



# ENTREPRENEURSHIP STARTING A BUSINESS

## ENTREPRENEURSHIP-STARTING A BUSINESS

The **Entrepreneurship-Starting a Business** event involves one to three students developing a proposal to start a business, then presenting the proposal to a potential investor or financial institution representative (judge). The proposed business may be a sole proprietorship, partnership, corporation or franchise.

The event provides an opportunity for the students to develop and demonstrate mastery of essential competencies as they apply to the analysis of a business opportunity, the development of a marketing/promotional plan and the development of a financial plan. Any type of business may be used; however, this event is not for businesses currently being operated.

### ENTREPRENEURSHIP

#### EVENT OVERVIEW

The Entrepreneurship-Starting A Business event consists of two major parts, both evaluated by the judge, for a maximum 100 points:

- The **written entry** is limited to 15 pages, and will account for a maximum 50 points.
- The **oral presentation** by the students, limited to 20 minutes including set-up, presentation time, and answering questions from the judge, will also account for a maximum 50 points.

The students will assume the role of an entrepreneur seeking start-up capital (financing) for a new business or franchise.

The students must prepare a written entry of not more than 15 pages, including title page, that describes the business model the students want to develop. The written entry will be used to direct and reinforce the presentation to the judge. The presentation will be given to a decision-maker (judge) for a financial institution or a potential investor.

Read carefully the Format Guidelines for the Written Entry, Guidelines for the Presentation, Written Entry Checklist, Written Statement of Assurances, and Evaluation Forms.

Preliminary round competition will consist of an evaluation of the written entry (minus deductions from the Written Entry Checklist) accounting for 50 points, and one presentation, also accounting for 50 points. Students/Teams will be ranked according to their combined score, and a predetermined number of students/teams will be named finalists. Finalists will again be evaluated based on their written entry (minus deductions) and presentation to determine final rankings.

#### LEARNING OUTCOMES

In addition to developing and demonstrating specific knowledge, through the development and presentation of an entrepreneurship plan to the judge, the students will:

- Develop a marketing/promotional plan
- Apply entrepreneurial principles and techniques
- Demonstrate knowledge/understanding of customer/client needs
- Analyze business opportunities
- Self-evaluate personal interests, skills and abilities
- Understand the basic steps involved in starting a small business
- Interpret financial statements
- Develop a financial plan
- Understand the importance of time management in dealing with the unique demands of business ownership
- Understand factors relating to human resource management
- Demonstrate knowledge of the components of gross and net profit

#### 21<sup>ST</sup> CENTURY SKILLS

Students will also develop many 21<sup>st</sup> Century Skills, in the following categories, desired by today's employers:

- Communication and Collaboration
- Creativity and Innovation
- Critical Thinking and Problem Solving
- Flexibility and Adaptability
- Information Literacy
- Initiative and Self-direction
- Leadership and Responsibility
- Media Literacy
- Productivity and Accountability
- Social and Cross-cultural Skills

# FORMAT GUIDELINES FOR THE WRITTEN ENTRY

The students/team must prepare a business plan in the form of a written entry. Read carefully and follow the instructions for: Title Page, Format for the Written Entry, Checklist Standards and Written Entry Checklist.

**WRITTEN STATEMENT OF ASSURANCES.** This must be signed and submitted with the entry. Do **not** include it in the page numbering.

**TITLE PAGE.** The first page of the written entry is the title page which lists the following:

**ENTREPRENEURSHIP–STARTING A BUSINESS**

- Name and Type of Business
- Name of Chapter/School
- Name of Chapter Advisor
- Chapter Advisor's Address
- City, Association, ZIP/Postal Code
- Country
- Students Name(s) and Address(es)
- City, Association, ZIP/Postal Code
- Country
- Date

A page number will not appear on the title page; however, the title page does count as one of the maximum 15 pages allowed. The page following the title page will be numbered "2."

## FORMAT FOR WRITTEN ENTRY

The body of the written entry should include:

### I. EXECUTIVE SUMMARY

A one- to two-page summary of the business model.

### II. PROBLEM

List the top three problems your product/service is addressing.

### III. CUSTOMER SEGMENTS

Who are the target customers?

### IV. UNIQUE VALUE PROPOSITION

What is the single, clear, compelling message that states why your product/service is different and worth buying?

### V. CHANNELS

What are the pathways to customers?

### VI. REVENUE STREAMS

- A. What is the revenue model?
- B. What are the life time values?
- C. What is the revenue?
- D. What is the gross margin?

### VII. COST STRUCTURE

- A. What are the customer acquisition costs?
- B. What are the distribution costs?
- C. What are the human resources costs?
- D. Additional costs?

### VIII. DETAILED FINANCIALS

- A. Projected income statements by month for the first year's operation (sales, expenses, profit/loss)
- B. Projected cash flow for the first year
- C. Projected cash flow by month for the first year's operation
- D. Projected balance sheet, end of first year
- E. Projected three-year plan
- F. A brief narrative description of the planned growth of the proposed business, including financial resources and needs
- G. Proposed plan to meet capital needs
  - Personal and internal sources
  - Earnings, short-term and long-term borrowing, long-term equity
  - External sources
  - Short-term and long-term borrowing, long-term equity (if applicable) repayment plans
  - Plan to repay borrowed funds or provide return on investment to equity funds



1 TO 3  
STUDENTS



15  
PAGES  
ALLOWED



20  
PRESENTATION  
TIME

#### IX. KEY METRICS

What are the key activities that must be measured?

#### X. COMPETITIVE ADVANTAGE

What about your product/service means that it cannot be easily copied or bought?

#### XI. CONCLUSION

Specific request for financing, summary of key points supporting the financial request

#### XII. BIBLIOGRAPHY

#### XIII. APPENDIX

An appendix is optional. Include in an appendix any exhibits appropriate to the written entry, but not important enough to include in the body. These might include sample questionnaires used, letters sent and received, general background data, minutes of meetings, etc. Provided that the appendix includes such “exhibits” and is NOT used for “content” that should be included under previous sections, **the appendix does NOT count as one of the maximum 15 pages**. Any such misuse of the appendix may result in penalties under the Written Entry Checklist.

#### FRANCHISE ONLY APPENDIX

If your documentation consists only of a few pages and will easily fit in the official folio with your written entry, you may choose to include an Appendix for franchise documentation. If you choose this approach, your franchise documentation Appendix will NOT count as one of the maximum 15 pages allowed.

**NOTE:** If material other than actual franchise documentation (as described above) is included in your Appendix, you may be penalized under the Written Entry Checklist.

#### SEPARATE FRANCHISE DOCUMENTATION

If your documentation consists of many pages (it may even be in bound form) and does NOT fit in the official folio with your written entry, you may choose to provide separate franchise documentation. If you choose this approach, your franchise documentation does not need to follow any certain formatting guidelines and will NOT count as one of the maximum 15 pages allowed.

**NOTE:** If material other than actual franchise documentation (as described above) is provided as Separate Documentation, you may be penalized under the Written Entry Checklist.

## CHECKLIST STANDARDS

In addition to the items outlined above, students must observe the following rules. The purpose of these rules is to make the competition as fair as possible among all students. Points will be deducted for each violation. Refer to the Written Entry Checklist.

1. Two official written entries must be submitted in official Collegiate DECA or DECA folios, available from Shop DECA. No markings, tape or other materials should be attached to the folios. These will be kept by the event director and will be given to the judge prior to your presentation. The students/team may retain other copies (or photocopies) for their personal reference during the presentation. These additional copies do not have to be in official folios, will not be evaluated, and may not be shown to the judge.
2. The Written Statement of Assurances must be signed and submitted with the entry.
3. The written entry must be limited to 15 pages, including the title page, which is not numbered. The pages must be numbered in sequence, except for the title page, which is not numbered. The title page does count as one of the maximum 15 pages allowed. The page following the title page will be numbered "2." One page will be counted for each 8.5 x 11-inch panel or fraction thereof (foldouts, brochures, etc.). Extra pages added as dividers or additional title pages (even if blank) are included in the maximum 15 pages.
4. The title page information has been provided as requested in the guidelines.
5. The body of the written entry follows the sequence outlined in the guidelines. Additional subsections are permitted.
6. Body copy of the written entry must be at least double-spaced (not space-and-a-half). Title page, executive summary, bibliographical references, appendix content, footnotes, long quotes, material in tables, figures, exhibits, lists, headings, sample letters, forms, charts, graphs, etc. may be single-spaced. Material may appear on one side of the page only.
7. Entry must be typed/word processed. Handwritten corrections will be penalized. Charts, graphs and exhibits may be handwritten.
8. Colored paper, ink, pictures, etc. are allowed. Divider tabs, page borders, artwork, attachments, foldouts, paste-ups, photographs, etc. may also be used, but are still subject to number of pages and page size restrictions.
9. The appendix (if applicable) only includes appropriate content for the appendix.

## GUIDELINES FOR THE PRESENTATION

- Students will have up to **20 minutes** to set up in the presentation area, present their proposal and answer questions from the judge(s).
- Only materials (computer equipment, visual aids, etc.) that can be easily carried to and from the competition areas will be permitted. Only the students may handle and set up their materials. No outside assistance will be allowed.
- Self-contained, state-of-the-art technology (personal or laptop computers/hand-held digital organizers) may be used. However, students must use battery power even if electrical outlets are available in the room.
- Visual aids (poster paper, flip charts) may be used.
- When using a presentation aid, sound may be used, as long as the volume is kept at a conversational level. If this guideline is not followed, the presentation will be interrupted and the students will be asked to follow the sound policy.
- All materials, equipment, supplies, etc. must be provided by the students. DECA assumes no responsibility for damage/loss of materials, equipment, supplies, etc.
- All presentation materials must be prepared by the students with the exception of franchise documentation.
- Materials appropriate to the situation may be handed to or left with the judge. Items of monetary value may be handed to, but may not be left with, the judges. Items such as flyers, brochures, pamphlets and business cards may be handed to or left with the judge. No food or drinks allowed.
- Students may bring copies of the written report to the presentation for their personal reference. These do not have to be in official folios, will not be evaluated and may not be shown to the judge.
- Competitors are also responsible for following the information provided in the Collegiate DECA General Rules and Regulations for competition.
- Failure to follow guidelines may result in disqualification.

## WRITTEN ENTRY JUDGING

Eager entrepreneurs have developed a detailed presentation on a proposed new business or franchise, including a description and analysis of the business situation, planned marketing and promotion of the proposed business and planned financing. Playing the role of a potential source of start-up capital for the business, you are to read the written document and then interact with the writer(s) as if you were actually going to approve (or disapprove) the request for financing.

Please familiarize yourself with all of the guidelines before reading any of the written entry and interacting with students. Penalty points (see Written Entry Checklist) have already been assessed. Your job is to evaluate the written entry and presentation based on the Written Entry Evaluation Form.

- You will have 10 minutes to read the written entry before the students enter the judging area/room. This is an appropriate time to evaluate the written entry using the Written Entry Evaluation Form. Refer to the Evaluation Criteria section for guidelines.
- On the bubble sheet provided, please bubble in the appropriate score and write the score on the corresponding line to verify accuracy. Please make sure not to exceed the maximum score possible for each item.
- Please make sure to score all categories, add them for the total score, then initial the total score. The maximum score for the written entry is 50 points.
- Students with franchise businesses must provide franchising documentation where appropriate.

## PRESENTATION JUDGING

- Please familiarize yourself with all of the guidelines before interacting with students. Your job is to evaluate the presentation based on the Presentation Evaluation Form.
- Students will be scheduled for presentations at 40-minute intervals.
- You will have **10 minutes** to read the written entry before the students enter the judging area.
- Students will have up to **20 minutes** outline the proposal and answer questions. Remember, you are role-playing a decision maker for a financial institution or a potential investor. You may refer to the written entry or to your notes during the interaction with the students.
- You may ask questions of the students to determine their ability to think spontaneously. To ensure fairness, you must ask all students the same standard questions. After asking the standard questions, you may ask other questions for clarification specific to the current students.
- To ensure fairness, at no time should a student be asked where he/she is from (school, state, country, etc.).
- Following their interaction with you, please thank the students and state that a decision on the financing will be made soon and that the students will be notified of the decision. Please give no indication of their performance/score.
- During the last **10 minutes**, after the students are excused from the judging area, you may score the students. Refer to the Evaluation Criteria section for guidelines. On the bubble sheet provided, please bubble in the appropriate score and write the score on the corresponding line to verify accuracy. Please make sure not to exceed the maximum score possible for each item.
- Please make sure to record a score for all categories, add them for the total score, and then initial the total score. The maximum score for the presentation is 50 points.

During the presentation, ask yourself, “Will this work? Is it realistic? Do the students sound knowledgeable? Are the students communicating clearly?” Ultimately, you must decide, “Would I lend money to or invest in this person(s) and this proposal?”

## JUDGING SUMMARY

Maximum score is 100 points. A score of 70 or better will earn the students a Certificate of Excellence.

Thank you for volunteering your time to evaluate our emerging leaders and entrepreneurs.

## EVALUATION CRITERIA

A score under the heading **Exceeds Expectations** in any category means that, in your opinion, the information is presented in an effective, creative way; in effect, nothing more could be expected of the students, and the decisions/recommendations have been presented well.

A score under the heading **Meets Expectations** in any category means that, in your opinion, the information is presented well. There may be a few minor problems or omissions, but they are not significant. Decisions/Recommendations that earn this level in every category for the presentation would probably receive strong consideration for implementation.

A score under the heading **Below Expectations** or **Little/No Demonstration** in any category means that some major flaw has been noted which damages the effectiveness of the presentation. This may be a major omission, a serious misstatement or any other major flaw.



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## WRITTEN ENTRY EVALUATION FORM

	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
1. One- to two-page summary of the business model	0-1	2-3	4	5	
2. List the top three problems your product/service is addressing.	0-1	2-3	4	5	
3. Who are the target customers?	0-1	2	3	4	
4. What is the single, clear, compelling message that states why your product/ service is different and worth buying?	0-1	2	3	4	
5. What are the pathways to customers?	0-1	2	3	4	
6. What are the life time values? What is the revenue? What is the gross margin?	0-1	2-3	4	5	
7. What are the customer acquisition costs? What are the distribution costs? What are the human resources costs? Additional costs?	0-1	2-3	4	5	
8. Projected income statements by month for the first year's operation (sales, expenses, profit/loss); Projected cash flow for the first year; Projected cash flow by month for the first year's operation; Projected balance sheet, end of first year; Projected three-year plan; Description of the planned growth of the proposed business, including financial resources and needs; Proposed plan to meet capital needs	0-1	2-3	4	5	
9. What are the key activities that must be measured?	0-1	2	3	4	
10. What about your product/service means that it cannot be easily copied or bought?	0-1	2	3	4	
11. Specific request for financing, summary of key points supporting the financial request	0-1	2-3	4	5	

**WRITTEN ENTRY TOTAL POINTS (50)** \_\_\_\_\_

JUDGE \_\_\_\_\_



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## PRESENTATION EVALUATION FORM

	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
1. Opening presentation and request: description of the project; organization, clarity and effectiveness of the presentation	0-1	2-3	4-5-6	7-8	
2. Assess opportunities for venture creation	0-1	2-3	4-5	6	
3. Determine feasibility of venture ideas	0-1	2-3	4-5	6	
4. Assess start-up requirements	0-1	2-3	4-5	6	
5. Evaluate risk-taking opportunities	0-1	2-3	4-5	6	
6. Explain the complexity of business operations	0-1	2-3	4-5	6	
7. Determine relationships among total revenue, marginal revenue, output, and profit	0-1	2-3	4-5	6	
8. Describe marketing functions and related activities	0-1	2-3	4-5	6	

<b>PRESENTATION TOTAL POINTS (50)</b>	
WRITTEN ENTRY (50)	
PRESENTATION (50)	
SUBTOTAL (100)	
LESS PENALTY POINTS	
<b>TOTAL SCORE</b>	

A score of 70 or better will earn the student a Certificate of Excellence.

For tie-breaking purposes, the following evaluation form ranking process will be used. Beginning with the Presentation Evaluation Form, the students with the highest score for item #1 wins the tie-break. If this does not break the tie, the process will continue for the remaining presentation items in the following order: 2, 3, 4, 5, 6, 7, 8. If this does not break the tie, the process will continue using the Written Evaluation Form, beginning with item #2. If this does not break the tie, the process will continue for the remaining written entry items in the following order: 6, 7, 8, 11, 1, 4, 3, 5, 10, 9.