

PHASE 2: UNITE

Detailed Instructions

Overview

Students will pitch their ideas and vote on a product/service then begin to develop their business plan and determine venture funding.

Objectives

- Identify different leadership styles and strengths.
- Understand the criteria for selecting the nature of the business venture and product pitching.
- Establish the details of the student company using the business canvas model.
- Understand potential mechanisms for funding business ventures.

Mentor Preparation

- Review detailed instructions to become familiar with materials/activities.
- Review videos and materials in advance on the Resource Portal.
- Ensure there are a computer, projector and speakers available. The [Record Keeping Tool](#) may be useful. Access it as needed.
- Read through [Snake Oil Activity](#) and print out the attached Snake Oil Cards.
- Print out a copy for each student of the [Pitch Evaluation Criteria](#) and [Company Ranking](#) (if applicable).
- Print out a few copies of the [Capitalization Requirements](#) exercise.

Note: All documents and videos referenced in the detailed instructions are available on the Resource Portal.

Agenda

The JA Canada program outlines that pitches should be completed in Week 4 – we have observed that some teams need more time to really understand the ideation process and as a result some teams have opted to use Week 4 as a continuation of the ideation process started in Weeks 1-3. This week could be used as an opportunity for students to get feedback on their current pitches from Advisors before officially pitching to the group (and if applicable any Advisors or special guests acting as “Dragons”).

Best Practice: As Advisors it’s important not to rush the process and pick a product/service just so the students can start selling – the teams need to really focus on research and development as well as exploring the viability of their ideas prior to execution. See how your team is moving along and then decide when you will host your product pitch week. You can opt to host your product pitches anytime between weeks 4 to 6.

1. Attendance (5 min)
2. Snake Oil – Ice Breaker (15 min)
3. Idea Pitches (45 min)
4. Business Model Canvas (45 min) – can be done in week following pitches*
5. Mission Statement (10 min) – can be done in week following pitches*
6. Venture Funding (25 min) – can be done in week following pitches*
7. Wrap Up (5 min)

- Break these items into two weeks. For example, if you are doing product pitches in Week 5, then complete items in green in Week 6.

Activities

1. Attendance (5 min) SLIDE 3

- While taking attendance, ask students/groups with completed Research Assignments to bring them forward as this will determine the number of pitches that are going to proceed.

2. Snake Oil – Ice Breaker (15 min) SLIDE 4

- Read through the [Snake Oil Activity](#) and deliver the activity.

3. Idea Pitches (45 min) SLIDE 5

This may take longer than 45 minutes, the ideation process should not be rushed due to time constraints – As Advisors use your discretion if you think your students need some additional time to either pitch or develop their ideas further.

- Explain that participants will now present their pitches that they prepared at home, and, the group will vote on the product/service idea that will be used moving forward. **Reminder: only groups/individuals with fully formed and researched ideas will pitch.**
- Before the pitches, thank everyone that put time into developing an idea. Remind the group that every idea has value and respect should be displayed.
- Review the criteria for judging with the group.
- Number students/groups and then draw a number to announce who will pitch.
- Keep the time limit to a maximum of 1 minute for each pitch. Questions are allowed after the pitches but keep them to a minimum.
- Distribute the **Pitch Evaluation Criteria** worksheet. Ask students to listen to each pitch before recording points.
- After all of the pitches, Mentors will review judging sheets to review scores and narrow down to the top 2-3 products. To determine the final idea, lead the group in an open pros and cons discussion about the top 2-3 chosen products/services. This will allow them to explore in more details the viability of the product/service and identify potential challenges. Once the discussion is done, the group can do a show of hands for the products/services or judge again using another method.

4. Business Model Canvas (45 min) **SLIDES 6 – 15** can be done in week following pitches*

- Start this activity by having a discussion about why companies are successful. Are goals and strategy important? Why?
- Bring students back to the concept of SMART goals explored in Week 2.
- Explain that in order to be successful, they must put some time into planning. Together they will complete a **Business Model Canvas**. The Business Model Canvas will give them the structure of a business plan and fundamentally delivers three things:
 1. Focus: everyone will be on the same page
 2. Flexibility: easy to tweak the model and try new things
 3. Transparency: the team will have an easier time understanding the business model
 4. Code of Ethics: the team will understand the underlying value of referring to the Test of Disclosure when making decisions.
- Just like any other business, tell them that ensuring that their product/service and company are successful requires a process of evaluation throughout their

operations. Discuss the concept from lean business startup called “Build-Measure-Learn” and show the **Build-Measure-Learn** slides from the JA Canada Resource Portal. Ask the students, how could we apply this process to our company? What questions in the “Measure” section could we ask based on the product/service we’ve chosen?

- Watch the **Business Model Canvas – The Lean Playbook** video on the JA Canada Resource Portal with students to understand the 9 segments of the Business Model Canvas.
- Help students begin to complete their **Business Model Canvas** using the template provided. Students will have an opportunity to complete this in Phase 3.
- Other videos available:
 - a. <https://www.youtube.com/watch?v=wIKP-BaC0jA>
 - b. <https://www.youtube.com/watch?v=hMnDq92XQHI>
 - c. <http://www.alexandercowan.com/business-model-canvas-templates/>
 - d. <http://venturebeat.com/2015/05/06/build-measure-learn-doesnt-mean-throwing-things-against-the-wall-to-see-if-they-stick/>
 - e. <https://www.youtube.com/watch?v=QoAOzMTLP5s>

5. Company Mission (30 min) **SLIDE 16** can be done in week following pitches*

- Now that a product/service has been chosen, it is time to think about the Company Mission, Goals and Vision
- Your company’s mission statement is your opportunity to define the company’s goals, ethics, culture, and norms for decision-making. The best mission statements define a company’s goals in at least three dimensions: what the company does for its customers, what it does for its employees, and what it does for its owners. Other mission statements also include what the company does for its community and for the world.
- All participants are to review and understand the JA Code of Ethics statement. The importance of using a Test of Disclosure is to be emphasized. Each employee is to sign the Code of Ethics agreement and return to the VP of Human Resources.
- Facilitate a discussion using the following questions:
 - “Who” is your company?
 - What do you do? What do you stand for? And why do you do it?
 - Do you want to make a profit, or is it enough to just make a living?
 - What markets are you serving, and what benefits do you offer them?
 - Do you solve a problem for your customers?
 - What kind of internal work environment do you want for your employees?
- Ask a student to take notes since they will need to refer back to this discussion in Phase 3 when the **Mission Statement Template** must be completed by the President.

6. Venture Funding (25 min) **SLIDES 17 – 18** can be done in week following pitches*

- Now that the product(s) or service(s) have been chosen it is time for the group to



- determine their capitalization needs.
- JA Companies typically gain start-up funding through the sale of shares.
 - Initial share value can be between \$5.00 and \$20.00.
 - Companies may choose to sell common shares only or both common and preferred shares.
 - *Common Shares* - Participate in the profit share of the company and entitle the holder to voting privileges. The purchase price is set by the Company; value at liquidation will depend on profitability of the company.
 - *Preferred Shares* - Do not participate in the profit share or have voting privileges. Such shares should be treated as a company expense and the face value (determined by the Company) plus dividend (20%) must be paid at liquidation. These shareholders will be paid out first during company liquidation.
 - Each company member must purchase a common share in the company to be an active company member with voting privileges. Members can also purchase one additional preferred share. If there are circumstances which would prevent a participant from purchasing a share they should speak with their mentor team and/or Company Program Manager to make alternate arrangements. Such conversations will be held in strictest confidence.
 - Companies must complete the **Capitalization Requirements** exercise to determine the funding needed for start-up. Prior to this, they must complete their break-even analysis.
 - Refer to the product/service cost, break even and pricing tools provided by your program manager to determine these numbers.
 - Check with your local Charter about JA Fixed Costs.
 - Companies should avoid over or under capitalization. Each company can raise a maximum of \$300.00 for the purpose of capitalization (total combination of common and preferred). If additional start-up funding beyond \$300 is required, the company must contact the Program Manager to obtain approval.
 - If the capital requirements exceed the revenue from the common share purchase, companies may choose to offer preferred shares to individuals outside the company membership (this may include volunteer mentors). The Company must vote to issue preferred shares and a majority must be in favour.
 - No single individual should own more than one common share and one preferred share in any one JA Company. Shares are non-transferable and non-legal. It is important to review the ethics behind buying another member's share and not telling anyone you have done so. This does not pass the Test of Disclosure attached to the Code of Ethics (Would everyone be okay with the decision you are making?)
 - If a participant leaves the Company Program after purchasing a common share, that share will become a preferred share, payable at year-end with dividend. Any extenuating circumstances should be discussed with the Program Manager.

- It is essential that complete and accurate shareholder records are maintained.

The full name, mailing address, email address and phone number for all shareholders must be recorded.

Once the share price is determined, encourage students to start bringing in their money as this process can take time and it is required before they can begin to purchase materials.

- *Other means of funding:* Teams may be permitted to seek out sponsorship opportunities for their company. Seek clarification from your program manager about how this is to be managed.
 - Appropriate “services in-kind up” should not exceed the total share value raised (max \$300)
 - Examples of sponsorship opportunities have included:
 - i. *Services in Kind:* i.e. print company providing services in kind to a team for trade fair banner printing, poster printing, and business cards.
 - ii. *Coupons:* Teams have struck a deal with companies to get coupons from a retailer to include in their sale with their product.
 - iii. *Raw materials:* Students have gathered raw materials for free or at cost from a supplier.
 - Sponsorship needs to be acknowledged by the company on print materials and your local JA Charter needs to be aware of all sponsorship deals.
 - It is important to note that it is very tempting to take donations of free supplies that might exceed the \$300 total share value limit. Again, using the Test of Disclosure is an important check in to see if the Code of Ethics is being abided by.

7. Wrap-Up (5 min) **SLIDES 19 - 20**

- Remind students to complete incomplete tasks, to review progress and of what to prepare for the next meeting.

Next Steps

Students:

- If the capitalization is complete and product has been approved by JA, bring in share money next week.

Mentors:

- Once the team has decided on their product/service, ensure that they complete and submit the product approval form (due no later than December 20).
- Once they are approved to move forward by JA, then review Phase 3



instructions and prepare to start business planning and collecting share money.

