

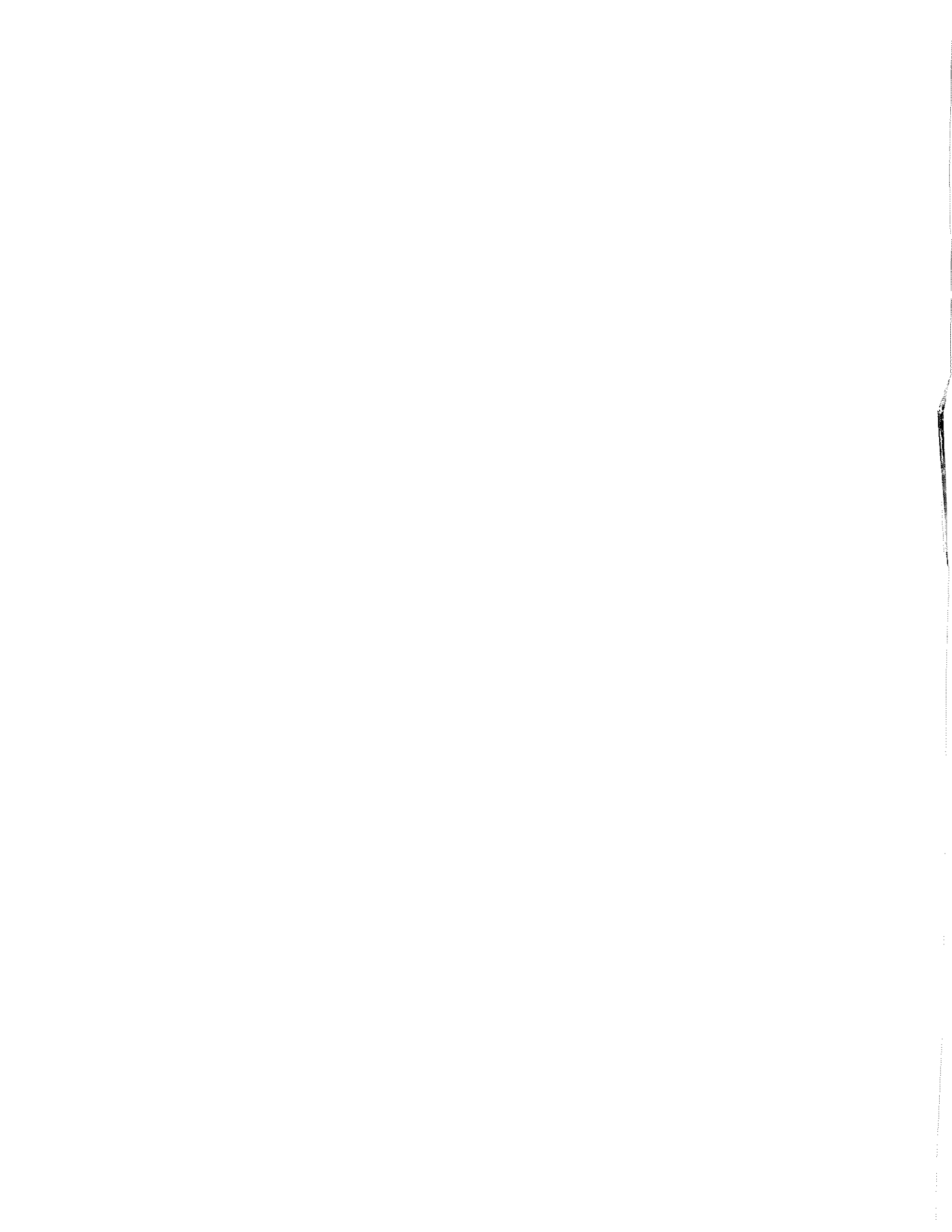


Junior
Achievement®

JA Company Program



Student Guidebook





Junior Achievement®

JA Company Program®

Student Guidebook

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Name: _____

JA Company Name: _____

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Acknowledgements

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Program Overview

Over the course of 12 sessions, students participating in JA Company Program will experience first-hand the challenges, rewards, and pitfalls of operating their own publicly traded company. The students will assume specific roles in their company; sell stock to their family, friends, and neighbors to raise capital; use that capital to pay salaries and purchase an approved product of their choice; then sell their product. At the end of the program, students will liquidate the company. If the student-run company has made a profit, stockholders will be repaid their original investment, plus dividends. The program is not meant to be a school fund-raiser or a theoretical exercise. It is real-life business, with real-life lessons students will carry with them into their adult lives and careers.

Meeting Agenda

- Meet your *JA Company Program* volunteer.
- Learn about the *JA Company Program*.
- Discuss company leadership roles and job applications.
- Brainstorm your company values, mission, and vision.
- Discuss the Company Capitalization Plan.
- Select your company name (optional: Meeting One or Four).

Company Capitalization

Your new company needs start-up money. In JA companies, this is accomplished by selling shares of company stock to the public for \$2 each. It allows employees, friends, and relatives to share in the ownership and success of your JA company.

The sale of company stock begins after Meeting Two and ends at Meeting Five, when your JA company approves its Business Plan and starts production. The initial **capital** needed to launch company operations must be raised during this time period.

Please note that definitions of Key Terms (indicated in bold type) and related business vocabulary are defined in the Glossary on Pages 42–44.

All forms can be found on the Materials CD-ROM, in the Blackline Masters Packet, or are provided by your JA volunteer. They can also be accessed on www.ja.org.

JA Stock Certificates are like regular **stock**. They represent part ownership in the company and include voting privileges. An employee must own a share of stock to sit on the **board of directors**.

When the JA company concludes operations and goes into **liquidation**, its **profits** will be distributed among the stockholders by calculating the **book value** of the stock. Book value is the amount of **dividend** that will be distributed to stockholders after all company bills, taxes, wages and salaries, charity donations, bonuses, and JA Area Office invoices have been paid.

Your company will begin selling stock after Meeting Two. You should become familiar with the basic procedure now, so you can proceed efficiently at the next meeting.

Selling Stock: Basic Procedure

When communicating with potential investors, be prepared to provide the following information:

- You are selling stock in a Junior Achievement company.
- This is an educational opportunity for students to run and liquidate their own company.
- Each share of stock costs \$2.
- Profit or return is not guaranteed, but most people recoup their \$2 investment plus a stock dividend.

The Human Resources Department will distribute Stock Certificates to all company employees. When you make a sale, fill out the required information on the Stock Certificate and the Stockholder Information Card. Accurate information is vital when determining possible stock dividends when the company is liquidated.

Present the Stock Certificate to the stockholder. Give the Stockholder Information Card to the vice president of Human Resources and the purchase money to the vice president of Finance. All stock sales must be recorded on the Stockholder Record Envelope.

What's in a Name?

Is it better to select a business name that brings to mind a product, a person, a location, or a culture? Should it be cute or clever? Does the name suggest authority or pizzazz? Image is important. Indeed, the type of image you want to project to your target market is vital to your success.

A company name should inspire confidence and convey a professional perception. But name recognition is more than that: Your company name must be memorable and distinctive. For example, Toys "R" Us is a highly successful example of one of many businesses that decided the "R' Us" concept could leave a lasting impression in consumers' minds.

As you go through the selection process, brainstorm examples of companies that have selected unique names. Consider Häagen Dazs' approach. The successful, international ice cream company put a unique twist on its branding method. Although developed in the United States, the brand carries an upscale, imported, "Old World" image. However, the name "Häagen Dazs" has no real meaning. It's made up.

Cute and/or clever names can work either for or against a company. For example, a restaurant called The Feed Lot may be clever, but the name is hardly appealing. Cabbage Patch, however, with its cute title and smart marketing techniques, was able to launch a product (dolls known as Cabbage Patch Kids) that has spanned decades.

Slogans or logos also can be used to clarify purpose, create a positive image, and spark immediate product identification. "Just Do It" and "They're Grrreat!" have worked well for Nike and Frosted Flakes. And McDonald's golden arches, much like Junior Achievement's pyramid, skillfully communicate a name and image through a logo.

When a company is bought or sold, an intangible asset called "goodwill" is an important part of the transaction. Goodwill is built on a company's reputation. The business's name is a similar concept; it is an intangible asset that the public associates with that particular company. So, in conclusion, what's in a name? Audience, price, product type, identification, appeal, and much more!

You may choose a company name during Meeting One or wait until Meeting Four, when a product is selected. The decision is yours.

Note: To protect the unique status of your new company as a non-legal corporation, avoid the use of the words “Corporation,” “Incorporated,” and “Limited.” Instead, insert the phrase “a JA company” following the business’s name whenever it appears. For example, write “Candles ‘R’ Us, a Junior Achievement company.”

Decisions! Decisions! Decisions!

Have you ever watched “movie credits” roll by at the conclusion of a film? The credits list all the people—actors and actresses, writers, producers, directors, camera operators, film editors, make-up artists, and countless others—who worked together to produce the film. You might think that a movie company is unique, but almost every successful business relies on the combined efforts and varied skills and talents of all its employees.

Even a successful sports team needs more than outstanding athletes. Coaches map out game plans. Trainers and other staff work behind the scenes to make sure the athletes stay healthy and physically fit. Managers, attorneys, marketing and public relations staff, and other professionals maintain financial records, plan marketing campaigns, and complete other related tasks. All of these people contribute to the success of the team.

Review the *JA Company Program Department Overview Poster*. It details how your company should be structured and provides a list of the records each department will manage. The poster identifies elected-officer positions, as well as the different jobs that are available for those who want to apply for work.

Attention: For those who plan to run for office during Meeting Two, consider the following tips:

- Your speech may only be 1 minute in length.
- Communicate why you want a company leadership position.
- Describe why your fellow employees should hire you.
- Identify the strengths you will bring to the position.
- Dress for success! Wear business or casual business attire when you deliver your speech.

Note: All JA company employees must complete and return their job applications during this meeting. Ask your JA volunteer for an application. Complete the application and turn it in to your JA volunteer before you leave today.

Action Items

- If running for office, prepare a 1-minute speech.
- Become familiar with the basic procedure for selling stock.

Meeting Agenda

- Elect the JA company officers.
- Form the JA company departments.
- Approve the company Charter/Bylaws Application.
- Initiate the Company Capitalization Plan.

Begin by reading the description of your department's role and responsibilities. If time allows, also read the sections explaining the other departments' functions. This will allow you to see how all the departments are inter-connected and how they must work together for the success of the company.

Company President: Role and Responsibilities

Congratulations on being elected a JA company president! You will have many responsibilities, but your most important task is to oversee and lead your JA company. Your role likely will be the most visible aspect of the business to the public and your colleagues. It's a job that should be assumed with the utmost responsibility.

A company president's duties include managing week-to-week business matters, setting meeting agendas, conducting board of directors meetings, writing the Stockholder Letter, and providing leadership during each meeting.

Throughout the *JA Company Program* operation, the president is responsible for:

- Providing overall direction and supervision.
- Managing (with the help of your JA volunteer) all company meetings.
- Writing the agenda and conducting board of directors meetings according to the **rules of parliamentary procedure**. Also, you must ensure that JA company officers are familiar with the rules before the board of directors meeting (Meeting Five).
- Upon company liquidation, composing the Stockholder Letter, a brief company overview, and an acknowledgement letter to the volunteer. (Review samples on the Materials CD-ROM or in the Blackline Masters Packet.)

Liquidation

Upon company liquidation, the president will compose the Stockholder Letter, a brief company overview, and an acknowledgement letter to the volunteer. (Review the examples on the Materials CD-ROM.)

Management Duties

The JA company president is the business's "point person." This is a student-run, student-led company, and as president you will direct that effort. Included on the Materials CD-ROM is a Tip Sheet for JA company officers. You may want to get together with your officers outside formal meeting times to review the Tip Sheet and address any relevant issues.

Board of Directors Meetings

As company president, you are responsible for the meeting agenda; this means deciding how the meeting will flow to accomplish all objectives. The first assembly of the board of directors is during Meeting Five. At that time, all departments need to briefly detail their contribution to the Business Plan and explain how it will be implemented during the Business Opportunity phase, as defined on the Business Opportunity Poster. The company must adopt the Business Plan during Meeting Five.

Board of directors meetings will be conducted using the rules of parliamentary procedure. A brief description of the process is found in the following section. The same overview is presented for all company employees to read in the Meeting Five material. As company president, you must make sure all officers have a working understanding of the rules before the first meeting. Other employees can follow along during the meeting. However, proceedings will not flow smoothly unless you and your officers familiarize yourselves with the rules beforehand.

The second—and final—gathering of the board of directors is Meeting Twelve. At that time, you and your colleagues will liquidate your company, approve the amount of payment to stockholders (if your company makes a profit), close all books and accounts, and complete the Annual Report.

Rules of Parliamentary Procedure

The following is a list of basic rules the company president must observe when conducting official meetings:

- Allow only one person to speak at a time.
- Give everyone an opportunity to speak; however, you may set a time limit.
- When an important policy decision is made, ask someone to make a motion. A motion is a statement of desired policy. For example, a company employee may say, "I move that a dividend of \$2.50 per share be paid to each stockholder."
- A motion must receive a second. A second indicates support for the motion. If no one offers a second, the motion is dead, and discussion ends.
- If a motion has been made and seconded, it can be discussed. Someone can amend or modify the motion only with permission of the person who originated it. Once a motion has been seconded, it must be voted on, and either passed or defeated. Then you may move on to the next motion.
- When all opinions about a motion have been heard, anyone may call for a vote. For example, "I move to vote on the motion." The company president then will say, "All those in favor of the motion to . . . , say 'aye'; all those opposed, say 'nay.'" The motion is passed with a simple majority present responding "aye." The motion fails with a present majority responding "nay." For controversial issues, the president may take a silent, heads-down, hands-up vote or a ballot vote.

- Once a motion is passed, it takes effect immediately unless otherwise specified within the motion.
- Both board of directors meetings are required to follow parliamentary procedure, and the Minutes will be recorded by the company's Human Resources Department. The Minutes Template is available on the Materials CD-ROM.

Human Resources Department: Role and Responsibilities

Congratulations on being selected as part of the Human Resources Department in your new JA company! You are responsible for developing your company's compensation plan and maintaining attendance and payroll information, the company charter, and other important company records.

Your job is one of the most important in the company. Along with the president, you are responsible for morale and helping employees work together as a team. In addition, you are responsible for paying correct wages in a timely manner.

Throughout the *JA Company Program* operation, the Human Resources Department is responsible for the:

- Human Resources Department Business Plan (found in this section and on the Materials CD-ROM)
- Attendance Record (Materials CD-ROM)
- Administrative Record (Materials CD-ROM)
- Stock Certificates (JA volunteer)
- Stockholder Record Envelope (JA volunteer)
- Stockholder Record, started in Meeting Two and completed upon company liquidation (Materials CD-ROM)

The Human Resources Department is accountable for managing essential business records, including the company's:

Compensation Plan—A description of the company's compensation plan can be found in its Bylaws. During Meeting Two, your company will approve the *JA Company Program* standard Bylaws—or choose to amend and pass a revised version. Please note that any Bylaw editing must be reported on your Human Resources Department Business Plan.

Administrative Record—The Human Resources Department is responsible for maintaining accurate attendance and payroll records and an up-to-date roster of company employees and consultants (including names, addresses, phone numbers, and email addresses).

Payroll Information—The Human Resources Department is in charge of computing payroll and helping the Finance Department prepare paychecks during liquidation.

Attendance Record—The official company Attendance Record must be complete and accurate. Human Resources must take attendance at each meeting. (Consider waiting a few minutes to allow latecomers to arrive.)

High absenteeism is a serious problem and sometimes an indication that the company is not meeting employee needs. Consider phoning absentees to discover if problems exist that officers and volunteers could resolve. Note also that unexpected illnesses and scheduling or other conflicts may be the cause of missed meetings.

Stock Certificates—The Human Resources Department distributes the Stock Certificates (see the Stockholder Record for instructions.) You are responsible for ensuring that all company employees have a basic understanding of how to complete and submit the Stock Certificate.

Stockholder Record—As your company begins the capitalization process, the Human Resources Department is responsible for distributing the company Stock Certificates. On the Stockholder Record, write the number found in the Stock Certificate's upper right-hand corner. Include the employee's initials next to the number.

Stockholder Record Envelope—Company employees must return the Company Copy of the Stock Certificate to the Human Resources Department. Place the Company Copy in the envelope and list the Certificate number and date.

Human Resources Department Business Plan

The Human Resources Department Business Plan must be completed and attached to the company Business Plan for Meeting Five.

Sample Business Plan

Complete the actual Human Resources Department Business Plan available on the Materials CD-ROM.

Note: Wages are not paid for the first meeting because this time is used for company organization.

Starting wages for company employees will be \$ _____ per meeting.

Projected Wages:

Weekly employee wage \$ _____

Number of employees (X) _____

(A) Wages per meeting (=) \$ _____

Officer wages \$ _____

Number of officers (X) _____

(B) Officer wages per meeting (=) \$ _____

Total wages = (A+B) x 11 meetings = \$ _____

SAMPLE

Company Bylaws

List the official Bylaws that company employees have decided to adopt.

Article I.

Article II.

Article III.

Article IV.

Article V.

Article VI.

Article VII.

Article VIII.

Article IX.

SAMPLE

Production Department: Role and Responsibilities

Congratulations on joining your JA company's Production Department! You take care of ordering materials, establishing production goals, developing strategies for organizational production, and monitoring product quality. The efficiency of your production, and the quality of your products will determine your company's success.

Throughout the *JA Company Program* operation, the Production Department is responsible for the:

- Production Department Business Plan (found in this section and on the Materials CD-ROM)
- Production Record (Materials CD-ROM)
- Product Labels (JA volunteer)

Liquidation:

- Final Production Record (Materials CD-ROM)

Material Purchases

Working with the Finance Department, the Production Department initiates purchases of necessary materials. When ordering, be sure to use your local JA Area Office's tax-exempt number so you won't have to pay sales tax.

JA Area Office Tax-Exempt Number: _____

Tips for buying materials:

- Recommend the quantity to be purchased; place orders in a timely manner.
- Check all deliveries for shipping damage and completeness.
- Order additional materials as needed.

Product Labels

As you turn out your company product, use JA Product Labels to track your inventory. Make sure that every product receives only one sticker. If a sticker or product is damaged or destroyed, make sure it is accounted for in the inventory.

Efficient Production Standards

Develop the production section of the company's Business Plan—production goals, materials cost estimates, quality-control procedures, safety plans, and production procedures and schedules. Maintain the Production Record and monitor progress.

Safety Guidelines

Safe working conditions are extremely important in any company; it's just good business. Not only should the Production Department be concerned about the welfare of company employees, but it also should implement an effective safety program. Unsafe conditions reduce productivity, result in damaged goods, and leave a company vulnerable to legal or government action.

Quality Control

The Production Department should ensure high-quality standards by issuing timely reports on the company's progress toward meeting its production goals. The department must maintain the Production Record and make sure quality-control checks take place regularly.

Packaging

Select a method of packaging that will enhance the product's appearance and appeal and protect it during storage and distribution. There are a wide variety of appropriate materials on the market, including cardboard and plastic boxes, plastic bags, and shrink-wraps in many sizes and shapes. Select the method that best suits your product.

Production Department Business Plan

The template for the Production Department Business Plan is available on the Materials CD-ROM. The plan must be completed and attached to the final, comprehensive company Business Plan for Meeting Five.

As members of the Production Department, you must establish a process to ensure that all customers receive high-quality products. You need to decide on the "how, where, and who" of product production. Your plan should describe:

- The selected production process.
- The quality-control procedures that will be put into place.
- The company's production schedule, including beginning and ending dates.
- The cost of packaging, labeling, and marketing the product.

Company Quality-Control Procedures

Use this form to brainstorm your company's step-by-step production process, including regular quality checks. You will use this information to complete the final version of the Production Record.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

(Continued on next page)

8. _____

9. _____

10. _____

Production Schedule:

Date and list of materials that need to be ordered: _____

Date and list of materials that need to be available: _____

Date(s) that product components will be complete: _____

Production Goals:

Our production goal is to make _____ units of our product by _____.

To achieve this goal, _____ production workers will need to work _____ hours.

Our goal is to have the service package/planning completed by _____.

Packaging:

We will package our product using (for example, plastic bags, shrink-wrap) _____.

The packaging cost per product is \$ _____.

The total packaging cost based on our production goal is \$ _____.

Goals	Meeting 6	Meeting 7	Meeting 8	Meeting 9	Meeting 10	Meeting 11
Goal of Products Produced:						
Actual Products Produced:						

Total Actual Units Produced: _____

Marketing Department: Role and Responsibilities

Congratulations on joining your JA company's Marketing Department! You are responsible for developing and carrying out your company's marketing strategy. You will train the sales force, keep sales records, develop sales-incentive programs, and plan advertising campaigns.

Because many employees often are reluctant to sell aggressively, your job is one of the most challenging in the company. Your creativity, enthusiasm, and example will help stimulate sales and guarantee success. Typically, marketing employees are sales leaders—imaginative, innovative, and energetic in their efforts to promote their business in unique ways.

Throughout the *JA Company Program* operation, the Marketing Department is responsible for the:

- Marketing Department Business Plan (Materials CD-ROM)
- Sales Order Envelope (JA volunteer)
- Sales Chart (JA volunteer)
- Sales Tactics (Meeting Eight)

Liquidation:

- Marketing Sales Summary (Materials CD-ROM)

The Marketing Department is responsible for developing and carrying out a carefully structured plan that will help the department:

- Identify potential customers.
- Design an advertising and/or distribution strategy.
- Formulate a sales-training and incentive program.
- Set sales goals and develop strategies for accomplishing them.
- Look for new and better sales methods and recommend new product lines.
- Prepare and train company employees to sell and deliver the product or service.

Advertising and Publicity Campaigns

Determine how you will promote your product (word-of-mouth, posters, etc.).

Product Inventory

The Marketing Department manages the inventory of all finished goods, accepting products into inventory when they are completed by the Production Department. Marketing also maintains the Sales Order Envelope, the Sales Chart, and completes the Sales Summary when the company is liquidated.

Sales Chart Poster

Display the Sales Chart Poster after Meeting Five. List all company members' names on the poster and record the money earned each week from product sales. This is your chance to encourage a little competition—the more you sell, the more sales commission you make!

Note: After Meeting Five, employees must turn in the money from product sales to the Finance Department at each meeting. The Marketing Department will retain the Sales Order Receipts in the Sales Order Envelope. That information will be used to help complete the Sales Chart and the Sales Summary upon liquidation.

Sales Records

The Sales Order Envelope allows the Marketing Department to track inventory in the possession of employees and record individual sales and commissions.

Obtain the Sales Order Form (the Company Copy) from the Finance Department after it has collected all employees' payments kept in their individual Sales Tracking Envelopes. Put the Sales Order Form in the Sales Order Envelope and record on the front of the envelope the number of products sold each week.

Tip: You may want to record on a separate list the units scheduled for "future delivery" as indicated on the Sales Order Form.

Marketing Department Business Plan

The template for the Marketing Department Business Plan can be found on the Materials CD-ROM. It must be completed and attached to the comprehensive company Business Plan for Meeting Five.

Marketing Analysis

A marketing analysis is a detailed description of the market your company will be entering and the position it hopes to achieve. You should be able to explain who your customers are and why your product is unique and fills a consumer need. Your product should satisfy a need or want—and that should be demonstrated in the Marketing Plan.

Marketing Strategy

The marketing strategy describes your target market (who will buy your product); pricing strategy, or the break even point (how much you can sell your product for, covered during Meeting Four); the distribution and advertising plan (where you can sell your product and how you will advertise); and projected sales (how many products or services you think your company will sell).

Distribution

As members of the Marketing Department, you need to decide where you would like to sell your product or service:

- Businesses
- Friends and family
- Supermarkets, banks, movies, schools, and places of worship
- Events (e.g., sports games, concerts)

Advertising/Marketing

As members of the Marketing Department, you need to decide how—or if—you will advertise. Some options are:

- Fliers distributed at school
- Posters
- Word of mouth
- Local newspapers
- Bulletin boards

Sales Goals

Your company's sales-goal decision will be influenced by your product's break-even point, the projected number of products (obtained from the Production Department), and the number of company employees.

Target Market

Who will buy our product or service?

Distribution

We will sell our product primarily by:

SAMPLE

Advertising

Our advertising strategy will be:

We will advertise at or in:

All advertising materials (markers, poster board, etc.) will cost: \$ _____

Sales Goal

To reach our goal of _____ units sold, each member of the company will need to sell at least _____ products.

Finance Department: Roles and Responsibilities

Congratulations on joining your JA company Finance Department! You are responsible for financial planning and budgeting, keeping accurate records, and monitoring the company's progress toward achieving its financial goals. Many business professionals believe you have the most important job in the company. Accuracy and honesty in tracking the company's financial data are essential.

Throughout the *JA Company Program* operation, the Finance Department is responsible for the:

- Financial Record (Materials CD-ROM)
- Sales Tracking Envelopes and Sales Order Forms (JA volunteer)
- Company Bank Account, including checks (instructions found in this section)
- Product Evaluation Form (found in Meeting Four and on the Materials CD-ROM)

Liquidation:

- Statement of Activities (Materials CD-ROM)
- Payroll Checks (from company bank account)
- Stockholder Dividend Checks (from company bank account)
- Sales Tax Record (Materials CD-ROM)

Financial Record

The Financial Record uses a double-entry bookkeeping system. A standard practice in business, **double-entry bookkeeping** requires that each transaction be entered twice—once in the debit column of the record and once in the credit column. Although it sounds like extra work, the double-entry system helps prevent mistakes and track errors.

Picture an old-fashioned pair of scales. As long as the weights are equal, the two sides will counterbalance. If you add weight to one side but not the other, the scale will tip; it will be "out of balance." Similarly, if your debit total does not match your credit total, then the financial record will not balance and must be recalculated.

Payroll

Obtain from the Human Resources Department the total wages paid to all JA company employees. Remember, you will pay wages for 11 meetings. Make only one entry in the Financial Record for the entire payroll, although you will write an individual check to each company member upon liquidation. The checkbook register should indicate the payee and the amount of each check.

Sales Tax Record

The total sales tax for all products sold will be calculated and paid upon company liquidation to the local JA Area Office. (See the Sales Tax Record on the Materials CD-ROM for further instructions.) The Finance Department must determine the amount of city and state sales

taxes. During final product selection in Meeting Four, incorporate the correct figure into the total price of the product on the Product Evaluation Form.

City and State Sales Tax: ____ percent

Sales Tracking Envelopes

Every employee will receive a Sales Tracking Envelope. During the Business Opportunity phase of the company (beginning with Meeting Five), each employee must turn in her or his envelope containing two items:

- Company Copy of the Sales Order Form
- Cash or checks from the products sold

After the employees turn in the Sales Tracking Envelopes, the Finance Department must make sure the envelopes are initialed and returned for the next meeting. Give the Company Copy of the Sales Order Form to the Human Resources Department for order tracking.

Company Bank Account

The Finance Department must open a bank account as soon as it elects a vice president (after Meeting Two). The vice president of Finance works with the program volunteer and local JA Area Office to set up a company account and acquire checks.

Finance Department Business Plan

The Finance Department is not required to produce a separate Business Plan because the entire JA company participates in determining the product price and break-even point, or the Product Evaluation, during Meeting Four.

The Product Evaluation Form must be included in the overall company Business Plan. The Finance Department must complete and attach the Product Evaluation Form to the company Business Plan prior to Meeting Five.

Public Relations Department: Roles and Responsibilities

Congratulations on joining the JA company Public Relations Department! The success of every business depends on its customer base, and your department now assumes the crucial responsibility of attracting and retaining those customers. It's your duty to obtain product approval before your company begins production. You also coordinate the development of the overall Business Plan and the Annual Report, two important documents that communicate to the public what your JA company is all about.

Throughout the *JA Company Program* operation, the Public Relations Department is responsible for the:

- Product Approval Application (Materials CD-ROM)
- Business Plan Overview (Materials CD-ROM)
- Membership ID cards (JA volunteer)
- Board of Directors Minutes Template (Materials CD-ROM)

Liquidation:

- Annual Report Checklist upon liquidation (discussed in Meeting Ten and on the Materials CD-ROM)

Product Approval Application

This form must be completed and submitted (by standard mail or email) immediately after product selection (Meeting Four). Email is the preferred method of filing and guarantees a 24- to 48-hour response time. The JA company must obtain product approval from Wells Fargo Insurance Services USA before it begins production.

Membership ID Cards

Each company employee receives a membership ID card. The card verifies to the public that he or she is a *JA Company Program* participant. Instruct all company members to keep these cards in a safe place because they will be needed for all meetings.

Board of Directors Minutes Template

The Board of Directors Minutes Template is designed as a guide for conducting the meeting. However, you will need to add space for recording the "Motions," "Seconds," and "Department Report." A good option is to take Meeting Minutes on a blank sheet of paper and transfer the information afterward. This template should be used for both board of directors meetings (Meetings Five and Twelve).

Business Plan Overview

Although a Business Plan may be modified, it is the blueprint for your company's success. Therefore, accurate, detailed preparation is everything. A well-planned approach helps employees define a strategy, carry out the company's mission and goals, monitor business operations, and assess outcomes.

The Business Plan Overview really is the result of the combined efforts of the company's departments. Each is responsible for completing its assigned contribution by a specified date (formally set by the vice president of Public Relations). Before Meeting Five, each department should designate a schedule that allows enough time to organize the plans and complete the Business Plan Overview found on the Materials CD-ROM. This vital document is the foundation of your JA company; it is the key to opening the door to opportunity for your business.

Business Plan Overview

JA Company Mission: _____

JA Company Vision: _____

Employee Wage: _____

Officer Wage: _____

Target Market: _____

Product: _____

Product Price: _____

Break-Even Point: _____

Product Sales Goal: _____

Additional Items: _____

SAMPLE

Company Meeting Information

Review Bylaws

Company employees must read the standard Bylaws included in the Charter template on the Materials CD-ROM. Bylaws are a set of rules adopted by an organization to govern its employees and regulate its affairs. Decide what changes need to be made, if any. You can add, delete, or otherwise edit your Bylaws. When the company arrives at a consensus by a majority vote, all employees present must sign the Charter Application and Bylaws (printed from the Materials CD-ROM). It must be sent along with the hard-copy Charter from the *JA Company Program* kit to the local JA Area Office.

Changes in Bylaws wording should be inserted in the electronic document and printed. The company must identify the changes made in the standard template language so it can be reviewed and accepted by local JA Area Office staff.

Review Stock Sale Procedure

When communicating with potential investors, be prepared to provide the following information:

- You are selling stock in a Junior Achievement company. This is an educational opportunity for students to run and then liquidate their own company.
- Each share of stock costs \$2.
- A profit or return is not guaranteed, but most people recoup their \$2 investment and a stock dividend.

The Human Resources Department is responsible for distributing Stock Certificates to all company employees.

When you make a sale, fill out the required information on the Stock Certificate and the Stockholder Information Card. Accurate information is vital when determining possible stock dividends upon liquidation.

Present the Stock Certificate to the stockholder. Give the Stockholder Information Card to the vice president of Human Resources and the stock sales money to the vice president of Finance. All stock sales must be recorded on the Stockholder Record Envelope.

Product Selection

As your JA company goes through the process of selecting and refining a product idea, be sure to reference the Non-Approved Product List in Meeting Three on Pages 22-23.

Action Items

- Begin selling stock.
- Observe the local community (school, town, etc.). Consider potential products based on these observations. Consider possible production methods and each department's responsibilities.
- Vice presidents should read and assess their department's responsibilities, review the Materials CD-ROM, and address any questions at the next meeting.
- Send the completed and signed Charter Application and Bylaws and company Charter (available from your JA volunteer) to the local JA Area Office.

Meeting Agenda

- Develop a market survey.
- Refine product ideas.
- Continue to develop a Business Plan.

Market Survey

A market survey seeks to gain the opinion of potential buyers.

- Two important segments of a successful market survey include identifying your target population and accurately measuring potential demand and willingness to purchase the product or service.
- A market survey can be conducted as an informal discussion or question/answer period for a small group of people or compiled through detailed focus groups, questionnaires, or surveys targeted at larger groups.
- However the survey is done, the possibility of statistical analysis may be applicable. With all survey techniques, the goal is to discover who your potential customer is and what product (or, more specifically, whether your product) is appealing.

Market Research

Lots of information about a product or service and its potential market can be found in the local library, newspapers, and online. Spend time gathering this essential research.

- Key data might include local competition. Additionally, data collected on socio-economic levels, demographics, and competitors may be helpful when selecting a product. This information can be obtained from local business bureaus and/or U.S. Census Bureau reports.

Non-Approved Product List

- Children's pajamas
- Babysitting services
- Window washing
- House-sitting services
- Carnivals/circuses/amusement rides
- Pet grooming/sitting
- Horse, donkey, bull rides
- Any homemade food item, including but not limited to baked goods, sauces, honey, candy, soups, salads, sandwiches
- Growing and selling of fruits or vegetables
- Meat/poultry/seafood/fish products, even if purchased from a wholesaler and pre-packaged
- Dairy products, even if purchased from a wholesaler and prepackaged, including ice cream and milk shakes
- Candle making
- Clothing manufacturing for children under the age of 10

- Swimming lessons
- Manufacturing and/or selling fireworks
- Painting—houses, fences, or numbers on curbs
- Snow/ice removal or ice melt products
- Lawn or house services
- Manufacturing of toys/games/stuffed animals
- Fire starters
- Lamps
- Safety or first aid kits
- Cosmetics of any kind, including lip balm
- Soaps or lotions manufactured by JA students
- Rice bags used as heating pads
- Vitamins, medicines, nutritional supplements
- Any product that may cause bodily injury or property damage

If you plan to manufacture, purchase, or sell a product or service that is not specifically listed as “approved,” you must obtain approval prior to engaging in the manufacturing, purchasing, or selling of such product or service.

Refine Product Ideas

It is necessary to start refining your product ideas. During Meeting Four, you will complete a Cost-Benefit Analysis on three or four products. Choose one or two favorite product ideas and be prepared to vote for your top choices.

Please consult JA’s Non-Approved Product List as you fine-tune your choices and select a product.

Business Plan

Departments should be working on their Business Plans. The vice president of Public Relations should have set a date when all Business Plans need to be submitted. Planning is crucial to success. All JA company employees will approve the company’s overall Business Plan at Meeting Five.

Stock Sales

Continue to sell shares of stock needed for initial capitalization. A company may sell up to 75 shares of stock for \$2 each. Although no company employee may own more than two shares of stock, it is mandatory that each company employee own one share of stock to serve on the board of directors. Stock sales end at Meeting Five after the Business Plan is approved and production begins.

Action Items

- Complete market research.
- Continue working on department Business Plans.
- Continue selling stock.

Meeting Agenda

- Complete the Cost-Benefit Analysis of potential products.
- Complete the Product Evaluation Form.
- Set individual and company sales goals.
- Continue Business Plan development.
- Select your JA company product.
- If necessary, select a company name, mission, and vision.

Cost-Benefit Analysis

A **Cost-Benefit Analysis** is a decision-making tool you use every day, often subconsciously, to assess options. It's similar to a "pro/con" list, with the costs representing the "cons" and the benefit the "pros." The Cost-Benefit Analysis is available on the Materials CD-ROM.

Product Evaluation Form

Step 1: Determine fixed costs

Your **fixed costs** are the business expenses that remain the same, regardless of the number of products produced or services provided. Wages, rent, marketing expenses, and equipment are examples of fixed costs.

The sample table below illustrates the fixed costs encountered by most JA companies. It assumes a company of 10 employees meeting for two hours each week for 12 weeks. (Please note: wages are not paid for the first meeting.)

Expenses	Sample Company	Your Company
A. JA company employee wage (11 x \$.50 per hour)	22 hours, \$11 per employee, (10 employees x \$11 = \$110)	
B. JA company officer wage (11 x \$2 per meeting)	\$22 per officer, (5 officers x \$22 = \$110)	
C. Rent and other fixed expenses, paid to the local JA Area Office with the sales tax upon liquidation	\$25	
D. Marketing supplies	\$25	
E. Other		
F. Total fixed costs	\$270	

The Human Resources Department can tell you what the agreed-upon wage structure is. For most JA companies, the wage structure does not differ from the one previously noted; it is the same as the wage structure specified in the Charter/Bylaws approved in Meeting Two. The Marketing Department should recommend a marketing budget.

Note: Wages are variable costs because the number of workers and hours needed to produce an item or good can vary as demand increases or decreases. In JA companies, however, workers typically are "employed" for a fixed number of hours. As a result, it is convenient to think of wages as a fixed cost for the purposes of this exercise.

Step 2: Determine variable costs

The company's variable costs are the expenses that fluctuate or "vary" with the number of goods produced and sold. For example, a company selling prepackaged candy will spend more on materials as production increases. Variable costs can be related to both production and the sales process. For each unit sold, your company will have to pay sales commissions and sales tax. In Step 3, you will have an opportunity to calculate these sales-related variable costs.

The following worksheet will help you estimate the variable cost of material when additional units are produced. With assistance from the Production Department, you will estimate your company's variable costs with the chart below.

Product	Sample Company	Your Company
A. Projected total cost of materials	\$100	
B. Divided by the number of units	100	
C. Material cost per unit	\$1	

Step 3: Determine price

Now that you have determined the fixed and variable costs for your product, you can establish a profitable price.

The following chart will help you determine your gross profit per unit at various test prices. Gross profit is the difference between the price and the variable costs of producing and selling your product.

- Enter one high and one low test price for your product. Include the sales tax.
- Use the material cost per unit from Step 2.
- Calculate your gross profit per unit at different prices.

	Sample Price #1	Sample Price #2	Test Price #1	Test Price #2
A. Net price per retail unit	\$5.00	\$6.00		
Variable costs				
B. Sales commissions (10%)	-.50	-.60		
C. Sales tax (5%)	-.25	-.30		
D. Material cost per unit (Step 2)	-1.00	-1.00		
E. Gross per unit	\$3.25	\$4.10		

Instructions:

Line A. Enter two test prices for your product. One price should be “high,” and the other “low.”

Line B. Enter the 10 percent sales commission cost.

Line C. Enter the city and state sales tax amount. In the example, the sales-tax rate was five percent ($\$5.00 \times .05 = .25$)

Line D. Enter the materials cost per unit from Step 2, Line C. Subtract Lines B, C, and D from Line A, and enter the result on Line E.

Line E. This is your gross per unit—the difference between your price and the variable cost of production and sales.

Step 4: Determine the break-even point

A break-even analysis frequently is used by manufacturing companies to set prices. It helps a company determine the number of units that must be sold to cover its costs (or break even).

	Sample Price #1	Sample Price #2	Test Price #1	Test Price #2
Fixed cost (Step 1)	\$270.00	\$270.00		
Divide the gross profit per unit	\$3.25	\$4.10		
Break-even point (units)	83 units	66 units		

Individual and Group Sales Goal

After you calculate the break-even point for the desired price, determine how many units each employee will need to sell to break even. What about making a profit? After you reach the break-even point, your company begins to make a profit. The more you sell, the more sales commission you earn!

Individual sales goal: _____

Group sales goal: _____

Note: This week is the *final* week to sell *stock* before you approve your Business Plan and begin production. Good luck!

Action Items

- Complete all department business plans necessary for inclusion in the company's final Business Plan prior to Meeting Five (or the date specified by the vice president of Public Relations).
- At the upcoming board of directors meeting, each department should be prepared to offer a brief report to the company about its part of the Business Plan.
- Last week to sell stock!

Meeting Agenda

- Present the JA company Charter.
- Conduct the board of directors meeting.
- Approve the company Business Plan.

Board of Directors Meeting

The JA company president runs the board of directors meeting, conducted according to the rules of parliamentary procedure.

Each department should be prepared to briefly describe its portion of the Business Plan and how it will carry out those responsibilities during the Business Opportunity phase. The Business Plan can then be approved, signaling the start of a business opportunity or production.

Following is an overview of parliamentary procedure. If you have questions, be sure to ask the company president or program volunteer for explanations. Although this process may seem formal and awkward at first, you will understand it quickly. It's an established way of conducting formal business meetings, and you likely will use the method many times in the future.

Rules of Parliamentary Procedure

- Allow only one person at a time to speak.
- Give everyone an opportunity to speak; the JA company president may set a time limit on remarks.
- When an important policy decision is made, ask a company employee to make a "motion." A motion is a statement of desired policy. For example, an employee may say, "I move that a dividend of \$2.50 per share be paid to each stockholder."
- A motion must receive a "second." A second indicates support for the motion. If no one offers a second, the motion is "dead" and discussion ends.
- If a motion has been made and seconded, it can be discussed. Someone can "amend" or modify the motion only with permission of the person who originated the motion. Once a motion has been seconded, it requires a vote and is either defeated or passed. Then you may move on to the next motion.
- When all the opinions about a motion have been heard, anyone may call for a vote. For example, "I move to vote on the motion." The JA company president then will say, "All those in favor of the motion, say 'aye'; all those opposed say 'nay.'" The motion is passed with a simple present majority responding "aye" or fails with a majority responding "nay." For controversial issues, the JA company president can ask for a silent, heads-down/hands-up vote or a ballot vote.
- Once passed, a motion takes effect immediately unless otherwise specified within the motion.
- All board of director meetings are required to use parliamentary procedure. The Human Resources Department must record the meeting minutes.

Order Materials

If the Business Plan and the product have been approved, the company can order materials so production can begin in Meeting Seven. Ordering promptly will give your company a “leg up” and possibly allow you to make a profit sooner.

Action Items

- Prepare to implement departmental Business Plans.
- If possible, order the materials necessary for production.

Meeting Agenda

- Implement the JA company Business Plan.
- Review the Sales Order Forms.
- Begin production, if possible.

Implement the Company Business Plan

All departments should have a clear understanding of what they need to do to contribute to the success of the company. Now is your opportunity! Take charge and communicate. It is up to all employees to participate in making the company a profitable venture.

Sales Order Forms

Review the Sales Order Forms, as you will need to use them to sell your company product. All employees should understand what information needs to be filled out by the company members and the customer.

Deliver the company copy of the completed Sales Order Form(s) to the vice president of Marketing and the money to the vice president of Finance.

Production

If your company has ordered and received the necessary materials, then you are good to go. Start producing! If you haven't yet received all the required items, order or check on them now to ensure they arrive in time for your next meeting.

Action Item

- If necessary, order materials for product production. Materials are required for Meeting Seven.

Meeting Agenda

- Implement the JA company Business Plan.
- Continue production.
- Prepare to sell the product to your target market.
- Maintain accurate, organized records of all transactions.

Production

Produce, produce, produce! To sell your product, you must first produce your product. If your company is having problems getting materials needed for production, start brainstorming creative solutions. Investigate your options. Do you have to use that specific material? Will other materials—available locally—work just as well? Be creative and innovative!

Product Sales

Use the Sales Order Forms to keep accurate records of product sales. All information must be filled out clearly by the customer and the company member. The Sales Order Form (Company Copy) goes to the vice president of Marketing and the money to the vice president of Finance.

Company Records

Each employee is responsible for tracking departmental records during the Business Opportunity phase.

This is a busy time for your JA company. Every department, and the company as a whole, must be in constant communication to ensure company success.

Action Items

- Produce your product, and sell, sell, sell!
- Complete any outstanding tasks outlined by the department vice presidents.

Meeting Agenda

- Discuss sales tactics and practice sales presentations.
- Share and develop best practices for product sales.
- Implement the JA company Business Plan.

Production

Continue to produce and sell your product. Reviewing Sales Tactics will enhance your efforts and, hopefully, your company's profits.

Sales Tactics

The Marketing Department will lead employees in a review of sales tactics:

The Approach

Before you can sell a product or service, you have to attract customers. When selling your product, make certain your appearance and conduct create a good first impression. Teaming up with a partner is a good idea. Smile, greet the prospect, and introduce yourself and your company. Concentrate on getting the customer's attention so that he or she will really listen to your presentation.

The Presentation

Be brief. If a customer is unfamiliar with Junior Achievement, provide a short description of the organization. Point out your product's main features, emphasizing customer benefits. If appropriate, invite the customer to try it.

Ask questions that will elicit positive responses, such as "Do you think you could use this?" or "Isn't it easy?" Listen attentively to the customer's needs, objections, or comments. Answer any questions, but never argue.

Overcoming Objections

Don't use all your selling points at the beginning of your presentation. Hold back a few benefits and features in case the first attempt at closing does not succeed. Then you can explain additional benefits and features and share stories from satisfied customers.

Try the "yes, but" technique: "Our product is small, but it will fit easily in your car's glove compartment." Some objections indicate that the customer is not interested or is undecided. "I don't need it" or "I'll have to think it over" often are polite ways of saying "no thanks." Review the product's features and benefits. If you determine that the customer is not interested, thank him or her for the opportunity and move on.

The Close

Don't oversell. You can tell quickly when a customer is not likely to purchase your product. By the same token, it's often easy to see when a customer is intrigued. As soon as he or she appears convinced of the product's value, ask for the order.

Be alert for buying signals, such as: "It's very attractive" or "How much is it?" In closing, ask a question indicating customer acceptance, such as, "Would you prefer the green or the red?" or "Would you like one or two?"

Follow-Up and Delivery

Deliver the product when promised. This is crucial to company success. You do not want a dissatisfied customer to tell other potential buyers about service or delivery problems she or he experienced when purchasing your product.

All employees of the company now should be in the middle of their sales efforts. Please note the importance of accurate, up-to-date record-keeping.

Tips for Sales Success

Share with fellow employees how you felt about sales presentations you've made. Ask colleagues which sales tactics worked best for them. When conducting sales, make sure another employee or adult accompanies you. Never place yourself in an unsafe situation or at a questionable location. Also, don't waste the customer's time by being unprepared.

Business Plan

Continue to implement your department's Business Plan, reflect, and make adjustments as needed. Communication is the key to success. Make sure company employees discuss all issues.

The Golden Rule of Sales: Treat the customer as you would want to be treated!

Action Items

- Continue product sales.
- Continue to report sales, monies, and production numbers to the appropriate departments.
- Continue product production.

Meeting Agenda

- Reflect and assess individual and company sales goals.
- Implement the company Business Plan.
- Continue production and sales.
- Implement best sales practices; practice sales presentations.

Production

Continue to produce and sell your product. Reviewing the sales presentation steps will enhance your efforts and, hopefully, your company's profits.

Review Company Goals and Experience:

Answer the following questions:

- As individuals, departments, and a JA company, have we progressed based on our company's mission and sales goals?
- As a company, should we expand our efforts to increase sales?
- Do we need to increase production?
- Do we need to expand our marketing or advertising efforts?
- Are all company departments keeping accurate, up-to-date records?
- What is our greatest JA company success thus far?
- What can our company do better?
- Identify one company member who has worked extremely hard but has not received recognition. How can you acknowledge this person?
- What have you enjoyed most about your company so far?
- What is the one thing you are most excited about?

Business Plan

Continue to implement your department's Business Plan, reflect, and make adjustments, as needed. Communication between departments is the key to success. Make sure employees communicate about all issues.

Action Items

- Continue product production.
- Continue selling.
- Complete any outstanding tasks as outlined by the vice presidents.
- Begin thinking about company liquidation.

Meeting Agenda

- Begin wrapping up production.
- Continue to implement the company Business Plan.

Wrapping Up Production

It may seem hard to believe, but your JA company has only one more week of production left. Now is the time to take a product inventory and estimate how many more units you think you might need.

If you are holding excess inventory, consider having a sale. How would this affect your profit margin? Can you afford to lower the price to sell more products, or do you simply need more aggressive sales tactics? Do you need more product marketing? Now is the time to start thinking about these issues as production draws to a close in Meeting Eleven.

Gearing Up for Liquidation

The Annual Report Checklist and the liquidation forms are necessary for the next meeting. And it's never too early to prepare! Further details about the Annual Report and the liquidation process are in the materials for Meetings Eleven and Twelve.

Action Items

- Begin wrapping up production.
- Begin preparing the Annual Report.
- Begin preparing for company liquidation.

Meeting Agenda

- Complete the JA Career Assessment.
- Create a Personal Action Plan.
- Prepare for liquidation.
- Prepare the Annual Report.

Assessment and Analysis

The Personal Action Plan (included on this page) is available on the Materials CD-ROM and in the Blackline Masters Packet.

Personal Action Plan

What is an entrepreneur? An entrepreneur is an innovator—one who recognizes opportunities and organizes resources to take advantage of them.

The four basic practices of successful entrepreneurs are:

- Entrepreneurs have a sense of mission about their business—a deep belief that they are doing something important. To achieve their “mission,” they become experts at identifying market needs and producing competitive products or services.
- Entrepreneurs create a powerful customer/product vision for themselves and their employees. They have a clear understanding that “loving the customer” and “loving the product” are the keys to creating and maintaining a high-growth business.
- Entrepreneurs are masters of innovation. They constantly are in action, equipping their company to meet customer needs. Successful entrepreneurs must establish methods that are better, cheaper, and more efficient than the competition.
- Entrepreneurs are self-inspired. They love what they do and continually seek ways to improve how they do it. This high level of commitment and performance results from knowing they will face the consequences (positive or negative) of their efforts on a daily basis.

All of you are entrepreneurs. By participating in *JA Company Program*, you created a customer/product vision by becoming experts in market needs and by producing competitive products. You maintained a high commitment to your company and faced the positive and negative consequences that are part of all business enterprises. Within a few months, you formed a company, generated a product, made a profit (hopefully), and finally liquidated the company. What an incredible achievement!

Now comes the major question: How can you translate all the experience you gained through *JA Company Program* into a viable entrepreneurial venture? What type of product will you create? What is the market need? Use the plan on the following pages to explore the possibilities.

What's next?

You want to start your own business, but where do you begin?

You may have an idea for a product and market that excites you. You think it has great potential. But with your limited financial resources, you need to get started fast! What should you concentrate on? How should you spend your time? What are the most important actions you need to take to get started?

The Personal Action Plan is designed to provide guidance and inspiration as you develop strategies for your entrepreneurial venture.

Fill in the blanks below and restructure your responses in the first column into potential business activities in the second column. For example, "I like computers" could become "computer repair," and "I'm good at gardening" could become "landscaping service."

Some of your interests and skills may require creative thinking to redefine them as business opportunities. A few might not work at all; just set those aside and move on.

What do I really like to do?

Market/product winners

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |
| 4. | 4. |
| 5. | 5. |

What am I really good at doing?

Market/product winners

- | | |
|----|----|
| 1. | 1. |
| 2. | 2. |
| 3. | 3. |
| 4. | 4. |
| 5. | 5. |

What market need do I see?

- 1.
- 2.
- 3.
- 4.
- 5.

Market/product winners

- 1.
- 2.
- 3.
- 4.
- 5.

Identify the most promising market/product winner—the one that you are most excited about—and answer the following questions.

What actions will I take to identify the necessary financial resources (including payments from initial customers) needed for the start-up phase of the business?

- 1.
- 2.
- 3.

What actions will I take to identify and begin marketing to potential customers?

- 1.
- 2.
- 3.

What actions will I take to design/make the first version of the product or service available for market testing?

- 1.
- 2.
- 3.

What actions will I take to assess and set up the production and marketing capabilities required to make and sell the product and to serve the customers?

- 1.
- 2.
- 3.

You now have a basis to begin pursuing your own entrepreneurial venture. Review the questions you've just answered, and place dates next to the actions you believe are crucial to getting your venture off the ground. Commit to pursuing these actions over the next three to six months.

Think and reflect on all you have achieved throughout the *JA Company Program* experience. Use these skills, think creatively, and get excited. Your entrepreneurial venture awaits!

Liquidation Process

Have you ever noticed an advertisement in a newspaper or on television announcing "Going Out of Business—Liquidation Sale?" What exactly does that mean?

Liquidation is the process of converting company assets (what a company owns) into cash, settling all accounts, and distributing the remaining cash to the owners or donating it to a charitable cause. For example, furniture store owners who are quitting business not only try to sell all product inventory but also the delivery trucks, computers, office equipment, and other property. Businesses are liquidated for a variety of reasons: The company might need more money to pay its bills, or the owners might be ready to retire, for example.

Unlike most real-world businesses, however, JA companies are liquidated simply because they are designed to operate for only a specific length of time.

Liquidation Steps

Final Review of Records

Each department should keep accurate, up-to-date records throughout the course of company operation. Make sure all the information is correct and complete; this will be a tremendous help when you begin the liquidation process.

Stock Dividends Calculation

If possible, meet as a company to review and check in with each department to decide if your JA company would like to donate some proceeds to a charitable organization or allocate bonuses before the calculation of the book value for stockholders. The Finance Department will calculate the book value in the Financial Statement of Activities.

To provide bonuses or donations, your company must have made a profit after paying all bills and fixed costs. The company may choose an amount for bonuses or donations; however, the dividend to stockholders must be at least 3.0%.

Liquidation Forms

Templates for the liquidation forms are available on the Materials CD-ROM or on www.ja.org. The paperwork must be completed before the final board of directors meeting (Meeting Twelve). The Public Relations Department is responsible for the overall Liquidation Report, which is included in the Annual Report.

Annual Report

The Annual Report is a document that summarizes and showcases your JA company. The more professional and detailed it can be, the better.

Annual Report Checklist

The Annual Report should include the following:

- Title Page, including company logo if possible (Marketing Department)
- Table of Contents (Production Department)
- Company Overview and Letter to Stockholders (president)
- Thank You Letter to Volunteer (president)
- Department Overview Letter (vice presidents)
- Financial Statement of Activities (Finance Department)
- Liquidation Report (Public Relations Department)
- Company Bylaws (Human Resources Department)
- Business Plan Overview (Public Relations Department)
- Binding, copying, etc. (Production Department)

Any additional items you would like to include—such as pictures or charts— will only add to the scope and value of your company's Annual Report.

Action Items

- Complete production and sales.
- Complete the JA Career Assessment.
- Complete the Annual Report.
- Complete the Personal Action Plan.
- Complete the liquidation forms and the Annual Report Checklist prior to Meeting Twelve.

Meeting Agenda

- Conduct the board of directors meeting to liquidate the company.
- Distribute the Stockholder Dividend checks and all company checks.
- Distribute the Annual Report.

Board of Directors Liquidation Meeting

This meeting is similar to the first board of directors meeting, with the president using the rules of parliamentary procedure. (See Pages 5-6 in this Guidebook.)

The following is a list of actions that must be accomplished at the board of directors liquidation meeting:

- Each department will provide a brief overview of the liquidation operation.
- If your JA company made a profit, vote on the dividend amount calculated by the Finance Department and pay stockholders.
- All company accounts, books, and records should be closed.
- The Annual Report should be completed and approved by the board of directors.
- All checks and the Letter to Stockholders (created by the president) should be sent.
- All wage and salary checks to JA company employees should be ready to be disbursed.
- Any remaining bills, sales tax, or fixed costs should be paid.
- Celebrate your company's success!

Reflection and Celebration

Think back on all you've accomplished. Your JA company has done great things. You have developed a company with a mission and vision, capitalized, created a product, marketed and sold the product, and made a company profit (hopefully). Congratulations! You should be proud of all you achieved. Thank you for your hard work.

Action Items

Students

- Pay all remaining expenses.
- Distribute the stockholder dividends and letter to stockholders.
- Distribute the Annual Report.
- Celebrate the company's success.

Glossary

Accounts payable: The money a company owes its suppliers.

Accounts receivable: The money owed to a company by its debtors.

Annual report: A report containing a summary of the company's operations and pertinent financial information.

Assets: Anything owned that has value.

Balance sheet: A financial statement summarizing the firm's assets, liabilities, and net worth.

Best practices: Activities or procedures that are more efficient and effective than others.

Board of directors: The governing body of a corporation elected by shareholders to make policy decisions and appoint officers to run the company.

Book value: The amount of dividend that will be distributed to stockholders after all company bills, taxes, wages and salaries, charity donations, bonuses, and JA Area Office invoices have been paid.

Break-even point: The level of output at which total revenue equals total costs.

Business plan: A document that details a company's mission and goals, management, marketing, and finances.

Bylaws: A set of rules adopted by an organization to govern members and regulate its affairs.

Capital: Money, goods, equipment, or land used to produce other goods or services; money used to start or expand a business. In accounting it is the business equity or net worth, which equals total assets minus total liabilities.

Capital goods: The machinery, tools, and equipment used in production.

Capitalization: The sum of the various securities issued by a corporation, including bonds, stocks, and surplus.

Charter: A government document creating a business and defining its rights and limitations.

Contract: A legally enforceable agreement between two or more persons.

Corporation: A business managed on behalf of its owners/stockholders; a legal entity created by governmental charter to carry on approved activities.

Cost of goods sold: An accounting term for the combined costs of material, labor, factory overhead, and other direct expenses involved in producing goods for sale. It does not include costs of selling or general management.

Credit: In accounting, a bookkeeping entry constituting an addition to an income, net worth, liability account, or a deduction from an expense net or asset account. Each credit entry has a corresponding debit entry.

Debit: In accounting, a bookkeeping entry constituting an addition to an expense or asset account, liability account, or a deduction from an expense net or asset account. Each debit has a corresponding credit entry.

Demand: The quantities of a product or service that people are willing and able to buy at various possible prices at a particular time and place.

Depreciation: A decrease in value of property due to wear or obsolescence. A decrease in the amount of goods or services that a given sum of money can buy.

Dividends: Payments to stockholders from a company's earnings.

Double-entry bookkeeping: A standard business practice that requires that each transaction be entered twice—once in the debit column of the record and once in the credit column. Double-entry bookkeeping helps prevent mistakes and track errors.

Entrepreneur: An innovator; one who recognizes opportunities and organizes resources to take advantage of them.

Expenses: Something that causes spending; money spent or needed for doing a job or running a business.

Fixed costs: The business expenses that remain the same, regardless of the number of products produced or services provided. Wages, rent, marketing expenses, and equipment are examples of fixed costs.

Franchise: A license to operate an individually owned business as if it was part of a large chain.

Gross profit: The difference between sales and the cost of goods sold.

Income: Money received in the form of wages, salary, rent, or interest. A gain or continuing benefit usually measured in money received from capital or labor.

Income statement: A summary of a firm's revenue, costs, and taxes over a period of time.

Income tax: A tax on a person's or a company's income.

Lease: A transfer of property use for a period of time in return for a rental payment. A lease is a binding contract.

Liability: Any claim on or debt of a business or individual; what a business owes.

Liquidation: The payment of all obligations and the conversion of assets into cash for apportionment among business owners.

Loss: In accounting, any excess of costs over income. Loss is the opposite of profit.

Management: Group of managers; the act of controlling or directing.

Market value: The current or prevailing price of a product as indicated by current market quotations.

Marketing: The business activities that take place between production and the purchase of the product.

Net profit: The profit left after expenses.

Net worth: Capital; the difference between assets and liabilities.

Opportunity cost: The next best alternative given up when making a choice.

Parliamentary procedure: The standard rules a company president must observe while conducting meetings.

Partnership: A business owned by two or more people.

Par value: Face or nominal value; the value imprinted on the stock certificate.

Productivity: A measure of output per unit of input, or output per worker per hour.

Profit: That which remains after the costs of the business have been met.

Proxy: A written authorization transferring voting rights to another at a stockholder meeting.

Salary: Money paid to an employee for work done, usually given bi-monthly at an annual rate, regardless of hours worked.

Share: A portion of interest in a business, usually referred to as a share of stock.

Sole proprietorship: A business owned by one person.

Stock: Shares in the ownership of a corporation.

Stockholder: Owner of stock in a corporation.

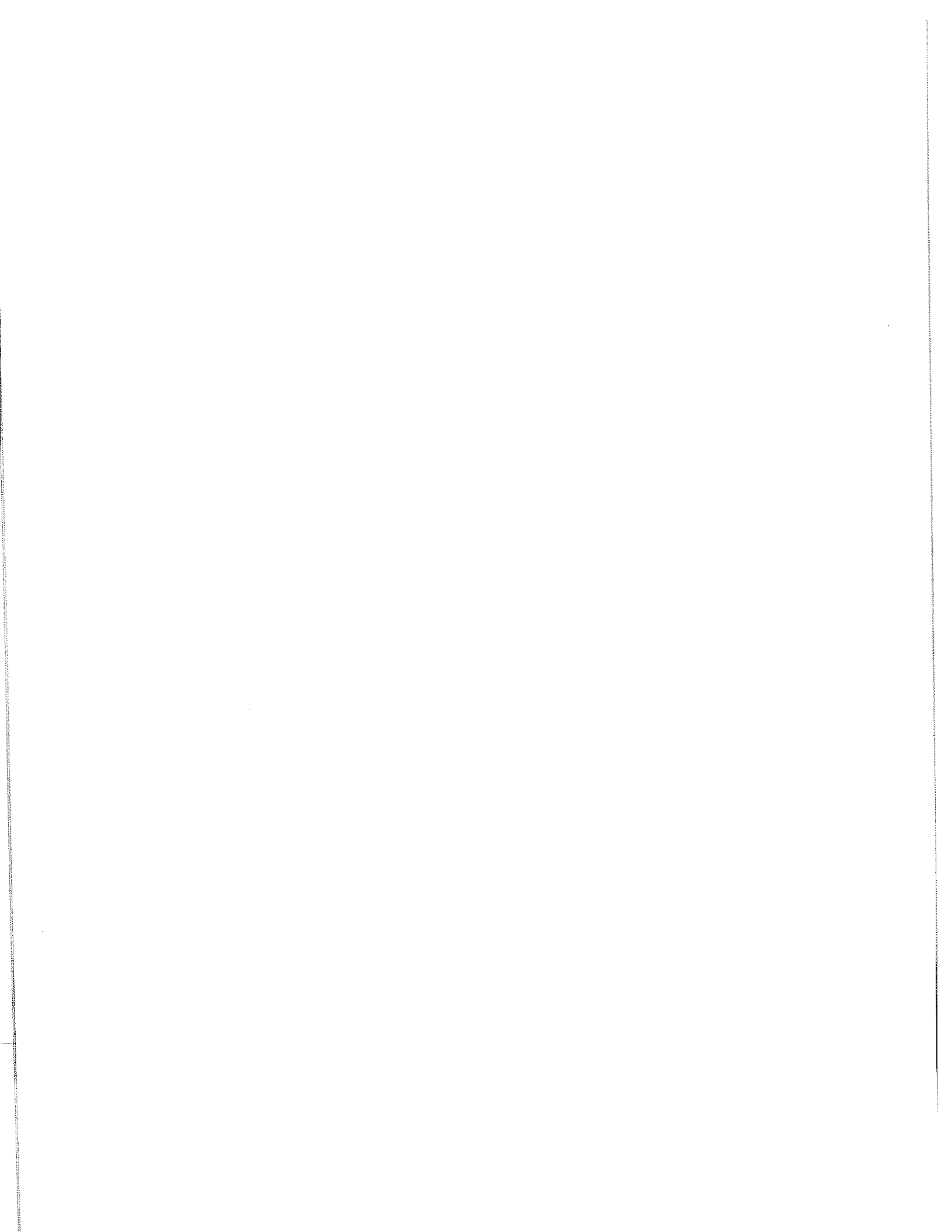
Supply: The amount sellers will offer for sale at different possible prices at a particular time.

Variable costs: Those costs that can increase or decrease as output expands or contracts.

Wage: Money paid to an employee for work done, usually given on an hourly, daily, or on a piecework basis.

Notes

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