This is where a competitive matrix (below) will be very helpful.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Differentiate their business from direct and indirect competitors and set a long-term vision for their business based on their understanding of market trends and future challenges	2.4 Competitive Advantage	States 3 clear and valid competitive advantages; uses research on competitors to support claims	States 3 clear and valid competitive advantages	States 2 competitive advantages, or advantages are unclear	States 1 or no competitive advantages, or advantages invalid

### How To

When analyzing direct competitors, a helpful tool to use is a competitive matrix (a grid that compares the characteristics of your business with those of your direct competitors).

## Competitive Advantage

Factors	[Your Business]	[Competitor A]	[Competitor B]
Price	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>
Quality of Product/Service	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>
Location	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>
Reputation/Brands	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>
Unique Factors/ Knowledge	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>	<input style="width: 80%;" type="text" value="["/>

List *at least* 3 competitive advantages your company has over its competitors. In other words, what makes it better than the businesses that already exist? What you write should be a clear description of your competitive advantage and how it “corrects” what your competitors don’t do well.

<b>What are judges looking for?</b>
States 3 clear and valid competitive advantages
Uses research on competitors to support claims

<b><u>Curriculum Connection</u></b>
Chapter 7, Section 2 on pages 177-191 of <i>Entrepreneurship: Owning Your Future</i>
Workbook pages 66-70
Competitive Matrix



## 2.5 Business Growth

Growing a business involves making changes that result in greater sales. Most businesses expand internally by adding new products or services. Factors that affect the decision to grow a business are the condition of the business, the economic climate, and the life goals of the business owner.

### Exemplar Explained

In our exemplar, Eva was able to determine both short term and long term business goals as her customer base becomes more profitable.

**Short-Term Business Goals:** In its first year, Eva's Edibles plans to build a profitable customer base so that, by the end of the year, it will be cooking in clients' kitchens 22 days in every month. This will allow the company to reach its revenue goal of \$81,900. Additionally, the company expects to pay \$1,200 against the initial loan of \$2,000 received from Eva Tan's parents.

Eva's short term business goals are aligned with her market research and her short-term sale projections. This makes it much easier for her to set goals for the first year of business.

**Long-Term Business Goals:** Eva's Edibles anticipates that, after a profitable customer base has been built, the company will develop an intensive growth strategy. Eva intends to increase her market penetration by leasing or buying a commercial kitchen. This will allow increased storage and allow the company to serve more clients and increase its revenues and profits. Dinners will be delivered to customers.

Eva will focus on building a strong customer base to support her long-term business goals. Once she reaches maximum capacity, she will expand her business output by leasing or buying a commercial kitchen. This will allow her to cook off-site, increase storage, and deliver meals to clients.

Are Eva's short and long term goals attainable and supported by market research? Students often struggle to align market research and sales projections with long-term goals. Think about where you would rate Eva on the following rubric for Business growth while you examine your own business growth strategy.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Create a long-term vision for their business based on their understanding of market trends	2.5 Business Growth	N/A	Short- and long-term business goals are attainable and time-bound; goals' rationale linked to market research	Short- and long-term business goals may not be attainable or they're not time-bound	Goals are missing or are irrelevant to the business

## How To

In 2-3 sentences each, please describe the goals you have for your business in the short-term (one year) and long-term (five year or more). Use the following discussion points to evaluate the best time for growth.

- **Condition of the Business:** Has the business become good at what it does? Does it make consistent profit while achieving quality standards and customer satisfaction targets? Can the owner keep up with the day-to-day demands of the business and devote time to growth? A business is ready to grow when it has a solid, sustainable foundation.
- **Economic Climate:** Consider the economic conditions at the local, national and global levels. Economies tend to follow cycles of upturns and downturns. The economic climate in which the business operates is very important.
- **Life Goals of the Business Owner:** Growing a business is as much a personal decision as it is an economic decision. Keep your life goals in mind as business growth takes on new pressures and demands more time and money.

### **What are judges looking for?**

Short-term and Long-term goals are attainable and time-bound

Goals' rationale is linked to market research

### **Curriculum Connection**

Chapter 21, Section 1 on pages 558-575 of *Entrepreneurship: Owning Your Future*

Workbook: Pages 351-352

## 2.6 Challenges

Business growth involves six practical challenges of space, business structure, materials and equipment, information technology, people and skills, and money. These challenges may require you to revise your business plan periodically.

### Exemplar Explained

Although these are six most common business challenges, you do not need to categorize all challenges in this fashion. Eva took a different approach to her business challenges by identifying them as short term and long term challenges.

**Short-Term Business Challenges:** The biggest challenge facing Eva's Edibles in its early years will be its business model. Cooking dinners at clients' homes will limit the number of clients that the company can serve.



Eva is realistic about her short term business challenges. Although it may seem easy to have a traveling home chef business, Eva presents some valid short-term challenges with her current business structure.

**Long-Term Business Challenges:** The biggest long-term challenge for the company is space. Eva's Edibles will need to change its business model and lease or buy a commercial kitchen to increase the number of clients. This, in turn, may require additional financing and will almost certainly require additional employees, particularly those with some degree of cooking skills.



Eva is looking into potentially changing her business model in the future. This is very common with new businesses.

Did Eva present valid concerns for her business? Is there anything else she should be considering either short-term or long-term?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Create a long-term vision for their business based on their understanding of market trends	2.6 Challenges	N/A	Short- and long-term challenges are insightful, relevant, and explicitly informed by market research	Short- and long-term challenges are somewhat unclear or somewhat irrelevant	Challenges are missing or are irrelevant to the business

### How To

Short- and long-term challenges are insightful, relevant, and explicitly informed by market research.

In 2-3 sentences each, describe the challenges you foresee for your business in the short-term (one year) and long-term (five year or more). You may want to use some of the following categories to shape those challenges.

- **Space:** A growing business usually requires more physical space if the existing building or rooms are not large enough to handle the expansion.
- **Business Structure:** You may need to re-examine the existing organizational structure of your business in order to meet long term challenges.
- **Materials and Equipment:** Growth may require you to purchase more materials, equipment, office furniture and supplies in order to accommodate new demands.
- **Information Technology (IT):** This is the use of computer systems, hardware, and software to store and manage information. As your business grows, IT demands for accounting, purchasing, inventory, payroll and other operations will increase accordingly.
- **People and Skills:** A growing business almost always needs more employees, especially at the management level. Additionally, existing staff may have to be trained in new skills in order to achieve successful growth.

- **Money:** Business growth requires financing. This money can come from the business itself or from outside sources in the form of loan or donations.

### **What are judges looking for?**

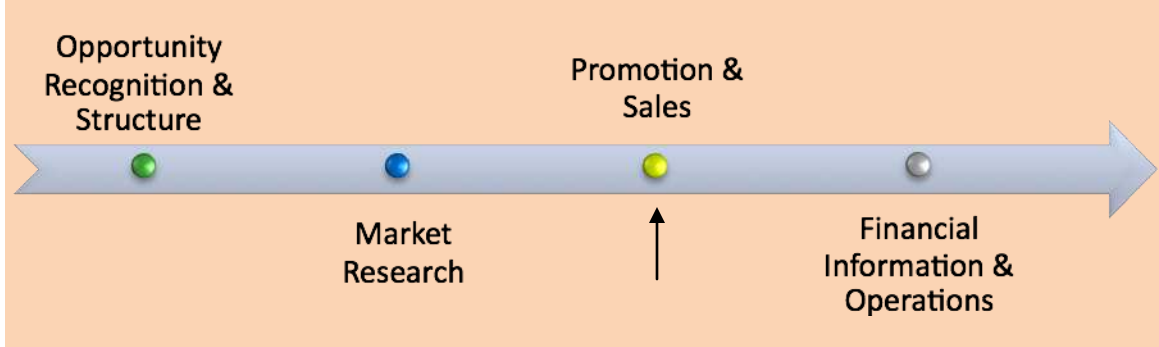
Short and long term challenges are insightful, relevant, and explicitly informed by market research.

### **Curriculum Connection**

Chapter 21, Section 2 on pages 567-571 of *Entrepreneurship: Owning Your Future*

Workbook: Pages 353-355

### Part 3: Promotion and Sales



### 3.1 Marketing Plan

Consider your 5 Ps of marketing when coming up with a way to reach your customers. What will be most attractive about your to the target market? With the help of a marketing matrix, you can put together a plan that highlights all customer benefits and integrate this into your presentation.

#### Exemplar Explained

Eva's Edibles plans to market exclusively to professionals with an average annual income of \$50,000. Based on her research, Eva found that many professionals lived hectic lives and didn't have time for shopping and cooking. The marketing plan will highlight the following customer benefits:

Less time spent planning and shopping for dinners  
Less time spent in the kitchen cooking and cleaning up  
Less money spent eating out



Eva is eliminating the negative aspects of families preparing meals the traditional way.

More time to spend with friends  
The convenience of eating dinner whenever the client wishes



Eva highlights two positive outcomes that Eva's Edibles can bring to its customers

Delicious and healthy dinners tailored to the client's personal choices  
Dinner choices that can be tailored for diabetics, vegetarians, and those who need low-cholesterol or low-sodium meals



Eva makes a point to focus on the additional value of the Eva's Edibles service. She is specific and make sure she accounts for potential clients with dietary needs.

Eva highlights several benefits and distinct features for her service. How would you rate her explanation of customer benefits? It is t clear and tailored to her target market?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Communicate how their product or service benefits members of their target market</b>	3.1 Marketing Plan	Highlights 5 or more distinct features of product or service and thoroughly explains how these will benefit members of target market; rationale supported by market research	Highlights 5 or more distinct features of product or service and explains how these will benefit members of target market	Highlights 4-5 distinct features of product or service but explanation of customer benefits are general and not tailored to members of target market	Highlights 3 or less features; features are poorly described and not connected to consumer benefits

### How To

Marketing is much more than promotion. It is a way of presenting your business to your customers and clearly communicating the value of your product or service. Think about your target market and the 4 P's – Product, Place, Price & Promotion. What is it about your product or service that the group of people you identified in Section 2.2 will like, want, or need? Below, please identify *at least* 5 customer benefits that your marketing plan will highlight.

Now, in 1-2 sentences summarize your market plan. This should include your target market and anything you want associated with your brand.

# Marketing Mix



NETWORK  
FOR TEACHING  
ENTREPRENEURSHIP  
Start it up.

11

## What are judges looking for?

5 or more highlighted distinct features of your product or service that are thoroughly explained.

An understanding of how these will benefit members of target market with rationale supported by market research

## Curriculum Connection

Chapter 8, Section 1 on pages 211-222 of *Entrepreneurship: Owning Your Future*

Workbook: Pages 71-75

Marketing Matrix



### 3.2 Promotion

Promoting a product is an ongoing task for an entrepreneur. An effective promotional plan is designed not only to seek new customers, but also to retain current customers.



Promotions are a form of communication and persuasion that we see daily. How will you generate attention and interest in order to motivate customers to buy your product? Promotional activities utilize various communication channels to send messages to potential customers. Now that you've determined which forms of communication would be most helpful to your product, record a detailed description of your promotional strategy into this section.

#### Exemplar Explained

For example, Eva came up with five types of promotional activities: Establishing a website, maintaining a referral listing on the USPCA website, in-store promotions, promotions at local events, and programs for retaining current clients.

**Company Website:** Eva's Edibles will construct its own Website, which will provide full information about services and display a selection of dinner menus. The Website will offer monthly catering promotions and offer a sign-up list for prospective clients. Sample dinners will be showcased. The Website will promote Eva Tan as one of the few personal chefs in the Columbus area who has the federally recognized designation of Certified Personal Chef. It will indicate that Eva Tan is an active member of the United States Personal Chef Association.

**USPCA Referral Website:** Eva's Edibles will use a referral listing provided by the USPCA. Because of her membership in the USPCA, Eva Tan can access its referral listing at [www.hireachef.com](http://www.hireachef.com). Eva's Edibles will be able to create and modify its listing, as well as track listing statistics. According to the USPCA, this service "is the most effective, efficient method to put customers and personal chefs in touch with each other." Annually, hireachef.com logs over 500,000 listing views, and 95,000 clicks for more information. These statistics represent more than simple Web-page hits, which can be deceiving. The hireachef.com system has actual clients reviewing personal chef pages and making contact. Inquiries from potential clients are sent directly to the chef's e-mail account.

**In-Store Promotions:** Eva's Edibles plans to offer in-store promotions at local cookware shops on a regular basis. One store, The Wire Whisk, has agreed to host an hour-long presentation by Eva Tan every other week, which will be dedicated to healthy eating and featuring the company's dinners. At each event the company will offer a brochure describing its philosophy and provide sample menus.

**Promotions at Local Events:** Eva's Edibles will also participate in local events at shopping malls, cultural fairs, environmental exhibits (Earth Day), and other appropriate venues. It will offer free samples, gift baskets, and discount raffles. Eva's will offer its brochure at each of these events as well.

**Strategies for Retaining Current Clients:** Eva's Edibles will provide current clients with "extras" for their loyalty—for example, free snacks and desserts after purchasing three 5-Dinner Plans. Another strategy will be to offer current customers a 10% discount when they refer her to a potential client.

Eva seems to have sound promotional strategies. Are they feasible? How will she measure the level of success for each of her strategies?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Promote their business to members of their target market through multiple modalities (physical and digital)	3.2 Promotion	Describes 5 or more feasible promotional strategies in detail and explains how each is tailored to reach members of target market; rationale is supported by market research <b>(7-8 points)</b>	Describes 5 or more feasible promotional strategies in detail and explains how each is tailored to reach members of target market <b>(5-6 points)</b>	Describes 4-5 feasible promotional strategies but strategies are general and not tailored to members of target market <b>(3-4 points)</b>	Describes 3 or less promotional strategies; strategies are unclear and not connected to members of target market <b>(1-2 points)</b>

## **How To**

The elements of any promotional mix usually fall into one of six categories:

- **Advertising** – A public, promotional message paid for by an identified sponsor or company. For example, promotion that is found on any form of media, including the internet, TV, radio, newspaper, etc. is advertising.
- **Visual Merchandising** – A method of using artistic displays to attract customers into a store. It also refers to how products are visually promoted inside a store. Video advertising on supermarket shopping carts is an example.
- **Public Relations (PR)** – Activities aimed at creating goodwill toward a product or company. For example, Johnson & Johnson Health Care Company launched a five-year public relations campaign to educate the public on reducing childhood injuries.
- **Publicity** – A form of promotion for which a company does not pay. It is sometimes referred to as “free advertising.” The goal of publicity is to get attention in online and traditional media. News coverage, feature articles, talk show interviews, blog postings and letters-to-the-editor are examples of publicity tactics.
- **Personal Selling** – Direct (one-to-one) efforts made by a company’s sales representatives to get sales and build customer relationships. This includes how salespeople are trained and expected to act. The primary trend is toward increased professionalism on the part of sales personnel.
- **Sales promotion** – A short-term activity or buying incentive, such as conducting product demonstrations or providing coupons or free samples.

Think about specific ways you might implement the techniques described above for your business. List them and then explain how the strategy will work and why it will be effective.

Summarize your general promotional strategy, including the most important elements listed above. Use the promotional mix graphic below as a guide.

## Promotional Mix

Promotional Expense	Monthly Amount
Advertising [List plans for advertising, if any.]	[\$]
Publicity [List plans for publicity, if any.]	[\$]
Personal Selling [List plans for personal selling, if any.]	[\$]
Sales Promotion [List plans for personal selling, if any.]	[\$]
Other [List plans for visual merchandising or public relations, if any.]	[\$]
<b>Total Monthly Promotional Expense</b>	<b>[\$]</b>

### What are judges looking for?

5 or more feasible promotional strategies described in detail and explained how each is tailored to reach members of your target market

Rational supported by market research

### Curriculum Connection

Chapter 8, Section 2 on pages 223-233 of *Entrepreneurship: Owning Your Future*

Workbook: Pages 76-80

### 3.3 Sales Methods

Effective sales methods help to reach customers by customizing communication methods and building personal relationships. How will you craft your sales strategy? Use this section to describe how your customer will learn about and acquire your product. Once you've established your promotional mix, formulate a budget for your plan by itemizing your expenses and forecasting the monthly cost for each.

#### **Exemplar Explained**

Eva lays out her sales structure below. She points out which sales structure she will prioritize (relying heavily on personal selling) and follows her strategies with steps the customer follows to purchase the service.

Eva's Edibles will depend heavily on personal selling. This involves contacting past customers of the event-planning business and pursuing business contacts through the Ohio State University.

Direct mail pieces and brochures will have a mail-back card to capture a prospective client's e-mail address and telephone number. Eva Tan will follow up all mail-back cards personally by e-mail or phone.

Steps a consumer follows to purchase my service:

1. Customer will contact Eva by phone or email for a free meal plan consultation.
2. Customer will schedule an appointment for Eva to cook one meal package (five dinners) – customers must be at home during first visit so that Eva can be let in. (Homeowners will not need to be present during subsequent visits if they choose to give Eva a spare key so she can let herself in.)

Future selling strategies will include asking customers for referrals and recommendations of potential clients. Again, Eva will get in touch with each prospect personally.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Create effective strategies to sell to and retain customers in their target market	3.3 Sales Methods	Sales methods are specific, feasible and tailored to members of target market; innovatively uses information from the consumer profile to support methods	Sales methods are specific, feasible and tailored to members of target market	Sales methods are identified, but may not all be feasible or appropriate for members of target market	Sales methods are missing or are irrelevant to members of target market

### How To

It is important to consider the process by which your product will move from you to your customer. This process is most often referred to as “distribution” or “place” of the 4 P’s in the marketing mix. Below, you will find some of the most common distribution channels. Consider what is best for your company and your target customer, remembering that you can utilize multiple channels.

Step 1 - Describe the process from the consumer’s perspective, and then summarize the process from your perspective.

#### Possible Distribution Channels

- **Direct Distribution (B2C)** – You/your business sells directly to your end user or consumer.
  - **Direct Marketing Systems:** In this system, the consumer buys the product based on information gained from impersonal contact with the marketer. For example, this could occur when the consumer visits the marketer’s website or orders from the marketer’s catalog. He/she can all buy based on information gathered through some personal communicatio with a customer service personnel who is not a salesperson anc can be reached through a toll-free number.
  - **Direct Retail System:** In this type of system the marketer operates his own retail stores. An example of this includes Starbucks.
  - **Personal Selling Systems:** In this system, the distributino of the product is carried forward by people whose main responsibility is creating and managing sales (for instance a salesperson). He/she persuades the buyers to place an order. This order may not be handled by the salesperson, but through websites or toll-free

telephone numbers. The sales person plays a vital role here in generating sales.

- **Assisted Marketing System:** In this form of distribution, the marketer handles the distribution of his product and helps it reach the end user directly. However, he needs assistance from others to spread awareness about his product among customers. An example of assisted marketing system is Ebay. Agents and brokers can also be included in this category.
- **Indirect Distribution (B2B) – An intermediary buys and resells your product to the public.**
  - **Single-Party Selling System:** In this system, the marketer involves another party to sell and distribute his/her product to the end user. An example of single-party selling occurs when the product is sold through large store-based retail chains or through online retailers. In this case, the distribution system is also referred to as trade selling system.
  - **Multiple-Party Selling System:** In multiple-party selling system the distributor involves two or more resellers in the distribution process before the product reaches the end user. This is most likely to happen when a wholesaler buys the product from the manufacturer and then sells it to the retailer.
- **Multi-Channel (Hybrid) Distribution System – A business that utilizes several distribution systems. Starbucks is also an example of this system. It uses direct retail when it sells its products in company-owned stores, a direct marketing system by selling via direct mail and single party selling system is put to use when its products are sold through grocery stores.**

Step 2 - List the steps a consumer follows to purchase your product or service and then summarize how you will distribute your product

What are judges looking for?
Sales methods are specific, feasible, and tailored to members of target market
Innovatively uses information from the consume profile to support methods

### Curriculum Connection

Chapter 9, Section 1 on pages 239-248 of *Entrepreneurship: Owning Your Future*

Workbook: Pages 81-85

### 3.4 Sales Estimates

A key part of your company's financial planning process includes sales forecasting or the prediction of the amount of future sales your company expects to achieve over a certain period of time. Prepare a sales forecast by analyzing current company and market conditions, reviewing past sales, and making educated predictions about the future by estimating sales for a specific time period.

#### Exemplar Explained

Eva broke her sales estimates down to account for her previous market analysis, operation and maximum capacity, seasonality, and whether or not she meets her breakeven point.

Factor	Influence on sales
Market Analysis	Given the large number of target households in the Greater Columbus area (27,690 households), Eva must only sell to less than 0.08% of this potential market to meet her sales estimates. Eva believes this is highly feasible.
Maximum Capacity	Eva has a maximum capacity of 7 units per week (42 hours), which means she can serve a maximum of 28 customers per month. As a result, Eva's sales estimates are aligned with her maximum capacity.
Breakeven Units	Eva must sell at least 7 units per month to cover her operating expenses. Eva's sales estimates are above her breakeven point.
Seasonality	Eva's business will not be affected by seasonality because her clients will continue to eat dinner, regardless of the time of year.

Eva then estimates monthly sales and multiplies this by her per unit price to find her monthly revenue

$$\text{Revenue} = (\text{Selling Price}) \times (\text{Units Sold})$$

Let's first look at revenue for the month of January. Using the equation above, Eva calculated her revenue for this month as follows:

$$\text{January Revenue} = \$325 \times 20 \text{ Units}$$

$$\text{January Revenue} = \$6,500$$



Month	Units	Revenue
<b>January</b>	<b>20</b>	<b>\$6,500.00</b>
February	20	6,500.00
March	20	6,500.00
April	20	6,500.00
May	21	6,825.00
June	21	6,825.00
July	21	6,825.00
August	21	6,825.00
September	22	7,150.00
October	22	7,150.00
November	22	7,150.00
December	22	7,150.00
<b>Annual Total</b>	<b>252</b>	<b>\$81,900.00</b>

How do Eva's sales estimates and sales influences compare to the sales forecast rubric? Highlight any areas for improvement and be sure to take note of this when you begin to map out your own sales projections on the following page.

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Use primary and secondary research to realistically to forecast future sales</b>	3.4 Sales Estimates	Sales estimates are reasonable; provide compelling rationale based on market research, seasonality, maximum capacity, and break even units	Sales estimates are reasonable; provides rationale based on market research, seasonality, maximum capacity, and break even units	Sales estimates are somewhat reasonable or provides unclear rationale based on market research, seasonality, maximum capacity, and break even units	Sales estimates are not reasonable; rationale is missing or inaccurate

## **How To**

When projecting sales revenue, be sure to keep pricing in mind. How exactly will you decide the price of one unit of your product? Refer back to the text for more information on our 3 pricing strategies:

- **Demand-Based Pricing** - This method focuses on consumer demand. How much are customers willing to pay for a product?
- **Competition-Based Pricing** - This method focuses on what the competition charges.
- **Cost-Based Pricing** - This method sets a product's price based on what it costs your business to provide it.

Refer to the tables on the next page to guide you through the sales estimates and sales influences portion of your business plan.

Estimate your monthly sales, keeping in mind how much free time you have to produce/work as well as how much people will realistically buy (demand). Then multiply the number of units by the unit price to calculate revenue.

Month	Units	Revenue
January		\$
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
<b>Annual Total</b>		\$

Factor	Influence on sales
<b>Market Analysis</b> Based on the research you did in Section 2.1, what effect will your market (demand) have on your sales?	
<b>Maximum Capacity</b> Consider how many hours a month you can dedicate to the business, and divide that by how long it takes you to create one product or render one service.	
<b>Break Even Units</b> This ratio is calculated in Section 4.8.	
<b>Seasonality</b> When, during the year, will customers demand more or less of your product/service?	

### What are judges looking for?

Sales estimates are reasonable; provides compelling rationale based on market research, seasonality, maximum capacity and break even units

### Curriculum Connection

Chapter 9, Section 2 on pages 249-259 of Entrepreneurship: Owning Your Future

Workbook Pages 86-90

## Part 4: Financial Information and Operations



### 4.1 Definition of One Unit

Entrepreneurs need to know their businesses are profitable. One important way to examine profitability is to look at how much profit the business makes each time it sells one item. A unit of sale, or what the customer actually buys from you, is the amount of product or service you use to figure out your operations and profit.

To define one unit, think about what exactly your business is selling. For example: if you were a retailer and sold shoes, your unit of sale would be one pair of shoes. However, if you were a wholesaler and sold a minimum of five pairs at a time, then your unit of sale would be a package of five pairs of shoes.

### Exemplar Explained

According to Eva's business plan, one unit is defined as cooking five dinners for a client in the client's kitchen

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
Explain how the business defines a unit and how that unit is produced	4.1 Definition of One Unit	N/A	Unit is clearly defined and plan for production is well-thought out and feasible; Costs associated are listed appropriately	Unit is not clearly defined and plan for production is unclear; Costs associated are mostly listed appropriately	Unit is not clearly defined at all; Plan is infeasible and unclear; Costs associated are not accounted for

## **How To**

Describe ONE UNIT of your product or service. This means defining *on average* what a customer will buy if they buy one unit. For example, you may choose to sell your product in sets, such as a package of 4 cupcakes, or a “Yearly Tune-up Package” that includes several sessions of a mechanic’s services. If you offer a variety of products or services, think about what is an “average” product, meaning what will probably be your most popular product or service, as well as have a price that is average, not the highest or lowest – in the middle.

What are judges looking for?
Unit is clearly defined and plan for production is well-thought out and feasible
Costs associated are listed appropriately

Curriculum Connection
Chapter 10, Section 2 on pages 275-282 of <i>Entrepreneurship: Owning Your Future</i>

## 4.2 Variable Expenses

NOTE: Variable Expenses per Unit are calculated for EACH unit of sale. We will revisit annual variable expenses as we approach the income statement in section 4.6.

As you learned in chapter 10, most businesses have variable expenses, or an expense that changes based on the amount of product or service a business sells. There are two types of variable expenses:

**Cost of Goods Sold (or COGS):** Associated with each unit of sale and includes the costs of materials and labor used to make the product or provide the service.

**Other Variable Expenses:** Include expenses such as commissions of salespeople, shipping and handling charges, or packaging.

To calculate total variable expenses, we add the per unit Costs of Goods Sold (COGS) to Other Variable Expenses:

$$\text{Total Variable Expenses per Unit} = \text{COGS per Unit} + \text{Other Variable Expenses per Unit}$$

### Exemplar Explained/How To

#### Step 1 – Calculating Materials Cost

Let's take a look first at Eva's Cost of Goods Sold (COGS). Eva broke these down into materials and labor. The combined costs of each will give us our total Cost of Goods Sold. Her materials costs are as follows:

#### Materials Equation (Per Unit)

Bulk Price	X	Quantity	=	Cost Per Unit
Bulk Quantity		Per Unit		

#### Eva's Calculations

\$100	X	5	=	\$100 per Unit
5 Dinners		Dinners		

Once you've calculated the per unit cost for your materials, find the sum of all materials according to the chart below to find the total cost of materials. In Eva's case, groceries were her only materials.

Materials Cost per Unit				
Material Description	Bulk Price	Bulk Quantity	Quantity per Unit	Cost per Unit
Miscellaneous groceries (specific ingredients vary from client to client)	\$100.00	5 dinners	5 dinners	\$100.00
Total Material Costs per Unit				\$100.00

Step 2 – Calculate Labor Cost. Next, Eva needed to calculate the second part of COGS: labor cost. After this step, she will have everything she needs in order to determine her total Cost of Goods Sold. Use the formula and table below to follow Eva's calculations.

Total Labor Cost (per Unit)

(Cost of Labor per Hour) x (Time to make one unit) = **Total Labor Cost per Unit**

Labor Cost per Unit		
Cost of Labor per Hour	Time (in hrs) to make one unit	Total Labor Costs per Unit
\$25.00	6 hours	\$150.00

Step 3 – Now that you've calculated all of your materials and labor costs, you're finally ready to determine your total Cost of Goods Sold. Use the equation below and the following table as a guide to determine Eva's Total Cost of Goods Sold (COGS).

Cost of Goods Sold (per Unit)

Materials Costs + Labor Costs = **Total Cost of Goods Sold (COGS) per Unit**

Cost of Goods Sold per Unit		
Material Costs	Labor Costs	TOTAL COGS per Unit
\$100.00	\$150.00	\$250.00

The final piece of variable expenses is items categorized as "Other Variable Expenses". These expenses also fluctuate with the amount of goods sold. Here is how Eva calculated her Other Variable Expenses per unit using the following formula:

Other Variable Expenses per Unit

**Commission + Packaging + Other = Total Other Variable Expenses per Unit**

<u>Other Variable Expenses per Unit</u> <b>Total Other Variable Expenses = Commission + Packaging + Other</b>	
Commission:	\$0
Packaging:	\$0
Other:	\$4
Other Variable Expenses:	\$0 + \$0 + \$4 = \$4
<b>Other Variable Expenses:</b>	<b>\$4</b>

**NOTE: Variable Expenses per Unit are calculated for EACH unit of sale. To find expenses for an entire year, multiply Total Materials per Unit, Total Labor per Unit, and Other Expenses per Unit by the amount of units sold that year.**

Is Eva's Cost of Goods Sold clearly defined? Do her variable expenses make sense? Double check Eva's math and plan for production to see if she meets expectations on the rubric.



Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Explain how the business defines a unit and how that unit is produced Structure their EOU and variable expenses in an accurate and cost effective manner</b>	4.2 Variable Expenses	N/A	Unit is clearly defined and plan for production is well-thought out and feasible; Costs associated are listed appropriately Selling price and expenses are competitive, feasible, and show evidence of research; contribution margin are reasonable for scope of business	Unit is not clearly defined and plan for production is unclear; Costs associated are mostly listed appropriately Selling price may be skewed; Expenses may not be feasible, or they may not show evidence of research; Contribution margin may be unreasonable or negative	Unit is not clearly defined at all; Plan is infeasible and unclear; Costs associated are not accounted for EOU and/or Variable expense structures are missing or incomplete

### How To

Use the chart below to itemize variable expenses and calculate your cost of goods sold. We will refer back to Cost of Goods Sold figures in the next section.

<b>Materials Cost per Unit</b>				
<b>Cost Per Unit = (Bulk Price ÷ Bulk Quantity) x (Quantity Per Unit)</b>				
<b>Total Material Costs Per Unit = All Costs Per Unit Added Together</b>				
Material Description	Bulk Price	Bulk Quantity	Quantity per Unit	Cost per Unit
				\$
				\$
				\$
				\$
<b>Total Material Costs Per Unit</b>				<b>\$</b>

<b><u>Labor Cost per Unit</u></b>		
<b>Total Labor Costs per Unit = (Cost of Labor per Hour) x (Time to make one unit)</b>		
Cost of Labor per Hour	Time (in hrs) to make one unit	<b>Total Labor Costs per Unit</b>
\$		\$

<b><u>Cost of Goods Sold per Unit</u></b>		
<b>Cost of Goods Sold per Unit = Material Costs + Labor Costs</b>		
Material Costs	Labor Costs	<b>TOTAL COGS per Unit</b>
\$	\$	\$

### **Curriculum Connection**

Chapter 10, Section 2 on pages 272-274 of *Entrepreneurship: Owning Your Future*

### 4.3 Economics of One Unit

The economics of one unit is the calculation of the profit or loss for each unit of sale made by a business. For example, if Eva is considering starting a home chef business, she would calculate the cost of making one package of 5 meals, and compare it to the price she would charge for that package of meals. If the profit is positive, the business is thought to be profitable.

Many students incorrectly choose their selling price before even calculating their per unit expenses. By calculating variable expenses such as labor and materials cost, you will see that no product or service is initially free of charge to the business owner, and that successful businesses set smart prices to allow profitability.

For economics of one unit, we will account for one of the two types of expenses. *Variable* expenses will be used for these calculations and *fixed* expenses will be used later on in the business plan.

As you know from section 4.2 of this guide, there are two types of variable expenses

**Cost of Goods Sold (or COGS):** Associated with each unit of sale and includes the costs of materials and labor used to make the product or provide the service.

**Other Variable Expenses:** Include expenses such as commissions of salespeople, shipping and handling charges, or packaging.

To calculate all variable expenses, we will add up all Costs of Goods Sold (COGS) and Other Variable Expenses:

**Total Variable Expenses per Unit = COGS per Unit + Other Variable Expenses per Unit**

After expenses, you will want to find out exactly how much each unit you sell is contributing to the financial profits or losses of your business. We call this the contribution margin, and use the following formula:

**Contribution Margin per Unit = Selling Price per Unit – Total Variable Expenses per Unit**

Keep in mind that the contribution margin is the amount of money per unit that a product contributes to the company **before** fixed expenses are subtracted.

### **Exemplar Explained**

The Economics of One Unit for Eva's Edibles followed by her calculations are shown below. The Three main pieces here are the Selling price per unit, variable expenses, and contribution margin. Once you've calculated your variable expenses. You can determine whether there is a selling price that will yield a profit for your business. Once you've chosen a selling price, subtracting your variable expenses will give you your Contribution Margin.

<b>Selling Price per Unit</b>		<b>\$325.00</b>
<b>Variable Expenses per Unit</b>		
Costs of Goods Sold		
Materials	\$100.00	
Labor	150.00	
Total Cost of Goods Sold		\$250.00
Other Variable Expenses		
Commission	\$0.00	
Packaging	0.00	
Other	4.00	
Total Other Variable Expenses		\$4.00
Total Variable Expenses		\$254.00
<b>Contribution Margin per Unit</b>		<b>\$71.00</b>

Cost of Goods Sold and Other Variable Expenses are calculated in the tables below. Use this as a guide to fill in the corresponding parts of the Economics of One Unit section (4.3) of your business plan.

<b><u>Cost of Goods Sold per Unit</u></b>	
<b>Total Cost of Goods Sold = Materials + Labor</b>	
Materials:	\$100
Labor:	\$150
Total COGS:	\$100 + \$150
<b>Total COGS :</b>	<b>\$250</b>
<b><u>Other Variable Expenses per Unit</u></b>	
<b>Total Other Variable Expenses = Commission + Packaging + Other</b>	
Commission:	\$0
Packaging:	\$0
Other:	\$4
Other Variable Expenses:	\$0 + \$0 + \$4 = \$4
<b>Other Variable Expenses:</b>	<b>\$4</b>

<b><u>Total Variable Expenses per Unit</u></b>	
<b>Total Variable Expenses = COGS + Other Variable Expenses</b>	
Total Variable Expenses:	\$250 + \$4 (from COGS and Other Variable Expenses Tables Above)
<b>Total Variable Expenses:</b>	<b>\$254</b>
<b><u>Contribution Margin per Unit</u></b>	
<b>Contribution Margin = Selling Price – Total Variable Expenses</b>	
Contribution Margin:	\$325 – 254
<b>Contribution Margin:</b>	<b>\$71</b>

The following graphics may also be very helpful to keep your final calculations organized. You will need these figures later for your income statement.

# Economics of One Unit

Description of One Unit of Sale:

[Describe a unit of sale. What is the customer actually buying from you?]

Selling Price (per Unit)	[\$]
COGS (per Unit)	[\$]
Other Variable Expenses (per Unit)	[\$]
Total Variable Expenses (per Unit)	[\$]
Contribution Margin (per Unit)	[\$]

## Economics of One Unit

### Manufacturing Business

*One Unit of Sale = 1 Ring*

Selling Price (per Unit):	\$ 40
Variable Expenses	
Cost of Goods Manufactured & Sold	
Materials	\$ 3
Labor (\$15 per Hour)	<u>15</u>
Cost of Goods Sold	\$ 18
Other Variable Expenses	
Commissions	\$ 0
Shipping & Handling	<u>1</u>
Other Variable Expenses	<u>1</u>
Total Variable Expenses	<u>19</u>
Contribution Margin (per Unit):	<u>\$ 21</u>

### Wholesale Business

*One Unit of Sale = 12 Rings in a Carton*

Selling Price (per Unit):	\$ 1,200
Variable Expenses	
Cost of Goods Sold	
Rings (12)	\$ 480
Cost of Goods Sold	\$ 480
Other Variable Expenses	
Commissions	\$ 0
Shipping & Handling	<u>16</u>
Other Variable Expenses	<u>16</u>
Total Variable Expenses	<u>496</u>
Contribution Margin (per Unit):	<u>\$ 704</u>

### Retail Business

*One Unit of Sale = 1 Ring*

Selling Price (per Unit):	\$ 200
Variable Expenses	
Cost of Goods Sold	
Rings (1)	\$ 100
Cost of Goods Sold	\$ 100
Other Variable Expenses	
Commissions	\$ 30
Shipping & Handling	<u>7</u>
Other Variable Expenses	<u>37</u>
Total Variable Expenses	<u>137</u>
Contribution Margin (per Unit):	<u>\$ 63</u>

### Service Business

*One Unit of Sale = 1 Hair-Styling Job*

Selling Price (per Unit):	\$ 55
Variable Expenses	
Cost of Services Sold	
Materials (Shampoo, etc.)	\$ 5
Labor (\$30 per Hour)	<u>30</u>
Cost of Services Sold	\$ 35
Other Variable Expenses	
Commissions	\$ 0
Shipping & Handling	<u>0</u>
Other Variable Expenses	<u>0</u>
Total Variable Expenses	<u>35</u>
Contribution Margin (per Unit):	<u>\$ 20</u>

NETWORK FOR TEACHING ENTREPRENEURSHIP

### Curriculum Connection

Chapter 10, Section 2 on pages 272-274 of *Entrepreneurship: Owning Your Future*

#### 4.4 Delivery of Service

##### Exemplar Explained

Take a careful look at Eva's delivery of service model. She clearly organizes each step and its corresponding cost to the customer.

Description of Step	Time (mins)	Cost
1. Consult with potential client to determine what types of meals he or she likes best	15	\$ 0.00
2. Travel to supermarket to shop for groceries for clients' meals	15-30	\$ 1.50
3. Shop for and purchase groceries	60	\$ 100.00
4. Travel to client's home	15	\$ 0.50
5. Organize kitchen and groceries	15	\$ 6.25
6. Clean and chop vegetables	60	\$ 25.00
7. Cook clients' meal package	240	\$ 100.00
8. Clean up kitchen	45	\$ 18.75
9. Return home	30-45	\$ 2.00

Is Eva's plan clearly defined, feasible and well-thought out? All costs should be listed appropriately. Where would you rate Eva on the rubric below?

Student is able to:	Indicator	4 – Exceeds Expectations	3 – Meets Expectations	2 – Below Expectations	1 – Little or No Value
<b>Explain how the business defines a unit and how that unit is produced</b>	4.4 Production Process	N/A	Unit is clearly defined and plan for production is well-thought out and feasible; Costs associated are listed appropriately	Unit is not clearly defined and plan for production is unclear; Costs associated are mostly listed appropriately	Unit is not clearly defined at all; Plan is infeasible and unclear; Costs associated are not accounted for

##### How To

It is very important to lay out your plan for production and distribution. How much will each step of the production and distribution process cost? How much time will it take to complete each phase of the process? Refer back to your expenses to complete the following table.

Description of Step	Time	Cost
1.		\$
2.		\$
3.		\$
4.		\$
5.		\$
6.		\$

### **Curriculum Connection**

Chapter 19, Sections 1 and 2 on pages 510-531 of *Entrepreneurship: Owning Your Future*



#### 4.5 Fixed Expenses for One Month

As you start your business, there are certain expenses that you will have to pay regularly. Monthly expenses typically include insurance, salaries, advertising, interest, depreciation, utilities, rent, and other expenses that occur on a monthly cycle. An easy way to remember eight of the most common fixed expenses is to remember the phrase:

**“I SAID U ROX”**

Expense Type	Monthly Cost	Explanation
<u>I</u> nsurance	\$117.00	As a food services business, it is imperative that Eva's Edibles is insured to protect against liability
<u>S</u> alary	0.00	Eva will be paid an hourly wage
<u>A</u> dsvertising	146.00	Advertising will include direct mailings and postage, as well as marketing collateral and samples to be distributed at in-store promotions local events
<u>I</u> nterest	0.00	Eva's Edibles has a financing strategy that does not include repaying loans with interest
<u>D</u> epreciation	23.00	Eva will depreciate her cooking equipment over a 5-year period of time (\$1,373 over 60 months)
<u>U</u> tilities	100.00	Because Eva cooks in her client's kitchens, the only utility she will pay will be service for her mobile phone.
<u>R</u> ent	0.00	Because Eva cooks in her client's kitchens, she will not incur costs related to rent
<u>O</u> ther Fixed <u>E</u> xpenses	107.00	These costs are associated with automobile maintenance and gas to drive to promotional events
<b>Total Fixed Expenses</b>	<b>\$493.00</b>	

**NOTE:** The Total Fixed Expenses as shown are only for one month. You will have to multiply each expense type by 12 months to show an annual figure in your income statement.

## Common Fixed Expenses

**"I SAID U ROX"**

**I**nsurance

**S**alaries

**A**dvertising

**I**nterest

**D**epreciation

**U**tilities (Gas, Electric, Telephone)

**R**ent

**O**ther Fixed **EX**penses

NETWORK FOR TEACHING ENTREPRENEURSHIP

Once you've identified your monthly fixed expenses, organize them in the chart below. How much will expect to pay each month for "I SAID U ROX" expenses? You may want to specify any other types of fixed expenses that are not listed.

Expense Type	Monthly Cost	Explanation
Insurance	\$	
Salary	\$	
Advertising	\$	
Interest	\$	
Depreciation	\$	
Utilities	\$	
Rent	\$	
Other Fixed Expenses	\$	
<b>Total Fixed Expenses</b>	<b>\$</b>	

### Curriculum Connection

Chapter 19, Sections 1 and 2 on pages 510-531 of *Entrepreneurship: Owning Your Future*

## 4.6 Income Statement for First Year Operations

One of the most important documents for a business is an income statement. An income statement (also called a profit and loss statement) is a financial document that summarizes a business's income and expenses over a given time period and shows whether the business made a profit or loss.

Income statements are prepared monthly, quarterly, and annually. There are two formats for income statements. Each format shows how businesses display their variable expenses. There are typically six parts to an income statement: revenue cost of goods sold, gross profit, operating expenses, pre-tax profit, net profit (or loss).

Below you will see Eva's income statement for her first year of operations. They are categorized by her revenue and variable expenses (which are used to calculate her contribution margin) followed by her fixed expenses and taxes.

Take a look at the income statement below. The formulas in the middle column will guide you. Keep in mind that your variable expense totals per unit from section 4.2 *must be multiplied by the amount of units sold for the year* for your income statement.

Also, your fixed operating expenses for one month *must be multiplied by 12 months* for your income statement.

<b>REVENUE</b> [From 3.4]		→	\$
Gross Sales	= (Selling Price) x (Annual Units Sold)		
Sales Returns	= Total Money Refunded to Customers		
Net Sales	<b>[Gross Sales – Sales Returns]</b>	→	\$
<b>VARIABLE EXPENSES</b> [From 4.2]			
Costs of Goods Sold			
Materials	= (Materials Cost per Unit) x Annual Units		
Labor	= (Labor Cost per Unit) x Annual Units		
Total Cost of Goods Sold	<b>[Materials Expense + Labor Expense]</b>	→	\$
Other Variable Expenses			
Commission	= Commission x Annual Units		
Packaging	= Packaging x Annual Units		
Other	= Other Variable Expenses x Annual Units		
Total Other Variable Expenses	<b>[Commission + Packaging + Other]</b>	→	\$
Total Variable Expenses	<b>[Other Variable Expenses + COGS]</b>	→	\$
<b>CONTRIBUTION MARGIN</b>	<b>[Revenue – Total Variable Expenses]</b>	→	\$
<b>FIXED OPERATING EXPENSES</b> [From 4.5]			
Insurance	= Insurance x 12 Months		
Salaries	= Salaries x 12 Months		
Advertising	= Advertising x 12 Months		
Interest	= Interest x 12 Months		
Depreciation	= Depreciation x 12 Months		
Utilities	= Utilities x 12 Months		
Rent	= Rent x 12 Months		
Other fixed expenses	= Other Fixed Expenses x 12 Months		
Total Expenses	<b>[Sum of All Fixed Expenses]</b>	→	\$
<b>PRE-TAX PROFIT</b>	<b>[Contribution Margin – Fixed Expenses]</b>	→	\$
Taxes (15%)	<b>(Pre-Tax Profit) x (0.15)</b>	→	
<b>NET PROFIT</b>	<b>[Pre-Tax Profit – Taxes]</b>	→	\$

When filling in your income statement, pay close attention to where each piece of information needs to come from. Fortunately, you've done most of the necessary calculations already! Work through each calculation as it corresponds to Eva's Edibles below. Double check her work to make sure you are comfortable with calculating all necessary financial information for the income statement.

### Curriculum Connection

Chapter 11, Sections 1 on pages 289 - 303 of *Entrepreneurship: Owning Your Future*

#### **4.7 Startup Investment**

<b>REVENUE</b> [From 3.4]			<b>\$81,900.00</b>
Gross Sales	\$81,900.00		
Sales Returns [Returned Items]	0.00		
Net Sales			<b>\$81,900.00</b>
<b>VARIABLE EXPENSES</b> [From 4.2]			
Costs of Goods Sold			
Materials	\$25,200.00		
Labor	37,800.00		
Total Cost of Goods Sold		\$63,000.00	
Other Variable Expenses			
Commission	\$0.00		
Packaging	0.00		
Other	1,008.00		
Total Other Variable Expenses		\$1,008.00	
Total Variable Expenses			<b>\$64,008.00</b>
<b>CONTRIBUTION MARGIN</b> [From 4.3]			<b>\$17,892.00</b>
<b>FIXED OPERATING EXPENSES</b> [From 4.5]			
Insurance	\$1,404.00		
Salaries	0.00		
Advertising	1,752.00		
Interest	0.00		
Depreciation	276.00		
Utilities	1,200.00		
Rent	0.00		
Other fixed expenses	1,284.00		
Total Expenses			<b>\$5,916.00</b>
<b>PRE-TAX PROFIT</b>			<b>\$11,976.00</b>
Taxes (15%)			<b>1,796.40</b>
<b>NET PROFIT</b>			<b>\$10,179.60</b>

### Exemplar Explained

Eva listed all materials she needs to start her business along with a brief explanation of the function, the vendor she's purchasing from, and the cost. Her total startup expenditures total \$1,742. In case of emergency, she budgeted for a fund to cover any unexpected expenses along with a reserve equal to 3 months of fixed expenses.

Item	Why Needed	Vendor	Cost
Victorinox Swiss Army Cutlery Set (8 Piece)	Needed to chop vegetables and tri meat	Macy's	\$618.00
Anolon Nouvelle Copper Hard Anodized Nonstick 10-Piece Cookware Set	Needed for basic cooking	Amazon.com	450.00
Misc cooking equipment	Need specialty equipment for preparing gourmet meals	Amazon.com	305.00
Spices, oils, etc.	Needed to season food	Wholefoods	100.00
Wheeled cart	Needed to transport all cooking supplies and groceries	Globalindustrial.com	269.00
<b>Total Startup Expenditures</b>			<b>\$1,742.00</b>
Emergency Fund ( <i>1/2 of startup expenditures</i> )			871.00
Reserve for Fixed Expenses ( <i>covers 3 months of fixed expenses</i> )			1,479.00
<b>Total Startup Investment</b>			<b>\$4,092.00</b>

### How To

Start-up investment is the one-time sum required to start a business and cover the start-up costs. How much will you need for your startup fund? It is calculated as follows:

$$\text{Start-up Investment} = \text{Expenditures} + \text{Emergency Fund} + \text{Cash Reserve}$$

It is very important to have an emergency fund and cash reserve on-hand in case of an emergency or an unexpected financial downturn. Use the following calculations for each:

- Emergency Fund =  $\frac{1}{2}$  startup expenditures
- Reserve for Fixed Expenses = 3 months fixed expenses

Item	Why Needed	Vendor	Cost
			\$

<b>Total Startup Expenditures</b>			<b>\$</b>
Emergency Fund ( <i>1/2 of startup expenditures</i> )			
Reserve for Fixed Expenses ( <i>covers 3 months of fixed expenses</i> )			
<b>Total Startup Investment</b>			<b>\$</b>

**Curriculum Connection**

Chapter 11, Sections 1 on pages 289 - 303 of *Entrepreneurship: Owning Your Future*



## 4.8 Financial Ratios

Finally, it's time to look at your financial ratios. Return on Sales (ROS) will tell you how much profit your business will make as a proportion of its sales. Return on Investment (ROI) will give your investors and business partners a clear idea of how much profit they stand to make on each dollar they invest. Your breakeven point will tell you how many units you will need to sell each month in order to break even with your fixed monthly expenses (keep in mind your variable expenses have already been taken into account).

### Exemplar Explained

#### Return on Sales (ROS):

$$\frac{\text{Annual Net Profit}}{\text{Total Annual Sales}} \rightarrow \frac{\$10,179.60}{\$81,900.00} = 12.4\% \approx \$0.12$$

#### Return on Investment (ROI):

$$\frac{\text{Annual Net Profit}}{\text{Total Startup Investment}} \rightarrow \frac{\$10,179.60}{\$4,092.00} = 249\% \approx \$2.49$$

#### Breakeven Units (Monthly):

$$\frac{\text{Fixed Monthly Expenses}}{\text{Contribution Margin}} \rightarrow \frac{\$493.00}{\$71.00} = 6.94 \approx 7 \text{ units}$$

Use the Formulas above and the graphics on the following pages to calculate ROS, ROI, and Monthly Break-Even Units.

## ROS & ROI

### ROS: Return on Sales

**Formula:**  $\frac{\text{Annual Net Profit}}{\text{Annual Sales}} \times 100 = \text{ROS}\%$

**For My Business:**  $\frac{[\text{Annual Net Profit}]}{[\text{Annual Sales}]} \times 100 = [0.0]\% \text{ ROS}$

Dollar  
Equivalent = [\$0.00]

### ROI: Return on Investment

**Formula:**  $\frac{\text{Annual Net Profit}}{\text{Start-Up Investment}} \times 100 = \text{ROI}\%$

**For My Business:**  $\frac{[\text{Annual Net Profit}]}{[\text{Start-Up Investment}]} \times 100 = [0.0]\% \text{ ROI}$

Dollar  
Equivalent = [\$0.00]

## Monthly Break-Even Units

$$\frac{[\text{Monthly Fixed Expenses}]}{[\text{Monthly Contribution Margin}]} = [\text{Monthly Break-Even Units}]$$

In an average month, the company will begin to make a profit after selling  units.

Name \_\_\_\_\_

Date \_\_\_\_\_

[Insert Logo]

**[Insert Business Name]**

## **Executive Summary**

*[Insert tagline]*

### **Company Background**

Business Description: [SECTION 1.2 & 4.1](#)

Business Model: [SECTION 3.3](#)

Mission Statement: [SECTION 1.4](#)

### **Market Opportunity**

Opportunity: [SECTION 1.1](#)

Target Market: [SECTION 2.2](#)

Industry Overview: [SECTION 2.2](#)

Market Research: [SECTION 2.1](#)

### **Leadership**

[Insert title]: [SECTION 1.6](#)

### **Contact Information**

[Name]

[Phone number]

[Email]

[Business name]

[Business address]

[City, state]

[Zip code]

Year Founded

[Current year]

### **Investment Opportunity**

[SECTION 4.7](#)

Annual Operating Costs\*

[SECTION 4.5](#)

Annual Sales\*

[Either SECTION 3.4 or 4.6](#)

Annual Profit\*

[SECTION 4.6](#)

Return on Sales\*

[SECTION 4.7](#)

Return on Investment\*

[SECTION 4.7](#)

Breakeven Units/Month\*

[SECTION 4.7](#)

*\*Projected*

\*\*\*The areas in GREY can be taken from the section/worksheet indicated; GREEN is basic information\*\*\*

## NFTE Business Plan Presentation Guide

In your presentation, you're going to take all the information from your business plan and condense it into a presentation. Follow the directions and visuals below as an example.

### Slide 1 – Introduction

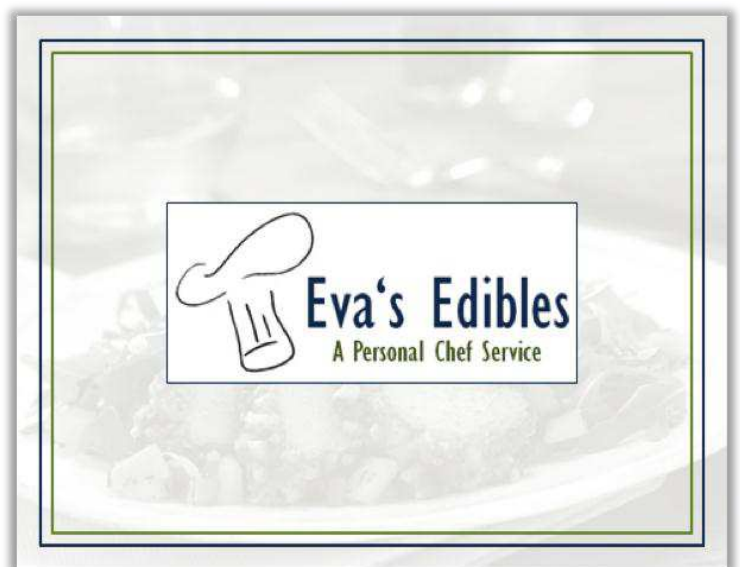
This slide will serve as a placeholder as you introduce yourself to the judges and audience. The slide should include the name of your business and a logo. You may also include a slogan.

Eva's example is shown below:

[Name of Business]

Purpose of Slide	
This slide is simply a placeholder to be displayed while you introduce yourself to the judges and audience members.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<input type="checkbox"/> Business name	<input type="checkbox"/> Business name
<input type="checkbox"/> Logo	<input type="checkbox"/> Your name
<input type="checkbox"/> Slogan*	<input type="checkbox"/> Slogan*

Note: Required Optional\*



Your remarks will also include your name, your business and an optional slogan. Eva introduces herself by simply saying:

“Good afternoon, my name is Eva Tan and I’m here to present my business opportunity, Eva’s Edibles.”

## Slide 2 – Problem/Unmet Need

This slide is meant to clearly explain how your business will solve an existing problem or fulfill a need that is not being met by other products or services. This explanation is necessary because it will prove to the judges that there is a potential market for your business.

This slide will include information from our first unit of learning, Business Opportunity. Use sections 1.1 and 1.2 to describe the problem or unmet need that your business will address. Your presentation slide can include a bulleted description, images, or video as a visual aid for your audience.

### [Problem/Unmet Need]

Purpose of Slide	
This slide is meant to clearly explain how your business will solve an existing problem or fulfill a need that is not being met by other products or services. This explanation is necessary because it will prove to the judges that there is a potential market for your business.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<input type="checkbox"/> Bulleted description, images, or video of problem or unmet need that your business will address	<input type="checkbox"/> Engaging description of the problem or unmet need that your business will fulfill

Note: Required Optional\*

### It's Monday...



Your remarks should include an engaging description of the problem or unmet need that your business will fulfill. For example, in Eva's presentation she sets the stage for her audience by describing the weekly struggles of the everyday family:

"It's the beginning of the week and America's hardworking professionals and families are busy juggling work, kids, traffic and all the other things that drive us crazy throughout the day. When they finally get home, they're faced with the daunting task of putting a full meal together for dinner. There just aren't enough hours in the week to juggle their work, buy groceries, cook and clean up afterwards."

### Slide 3 – Solution/How Business Fills Need

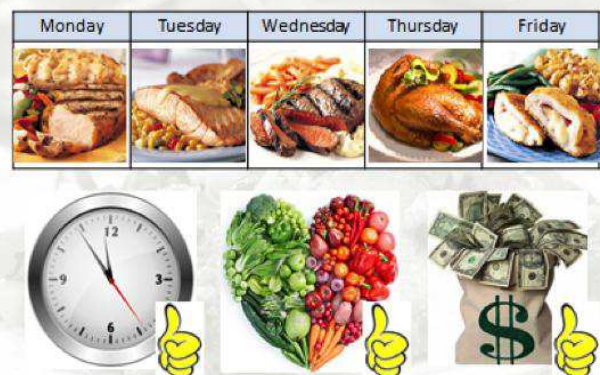
This slide is meant to clearly explain how your business will be able to solve the problem or fulfill the unmet need described in the previous slide. In doing so, you will clearly explain what product or service your business will sell. This slide should include a description, images, or video of how your product or service offers a solution to problem or unmet need. It will also be helpful to include photo or video of your actual product or service.

#### [Solution/How Business Fills Need]

Purpose of Slide	
This slide is meant to clearly explain how your business will be able to solve the problem or fulfill the unmet need described in the previous slide. In doing so, you will clearly explain what product or service your business will sell.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<input type="checkbox"/> Bulleted description, images, or video of how your product or service <u>offers a solution</u> to problem or unmet need	<input type="checkbox"/> Engaging description of how your business solves the problem or unmet need
<input type="checkbox"/> Bulleted description, images, or video that highlights your product or service's features and benefits*	<input type="checkbox"/> Explanation of how you came up with your business idea*
<input type="checkbox"/> Photo or video of your product or service*	<input type="checkbox"/> Engaging description of your products features and benefits*

Note: Required Optional\*

#### Dinner Accomplished



In your remarks, be sure to include:

- An engaging description of how your business solves the problem or unmet need
- An explanation of how you came up with your business idea
- An engaging description of your products features and benefits

Eva includes photo examples of meals she would make throughout the week for her customers, and visual representations of the benefits of a personal chef business. This is an engaging description of how her business is solving an unmet need of her target market. She adds to these visuals with remarks that highlight the benefits of having a personal chef business:

“Imagine having 5 home cooked meals of your choice prepared for you or your family every week. Not only does it save time and money, but you’ll also gain peace of mind! Well I’d like to introduce you to Eva’s Edibles: a personal chef service that provides packages of five freshly cooked, gourmet dinners to busy families and business professionals.”



## Slide 4 – Description of Product/Service

This slide is meant to thoroughly explain what your product or service is, what its special features are, and how these features benefit the target consumer. While the previous slide focused on the solution to a problem, this slide enumerates any other important details the judges should know about your product or service.

This slide is meant to be creative. You can make this slide take any form that you'd like. It should include bulleted descriptions, images, or a video that highlights your product or service's features and benefits. You may also want to include testimonials from people who have used your product or service in the past.


**[Description of Product/Service]**

Purpose of Slide	
This slide is meant to thoroughly explain what your product or service is, what its special features are, and how these features benefit the target consumer. While the previous slide focused on the solution to a problem, this slide enumerates any other important details the judges should know about your product or service.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<ul style="list-style-type: none"><li>❑ Bulleted description, images, or video that highlights your product or service's features and benefits</li><li>❑ (Services) Bulleted explanation or graphic that describes how you deliver your service*</li><li>❑ Pictures of your product or you executing your service*</li><li>❑ Testimonials from people who have used your product or service*</li></ul>	<ul style="list-style-type: none"><li>❑ Engaging description of your products features and benefits</li><li>❑ Explanation of how you create your product or deliver your service*</li><li>❑ Testimonials from people who have used your product or service*</li></ul>

Note: Required Optional\*

**Eva's Edibles**

- 1. Eva cooks it**
  - Consult, customize, and cook
- 2. You heat it up**
  - 15 mins in the oven, that's it!
- 3. Enjoy!**
  - 'Nuff said...



In your remarks, be sure to include:

Engaging description of your products features and benefits

Explanation of how you create your product or deliver your service

Testimonials from people who have used your product or service

Eva highlights her three simple steps and illustrates photo examples of the food her company makes. She keeps her remarks equally as simple:

“Eva's Edibles makes convenience a priority for the customer by making our service as easy and straightforward as possible. We cook it, you heat it up, you enjoy!”

## Slide 5 – Business Model

This slide is meant to show two things: First that you can feasibly produce your product or execute your service in a cost efficient and time efficient manner. Second, that your business' product or service adds value enough value to someone's life that they're willing to pay your for it.

Things to include on this slide:

- Definition of one unit (from section 4.1)
- (Products) Bulleted explanation or graphic of your production process (from section 4.4)
- (Services) Bulleted explanation or graphic describing how to acquire and retain new customers (from sections 3.1 - 3.3)
- COGS or COSS (from section 4.2)
- EOU (From section 4.3)
- Breakeven Units (from section 4.8)

### [Business Model]


Purpose of Slide	
This slide is meant to show two things: First, that you can feasibly produce your product or execute your service in a cost efficient and time efficient manner. Second, that your business' product or service adds value enough value to someone's life that they're willing to pay your for it.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<input type="checkbox"/> Definition of one unit <input type="checkbox"/> (Products) Bulleted explanation or graphic of your production process <input type="checkbox"/> (Services) Bulleted explanation or graphic that describes how will acquire and retain new customers <input type="checkbox"/> COGS or COSS <input type="checkbox"/> EOU <input type="checkbox"/> Breakeven Units	<input type="checkbox"/> Definition of one unit <input type="checkbox"/> Compelling explanation of how you would be able to put your business plan into action if given the chance (production process or how to acquire and retain customers) <input type="checkbox"/> COGS or COSS <input type="checkbox"/> EOU <input type="checkbox"/> Breakeven Units

Note: Required Optional\*

### Business Model

**Value Added**

- Time saved
- Money saved
- Customized, gourmet meals 5 nights a week!



Definition of One Unit	
Cooking 5 dinners for a client	
Economics of One Unit	
Selling Price	\$325.00
Cost of materials	\$100.00
Cost of labor	150.00
Other variable costs	4.00
<b>Total COGS/ COSS</b>	<b>\$254.00</b>
Contribution Margin	\$71.00
Monthly Break Even Units	
\$493.00	
\$71.00	= 6.94 ≈ 7 units

Your remarks should highlight all points of the financials on the slide, including:

- Definition of one unit
- Compelling explanation of how you will put your business plan into action (production process or how to acquire/ retain customers)
- COGS or COSS
- EOU
- Breakeven Units

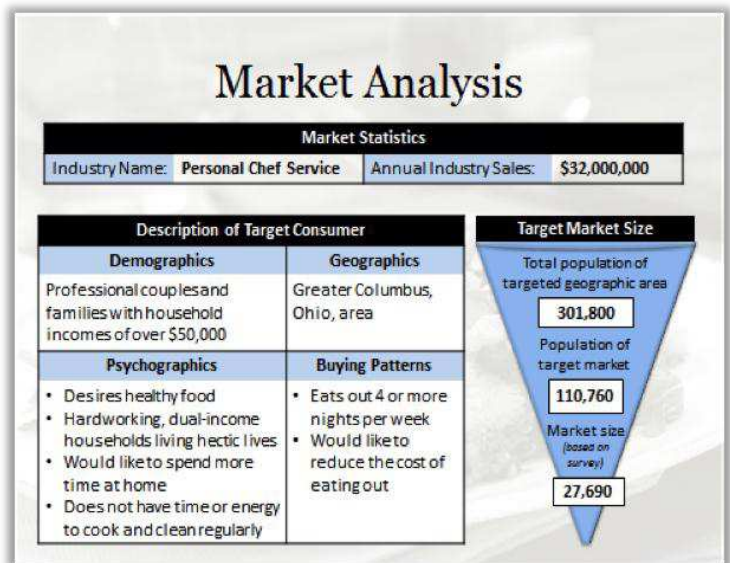
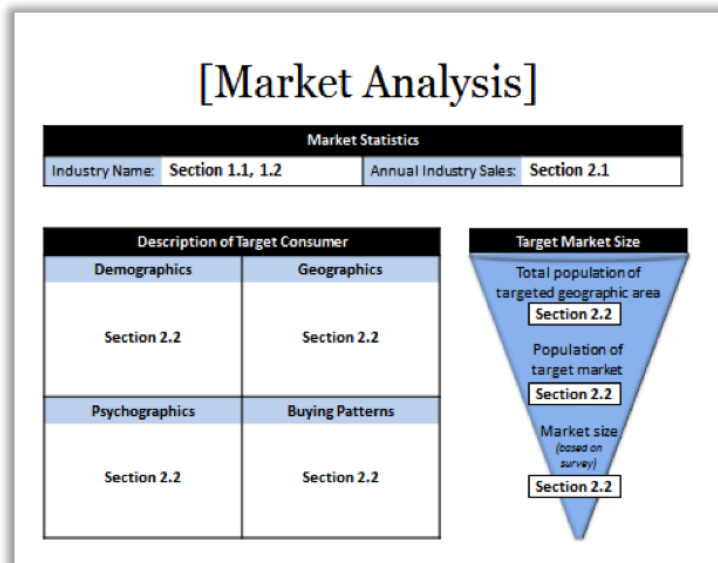


## Slide 6 – Market Analysis

This slide is meant to show 3 things: First, that there is an actual market for your business; second, that you can feasibly produce your product or execute your service in a cost efficient manner; third, that your business has the potential to be profitable.

For this slide, you are simply going to pull information from various parts of your business plan and organize them in the following chart. The elements you will need from section 2 are:

- Industry Name
- Annual Industry Sales
- Demographics
- Psychographics
- Geographics
- Buying Patterns
- Target Market Information



In your presentation, it's important to touch on each part of market analysis slide. This is all important information, but it is important not to spend a great deal of time reading directly from a heavily informational slide. In 2 sentences or less each, touch on:

- The size of your industry
- A description of consumers in your target market
- The size of your target market
- Customer surveys and any other market research

Eva manages to do this efficiently in the following statement:

“In our market analysis, we identified over 110,000 people in the target area with household incomes of over \$50,000. Our research shows that these are hardworking, dual-income households with hectic lives that prevent them from spending time at home. They desire healthy food, but simply do not have the time or energy to cook and clean on a regular basis. With these figures in mind, Eva’s Edibles will target over 27,000 individuals in households eating out 4 or more times per week and would like to reduce the cost of their meals.”

## Slide 7 – Promotion and Sales

This slide is meant to show how you plan to promote and sell your product or service to potential customers within your target market. In order to exist, a business needs customers, and it is necessary to show how you plan to identify, sell to, and retain customers. This slide should be fairly simple and can include a bulleted description, images, or video of promotional methods (from section 3.2 of your business plan) and any of the following:

- Screenshots of your online selling platform or business' social media page(s)
- Pictures or videos of you interacting with customers
- Examples of advertisements

**[Promotion and Sales]** *Remove this slide instructions only!*

Purpose of Slide	
This slide is meant to show how you plan to promote and sell your product or service to potential customers within your target market. In order to exist, a business needs customers, and it is necessary to show how you plan to identify, sell to, and retain customers.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<ul style="list-style-type: none"><li><input type="checkbox"/> Bulleted description, images, or video of promotional methods.</li><li><input type="checkbox"/> Bulleted description, images, or video of selling strategies and platforms</li><li><input type="checkbox"/> Screenshots of your online selling platform or business' social media page(s)*</li><li><input type="checkbox"/> Pictures or videos of you interacting with customers*</li><li><input type="checkbox"/> Examples of advertisements*</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Description of all promotional methods, and explanation of why each method will appeal to you target market</li><li><input type="checkbox"/> Description of all selling strategies and platforms and explanation of why each strategy and platform will be effective</li></ul>

Note: Required Optional\*

**Marketing and Sales**

1. Company Website
2. USPCA Referral Website
3. In-Store Promotions
4. Promotions at Local Events
5. Loyalty Benefits



Your remarks should include a description of all promotional methods, and explanation of why each method will appeal to you target market. You should also discuss your selling strategies and platforms with an accompanying explanation of why each strategy and platform will be effective. Take a look at Eva's Marketing and Sales slide above. Eva does a good job of clearly stating her marketing and sales strategy without going into excessive detail (remember, the judges will already have a detailed copy of your business plan).

"Eva's Edibles will engage in five types of promotional activities.

First - Establishing a company website at [www.hireachef.com](http://www.hireachef.com).

Second - Maintaining a referral listing on the United States Personal Chefs Association (or USPCA) Website

We will also have in-store promotions and promotions at local events

Finally – we're proud to introduce a customer loyalty and benefits program."

## Slide 8 - Competition

This slide is meant to show that you've thoroughly researched your competitors, both direct and indirect, and that your business has at least one feature that makes it unique from your competitors. By doing so you should demonstrate that there is space in market for your business to exist. Your competition slide should include:

- Bulleted list of direct competitors (from section 2.3 of the business plan)
- Bulleted list of indirect competitors (from section 2.3 of the business plan)
- Explanation of your competitive advantage (from section 2.4 of the business plan)

You may also want to include:

- Picture of your competitors' products' weaknesses
- Testimonials from people who have used your product or service
- Complaints from people who have used your competitors' product or service

**[Competition]**

Purpose of Slide	
This slide is meant to show that you've thoroughly researched your competitors, both direct and indirect, and that your business has at least one feature that makes it unique from your competitors. By doing so you should demonstrate that there is space in market for your business to exist.	
Included in Slide <small>(not limited to)</small>	Included in Remarks <small>(not limited to)</small>
<ul style="list-style-type: none"><li><input type="checkbox"/> Bulleted list of direct competitors</li><li><input type="checkbox"/> Bulleted list of indirect competitors</li><li><input type="checkbox"/> Explanation of your competitive advantage</li><li><input type="checkbox"/> Picture's of your competitors' products' weaknesses*</li><li><input type="checkbox"/> Testimonials from people who have used your product or service*</li><li><input type="checkbox"/> Complaints from people who have used your competitors' product or service*</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Description of your direct AND indirect competitors' strengths and weaknesses.</li><li><input type="checkbox"/> Clear description of your competitive advantage and how it "corrects" what your competitors don't do well</li><li><input type="checkbox"/> Testimonials from people who have used your product or service*</li><li><input type="checkbox"/> Complaints from people who have used your competitors' product or service*</li></ul>

Note: Required Optional\*

**Competition**

<p><u>Direct</u></p> <ul style="list-style-type: none"><li>• 15 personal chefs in Columbus area</li></ul> <p><u>Indirect</u></p> <ul style="list-style-type: none"><li>• Established restaurants (dine in &amp; fast food)</li></ul>	<p><u>Why Eva's Edibles?</u></p> <ol style="list-style-type: none"><li>1. Customized menu</li><li>2. Health conscious</li><li>3. Certified by USPCA</li><li>4. Competitive pricing</li></ol> 
--	--

In your remarks, you want to present your product or service in the best way possible in comparison to your competition. This comparison should touch not only on the strengths of your product or service, but also the weaknesses of your competition. You may wish to include:

- Description of your direct AND indirect competitors' strengths and weaknesses.
- Clear description of your competitive advantage and how it "corrects" what your competitors don't do well
- Testimonials from people who have used your product or service
- Complaints from people who have used your competitors' product or service

Eva gives details on her competition and then summarizes major points at the very end of her presentation:

- (1) I will focus on customer service by allowing clients to choose their menus,
- (2) Customers will enjoy healthy versions of their favorites tailored to meet their dietary needs
- (3) Eva will be one of the few personal chefs in Columbus to have federal recognition as a Certified Personal Chef and active member of USPCA.
- (4) Eva's Edibles clearly has the most competitive pricing of all personal chefs in the Columbus area.

## Slide 9 - Qualifications

This slide is meant to show that you have the knowledge, skills, and determination required to start and then manage your business. Investors aren't just investing in your business, they're investing in YOU. You will need to include a bulleted list of your relevant accomplishments, group affiliations, leadership positions, and past experiences that show you can start and run your business.

Pictures of relevant past experiences can also be helpful on this slide.

**[Qualifications]**

Purpose of Slide	
This slide is meant to show that you have the knowledge, skills, and determination required to start and then manage your business. Investors aren't just investing in your business, they're investing in YOU.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<ul style="list-style-type: none"><li>❑ Bulleted list of your relevant accomplishments, group affiliations, leadership positions, and past experiences that show you can start and run your business.</li><li>❑ Pictures of relevant past experiences*</li></ul>	<ul style="list-style-type: none"><li>❑ Compelling explanation of your relevant accomplishments, group affiliations, leadership positions, and past experiences which will convince judges you're capable of starting and running your business</li></ul>

Note: Required Optional\*

**Qualifications**

- Associate's Degree in Business Management
- Assistant to the Director of Campus Dining Services, OSU
- Founder, Eva's Entertainment Services
- Certified Personal Chef (CPC) by the U.S. Personal Chef Association

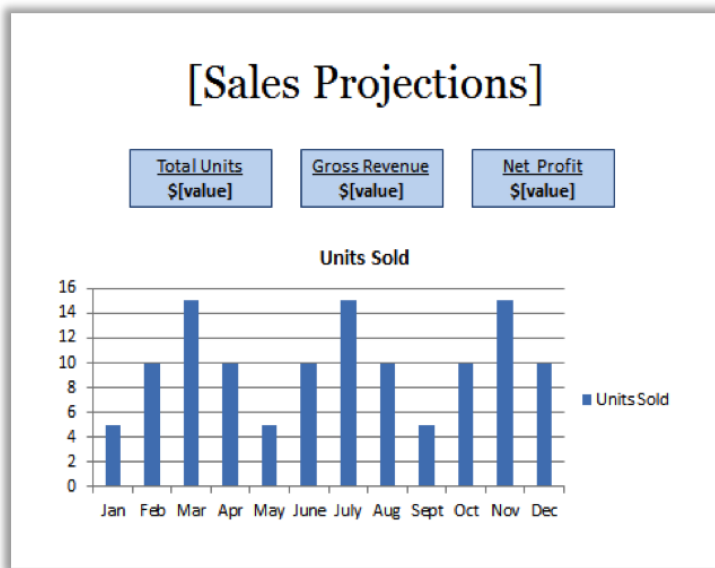

In your remarks, you'll want to deliver a compelling explanation of your relevant accomplishments, group affiliations, leadership positions, and past experiences that will convince judges you're capable of starting and running your business.



## Slide 10 – Sales Projections

This slide is meant to show the projected sales and revenue for the first year of your business. You must provide a rationale for these figures, so be sure to cite evidence such as market research, past sales, or estimated market shares (all from section 2 of your business plan) to back up your projections. The visuals you should include are:

- Graph of projected units sold during business' first year (gather data from section 3.4)
- Total units sold (numerically, from section 3.4)
- Gross revenue (from section 3.4)
- Net profit (from your income statement in section 4.6)



In your remarks, be sure to include the above figures along with an explanation of how you estimated your sales figures (market analysis, maximum capacity, breakeven units, and seasonality).

## Slide 11 – Startup Funds


This slide is meant to explain how much startup capital you will need in order to get your business started. Additionally, it is the last chance for you to show the judges that your business is a good investment opportunity. Be sure to include:

- Bulleted list of required startup materials and their costs
- The total amount of startup capital you need
- Favorable ROI
- Pictures of required products

### [Startup Funds]

Item	Why Needed	Cost
[text]	[text]	\$(value)
[text]	[text]	[value]
[text]	[text]	[value]
[text]	[text]	[value]
[text]	[text]	[value]
Total Startup Expenditures		\$(value)
Emergency Fund		[value]
Reserve for Fixed Expenses		[value]
Total Startup Investment		\$(value)

### Investment Opportunity

Materials needed	Cost
Victorinox SwissArmy Cutlery Set (8 piece)	\$618.00
Anolon Nouvelle Copper Hard Anodized 10-Piece Cookware Set	450.00
Misc cooking equipment	305.00
Spices, oils, etc.	100.00
Wheeled cart	269.00
	<b>Total Startup Expenditures \$1,742.00</b>



Emergency Fund	871.00
Reserve for Fixed Expenses	1,479.00

Total Startup Investment	\$4,092.00
--------------------------	------------

$$\frac{\$10,180}{\$81,900} = 12.4\% \text{ ROS}$$

$$\frac{\$10,180}{\$4,092} = 249\% \text{ ROI}$$



This is your chance to tell potential investors exactly what you need from them in order for your business opportunity to grow to a reality. Include an explanation of the materials and capital needed to start your business and discuss why your business is a good investment opportunity.

## Slide 12 – Closing Slide

This slide is simply a placeholder to be displayed while answer the judges' questions.

**[Name of Business]**

Purpose of Slide	
This slide is simply a placeholder to be displayed while answer the judges' questions.	
Included in Slide (not limited to)	Included in Remarks (not limited to)
<input type="checkbox"/> Business name	<input type="checkbox"/> Business name
<input type="checkbox"/> Logo	<input type="checkbox"/> Your name
<input type="checkbox"/> Slogan*	<input type="checkbox"/> Slogan*

Note: Required Optional\*



After questions, be sure to thank your audience for their time. Include the name of your business and feel free to place your slogan in these remarks as well. Eva's closing is as follows:

“Thank you for considering Eva's Edibles. We look forward to working with you and establishing ourselves as a premier food service provider!”