



**2017 – 2018**

**Virtual Enterprises International  
National Business Plan Competition**

**Written Business Plans**  
**Preliminary Rounds – Nationals**  
**Judge Guidelines**

## Table of Contents

Introduction .....	1
Program Orientation	
About the 2018 National Business Plan Competition .....	2
About the VEI Simulation .....	2
How We Do It.....	3
VEI Market Insights .....	4
Judging the Competition.....	5
2017-18 Written Presentation Rubric .....	6

### **Introduction**

Welcome to the fifteenth annual Virtual Enterprises International National Business Plan Competition– Regional Event. This competition represents an opportunity for the Virtual Enterprises International (VEI) community to motivate and reward its best performing Virtual Enterprise teams, while showcasing the sophisticated knowledge and skills that VE students acquire, which are often attributed to college students and business professionals.

This guide has been developed to provide regional judges with event information and an introduction to VEI, a fast growing, unique program, which has expanded from seven (7) New York City-based virtual firms in 1996, to more than 500 firms nationwide today, representing more than 13,000 students.

Additional support for the competition is being provided by private-sector partners, institutions of higher education and many individuals who believe in VEI's mission.

**THANK YOU!**

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## About the 2018 National Business Plan Competition

The VEI National Business Plan Competition, sponsored by HSBC, challenges VEI students from across the country to demonstrate their global business expertise through written business plans and oral presentations. The competition showcases best practices, rewards excellence, and trains high school students to apply sophisticated knowledge and skills attributed to business professionals and college students. Teams from across the country participate in state and regional competitions to qualify for this event. The winning teams from each of the state and regional competitions will compete in New York City, as part of the Youth Business Summit taking place in April 2018.

## About the VEI Simulation

The VEI program is a part of the world's largest simulated economy of student businesses. With over 500 student businesses operating in 400 US high schools, 13,000 VEI students (mostly seniors and juniors) spend their school day participating in this "virtual" marketplace, using a "virtual" currency to buy and sell products/services. US firms also participate in the international economy as one of 45 countries and over 7,500 simulated businesses worldwide.

The competition is based on both the written business plan and the oral business plan presentation. For the local and regional rounds, the written business plan is worth 50% and the oral presentation is worth 50% of the overall score for each round of the Competition.



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## How We Do It

Schools transform their classrooms into working offices. With the guidance of a teacher-facilitator and a business partner, VE students establish and manage a company, conducting business with other “firms” domestically and internationally. The simulated business replicates all the functions and demands of a real business. In each firm (class), students apply to work in different areas of the company overseen by department managers and a CEO. A typical firm is staffed in Administration, Accounting/Finance, Sales, Marketing, Human Resources, and IT. Students take VE as a year-long, credit-bearing course, which is enhanced by regional, national, and international business plan competitions and trade shows.

Guided by a task-based curriculum rather than a textbook, VE students produce the key deliverables that are required in a real business. Students conduct market research, work cooperatively to develop and write a business plan, design and implement an e-commerce website, recruit and market to clients/customers, and pay wages and taxes. The simulation environment encourages risk-taking and continuous cycles of improvement and innovation based on successes and failures.

Students and businesses use a custom banking system (pictured below) for all transactional and financial needs during the simulation.

Date	Name/Description	Account no	Ref#	Amount	Balance
Feb. 14, 2015	Ballee Handrik (US021258), Vista, CA rent with friend	630129584	1111003	\$150.00	\$372.04
Jan. 15, 2015	VEI-WEST GROCERIES, Bakersfield, CA Domino's Pizza: Mon-Thurs Large 3-Toping Pizza	610119206	1203729	-\$7.99	\$222.04
Jan. 14, 2015	VEI-WEST GROCERIES, Bakersfield, CA Domino's Pizza: Mon-Thurs Large 3-Toping Pizza	610119206	1198668	-\$7.99	\$230.03
Jan. 13, 2015	Cystal Lostaunau (US02376), Huntington Beach, CA bill payment	630200483	1197202	\$75.00	\$238.02
Jan. 13, 2015	VEI-WEST GROCERIES, Bakersfield, CA 5x(2 Cheese Alfredo Pasta with Chicken - Single)	610119206	1196201	-\$44.73	\$163.02
Jan. 13, 2015	VEI-WEST CAR INSURANCE, Bakersfield, CA Insurance	610119125	1196191	-\$46.47	\$207.77
Jan. 13, 2015	VEI-WEST GAS, Bakersfield, CA Gas	610119079	1196185	-\$21.00	\$256.24
Jan. 13, 2015	VEI-WEST HEALTH INSURANCE, Bakersfield, CA eHealthInsurance.com	610186027	1196071	-\$109.85	\$277.24
Jan. 13, 2015	VEI-WEST INTERNET SERVICE, Bakersfield, CA AT&T Eire	610119192	1196047	-\$34.95	\$387.09
Jan. 13, 2015	VEI-WEST CELL PHONE, Bakersfield, CA www.verizonwireless.com	610412884	1196043	-\$45.00	\$422.04

- These student-run companies and their employees (the students) make up the players in the marketplace with obligations to buy and act as any entity in the real world.
- Firms provide B-to-B and B-to-C goods and services.
  - B-to-B examples: leases, utilities, insurance, office furniture and equipment, advertising, design services, professional services.
- Students model entry-level young adults with all responsibilities of maintaining a personal budget, purchasing those goods and services through the virtual marketplace.
  - Food, clothing, automobile leasing, apartment leasing, entertainment, personal utilities and services, travel, etc.

# VEI Market Insights

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## CATEGORIES OVERVIEW

Click to sort

CATEGORY	FIRMS	INCOMING ▼	INCOMING AMT
Entertainment	87	21,082	\$ 43,850,961
Sports & Leisure	85	18,650	\$ 43,301,770
Clothing & Accessories	102	16,116	\$ 41,687,915
Electronics & Computers	79	13,331	\$ 29,670,747
Travel & tourism	57	12,124	\$ 22,225,080
Unconventional	70	11,002	\$ 34,643,797
Business Services	62	9,710	\$ 32,962,918
Food & Beverages	68	9,501	\$ 35,083,497
Party & Celebration	48	8,834	\$ 19,454,695
Novelty	53	7,489	\$ 18,880,116
Health & Beauty	39	6,636	\$ 26,480,799
Office Equipment & Supplies	30	6,451	\$ 15,069,826
Toys & Games	20	5,406	\$ 5,980,897
Furniture	19	4,878	\$ 11,462,625
Animals & Pet Supplies	11	4,780	\$ 7,099,793
Hobbies & Creative Arts	31	4,412	\$ 9,482,587
Real Estate	17	4,364	\$ 7,233,662
Advertising & Marketing	44	4,189	\$ 30,795,951
Home & Garden	20	3,935	\$ 5,349,637
Finance & Insurance	13	3,918	\$ 14,928,893
Vehicles & Parts	17	3,699	\$ 7,866,728
Music & movies	17	3,283	\$ 9,795,391
Hardware & Tools	13	1,978	\$ 5,882,415
Software	14	1,685	\$ 6,892,044
Cameras & Optics	8	1,369	\$ 3,889,039
Books, E-books, DVDs & Videos	6	1,358	\$ 1,348,418
Luggage & Bags	12	532	\$ 2,391,529

Snapshot of the VEI Simulated Economy (by Product/Service Category)

[insights.veinternational.org](https://insights.veinternational.org)

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## Judging the Competition

### The Business Plan

How well does the business plan demonstrate an understanding of, and provide goals and strategies to address, the VEI marketplace?

- Introductory Components including the Executive Summary and introduction to the presentation
  - How well does it summarize the business and plan? Is it compelling?
- About the Business
  - Is the description of the business and mission statement clearly articulated? Are they relevant?
  - Management Functions: What are the goals of the firm and how is the firm organized and structured to meet those goals?
- External Environment
  - How well does their economic analysis summarize current conditions? Does the firm contextualize how this impacts their business?
  - How well does the firm demonstrate an understanding of the real world industry to which they belong?
  - How well does the firm explain and define the **Virtual** Market including a Competitive Analysis of other VE firms?
- Marketing Plan
  - Does the firm clearly define their Target Market and customer segments?
  - How well does their plan and strategies address the VEI market?
- Financials (Break Even Analysis, Income Statement, Balance Sheet, Cash Budget)
  - Three Quick Tests:
    1. Does it make sense?
      1. Does the balance sheet balance?
      2. Look at the income statement, examine projected and actual revenues and projected and actual expenses. Are they projecting a profit or loss? How big?
      3. Does the projected balance on the cash budget match the cash reported on the balance sheet?
    2. Do the projections seem reasonable? Were they explained or defended?
    3. Are there footnotes available to help you understand the figures and assumptions used?

### Limitations of the simulation

- Firms do not have the ability to control their factors of production
  - They do not have the ability to decide where their factories are located or where they source their raw materials
- No actual products are exchanged, a product will be “virtually” delivered to customers
- Accounts Receivable have been an issue in the marketplace
- Firms may enter contracts with “Non-VE” entities to subsidize employee payroll expense
  - Revenues from these contracts should be broken out on the financial statements



## Written Presentation Rubric



### 2017-2018 National Business Plan Competition Written Rubric

#### SCORING KEY

		Score
<b>Well above standards</b>	Outstanding execution: content and/or strategies are clear, comprehensive, thoughtful, and very well researched and/or developed.	5
<b>Above standards</b>	Well executed: content and/or strategies are evident and well researched and/or developed.	4
<b>Meets standards</b>	Includes essential components: content and/or strategies are evident; most components are researched and/or developed.	3
<b>Below standards</b>	Missing essential components: content and/or strategies are not evident or unclear; research and/or development are below standards.	2
<b>Well below standards</b>	Major flaws or section missing.	1

COMPONENT & EXPLANATION	Weight
<b>Executive Summary</b> <ul style="list-style-type: none"> <li><u>Executive Summary</u>: A 1-2 page overview of the entire plan that includes important details such as the mission, products/services, company goals, and financial highlights. This section should outline where your company is, where you want to go, and highlight the strengths of the plan.</li> </ul>	10%
<b>About the Business</b> <ul style="list-style-type: none"> <li><u>Company Overview</u>: Provide the reader with a description of the company's primary business, industry, legal description, location, and brief history (if an existing company).</li> <li><u>Mission Statement</u>: A brief statement that represents what the company stands for; narrow enough to give direction but not so vague that it could apply to any other organization.</li> <li><u>Management Functions</u>:               <ul style="list-style-type: none"> <li>Planning: What are the goals of the business? Identify strategies to achieve each goal.</li> <li>Organizing: How is the firm organized to be able to meet objectives? Organization chart to specify what jobs need to be done and by whom.</li> <li>Directing: How are directions, assignments, instructions and information provided to employees?</li> <li>Controlling: How does the firm monitor progress toward achieving goals?</li> </ul> </li> <li><u>SWOT Analysis</u>:               <ul style="list-style-type: none"> <li>Determine the firm's internal weaknesses &amp; strengths as well as the external opportunities &amp; threats.</li> </ul> </li> </ul>	20%
<b>External Environment</b> <ul style="list-style-type: none"> <li><u>Current economic conditions</u>: A "snapshot" of the economic environment that may include information such as employment levels, interest rates, rate of inflation/deflation, rate of change of GDP, balance of trade, exchange rates, and how this information affects your firm and the applicable industry.</li> <li><u>Industry analysis – real &amp; virtual</u>:               <ul style="list-style-type: none"> <li><i>Real</i>: Demonstrate an understanding of the real-world industry by providing information about size, profitability, current challenges, competitive pressures, etc., and how this may impact your firm.</li> <li><i>Virtual</i>: Provide evidence that research was done to obtain information about the status of this industry in the virtual economy, i.e. # of competitors, profitability, expected demand, financial condition of prospective customers, etc., and how this may impact your firm.</li> </ul> </li> <li><u>Competitive analysis</u>: Identify and examine the characteristics of competing firms in the virtual marketplace. (If there are no direct competitors, analysis of indirect competitors.) What differentiates the firm from its competitors?</li> </ul>	20%

<p><b>Marketing Plan</b></p> <ul style="list-style-type: none"> <li>• <u>Target market &amp; market segmentation:</u> <ul style="list-style-type: none"> <li>○ Identify a specific group of consumers to which the firm directs its marketing efforts</li> <li>○ Separate layers of the market according to some of the following: demographics, geography, psychographics, socio-economic factors, benefits, etc.</li> </ul> </li> <li>• <u>Marketing Mix:</u> <ul style="list-style-type: none"> <li>○ Product: The product (or key products) including product features that will satisfy customer needs and/or wants.</li> <li>○ Price: What are the pricing objectives? (Maximize profits? Maximize sales?) How were prices determined? (Demand-based? Cost-based? Competition-based?)</li> <li>○ Placement: What percentage of sales is from trade shows? What percentage is Web-based? What percentage is from non-virtual customers? What percentage is from direct sales and outreach?</li> <li>○ Promotion: How do customers know about your business and the benefits of doing business with you? Explain the advertising/promotional strategies your firm will employ and why you expect it to be successful.</li> <li>○ Positioning: What image does the company create in the minds of potential customers? What is the appeal of your business? Does this image appeal to a segment of the market, or the entire market with no limits?</li> </ul> </li> </ul>	20%
<p><b>Financial Planning</b></p> <p><i>*NOTE* Actual vs. Projected: For local competitions, the Income Statement and Cash Budget should reflect actual numbers through 10/31/17 and projections through 4/30/18. For the National Business Plan Competition, numbers should be actual as of 2/28/18 with projections through 4/30/18. When preparing and presenting the financial statements, columns should be labeled as "actual" or "projected."</i></p> <ul style="list-style-type: none"> <li>• <u>Break-even Analysis:</u> Provide break-even amounts in total dollars and number of sales. Provide details about assumptions you used to perform analysis including the profit margin percentage. (Assume that all costs are fixed except for cost of goods sold.)</li> <li>• <u>Income Statement:</u> Provide a multiple-step income statement for the fiscal year ending 4/30/18 with details by month. Sales totals should be broken out as VE Sales (web or direct), Trade Show Sales, or Out-of-Network Sales (Out-of-network sales may not exceed 75% of budgeted salaries expense, net of COGS, for the current fiscal year.)</li> <li>• <u>Balance Sheet:</u> Provide a current "actual" balance sheet dated 10/31/17 or later for local/regional/state competitions and 2/28/18 for the national competition. No projections.</li> <li>• <u>Cash Budget:</u> Provide a cash budget for payments and receipts of cash for the fiscal year ending 4/30/18 with details by month.</li> <li>• <u>Financial statements and charts</u> should include footnotes that explain or provide additional details about the assumptions and/or methods used to determine the numbers.</li> <li>• <u>Financial write-up:</u> A written summary/explanation/interpretation of the financial data.</li> </ul>	20%
<p><b>Organization and Presentation of Plan</b></p> <ul style="list-style-type: none"> <li>• <u>Cover page:</u> All information present, including name of business, logo, data, slogan, phone #, fax #, e-mail, website, Facebook, Twitter, and Instagram information.</li> <li>• <u>Table of contents:</u> Includes each major section, page numbers; is organized and neat.</li> <li>• Logical organization, well designed, free of errors, writing quality, effective use of charts, graphs and graphics.</li> <li>• Includes applicable footnotes or citations to research (MLA format is suggested, but not required)</li> <li>• <u>Includes an appendix that includes:</u> <ul style="list-style-type: none"> <li>○ screenshot of bank balance</li> <li>○ contracts used for out-of-network sales to non-VE entities</li> <li>○ letters of support from angel investors</li> <li>○ loan amortization table</li> </ul> </li> </ul>	10%



**Feasibility (BONUS POINTS)**

- \_\_\_\_ I would invest in this company (5 points)  
 \_\_\_\_ I would consider investing in this company, but need more detail or further development (2 points)  
 \_\_\_\_ I would not invest in this company (0 points)

**NOTE 1:****Plans may be penalized if missing any of the following from the Appendix:**

- A screenshot of the "Account details" page from the bank account showing the balance as of 10/31/17 for local competitions or 2/28/2018 for the national competition.
- Copy of contract used for out-of-network sales to non-VE entities with required contact information (if applicable).
- Letters of support from angel investors with required contact information (if applicable).
- Loan amortization table for loan or proposed loan (for firms with a loan payable or pending loan application).
- Notes or citations to research (MLA format is suggested, but not required).

**NOTE 2:****Document Format/Requirements**

- Business plans cannot exceed 20 pages
- Cover page, table of contents, executive summary, and appendix items consisting of up to 8 additional pages of supporting documents will not count towards the 20-page limit.
- Written plans must be presented in an appropriately readable and sized font and be one-and-one-half or double spaced. Font sizes and types may vary but should approximately align to 12pt Times New Roman font. The suggested page margin is 1" and the minimum acceptable margin is 0.5".
- All required financial statements (Break-Even Analysis, Income Statement, Balance Sheet, and Cash Budget) must be included within the 20-page limit.