



**Leeds Enterprise
Advisory Programme**

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Start-up Guide for a LEAP Company

The Leeds Enterprise Advisory Programme [LEAP] enables students to set up their own Business or Company from September until April [before the main exams start!].

We will guide you through the twelve major steps of your company year.

Registration

Company name and logo

Directors - nominating or electing

Product or service

Bank account

Business plan

Raising capital and selling shares

Producing the product

Marketing and selling [\[competition\]](#)

Presentations on your results [\[competition\]](#)

Report writing and accounts including VAT [\[competition\]](#)

Closing the company.

Throughout the year you will learn many new skills as well as improving the skills you already have. You will learn teamwork, gain knowledge of business, improve your confidence and get a tremendous amount of experience. This experience will help you to be more successful in interviews for jobs and/or university. You get out of LEAP what you put into it – **You will have fun!**

Business is fun. This might seem a strange statement but it is a fantastic intellectual challenge to find a product that people want to buy, to solve the problems of producing the product and working with your colleagues. To experiment on the best ways to market the product, and modify your approach based on experience and to prepare yourself for your world, and working life, of the future.

Probably the best advice we could ever give you about the team process of running a company, working with others and selling to the public is

Enthusiasm is infectious!

Seminars

To help you with the project LEAP run several seminars. See the LEAP website www.leedsenterprise.co.uk for details.

Getting Started September – check diary or website for dates.
[choosing a product, electing directors, opening bank account, selling]

Finance seminar October – check diary or website for dates.
[keeping records, using the accounts spreadsheet, VAT and bank accounts]

Directors' "Hands-on" workshops October - check website for details

Finance Directors - using the accounts spreadsheet

[compulsory attendance for Finance Director]

Marketing Directors - Branding and Marketing

Sales Directors - how to sell at Trade Fairs

[other company members are welcome to participate]

Managing Directors and Company Secretaries

- The Business Plan and effective management

What's Next January – check diary or website for dates.
[Competitions, Trade Fairs, Presentations and Reports]

Trade Fairs

There will be several opportunities to trade at your school at other schools.

There will also be the following LEAP Trade Fairs

Merrion Centre Leeds December – check diary or website for dates.

Merrion Centre Leeds February – check diary or website for dates.

[the Merrion Centre also offers a prize for the Company with the best Trade Stand at the Merrion Centre at the December Trade Fair].

At each Trade Fair we will be judging the Marketing skills of the Companies, and after the final Trade Fair the top 6 companies will be invited to the Finals. The winner of Best Marketing at Trade Fairs will be announced at the Annual Awards in May.

Competitions

For a full current list of the Competition Categories see the website www.leedsenterprise.co.uk

You will have the opportunity of entering the following competitions.

Marketing at Trade Fairs – judged from all the trade fairs.

Presentations – held on a Sunday in March.

Report – deadline as for the Presentation Competition.

We will select the top four to six companies in each of these competitions and invite them to attend the finals in April and the winners of each of these competitions will be announced at the Annual Awards in May.

At the finals we will judge

Best Trade stand at the Finals

Best Presentation at the Finals

Best Administered Company [announced at Annual Awards]

Best Company in LEAP [announced at Annual Awards]

Best Team Company in Leap [announced at Annual Awards]

Note: Best Administered and Best Company will include information gathered throughout the year by all the judges and will not be solely based on the finals. It will be necessary to produce proper accounts using the spreadsheet provided.

During the year there will also be competitions for

The most Media Aware Company,

The most innovative product or marketing technique,

To enter these competitions you should submit a short report by the date of the finals [although you do not need to be in the finals to enter these competitions] detailing why you think your company should win either of these awards.

The Best Trade Stand at the Merrion Centre [judged by the Merrion Centre]

The LEAP Board will also give awards for the following, based on The Board members' impressions and the teachers' and volunteers' experiences of the Companies.

The Spirit of Enterprise,

The most improved Company or Student,

The best Logo

The best website

Various other **Special Awards** as the LEAP Board think appropriate to recognise particular effort or skills exhibited by companies or individuals.

For a full current list of the Competition Categories see the website

www.leedsenterprise.co.uk

Registration

You need to register the company and student members with LEAP and pay the registration fee of £150 [this covers the insurance and organisation for the LEAP programme].

We request that the registration [in the form of the supplied spreadsheet] is sent by email so that there is no ambiguity about spelling of names or email addresses. We ask for email addresses for the Company and a separate one for the Managing Director. We assume a company will distribute information among their members. You can give other email addresses as well if others want direct communications from LEAP. We will also require your Enterprise Teacher's email address and that of your Business Mentor [if you have one].

2. Choosing the Company name and designing the logo

You must decide on a memorable and descriptive Company Name. It may describe your proposed product [Jewellery Innovations] or the service you plan to provide [Party Party!]. It should not be too long or "inappropriate". If you need a definition of inappropriate then you probably have already chosen an inappropriate name!

You want Company and product recognition. It is a good idea to have a recognisable logo that will make your company easily recognisable. Look at real companies for ideas, Coca Cola, Virgin, Nike, BMW, Tesco, Harley Davidson and LEAP for samples.

3. Nominating or electing the Company Directors

Different people have different skills. Organisation, co-ordination, record keeping, accounting, innovation, making things, problem solving, ideas

Any company needs all these skills and you need to nominate or elect the most appropriate person for the various major roles in a company. You may want to have deputies for each role to cover the times when the director is not available, or to share the responsibility. Above all your Company is a team with everyone contributing. Some companies decide to change the roles part way through the year [like a Government cabinet reshuffle] but this may lose continuity. Some suggestions for the responsibilities are listed below, but real life companies often vary these according to the skills of the individual people. There is no reason at all why the Managing Director and Finance Director [etc.] cannot help with production and sales – the more experience you all get the better.

The main roles are described in detail in the separate document "Electing Company Officers": -

Managing Director

Organisation, co-ordination, decision making, final say [casting vote].

Company Secretary

Record keeping, minutes of meetings, checking actions are done.

Finance Director

Bank account, receipts, accounts, VAT, financial control.

Production Director

Product manufacture, ordering parts or services, labour co-ordination.

Human Resources Director

[This used to be called Personnel].

Morale and motivation, timekeeping, discipline, training.

Marketing Director

Market research, promoting the product, advertising, trade stand, public relations, pricing or – How much, How many and How!

Sales Director

Co-ordination of sales, selling methods, working with Marketing on pricing and trade stand.

IT Director

Email addresses, web site, PowerPoint presentations and spreadsheets.

Other Members

Deputy positions, production members, sales people,

Deciding on a Product or Service

Go to the Corn Exchange in Leeds and the White Rose Centre and see the products sold at trade stands. Ask what products or services have been produced by previous Company Programmes. Brainstorm with all your colleagues – nothing is too outrageous, think outside the box.

You do need to have a product that enables your Company to be insured. This usually excludes fresh produce, fresh food or unwrapped cookies or sweets, dangerous activities [such as speed racing or bungee jumping]. Come up with several ideas and if in doubt ask your Enterprise Teacher, Adviser or email Miles Mount at LEAP.

Some companies raise capital with a product and then run a service such as a club night – but the competition judges usually favour some form of product that is either manufactured by the Company or where value has been added.

When you think you have a suitable product then you need to do Market Research on “who will buy it?” and at “what price?” The easiest way to start this is by asking yourselves the same questions.

Opening your bank account

Every Company needs a dedicated bank account so that you can bank your earnings, pay suppliers and be sure there is no chance that the money can be lost or mislaid.

You can use any bank of your choice and we recommend a “Club” account. This will be covered in detail at the “Getting Started Seminar in October.

You will need to make an appointment to visit the bank and see a business banking manager. You may need to ask your adviser or Enterprise Teacher, or a parent. Do not just turn up – you need to make an appointment. You will need copies of the signatures of the people who are authorised to sign cheques [you may work on the principle that the Finance Director is the authorised person, but it is usually advisable to have two or more people authorised to sign].

This is an urgent priority. If you have any problems then contact **Miles Mount** leapinformation@yahoo.co.uk

6. Writing the preliminary Business Plan

Before you can start raising working capital you will need to write down your *Business Plan* and show it to your Enterprise Teacher and your Adviser.

The plan should give your company name and logo, the students involved, your *Mission Statement*, your product or service, how you did [or plan to do] your *Market Research*, your marketing plans and sales plans and price and your financial requirements.

7. Raising capital and selling shares.

To start-up a company you will need some capital [money]. The first requirement is to pay the registration fee of £150, which covers insurance and support.

You also need to purchase the materials to make your product, pay trade fair fees etc.

The usual way to obtain the initial capital is to sell shares. The company secretary can get share books from the startup booklet. Each member of the company should buy some shares, and you should also sell them to friends and family. The shareholders will expect a return on their investment when you close the company at the end of the year.

The shares are sold at £1.00 each. Normally we restrict the amount of capital that can be raised by shares to £400.00

The Company Secretary must keep a register of shareholders and shares bought.

You can also raise money by *Sponsorship* but this is less usual in a real business – although you might want to consider this a way to get T-shirts printed with your company name and logo for use at Trade Fairs. Perhaps the sponsor's logo can also be printed on the T-shirt [but do not allow this to dilute your message or recognition].

8. Producing the product

If you have decided on a product that needs manufacturing, or one that needs work done to it to give added value, then you should produce a prototype and discover the manufacturing problems.

Remember that you need to sell the product, so the quality must be good. You will also need to be able to manufacture the product in sufficient quantities for your expected demand. Therefore the product must not take too long to manufacture. Time equals money – and if the product takes too long to make but would not sell for a large amount of money then this is not practical.

Once you have made the prototype you need to order the parts and tools for *Mass Production*. You may be able to get some materials on *Sale or Return*.

You will need to set up manufacturing sessions and make sure someone [probably the Production Director] is responsible for *Quality Control*.

You may want to consider wages for the production staff. This may be in real money if the product is very profitable, or many companies use motivational wages [chocolate, sweets, biscuits etc.]

9. Marketing and selling [competition]

There is a competition for the best Marketing at Trade Fairs, but marketing is much more than just Trade Fairs.

You must organise your Market Research to find out who will buy your product and for how much, and how many can you sell. The first step in market Research is “would I buy this product and if so how much would I pay?” If your own members think the product is poor value then so will everyone else.

To price the product you need to arrive at a selling price in two directions.

What is the price that the market will pay? Will the quantity sold vary with the price charged?

What is the cost of the parts [bought-in], plus transport or shipping, plus labour, plus packaging?

You then need to add marketing costs, a profit margin and VAT [20.0%] to arrive at a selling price.

A typical formula would be $(\text{total costs} \times 2) \times 1.20 = \text{selling price}$

If the two methods arrive at vastly different selling prices then you need to look at lowering your costs, or make it easier to manufacture, or find some way to add value so that the customer will pay more. Do not consider removing your profit margin since in the real world a company cannot continue to exist if it is making a loss.

You then need to consider

Attractive packaging

Sales literature or flyers

Advertising or *PR*

Trade stand

Training sales staff

How do I ensure the customer is satisfied?

10. Presentations on your Company year and results [competition]

Later in the academic year [March] you will have the opportunity to give a 5 minute presentation on your company. The presentation is encouraged to be humorous but should also be businesslike.

The judges are particularly looking for enthusiasm and a good account of the problems you have had, the solutions you found including the learning outcomes. This will be judged as a competition and will be used to select 4 to 6 Companies to go through to the Finals. The winner will be announced at the Annual Awards.

11. Report writing and accounts, [competition]

In a way this is the “other side” of the Presentation Competition. The formal report will present the Company Year so far and give us your mission, how you chose your product, how you marketed the product, what the financial results are etc.

The deadline for this report is the same as the Presentation Competition [March – check the diary or website for actual dates]. This will be judged as a competition and will be used to select 4 to 6 Companies to go through to the Finals.

12. Closing the company.

At the end of March or early April you will need to close down the company. You will need to make sure that you have paid the VAT you owe

$(\text{Total sales}) / 1.20 = (\text{Total effective sales})$

$\text{LEAPVAT} = (\text{Total sales}) - (\text{Total effective sales})$ minus VAT of 20% on all sales.

You will also need to pay a tax on profit of 10%.

Do not worry about this at the moment – we will be giving you seminars and help on the accounts. You can continue trading until August, but at the end of August your insurance will expire and you will need to arrange your own insurance cover if you want to continue trading. There is also an information sheet labelled LEAP VAT which you can download off the website.

You will also need to repay your Shareholders [hopefully with a well earned dividend, or increase, on the money they put into the company at start-up].

Some companies like to discuss with their shareholders a donation of the dividend to a charity. This is a good idea but the shareholders must be consulted.

At the beginning all of these steps may seem to be very complicated. Do not worry; your Enterprise Teacher, your Adviser and volunteers from LEAP are always available to help. You will find the whole experience a lot of fun and a great learning experience.

Students Acquiring Skills – just do it!