



# GUIDE TO DEVELOPING A BUSINESS PLAN

## ASSEMBLIES OF GOD NATIONAL FINE ARTS FESTIVAL (NFAF)

### ENTERPRISE DIVISION - BUSINESS PLAN CATEGORY

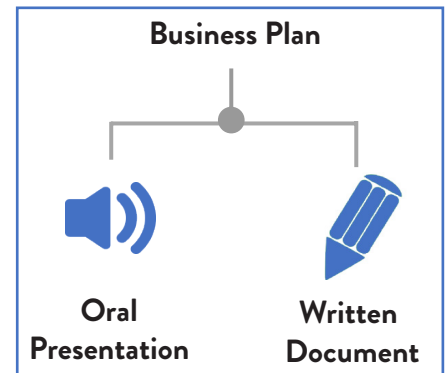
#### Why a Business Plan Category – Enterprise Division?

A Fine Arts sponsor was introducing the Fine Arts ministry to the youth at her church. After she finished listing all of the divisions, several of the students commented, “I’m not called into full-time church ministry. I don’t excel in singing. I don’t play any instruments. I’m really not into drama. Art is a no-go.” These students were the ones who like to create new ways of doing things, develop strategies, organize teams, and set and achieve goals. They have hearts for service and a love for Christ, but they were feeling left out.

The addition of the new Enterprise Division will enable churches to help these business-minded students discover, develop, and deploy their strategic-thinking talents in ways that will impact the church and society globally. The addition of the Enterprise Division will expand the tremendous impact of the Assemblies of God Youth Ministries program.

#### 2018 Launch – Business Plan Category

The new Enterprise Division with “Business Plan” will be an exhibition category in 2018. Go to the Exhibition Category when looking for additional resources on the AG Fine Arts website. Creating the Enterprise Division will ultimately enable other categories to be added in future years.



The Business Plan category is open to students enrolled in grades 9-12. It is a solo or duo category that uses God-given talents and interests to prepare a business plan to start a new or significantly improve an existing for-profit, nonprofit, or social enterprise business.

The category requires both a written business plan and oral presentation. The written document consists of a cover page, up to four pages of core content, and a one-page financial plan using a template that will be provided. The written business plan will be provided to evaluators to review before the oral presentation.

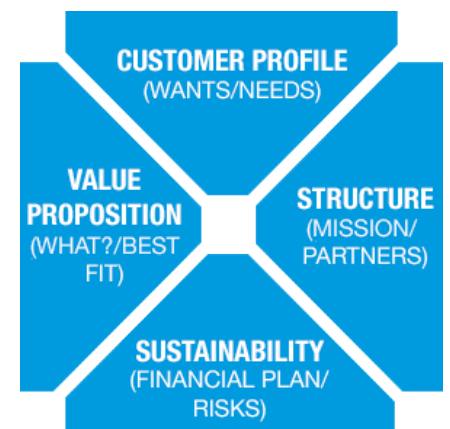
The oral presentation includes three minutes for set-up, a six-minute presentation, and three minutes to respond to questions (Q&A) from a three-member panel of evaluators. During call-back rounds, the Q&A period will increase to four minutes. The oral presentation must include a visual presentation (PowerPoint, Prezi, etc.) that may include a video clip of no longer than 60 seconds to demonstrate the product or service. The video is not required and may detract from evaluation of the oral presentation if not deemed necessary. For tips on how to prepare the oral presentation, go to the Exhibition Division Category Tips at <https://youth.ag.org/Participate/Fine-Arts/Resources> to access Business Plan – Oral Presentation Tips.

## Business Plan Content

The business plan may introduce a new product or service or a significant improvement to an existing product or service. **The business can be an idea you have developed. It does not have to be for something that you are planning to launch in the immediate future.**

The business plan may be for a for-profit, nonprofit, or social enterprise venture. A for-profit business sells a product or service for a profit that primarily benefits the owner(s). A nonprofit business has no individual owners and usually provides donor supported services at no cost or a limited cost to others. A social enterprise is usually a for-profit business that publicly designates a portion of sales or profits to support the social or spiritual welfare of a needy people.

For the core content of the business plan, participants will first provide a **customer profile** of the people whose wants and needs will be met by the product or service being proposed. Next comes the **value proposition** to explain how the features, accessibility, customer service, etc. of the business meets the specific, unsatisfied needs and wants of the customers described in the customer profile.



After the value proposition, participants will describe the **structure** of the business which includes its mission, start-up resources, key partners, promotion plan, delivery plan, and what the business must do extremely well to create brand loyalty.

The final step is to explain **sustainability** by describing how much start-up funding is needed and by developing a summary of the projected revenues, expenses, and net surplus (profit) the business is expected to achieve when it is fully operational. This section also includes a description of the potential risks that would negatively affect the success of the business and the contingency plans participants have developed to minimize the risks. The business plan keeps the financial section fairly simple and templates will be accessible to complete this page.

## Evaluation Criteria (40 Points)

The evaluators will individually review the written business plan before hearing the oral presentation. This enables them to begin formulating questions and to look for a balance between the oral and written content. The criteria for evaluation will be:

- Business proposition selection **(2 pts)** – Appropriate for festival and level of difficulty; Perspective is consistent with a Christian worldview.
- Oral communication **(5 pts)** – Expression and vocal clarity; Stage presence; Timing and organization.
- Written presentation **(5 pts)** – Formatting; Content; Structure and grammar.
- Overall effectiveness **(28 pts)** – Customer profile; Value proposition; Structure; Sustainability; Q&A response.

## Getting Started

All you need to get started is an idea for meeting a need that already exists or one that you can foresee developing in the future. Maybe it is something that you and some friends have been discussing for a while. Maybe you are already using something that you believe can be significantly improved to better satisfy the people it serves.

The following steps and questions will help you create a very simple business plan for developing the product or service you want to provide. We show four pieces to illustrate how the key parts of a business plan need to fit together. It is a process of answering the questions you know, finding answers to the ones that you don't know, and figuring out how to bring the pieces together so they fit.

## Formatting the Written Business Plan

The typed business plan must not exceed six pages consisting of cover page (1), core content (maximum of 4), and financial plan (1).

The core content of the business plan must be typed in Times New Roman 12-point font using single spaced text aligned to left on an 8 ½-inch x 11-inch page setting with 1-inch margins. The core content may include graphics and pictures. All but the cover page should be numbered consecutively in the center ½-inch from bottom.

## Cover Page Information

All business plans will include the same information on the cover page. Go to the Exhibition Division Category Tips at <https://youth.ag.org/Participate/Fine-Arts/Resources> and click on the “Business Plan Cover Page” to bring up the example that you should use when preparing the cover page. You will need the following information:

1. The name of the business.
2. Category of business (for-profit, nonprofit, or social enterprise venture).
3. The name, grade level in high school, the city and state of residence, and the name of home church for each student who prepared the business plan.
4. The month and year that the business plan was completed.

## Customer Profile

Provide a profile of the customers whom you will serve by your new or significantly improved product or service. The profile should describe what this group of customers is wanting to achieve (tasks, well-being, status), the obstacles that impede them such as inadequate resources or risks of undesirable outcomes, and any relevant information that is common with this group such as the age group, resources, location, and/or status. If your product or service meets the needs of several customer groups, then provide a profile for each.

What are the specific, unsatisfied wants and needs of these customer groups that are not being met by the products and services currently available to them (consider price, reliability, access, ability to use, etc.)?



CUSTOMER PROFILE  
(WANTS/NEEDS)

It is helpful in creating the customer profile to understand that the key customer group or groups are called your target market. A target market must have a **need** for your product or service, the **ability** to purchase it, and the **willingness** to make that choice over other options to satisfy the need. If creating a plan for a nonprofit business, you need to think of the customer and target market as the people who will benefit from the free or reduced cost services you will provide. In creating the profile(s), you should be able to state that, by using my product or service, my customers will:

- Have a better life because...
- Be able to overcome the following barriers or problems they currently experience...

The profile should also explain what the people in your target market have in common and how those things relate to their need for your product or service. Provide as much detail as you can. A customer profile will typically state that the target market:

- Resides in a common or diverse geographic area where product/service will be accessible.
- Has common traits such as gender, race, age, income, occupation, education, and/or cultural influences that relate to their need for the product or service and ability to purchase it.
- Embraces similar values, lifestyles, traits, and/or behaviors that will impact their priorities and willingness to use your product or service now and in the future.

## Value Proposition

Briefly describe the product or service you are proposing to satisfy the wants and needs of the target market you have described in the customer profile. If proposing improvements to a pre-existing business, describe what significant changes are being made or proposed.

Explain how your new or improved product or service meets the specific, unsatisfied needs and wants of your customers (features, accessibility, customer service, etc.).

If a for-profit or social enterprise business, explain how you will price your product or service and how this pricing compares to competitors and to the expectations of your customers. If a nonprofit business, explain how your product or service will attract sustainable donor support.

Describe what other competing or alternative products or services, if any, currently exist to meet the needs and wants of your proposed customers. Explain why your proposed product or service is a better “fit” for the potential customers than those currently existing so that you will capture a sufficient share of the market to make the business successful.



Explain how your Christian worldview influences your interest in developing this business and your desire to create value for the customers you will serve. A Christian worldview is the set of Christian beliefs we have that influence our understanding of God’s purpose and calling for our life and how we choose to serve God and others, set priorities, make decisions, and evaluate circumstances.

In preparing your value proposition, you should be able to complete statements to say that **my product or service:**

- Has the following distinguishing and unique features...
- Meets the following specific unsatisfied needs and wants of my customers described in the customer profile...
- If applicable, responds to the following market trend in technology, government policy, cultural shifts, etc. that I have described in my customer profile...
- Will primarily compete with the following products or services that currently exist to meet the needs and wants of my customers (if any)...
- **For-profit and social enterprise only:** Will utilize the following pricing strategy to provide the profit margin we need, keep us competitive, and meet the expectations of our customers...
- **Nonprofit only:** Will have a strategy to cover the total estimated expenses for providing the service by contributions (\_\_\_\_%), volunteer labor (\_\_\_\_%), charging those being served (\_\_\_\_%), and “other” (\_\_\_\_%). Choose only those that are applicable. The percentages should total 100%.

- **For-profit and social enterprise only:** Is a better “fit” than those currently existing because... Consider whether cultural factors will impact what an individual will buy or if it is more personal factors such as income or the efficiency of a product or service.
- **Nonprofit only:** Will more efficiently (more bang for the buck) and effectively (greater satisfaction) meet the needs of people than other existing services that are already drawing donor support because...
- Ultimately will serve \_\_\_\_% of the target market as regular customers (market share). Calculate market share by estimating how many customers there are in the target market and then estimating what percentage of them will use your product or service when fully operational. When making the estimate, consider how many competitors there are in the marketplace.
- Has been influenced by my Christian worldview in the following ways...

## Structure

Describe how you will create or modify the business structure and processes to support the mission and business plan you are creating.

If the business is **introducing a new product or service**, advise at what time in the future and under what conditions it might be formed. **If already existing**, explain when formed, simple description of key accomplishments so far, and a brief timeline of the development of your business such as major milestones, new products, or changes in direction.



What is the mission of your business? The mission often describes the core values and purpose for the business. When properly communicated, the mission statement becomes a source for accountability in internal and external relationships and in the formulation of strategies.

How will you obtain the financial resources you need to start this business? The total amount of start-up funding you need will be developed under the Sustainability section. Refer to this number to help you determine responses to the following questions:

- If you are seeking equity financing (outside investors), identify how much and what percentage of ownership you will be giving up.
- If you are planning to borrow funds, identify the amount, the potential source (bank, private loan) and the desired terms (payback period in years and interest rate).
- **If a nonprofit**, describe whom you will target to provide the contributions and resources needed to get started.

Who are the key partners (suppliers, agents, vendors, etc.) and how do they provide external resources and activities that are essential to developing and providing the product or service? Suppliers are those who provide key supplies or services at a cost to you. Agents are people you may contract with to represent you and sell or promote your product or service. Vendors are people or businesses that serve as outlets for your product or service.

How will you communicate your value proposition to your customers (promotion plan)? Describe what methods and resources you will use that match how your customers normally receive communication. For nonprofit businesses, the communication of your value proposition shifts from those being served (customers) to the public and potential donors who will support the service.

How will you deliver your product or service to your customers? Describe if there will be one or multiple points of distribution, how the distribution system will be supported, and how sales transactions will be managed.

What are the key activities that your business must perform extremely well to successfully create a recognizable “brand” loyalty for your product or service? In other words, how will the design of the product or service, the promotions plan, the pricing strategy, and the distribution plan create a unique brand recognition for your product or service? **If a nonprofit**, how will your services and business strategies create a sustainable reservoir of emotional goodwill that attracts people to contribute their talents, efforts, and financial resources to support the organization?

## Sustainability

A successful business must have the resources it needs to be sustainable. Whether for-profit or nonprofit, the business plan needs to include simple statements to address the following:



1. How much “start-up” funding will be needed to become fully operational, including the purchase of the assets needed and to cover the operating losses that will be incurred until you reach a point where resources match expenses? Include the key assumptions used to make this projection including the kind of assets that must be acquired and the number of months and average monthly losses until fully operational.
2. Summarize the projected revenues, expenses, net surplus (profit), and other key financial statistics that help explain the results you expect the business to achieve when it is fully operational.
3. What are the potential risks that would negatively affect the success of this business and the contingency plans you have developed to minimize the impact of those risks?
4. Include on the last page of the business plan a financial statement that supports the results reported in questions 1 and 2 above.

**If you are preparing a for-profit or social enterprise business plan**, go to the Exhibition Division Category Tips at <https://youth.ag.org/Participate/Fine-Arts/Resources> to download the Business Plan – For-Profit Financial Template. This is a Word document that has the instructions and financial template you need to include as the last page of the business plan.

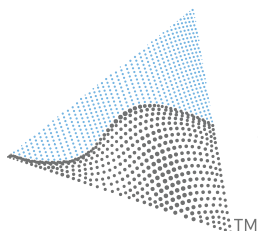
**If you are preparing a nonprofit business plan**, go to the Exhibition Division Category Tips at <https://youth.ag.org/Participate/Fine-Arts/Resources> to download the Business Plan – Nonprofit Financial Template. This is a Word document that has the instructions and financial template you need to include as the last page of the business plan.

Completing the appropriate template prepares you to answer questions 1 and 2. Follow the instructions included with the template. When finished, you can copy and paste the Projected Annual Financial Statement and the Projected Start-Up Costs from the template into your written report.

Don't be intimidated by the various categories of revenues, expenses, and start-up costs shown on the template. The business you are proposing to create or significantly improve may be relatively small and may not require a substantial initial investment or multiple expenses in order to be successful.

**Take a deep breath...it isn't as hard as it sounds!** You are simply providing your best estimates based on your rational knowledge and key assumptions about the business you are starting or improving.

If you have specific questions or need clarification of these instructions, email [DanaB@Evangel.edu](mailto:DanaB@Evangel.edu) and include "Fine Arts Business Plan Question" as the subject. Please allow up to five days for a response.



ASSEMBLIES OF GOD  
YOUTH MINISTRIES