

Plan Your Own Enterprise Competition

2017 National Winner – Division One

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MERICI COLLEGE, ACT

Year 12 – Business Studies

"LEADZ"

JUDGES' COMMENTS

Overview of the Competition

The Plan Your Own Enterprise Competition is a vehicle through which students can develop and demonstrate their understanding of small business planning, the concepts and processes that make up a plan, and apply their entrepreneurial and innovative thinking to an opportunity or need they have identified in a market.

Students are required to address a business plan criteria which is published each year in the nationally distributed information brochure and on the website. The following comments are offered on Jessica's response to the 2017 criteria.

We encourage students to keep the product/service and the scale of the market simple to avoid the plan getting too unwieldy and complex. (Many of the more complex plans we see as judges 'don't add up' when you consider the market assumptions, the forecasted financials and break even and the future prospects of the business.)

Business Name

The business name "Leadz" provides an immediate mental image of what this business is offering to the market. A logo was included to reinforce this mental picture.

Judges' Comments: "The logo might limit attention to the product to dog owners – perhaps the design could appeal to a wider market?"

Vision and Mission

The vision and mission are written as aspirational statements, and encapsulate the owner's passion for pets.

Vision

- "At Leadz, we strive to make every outing with your pet enjoyable, comfortable and practical."

Mission

- "We believe walking your pet should be fun and practicable. Our mission is to transform the way our customers walk their four legged friends."

Judges' Comments: Vision and mission statements are supplementary to the criteria for the competition. The above statements are useful to provide an insight into Jessica's thinking and values.

Prime Function

Prime function is described as "Leadz prime function is to provide a new approach to an active lifestyle for the dedicated pet owner."

The product description was explained under the Prime Function heading

Business Goals

Personal Goals

Jessica provided both business and personal goals.

Judges' Comments: Business and personal goals are supplementary to the criteria for the competition. However, it can be useful to start a business plan process with clear goals. For the judges, this information was useful to understand Jessica's motives.

Location

The plan describes the location as "an online-based business"

In terms of future prospects, the plan is for growth into secondary channels of Pet Retailers and Veterinary Clinics.

The plan explains why Jessica has decided to start up as an online business.

Legal Structure

Jessica has selected a proprietary company as the most suitable legal structure with an explanation of the selection of this option.

Judges' Comments: Cost of establishing a proprietary company may be underestimated in the set up costs (see 3.2 Establishment Costs and Sources of Finance)

Licencing and Legal Requirements

Jessica acknowledges the need to meet legal obligations, but apart from company registration, ACN, ABN, no specific requirements are identified.

Domain www.leadz.com.au would be registered as part of start-up.

Judges' Comments: A list of possible legal requirements would help demonstrate Jessica's understanding of these requirements.

Operations Plan/Production/Stock/Logistics

Judges' Comments: Whilst the criteria do not specify the need for an Operational Plan, the absence of this type of plan limits our understanding of what Jessica envisaged was going to be the production process, the management of stock etc, and the financial assumptions to feed into the Financial Plan. We suggest that if the business revolves around manufacture then some form of a succinct production plan (or set of assumptions) would be beneficial.

Staffing requirements

Plan identifies three key staff requirements –

1. Production
2. Sales representative
3. Marketing

A description of these roles is included in the plan.

These roles would be carried out by the owner, and as sales pick up a part-time support person would be employed.

Judges' Comments: Given the scale of sales in the first year (1340 units totalling \$175,700) the estimated staff salaries cost of \$9,160 in the first year appears to be very low. Given staff salaries are fixed costs this could significantly impact the breakeven sales equation.

Marketing Plan

The elements covered in the Marketing Plan

- Marketing Objectives
- Competition
- Customer Profile
- Target Market and Segmentation
- SWOT
- Marketing Mix – The 4 Ps

A key strategy is the use of packages, ranging from "Leadz Band", "Leadz Bundle", and "Leadz Value Pack". The forecasted sales for each of the packages is included in Appendix IV.

Judges' Comments: One of the Promotional strategies is a Leadz Rewards Program which would have benefited with a more complete description of how it would operate and be sustained.

The marketing plan could have been strengthened with some form of research/testing of the need/demand for the product in the market, including pricing and the concept of packaging. Normally this is in the form of a market survey or product testing with people within the target markets.

Financial Plan

The financial plan included –

- Financial Objectives
- Establishment Costs (Start-Up costs)
- Sources of Funds
- Fixed and variable costs
- Break Even analysis
- Cash Flow Forecast
- Revenue Statement

Included in the Appendices were

- Break Even – Leadz band
- Break Even – Leadz Bundle
- Break Even – Value Pack
- Cash Flow Forecast – including forecasted mix of sales

Judges' Comments:

Establishment Costs – initial stock for the manufacturing should be included in establishment costs.

Fixed Costs – considered understated – low wages, no marketing, no phone costs, no motor vehicle costs, occupancy costs (assume initially from home)

Variable Costs – a separate gross margin calculation is made for all three packages, which is very beneficial financial analysis

Break Even – a separate break even for each package assists with more accurate financial forecasting. The fixed costs for the business appear very understated and this significantly impacts break even calculations.

Future Prospects

The Plan describes future endeavours as –

- Fulfil its Business, personal, Marketing and Financial Objectives
- Promote benefits of active lifestyles with your pets
- Develop new products across a greater customer target demographic
- Grow the brand internationally

In terms of sales, the business could consider creating a network of sales agents in the future.

Overall Judges' Comments

The judges acknowledge the work Jessica put into this plan. She was able to demonstrate through the plan that she had a good understanding of the small business planning. Her presentation to the national judging panel was very articulate and compelling.