



GUIDELINES

ON

‘HOW TO RUN A STUDENT MINI-COMPANY’



**DEVELOPING YOUNG ENTREPRENEURS BY RUNNING A
MINI-COMPANY ON A EUROPEAN LEARNING LEVEL**

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What is a Student Company?

A Student Company is a didactic and pedagogical instrument, with which school students can set up businesses under the legal umbrella of the school and offer products and services following the example of real companies. A Student Company operates like a real business. Student Company as all the good things may have many different names.

You may call it Student company, Student enterprise, Youth enterprise, Junior company.

Differences between a company and Student Company are that ...

- ✓ Only students can work and teachers act as business consultants.
- ✓ The students develop and implement a business idea independently.
- ✓ Students plan the implementation independently, produce the products or offer the services and sell them.
- ✓ Students generate profit (or even losses!) with their Student Company.

The Student Company is, however, not a real company because

- ✓ it is a school project with a pedagogical objective. The school provides an area of legal protection area for the project. It is, therefore, necessary that the Student Company is recognized and supported by the school leadership; and
- ✓ it is not registered as an official trading company, like a “real” business, either in a commercial register or with other authorities, such as with tax agencies, even if the Student Company pays tax for didactic purposes. In this case, a Parent Teacher Association can play the role of the tax agency.

The teacher's role

- ✓ The teacher acts primarily as a business consultant or Managing Director.
- ✓ The teacher intervenes in the work processes of the students if they require or request subject or organizational support. The teacher gives the students the largest possible room to act so those are able to do so independently.

Students profit from the work of a Student Company in the following areas:

Knowledge of Economics

Students learn ...

- ✓ to apply theoretical knowledge in practice
- ✓ how businesses are set up and how they function
- ✓ how business ideas are conceived and tested for their sustainability
- ✓ how business plans are drawn up and why it is important to develop them
- ✓ how business ideas are implemented
- ✓ how starting capital can be acquired
- ✓ on what business success depends
- ✓ what external and internal business processes exist; how business contacts are made and kept

Competencies

The students learn to ...

- ✓ complete tasks independently
- ✓ work in a team (strengthen skills, such as communication skills and conflict resolution, etc.)
- ✓ assume responsibility
- ✓ organize work processes
- ✓ pursue aims
- ✓ make decisions
- ✓ acquire knowledge independently

Careers Guidance

Students learn ...

- ✓ which strengths and weaknesses they have
- ✓ to have a go in different roles and professional fields
- ✓ to define which jobs correspond better to their own preferences

Motives of setting up a company

Push factors = Setting up a business out of hardship

- ✓ Unemployment (existing or impending)
- ✓ Problems or dissatisfaction at place of work
- ✓ Financial difficulties
- ✓ Ethnic minorities find no employment
- ✓ Work life balance

Pull factors = Voluntary setting up

- ✓ Self-realization
- ✓ Wish for higher income
- ✓ Independence
- ✓ Implementing our ideas
- ✓ Recognition of a gap in the market
- ✓ More flexible management of time
- ✓ Gain in prestige

Important:

The motivations behind setting up a company are a complex web comprised of different motives. It is, therefore, not improbable those both pull and push factors play a role in setting up a company.



What are the qualities of successful entrepreneurs?

Quality	Important, for example:
Passion	<ul style="list-style-type: none"> ✓ To get through difficult stages. ✓ To present yourself convincingly towards customers and employers as well as investors and the public. ✓ To cope with high levels of work and challenge.
Creativity	<ul style="list-style-type: none"> ✓ To find innovative solutions for old problems. ✓ To be a cut above the competition.
Courage and openness to take risks	<ul style="list-style-type: none"> ✓ To try out things that is new and creative. ✓ To venture on to new paths. ✓ To take decisions.
Suitable to lead	<ul style="list-style-type: none"> ✓ To motivate employees. ✓ To fascinate employees with an idea. ✓ To create a good working atmosphere.
Perseverance and persistence	<ul style="list-style-type: none"> ✓ To overcome obstacles. ✓ To get through difficult phases, particularly at the start. ✓ To pursue stated goals.
Organizational talent	<ul style="list-style-type: none"> ✓ To keep an overview. ✓ To always stay focused on the most essential.
Expertise	<ul style="list-style-type: none"> ✓ To be able to use detailed knowledge (about the product, the competition and the market). ✓ To negotiate with customers and suppliers to exist on the market.
Training, curiosity, willingness to learn and an ability to take a broader view	<ul style="list-style-type: none"> ✓ To be one step ahead of the competition. ✓ To get to know the latest trends and developments. ✓ To establish networks. ✓ To be able to exchange and interact with experts.
Knowing your own limits	<ul style="list-style-type: none"> ✓ To be able to delegate tasks. ✓ To call in experts, especially when there is a need. ✓ To save time, using and optimizing own skills efficiently.

Social skills	<ul style="list-style-type: none"> ✓ To broaden networks and business contacts, constantly maintaining them. ✓ To motivate employees. ✓ To create a good business and working atmosphere.
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Qualities of entrepreneurs

My strengths and weaknesses

Think about your abilities, strengths and weaknesses and write up which ones you could use to support the Student Company.

Work in the Student Company allows you to apply, in practice, your key strengths or make use of certain abilities. But you can also use your contribution to the Student Company by working on your weaknesses or work in areas that you completely new to you.

My strengths are ...	My weaknesses are ...
<p>I can really support our Student Company with this strength/these strengths:</p>	

What personal goals would you like to set yourself in your Student Company?

I would like to work on the following:	I would like to have a go at the following areas:
<p>a)</p> <p>b)</p> <p>c)</p>	<p>a)</p> <p>b)</p> <p>c)</p>

Developing a business idea for the Student Company

There are two approaches in which a sustainable business idea can be developed:

- ✓ The market is analyzed, identifying a gap in the market and/or a demand for a product or a service and offering a solution (pull strategy).
- ✓ An idea exists for a service or product, checking to see whether there is a demand or whether one can be created (push strategy).

The teacher can stimulate the discussion with the students using questions as:

- ✓ What can you do particularly well?
- ✓ What does our school lack?
- ✓ Who could be your customers? What needs do they have?
- ✓ What could awaken interest in your product or service?
- ✓ Are there companies already competing with you on your market?
- ✓ What is your advantage over the competition and why doesn't the competition use what you perceive to be an advantage?
- ✓ Can your idea be implemented in the context of the work of a Student Company?

Hints and tips:

- ✓ If the student is not sure which product they would like to offer or which business idea they would like to implement, it is recommended to conduct a short survey. The students could list, for instance, five to ten products or present their business idea briefly and ask their target group/potential customer about their preferences.
- ✓ The portfolio of a Student Company can be adapted to the needs of the customer, just like in a real business, after it is set up!

Areas / fields of business ideas of School Companies

- ✓ the area of handicrafts
- ✓ the area of computing
- ✓ the area of technology
- ✓ the field of services
- ✓ the field of entertainment and events
- ✓ the field of education



Services or products?

Companies can either offer **services** or **products**.

These **services** are offered by the following companies:

Example: Travel Agency E-tour

Service/s: Travel planning

These **products** are manufactured by the following companies:

Example: Volkswagen

Product/s: Cars

Complete the table with companies you know from your region.

For each company, name either the service or the product that it produces.

Example: Service/s:.....

Example: Service/s:.....

Example: Product/s:.....

Example: Product/s:.....

Factors of success for companies

External factors influencing business (with business understood as part of a system)

For example:

- ✓ Price advantage
- ✓ Offer (up to now, perhaps no offer; fills a gap in an existing offer, awakens demand, popular brand/status)
- ✓ Demand (identify demand and/or create a demand)
- ✓ Advantages vs. the competition (more attractive prices, added value with the same product, e.g. shampoo with hair care, etc.)
- ✓ Customer knowledge (for selecting the marketing strategy, product optimization, etc.)
- ✓ Favourable / unfavourable conditions

Internal factors influencing business (business understood as a system)

- ✓ Good organization of work and strategy (marketing, organization, team, etc.)

Our business idea

Finding a sustainable business idea is only the first step. Investors want to be convinced of the business idea and demand a financial plan. Potential customers must be won over.

You could, for instance, produce something that the world has been waiting for. Or come up with a clever service where you will have many future customers.

Student Companies can be real or virtual:

- ✓ Manufacture products, e.g. jewelers, bags, shelves
- ✓ Offer service, e.g. advertising materials
- ✓ Trade with products, e.g. in a school kiosk

Student Companies can also attract very different kinds of customers:

- ✓ Students from your school
- ✓ Parents and other employees at school (teachers and school leadership, etc.)
- ✓ Companies and people outside of school

What is your business idea? Explain it briefly and concisely. Your business idea forms the basis for all your considerations in the coming weeks. Think about how you could present the core of your business idea to the outside world in three sentences!

Our business idea:

.....

.....

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Strengths and weaknesses of our business idea: the SWOT analysis

The task is to put your business idea to the test whether it is viable. To do so, you need to expand further on the idea and examine the conditions. You are bringing a business idea to a market that already exists, i.e. you must check who your customers (demand) and competitors (existing offer on the market) are; and what are the prevailing prices on the market where you would like to sell.

You also need to assess the strengths and weaknesses of your idea; and how you can manage and exploit them. Only the person who knows the strengths and weaknesses of the business idea can develop strategies and keep an eye on the risks before it is too late!

A SWOT analysis is excellent for these purposes.

SWOT, stands for:

Strength, **W**eaknesses, **O**pportunities and **T**hreats

1. Form two groups and take ten minutes to work out the strengths and weaknesses of your business idea.

a) A group identifies the weaknesses of your idea and of your team, formulating which threats need to be considered when implementing your business idea.

b) The second group works out your strengths: What trump cards do you have? Do you have any competition? What can you do better than the competition? What advantages do you have compared with the competition? And how can you generate interest among customers for your offer? What opportunities can you use for your business model?

These are our weaknesses:

These are our risks:

These are our strengths:

These are our opportunities:

2. Present the results of your work to the other group: **Write keywords on the board which summarize your considerations and justify them.**

Can the words on the board be expanded by both groups?.....

3. Look at the results of your group work from a different perspective: Which weaknesses can be regarded as a chance and which as a risk?

Consider:

a) Which weaknesses can you turn into strengths (e.g. up to now, no experience in accounting: Who can help you or who can support you at the outset)?

b) Which weaknesses remains a risk for your Student Company?

c) Which strengths can you use to defend against any dangers (e.g. can you counteract reducing demand for your product with targeted marketing or inquire about local demand through surveys)?

d) Which defense strategies can you develop so that weaknesses do not end up being threats?

Creating a business plan

You have developed a business idea and now the next steps will involve dealing with the implementation of your business idea:

- ✓ By naming your Student Company and making a logo;
- ✓ By finances and pricing of your products and the costs that are incurred through your actions, etc.);
- ✓ By the market where you must convince future customers to buy your product, and with advertising strategies;
- ✓ By work processes, which must be determined and organized within the Student Company; and
- ✓ By the team and skills of the team members as they fulfil tasks as well as functions that need to be occupied in your Student Company.

What is a business plan?

The business plan is a detailed written summary of your planned future business activity. Everybody and everything related to developing, producing and marketing the products as well as organization, financing of related activities, strategies and goals are contained in the business plan. There is no consistent template for a business plan.

It should, however, contain the following themes:

Structure		Explanation
1.	Short summary of the business idea	Summary of no more than a half a page of A4
2.	Detailed presentation of the business idea	What makes the business idea unique? Is it the price, quality, additional uses, service, etc.?
3.	Description of the product / service	What are we offering?
4.	Description of the customers	Who are our customers? The more detailed the description is, the better!
5.	Market and competition	Is there competition? How do we rise above the competition?
6.	Marketing and sales	Which sales channels will we pursue? And what sort of marketing will we use?
7.	Organization of the Student Company	Working processes
8.	Employees and their function	Make up of the team, skills of the team members, tasks, organizational chart
9.	Opportunities and risks, outlook	How are opportunities used and how are risks encountered?
10.	Financial planning	Expenditure, costs, prices, starting capital ...

The business plan should ...

- ✓ Be clearly written!
- ✓ Be visually appealing!
- ✓ Deliver the most important information about the idea and its implementation!
- Be objective!
- Be understandable for the reader;

Name and logo of the Student Company

Students' real focus is developing a name and a logo for their own Student Company.

The working phase will be introduced by discussing the importance of names and logos for customers, the company and the marketing strategy.

What do we call our Student Company?

In selecting the name of your Student Company, it is important to select a name that indicates that your Student Company is not a "real" company. You must also make sure that you do not select a company name that already exists.

In choosing a name, you can follow these **hints and tips**: The name should ...

- ✓ Be short, simple and easy to remember.
 - ✓ Be hard hitting and unique.
 - ✓ Connection to your business idea.
 - ✓ Be original and attract attention to your Student Company.
 - ✓ Not be misleading and promise something that it is not.
 - ✓ Not be confused with the name of another company.
1. Searching for the name of a Student Company can start by looking for nice-sounding key words related to your business area, creating synonyms as well as connecting and combining both together.

Tip: Think about acronyms and abbreviations, experiment with associations!

Write down keywords, synonyms or names that occur to you immediately if you think about your product, your activity or your target group:

.....

2. **Write down** your suggestions on the board and try to come up with a name for them.....
3. Have you agreed on a name?

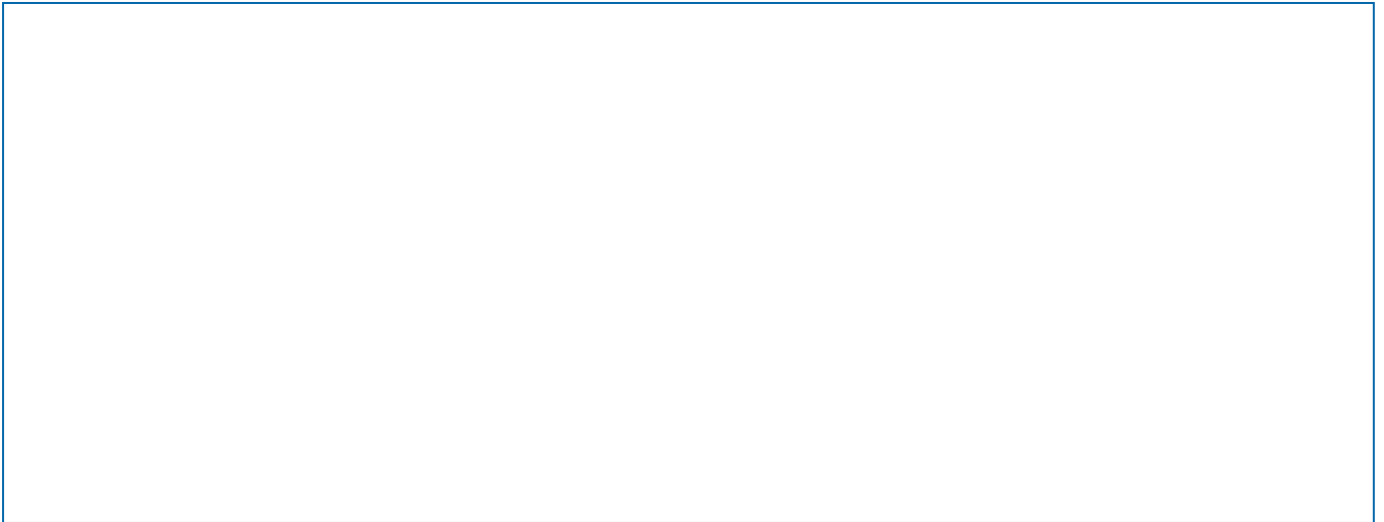
Write it down:

4. Now, we need to check whether this company name already exists. You should conduct thorough internet, domain and trademark research. Typing the name in a search engine can deliver the first initial results.

5. **Try and come up with an idea for a logo on your own. Draw it in the box below.**

Remember to:

- ✓ Follow the rule: “Keep It Short (and) Simple!”
- ✓ A logo is a sign for your company and NOT AN ILLUSTRATION.
- ✓ The most popular logos comprise of little colour and have few details.



6. Present the pictures to the other students.
7. Do you like any of the logos that have been suggested? Or can the ideas presented be incorporated and developed into a joint logo?
8. The company logo should be created as an image file, so that you can use it on all correspondence, on posters and on advertising, but is also used primarily to label your products. Is there somebody in your team who can work with a graphics software programme that he/she could take on the responsibility of the digital version?

Hints and tips:

- ✓ Think about the resolution of the image when creating the digital logo so that you can use the logo in small form (e.g. on a letter header) and large (e.g. on posters).
- ✓ Make sure that your logo remains readable when minimized to a smaller form (of your products, letters)!
- ✓ The logo of your Student Company must not be confused with logos of other companies!

What costs arise in production?

Student Companies will probably not incur some costs, such as rent or travel costs, meaning that you will be able to produce cheaper than a real company. Thus, a Student Company can slightly undercut the prices of a “real” company. It is, however, very important for you to know exactly which costs are going to be incurred so that they can be considered when determining the prices for your offer.

You should firstly differentiate between fixed and variable costs.

Fixed costs arise irrespective of the amount produced. These include monthly rent payments or advertising costs.

Variable costs are bound to the amount produced. This includes the material with which, for example, your product is constructed.

Fixed costs: a checklist

✓ Personnel costs

Do you need personnel? Will they be paid? How much?

✓ Rent/Tenancy

What sort of office and/or production space do you need for your business activity?

Research the rental costs for your cost calculation!

✓ Heating/electricity/water/gas

What energy and consumption costs arise in using the office and production space?

✓ Advertising

How much would you like to invest in advertising your product or service when it is launched on the market and in the first year of your business activity?

✓ Insurance

Are you planning to include paying insurance contributions in your calculation to cover against your largest risks, e.g. fire, burglary or theft?

✓ Transporting costs

What costs arise when using company transportation or a hired vehicle? You can also include costs which would arise when transporting your products here, too.

✓ Office material/telephone/fax/internet

Think about the office costs and consumables such as paper, pens, folders, etc.

✓ Accounting/tax advisor



Variable costs

Variable costs concern costs which arise in conjunction with manufacturing of your product or preparing your service. The variable costs can vary from month to month as they are dependent on the amount produced.

Write down the variable costs in which arise in manufacturing the product or preparing your service. **Hint:** To help you complete this table, you can look at a model calculation of a fictitious Student Company beforehand, which you can find on the next page.

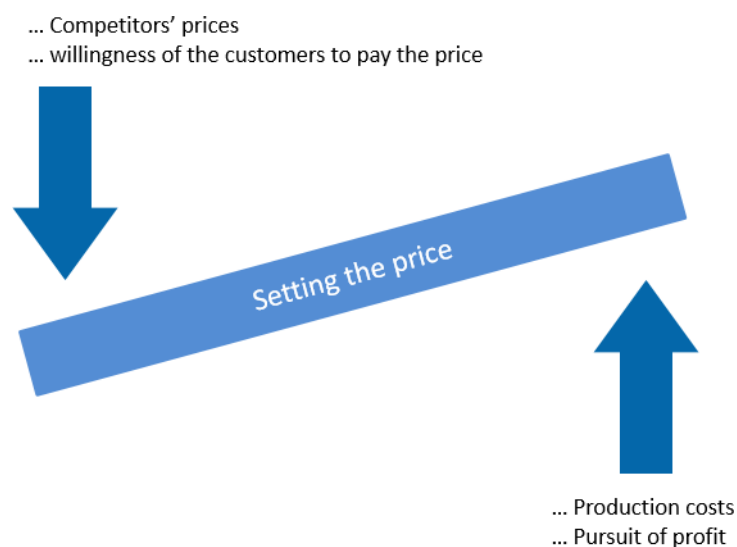
Variable costs (for each item to be produced)			
Amount	Description	Unit price	Total price
Variable costs total (euros)			

A Student Company producing wooden tables
The fixed and variable would look like this:

Fixed costs (per month)			
Amount	Description	Unit price	Total price
1	Rent for use of the school workshops	200.00	200.00
1	Electricity	10.00	10.00
1	Advertising	240.00	240.00
150	Advertising leaflets	3.50	525.00
6	Printer cartridges	27.00	162.00
2	Printer paper	2.45	4.90
1	Internet connection and telephone	4.00	4.00
Fixed costs total (euros)			1,145.90
Variable costs (per piece produced)			
Amount	Description	Unit price	Total price
4	Square timber, 8 cm x 8 cm thick and 75 cm high as table legs	6.99	27.96
4	Round bars with 3 cm-diameter, 57 cm long	20.22	80.88
4	Round bars with 3 cm-diameter, 82 cm long	21.22	84.88
1	35 mm-thick table top, 100 cm x 75 cm large	11.85	11.85
8	Wooden dowels	0.22	1.76
1	Wood glue	11.29	11.29
1	Sanding paper	4.99	4.99
1	Wood oil	23.50	23.50
Variable costs total (euros)			247.11

Setting prices

- ✓ You want to sell your product or service on the market. Your product, then, needs a price. So, you need to consider the following when setting your price:
- ✓ What costs are going to arise?
- ✓ How much profit do you want to get?
- ✓ What price can you demand from your customers?
- ✓ What is the price of your competitors' products?⁷
- ✓ Two key factors influence the setting of prices: on the one hand, the costs you need to cover to create an order; on the other hand, the prices of your competitors who offer the same or similar products as well as the customers who must be willing to pay the prices for your products



To set the price of your products, you could go about it in the following way:

- ✓ The first step involves you setting the lower price limit based on the calculated costs.
- ✓ The second step involved you conducting a market analysis to find out at which prices the competitors sell the same or similar product.

This way, you give yourself an initial overview which can form the basis of a realistic setting of prices for your products.

Step 1: Setting the price based on calculated costs

The price must be calculated in such a way that at least the manufacturing costs of your product are covered. To guarantee that these covers are covered, the lower price limit must be determined. This can be calculated by dividing the overall costs during the time of production with the amount produced.

Entire costs during period of production

$$\frac{\text{Entire costs during period of production}}{\text{Produced pieces}} = \text{Costs per piece (lower price limit)}$$

Example for calculating the lower price limit in a (fictitious) Student Company

The lower limit of price for the offer of the Student Company is 361.70 euros per table. We have assumed that we will produce ten tables per month.

$$\frac{10 \times 247.11 \text{ €} + 1,145.90 \text{ €}}{10} = 361.70 \text{ euros}$$

Exercise:

Have you already considered the purchasing price of all products or goods required to implement your business idea (fixed and variable costs)?

Think about how many products you would like to produce in one month.

Using the formula presented above, you can find out the unit price of your products.

Please make a note of it in the space provided below.

Hint and tip: You can also look at the model calculation of the fictitious Student Company.

Lower price limit of our product or service

Step 2: Setting price on average market price: a market survey

Setting prices is not so easy. On the one hand, the price must be calculated in such a way that the costs are covered. That is why your first calculation involved you calculating the lower price limit. But on the other hand, you would like to make a profit. And yet, the price cannot be set too high for the customers.

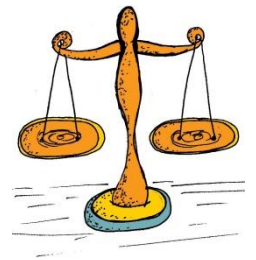
Therefore, it is sensible, in the second step, to find out the prices of the same or similar

The financial plan and starting capital

To set up your Student Company, you need starting capital. Together with the business idea, the financial plan is a vital part of the wider concept in setting up a business. **A financial plan serves** to manage financial operations as well as guaranteeing the solvency, i.e. the ability for a company to pay its way.

Consequently, you must distinguish between two areas:

1. The capital requirement planning consists of:
 - ✓ purchasing fixed assets (computers, furniture, etc.),
 - ✓ purchasing a minimum of raw materials, supporting materials and working materials necessary for a smooth running of production.
2. The liquidity planning consists of planning incoming and outgoing payments.
3. The following points are important:
 - ✓ the incoming payment of the investors,
 - ✓ the outgoing payments for expenditure,
 - ✓ outgoing payments for costs (wage costs, consumables, energy costs),
 - ✓ outgoing payments (particularly loan repayments) to the investors.



An important characteristic of the financial plan is the periodic analysis, i.e. at fixed intervals. Try and get as close to an exact and realistic overview as possible: when do you expect to pay what? On the other hand: what revenues can you expect at what time? Then you will find out what the liquidity requirements and surpluses are in one month. The greater the details of you're planning, the fewer unpleasant surprises you will encounter: For a company to survive, it is not just efficient to make high profits in the foreseeable future.

The supreme rule of survival is: a company has to be able to meet its financial obligations all the time!

The financial plan is, therefore, very important, both for the company founder as well as for the investors. The first audit is conducted to see whether the business idea is profitable, if so, then when.

Incoming payments/ Outgoings	Period			
	September	October	...	Total
Incoming payments				
Revenue				
Product I				
Product II				
Product ...				
Investors' cash deposits				
Loan provision				
Outgoings				
Expenditure				
Property				
Fixed expenditure				
Costs				
▪ Wage costs				
▪ Material costs				
▪ Energy costs				
▪ Interest (on loan)				
▪ ...				
Loan repayment				
Profit/loss				
Σ Revenue./ Σ Costs				
Liquidity surplus/ Liquidity gap				
Σ Incoming payments./ Σ Outgoing payments				

Starting capital

Alongside costs, the profitability of a company depends substantially on revenue. In creating your financial plan, you cannot calculate exactly to every single cent. But analysing your sales market and surveying customers can give initial useful information on potential sales potential which you can likely expect.

Creating your financial plan gives you clarity in which months or at the start of which months a surplus in liquidity is necessary, e.g. in terms of loans or cash payments of the owners.

Calculate the capital requirements of your company. The calculated capital must be enough for expenditure and to be able to cover costs until the first sales revenue is generated or is credited to the company's bank account.

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After creating the financial plan, the task is then to acquire the necessary starting capital. A difference is made between **equity capital** and **borrowed capital**.

Equity is paid into the company by the owners of the company; the terms contribution or deposit are often used in this sense. The company permanently has access to this money and it does not have to be paid back. Investors providing equity could be:

- ✓ the company founder
- ✓ external individuals or institutions

Securing external investors as investors is the basic principle of stock companies. Shareholders can buy or sell stakes of equity (known as shares). For large-scale companies, this would occur on the stock market.

Borrowed capital is loaned to the company for a period and must be repaid with interest, i.e. paid back. The period could range from a couple of days (e.g. bank overdraft) to decades (often with property).

The general rule applies: Securing borrowed capital requires equity as collateral. Loans are only then granted by external lenders if the borrower can guarantee repayment through his/her own capital or collateral, e.g. private property. This is the reason why many business founders choose a partnership as the legal status for their company

Equity or borrowed capital?

At first sight, this question can be easily answered: Borrowed capital is necessary if your own equity is not enough to set up a company. This answer is not incorrect, but falls a little short.

Basically, shareholders have a greater influence on the company than lenders. The extent of involvement in the company increases as the size of the equity in the company increases. This is a large risk with stock companies as the shares can be easily bought and sold. This can lead to hostile takeovers where an unfavorable investor from the company management

buys up most the company shares and gains overall control.

On the other hand, the level of influence of external lenders is smaller. However, interest and repayments must also be paid back in economically difficult times. This means a company is more vulnerable to crises when it has a higher proportion of borrowed capital. Investors are clearly more willing to reduce their claims to interest on their own equity.

Nearly all companies are financed through equity or borrowed capital. According to the “golden” balance sheet rule, fixed assets should at least be financed through equity. A Student Company should be financed through equity, not least because of the legal problems in obtaining credit from a bank.

Acquiring starting capital

Have you considered where you can acquire the starting capital for your Student Company? Talk about the options detailed below for acquiring capital and discuss which solutions would be possible for you. Then complete with your suggestions. Consider and name all the necessary steps for implementation. Select a person who will be responsible for the implementation of your proposal. But you should consider the following questions:

a) How much of your own capital could you invest yourself?

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.....

b) Are there any companies nearby who could support you financially? Have you already considered offering a company in your region the role as a sponsor for your Student Company? Which companies might be eligible? Research and consider which companies would be most suitable for this purpose. Discuss with your teacher how you could establish contact with this company or these companies.

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c) Can your school or School Council offer financial support? Perhaps you can secure “credit” for a period?

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d) Can, for instance, donations be gathered (e.g. from your parents)?

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e) Perhaps you can start a campaign (e.g. a raffle) or launch a project (e.g. selling cake at Christmas festivities and/or Christmas decorations or Christmas cards) beforehand to generate the starting capital to set up your Student Company?

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f) Do you know of support programmes or contacts that would be able to support your project? Research the internet!

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g) Do you have any other ideas to acquire starting capital? Write them down and discuss them in your team!

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Starting capital of ...	What steps are we going to take? Name these concrete step	Who is responsible?	Deadline when to be done?

Acquiring starting capital for the Student Company

Our market and the customers -

Market and customer analysis

Market analysis

Precise understanding of the market where you will offer your product or service is vital for your business to succeed. It is only when you know your target group, your competition and the size of your market that you can offer your product or service in a manner that is targeted and oriented to the customers' needs, and advertises accordingly. Knowledge about your competitors also gives you information on how much money your customers are willing to pay for your product or service and what the customer is lacking in the existing offer from the competitors.

It is also important for your decision making to evaluate information on development perspectives of your market.

An internet search is ideal for the initial market analysis. The internet provides information quickly and easily. At the same time, though, the internet can lead to a lot of confusion. That is why it is important you are well prepared to carry out the internet search!

Hints and tips on an internet search

✓ Preparation

Before you start, you have to know exactly what you are searching for:

- ✓ On what topic are you searching information?
- ✓ Why do you need the results?
- ✓ Which sources of information are useful?

Regardless of the information that you will get at the end, you will sometimes need specialist texts, sometimes need newspaper articles and sometimes require statistics presented in graphs.

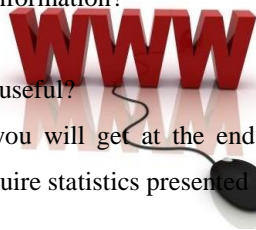
✓ Implementation

If you do not know the exact internet address, then search engines can help. They can search many millions of internet pages for certain terms and list the best hits.

✓ Evaluation

It is very important to evaluate critically the information that the internet has found:

- ✓ Where does the information come from and how can the source be judged?
- ✓ What sort of information is it (news item, statement by an institution, personal opinion, etc.)?
- ✓ What interests are represented by the information provider?



1. What other sources of information can you use for your market analysis?

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2. Collect the following information about ...

✓ Your competition

Are you the sole supplier? Who are your potential competitors on the market? How is the market distributed? How strong is customer loyalty among your competitors?

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✓ The size of the market

How big is your market? How do you judge the need for your product/your service? Are there regional limits? Do you want to offer your product/your service internationally?.....

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✓ Your target group

Who do you want to sell to? Who should be interested in your product/your service and for what reasons? Consider demographic information, such as age, occupation, gender, size of household, etc.

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✓ Market development

Is your market growing or is it saturated?

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3. What are the results of your market analysis? Describe your product's sales market:

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Our customers

Customer is king!

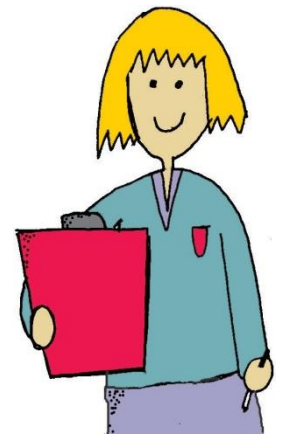
Customers decide whether your Student Company will be a success or not. Therefore, you must find out beforehand if your future potential customers like your business idea.

The better you know your customers, the easier it will be to adapt your product to their needs or discover new possibilities to extend or improve the products or services offered by your Student Company.

To develop marketing strategies for your Student Company, it is also important to know as much as possible about your customers, the target group of your activities. How you speak to your customers very much depends on their age, gender, interests and needs. Knowing your customers is the key to successful marketing of your products. It is not only important in selecting the means of advertising (leaflets, posters, radio, internet site, etc.), but also for the way you speak to your customers (visually, verbally, etc.).

That is why it is important to be able to answer the following questions:

- ✓ Who is a potential customer? (target group)
- ✓ How much is bought? (purchase quantity)
- ✓ Why do customers buy? (buying motives)
- ✓ Where do customers buy? (choice of places to shop)



At the same time, you need to be clear about the aims of the customer analysis. Please note that you should determine the demand, needs, requirements and wishes of the customers so that your customers are satisfied with what you offer and stay loyal.

Customers can also help you ...

- ✓ To recognize strengths and weaknesses from their perspective.
- ✓ To recognize weaknesses with the products and eliminate them before customers leave you and go elsewhere.
- ✓ To develop possibilities to improve the Student Company, e.g. so that the team works in a more customer-oriented way.
- ✓ To inform you of ways of motivating customers to buy your product.
- ✓ To detect trends which you could use for your business success.

Consider on your own and write down what you already know about your customers and what would be interesting to find out. If you Student Company have already started with its work, then consider conducting the customer survey in at least two groups: “Not yet customers” and “Already Customers”. If this should be the case, then you can ask different questions to the different groups. For example, “Not yet customers” can say more on how you could better reach your customers (with your advertising, your products), whilst “Already Customers” can give you more targeted information on the satisfaction of your products or provide you with suggestions for improvement. This is what we already know about our customers:

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This would be interesting to find out:

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But how can you really gain the information about or from your customers? There are different possibilities, e.g.:

Survey: You can survey your customers directly, be it online, by telephone or directly face-to-face (verbally) or using a questionnaire. You should be prepared in advance and come up with targeted questions!

Observations: You can observe your target group for a time and come to up with conclusions. For instance, does anyone notice our advertising? How many people notice it? Who (age, gender, status, etc.) is more or less likely to be notice our advertising? Which products are more frequently sold and which are not?

Competition: Watch your competitors and look exactly at who their customers, how they gain the customers’ attention and how they keep their customers. Prices, too, also provide information on how many your customers are likely to pay for a particular product!

Irrespective of the information that you acquire, you should be first clear about exactly what sort of information you are looking for. Therefore, it is sensible to create a catalogue of questions that structure your search and ensure that you work in a results-oriented way.

Come up with questions which will help you get to the information you need about your customers:.....

Consider how you are going to come together with your target group: Do you want to develop a typical questionnaire or talk to your target group directly? Or do you have other suggestions? First, discuss what you are going to decide on and write it down. Agree between each other what the survey is going to look like and at what point you need to gain the necessary information. We shall get the information by

Name the individual steps and write down how you will collect the information and by when this should be completed.

We will have the information needed from/about the customers by:

What are the results of the survey? Write down the most important information!

Try to characterize your customers briefly and concisely. Describe them as objectively as possible! Example: Our customer is a student from a secondary school, 12 years old, male/female and has around 10 euros per month, cycles to school.

How do you want to use the results of your survey? Discuss this in your team and write up the suggestions!

Remember that customer preferences will change over time and that it is worth surveying customers constantly or in regular intervals!

Marketing:

Presenting us to the outside world

Presenting us to the outside world

If you set up a company and would like to sell products or services, then you must make them known. After all: other people also need to know that they exist and what it is exactly that is being offered.

How do companies and businesses attract attention to themselves and their products?

What comes to mind first if you think about a product? Write the possibilities you know, how, where and with which means can customers' attention be attracted to companies and products/services.



The range of products/services was made known to be through ...

The role of advertising

Whoever manufactures goods or offers a service will also want to sell them. But how does the consumer know what goods or services are available, and where? Advertising is a means of:

- ✓ Making products and services known to the consumer;
- ✓ Informing them;
- ✓ Awakening a need for them;
- ✓ Building a positive image; and
- ✓ Motivating the consumer to buy.

Information or manipulation?

- ✓ Which information in the advertisement helps the consumer? Advertising is particularly useful for the consumer if s/he can make comparisons with other products using the information, such as information about price, amount and quality. This sort of advertising is found mostly in daily newspapers, leaflets at supermarkets and on placards.
- ✓ On the other hand, advertising on TV, radio or in magazines predominantly appeals to the consumers' feelings and tries to persuade him/her to buy. Precise statements about the product are hardly made, and prices are rarely quoted. This sort of manipulative advertising often contains recognizable tunes, advertising slogans; tell short, heart-warming stories; present thought leaders, comic figures, science fiction heroes, etc. They use everything to attract and everything that can appeal to feelings.

The chocolate side

- ✓ Advertising always presents the "chocolate side" of a product, its uses and its advantages, never its weak side. This is more successful if the advertising - alongside the information - also appeals to consumers' feelings, values and attitudes and tries to influence them.
- ✓ The sequence of the effect of advertising is described using the so-called **AIDA rule**:
- ✓ **A** = attention = attract attention
- ✓ **I** = interest = generate interest in the product
- ✓ **D** = desire of possession = awake a desire to own the product
- ✓ **A** = action = bring the consumer to act/buy

Choose a product or service from your competitor and analyses the advertising for this product/service. How is the AIDA rule used?

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Analyse the table below and decide which form of advertising could be used for your Student Company. Put a cross in the respective box(es).

Means of advertising

Media advertising			Non-media (personal) means of advertising
Print advertising	Electronic media	Other forms of advertising	
<ul style="list-style-type: none"> <input type="checkbox"/> Logo <input type="checkbox"/> Advertising poster <input type="checkbox"/> Advertising brochures <input type="checkbox"/> Packaging <input type="checkbox"/> Product catalogue <input type="checkbox"/> Trademark 	<ul style="list-style-type: none"> <input type="checkbox"/> Advertising film <input type="checkbox"/> Radio spot <input type="checkbox"/> Homepage <input type="checkbox"/> TV clip <input type="checkbox"/> Banner on the internet <input type="checkbox"/> Neon sign 	<ul style="list-style-type: none"> <input type="checkbox"/> Advertising gift <input type="checkbox"/> Trial of product <input type="checkbox"/> Special offers <input type="checkbox"/> Sponsoring <input type="checkbox"/> Product display/Shop window <input type="checkbox"/> Stand at a trade fair 	<ul style="list-style-type: none"> <input type="checkbox"/> Telephone call <input type="checkbox"/> Telephone advertising <input type="checkbox"/> Promotion lecture <input type="checkbox"/> Promotional act <input type="checkbox"/> (Fashion show)

Table: Using different means of advertising in the Student Company

The word “marketing” contains the word market and that is what it is all about: how does the product or service have to be designed so that it can be offered on the market? For how much can it be offered on the market? How can the product or service be promoted on the market to increase sales? How should sales be organized?

As these questions are closely connected to one another, the term marketing mix is often used which includes the four areas (the four Ps):

- ✓ Pricing policy
- ✓ Product design
- ✓ Policy on communication
- ✓ Policy on distribution

Form four groups and write down key words on how you could cover the four areas of marketing for your Student Company. Then present them to the forum and say what ideas you have got.

Group 1: Product design

How do you want to design your product or which form should it be brought on to the market (name, logo, packaging)?

Notes:

Group 2: Pricing policy

At what price do you want to offer your product? Also consider what costs have to be covered and at what price does the competition offer the product on the market? What discounts can you make? When and what special campaigns can you organise? What other campaigns could you do in this area?

Notes:

Group 3: Policy on communication

How can you make your product known to the customer and which advertising possibilities can you use? What existing advertising platforms can you use (the school’s homepage or Facebook site, your own networks, school radio, etc.)? Can you develop new ones? If so, which ones?

Notes:

Group 4: Policy on distribution

How should you product reach your customers and how do you want to organise sales?

Notes:

Present your ideas from the group work. Pay attention that the suggestions that you have formulated are suited to your target group. In the team, discuss which of the ideas presented can be implemented, and which ideas require improvement.

Give reasons why some ideas cannot be adopted.

My notes:

At the start of your work and for the initial launch, it makes sense to consider campaigns to attract the customers’ attention to your products or services. This could, for example, be an opening ceremony, offers, trial prices or a week of campaigns (with prize raffles, vouchers or a wheel of fortune). Think about what could increase the popularity of your Student Company and your range of products or services with your target group?

My notes:

Are there regular events or festivals at your school or in your region which you could use for advertising and to sell your products/services? Which ones would be particularly interesting for you to attract your target group? And how exactly could you use this form of advertising for your Student Company? Collect ideas and information and write these down in the following table in the correct chronological order.

Date	What takes place?	What must be prepared?	Who is responsible for the preparations?

Advertising slogans

Companies do not just advertise their products and services with their name and their logo, but they often use advertising slogans as well. If the slogans are good, they remain on people's minds for a long time, just like a pop song. Ideally, they become by-words for the product or service and develop their own communicative momentum for the brand itself. Advertising slogans such as "Think different" (Apple), "Just do it" (Nike) also transmit the core idea of the company.

A good advertising slogan is an important element of a marketing strategy. But what makes a "good slogan"? And what does it need so that it can stay on people's minds?

Above all, an advertising slogan must be characterised by strong brand loyalty, so that the customer does not need to learn the slogan and for which brand is being advertised. Therefore, the slogan should make the mental link with the brand. This can be done in different ways. Whilst many companies highlight the advantages of the product in their slogans ("Guinness is good for you";), others use slogan that rhyme (Haribo use: "Haribo makes children happy") or highlight a particular characteristic of the product (Ritter Chocolate bars: "Square. Practical. Good."). Others use a clear, simple message ("Atomic power, no thanks"). Slogans play a very big role in politics, particularly during elections. Can you remember who used the slogan: "Yes, we can"?

Have you already thought about an advertising slogan for your Student Company? What could it be? Research the internet on this theme and let your creativity run its course!

Our advertising slogan:

Presenting the Student Company to the outside world

Presenting your Student Company to the outside world needs to be uniform and consistent, so that you can project a professional image to customers, investors, school leaders, other students or new employees. Regardless of whether it is emails, business letters, PowerPoint presentations, distinct visual recognition is advantageous!

PowerPoint presentations

If you are creating a PowerPoint presentation, think ahead! Perhaps, as things develop with your business, you would like to create a homepage for your Student Company or perhaps send out press releases and, in any case, send business letters and emails. All of them need to be headed with a logo and must appear in the same font, colour and consistent design.

We speak of “corporate identity” in this context, i.e. the identity of a company is better perceived through a consistent and uniform appearance. A company presentation can be professionally designed using a PowerPoint presentation. You require a design that repeats itself on all the slides. The program has design template available which can be adapted accordingly. Completely new templates can also be developed. Just like with your business correspondence, you should also use a consistent company layout on all the slides.

Users of PowerPoint are often tempted by the many design options to create playful animations. You need to pay attention to the following:

- ✓ When presenting, you are the main character; the PowerPoint template is not!
- ✓ Embed your company logo in the layout.
- ✓ Use a standard font and use colour sparingly - less is often more.
- ✓ Use a font size that you can still read if you are in the farthest corner of the room - 16pt has proven itself to be the smallest font size.
- ✓ Formulate short, meaningful sentences which you can use as a kind of hook to attract attention during your presentation.
- ✓ Don't overload the slides.
- ✓ Animations should only be used when deemed necessary. The audience will get agitated if every sentence is displayed one at a time. The presentation is made more difficult in that you have to keep thinking about fading in.
- ✓ Pay particular attention to the consistent use of choice of colours. Use colours to ensure readability, i.e. don't use black on a dark blue background
- ✓ Remember that a company presentation has to appear serious!

In small groups, develop a design (don't forget the logo!) for your presentation to the outside world. In your team, make suggestions, discuss them and select a template which can be used by everyone.

Note which font and font size you would like to use. Create a template with your logo for a PowerPoint presentation of your Student Company.

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Business correspondence

Check your correspondences carefully and proof read letters and emails before they are sent out. This particularly applies to emails, which are sent very quickly at the click of a button. The same rule applies here: place the same amount of care and attention on business letters as you would attach to your day.

An email includes a subject line, a formal address (“Dear Mr. ...”/ “Dear Mrs. ...”) as well as a complete closing to sign off. You should not use modern abbreviations, such as BW for “Best wishes”, but the complete formal form, even in an email. Embed an automatic signature in your emails, so that the recipient can recognize your name, company name, address, telephone number at first sight.

It is important to ensure that business letters and emails follow the consistent and uniform company layout and it also matches, for example, your PowerPoint presentation.

Company homepage

It is unthinkable in today’s day and age for a company not to have its own website. Who would like to miss an opportunity to present their products and ideas to potential customers and investors or employers around the world 24 hours per day? A website is an excellent opportunity for you to present your company, always offering you an up-to-date information channel to your target groups.

To present the most important information, the homepage of your business should answer the following questions quickly and comprehensively:

- ✓ Who is being presented on this homepage?
- ✓ What is the company philosophy?
- ✓ Who is behind the company? Who is in charge?
- ✓ Which products and services are presented?
- ✓ What do I get out of these products and services?
- ✓ What are the prices for these products or services?
- ✓ Where can I get the products or services?
- ✓ How can I establish contact? Who do I get in contact with?

The different pages of your homepage should have a clear structure, e.g.

- ✓ Homepage About us: company presentation
- ✓ Product information Information on services
- ✓ Team Contact

Write down what structure you want to give your homepage.

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What other possibilities can you think about to present your Student Company and your range of products/services (school radio, school newspaper, local newspaper, Facebook, etc.)? Write them down and check whether these ideas are feasible and, if so, how.

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Presenting the business idea

To receive financial support from potential investors and sponsors, you should persuade them of your business idea. It would be helpful to deliver a concept of your business model so that investors are certain to trust you to multiple their money. Consider in detail what are the most convincing and most important arguments?

Your presentation should cover the following points:

Summary

This is a summarised presentation of the company and business idea with its chances and risks:

- ✓ What is the idea?
- ✓ What is offered?
- ✓ What market opportunities and what risks does your business idea hold?
- ✓ What team is behind the company?
- ✓ What is the company's vision for the future?

The product/service

- ✓ What is the product idea?
- ✓ What uses does the product or service on offer have?
- ✓ How is it different from the competition?
- ✓ What possibilities for development do you see for your product/service?
- ✓ What is new about your product/service?

Sector/market

- ✓ How do you judge the sales market for your product/service?
- ✓ Where do you see further market opportunities?

✓ How do you want to develop yourself regionally?

Marketing/sales

✓ Which marketing activities do you want to use (product, price, sales and communication)?

✓ How do you want to make your product known to customers and investors?

Business leadership

✓ What qualification does your management team have? Your leadership team?

✓ What personnel planning do you have?

✓ How do you qualify and motivate your employees?

Yearly planning and capital requirements

✓ What legal status was selected?

✓ How do you want to finance your business idea?

✓ On what cost and sales planning do you base your business activities?

✓ What is your price calculation made up of?

✓ When can investors see a return on their investment in the company?

Make notes on presenting your business idea. Consider the questions above.

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Develop a PowerPoint presentation with the template that you have created. Practice the presentation in your team first before presenting your Student Company idea to the outside world.



Organising workflows: Work processes

in the work of the Student Company

The organization of workflow regulates the sequence of the company work processes and answers the questions of how, when and why particular tasks must be completed.

Organizing the work to be completed

Things to do				
Department:			Date:	
Work to be completed	Description	Deadline	Status/ problems	Responsible

In the day-to-day running the company, it is important to ensure that the department carries out the assigned tasks on time. Checklists or to-do lists can help you here, which can be done, depending on the scope, in the individual departments or for the whole Student Company.

Checklists do not only ensure for successful and organised running within your Student Company. It also serves to prepare for employee meetings during which you can report on the current state of work that needs to be completed. You also gain an overview for yourself and can update yourself, especially when you return, for instance, to work after a period of illness.



Planning staff meetings

Staff meetings are an important instrument to inform staff and coordinate work. They should be conducted regularly.

For staff meetings to run smoothly, they must be planned well in advance. The appointment must be arranged a few days in advance of the meeting taking place. Exactly which students will present at the meeting can be clarified. You create an agenda. Each department must communicate their points for discussion in good time, well before the appointment, so that the meeting can be structured in a way that makes sense according to content up for discussion.

Hints and tips in implementing a staff meeting:

- ✓ The meeting leaders determine the agenda at the start. In urgent cases, further points can be added. The agenda should always be on view (e.g. on a projector), so that the meeting participants are not “surprised” by any individual points.
- ✓ The minute taker, i.e. the person who writes up a record of the meeting, is chosen (e.g. can rotate alphabetically according to the names of the staff).
- ✓ Afterwards, the group reports to their departments. The to-do lists can be used here.
- ✓ The staff meeting should be organized in such a way that it meets goals: no binding agreements but determine concrete activities with the member of staff responsible and put on the to-do list.
- ✓ At the end of the staff meeting, the question of which points could not be addressed should be raised. These points belong on the agenda of the next staff meeting.
- ✓ The minutes of the meeting should be sent one week after the staff meeting, at the very latest, to all employee. The minutes of the meeting are filed.

What could be the agenda for your next staff meeting?

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Ideas so that it runs smoothly

- ✓ Regular meetings provide you with the space to discuss problems and challenges.
- ✓ Everyone knows best about the area in which s/he works. Speak about what you notice and ask experts for their respective opinion.
- ✓ Take time to celebrate your company successes. This motivates and gives you energy for future challenges.
- ✓ ...

Data storage and data protection

An effective storage system is not just necessary for smooth running of processes, but is required by law in regards to accounting of real companies. The following rule applies: every authorized employee must be able to access all documents very quickly. As few documents as possible should land in “private folders”.

Perhaps you have the possibility at your school to use a secure room as an office room for your Student Company. All papers and documents concerning the Student Company should be stored in this room. Members of the company should have access at any time and be able to work with them. Avoid taking home individual folders or allowing important business to disappear in your bag.

In this respect, it is important to have a structured storage space in which each company member can locate information quickly and without searching too long. This applies to both paper documents and data files. Create folders and subfolders that are named in a way so that it is clear what is inside them. Use of dividers in paper folders and directories on the computer can assume this function.

In view of the digital data storage, you must guarantee data protection and data security.

- ✓ Secure your computer with a password that only your company members know.
- ✓ Ensure that only Student Company employees have access to data files.
- ✓ Use of USB sticks to secure data by students should be limited to an absolute minimum because of the risk of viruses.
- ✓ Look for an adequate of virus protection on your computer. The virus scanner should be updated at least once per week.
- ✓ Secure your data weekly on an external hard drive which is given to a teacher for safe storage.

Describe the structure of your storage system for paper and digital documents.

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What measures will you take to ensure data protection and security?

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Changing departments

Over the course of time, you should run through all the departments. Only that way, you can get to know all the areas of your Student Company and experience which tasks are more in tune with your interests.

It is important that a change in departments is well planned so that a change does not lead to chaos.

- ✓ New members should be introduced into the departmental tasks by means of department descriptions.
- ✓ Members should be introduced to ongoing work by means of the to-do lists.
- ✓ Not all members should change departments at the same time, but, at maximum, half the department. That way, the remaining members in the department can train the new members.

Quick familiarization with the tasks makes it easier for you to read the respective department description, which you already know. To-do lists and short introductions into the work processes for each department ensure for a smooth transition of departments.

Note down which personal experiences you gained during your work in each department after each change in department. Which task did you particularly like and which one did you not like?

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Which strengths and abilities play a special role in your department?

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Name three jobs which you think would play to your strengths. Then describe the same or similar tasks which you have completed in the department and which belong in every- day work.

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Changing departments and my experiences

Name of the Student Company

In the department _____

I liked these tasks and activities the most:

I didn't like the following activities:

The team: Departments and tasks at the Student Company

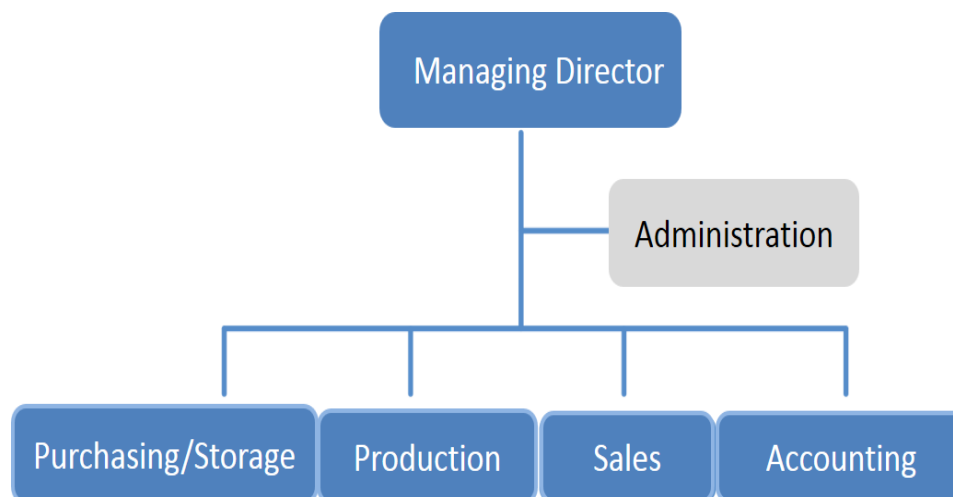
The organizational structure

Organization of processes and structures belong together and are the two sides of the coin. The organization of structure governs who does what. The organization of process, on the other hand, governs how the employees and departments work together to complete business processes.

For processes to work effectively, a good organizational structure is required. A Student Company needs a clear structure and distribution of tasks. For this to be accomplished, the first step needs to determine which departments make up the Student Company.

The tasks of each of the departments must be defined exactly in the second step; and the roles and responsibilities of the employees need to be determined.

Cooperation of the different departments should be considered well in advance.



Typical organizational chart

Decide first who is going to assume the role of Managing Director in your Student Company and who is going to be the deputy manager in the event of, for instance, an illness so that there is an acting Managing Director.

Selection of the management and definition of departments

Consider, at this point, however, that the Managing Director must take the responsibility for all important tasks and take decisions as “head” of the Student Company. At the same time,

s/he bears entire responsibility for the entire Student Company. This individual takes care of the personnel and decides who does what and intermediates if conflicts occur in the team or tasks are not completed correctly or deadlines are missed. The Managing Director presents the Student Company to the outside world, too. Given these range of these responsibilities, this person must bring special qualities to the table.

Who will take on the Managing Directorship of the Student Company? Do you already have a candidate? Perhaps, you are the person? Think about your abilities and qualities and tick your answer to the questions in the Table.

Question		always	frequently	rarely	never
1.	Do you like taking on responsibility?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Can you easily give tasks to others?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Are you self-confident?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Can you retain an overview in stressful situations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Can you work well in stressful situations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Can you motivate your workers well?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Can you motivate yourself well?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Can you organise and plan well?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Can you recognise cause and effect relationship independently?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Can you analyse situations so that things occur to you that would not occur to others?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Do you find it easy to use unexpected situations to your advantage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	Do you adapt to new situations easily?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	Can you cope well with conflict?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	Can you take on the role of an intermediary when conflicts arise?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	Are you decisive?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	Can you react quickly in surprising situations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.	Are you reliable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	Is success important for you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.	Can you do many things at the same time?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20.	Can you convince?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21.	Do you pursue consistent goals which you have set yourself?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22.	Are you communicative?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23.	Can you express criticism confidently and with tact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24.	Do you believe in your business idea and are you motivated to represent this idea to the outside world?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Qualities of a Managing Director

Afterwards, discuss in the group the person who has the best qualities for the role of Managing Director (e.g. who has crossed the most “yes” answers). Do your own qualities match what others think? What might be the reasons for different assessments of each other’s qualities?

Write down who you have selected to be the Managing Director of the Student Company:

Think that:

The selection criteria to lead the Student Company is **competence** and **acceptance!**

.....

You have selected your Managing Director.

But what departments are necessary in your Student Company and how can you best define them?

Name all the important tasks that need to be done in your Student Company until your product or your service can be brought to the customer. Write these tasks individually on cards and pin them to the wall. Can you recognize which tasks will keep coming up time and time again in your Student Company? Which tasks can be grouped in one department? What then would this department be called?

What organizational chart results from this and can be set for your Student Company? You can write the results of your considerations in the field below.

The organizational chart of our Student Company

Think about whether all the tasks for each individual department have been mentioned and add those which are missing

.....

.....

Employees in the departments

The departments must be filled with employees who understand who is responsible for the individual tasks. Consider who in the team can do what task best, what skills and abilities are necessary for completing the individual tasks and who would like to take on which responsibilities. Distribute the departments to the employees and add the names of the employees to the organizational chart.

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Do you need the support of other students in your team who are involved in the work of the Student Company and possess certain competencies and abilities? If so, which competencies must they bring to the table and how could you win over these students to work for the Student Company?

.....

.....

You can work all the information collected up to now into Table. This should be updated over the course of time and used to present the activities of your Student Company, e.g. to external people or to train new team members.

Department:	
Members	
Tasks and goals	
Processes to be carried out together with other departments	

Template for department description

WORKSHEET NO. 2

IDEA GENERATION REPORT / BE CREATIVE

1. Explain the process used to explore ideas for your product.

2. Why do you think the method chosen actually worked?

3. On what basis did you decide on the final product or service?

4. What challenges does your choice of product present to you and your team?

5. What skills did you learn in the process?

WHAT SKILLS ARE NEEDED IN YOUR TEAM?

Effective teams will have a blend of the following skills. You should reflect on your particular skills and abilities. Consider what skills are necessary in setting up your team.

Production Skills

The skills necessary to make the product. For example, woodwork skills, drawing skills etc.

Organisational Skills

Making sure that you are well organised, can get orders done on time, can arrange and run meetings etc.

Finance Skills

Have you the skills to cost and price a product or service? Can you complete a forecast and accounts?

Promotional Skills

Someone in your group should be skilled in promoting the product or service.

Sales and Marketing Skills

These are very important skills, as someone in your group needs to be able to market the product or service and sell it.

Management Skills

Someone in your group needs to take overall responsibility to ensure that the job gets done.

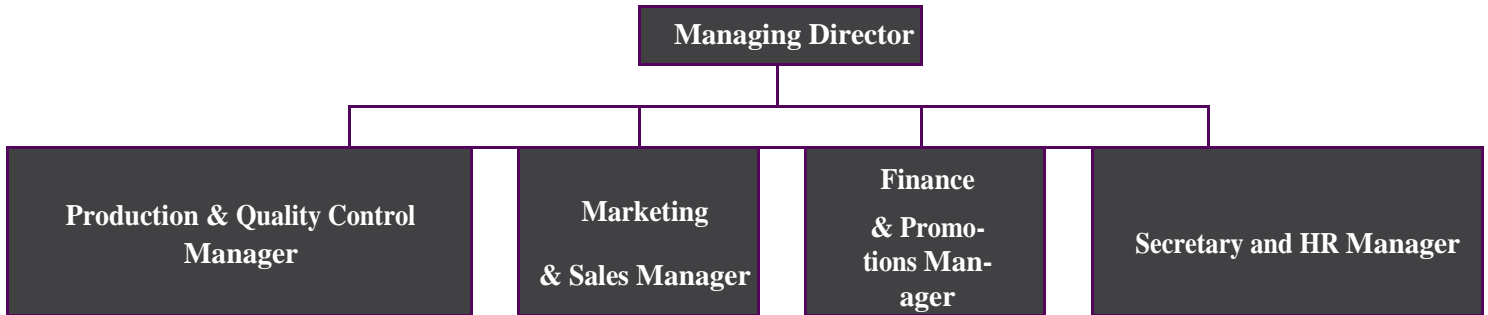
WORKSHEET NO. 3

SELECTING AND FORMING OUR TEAM

Skills	Skills Needed	Team Member
Production Skills	<ul style="list-style-type: none"> • • • • • 	
Organisational Skills	<ul style="list-style-type: none"> • • • • • 	
Finance Skills	<ul style="list-style-type: none"> • • • • • 	
Promotional Skills	<ul style="list-style-type: none"> • • • • • 	
Sales and Marketing Skills	<ul style="list-style-type: none"> • • • • • 	
Management Skills	<ul style="list-style-type: none"> • • • • • 	

ORGANISATION CHART

When you have decided on a team formation, you should prepare an organizational chart. Depending on the different roles that you and the group have identified, you may decide upon something like this:



WORKSHEET NO. 4 TEAMWORK / WORKING WITH OTHERS



1. Explain the process used to pick your team.

.....

.....

.....

2. Was this a good method for picking teams? Why?

.....

.....

.....

3. What difficulties did you encounter in the process?

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4. How did you overcome these difficulties?

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5. What did you learn about yourself in the process?

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6. What did you learn about other members of your team in the process?

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7. What skills could you or your team learn so that your team can work more efficiently?

.....

.....

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WHAT IS MARKET RESEARCH AND WHY IS IT IMPORTANT TO CARRY IT OUT?

Market research will give you valuable information from your potential customers so that you can make decisions about your product or service. Remember to use this information wisely to decide whether your business idea is viable.

What are the different types of Market Research?

There are two main types of market research: Primary/Field Research and Secondary/ Desk Research. It is important that you carry out both types of research and to use the results of your research to determine if you have a viable business idea

Research Type	Details
---------------	---------

Primary Research	This is information you gather yourself through field work such as questionnaires or conducting a mystery shopper report on your competitors by calling them or buying their product/service. You could also sit outside your competitors' premises and count the number of cars, customers and how often they receive deliveries.
-------------------------	--

Secondary Research	This is a term that generally refers to the collection of secondary data or data that has already been collected/published. To most people it suggests published reports and statistics, that are either electronic or in hardcopy. Important sources include collection of potential competitors' brochures/price lists along with use of libraries, online databases, newspapers and the Internet. The advantages of secondary research are that it is quick and available and provides data that you may not be able to gather yourself. However check your source and check to ensure that the information is up to date.
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WORKSHEET NO. 5 PLAN OF ACTION FOR MARKET RESEARCH

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.....
Secondary / Desk Research:
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.....
.....

Carrying out Field Research The secret to getting answers to your market research is asking the right questions, so it is important to decide in advance what information you require. When conducting your survey, try to limit it to ten or twelve questions. Your survey should include a mix of 'closed questions' and 'open questions'.

What is the difference between 'Closed' and 'Open' Questions?

Closed Questions	Open Questions
Questions that ask for yes/no answers	Questions that leave room for opinion or allow the person answering the survey to voice their own opinion
The answers are factual	The answers are a collection of opinions
Answers are easy to count and the information can be used to make graphs and tables to show results	Answers are difficult to represent in graphs/charts as they are a collection of opinions
You can write explanations (e.g. 40% of people survey said...) This is Quantitative Research	There may be useful suggestions in these answers to help you with your business idea. This is called Qualitative Research.
Examples: Would you buy this product? Yes/No? Do you buy a new CD every week? Yes/No?	Examples: Would you pay for this product and if so why? What price range would you be willing to pay?

WORKSHEET NO. 6

QUESTIONNAIRE

Indicate whether each of the following is an 'open' or 'closed' question.

Questions	Question Type
How many times have you used this service in the last month? <ul style="list-style-type: none"> • 1-5 times • 6-10 times • Never 	
Would you be willing to pay €10 for this service and if not why not?	
Did you enjoy our service?	
What do you think of our product?	

What is a SWOT Analysis? A SWOT analysis is used to let you know what potential problems you might have to deal with in your business and the things which will be of benefit to you if dealt with correctly. Carrying out a SWOT analysis involves looking at strengths, weaknesses, opportunities and threats.

- ✓ Strengths and Weaknesses usually relate to internal factors (things within your business) over which you have some control.
- ✓ Opportunities and Threats usually relate to external factors (things outside your business) over which you have limited or no control.

INTELLECTUAL PROPERTY / MANAGING MYSELF

When the product/service is decided upon, and the market research is complete it is time to consider Intellectual Property (IP) rights and the possible implications they may have for your enterprise.

What are IP Rights?

They are the rights to own different kinds of creativity/ideas. They give you exclusive rights to use and exploit your ideas. It can be an invention; brand; logo; original design or the practical application of a good idea. Registering your creative ideas makes it much easier to defend your rights.

IP Rights

The main kinds of intellectual property rights are Trade Marks; Patents; Designs and Copyright

Trademarks... Trademarks are used to distinguish your product/service from those of your competitors. They may be one, or a combination of, words, letters, and/or numbers. They may consist of drawings, symbols, 3D signs such as the shape and packaging of goods, audible sounds, fragrances or even colours.

Patents... can be obtained to provide you with protection for the commercial manufacture, use, distribution or sale of new and inventive solutions to technical problems that you might come up with. New products, methods and processes as well as improvements on existing ones are covered. The patent gives the owner exclusive rights to use the new invention as long as it remains in force. It is vital to apply for patent protection prior to disclosing details of the invention to others.

Industrial Designs... Different products/services can do the same thing so attractive and appealing unique designs allow you to distinguish your product/ service from your competitors.

Copyright... gives protection to authors/creators of certain categories of artistic work like books; music; artwork; magazines etc. The “©” shows that something is copyrighted It is an automatic right not requiring registration by the author.

WORKSHEET NO. 7

INTELLECTUAL PROPERTY RIGHTS

1. How did you research the uniqueness of your brand?

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.....
.....

2. Have you identified the IP owned by others which you need for your business and have you got appropriate permission from the owners to use their IP in your business?

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.....

3. Is your invention new and unique and if so how did you come to that conclusion?

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4. Is it worth applying for patent protection on your new product/service having regard to the costs, the nature of your business and your marketing plan?

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5. Have you designed your product with a distinctive look and feel that might be worth protecting? If so, how did you check its uniqueness?

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.....

6. Are there artistic or cultural assets in your business that you have created and can be Copyright protected? If so, what areas?

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.....

7. How have you reflected the cost of any licences you need from copyright owners when pricing your product/service?

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WORKSHEET NO. 8

THE FIVE QUESTIONS ON PRODUCTION

1. Where to produce the goods/provide the service?

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2. Who will produce the goods/provide the service?

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3. How exactly will the goods be produced? What steps are involved?
What steps are involved in providing the service?

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4. What way will tasks/jobs be organised?

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5. How long will it take to make the goods/provide the service?

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.....

What is a Market?

A market is a collection of all existing and prospective buyers of your product or service.

What is Marketing?

Marketing is concerned with satisfying the needs of your customers as best you can, while selling your product/service at the best price, anywhere you can, using suitable promotion or advertising and making a profit.

Basic Marketing Steps

1. Identify and anticipate a need.
2. Research the market.
3. Develop a product/service and a brand, exploring IP issues as you do so.
4. Price the product/service for the market.
5. Promote and sell the product/service to the market.
6. Distribute the product/service to the market.

The Marketing Mix- The marketing mix is probably the most famous phrase in marketing. The elements are the marketing 'tactics'. Also known as the 'five Ps', the marketing mix elements are **product, price, place, promotion** and **packaging**.

Product...research competitors and what your customers' needs are. Adapt the product or service if required. Consider quality control and health and safety issues. Do you intend to provide after sales customer service? Do you need to patent your product/service to protect yourself and not allow others to copy it. It is important that you believe your product/service is viable.

Price...consider your labour costs and profit margins. They are not the same. Find out what your competitors are charging. Have you a unique product/service and can you charge more? Your customers want value for money therefore you must find out what they are prepared to pay and if this price is realistic for your business with you making a profit. You might also offer discounts or have special offers from time to time (e.g. for students or old age pensioners).

Place...location, location, location. Make it easy for your customers to buy from you. What type of places will you sell your products in, only in your school or will you venture outside your comfort zone? Do you have access to transport and will you make deliveries? Or perhaps will you use direct selling by mail order and internet e.g. eBay?

Promotion...get attention for your business e.g. draw up posters, run a competition in your school or local paper. Be prepared. Get permission to talk to each class or make a presentation at lunchtime. If you are selling food, get people to taste it and compare your product to competitors. Give out samples. Brainstorm with your friends to come up with a great promotional idea to portray your image as giving value for money. Do you have a unique name or logo that others will remember and associate with you?

Packaging...remember your packaging is very important to promote your product. Judges have commented in the past that students often do not consider packaging their product. Consider the appearance of your packaging, the colour you choose, the image or logo which is your identity. It can say a lot about your business. Your customers may make a decision to buy from you based on eye-catching designs on your packaging.

Some Useful Marketing Definitions:

Market Segmentation...involves dividing consumers into different categories based on socio-economic class (with different disposable income levels); religion; geographic location; age; gender; etc.

Niche Market...involves finding a 'gap' in the market for a new product and developing a marketing mix especially for that market

Networking...is a marketing method by which business opportunities are created through doing things like talking to neighbours; striking up a conversation with a stranger while in a waiting room; volunteering for a local park clean up day etc. It is a very effective and cost efficient method of spreading news about your product/service.

Marketing Plan Produce a Marketing Plan for yourself to include a mission statement with your unique selling points and the needs and benefits of your business, together with the target market of your product/service. This plan should include details on your product, where your business will be established, what price you will charge and how you will advertise.

WORKSHEET NO. 9

MARKETING PLAN

Business Name:

.....

Target Market (Consider Market Segmentation):

.....

Mission Statement:

.....

Price:

.....

Unique Selling Point:

.....

Advertising:

.....

Needs of the Business:

.....

Benefits of the Product/Service:

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WORKSHEET NO. 10

MARKETING

1. Do you think you marketed your products successfully?

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2. What would you have done differently?

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3. What type of product/service can you offer potential customers?

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.....

4. What type of advertising works for your product/service?

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5. List some places where you can sell your product/service?

.....

.....

SOCIAL MEDIA AS A MARKETING TOOL/ MANAGING INFORMATION & TECHNOLOGY

The key to successful social media in business is to interact with your customers in a fun and positive way. It's important to remember that your social media channels represent the voice of your company, so it's really important to establish what sort of voice you want your company to have.

A Business Facebook Page:

A company can set up a business Facebook page where followers "like" your business page. Your Facebook business page has some interesting features for your followers, such as allowing them to:

As well as this, your business Facebook page has some really useful tools for you, including allowing you to:

- ✓ Analyse your 'page insights' to see how effective your posts are
- ✓ Fill in the "About Us" section to share your company information
- ✓ Run competitions (be aware of the strict Facebook Rules regarding these)
- ✓ A real fun and engaging way to promote your product/service is to do a Facebook live streaming. (Make sure you also familiarize yourself with the "terms of service" that all users must follow when doing this. If a company violates these rules Facebook can delete or suspend the account).

A Business Twitter Account

A business Twitter account is set up the very same as a personal Twitter account. It is wise to have a link to your company's website on your Twitter profile to encourage users to check out more about your business. Twitter is a very effective tool to engage with other businesses, especially those taking part in the SEP competition.

Instagram, Snapchat and Vine

These are really fun and innovative ways of engaging with your customers:

- ✓ Running competitions (like and tag friends) is really effective on Instagram.
- ✓ Snapchat stories are fun, but make sure you save the really good ones so that you can upload them on Facebook or Twitter at a later point. The really fun snaps and videos can be downloaded and uploaded on your Twitter account.
- ✓ The challenge with Snapchat is that it can be very hard to get new followers – so promoting your Snapcode on your other social media channels would be beneficial. It also ensures that the account manager has to "think outside the box" to create interesting ways of getting more followers.
- ✓ Vines' 6 second loops can be very smartly used by businesses to promote their product and enhance their brand. To get started all you need to do is to open a Vine account via the Vine App. And off you go! You can then push them out via your other accounts too.

SOCIAL MEDIA AS A MARKETING TOOL

How To Get Started:

As a team, you need to sit down together and decide what way you want to promote your company on social media. Choose your Social Media Manager wisely. He/she must have a fun personality and thoroughly understand how these social media channels work.

DO'S AND DONT'S OF SOCIAL MEDIA:

Here are some Do's and Dont's to help you build your community on social media:

DO... spend time working out your followers' habits and when they are on social media – there is no point in posting something during the day if your followers are in school and may not check their accounts until that evening.

Think of when they are on social media and post at these times.

DO... find and observe popular social media accounts and ones that you find positive and engaging. You may pick up valuable tips and tricks from them. Analyse what kinds of posts / tweets /pics / videos receive the most interaction and response on these accounts and see if you can copy it in some way.

DO... think of what YOU enjoy about social media and try to mirror that in your posts.

DO... interact with other student enterprises – like, share and tag their posts and pics, retweet their fun tweets, especially if you feel your audience will enjoy what they are saying. They in turn will probably interact with you and share your posts with their audience.

DO... see what other companies you can link in with. Start swapping, sharing and promoting each other on social media. In this way you are guaranteed your posts, tweets and pics will be liked, retweeted and tagged.

DO... thank people for sharing, retweeting and tagging your posts and pics as they are helping you to share your message and your brand with their friends.

DO... cross-promote all of your accounts so that you are slowly building a strong fan base. Remember, not everyone has all of the accounts so you must ensure that you are on all of the accounts where your target market live.

DO... set up a Tweetdeck account to schedule posts at the start of the week. Schedule these posts for times of the day and evening that you know your audience will be on social media. You should still make it your business to interact with your audience outside of these scheduled tweets. Be sure to check in once a day to respond to followers' posts.

DON'T... treat social media as a dumping ground for offers and promotions for your product/service. This will annoy your audience and they will probably “unlike” and stop following you.

DON'T... keep trying to sell your product/service on social media. Again, your audience will stop following you. Use the 80/20 rule here – 80% of your posts/ snaps should be interactive and fun with 20% of them being promotional.

DON'T... be too serious – it's all about having fun and being creative! Be yourself and share it through social media and your audience will respond to it.

COSTING AND PRICING /BEING NUMERATE

How do you calculate the Total Costs for Making the Product?

It is vital that you know how much your product is going to cost you before you begin to sell. You need to break down the product into all its individual pieces and make sure you know exactly how much each little piece costs. Total costs are made up of variable costs and fixed costs.

FIXED COSTS + VARIABLE COSTS = TOTAL COSTS

What are 'Fixed Costs'?

Fixed Costs are costs that will remain the same regardless of the level of activity. In the real business world, rent, rates, and insurance are examples of fixed costs. However, you are unlikely to encounter these. It is important that you recognise all costs that you will incur and include them.

You will incur costs in promotion, for example, production of business cards and colour posters using a PC and printer. You should estimate the cost of paper and ink to be used in printing the posters, as it is important to realize that these are not free. You will also incur costs in phone calls to customers and suppliers and text messages between team members and an estimate for these should also be included. You will have travel costs associated with collecting materials from suppliers and delivering finished products to customers.

What are 'Variable Costs'?

Variable costs are costs that change with the level of activity. For example, labour costs, packaging etc. You should estimate the time that you are going to work on the business and put a price on your time. How much time does it take to make each product? Do some products take longer than others to make? If so, can you charge more for them? Market Research will provide a good idea of the price that customers are willing to pay and will also allow you to estimate the number of items that you are likely to sell. You will now be able to calculate your variable costs per unit. When the total costs are known, it will be clear whether or not the business has potential to make profit. Use of pie charts, bar graphs etc. are recommended to improve the presentation of costings in the business report and possibly as part of your business display also.

WORKSHEET NO. 11

OUR BUSINESS COSTS

FIXED COSTS

(e.g. rent, stationery...)

VARIABLE COSTS

(e.g. wages, materials...)

WORKSHEET NO. 12

CALCULATING THE UNIT COST

A. Calculate your Fixed Costs

Fixed Cost	€
Total Fixed Costs	€
No of Units	
Fixed Costs per unit	€

B. Calculate your Variable Costs

Variable Costs	€
Total Variable Costs	€
No of Units	
Variable Costs per unit	€

C. Add 'Fixed Costs per unit' and 'Variable Costs per unit' together. Do your calculation here:

$\text{€} + \text{€} = \text{€}$

PRICING YOUR PRODUCT

Once you have estimated your unit costs, you can start to decide how much you can sell your product for. This is called your pricing policy and there are several ways in which it can be done.

Cost Plus Pricing – here you add a percentage (e.g. 10%) to the unit price and that becomes your selling price. The percentage that you add is called a ‘Mark Up’ so you would have a 10% mark up. For example, if the unit price was €14 and you add a ‘mark up’ of 10% (i.e. €1.40), you would have a selling price of €15.40.

Competitive Pricing – here you set your price very near your competitor’s price. For example, if your competitors are charging €14.20, you might decide to charge €14.00. Think this one through very clearly, as this could limit the amount of your profit.

Loss Leaders – here prices are set at cost or even below cost so that you get customers interested quickly and you make your profit on something else they buy. You need to be careful not to put yourself out of business. An example of this could be a shop which sells newspapers below cost price because if somebody comes into the shop they will probably also buy sweets where the profit is higher. Remember, however, if you have nothing else to sell this is not appropriate.

Penetration Pricing – here your price is above cost but lower than your competitors, so you get customers from your competitors and then you have a choice later on to raise the price and so make more profit. An example of this could be where you offer the first edition of a magazine at a reduced price so that people start to look for it in the shops and then you charge full price for every other edition.

Price Leadership – here you make the price high because it has some unique feature and is considered a luxury. You have a chance to cover a lot of your costs quickly.

Price Discrimination – here you can charge different prices to different customers. For example, Old Age Pensioners and Students may be charged a cheaper price.

Break-even Pricing – the purpose of this method is to determine the level of sales at which your enterprise neither makes a profit or a loss, this level of sales being called the break-even point.

$$\text{Break-even Point} = \frac{\text{Total Fixed Costs}}{\text{Selling Price/Unit} - \text{Variable Cost/Unit}} \quad \text{measured in units.}$$

Margin of Safety – is the amount by which sales can fall before they reach break even point.

FINANCE / BEING NUMERATE

Finance is a key component of any business and it is important that you understand the various aspects of how finance impacts on businesses from the outset.

We will look at:

Budgets.

Record keeping.

Preparation of accounts.

Preparing a Budget

A budget is an essential tool in planning for any business, as it will detail the expected financial performance of the business. Forward planning is an important method of reducing risk of business failure. It also enables you to calculate how much money is needed to start your business and will enable you to monitor business performance on an ongoing basis and take corrective action if targets are not being met.

The most appropriate format for a budget is a cashflow forecast/cash budget (it can be weekly or monthly). The results of market research and the work done on costs and pricing will help provide the figures for the cashflow. It is best to do the cashflow initially on a cash basis (i.e. all goods required will be purchased for cash and sales will be on a cash basis only – no credit will be given). Most student enterprises operate on this basis and should a credit situation arise, it should be treated appropriately in the cashflow (see sample cashflow forecast on the next page).

Note: It is important to indicate the assumptions that your figures are based on. For instance, your sales figures will be estimated using results of market research and pricing.

	Sept	Oct	Nov	Dec	Jan	Feb	Total
No of Items	0	6	10	25	5	14	
Income	€						
Sales Value	0	72	120	300	60	168	720
Investment Loans							
A. Total Income	0	72	120	300	60	168	720
Expenditure							
Labour	18	30	75	15	42	180	
Admin Wages Business Cards Pens Posters Phone Calls Travel							
Ink Cartridges	60	60					
Paper	20	20					
Hire of Special Equipment	200	200					
Materials	12	20	50	10	28	120	
B. Total Expenditure	280	30	50	125	25	70	580
C. Income less Expenditure (A-B)	(280)	42	70	175	35	98	140
Opening Balance	0	(280)	(238)	(168)	7	42	0
Closing Balance	(280)	(238)	(168)	7	42	140	140

Sources of Finance

Basically, there are two sources of money – 1) your own and 2) somebody else's. Your money, when invested in business is known as equity investment and other people's money is generally in the form of a loan. Sponsorship can be a relevant source of finance for some types of enterprises such as magazines and calendars. In some cases, you might actually undertake an initial enterprise to raise the finance needed to start your main enterprise. You could, for instance, wash cars to raise finance.

WORKSHEET NO. 13

HOW WILL I/WE FINANCE MY/OUR BUSINESS?

My/Our Sources of Finance will be:

- 1.
- 2.
- 3.
- 4.
- 5.

RECORD KEEPING

Every business needs to know where it stands financially on an ongoing basis. The key questions for business are: Are we making profit? How much are we selling? What are our costs? Do we have enough cash?

These questions can only be answered if your business maintains appropriate financial records – the records must be both accurate and timely.

For your student enterprise it should be sufficient to enter financial transactions in a Cashbook. A cashbook is a record of all the cash that comes into and goes out of a business on a daily basis.

The basics behind a Cash Book are as follows:

All money received by the student enterprise will go on the DR/Left hand side of the cash book.

All money paid out for expenses will go on the CR/Right hand side of the cash book.

CASH BOOK/RECEIPTS & PAYMENTS ACCOUNT

DR.			CR.		
Date	Details	Total	Date	Details	Total

Receipts and payments can be totaled on a regular basis and this will let you know how the business is progressing. You will also have recorded the information that you need for the preparation of accounts for the business.

However, if some analysis of receipts and payments is included in the cashbook, it will make it much easier to compile accounts late.

