

FIRST ANNUAL YOUTH BUSINESS SUMMIT

BUSINESS PLAN
COMPETITION

TROY
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Center for
Entrepreneurship and
Economic Innovation

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500 University Dr., Dothan, Alabama, USA

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Center for
Entrepreneurship and
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YOUTH BUSINESS SUMMIT BUSINESS PLAN COMPETITION

RULES AND PROCEDURES

CONCEPT

The Business Plan Competition of the Youth Business Summit is designed to give high-school students an opportunity to engage in entrepreneurial planning. Student teams will develop plans for their own concepts of viable businesses, to “pitch” to a panel of judges. The panel will select one winning team by assessing the structure of each plan, the thoroughness with which the team has thought through the fundamental elements of starting a business, the quality of student thinking about those fundamentals, the potential viability and monetizability of the proposed business, and the quality of the pitch itself. Students will work in teams of no more than five, to optimize synergy of intellect and talent. Working in teams will also expose each team member to experience in leadership, team building, and group dynamics.

RULES

1. Teams: Students at each participating school will form teams consisting of no more than five (5) students each. How each team divides responsibilities will be up to its student participants. We are soliciting only one team per school, but a school may admit more than one team if its faculty deem more than one to show superb potential.
2. Coordination at the School Level: Each school will designate a faculty point of contact to coordinate team preparation and selection. Once teams have been formed at the school level, the faculty will initiate a process designed to select the best from that school. The school will then submit complete team information in Microsoft Word, including the proposed business name, names of student participants, and the full business plan, to Dr. Skip Ames (dothanscob@troy.edu), by Wednesday, April 18, 2017.
3. Initial Judging: Dr. Ames and an initial group of faculty, who will not be part of the ultimate group of judges making the final decision, will review the plans submitted by all schools and select the five (5) that demonstrate the highest quality and most viable business ideas. Dr. Ames will then advise the faculty points of contact at the respective schools that their teams have been selected as finalists in the Youth Business Summit Business Plan Competition. A general description of a business plan is attached as Appendix A. A sample business plan, to show what structure to follow, is attached as Appendix B. School faculty should stress to the students that business plans are not generic. Each plan should reflect the choices of the student team. Structure is important for uniformity in this competition, but the substantive content of the business idea, along with the issues that each proposed business naturally faces, will be different. As creative entrepreneurs, the students should feel the flexibility to adapt the plans to the

concept, knowing that certain business fundamentals must be addressed, while the approach taken to do so may vary considerably. Importantly, submitted plans *do not* need to be as complex as the example plan at Appendix B. They must simply follow its organization. Submitted business plans should be no more than one page per section.

4. Pitch Competition: The day's events will run from 9:00 a.m. to 2:00 p.m., May 4. The Pitch Competition will begin at 10:00 a.m. in Sony Hall, on Troy University's Dothan Campus, and last about an hour. The Competition will be evaluated by a panel of judges selected prior to the event. The panel will consist of business leaders and entrepreneurs from the Dothan area. Judges will not be members of the faculty team that selected the five finalist teams. No team will be identified as coming from any particular school. The judges will therefore not know from which schools a team hails. Each team will have 12 minutes to make its Pitch, but those 12 minutes must reserve enough time for questions during and after the presentation. Each team should prepare for questions, such as by designating one or more members ahead of time to respond. Each judge will receive a hard copy of the business plan at the start of the presentation. Teams should use visual aids, such as PowerPoint, and exercise creativity for effective delivery. Team members should decide who will deliver the oral presentation, including whether to have more than one team member take part in that role.
5. Judging: At the conclusion of the presentations, the judges will retire, deliberate, and make a selection of the first through fifth rankings of the teams. The criteria on which the judges will make their decisions are attached as Appendix C.
6. Scholarships: Troy University will award a scholarship valued at \$2,500 to the winning team. The award will be divided evenly among the team members.
7. Post-Competition Mentoring Opportunity: Sometime during the summer, the Alabama Cooperative Extension System will be holding its first Alabama Youth Entrepreneurship Conference, consisting of a three-day entrepreneurship summer camp for students in grades 9 through 12. This camp will take place on Troy University's Dothan Campus. It will include workshops for teams to build short business plans, networking experience, and a short team-based business pitch competition at the end. Students from among the five teams selected to participate in the Youth Summit will be invited to serve as peer mentors for this event. This opportunity will provide selectees with an excellent opportunity to exercise leadership and gain further exposure to entrepreneurial learning and interaction.

—APPENDIX A—
BUSINESS PLAN GUIDE

YOUTH BUSINESS SUMMIT BUSINESS PLAN COMPETITION

Introduction

This document is designed to provide you, who will be part of the Business Summit, an introduction to business plans, why they are necessary, their purpose, a structure to follow, suggestions for the substantive content of their various sections, and a guide for you to use in developing a business plan. Many of the matters and concepts set out below can be found in more depth at:

www.entrepreneur.com/article/247574 and

www.sba.gov/starting-business/how-start-business/20-questions-starting

For the Summit Business Plan Competition, the information set out below will inform you of many dynamics and elements of business plans. However, because this Summit and the competition are designed to give you an opportunity to think in an entrepreneurial way and to draft plans that are appropriate for this competition, we want to keep your plans to a workable length. Therefore, while this document addresses lengths of various business plans, you should keep your plan to a manageable length by devoting no more than one page per section outlined herein, and answer the questions that are asked for each respective section of your plan.

What is a Business Plan?

A business plan is a document that entrepreneurs and other business people prepare if they have the idea of starting a business or if they have a need to develop an on-going business further. For this competition, your business plan will be a written description of the present concept of your business and its future direction. It will therefore encapsulate the anticipated actions to create your business, but of equal importance is that it will structure your thinking and intuition about your business because it will help you to conceptualize its most important elements. The *process* of developing the business plan will thus help you to think about, and answer, the primary considerations that you must address before you can determine if you have a potentially viable business.

In turn, once you have completed it, the business plan will allow others, such as your mentors and potential financing sources, to evaluate the viability of your concept and to assess whether you have given sufficient thought to the full range of challenging issues that are present when starting a business. In fact, the judges in this competition may be among those whom you will need to know in the future to help make your business a reality.

A real business plan is not a one-time effort. As an entrepreneur, you should think of your business plan as an evolving document, which you might modify as circumstances dictate and as your ideas mature. Drafting and updating your business plan over time is an on-going, living process.

Your business plan should be kept as *simple as possible*, even though it must obviously include many specific details. People with whom you are dealing will not want to spend hours reading a long plan. They want to be assured that you have thought through the complexities of starting a business, that

your thinking is sound and workable, and that you are capable of applying judgment in terms of what to include in the plan to ensure comprehensibility without complexity.

Business plans can be used by you when seeking investors. They help convey your vision for your business. They can also be used to attract good employees, to attract prospects to become customers, to deal with suppliers, and to help you manage your business operations better. The plan will convey your goals for the business, present the strategies that you will use to meet those goals, demonstrate your recognition of challenging issues that may confront the business, and show how well you have anticipated those issues with ideas to solve them. It will also set out the governance structure of your business (*i.e.*, who will be in charge of each function) and estimate the amount of capital that you will need to start your business and keep it going.

For this Summit, you will keep your plan to a maximum of one page per section. By comparison, in the world of business, a typical business plan can be 25-30 pages in length. The length, however, will be governed by the type of business that the entrepreneur is actually contemplating, as well as the typical level of complexity that the business type naturally entails.

The classic business plan writer is an entrepreneur who is going to develop a “start-up” business and wants to seek funding and help for the start-up. However, as observed above, business plans will mature and change after their initial drafting. In addition, even after the business has been up and running for a while, the business owner will find that a business plan remains useful at every stage of business growth and development. For example, businesses in the more advanced stages of their evolution may seek additional funding to expand and seek additional customers. A business plan can therefore be invaluable to a business at any stage of its development.

If you eventually find yourself participating in the Youth Entrepreneurship Program of the Center for Entrepreneurship and Economic Innovation (another project that we are working on), you will be mentored by entrepreneurs, business people, banking people, lawyers, and accountants. These people will help you refine your thinking and develop more substantive and impactful business ideas.

Types of Business Plans

There are generally acknowledged to be three types of business plans:¹ Miniplans; Working Plans; and Presentation Plans. Your plan for this competition will resemble a Miniplan.

Miniplans are the shortest of all plan types. In this kind of plan, you will include key matters such as your business concept, financing needs, marketing plan, financial statements (especially cash flow), income projection, and balance sheet.

A *Working Plan* is one that is used to operate your business. It should be long on detail, but shorter on presentation attributes and qualities. This kind of plan is primarily designed for internal use, so it should contain sufficient detail to function as a genuine working guideline.

A *Presentation Plan* is one that takes the types of details in your Working Plan and puts them in a format that is suitable for showing to the outside world, such as to bankers and potential investors. The information will be similar to what is in a Working Plan, but it will be styled differently. In this kind of document, you will put more details and *polish*. The idea in this case is to have a document and back-up

¹ There is also an Electronic Plan, which is a computer-based version of your plan.

exhibits that present your concept in its best and most attractive light. A PowerPoint presentation is generally a part of this kind of plan. Depending on your audience, you should be prepared to conform the information in your plan to what you think the audience will find most informative.

Writing a Business Plan: Its Elements

Please read over the elements of a business plan that follow. Study each one before you begin any writing. Do your “homework” so that you are able to put substantive and helpful information into each section of your plan. The following are the elements that you will need in your plan:

Title Page:

This page should, in whatever order you deem appropriate and most persuasive, include the name of your proposed business, its location, your full name, and all identifying information, including your e-mail address.

Executive Summary:

The Executive Summary will tell the reader what you want. Clearly state what you want and for what you are asking in this part of the plan. It will be the first thing that a reader reads; therefore, it must be clear, but it should also be something that grabs a reader’s attention. Do not view this as a “poetic” exercise by merely writing platitudes or aspirations, but neither be content with writing in too dry or uninspiring a way either. Your writing should be simple and to the point, but intriguing. You will want to tell the reader about your business. This will be your first chance to do that. Whatever you write here will leave a lasting impression.

The Summary should be kept short and be written in businesslike but sufficiently eloquent fashion. Remember, business people will be reading this. Therefore, you must communicate with them in terms that resonate with them. Business people are pragmatic but have an excitement for creative ideas.

The Summary should contain a synopsis of your entire plan. You should include: the business concept; financial highlights; financial requirements; legal organization type (LLC, S-corporation, C-corporation, etc.); founding date; key personnel; major achievements; needed contacts and contracts; and needed physical infrastructure, including a way to manufacture your prototype (*e.g.*, Dothan and Houston County Technology Centers), if applicable.

This section will tell the reader how your business will be profitable. Ours is still a capitalist country, and having the ability to make a profit in a legal, ethical, and moral way is still essential for the survival and growth of a business.

Specific Questions to Answer for the Competition:

1. What is the concept (description) of your business?
2. Provide a synopsis of your plan.
3. What are the key financial highlights and requirements of your business?
4. What legal form will you use for your business and why?
5. What physical location will you need to conduct your business?

—Note: The reference to “product” in this guide may also refer to “service” —

Business Description:

The Business Description section of your plan should begin by identifying the industry and the segment of the economy in which your business will compete. Describe the present position of the industry, the present outlook for that industry, and the future possibilities for that industry. This should not be simply an aspirational statement by you. You must do your “homework” on the industry and be able to give the reader more than what you “hope” will be the future growth and position of the industry (*e.g.*, useful statistics).

Provide information on the various markets within that industry. You should include any new products or developments within the industry that may either benefit your business or potentially affect it in any adverse ways.

Specific Questions to Answer for the Competition:

1. What is the industry in which your business will compete?
2. What segment of the economy does that industry, and will your business, serve?
3. What are the new products and developments in that industry that may benefit your company?
4. What are the present and long-term outlooks for that industry?
5. How will your business be profitable in that industry?

Market Strategies:

By this time, you should have done a thorough market analysis. Why will some people want to buy your product? What is their motivation? Where do they live? Are they rich or middle-income? How many do you think there are of people like that, within reach of your company? Doing a market analysis will have given you the opportunity to become familiar with all aspects of the market in which you envision that your business will compete. This will allow you to define your target market and how you and those working with you can best position your business in that market.

Specific Questions to Answer for the Competition:

1. Describe the general market (size, structure, and growth prospects).
2. What is your specific target market?
3. What is your general marketing strategy?
4. How will you use social media?
5. What is your distribution strategy?

Analysis of Competition:

It is in this section that you will carry forward the concepts covered in the Market Strategies section of your plan and address the strengths and weaknesses of the competitors (present and future) that will simultaneously be trying to sell to the same customers as those targeted by your business. You should address any barriers to entry into the market that future potential competitors could experience (*e.g.*, high cost of building facilities, complex government regulation, or steep learning curve). Explain the product development cycle of your product and compare it to any competing products and competitors

that you have identified. Your product cycle could give you distinct advantages in your market. If so, be sure to address those advantages.

Specific Questions to Answer for the Competition:

1. Who will be your primary competitors?
2. What are the key assets or skills required in the industry in which you will compete?
3. What are their strengths and weaknesses?
4. What strategies will you use to provide a competitive advantage?
5. What is the primary basis on which you will be competing (cost, quality, or niche)?

Design and Development Plan:

It is in this section where you will provide potential investors with a full description of your product's design. You should address the development of your product within the context of both production and marketing. It is also in this section that you will set out your budget and describe how that budget will contribute to the development of your product, the marketing of your product, competitive positions that will be necessary to take in the market, and the future growth and development of your product. You do not want to create a budget that will only demonstrate a static position. Your budget should demonstrate the potential growth of your product and your business.

Specific Questions to Answer for the Competition:

1. What are your goals, both technical and marketing-related, for developing your product?
2. What procedural tasks and work assignments will you implement to accomplish these goals?
3. Describe your development budget (not the working budget) for funding these tasks.
4. Describe your personnel resources and capabilities for accomplishing these tasks.
5. Describe how your organizational structure accommodates design and development.

Operations and Management Plan:

This section of your plan should demonstrate how the business will function on a continuing basis. This section should highlight the logistical operations of your business, the responsibilities of your management team, the tasks that will be assigned to each key manager in your business, and the capital and expense requirements necessary for the present survival and continuing growth of your business.

Specific Questions to Answer for the Competition:

1. Describe the inbound logistics needed for bringing materials to build your product.
2. Describe the value-adding processes through which you create your product.
3. Describe the outbound logistics and distribution plan to get your product to market.
4. Who has responsibility for each component of your operation and management plan?
5. What are your capital and expense requirements for continuing your business?

Compliance and Ethics:

This is not a section that is in the standard format for business plans, but we submit that it is crucially important. Here, you will demonstrate your awareness of the legal and ethical contexts in which your business will be operating. You will demonstrate your awareness of any potential federal and state

administrative agencies with which you will be dealing. You should also identify people on your management team, and any others, who will be responsible for monitoring and complying with any legal and administrative requirements.

It is also in this section that you should address your strategy for maintaining an ethically healthy company, to include the development of a compliance and ethics program that will sustain and nurture positive values and conduct within your company. You should identify a senior executive of your company, preferably a member of your board of directors, who will be directly charged with making sure that this type of program is in place. This program should include a way to let employees submit anonymous reports, without fear of retribution, of any legal or ethical violations that they see on the job.

Obviously, your program will not be the same as for a large company, but you should be giving thought *now* to these issues, from the beginning of your business. We suggest that any potential investor will feel more comfortable with you and your company if he or she knows that you have thought through these issues.

Specific Questions to Answer for the Competition:

1. What are the legal risks associated with your company and its product?
2. What are the regulatory risks associated with your company and its product?
3. Describe your company's arrangements for regular legal counsel.
4. Describe your company's internal mechanisms for reporting legal or ethical violations.
5. Outline your company's intended Code of Ethics.

Other Business Plan Examples:

http://glencoe.mheducation.com/sites/0078613035/student_view0/sample_business_plans.html#

<http://www.teachingkidsbusiness.com/business-plan-templates.htm>

<http://www.nclack.k12.or.us/Page/25248>

BidPro

A Safe Alternative to Online Auction Websites

—Business Plan—

May 4, 2017

Contact Information:
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zcaibidpro.com

The BidPro Business Team:
Zhihang Cai
Sheryl Crowe
Samuel Taylor
Marcia Clark
Anthony Hopkins

EXECUTIVE SUMMARY

Concept

BidPro will provide a positive experience for all online users of the BidPro website while maintaining cost-effective measures and meeting set goals for company growth. BidPro is an online auction website, which allows for the safe selling and buying of products and services by users. BidPro will charge a specified commission fee to users for each sale transaction on the website. In exchange, BidPro will provide a high-quality and unique buying and selling experience by: maintaining top security measures; providing quality customer service; offering multiple-transaction bonuses; managing a user forum and messaging system; activating a product and service tracking and review system; and providing free advertising for individual product and service sale items.

Synopsis of Plan

We will outsource for home-office website maintenance and customer service representation to provide a quality platform for users at a fair monthly membership price and low commission fees on all sales. We will also develop additional BidPro websites that are customized according to product niches, such as a BidPro website for homemade products, a BidPro website for garage sale items, and a website for pet products and services.

Key Financial Requirements

The key financial requirements are as follows:

INVESTMENT NEED	AMOUNT (\$)
Domain and business registration	400
Computer with all necessary programs	800
Advertising budget (initial-online)	600
Web host server provider	100
Website design	500
Miscellaneous	200
Bank	400
Total capital	3,000

Legal Form

BidPro will organize as a C-corporation in anticipation of eventually going public.

Physical Location

BidPro will begin as a home-based business, managing the website from the owner's home.

BUSINESS DESCRIPTION

Industry

The industry is online bid-based competitive auctioning, similar to what eBay does.

Economic Segment

The economic segment is that of peer-to-peer online platform services.

New Products and Developments

This industry is constantly producing new software to support bidding-platform activity, cloud-based software and storage, and improved security products.

Present and Long-Term Outlooks

As an industry, online bid-based auctioning has only existed for about two decades. It is now one of the main ways that consumers have to trade goods. The industry stands to grow a lot more before it ever reaches market saturation.

Profitability

The business model supports profitability through a two-fold structure: (1) membership fees; and (2) transaction-based commissions.

MARKET STRATEGIES

General Market

Online auctioning currently makes up about 30% of all ecommerce transactions, which translates into well over \$100 billion a year at present. Some restrictions exist to prevent bidders from operating out of certain countries, which limits the market size. As online auctioning becomes safer, with broader participation, the market stands to increase substantially over the next several years.

Target Market

Bidders are mostly individuals, located all over the world. For some bidders, their motivation is the excitement of the game-like quality of online auctions. For most bidders, their motivation is the chance to find bargains or rare items. The other target market is sellers, whose motivation is mainly to be able to sell products easily, for respectable revenue.

Marketing Strategy

The variety of products and services available through BidPro provides for a very wide customer base. There is a need for a comprehensive website such as BidPro that could take the place of the public having to use two or more websites for buying and selling products and services. Because of the nature of the sales, customers will want top safety and customer service features including background checks of service providers, 24-hour online assistance, and product insurance options.

The site can be used by small companies to sell to our users, individual or home-based operators selling to the general public, and the casual person-to-person product and service sales. This wide seller and customer base separates BidPro from other websites that only allow for a specific type of sale such as person-to-person product sales.

Social Media

Customers will also expect frequent updates and improvements as well as a way to track their sales and purchases. The needs of the average customer will require gradual updates and additions to the site in order to exceed these needs, as well as fair and comprehensive commission rates for product and service sales. Therefore, a review and suggestions section will also be warranted. Because of the strictly online form of our business, our business promotions will be best utilized through online means with a focus on the ease of use of our product. This includes YouTube advertisements, an active Facebook page, Twitter account, and Instagram accounts. Short videos showing the ease of use of BidPro as well as its multiple features will be posted via these media sources.

Distribution Strategy

For added security, BidPro will feature an optional service, at a premium, whereby sellers may place their products with the company to expedite shipping when needed. From the bidders' perspective, this feature simultaneously ensures confidence in product validity and speed of delivery.

COMPETITIVE ANALYSIS

Competitor Overview

Our biggest competitor is eBay, but there are also Alibaba and Amazon.

Industry Key Success Factors

To compete in this industry, a company needs to have a perfectly reliable platform, effective product distribution system, high market visibility, strong security, and an effective feedback mechanism.

Competitor Strengths and Weaknesses

For eBay and Amazon, strengths include all key success factors. For Alibaba, market visibility is lower in North American than in China, and there is some suspicion about its integrity.

Strategic Overview of the Business

The strategy is to offer a service through BidPro that is safe and efficient for buying and selling goods online, both via the website and via smartphone. With an innovative insurance option, very low commission fees, and an online forum that allows individuals to display their products as well as communicate directly with potential customers, BidPro seeks to make it easy and fun for private buyers and sellers to complete transactions. Unlike other websites that offer similar services, BidPro will be unique because of its 24-hour online customer service representatives, organizational structure that allows buyers and sellers to find each other quickly, and the ability for users to have a contact list of buyers and sellers with whom they previously completed transactions.

Basis for Competitive Advantage

BidPro will seek a combination of quality (differentiation) and niche market (focus) status by combining the appeal of quality with that of unique features, including private online buying and selling, the inclusion of services in the portfolio, and the availability of 24-hour live service.

Our individual objectives include: having an online platform that is easily accessed internationally, providing a good customer experience, gaining steady growth in popularity, and becoming the go-to website for online private buying and selling of products and services. The website will use outsourcing and an original design for allowing users to buy and sell products online. Because BidPro is an online company, the ability to outsource customer service and site updates and improvements is what will help BidPro reach its spending and profit goals.

DESIGN AND DEVELOPMENT

Development Goals

BidPro will require a very low start-up cost of \$3,000, which will cover the cost of a work computer, internet access, domain name, web host server, and initial advertising. According to our estimated revenue, BidPro should break even in as little as two months from our initial launch date. We will initially run the business from a home office to avoid the extra costs of a brick-and-mortar business.

Development Tasks

Initial advertising will help build popularity rapidly. The goal is a 50% increase in transactions between the first two weeks of operation and the second two weeks of operation for the first month of business. If necessary, BidPro will use its extra banked money to purchase additional advertising. BidPro will also utilize incentives such as refer-a-friend bonus and 50% off first transaction fees in order to increase the number of BidPro users. According to similar business models for online companies, BidPro expects to do below break-even until at least the second month of operation.

Development Budget

As the popularity of our site spreads by word of mouth, our profits will greatly start to increase by Month 4. Taking into account the 15% increase of users monthly and the \$2 average commission charge per transaction, we expect 500+ dedicated users after Month 2.

MILESTONE	P/L (\$)	MILESTONE	P/L (\$)
Month 1	(1,500)	Year 1	12,861
Month 2	Break even	Year 2	23,150
Month 3	3,500	Year 3	41,700
Month 4	4,205		
Month 5	4,835		
Month 6	5,560		

Personnel Resources

Hiring IT contractors to update the website at regular intervals will keep the users satisfied with the platform while maintaining a low full-time employee count. In addition, marketing through customer feedback on every transaction and good customer service will allow the business to grow quickly. BidPro will offer stock options and benefits after full-time employment integration, once revenues have risen sufficiently to sustain regular employees.

Organizational Structure

The organizational structure will start out maximally flexible by using independent contractors to perform specified projects, as guided by the management team, before hiring people. This approach will help maintain flexibility as the management team makes critical strategic decisions in the early and most uncertain phase of the business.

OPERATIONS AND MANAGEMENT PLAN

Inbound Logistics

Inbound logistics will consist of sellers' items. The platform for this purpose will be similar to that used by eBay, plus the option of storing items in the company warehouse at a premium, similar to Amazon's approach.

Value-Adding Processes

The easier the platform is to use, the more frequently users will buy and sell their goods and services. The fees and processes will be straightforward, and users will have an auto-save feature to save their selling preferences for future use (*e.g.*, auction minimum-sell price, buy-now price, reasonable offers, and purchase time limit). To save on return costs, BidPro will provide insurance on expensive items as a buyable option for users who are purchasing products. Eventually, BidPro can extend its business by creating branches of the same website built for specific needs and services. For example, users who want to buy and sell homemade items will have a platform that allows them to create their own business storefront on the platform, set their prices, and fill their own orders with a guaranteed and secure online payment system. Unlike other websites, all BidPro websites will be monitored by outsourced work-from-home employees who will be available 24 hours a day to answer questions, handle complaints, and resolve issues.

Outbound Logistics and Distribution Plan

Outbound logistics will consist of getting items to buyers. Most outbound logistics will occur directly between sellers and buyers. For warehouse reserve items placed by sellers, the company will send those out using a choice of regular to expedited shipping. For outbound logistics, options for shipping product, delivering a service, and collecting feedback will be created.

Responsibilities

Zhihang Cai is CEO. Sheryl Crowe is CFO. Samuel Taylor is COO. Marcia Clark is Marketing VP. Anthony Hopkins is CHRO.

Capital and Expense Requirements

Capital and expense requirements for continuing the business are as follows:

ANNUAL EXPENSE	AMOUNT (\$)
Web hosting and maintenance	12,000
Warehouse space and maintenance	72,000
Warehouse development	24,000
Website design	30,000
Insurance	14,000
Account management	84,000
Total capital	236,000

COMPLIANCE AND ETHICS

Outline of Legal Risks

Legal risks associated with online auction services include violations of state laws based on failing to exercise proper diligence to minimize seller fraud, such as by selling falsified luxury goods.

Outline of Regulatory Risks

Regulatory risks fall under the Federal Trade Commission. Buyers assume most risk but can file formal complaints if any BidPro practices appear to be fraudulent or deceptive.

Provisions for Legal Counsel

BidPro will open a contract for ongoing services with a local law firm, Prim and Mendheim LLC, which specializes in business law, for its legal counsel.

Internal Monitoring and Reporting Mechanisms

BidPro will work with its legal counsel to plan training in legal compliance for its managerial staff. As the company hires employees, it will require initial and periodic training of the same kind. Prior to hiring an internal compliance officer, BidPro will give its outside legal counsel access to its files and procedures to conduct periodic inspections of company practices. BidPro's CHRO will set up an internal reporting procedure, initially using the outside legal counsel as the legally authorized recipient of anonymous reports of legal or ethical wrongdoing within the company.

Code of Ethics

BidPro's Code of Ethics will focus on three areas: (1) ethics for company officials and employees; (2) ethics for bidders and buyers; and (3) ethics for sellers. Each part will highlight transparency, privacy protection, and property protection. In addition, the main obligation of company officials and employees is to exercise diligence in addressing system abuses by users. The main obligation of bidders and buyers is to follow the posted rules, ask probing questions of products before bidding on them, and paying promptly upon winning a bid. The main obligation of sellers is to provide all information by which bidders might make a purchase decision, portray their products honestly and in detail, and refrain from using outside images in place of genuine images in posting their goods or services.

—APPENDIX C—
BUSINESS PLAN COMPETITION JUDGING RUBRIC

YOUTH BUSINESS SUMMIT BUSINESS PLAN COMPETITION

The following will be the criteria on which each team will be judged:

1. Customer Validation: Did the team establish a valid process for identifying customers? Who will be the customers or users of the product, service, or idea (hereafter referred to generically as the “product”)? Did the team use valid criteria for making this decision? What did the team do to learn who the potential customers are and what those potential customers want? Did the team determine the core needs of the potential customers?
2. Execution and Design: Did the team determine what types of facilities would be needed to build a prototype of the product (if applicable) and ultimately to produce it? Did the team build a prototype (a convincing paper or PowerPoint representation is acceptable) of the product? How effective was the presentation? Did the team use methods of presentation that captured the attention of the persons viewing the presentation? Did the team’s presentation demonstrate the need for the product and how it would satisfy customer needs and wants? Did the team develop any type of website for its product? Would the average person or customer be able to navigate that website easily? Did the team demonstrate the ease with which customers can use the product?
3. Business Model: Is the team’s idea or concept a big or unique one? Does the model adequately describe the value proposition of the proposed product? Does the model clearly describe how the team intends to make the business viable and successful? Does the model take into account present and future competition? Does the model adequately demonstrate how the team intends to address the competition? Does the model provide an adequate description, reflecting full understanding of the relevant product and geographic markets? Does the model adequately describe the target market? Does the model demonstrate how the team intends to acquire its first 100 customers?
4. Compliance and Ethics: Did the team demonstrate that it has sufficiently considered compliance and ethics?