

Monta Vista DECA

Entrepreneurship Guide

Quick Preparation Guide

Apurv Gandhi



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Overview of Entrepreneurship

Entrepreneurship is a category that consists of events that go beyond the marketing focus of other DECA written events and force you to consider all the various aspects of developing a successful business, including: finances, product development, distribution, legal affairs, industry, management, and marketing. Due to the larger scope of these events, competitors should be aware that it takes more time, planning, and effort to create a comprehensive plan that effectively covers *all* the necessities for creating and maintaining a successful business.

The two most important components of the entrepreneurship plan are the idea and the execution. The idea consists of the product you plan to develop and sell in your business and its attributes while the execution consists of how well you are able to establish the marketing, financial, and presentation portions of your plan. Anyone, with the proper training and dedication can develop and execute the perfect business plan and presentation, but great ideas are harder to develop. Anecdotal evidence shows that great execution is enough to win at NorCal and State conferences (in 2009 an Internet Marketing Plan selling online ice cream won top 3 because of the written plan and presentation were top-notch), however to win at the International level requires a great execution of a viable idea.

Basic Overview

There are 4 basic entrepreneurship events. Each event consists of a written portion (60% of final score) and presentation (40% of final score). Here is a table offering a simple summary of the events:

Name	What	Notes	Team Size
Entrepreneurship Participating Independent (ENPI)	An individual comes up with a business plan for an individual business	11 page business plan	1 person
Entrepreneurship Participating Franchising (ENPF)	An individual comes up with a business plan for a franchise (i.e. McDonalds)	11 page business plan	1 person
International Business Plan (IBP)	Creates a business that operates based on a unique feature/need of a foreign country	30 page business plan	1-3 people (knowledge of chosen country recommended)
Entrepreneurship Written (ENW)	Any business idea that does not fit in the three events mentioned above	30 page business plan Product is differentiator	1-3 people (expertise in product recommended)

Event Details

Because business plan events are so diverse (a cupcake business may be competing with cloud computing services), **judging becomes very subjective**. To win, it is vital to show your judges (who are supposed to take the position of investors) that your business is the best bet for their money. In addition, an extensive understanding of the industry where you are operating in is necessary in order to effectively answer any questions on your plan as well as ensure that your company has implementations

to avoid the drawbacks of your competitors. The following sections elaborate on how to do so for the different events. For information on how to tackle specific sections (i.e. financials) look further down or read the sample plans.

Entrepreneurship Participating (ENPI and ENPF)

General Look

Both ENPI and ENPF are events in which individuals can independently create and pitch a business plan. However, unlike other business plan events, the ENPF and ENPI events are not weighted when it comes to the written plan and the presentation.

- ENPI (Independent) – A business that fits into this category is generally smaller than one that would compete in IBP or ENW. It generally consists of more local businesses or shops as opposed to large corporations.
- ENPF (Franchising) – Franchising is taking an existing business (ex. Yogurtland) and opening it in another location where it can potentially be successful. Usually this is done to stores and shops such as McDonalds, Quizno's, yogurt shops, Starbucks's, etc. However, it is not limited to food stores.

Parts and Pieces

The written plan for both events has 5 required parts:

1. Executive Summary
2. Description and Analysis of the Business Situation
3. Proposed Marketing/Promotion Plan
4. Proposed Financing Plan
5. Bibliography
6. *Appendix (optional)*

Entrepreneurship Written (ENW)

General Look

ENW will require an extensive knowledge of the industry you want your business to compete in. Many business plans fall into this category as it is not limited to any industry. Any idea for a business can compete in this event. Look at the resources page at the end of this guide for more details on where you should look for ideas.

- Judging for this event is extremely subjective. Because any business idea can compete in ENW, you have to make not only your business stand out, but yourself (This does not mean wear flashy clothing or start dancing during your presentation). One way to stand out is to have an ingenious business idea!

Parts and Pieces

The ENW business plan consists of 7 required parts:

1. Executive summary
2. Introduction
3. Analysis of Business Situation
4. Planned Operation of Proposed Business
5. Planned Financing
6. Conclusion
7. Bibliography
8. *Appendix (optional)*

International Business Plan (IBP)

General Look

IBP will require knowledge of the country you want to start up in and this includes its culture, customs, traditions, etc. Also knowing your industry will help as well. Your job in this category is to create a business plan for a start-up in a country other than the U.S. All these requirements mean that you will be forced to conduct research into the workings of the country you plan to establish in AND its laws.

- What is special about the country you want to base your company in? Is your target market unique there? Are the laws unique that will help your business or inhibit the competition? Are costs lower in that nation?
- Can the proposed operation be based here in the United States and still work? What might be different if this were the case? (If the answer is yes, you may want to think twice about submitting it as IBP – you may be better off in ENW.)

Parts and Pieces

There are 6 parts:

1. Executive Summary
2. Introduction
3. Analysis of International Business Situation
4. Planned Operation of Proposed Business
5. Planned Financing
6. Bibliography
7. *Appendix (optional)*

General Strategies

The Business Idea

When developing a business idea, ask yourself these questions:

- How is my business idea powerful and unique?
- How am I generating revenue?
- Who will buy my product/ service?
- Why will they buy my product/ service?
- What makes me different from my competition?
- What's stopping an established business from copying my idea? (Think past patents)

If you are having trouble developing an idea, research new technologies (i.e. advances in solar panels, cloud computing, bio-fuels, growth in mobile devices, etc.) and see how they can be integrated into a product. You do not necessarily have to make a revolutionary new product/industry (i.e. iPhone); finding new uses and/or improving existing products can be profitable as well. Remember, innovate!

The Business Plan

1. Start early and manage your time.
2. Use your resources (i.e. officers, MVDECA's website, family, friends, companies, internet)
3. Write down a rough draft of every section and then improve upon it. You don't have to be perfect the first time around!
4. Make sure your plan is well-formatted and aesthetically pleasing.

- a. With that said, try to maintain professionalism. Your judge will not be impressed with a cover consisting of bunnies and unicorns prancing around if it isn't related to your business.
 - b. All sections except for the Executive Summary, Bibliography, and Appendix must be at least double spaced.
5. The executive summary is the most important part of your business plan.
- a. It should be comprehensive, yet concise and relevant. Only include what really matters! Your judge is assigned to read numerous plans in a limited amount of time. Whether or not they read the whole plan, you can rest assured that they will look at the executive summary.
6. Follow all official guidelines put out by DECA! Penalty points are a quick way from 1st to last place.
- a. Guidelines for all events can be found here: <http://www.deca.org/competitions/highschool/>

The Business Presentation

1. **Make your presentation in advance** – Your presentation is what your judge will remember the most when giving scores. Make sure it is professional and rehearsed. Don't fall under the impression that you can make your presentation the day, or week, before competitions and win.
2. Stay consistent in logos, color scheme, etc. between your plan and presentation
3. Keep your presentation simple, concise, and to the point.
 - a. Limit the amount of words on your Powerpoint slides. Do not use sentences; the content is in what you say, not write.
4. Put a slide with links to all the other slides at the end of your presentation. This is so that you can refer to these slides quickly and easily when your judge asks questions.
5. Rehearse until you can present even without the help of a Powerpoint
 - a. But don't memorize the presentation word for word! There's a difference between talking *to* the judge and talking *at* the judge.
6. Split the presentation evenly between your team members. Coordination will greatly affect your judge's impression of you. It will also be part of your score.
7. Start strong. Greet the judge warmly and give them direct eye contact when you shake their hand.
8. Always try to give eye contact while speaking (looking at the judge's eyebrows or forehead is a good alternative).
9. Look confident and poised. Fidgeting will greatly reduce your chances at a trophy.
10. **Smile!** The judge is a person too! They will like you a lot better if you are friendly.
11. Dress accordingly; MVDECA will have tutorials on how to dress for a presentation.
12. Show that you care about your proposed business!
13. **Make the sale!**
 - a. Too many people simply explain their business and leave. You have to let your judge know that you're here to acquire an investment.

The Sections Explained

For more concrete examples of each section, refer to the sample plans.

Executive Summary

The Executive Summary is the **most important part of your business plan**. Because judges are given a limited amount of time to judge the entire plans, they usually skim through the actual body while focusing on the information provided to them in the executive summary. First impressions are vital and an excellent executive summary will lead judges to award more points for the rest of your business plan

as well. Every judge you have will read this entire section in depth, so make sure that it conveys what you want the judges to know. Here's a sample outline:

1. Mission Statement: What is the purpose of your business?
2. Problem: What need does your product fulfill?
3. Solution: How does your product *uniquely* solve the problem? What makes your product different from competitors?
4. Sales and Marketing: How do you plan to sell your product and generate revenue? You should identify your target markets in this section and briefly describe the methods used to market your product to them.
5. Management team: Keep this section short, convey that you have an effective team in place
6. Financial Data: Let your judge know what funding you've already secured and how much you need as an investment. Also show projected growth financially.
7. Exit Strategies: How will the judge benefit from investing in your company? What are the returns?

Although the sections do not all have to be listed or in that order, it is important to answer the questions in your executive summary so the judges can quickly see why your product is both superior and a good investment. DECA guidelines states that this section can be one page at most (single spaced) so do not elaborate too much.

The executive summary should be written last. With that said, keep a basic outline at hand when writing your plan so as to remain coherent and focused throughout. The executive summary guides your business and defines its basic purpose; be sure you know what the answers to the questions are when you go to write your plan so your plan stays organized. When your plan is completed, come back and write your executive summary when the plan is completed.

Introduction

The title for this section is largely self-explanatory, as you introduce your company in greater detail. Some topics that are helpful to include are:

- Type of business: Are you selling goods or providing services? What are they?
- Opportunity: Even a quality product will fail if there is no demand; establish the demand of the market (one useful reference is the size of an industry and whether or not it is growing)
- Problem: What is the problem in the current industry? What is the "pain point"?
- Solution: How does your product solve the problem effectively in order to capture the market?
- Resources/References: People you have talked to that give you confidence that your product is viable

Analysis of Business Situation

Address your own strengths *and weaknesses*, your competitor's strengths and weaknesses, your operating environment (headquarters, industry trends, etc.), your market segment (analyze demographic information, buying power, etc.), and other important aspects of the industry. Also identify your target market(s) in this section. For IBP competitors, you can begin to talk about the advantages of choosing your desired country.

Planned Operation of Business

Now that we have learned about your business and how it will fare against your competitors, tell the judge how you are going to get started. How will you organize your business? How is ownership being divided? Talk about your management team (include a nice chart!) and board of advisors. Detail your

product or service. Talk about how that product or service will be made. Talk about marketing and make sure you address the 4 P's: product, price, placement, and promotion. Remember that advertising (promotion) is only one of the four aspects of marketing!

Make sure you research various marketing strategies and see how best to target your market segment. Different types of target markets require different types of marketing so make sure to define the marketing strategies you are going to employ to reach each individual market segment.

Planned Financing

Highlight your sources of startup capital (note the plural form) and the resulting ownership of the firm. Include financial statements (see our guide "Creating a Finance Packet" or the section below, "Finance Resources") – at the very least, include an income statement (also known as profit-and-loss statement), a balance sheet, and a cash flow statement. In addition, compare projected operating ratios with those of your competitors to add further evidence as to why your company will succeed.

Include your financial needs from the judge (provide a dollar amount). Talk about the return on investment. If you are borrowing money from other sources such as a bank, include a description of how you plan to pay off the loan. Most importantly, talk about your exit strategies. Make it very clear that you understand that the investors want to ensure that they are going to receive a return on their investment and you have a strategy to make that a reality.

Conclusion

Summarize the important aspects of your business (competitive advantages, returns on investment, etc.) and remind your investors why they should be confident about investing in your business. Tell them how you are going to effectively use their cash to grow the company. End your conclusion by asking the investors for the cash.

Bibliography

This is *required*. Cite your sources just like you would in class. Do not go around forging your sources! A nice website to use for citing sources is <http://www.easybib.com>. If you are running low on space, you can make your bibliography single-spaced and shrink the font size down.

Appendix

Though not required, it may be helpful to put any supplemental materials that may be helpful. It contains graphs, pictures, interviews, etc... that were important to your business plan, but not important enough or didn't fit in with the rest of your plan.

Note: Each event has its own specific guidelines which can be downloaded from the official DECA website.

Financials Resource

When writing your business plan one of the most important things to include is your financial charts. There are three types of these financial charts, each with their own importance, the income statement, the balance sheet and the cash flow. Templates for all of these charts can be found through Excel; they will be programmed to do the math for you, so use them!

Income Statement

Let's start with the income statement; the purpose of an income statement is to look at where all the money is going in your organization. These costs can range from the cost to make the good/service that you are selling to paying insurance on your equipment. Below is an example of a three-month income statement. Remember that you should make your own financial papers and add operating expenses that fit your company's business model.

	Month 1	Month 2	Month 3
Revenue	\$21,000.00	\$35,000.00	\$84,000.00
Costs of Goods Sold (COGS)	\$12,000.00	\$20,000.00	\$48,000.00
Gross Profit (Revenue – COGS)	\$9,000.00	\$15,000.00	\$36,000.00
GM% (Gross Profit/ Revenue)	42.86%	42.86%	42.86%
Operating Expenses (All costs unrelated to the raw materials that go into the product)			
Employees (Who works for you)	\$100,000.00	\$100,000.00	\$100,000.00
Office Supplies (What you need to work: computers, paper, etc.)	\$15,000.00	\$500.00	\$500.00
Marketing (Money spent on promoting your product, should be a large amount)	\$50,000.00	\$50,000.00	\$50,000.00
Rent (You will most likely rent property, find an accurate renting fee)	\$2,700.00	\$2,700.00	\$2,700.00
Travel/Entertainment (You will need to meet with venture capitalists/clients/etc.)	\$10,000.00	\$10,000.00	\$10,000.00
Telecom (Telephone and Internet costs)	\$150.00	\$150.00	\$150.00
Transportation (Distributing your product to retailers)	\$10,000.00	\$10,000.00	\$10,000.00
Insurance (Insuring your company, Employee insurance should go under employees)	\$734.00	\$734.00	\$734.00
Miscellaneous (All other possible costs)	\$250.00	\$250.00	\$250.00
Total Operating Expenses (Sum of all Operating Expenses)	\$188,834.00	\$174,334.00	\$174,334.00
Operating Profit (Gross Margin – Operating Expenses)	\$(179,834.00)	\$(159,334.00)	\$(138,334.00)
Tax (Note: You can't tax negative income as shown in this example. Tax applies only to profit.)	\$0.00	\$0.00	\$0.00
Net Income (Operating Profit – Tax)	\$(179,834.00)	\$(159,334.00)	\$(138,334.00)

Cash Flow Statement

The purpose of a cash flow is to see the overall flow of cash in a company. It is a simple way to see the money that comes into your company through investments and revenue, and money that goes out through operating expenses, loans, and rent. Why is this important? **Cash is king – it is as important to a business as blood is to you for your survival.** Just because a business has made a sale does not mean that the business has received the cash (credit)! Without cash, a business will go bankrupt. In other words, your cash flow statement should **never** be negative.

Below is an example of a three-month cash flow.

	Month 1	Month 2	Month 3
Beginning Cash (Ending Cash from Previous Mont, Starts at 0)	\$ 0.00	\$608,166.00	\$836,832.00
Cash In			
Founders investment (Personal Investment into company)	\$400,000.00		\$0.00
Venture Capital investment (External Investments into company)	\$ 0.00	\$400,000.00	\$0.00
Bank Loans (Loans into company)	\$400,000.00	\$0.00	\$0.00
Revenue (Income from selling products)	\$21,000.00	\$35,000.00	\$84,000.00
Cash Out			
Operating Expenses (Costs to operate company)	\$188,834.00	\$174,334.00	\$174,334.00
Bank Interest (Interest on the Bank Loan)	\$12,000.00	\$12,000.00	\$12,000.00
COGS (Cost of Goods Sold)	\$12,000.00	\$20,000.00	\$48,000.00
Ending Cash (Beginning Cash + Cash In – Cash Out)	\$608,166.00	\$836,832.00	\$686,498.00

Balance Sheet

The purpose of the balance sheet is to show the assets and liabilities your company holds at any given moment in time. Assets are any item of economic value owned by an individual or corporation, especially that which could be converted to cash. Liabilities are financial obligations, debt, claim, or potential loss. The balance sheet should have: current assets, fixed assets, current liabilities, and shareholder's equity. **Remember the following formula for your balance sheets: Assets = Liabilities + Equity** (general accounting formula).

<u>Projected Balance Sheet (First Year)</u>			
Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 210,979	Accounts Payable	\$ 17,638
Accounts Receivable	\$ 70,550	Short term Notes	\$ -
Inventory	\$ 31,239	Current portion of long term notes	\$ -
Temperary Investments	\$ -	Interest Payable	\$ -
Prepaid Expenses	\$ 2,500	Taxes Payable	\$ -
Total Current Assests	\$ 315,268	Accrued Payroll	\$ -
		Total Current Liabilities	\$ 17,638
Fixed Assets		Shareholder's Equity	
Land	\$ -	Capital Stock	\$ 200,000
Buildings	\$ -	Retained Earnings	\$ 108,126
Plant and Equipments	\$ 10,496	Total Shareholder's Equity	\$ 308,126
Furniture and Fixtures	\$ -		
Total Fixed Assests	\$ 10,496		
Total Assets	\$ 325,764	Total Liabilities and Shareholder's Equity	\$ 325,764

Note: Use Microsoft Excel for these charts! Please do not calculate all of this by hand... you will go crazy. Mont Vista DECA is in no way liable for your sanity if you do choose to punch in each number on your own. Download a template to do the work for you! If you want, right click on any of the tables above and edit them in Excel!

Entrepreneurship Resources

Look at these resources for some extra help. Don't forget to do some research of your own!

General Resources

1. <http://www.deca.org>- This is your god (other than the judge). Follow every single rule and guideline.
2. <http://www.changethis.com> – This website is great help, because many authors who are renowned for their business skills write up documents and post it here. Look for manifestoes or proposals.
3. <http://www.online.wsj.com> – search “why business plans don't deliver”
4. <http://www.entrepreneur.com> – Name is self- explanatory
5. <http://www.garage.com> – This is actually a venture capitalist website, but they have posted some great resources on how to write a great executive summary, financials, etc...
6. <http://blog.networksolutions.com/series/business-plan-series/>
7. <http://www.zipskinny.com> – Demographic information based on zip codes
8. Any book by an entrepreneur (i.e. Guy Kawasaki's *The Art of the Start*)
9. Anything in the resources page of your binder
10. <http://www.gaebler.com> – Excellent directory of resources for anyone who wishes to start their own company

Financial Resources

1. <http://www.allbusiness.com> – Search “Formatting the Financial Plan Section of a Business Plan”
2. <http://www.sbinformation.about.com> – Search “Creating Your Business Plan Financials”
3. Financials Resource Section in this packet
4. <http://www.investopedia.com/search/searchresults.aspx?q=ratio&submit=Search> - Include some of the more important ratios (i.e. Operation Ratio, Working Ratio, etc.) and compare them to your competitor's ratios (can be calculated from public disclosures). This is a good way to separate yourself from your competitors.

Executive Summary Resources

1. http://blog.guykawasaki.com/2006/04/the_art_of_the_.html - This was written by a venture capitalist so take it seriously, but some of the points here clash with the rules of DECA format so make sure that you always follow competition guidelines.
2. http://www.thefrankpetersshow.com/2008/09/i_love_executive_summaries.html - A good resource, but some of the points here clash with the rules of DECA format so make sure that you always follow competition guidelines.

Business Opportunities Help

1. Any newspaper, person, or magazine – Read them and talk to people, because you will see a lot of pain points that you can address

Presentation Resources

1. <http://www.garage.com/files/PerfectingYourPitch.pdf> - Remember, this site was created for real-life entrepreneurs so it is necessary to omit some of the points they give to adhere to DECA guidelines.
2. *Slide-ology* By: Nancy Duarte
3. *Presenation Zen* By: Garth Reynolds