

Lesson Plan —Basic Elements of a Business Plan

Course Title: Entrepreneurship

Session Title: Basic Elements of a Business Plan

Performance Objective:

- Upon completion of this lesson, the student will explain the need for a well-written business plan.

Specific Objectives:

- Students will list and describe the basic elements of a business plan.
- Students will describe how to create a business plan.

Preparation

TEKS Correlations:

This lesson, as published, correlates to the following TEKS. Any changes/alterations to the activities may result in the elimination of any or all of the TEKS listed.

- **124.12(c)(3)(A)**
demonstrate an understanding of components of a business plan
- **124.12(c)(3)(B)**
develop, explain, and defend a plan for a new business
- **124.12(c)(2)(D)**
develop marketing strategies for a proposed marketing plan
- **124.12(c)(14)(C)**
explain how to use marketing research process in order to identify potential markets, analyze demand, forecast sales, and make other decisions
- **124.12(c)(20)(A)**
explain how entrepreneurs identify needs
- **124.12(c)(21)(A)**
categorize business risks as human, natural, and economic
- **124.12(c)(2)(A)**
explain the marketing concept

Interdisciplinary Correlations:

English

110.42(b)(6)(A) – Vocabulary Development

...expand vocabulary through wide reading, listening, and discussing

110.42(b)(6)(B) – Vocabulary Development

... rely on context to determine meanings of words and phrases such as figurative language, idioms, multiple meaning words, and technical vocabulary

110.42(b)(7)(F) – Reading/comprehension

...identify main ideas and their supporting details

110.42(b)(7)(G) – Reading/comprehension

...summarize texts

110.42(b)(7)(J) – Reading/comprehension

...read silently with comprehension for a sustained period of time

Accommodations for Learning Differences:

It is important that lessons accommodate the needs of every learner. These lessons may be modified to accommodate your students with learning differences by referring to the files found on the [Special Populations page](#) of this website.

Teacher Preparation:**References:**

1. [Entrepreneurship Ideas in Action](#), Fourth Edition, Cynthia L. Greene, Southwestern Cengage
2. [USA Today](#) and local newspapers
3. Bplans.com
(www.bplans.com/business_calculators/startup_costs_calculators.cfm) – over 500 free sample business plans

Instructional Aids:

1. “Basic Elements of a Business Plan” PowerPoint Presentation
2. Franchise Assignment # 1
3. Franchise Rubric
4. Compare the Competition Assignment #2
5. Compare the Competition Rubric
6. Business Ownership Assignment #3
7. Business Ownership Rubric
8. Basic Elements of a Business Plan Assignment Sheet
9. Business Formations –Advantages/Disadvantages
10. DECA Images (www.deca.org)
11. Internet

Materials Needed:

1. Construction paper
2. Scissors and glue
3. Poster board

Equipment Needed:

1. Computers for students to complete projects
2. Projector for PPT

Learner Preparation:

1. Ask students to make a list of things they think should be included in a business plan. Why is it important to include very extensive information in the business plan? Explain how more complete business plans will receive more attention from banks and other financial institutions.
2. Ask students to give examples of day care businesses in the community or area. Then ask students how the day care center should be described in the business plan. Why would financial institutions be concerned about insurance for this type

of business?

3. List sole proprietorship, partnership, and corporation on the board. Give students a table that has the three forms of business listed. The definition for each type of business ownership should be included in column 2, advantages for the type of ownership should be listed in column 3, and disadvantages of the type of ownership should be listed in column 4.

Lesson Plan

Introduction (LSI Quadrant I):

1. Break the students into groups of two. Ask students to list a business in their community that they think does a good job and list the reasons for their choice. Then give each group a business category (examples: restaurant, hotel, clothing store, car dealership, airline, etc.) and ask the group to list the advantages that would set their business apart from the competition. Students should list characteristics that would cause consumers to select their business over the competition.
2. Ask students to visit a business where they like to shop. Write introductory elements, main body, and the appendix on the board. Then ask students to give examples of information for a business plan for the business they visited that would be included in each section of the business plan.
3. The business plan must include information about prospective customers. Ask students to select a city for their proposed business. Then have students use the Internet to learn more about the demographics for the city they selected. U.S. Census Bureau and the city's chamber of commerce are good websites to find information.

Important Terms for this Lesson:



- Pro forma financial statement - financial statement based on projected revenues and expenses
- Cover letter - a letter that introduces and explains an accompanying document or set of documents
- Statement of purpose - brief explanation of why you are asking for a loan and what you plan to do with the money
- Executive summary - usually a one to two page review of the report


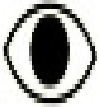
Outline

Outline (LSI Quadrant II):

Instructors can use the PowerPoint presentation, slides, handouts, current events, the Internet, and note pages in conjunction with the following outline.

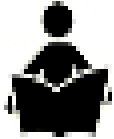








| MI | Outline | Notes to Instructor |
|----|---|--|
| | <ol style="list-style-type: none">I. Basic Elements of a Business Plan<ol style="list-style-type: none">A. The Main Body of the Business Plan<ol style="list-style-type: none">1. Introduction2. Marketing3. Financial management | List the five parts of the business plan on the board and ask the students to give examples of content |

| | | |
|--|---|---|
|   | <ul style="list-style-type: none"> 4. Operations 5. Concluding statement B. Introduction <ul style="list-style-type: none"> 1. Detailed description of the business and its goals <ul style="list-style-type: none"> a. short-term goals (three months to five years) b. medium-term goals (two to five years) c. long-term goals (more than 5 years) 2. Ownership of the business and the legal structure <ul style="list-style-type: none"> a. sole proprietorship b. partnership c. corporation 3. Skills and experience you bring to the business - paid work experience, volunteer experience, and any hobbies 4. Advantages you and your business have over your competitors <ul style="list-style-type: none"> a. performance b. quality c. reliability d. distribution e. price f. promotion g. public image or reputation C. Marketing <ul style="list-style-type: none"> 1. Products/services 2. Market 3. Industry 4. Location D. Financial Management <ul style="list-style-type: none"> 1. Identification of risks 2. Financial statements 3. Pro forma financial statement - financial statement based on projected statements 4. Funding request and return on investment E. Operations <ul style="list-style-type: none"> 1. Day-to-day management 2. Hiring and personnel procedures 3. Insurance and lease or rental agreements F. Concluding Statement - summarize the | <p>for each section. Write the correct student answers on the board.</p> <p>Explain the difference between short-term, medium-term, and long-term goals. Then ask students to list a personal goal for each category.</p> <p>Give students a table that includes sole proprietorship, partnership, and corporation in the first column. Then ask students for examples of businesses for each category in the second column, advantages for the form of business in the third column, and disadvantages for the form of business in the fourth column of the table. (see handout)</p> <p>Explain why banks and other financial institutions need to know the types of insurance covered by a business. The investing companies want to make sure that any sources of loss are covered with insurance. Why should a</p> |
|--|---|---|

| | | |
|--|---|---|
| | <p>goals and objectives you have for your business</p> | <p>business plan give a detailed procedure for hiring the right employees? Ask students to list their procedure for finding the best employees for their proposed businesses.</p> |
|   | <p>II. Complete Business Plan</p> <p>A. Introductory Elements</p> <ol style="list-style-type: none"> 1. Cover letter - letter that introduces and explains an accompanying document or set of documents 2. Title page 3. Table of contents 4. Statement of purpose - brief explanation of why you are asking for a loan and what you plan to do with the money 5. Executive summary - short restatement of the report to capture the interest of its readers and make them want to read more <ol style="list-style-type: none"> a. describe the business concept and communicate what is unique about your idea b. include your projections for sales, costs, and profits c. identify your needs d. state the amount you are interested in borrowing 6. Appendix - supporting documents that provide additional information and back up statements made in the body of the report <ol style="list-style-type: none"> a. tax returns for the past three years b. personal financial statement of the owner c. copy of proposed lease or purchase agreement for the building space d. copy of licenses and other legal documents e. copy of resume of the owner f. letters of recommendation g. copies of letters of intent from suppliers | <p>Give students a copy of a winning business plan that can be purchased from National DECA. (www.deca.org) This business plan is a useful resource when describing all sections of the business plan.</p> <p>Refer to reference #3 www.Bplans.com for free samples of business plans.</p> |

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|--|--|--|
| | h. copies of any large sales contracts you have already negotiated B. Put It All Together 1. Attractive typed document 2. Well organized and inviting to read 3. Standard format | |
|--|--|--|

Copy and paste Multiple Intelligences Graphic in appropriate place in left column.

| | | | | | | | | |
|---|---|---|---|---|--|---|---|---|
|  |  |  |  |  |  |  |  |  |
| Verbal Linguistic | Logical Mathematical | Visual Spatial | Musical Rhythmic | Bodily Kinesthetic | Intra-personal | Inter-personal | Naturalist | Existentialist |

Application

Guided Practice (LSI Quadrant III): Using the PowerPoint presentation, the teacher will explain the format for a solid business plan. The teacher will share an example of a winning DECA business plan with the class for greater understanding of the necessary content.

Ask students to develop a five-question survey that will help them determine if their business idea should be pursued. Students will give their survey to 50 students, total the responses and make decisions based upon the results of the survey.

Give students names of well-known business franchises. Then ask students to write several sentences to describe their image of the franchises. Explain how franchises are one form of business that have name recognition and plenty of assistance for start-up. The franchisor wants franchisees to be successful; therefore, they will provide the necessary tools for success. This special assistance does not always result in success.

Independent Practice (LSI Quadrant III):

- **Franchise Assignment #1**

Ask students to research a popular franchise and then write a report that explains the history of the franchise, success for the franchise, and steps required to operate the franchise. This assignment will be evaluated using the assigned rubric.

- **Compare the Competition Assignment #2**

Ask students to compare two businesses that sell similar merchandise. The businesses should be compared for prices, product selection, customer service, community involvement, promotion, quality, reliability, public image, and financial success. Students will use a table to compare the businesses and decide which business has the better track record for current and future success. Students must explain the rationale for their selected business. This assignment will be evaluated using the assigned rubric.

- **Business Ownership Assignment #3**

Split the class into four groups. Each group will be assigned one form of business ownership (sole proprietorship, partnership, corporation, franchise). Each group has the responsibility of teaching the class about their form of business ownership. The oral presentation must include but is not limited to form of ownership and legal structure, decision makers for the business, taxes for the form of business ownership, advantages and disadvantages for the form of business ownership, and examples of businesses for each form of ownership. This assignment will be evaluated using the assigned rubric.

Summary

Review (LSI Quadrants I and IV):

Q: Why does a business need a written business plan?

A: The business plan is needed to receive financing and it serves as a guide for operating the business.

Q: Why is the Executive Summary for the business plan so important?

A: The executive summary is a short restatement of the report. Many financial experts will judge the business plan by the executive summary and may not even read more of the report if the executive summary is not well written.

Q: Why should you include supporting documents in your business plan?

A: Supporting documents give more information and provide backup for statements made in the body of the report.

Evaluation

Informal Assessment (LSI Quadrant III):

1. Instructor will observe students during Independent Practice.
2. Instructor will assist students as needed.

Formal Assessment (LSI Quadrant III, IV):

Use the assigned rubrics to evaluate the three Independent Practice Assignments (LSI Quadrant III)

Extension/Enrichment (LSI Quadrant IV):

1. Students will write an executive summary for a business that they wish to propose. The executive summary frequently determines whether the business will receive a loan.
2. Students will design a poster that lists the steps for writing a business plan. The poster will serve as a guide for the class when students prepare their business plans.

Business Formations – Advantages/Disadvantages

| Business Formation | Example of Formation | Advantage | Disadvantage |
|----------------------------|-----------------------------|------------------|---------------------|
| Sole Proprietorship | | | |
| Partnership | | | |
| Corporation | | | |

Entrepreneurship – Basic Elements of a Business Plan Independent Practice Assignments

Franchise Assignment #1

Research a popular franchise and then write a report that explains the history of the franchise, success for the franchise, and steps required to operate the franchise. This assignment will be evaluated using a rubric.

Compare the Competition#2

Compare two businesses that sell similar merchandise. The businesses should be compared for prices, product selection, customer service, community involvement, promotion, quality, reliability, public image, and financial success. Use a table to compare the businesses and decide which business has the better track record for current and future success. You must explain the rationale for your selected business. This assignment will be evaluated using a rubric.

Business Ownership Assignment #3

The class will be split into four groups. Each group will be assigned one form of business ownership (sole proprietorship, partnership, corporation, franchise). Your group has the responsibility of teaching the class about your selected form of business ownership. The oral presentation must include, but is not limited to, form of ownership and legal structure, decision makers for the business, taxes for the form of business ownership, advantages and disadvantages for the form of business ownership, and examples of businesses for each form of ownership. This assignment will be evaluated using a rubric.

Entrepreneurship – Basic Elements of a Business Plan Research Report: Franchise Assignment Rubric Assignment #1

Student Name: _____

| CATEGORY | 20 | 15 | 10 | 5 or less |
|-------------------------------|--|--|---|--|
| Organization | Information is very organized with well-constructed paragraphs and subheadings. | Information is organized with well-constructed paragraphs. | Information is organized, but paragraphs are not well-constructed. | The information appears to be disorganized. |
| Amount of Information | All topics are addressed and all questions answered with at least 2 sentences about each. | All topics are addressed and most questions answered with at least 2 sentences about each. | All topics are addressed, and most questions answered with 1 sentence about each. | One or more topics were not addressed. |
| Quality of Information | Information clearly relates to the main topic. It includes several supporting details and/or examples. | Information clearly relates to the main topic. It provides 1-2 supporting details and/or examples. | Information clearly relates to the main topic. No details and/or examples are given. | Information has little or nothing to do with the main topic. |
| Sources | All sources (information and graphics) are accurately documented in the desired format. | All sources (information and graphics) are accurately documented, but a few are not in the desired format. | All sources (information and graphics) are accurately documented, but many are not in the desired format. | Some sources are not accurately documented. |
| Mechanics | No grammatical, spelling or punctuation errors. | Almost no grammatical, spelling or punctuation errors | A few grammatical, spelling, or punctuation errors. | Many grammatical, spelling, or punctuation errors. |

Total Score _____
Maximum 100 Points

Entrepreneurship – Basic Elements of a Business Plan Compare the Competition Rubric Assignment #2

Student Name: _____

| CATEGORY | 20 | 15 | 10 | 5 or less |
|----------------------------------|--|--|---|--|
| Organization | Information is very organized with well-constructed paragraphs and subheadings. | Information is organized with well-constructed paragraphs. | Information is organized, but paragraphs are not well-constructed. | The information appears to be disorganized. |
| Amount of Information | All topics are addressed and all questions answered with at least 2 sentences about each. | All topics are addressed and most questions answered with at least 2 sentences about each. | All topics are addressed, and most questions answered with 1 sentence about each. | One or more topics were not addressed. |
| Quality of Information | Information clearly relates to the main topic. It includes several supporting details and/or examples. | Information clearly relates to the main topic. It provides 1-2 supporting details and/or examples. | Information clearly relates to the main topic. No details and/or examples are given. | Information has little or nothing to do with the main topic. |
| Sources | All sources (information and graphics) are accurately documented in the desired format. | All sources (information and graphics) are accurately documented, but a few are not in the desired format. | All sources (information and graphics) are accurately documented, but many are not in the desired format. | Some sources are not accurately documented. |
| Table Showing Comparisons | Comparisons clearly indicated in the completed table. | Table contains good information not easy to compare by looking at the table. | Table needs more information for comparison. | Incomplete information for comparison. |

Total Score _____
Maximum 100 Points

Entrepreneurship – Basic Elements of a Business Plan Oral Presentation Rubric: Business Ownership Rubric Assignment #3

Student Name: _____

| CATEGORY | 20 | 12 | 10 | 5 or less |
|---------------------------------|---|--|---|---|
| Comprehension | Student is able to accurately answer almost all questions posed by classmates about the topic. | Student is able to accurately answer most questions posed by classmates about the topic. | Student is able to accurately answer a few questions posed by classmates about the topic. | Student is unable to accurately answer questions posed by classmates about the topic. |
| Content | Shows a full understanding of the topic. | Shows a good understanding of the topic. | Shows a good understanding of parts of the topic. | Does not seem to understand the topic very well. |
| Collaboration with Peers | Almost always listens to, shares with, and supports the efforts of others in the group. Tries to keep people working well together. | Usually listens to, shares with, and supports the efforts of others in the group. Does not cause "waves" in the group. | Often listens to, shares with, and supports the efforts of others in the group but sometimes is not a good team member. | Rarely listens to, shares with, and supports the efforts of others in the group. Often is not a good team member. |
| Enthusiasm | Facial expressions and body language generate a strong interest and enthusiasm about the topic in others. | Facial expressions and body language sometimes generate a strong interest and enthusiasm about the topic in others. | Facial expressions and body language are used to try to generate enthusiasm, but seem somewhat faked. | Very little use of facial expressions or body language. Did not generate much interest in topic being presented. |
| Preparedness | Student is completely prepared and has obviously rehearsed. | Student seems pretty prepared but might have needed a couple more rehearsals. | The student is somewhat prepared, but it is clear that rehearsal was lacking. | Student does not seem at all prepared to present. |

Total Score _____
Maximum 100 Points