

FINAL PROJECT

30 credits

During the last year of study all ESCOEX students should carry out and present to a tribunal a final year project, which consists of a full business plan and that includes all the necessary steps leading to the constitution and development of a simulated company. The aim should be to invent a company that is as attractive, viable, original and profitable as possible.

The project is made up of five parts, four of which are handed in before the final copy and whose calendar and contents shall be given to the students along with an indication of the weighting for each of the elements to be handed in.

SYSTEM OF TUTORIALS

The staff responsible for the tutorials at ESCOEX are:

- **Ivan Santana:** Module Co-ordinator.

- **Montserrat García:** Project Tutor.

The students should start their project by choosing their business idea at the beginning of the course, this has to be later approved by the tribunal (made up of the members outlined above) – once the executive summary has been handed in. If the student is not able to come up with a business idea that is valid, then (s)he will be given an idea by his/her tutor and will have only one week to present the business summary. The tutorials will be carried out periodically with the aim of guiding the students through all the steps necessary in the elaboration of the plan.

After the tutors have been assigned, the students will come to an agreement with them in arranging the tutorials, according to the timetable of both. It is the responsibility of the student to carry out as many tutorials as (s)he deems necessary for the correct completing of the plan, The plan should be based on the *advice* of the tutors; at no times will the tutors impose any actions upon the student, they are limited to simply advising and assessing. The student's decision is final for all aspects of the plan.

Besides the tutorials the students are obliged to attend a series of meetings with his/her tutor and the rest of the tutees to solve any problems or doubts that may arise during each phase of the project.

CORRECTION CRITERIA

The final grade of the project will be composed of 30%, resulting from the sum of each of the parts to be handed in, i.e. 10% each. The failure to present any of the parts within the time allowed will lead to the loss of 10% from the final grade, although the student will still be obliged to hand in the corresponding even after the deadline has passed. The rest of the grade will be made up of the final copy and oral presentation of the project. This part of the project constitutes 70% of the final grade of the subject and the criteria used to assign the grade are as follows:

1.- WRITTEN WORK: 80%

- Innovation 15%
- Investigation 25%
- Viability 50%
- Style 10%

2.- PRESENTATION: 20%

- Expression 20%
- Degree of Conviction 60%
- Method 20%

1.- Written Work

80% of the final grade will be pondered for written work, resulting from all the work done during the course. The criteria of Innovation, worth 15%, implies that the student has to be capable of creating a product or service that is new, and that they have been able to sell the idea in such a way that they have demonstrated its Viability as a business project (50%). Therefore, those projects that are to be set up in The Canaries but are already functioning in other places (such as franchises) will obtain a low grade for innovation. Viability should be shown via the economic-financial forecast, as well as in the commercialisation plan. Furthermore, the research process should also demonstrate that the project is viable (25%). Such research implies that the students should investigate the current state of the market they are aiming at, and that based on the information obtained; they should carry out the estimation of the potential demand. Finally, the Style in which the project is presented is taken into account; aspects to be

valued are: editing, clarity in the presentation of the data, correct format, support from graphs, etc. (10%).

2.- Presentation.

20% of the final grade is allocated to the presentation of the project orally. The members of the tribunal, consisting of a minimum of three people from the official tribunal, and other guests, (normally related to the business or teaching world) ask the student to present their project idea, in no more than 30 minutes, so as to later ask them a series of questions. The final objective of the presentation is to convince the tribunal to invest in the idea. Therefore, the Expression and organisation of the ideas will be worth 20% and it is fundamental that the student does not simply repeat or read what is written, but presents the project in a summarised way emphasising the situation of the product/service in the market and its financial viability according to the estimation of the demand which should be calculated correctly and objectively.

The section corresponding to degree of conviction is worth 60%, and applies to the credibility and impression that the oral presentation has provided the tribunal with. For the section Method, worth 20%, aspects such as, dress and behaviour, education and respect towards the tribunal, as well as the complementary elements brought by the student to support their presentation, such as, product samples, service simulations, presentation with OHP, and slide projectors, etc., are considered.

Only by adequately complementing all the aspects that form part of the evaluation will the student be able to obtain a good grade, therefore, the student should aim to achieve maximum points in each section.

EXECUTIVE SUMMARY

The first section of the Business Plan is an executive summary. The summary is usually short and concise (one or two pages). It summarises the conditions of the opportunity and why they exist, who will carry out the opportunity and why they are capable of doing so, how the company will enter the market and how it will gain market share, etc.

The summary is important for those projects that aim to attract funding. Many investors, bankers, executives, etc., will use the summary to determine whether or not the project described is of interest. For this reason, the summary should be attractive and convincing, as it may be the only section that is read. The author usually does not have the opportunity to make a presentation or discuss the business idea personally.

The summary usually consists of one or two paragraphs including the following points:

A. *Description of the business concept.* Describe the business concept of the idea. For example: Outdoor Scene, Inc., wants to produce tents, but the concept is “become the leader by providing good quality, service and delivery of products to be enjoyed in the open air”. Make sure the description of the concept explains how the product or service will change the way the clients currently do certain things. For example, Arthur Rock, the leading investor in Apple Computer & Intel, says that we should concentrate on concepts that change the way people live or work. If the company is going to be set up, the student should identify what it will do, why the product is special, service or technology, etc. It should include summarised information on any type of new technology, business secrets, or unique skills that provide an entry barrier for the market. If the company has already existed for some years it is worth giving a brief summary of its size and progress. Aim to describe the company in 25 words or more and mention the specific product or service.

B. *The Opportunity and Strategy.* Summarise what the opportunity is, why it is convincing, and what the entry strategy for exploiting it is. This information can be presented as a plan with key data, conditions, weaknesses of the competitors (such as negligence, laziness, poor service, etc) trends in the industry, and other facts and reasons that define the opportunity. It should include the plans for growth and expansion beyond the introduction of the service or product, such as, in other segments (such as international markets).

C. *The Target Market and Perspectives.* Identify and explain briefly the industry and the market do, which the main group of clients are, how the product will be positioned and the main clients are intended to be reached. It should include information on the structure of the market, the size and growth rate of the market segments or niches sought after, the sales estimated in units and Euros, the estimated market share, the recovery period of the investment for clients and the pricing policy (include comparisons of prices with yield/value/profits).

D. *Competitive Advantages.* Indicate the competitive barriers that the product or service enjoys, strategy, advantages in waiting time, weaknesses and vulnerabilities of the competitors, and other conditions in the sector.

E. *Economic, Yield and recompensa potential.* Summarises the nature of the economic analysis of the project (that is, gross and operating margin, expected yield and duration of profits); the period of time necessary to reach break-even point and a positive cash flow.

F. *Supply.* Indicate the amount in Euros of own and /or external resources necessary, what share the company is willing to offer for external funding, what application will be given to the capital and how the investor, lender, or strategic partner will obtain the yield rate.

Sections E & F will not be complete in the first section to be handed, but should be included in the executive summary that is to be handed in at the end of the course.

PLAN

1. EXECUTIVE SUMMARY

- Description of the concept of the company.
- The opportunity, competitive advantage and the strategy to be exploited.
- The target market and the initial forecasts.
- Short economic analysis on profitability and on potential of opportunity

2. SITUATIONAL ANALYSIS

2.1 Analysis Of Macroenvironment

Study of all economic, socio-cultural, political, legal or demographic aspects that may affect our business.

2.2 Analysis Of Microenvironment

- The sector and the competitors
- The life cycle of the market
- Suppliers

- Potential clients

2.3 Analysis Of Own Environment

- SWOT analysis
- The company: resources
- Situation of the company: location, cost and reasons
- Analysis of the operations. Description of the working of the company.

2.4 Market Research

- The consumer behaviour
- Analysis of role of client, consumer, consumer motivator and decision-maker
- Size of market and growth
- Market share of competitors and potential of each.
- Design of questionnaire, tabulation of data and analysis of results.

3. ESTIMATION OF THE DEMAND

- Estimation of maximum capacity
- Extrapolation of results from research.
- Estimation of sales figures based on research

4. MARKETING PLAN

- Establishing of qualitative and quantitative objectives
- Segmentation and positioning
- The profile of the target market
- Decision process of purchase by client
- Marketing strategies
- Policies: product, price, place and promotion.
- Action plan
- Budgeting and control.
- Sales department

5. FINANCIAL PLAN

5.1. Economic Analysis

- Monthly cash flow over three years
- P&L account - monthly and over three years with totals
- P&L account - yearly analysis over three years
- Balance sheet over three years.

Financial Analysis

Patrimonial Analysis

2. LEGAL STRUCTURE

- Decision and reasoning of legal model chosen.
- Necessary steps for constitution and calculation of all costs.

3. HUMAN RESOURCES STRUCTURE

- The organisation of staff.
- The cost of staff.

4. INTERNATIONAL TRADE OPERATIONS

- Decisions for transport and logistics.
- Financing.
- Documents.
- Breakdown of costs.