

Student Company
«Ganesha»

Final Report
Year of Operation 2007/2008

Adviser:
Tatiana Kamaletdinova

Link teacher:
Razilya Bergutova

Junior Achievement
Russia

Name of the company: " GANESHA "

Date of foundation: November 15, 2007

Date of liquidation: April 15, 2008

Full name of educational establishment according to the Charter: Municipal educational institution «Secondary comprehensive school № 27 with advanced learning of elected disciplines.»

School address:

37a Mendeleev's street, Nizhnekamsk, Russia

Phone: +7-8555-41-04-23, fax: +7-8555-43-91-04, email: n-kamaschool27@yandex.ru

Web-Site: nizhnekamsk-umc.org.ru

Link Teacher: Bergutova Razilya Faritovna, teacher of additional education of the highest category. Home telephone: +7-8555- 43-94-34, mob. +7-927-471-62-78.

Mission statement: To make day-to-day life easier and more comfortable through productions and marketing of comfortable household tools.

Product: «Pugo» - adapter for sewing on buttons and «Shnuro» - adapter for lacing on footwear.

Summary of financial results: Share capital – € 50
Proceeds from realization of our product – € 800
Net profit – € 400
Dividends –250 %

Summary statement of Company performance:

Our major achievements:

- Successful implementation of our company business plans into practice;
- Satisfaction of our clients and shareholders;
- First place at JA Russia Regional Competition in Kazan (Tatarstan)
- First place at JA Russia National Competition

Index:

Executive Summary	p.1
Organizing of the company	p.2
Report of President of the company	p.3
Report of Marketing department	p.4
Report of Production department	p.5
Report of Human resources	p.6
Report of Finance department	p.7
Conclusion	p.10

Organizing the company

A typical household has a lot of tasks to look after. We waste much time and energy on a daily basis and continue seeking for ways and means to make everyday life easier and more convenient. There is an ever-growing consumer interest and need in being provided with smart and well-designed household tools that save time, efforts and money of their owners. Finding new ways of satisfying such interest and need can give any business the edge that it needs to stand out in the marketplace. To stay on top of opportunities we explored what our student company has to uniquely offer in order to venture into entrepreneurial project with a distinctive and innovative product meeting prospective customers' needs. Our student company "Ganeshha" decided to specialize in developing innovative ways and tools to help households deal with some of day-to-day tasks. It was difficult at the beginning because we really did not know just how to do it. It required intensive thought and focus, planning, evaluation and commitment to move forward and turn our endeavor into successful experience.

Tasks:

- Development of a business idea
- Creation of idea-driven innovative products
- Operating a student company and building our brand
- Capitalizing on recognition and market value of what we do

To start and run a successful company in a highly competitive market we needed to define our niche and come up with a product with distinctive features appealing to customers and making us different from competitors. We started with establishing a scope of tasks we were willing to venture out with approach mindful of prospective customers' interests and solutions that reveal something about our company and its personality. To get in tune with market preferences and aspirations it was very important for us to take a look at our experience, capabilities and creative interests and determine where we really want to go before we began working on the start product. Staying focused on task we were able to define our choice and come up with innovative solutions for tasks common and familiar to every household and every person thus able to capture attention of a large audience. Below are names and brief descriptions of the "Ganeshha" company's products.

The "Ganeshha" Company's products:



□

Pugotzevatel (Pugo) is an adapter intended to improve sewing on buttons process.

Shnurovatel (Shnuro) □ is an adapter intended to make easier lacing on footwear process.

Our products serve as adapters helping customers perform common tasks and are brand new products we introduced in our town market. We developed "KNOW-HOW" in order to offer an alternative and better way of doing things and had to find an answer to important question - how to market the products that customers hopefully will want to buy and use. Understanding that the judge of the worth of our products was the market, we focused on the market research, marketing strategy, price and sales considerations.

The results of our market research were encouraging – our products seemed to be appealing to a wide audience represented by various age, gender, income, occupation and lifestyle groups. In fact our products market capacity turned to be practically unlimited. Our potential customers were willing and able to buy products we offered at the prices ranging from 1,3 to 2 euros.

Our company's stock capital was 50 euros. It was enough to purchase materials needed to start production. We planned to manufacture and sell 300 Shnuro and 100 Pugo and managed to achieve the set goals with revenue of 800 euros and net profit of 400 euros. We were able to pay back 250 % dividends that made 125 euros. 100 euros were donated to the city orphanage through an annual charity campaign «Warm Welcome» while another 125 euros were used for preparation and participation in contests and competitions.

We loved our products and after our market research we knew it is exactly what customers wanted. From a production standpoint our business model was easily managed. No special skills or advanced training were needed to manufacture our products and we could employ middle school students from our school or propose disabled teenagers and retired people to become involved in our company production cycle and gain useful experience along with some modest earnings. In addition it was possible to use inexpensive materials and recycle waste. Thus we were confident in our ability to produce and sell as many items as plenty of potential customers were willing to buy.

Report of President of the company

Starting and running a student company was a completely new experience. Working together and joining forces our team managed to turn our entrepreneurial endeavor into a worthy and successful enterprise. Starting our activities we developed our student company charter, invented a name, a trade mark and a slogan, designed organization structure and distributed duties and responsibilities among the company members. Selection of a start product was a serious task. To be successful we needed to offer a new product or improve the ways people deal with day-to-day household tasks. We focused on research and market analysis and managed to come up with new solutions of certain household tasks that draw our attention. Lacing footwear and sewing buttons are seemingly small tasks, but since each of us has to deal with it we thought it was worth trying to suggest something new and smart and easily managed by everybody. That's how we came up with our company's products - adapters named Pugo and Shnuro.

Having considered different organizational structures of the company, we came to a conclusion, that joint-stock company might be the most acceptable format for developing and marketing our idea-driven products. It was necessary to find shareholders willing to invest in our enterprise efforts. Such were our schoolmates and school director Ms. Lydia Yartseva, and Board Chairman of Security Service Group «Kontr» Mr. Ildus Yanyshiev. Our shareholders believed in our idea and potential and invested total 50 euro (0,5 euro per share) to provide start capital for the "Ganesha" company.

Market research proved our product choice was wise and promising, however it was important to consider options for marketing our products and making it available for potential customers. We achieved this goal through numerous presentations in front of the large audiences and trade fairs where we demonstrated and advertised our products. Since manufacturing our products did not involve any special premises or equipment, production was organized at home – all company members were happy with this solution

Company management election was an important stage. After Elena Sorokoletova was elected Vice-President Marketing, Alfia Shafikova - Vice-President Finance, Azalia Nurieva -

Vice-President Personnel, Aida Leontyva –Vice-President Production and myself - Alina Safina - a President of the “Ganesha” company, we focused on the business plan development, and after completing this task moved forward according to our plan. We were pleased with the company’s name choice – Ganesha, who, according to the Indian mythology, was a patron for entrepreneurship and enterprise, and provided enterprising people with support and encouragement and helped them overcome obstacles and aspired for success in business. That was exactly how we felt being involved in JA-YE Company program and learning the lessons of entrepreneurial enterprise, working hard and smart and doing our best individually and as a team. Tremendously important to us was the feeling that we were doing something very important for our future. Each of us tried hard to contribute our abilities, skills and talents to the overall success of the company.

Report of Marketing department

Marketing department of the “Ganesha” company started its work with exploring a demand-supply situation. Preliminary market research (100 persons poll) demonstrated the following:

- 80 % were interested in our products
- 56 % would like to buy both or one of them on the spot
- 55 % required a demonstration before making a decision
- 15 % were skeptical.

Our market research proved the capacity for our goods was satisfactory. It was important to define pricing policy. Since our products were unique, we could not estimate competitors’ prices, thus we surveyed the ability and willingness to pay for our offerings of our potential customers groups differentiated by age and occupation, such as:

- Students of two classes at our school - 50 persons
- Adults - 40 persons
- Company members’ families - 10 persons

Customers	50 (Students)	40 (Adults)	10 (Families)	0 (denied by all)
Purchase price in euro	1,25	2	2,5	3

The analysis of our survey showed, that prices our potential customers were able and willing to pay for the products we offered averaged at 1,3 – 2 euros. Our adapters were appealing to people we surveyed, and we were convinced that using proper sales strategy we could be successful.

The following stage of our work was definition of potential customers. It was obvious that the our products market was practically unlimited, with exception of one group - children under three year-old that made 5 % from the general population of our city. Our adapters were especially appealing to children from three year-old, elderly people with weakened eyesight, and those interested in sports (the last group was particularly interested in adapter for lacing on footwear).

Next step was production of a trial lot of adapters. We also paid close attention to our products package design. For this purpose we developed user’s instruction, our company logotype and slogan. After completing these tasks we were ready for a trial sale.

Our first sales experience was at the student companies trade fair, where our products enjoyed high demand. Customers were pleased with our products effectiveness and durability, appreciated the design and were eager to buy the “Ganesha’s” adapters for 2,5 euros per item. We were encouraged by the first sales results that showed we could expect a steady demand and have some space for a mindful experimenting with prices. Our customers’ feedbacks also provided us with an idea of differentiating design of our products with respect to different customer groups’ tastes and preferences. Thus we developed few variants of Shnuro especially for younger kids, and different shape and color solutions for Pugo. We also developed gift kits with both of our products in one package.

We started a mass production immediately after the trade fair. Marketing department has regularly registered production output coming from production department and kept records of cash from sales

Our next task was development of a market strategy that allowed us to win more customers. The advertising campaign was launched with leaflets distribution through advertising lottery. We placed ads at our school press centre and our town's daily ("Vasha Gazeta"). Home delivery and phone orders were offered as special treats. Unfortunately nobody actually used this privilege - likely because our offerings were quite new in the market, and potential customers needed to be more aware and convinced of our products advantages. Presentations and direct sales at the school based trade fairs proved to be most successful advertising and sales techniques for us.

Report of Production department

The primary goal of our company production department was development and operating the manufacture of adapters selected as our products. At the beginning we had to explore various materials to figure out which one was most suitable for our purposes. The prototype of Shnuro made of metal wire lacked durability while strong cord thread we also tried as raw material failed to adapt into loop we needed to make it work. After numerous experiments we found a solution - plastic cord ideally represented all features needed for production of the Shnuro adapter.



Applying multi-colored beads to serve as latches we managed to add personal appeal to the product. Snuro is easy and effective in use, as demonstrated on the photo above. All user needs to do is actually to fold the cord in two and move latches to extend or compress the loop on the bend while lacing on footwear.

The technology of Pugo production is not complicated. Pugo is actually a piece of plywood 0,5 cm width with a small gap in the middle and a hollow to fix a button. Photos below show the process of application and results. Distinctive features were added through various shapes and multi-colored stick paper appealing for different customers' tastes and preferences.



For both products: Shuro and Pugo some raw materials, like stick paper and, plastic cord and beads were purchased at a hardware store. To manufacture Pugos we were allowed to use plywood waste from our school workshop.

Products manufactured by our company have a number of distinctive advantages:

№	Product Features	Description
1	Size	Adapters are small and portable, no special conditions for storage needed.
2	Durability and usage	Durability is unlimited provided the user is familiar with instructions. A warrant period is 1 year
3	Production	Made by usual manual tools, without application of complicated industrial equipment.
4	Features	Environment pure, absolutely reliable.
5	Technology	Anybody except kids younger than 7 years can participate in manufacturing process without special vocational training.
6	Time	Time needed for one Shnuro production is 10-15 minutes. For Pugo it makes 45-50 minutes.
7	Design	A huge variety of designs to please customers.
8	Convenience	Adapters are user-friendly
9	Raw materials	Available and inexpensive, plenty opportunities for waste recycling.
10	Seasonal	Can be used at any time of the year, month, week or day

Within one and half months with 20 persons involved in production process the output was 300 units of Shnuro and 100 pieces of Pugo. The decision to work from home was reasonable and acceptable since our products are not related to specific or complicated equipment or special health and safety considerations and storage requirements. Company members and their families, and our schoolmates involved in the production process were provided with training and technology written instructions specially developed for this purpose. All production workers were regularly supplied with materials. Company management advised on safety and quality and supervised production process. Any support and help needs were attended, and overall production process has not been complicated with unforeseen challenges. Production workers' wages were 0,4 euros per 1 Pugo and 0,2 euro per 1 Shnuro. The "Ganesha" company Vice-president for production was responsible for raw materials and production records to ensure a smooth step by step process without breakouts and complications.

Report of Human Resources department

The work of personnel department of the "Ganesha" company began with training which helped to define roles and responsibilities of "top-managers." All further teamwork was shaped with considerations of corporate ethics standards. Such approach helped to build and maintain a businesslike and creative atmosphere of trust, mutual help and interchangeability of the team members. At the company organization stage much attention was paid to ensure all documentation (company charter, company and board meetings minutes, job description, time-keeping lists, attendance records etc.) was ready and appropriately recorded. On November 1st 2007 our school administration issued a letter of endorsement of our company operations and we were ready to start.

The company operations were divided into several important stages, including:

I stage - organizational issues (November 15 - December 1, 2007)

At our first meeting we discussed the business idea and name of the company, its mission and product options, policies and procedures to make decisions, solve problems and ensure successful operations.

II stage – development of a business plan (December 1, 2007)

Before drawing up a business-plan we surveyed market and analyzed our research results to make sure our ideas are manageable. This period was also connected with raising start capital to make possible realization of the planned activities.

III stage - organization of production process (December 15, 2007)

The personnel of the company was trained and provided with technology and safety instructions. It was required that those involved in production activities worked 2 hours/per week for the period of 5 weeks. Production was organized at company members' homes and actually took places on weekends on a flextime base. To ensure we meet the set goals company managers supervised other company members and kept records.

IV stage - development and implementation of marketing strategy and organizing sales (February 1 - March 15 2008)

According to general opinion, organizing of sales was most challenging moment throughout the company life. It was decided that every member of the company will be involved, but only few people were eager to start. A sales technique and procedures training at the very beginning of this particular stage was of great help. Motivation through advising and celebration of successes was also of great importance. Overall sales performance was quite satisfactory.

V stage - liquidation of the company, annual report (March 15- April 15 2008.)

On April 1, 2008, according to decision made at the company general meeting student company "GANESHA" started its liquidation process. Although all production and sales activities were completed company management had a lot double-checking and finalizing all records, closing books, and compiling reports. Summary of the company's major activities and achievements was reflected in the annual report as well as the impact of the gained experience on the company members. At this stage we made a decision regarding the charitable donation. Total of 100euro we donated to the orphanage located in Nizhnekamsk. The liquidation process was not so painful, since many of us decided to continue our involvement in Junior Achievement – Young Enterprise programs

Our final test demonstrated we were doing well as a team and individually and that entrepreneurship may be a good choice for each of us as we consider our future careers. In fact some of us wish to be related with business practices in the future, and our student company experience was a great way to improve our understanding of the world of business and gain considerable hands-on skills in this area. Besides we had great fun being together and joining our forces and abilities to achieve the planned targets. We were happy to develop new friendships and proud of our accomplishments.

Report of Finance department

Financial performance of our student company could be regarded as satisfactory. According to our business plan we had to distribute 100 shares at € 0,5 among the company members, our friends and families, schoolmates, teachers and school administration.

The company Finance Department was dealing with the share distribution training, actual distribution and keeping records. The goal was fulfilled and we managed to distribute the planned amount of 100 shares and raised capital needed to start our company operations.

One of the important issues was estimating salaries and wages for company members. According to decision of our board of directors company management was appointed to salaries at a rate of 1,4 euros per month (0,3 euros a week). Production workers' wages were based on the amount of products developed at a rate as stated in a table below.

Category of employees	Number of employees	Cumulative labor compensation expenses
President	1	Salary: 1,4 € x 5 months. = 7 €
Vice-presidents	4	Salary: 1,4 € x 5 months. x 4 persons = 28 €
Board of Directors involved in the trial lot production	5	Wages For Pugo 0,4 € x 30pcs. = 12€ Wages For Shnuro 0,2 € x 4pcs. = 8 €
Employees	20	Wages for all industrial period: For Pugo 0,4 € x 70pcs. = 28 € For Shnuro 0,2 € x 260pcs. = 52 €
		Total 135 €

Our Company board of directors approved the system of sales personnel's commission payments at a rate of 10 % from the sum of realization. Sales personnel included all company members. The company Vice-President Finance was responsible for cash transactions records. The work of Finance department was closely connected with other company departments, particularly involved in marketing and production operations. Intermediate inventory of materials and stock of finished goods and evaluation of our company sales performance was conducted in cooperation with other company "top-managers." Regular and thorough revise and audit were critical for our company overall success and paid much attention to all related issues. Final sales results demonstrated that Management staff has sold 60 Pugo and 180 Shnuro; other company personnel has sold 40 Pugo and 120 Shnuro. Total 100 Pugo and 300 Shnuro have been with total revenue of 800 euros. We were really pleased with our accomplishments.

The «Ganesha» company balance sheet 04/15/2008 Assets


As of: 04.15.2008

		€
Current Assets:		
Stock		€ 50,00
Debtors		-
Cash at Bank		-
Cash in Hand		€ 470,00
TOTAL A		€ 520,00
<i>Less:</i>		
Current Liabilities:		€
Bank Overdraft		
Loans		
Creditors		
Tax	€ 70,00	
TOTAL B	€ 70,00	
BALANCE (C)		€ 450,00
Represented by:		
Issued Share Capital: _100_ shares at 0,5€		€ 50,00
Profit & Loss Account		€ 400,00
Shareholders' Funds		€ 450,00

Note: The total at C should equal the total at D

If the company has not liquidated at the time of the Company Report, this document must be signed by a third party, such as an Adviser, certifying the accuracy of the figures

I have examined the accounts of the company and agree that the above figures are an accurate representation of the company's position.

Signed:  (Adviser)

Profit and Loss Statement

For the Period Ended: 04.15.2008

Current Rate of Corporation Tax		15%	
		€	€
A	Sales		€ 800
B	Purchases	€ 46,40	
C	Production Wages	€ 100,00	
D	Closing Stock	€ 0,00	
E	Cost of Sales (B + C - D)		€ 146,40
	(A - E)		€ 653,60
	Gross Profit		
F	Salaries, commissions and Bonuses	€ 115,00	
G	Stationery	€ 6,00	
H	Rent & Hire	-	
I	Miscellaneous Expenditure	€ 62,60	
J	Registration Fee	-	
	Total Expenses (F + G + H + I + J)		€ 183,60
	Gross Profit Less Total Expenses		€ 470,00
	Operating Profit (or Loss)		
	Tax		€ 70,00
	Net Profit (or Loss)		€ 400,00

Stockholder distribution

		€
Profit after Tax		€ 400,00
Return for original investments		€ 50,00
Appropriations of Profit:		
Dividends		€ 125,00
Donations:		€ 100,00
Reinvestments		€ 125,00
Balance (should be nil)		-

Company Teacher  Razilya Bergutova

Conclusions

During the final week of the year of our company operations we checked with our client to make sure that all obligations have been satisfactorily completed and closed our records. Our management team made sure that all company records were correctly completed, and all bills, wages, salaries were paid in full. They also completed the annual report and mailed dividends to all stockholders. We were pleased to report that our company was financially successful and was able to return of the original stock investment plus 250% dividends. We sent out Thank you letters to our stockholders and returned the stock profit.

According to the company decision we made a charitable donation as €100 to the orphanage located in the town we live.

During the Final Board Meeting we had a chance to review our experience and discuss the best and most challenging points. We also recognized the company members who contributed to our success and expressed our sincere appreciation to our teacher Ms. Razilya Bergutova, and our adviser Ms. Tatiana Kamaletdinova for sharing their time and knowledge with us. We also thanked our stockholders for their interest and investments that made possible to make our plans true.

We all felt the main achievement was acquiring a new and valuable experience of teamwork, decision-making, problem-solving and actually running a successful enterprise. We came to a better understanding of what business is about and really liked it.

Thanks a lot to the Junior Achievement – Young Enterprise Company Program for all skills it helped us to gain and master!