

Arkansas State University College of Business Business Plan Competition Global Entrepreneurship Week

This competition is open to all students (undergraduate & graduate) enrolled at Arkansas State University. You don't have to be a business major to enter a business plan competition. All you really need is a great idea and be able to write it down in a short five (5) page business plan. The entry form and a *How-to-Guide for Writing a Business Plan* is included in this package. There are two tracks for the competition, undergraduate and graduate, and prizes will be provided to the top three plans for each track. Students, undergraduate and graduate, are allowed to work in teams with up to five (5) people.

Prizes

1st \$500.00

2nd \$250.00

3rd \$125.00

Competition Timeline

Friday, October 17, 2008	Five (5) copies of the Business plans along with entry form due to the College of Business Dean's Office Room 103 at 5:00pm
October 20-31, 2008	Judging of all undergraduate & graduate written plans
Tuesday, November 4, 2008	Notification of undergraduate & graduate finalist at 4:00pm via e-mail
Tuesday, November 18, 2008	Oral presentations of Undergraduate & Graduate finalist from 9:00am-12:00pm
Wednesday, November 19, 2008	Undergraduate & Graduate Winners announced

Arkansas State University
Student Business Plan Competition

2008 Official Business Plan Submission Form

To be officially entered into the competition, all entrants must complete this form and sign, date and return it with their business plan submittal.

Please type print all information clearly

Please select the track your team is entering:

Undergraduate Track _____ Graduate Track _____

Please provide a two sentence description (max 50 words) of your business plan for use in the event program and other promotional materials:

Please provide the following information on the STUDENT CONTACT PERSON from your team:

Student Team Leader: _____

Complete Mailing Address: _____

Phone _____ Fax: _____

Email: _____

Please provide the names of all other team members (Type or Print Clearly):

We, the undersigned, have read, understand and agree to adhere to the rules, guidelines and submission requirements as established by the Arkansas State University College of Business-Business Plan Competition Group. We understand that it is our obligation to see that our team meets all deadlines. The enclosed business plan submittal represents our original work.

Signature of Each Team Member Required:

Date Signed

Official Rules

1. The competition is open to all full and part-time currently enrolled degree seeking undergraduate and graduate students enrolled at Arkansas State University.
2. Each team may submit only one business plan to the competition.
3. Either an individual or a group may develop the business plan. Group size cannot exceed 5 persons. The management team outlined in the plan will contain the names of individuals (if any) who are not associated with the university. Presenting group members must be students and have a key role in the company. Non-student members of the venture's management team may not participate in any presentations, including the finals.
4. Teams with any one member enrolled in graduate school during the academic year should enter in the graduate competition.
5. The business plan must represent the original work of each contestant. A signed statement shall accompany each submission indicating that the business plan is the original work of the author(s) (see the Official Business Plan Submittal Form).
6. The author(s) will retain all rights to the plan regarding its use at all times prior to and following the competition (except as stated below). Due to the nature of the competition, we will not ask judges, reviewers, sponsors, staff or the audience to agree to or sign non-disclosure statements for any participant.

By participating in the competition, entrants agree that neither the Arkansas State University, nor members of the judging panel, sponsors nor their designate organizations, assume any liability whatsoever for any disclosures of business plan information which may be made (whether inadvertently or otherwise) by any judge, reviewer, staff member, audience member or other individual connected with, participating in, viewing, hearing, or receiving information from the competition.

7. The business plan must be for a seed or start-up venture and must address the entire business concept. Proposals for the buy-out or expansion of an existing company, tax-shelter opportunities, real estate syndications, and other consulting projects or analyses are not eligible.
8. The business should not have generated sales revenues prior to the Competition. Revenue generated during a test-marketing project may be excluded from this provision.
9. The business or university may license technology from another company for manufacturing and/or distribution purposes. Revenue streams from the business or university should not be based solely on deriving revenues from the licensing of its own technologies.
10. The plans may not contain fabricated information about (but not limited to) the following: backgrounds, experience and educational level of members of the management team, stage of product development, product performance claims, or market survey results.
11. The Official Business Plan Submittal Form included in this packet must accompany all submissions.
12. Five (5) copies of the business plan along with an original Official Business Plan Submittal Form are to be received by the College of Business Dean's Office by 5:00 p.m. the day of the deadline. Plans will undergo an independent review after which the five finalist (undergraduate & graduate) teams will be chosen and notified. Finalists will be required to submit an additional five (5) copies of the business plan.

13. For finalist presentations each team will be given ten (10) minutes to present their business plan followed by a five (5) minute question-and-answer session between the presenting team and the panel of judges. After competing, each team will receive a five (5) minute feedback round from the semifinal and final judges. Judges will use that time to give advice, direction, and share experiences that relate to the business plan. Each presenting team will have five (5) minutes prior to its presentation for set-up/preparation and five (5) minutes after the presentation for equipment dismantling.
14. A team may not observe other presentations or question and answer sessions until after they have presented their own plan.
15. All oral presentations and question and answer sessions are open to the public at large. Further, it is likely that any or all of these public sessions will be broadcasted to interested persons through media, which may include radio, television and the Internet. Any data or information discussed or divulged in public sessions by entrants should be considered information that will likely enter the public realm, and entrants should not assume any right of confidentiality in any data or information discussed, divulged or presented in these sessions. Neither the Arkansas State University, judges, sponsors, nor their designate organizations, assume any duty to screen or otherwise control the identity of those attending, viewing or hearing all or part of these public sessions, and entrants agree that by entering the competition they have been made aware that such attendees, viewers and recipients may include members of the media and potential competitors in addition to members of the financial community, students and faculty.

How-To-Guide for Writing a 5 Page Business Plan

On the following pages there is an outline to writing a business plan. You will never know all the answers before starting to write a plan or start a business. You may need to do some research to help you answer some of the questions you have. Make some phone calls, do a survey, go visit the library or ask another entrepreneur.

Many templates for business plans exist, but the basics stay the same. This template should provide you with a good starting point. It is highly recommended that the entrepreneur, when writing the business plan, add their own twist to illustrate the uniqueness of their product/service.

The business plan will include the cover page and the business plan. The business plan is limited to 5 pages of typed text, with a 12 point font. The cover page is not counted in the total number of pages.

General layout of the plan should have five (5) sections:

1. Title page
2. Company overview
3. Product/service (discuss innovation here)
4. Marketing plan
5. Financials

Friday, October 17, 2008 Five (5) copies of the Business plans along with entry form due to the College of Business Dean's Office at 5:00pm

1. Title Page

Company Name & Logo

Business Plan

<Today's Date Here>

This document contains
confidential and proprietary information
that belongs exclusively to <Company Name>

Name 1, Name 2, Name 3, Name 4, Name 5

Contact Address, City, AR 12345

Contact e-mail address

Contact telephone number

2. Company Overview

Mission

Write what you want your company to do (i.e. the business' purpose for existence) here.

Company History

If your company has a history, describe it here.

Goals

Discuss where you want your company to be in the future. Goals are general directions that are not specific enough to be measured. Think of goals as the treasure at the top of a stairway, and the objectives as the stairs.

Objectives

Discuss where you want the company to be one month from now? Objectives are more measurable, meaning you can look back and say: 'Did I achieve this?'

Example: Our objective is to deliver **this** result by **this** date.

Management Team

Describe the background and past successes & achievements of each team member. Explain why this is the right team to make your Company work.

3. Product/Service

Product

Describe your company's product or service.

Features & Benefits

Describe the features and benefits of your product or service.

Competitive Advantage

Compared to your other competitors, why would a customer like your product/service better?

Innovation

Discuss how your product is innovative. Innovation is defined as "turning ideas into new products or services for a business." Examples of innovation include: Clorox's Toilet Wand, Apple's iPod, and 3M's Post-it Notes. Discuss how your product is innovative.

4. Marketing Plan

Target Market

Describe your typical customer. What is their age range? Are they male and/or female? Anything else you can say about your typical customer? How many of these customers do you think will buy your product?

Competitors

Who sells a similar product? Why do you think you can compete successfully against them? How is your product different from what your competitors have to offer (i.e. what is your competitive advantage)?

Price

How much does your product cost? How does this compare to what your competitors are charging? Talk about why your product/service is worth that price.

Place

Where and how can your product be purchased?

Promotion

How are you going to advertise your product? How are you going to sell your product?

5. Financials

Statement of Funds Needed

Example: The Management of Jane's Lemonade Stand invested \$20 to start the business. In order to better market the business, Jane's Lemonade Stand is requesting a loan of \$20.

Example:

Jane's Lemonade Stand

Income Statement for Month 1

REVENUE:

Total Sales	\$384
Net Sales	\$384

Cost of Goods Sold:

Supplies	\$15
Worker Pay	<u>\$288</u>
Total Cost of Goods Sold	\$303

Gross Profit (or Loss): \$81

EXPENSES:

Equipment	\$0
Rent	\$0
Marketing	\$20
Office Supplies	<u>\$5</u>
<u>Total Operating Expenses</u>	<u>\$25</u>

NET PROFIT (or LOSS): \$56

An explanation of the financials for Jane’s Lemonade Stand is outlined below. A blank template is also included so you can use this for your business.

Income Statement Example for Jane’s Lemonade Stand:

-Example – During Jane’s summer break, Jane decides to make money by operating a lemonade stand. In order to start her business, Jane has to buy the following items:

- 1 canister of *Country Time Lemonade* mix (Cost: \$5)
- 1 large 175-pack bag of tall Styrofoam cups (Cost: \$10)
- 1 sign and some markers used to make the sign (Cost:\$5)
- Marketing Materials (Cost:\$20)
- The water, ice, table, and chair come from the Jane’s parent’s home. Her parent’s already have these items so she does not have pay anything for these. (Cost: free)

Assumes the Jane works 3 hours a day, 4 days a week. Every day, she sells an average of 12 cups of lemonade. She charges every customer \$2 for one cup.

What is Jane’s Net Income (or Loss)*?

*Note: This does not include the loan repayment.

Try to figure it out using the Income Statement Template below. The steps taken to calculate Jane’s Net Income (or Loss) are shown.

Step 1: Fill-in-the-blank for each of the following:

- | | |
|--|-----------|
| Sale price of each unit | (1) _____ |
| # of <u>units</u> you can sell every day | (2) _____ |
| # of <u>hours</u> your work every day | (3) _____ |
| # of <u>days</u> you work per week | (4) _____ |

Costs for the following:

Supplies used to make the Product/Service	(5) \$ _____
Other stuff used to directly make Product	(6) \$ _____
Equipment	(7) \$ _____
Rent	(8) \$ _____
Marketing	(9) \$ _____
Office Supplies	(10) \$ _____
Other Stuff: _____	(11) \$ _____
Money your team is investing	(12) \$ _____

Step 2: Calculate Start-Up Costs for Jane's Lemonade Stand. This is the section where you list everything (including cost) that you will need to start your business (aka: your start-up costs).

Supplies used to make the Product/Service	\$ _____ + ← insert (5)
Other stuff used to directly make Product/Service	\$ _____ + ← insert (6)
Equipment	\$ _____ + ← insert (7)
Rent	\$ _____ + ← insert (8)
Marketing	\$ _____ + ← insert (9)
Office Supplies:	\$ _____ + ← insert (10)
Other stuff: _____	\$ _____ = ← insert (11)
Total Amount You Need to Start the Business (13)	\$ _____

Step 3: Calculate how much money you need to borrow, or ask for.

Total Amount you need to Start the Business	\$ _____ - ← insert (13)
Money your team is investing	\$ _____ = ← insert (12)
Amount You Need to Borrow/Ask for	(14) \$ _____

Total Needed (13) – Invested (12) = Amount You Need to Borrow/Ask for (14)

Step 4: Determine what time period your income statement covers. For this competition., let's assume that the time period covered is 1 month.

Step 5: calculate (a) how many units (or items) of the product/service do you sell per month AND (b) your sales, or how much money you make every month.

UNITS SOLD EVERY MONTH

of units you can sell every day _____ * ← insert (2)

of days you work every week _____ * ← insert (4)

of weeks in a month * 4 wks =

Total Units sold every month (15) _____

$$(2) * (4) * 4 \text{ wks} = \text{Total Units sold every month (15)}$$

SALES

Total Units sold every month _____ * ← insert (15)

Sale price of each Unit \$ _____ = ← insert (1)

Total Sales (16) \$ _____

$$(15) * (1) = \text{Total Sales (16)}$$

If you only sell 1 product, then this is the Total Sales for your company.

For more than 2 products

If you have 2 or more products, use the above formula to calculate the Total Sales for each product and then add them all together.

Total Sales (for ALL Products) =

$$\text{Total Sales (product 1) + Total Sales (product 2) +}$$

Step 6: Calculate how much it costs to pay for 1 person to work, or worker pay.

of hours you work every day _____ * ← insert (3)

of days you work every week _____ * ← insert (4)

of weeks per month x 4 wks *

Worker pay per hour X \$ 6 *

Total # o workers X 1 =

Total worker pay per month (17) _____

$$(3) * (4) * 4 \text{ wks} * \$6 = \text{Total Worker pay per month (17)}$$

Step 7: Calculate the direct Cost of Goods Sold, or the cost for you to produce ALL of your products/services.

Supplies used to make the Product/Service	\$ _____ + ← insert (5)
Total Worker Pay per month	\$ _____ + ← insert (17)
Other stuff used to directly make P/S	\$ _____ = ← insert (6)
Total Cost of Goods Sold	(18) \$ _____

(Add all the costs above)

Step 8: Calculate your Gross Profit (or Loss).

Total Sales (for ALL Products)	\$ _____ - ← insert (16)
Total Cost Goods Sold	\$ _____ = ← insert (18)
Gross Profit (or Loss)	(19) \$ _____
(16) – (18) = Gross Profit (or Loss)	(19)

Step 9: Calculate your Operating Expenses.

Equipment	\$ _____ + ← insert (7)
Rent	\$ _____ + ← insert (8)
Marketing	\$ _____ + ← insert (9)
Office Supplies	\$ _____ + ← insert (10)
Other Stuff: _____	\$ _____ = ← insert (11)
Total Operating Expenses	(20) \$ _____

(Add all the Operating Expenses above)

Step 10: Calculate your Net Profit (or Loss).

Gross Profit (or Loss)	\$ _____ - ← insert (19)
Total Operating Expenses	\$ _____ = ← insert (20)
Net Profit (or Loss)	(21) \$ _____

(19) – (20) = (21)

Step 11: Plug the numbers into the Income Statement Template below.

REVENUE:

Total Sales (for Product 1)	\$ _____	← insert (16)
Total Sales (for Product 2)	\$ _____	← insert (If any)
Total Sales (for ALL Products)	\$ _____	(add all up sales)
Cost of Goods Sold:		
Supplies (Direct)	\$ _____	← insert (5)
Worker Pay	\$ _____	← insert (17)
Other stuff	\$ _____	← insert (6)
Total Cost of Goods Sold	\$ _____	← insert (18)
Gross Profit (or Loss):	\$ _____	← insert (19)

EXPENSES:

Equipment	\$ _____	← insert (7)
Rent	\$ _____	← insert (8)
Marketing	\$ _____	← insert (9)
Office Supplies	\$ _____	← insert (10)
Other Stuff: _____	\$ _____	← insert (11)
Total Operating Expenses	\$ _____	← insert (20)

NET PROFIT (or LOSS): \$ _____ ← insert (21)

-The Answers-

Answer to Question: What is Jane's *Net Income (or Loss)*?

- If she hires someone to work at the lemonade stand, Jane will only make a net income of \$56.
- If she works there by herself, she will make a net income of \$56 and be paid \$288 for her labor.

How to Get the Answers:

Step 1: Fill-in-the-blank for each of the following:

Sale price of each unit	(1) <u> 2 </u>
# of <u>units</u> you can sell every day	(2) <u> 12 </u>
# of <u>hours</u> your work every day	(3) <u> 3 </u>
# of <u>days</u> you work per week	(4) <u> 4 </u>

Costs for the following:

Supplies used to make the Product/Service	(5) \$ <u> 15 </u>
Other stuff used to directly make Product	(6) \$ <u> 0 </u>
Equipment	(7) \$ <u> 0 </u>
Rent	(8) \$ <u> 0 </u>
Marketing	(9) \$ <u> 20 </u>
Office Supplies	(10) \$ <u> 5 </u>
Other Stuff: _____	(11) \$ <u> 0 </u>
Money your team is investing	(12) \$ <u> 20 </u>

Step 2: Calculate Start-Up Costs for Jane's Lemonade Stand. This is the section where you list everything (including cost) that you will need to start your business (aka: your start-up costs).

Supplies used to make the Product/Service	\$ <u>15</u> + ← insert (5)
Other stuff used to directly make Product/Service	\$ <u>0</u> + ← insert (6)
Equipment	\$ <u>0</u> + ← insert (7)
Rent	\$ <u>0</u> + ← insert (8)
Marketing	\$ <u>20</u> + ← insert (9)
Office Supplies:	\$ <u>5</u> + ← insert (10)
Other stuff: _____	\$ <u>0</u> = ← insert (11)
Total Amount You Need to Start the Business (13)	\$ <u>40</u>

Step 3: Calculate how much money you need to borrow, or ask for.

Total Amount you need to Start the Business	\$ <u>40</u> - ← insert (13)
Money your team is investing	\$ <u>20</u> = ← insert (12)
Amount You Need to Borrow/Ask for	(14) \$ <u>20</u>

Total Needed (13) – Invested (12) = Amount You Need to Borrow/Ask for (14)

Step 4: Determine what time period your income statement covers. For Y.E.S., let's assume that the time period covered is 1 month.

Step 5: calculate (a) how many units (or items) of the product/service do you sell per month AND (b) your sales, or how much money you make every month.

UNITS SOLD EVERY MONTH

of units you can sell every day 12 * ← insert (2)

of days you work every week 4 * ← insert (4)

of weeks in a month * 4 wks =

Total Units sold every month (15) 192

$$(2) * (4) * 4 \text{ wks} = \text{Total Units sold every month (15)}$$

SALES

Total Units sold every month 192 * ← insert (15)

Sale price of each Unit \$ 2 = ← insert (1)

Total Sales (16) \$ 384

$$(15) * (1) = \text{Total Sales (16)}$$

If you only sell 1 product, then this is the Total Sales for your company.

For more than 2 products

If you have 2 or more products, use the above formula to calculate the Total Sales for each product and then add them all together.

Total Sales (for ALL Products) =

$$\text{Total Sales (product 1) + Total Sales (product 2) +}$$

Step 6: Calculate how much it costs to pay for 1 person to work, or worker pay.

of hours you work every day 3 * ← insert (3)

of days you work every week 4 * ← insert (4)

of weeks per month x 4 wks *

Worker pay per hour X \$ 6 *

Total # o workers X 1 =

Total worker pay per month (17) 288

$$(3) * (4) * 4 \text{ wks} * \$6 = \text{Total Worker pay per month (17)}$$

Step 7: Calculate the direct Cost of Goods Sold, or the cost for you to produce ALL of your products/services.

Supplies used to make the Product/Service	\$ <u>15</u> + ← insert (5)
Total Worker Pay per month	\$ <u>288</u> + ← insert (17)
Other stuff used to directly make P/S	\$ <u>0</u> = ← insert (6)
Total Cost of Goods Sold (18)	\$ <u>303</u>

(Add all the costs above)

Step 8: Calculate your Gross Profit (or Loss).

Total Sales (for ALL Products)	\$ <u>384</u> - ← insert (16)
Total Cost Goods Sold	\$ <u>303</u> = ← insert (18)
Gross Profit (or Loss) (19)	\$ <u>81</u>
(16) – (18) = Gross Profit (or Loss) (19)	

Step 9: Calculate your Operating Expenses.

Equipment	\$ <u>0</u> + ← insert (7)
Rent	\$ <u>0</u> + ← insert (8)
Marketing	\$ <u>20</u> + ← insert (9)
Office Supplies	\$ <u>5</u> + ← insert (10)
Other Stuff: _____	\$ <u>0</u> = ← insert (11)
Total Operating Expenses (20)	\$ <u>25</u>

(Add all the Operating Expenses above)

Step 10: Calculate your Net Profit (or Loss).

Gross Profit (or Loss)		\$ <u>81</u> - ← insert (19)
Total Operating Expenses		\$ <u>25</u> = ← insert (20)
Net Profit (or Loss)	(21)	\$ <u>56</u>

(19) – (20) = (21)

Step 11: Plug the numbers into the Income Statement Template below.

REVENUE:

Total Sales (for Product 1)		\$ <u>384</u> ← insert (16)
Total Sales (for Product 2)		\$ <u>0</u> ← insert (If any)
Total Sales (for ALL Products)		\$ <u>384</u> (add all up sales)
Cost of Goods Sold:		
Supplies (Direct)		\$ <u>15</u> ← insert (5)
Worker Pay		\$ <u>288</u> ← insert (17)
Other stuff		\$ <u>0</u> ← insert (6)
Total Cost of Goods Sold		\$ <u>303</u> ← insert (18)
Gross Profit (or Loss):		\$ <u>81</u> ← insert (19)

EXPENSES:

Equipment		\$ <u>0</u> ← insert (7)
Rent		\$ <u>0</u> ← insert (8)
Marketing		\$ <u>20</u> ← insert (9)
Office Supplies		\$ <u>5</u> ← insert (10)
Other Stuff: _____		\$ <u>0</u> ← insert (11)
Total Operating Expenses		\$ <u>25</u> ← insert (20)

NET PROFIT (or LOSS): \$ **56** ← insert (21)