

The background features three large, overlapping blue circles of varying shades (light blue, medium blue, and dark blue) and several thin, light blue diagonal lines that create a dynamic, geometric pattern.

**YES.** *for* **Arkansas**  
Youth Entrepreneur Showcase

**TEACHER TRAINING MANUAL**

**AEAF**  
ARKANSAS ECONOMIC  
ACCELERATION FOUNDATION

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# 1. ABOUT Y.E.S. AND ENTREPRENEURSHIP

## What is Y.E.S.?

The Youth Entrepreneur Showcase, or Y.E.S, for Arkansas is a **statewide business plan competition** for grades 5-8. The competition is designed to encourage Arkansas’s students to act on their ideas and talents in order to produce tomorrow’s businesses. By requiring students to create a business plan for the competition, students are encouraged to apply what they learned in school to a real world setting. In short, Y.E.S. provides Arkansas’s students with a forum from which they can experience entrepreneurship.

Generally speaking, entrepreneurship is the process of running one’s own business. Entrepreneurs are the people who own, operate, and take the risk of running businesses.<sup>1</sup>

## Why Entrepreneurship?

According to the *Consortium for Entrepreneurship Education* and the *Small Business Administration*, entrepreneurship education does not just contribute to new business starts. The benefits of entrepreneurship education include:

- **Improved Student Performance.** Students who participate in entrepreneurship programs demonstrate increased initiative & self-confidence. Participating students also show improved school performance and more ambitious goals for life after school. Studies from Philadelphia’s high school system show that at-risk students enrolled in entrepreneurship education have better attendance, have higher grades in Math and English, and are more likely to graduate.
- **Upgraded School Performance.** By improving student performance, entrepreneurship education can contribute to improving the overall quality of America’s schools. At the most basic level, students enrolled in these courses are less likely to be truant or drop out of school. Educators are also finding that entrepreneurship training encourages youth to employ sophisticated math and science concepts in real-life situations, leading to greater interest and improved performance in math and science.
- **Enhanced Economic Competitiveness.** Individuals that receive entrepreneurship training (at all ages) are more likely to start a business, and most importantly to sustain and grow a business. It is these companies that will be the cornerstone of future economic growth, job creation, and wealth generation.<sup>2</sup>

## The Role of Entrepreneurship in Education

It has been researched and demonstrated that children in elementary grades can learn economics. The challenge for educators is to introduce entrepreneurship education into the elementary grades while continuing to emphasize economic concepts.

According to Dr. Calvin Kent, Professor of Private Enterprise and Director of the National Center for Entrepreneurship at Baylor University, K-7 programs should focus first on economic principles, and then on the development and enhancement of entrepreneurship attributes. During the later elementary or first middle grades, the entrepreneurship content should have students beginning to look at the economy for entrepreneurial opportunities.<sup>3</sup>

<sup>1</sup> Arkansas Department of Workforce Education. Enterprise Management I: Curriculum Content Frameworks. February 2005.

<sup>2</sup> Consortium for Entrepreneurship Education. Entrepreneurship Everywhere: The Case for Entrepreneurship education. 2005.

<sup>3</sup> Kent, Calvin A. Entrepreneurship Education: Current Developments, Future Directions. Praeger/Greenwood. 1990.

Focus of Entrepreneurship Education, by Grade Level:		
<b>K – 5</b> Basic Economics Entrepreneurship Attributes	<b>6 – 8</b> Economics Concepts Entrepreneurship Attributes Business Opportunities	<b>9 – 12</b> Economics Concepts Entrepreneurship Attributes Business Opportunities Business Management

Student entrepreneurs tend to receive support through education (e.g. content is weaved into the curriculum or through direct training), experiential programs, and networking programs. The Y.E.S. competition, for grades 5-8, is program that encourages students to recognize and create business opportunity within their environment.

## 2. WRITING A BUSINESS PLAN

Thinking about starting a business can be a very exciting thing. The reality of such a venture, however, tends to become even more real once an entrepreneur sits down and puts their thoughts on paper.

Some entrepreneurs are likely to think: Why should I sit down and write about my business when I can save myself some grief and just start it? And it's true. Writing a business plan is not a requirement to start a business. However, entrepreneurs who have a well-written business plan can use it to indicate they have done their homework and are well-prepared to start their business.

Although there is no formula, or single-way, to write a business plan, there are some general guidelines that provide entrepreneurs with a starting point. A good business plan is concise and provides target readers with the information they need.

### The Purpose of a Business Plan

Entrepreneurs write business plans for different reasons:

- **To seek financing.** One of the main purposes of a business plan is to seek financing for a business. Based on the quality of the business plan and the entrepreneur's business pitch, investors can determine whether or not to invest in that business.
- **To save time & money.** Proper financial planning for a business will help the entrepreneur better decide if they really want to go into a business. By sitting down to calculate the numbers, the entrepreneur can make sure they are getting the most out of their time and money.
- **To have a plan.** Many entrepreneurs may find that although no plan is perfect; any plan is usually better than no plan.

### What is included in a Business Plan?

An effective business plan communicates the company has an identity; has a defined product/service; has a good strategy to reach potential users; and can make money. If the product/service is innovative and/or creative, this can provide the company's product with a unique edge.

Generally speaking, a business plan written by 5<sup>th</sup>-8<sup>th</sup> graders should include the following elements:

- Cover Page

- Table of Contents
- Company Overview
- Product or Service
- Marketing Plan
- Financials

## **Business Plan Templates**

Although there is no requirement for how a business plan should look, it is important to note that the main purpose of the business plan is to seek financing. Since the business plan provides an impression of the entrepreneur's business, it is highly recommended that the document look professional. Ultimately, whether or not the entrepreneur receives financing will depend on the actual content of the document.

Many templates for business plans exist, but the basics stay the same. These templates should provide the entrepreneur with a good starting point, but the entrepreneur should add their own twist to illustrate the uniqueness of their product/service when writing the business plan. Once such template is provided in Appendix 1 of this document.

### **3. COVER PAGE**

The business plan may provide one of the first impressions to a potential investor. For this reason, it is highly recommended that the document looks professional - one important aspect of this is the cover page. At the very least, the cover page should include the following information:

- Company Name
- Business Plan (to identify what the document is)
- Students' Names & Contact Information (e-mail, telephone, address)
- Teacher Advisor & School information (for competition purposes)

Oftentimes, companies will place their logo on the cover so the plan can be readily identified. A unique or eye-catching cover page can help draw the attention of the judges.

### **4. TABLE OF CONTENTS**

The Table of Contents is optional but it adds to the professionalism of the business plan. It also makes it easier on the judges to read the plans. The Table of Contents should include all of the important business plan headings.

## 5. COMPANY OVERVIEW

This section provides the investor with a snapshot of what the company is about.<sup>4</sup> The company overview should include the following information:

- **Mission of the business** (What is the purpose of the business?)
- **Company history** (What is the history of the business?)
- **Company goals** (Where do you want the business to be in the future?) – Goals are general directions that are not specific enough to be measured. Think of goals as the treasure at the top of a stairway, and the objectives as the stairs.
- **Company objectives** (Where do you want the company to be 1 month from now? 6 months from now? 1 year from now?) – Objectives are more measurable, meaning that you can look back and say: ‘Did I achieve this?’ One example of a company objective may read something like this: Our objective is to deliver **X** results by **Y** date at a cost of **Z** dollars.<sup>5</sup> The company objectives describe how the company plans to reach the company goals.
- **Backgrounds and roles of the management team** (What is the background of the team? What are their past successes and achievements? Do they work well as a team? What roles will each member play?)

The company overview may also provide a quick mention of the product or service. Specific details on the product or service, however, should be saved for the next section of the business plan.

## 6. PRODUCT OR SERVICE

This section describes the company’s product or service. The product or service section should provide the following information:

- **Description of the product or service**
- **Product features and benefits**
- **Competitive advantage** - Why the product is better than its competitors? The product or service can provide a competitive advantage by offering customers: (1) lower prices (2) greater benefits/services, and/or (3) new offerings which might otherwise not be available.
- **Innovation.** Innovation is defined as: “turning ideas into new products or services for a business.” Oftentimes, innovation tends to be linked to technology-type products; although this is not always the case. Examples of innovation include: 3M’s Post-it Notes, Apple’s iPod, and Clorox’s Toilet Wand.

<sup>4</sup> It may be a good idea to have the kids write this section last, because the nature of the business may change as the students go through the planning process. It is common practice to write the executive summary of a business plan only after all other sections of the plan are complete.

<sup>5</sup> Craig Miyamoto. Miyamoto’s Public Relations Resource: Strategic Public Relations, Goals vs. Objectives. Public Relations Strategies. 2002.

## 7. MARKETING PLAN

This section explains how you are going to sell your product or service. The marketing strategy section should address the following:

- **Target Market**
  - Who are you trying to sell the product to?
  - How many of these customers may buy your product?
- **Competitors**
  - Who sells a similar product?
  - Why do you think you can compete successfully against them?
  - How is your product different from what your competitors have to offer (i.e. competitive advantage)?

### The 4 P's of Marketing<sup>6</sup>

- **Product**
  - For our purposes, this can be a summary of the product or service from the previous section.
- **Price**
  - How much does your product cost?
- **Place**
  - Where and how can your product be purchased?
- **Promotion**
  - How are you going to advertise your product? Methods include: word of mouth, newspaper ads, magazine ads, flyers, TV ads, online ads, radio ads, poster, bulletin boards, school newspapers, etc.
  - How are you going to sell your product? Methods include: in a store, telephone sales, door-to-door, internet<sup>7</sup>, through a catalog, from your home, direct mail, newspaper ads, TV ads, radio ads, hire a group of salespeople, school, fair, street vendor, etc.

### Showcasing the Product

To showcase the product's innovation and/or creativity, a marketing piece such as a one-page flyer, brochure, 30-60 second commercial may be used to generate visual appeal. A marketing piece is required from the top 25 teams that advance to Round 2.

If the product is being showcased in a booth display (which is the case with the top 25 finalists), elements of booth design and booth display should be incorporated. Elements of booth design include: color, lighting, signage, and focus. Elements of booth display include: focus, showcasing features and benefits, props, streamlining display, and professionalism of the presenter residing at the booth.

<sup>6</sup> <http://www.netmba.com/marketing/mix/>

<sup>7</sup> We have had teams create a website to market their business. We realize this is difficult for most 5<sup>th</sup>-8<sup>th</sup> graders nevertheless we thought it was worth mentioning – particularly if you have students who are interested in computers, the internet, and website development.

## 8. FINANCIALS

This section explains to the investor how much money the entrepreneur will need to start the business. It also explains how much money (i.e. profit) the business will hope to make. The financials section should provide **(1) an income statement**, and **(2) a statement of funds needed to start the business**.

### Income Statement

The income statement is a financial report that shows a business' revenue, expense, and profit over a period of time. Once these numbers are calculated, the ending number (*net profit* if positive or *net loss* if negative) can provide the entrepreneur and the investor with an idea of the money-making potential of the business.

Developing an income statement can help the entrepreneur better determine whether or not the product/service is worth making and/or selling. If the income shows a net loss, then this is an indicator that the entrepreneur should change the business model or find another one that can generate an income. The following example shows the process of creating an Income Statement.

#### - Income Statement Example -

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

- Lemonade mix (Cost: \$5)
- Styrofoam cups (Cost: \$10)
- A sign and markers to make the sign (Cost: \$5)
- Other Marketing Materials including an add in the local newspaper (Cost: \$20)
- The water, ice, table, and chair come from the Jane's parent's home. Her parent's already have these items so she does not have pay for these. (Cost: free)

Assume that Jane works 3 hours a day, 4 days a week. Every day, she sells an average of 12 cups of lemonade. She charges every customer \$2 for one cup. Her lemonade mix and cups will last her 1 month. **1) Create an Income Statement covering one month for Jane's Lemonade Stand if she runs the business by herself.** **2) Create an Income Statement covering one month for Jane's Lemonade Stand if she hires someone to work for her for \$6 an hour.**

#### - The Answers -

**1) Create an Income Statement covering one month for Jane's Lemonade Stand if she runs the business by herself.** [To help the students break this problem down we have created the following sub-questions.]

**1A) How many units of lemonade will Jane sell in a month?**

Number of weeks in a month	4
Number of days worked per week	4 (x)
Number of days worked in a month	16

Number of days worked in a month	16
Number of units sold per day	12 (x)
Units sold in a month	192

**1B) What are Jane's Total Sales for 1 month?**

Units sold in a month	192
Sales price of each unit	\$2 (x)
Total Sales	\$384

**1C) What are Jane's total expenses?**

Lemonade mix	\$5
Styrofoam cups	\$10
A sign and markers to make the sign	\$5
Marketing Materials	\$20 (+)
Total Expenses	\$40

**1D) What is Jane's Net Profit (or Net Loss) for the month?**

Total Sales	\$384
Total Expenses	\$40 (-)
Net Profit	\$344

<b>Jane's Lemonade Stand</b>	
<b>INCOME STATEMENT</b>	
<b>For 1 month</b>	
<b>Revenues:</b>	
Total Sales Revenue	\$ 384
<b>Total Revenue</b>	<b>\$ 384</b>
<b>Expenses:</b>	
Lemonade mix	\$ 5
Styrofoam cups	\$ 10
A sign and markers to make the sign	\$ 5
Marketing Materials	\$ 20
<b>Total Expenses</b>	<b>\$ 40</b>
<b>Net Profit or Net Loss</b>	<b><u>\$ 344</u></b>

2) Create an Income Statement for Jane's Lemonade Stand if she hires someone to work for her for \$6 an hour.

2A: How much will it cost Jane to pay the worker?

Number of hours the worker would work everyday	3
Number of days the worker would work every week	4
Number of weeks per month	4
Number of workers	1
Worker pay per hour	\$6 (x)
Worker Expense	\$288

2B: What are Jane's Total expenses?

Lemonade mix	\$5
Styrofoam cups	\$10
1 sign and markers to make the sign	\$5
Marketing Materials	\$20
Worker Expense	\$288 (+)
Total Expenses	\$328

2C: What is Jane's Net Profit (or Net Loss) for the month?

Total Sales Revenue (same as before)	\$384
Total Expenses	\$328 (-)
Net Profit	\$56

Jane's Lemonade Stand	
INCOME STATEMENT	
For 1 month	
<b>Revenues:</b>	
Total Sales Revenue	\$ 384
<b>Total Revenue</b>	<b>\$ 384</b>
<b>Expenses:</b>	
Lemonade mix	\$ 5
Styrofoam cups	\$ 10
A sign and markers to make the sign	\$ 5
Marketing Materials	\$ 20
Worker Expense	\$ 288
<b>Total Expenses</b>	<b>\$ 328</b>
<b>Net Profit or Net Loss</b>	<b>\$ 56</b>

## Statement of Funds Needed

Since one of the main purposes of a business plan is to seek financing, it is important to state the financial needs of the business. The following is an example of a how to write a funding request:

### - Statement of Funds Needed Example –

The management of Mike’s Bike Shop will need \$10,000 to pay for supplies, employee salaries, rent, and marketing materials to operate a small used bicycle store. Mike is willing to invest \$6,000 of his own money to cover these expenses. **1) How much additional funding does Mike need? 2) Make a funding request for Mike’s Bike Shop. 3) Where could Mike go to borrow this money?**

### - The Answers –

#### 1) How much additional funding does Mike need?

Total Expenses	\$10,000
Money Make is investing	\$6,000 (-)
Total needed to borrow	\$4,000

#### 2) Make a funding request for Mike’s Bike Shop.

The management of Mike’s Bike Shop will invest \$6000 to start a small store that will sell used bicycles. In order to pay for supplies, staff, rent, and marketing materials, Mike’s Bike Shop is requesting a loan of \$4000.

#### 3) Where could Mike go to borrow this money?

Mike could seek a loan through several sources including banks, family, friends, and/or the government.

## APPENDIX 1: BUSINESS PLAN TEMPLATE

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

On the following 5 pages, you will find an outline to writing a business plan. No one ever knows all the answers when they start writing a business plan. You may need to make some phone calls, take a neighborhood survey, or go to the library. You can also learn from the experience of other business owners or your parents.

The general layout of the plan should include five sections:

Title Page

Table of Contents

Section 1: Company Overview

Section 2: Product/Service (discuss Innovation here)

Section 3: Marketing Plan

Section 4: Financials

Y.E.S. Guidelines for the **Business Plan Format** (5 points):

The business plan will include the cover page and the business plan. The business plan is limited to 5-pages of typed text, with a 12-point font. The cover page is not counted in the total number of pages. The cover page must include the: (1) teacher advisor's name, (2) student names, (3) contact information (including e-mail, telephone, address, school name, and the name of the company).

**A template for the Cover Page and Table of Contents is shown below:**

**Insert Logo and/or  
Company Name Here**

**Business Plan**  
**<Today's Date Here>**

**This document contains  
Confidential and proprietary information  
That belongs exclusively to  
<Company Name>**

Student Name 1, Name 2, Name 3  
Address  
City, State Zip Code  
Email Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

Teacher Advisor  
School  
School Address  
City, State Zip Code  
Email Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

**Insert Logo and/or  
Company Name Here**

### Table of Contents

1. Company Overview .....	1
2. Product / Service .....	2
3. Marketing Plan.....	4
4. Financials.....	5

Note: the students may choose to have subheadings to the Table of Contents as follows:

1. Company Overview .....	1
Mission .....	1
Company History .....	2
Company Goals .....	2
Company Objectives .....	2
Management Team.....	3

Y.E.S. Guidelines for the **Company Overview** (5 points):

Includes a mission (what you want to do), company history, goals, objectives (where do you want your business to be three months from today), and the backgrounds and roles of the management team

A template for the **Company Overview** is shown below: (Section 1)

*Insert Logo and/or  
Company Name Here*

## 1. COMPANY OVERVIEW

### **Mission**

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

### **Company History**

If your company has a history, describe it here.

### **Goals**

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

### **Objectives**

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

### **Management Team**

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

Page #

Y.E.S. Guidelines for the **Product/Service Description** (5 points):

Describes the product, its features and benefits, and explains why the product is better than that of the competitors.

Y.E.S. Guidelines for **Innovation** (5 points):

Definition: turning ideas into new products or services for a business

**A template for Product/Service Description & Innovation is shown below: (Section 2)**

**Insert Logo and/or  
Company Name Here**

## **2. PRODUCT / SERVICE**

### **Product**

Describe your company's product or service.

### **Features & Benefits**

Describe the features and benefits of your product or service.

### **Competitive Advantage**

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

### **Innovation**

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

**Page #**

Y.E.S. Guidelines for the **Marketing Plan** (5 points):

Defines who your target market is, the price of the product, where the product will be sold, and how the product will be promoted.

A template for the **Marketing Plan** is shown below: (Section 3)

**Insert Logo and/or  
Company Name Here**

### 3. MARKETING PLAN

#### **Target Market**

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

#### **Competitors**

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

#### **Product**

A summary of the product or service from the previous section.

#### **Price**

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

#### **Place**

Where and how can your product be purchased?

#### **Promotion**

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

Page #

Y.E.S. Guidelines for the **Financials** (5 points):

Includes: (1) an income statement and (2) a statement of what funds you will need.

A template for the **Financials** is shown below: (Section 4)

**Insert Logo and/or  
Company Name Here**

## 4. FINANCIALS

### Income Statement

Example:

Jane's Lemonade Stand INCOME STATEMENT For 1 month	
<b>Revenues:</b>	
Total Sales Revenue	\$ 384
<b>Total Revenue</b>	<b>\$ 384</b>
<b>Expenses:</b>	
Lemonade mix	\$ 5
Styrofoam cups	\$ 10
A sign and markers to make the sign	\$ 5
Marketing Materials	\$ 20
Worker Expense	\$ 288
<b>Total Expenses</b>	<b>\$ 328</b>
<b>Net Profit or Net Loss</b>	<b>\$ 56</b>

### Statement of Funds Needed

Example: The management of Jane's Lemonade Stand invested \$10 to start the business. In order to better market the business, Jane's Lemonade Stand is requesting a loan of \$30.

Page #

## APPENDIX 2: GLOSSARY OF TERMS / VOCABULARY LIST

Entrepreneurship: the process of running one's own business. Entrepreneurs are the people who own, operate, and take the risk of running businesses.

Expense: an outflow of money to another person or group to pay for an item or service. (Cash out.)

Income: the financial gain earned over a period of time.

Innovation: a new way of doing something. A new idea applied successfully to a business.

Loan: an arrangement in which a lender gives money to a borrower and the borrower agrees to repay the money, usually along with interest, at some future point(s) in time.

Net Profit (or Net Loss): the amount remaining after the total expenses are subtracted from total revenue. If the number is positive, the business made money and this is referred to as a *Net Profit*. If the number is negative, however, the business lost money, or generated a *Net Loss*.

Revenue: the entire amount of income before any deductions are made. (Cash in.)

Total Sales: the dollar amount generated from all products sold.