SETTING UP YOUR OWN YOUNG ENTERPRISE COMPANY
THE ULTIMATE BUSINESS CHALLENGE

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Congratulations on choosing to participate in this ultimate business challenge. You and the other members of your company are about to join an exclusive group of over 1 million young people who have each spent a year running their own real YE company since the programme started in 1963.

This brochure is intended to get you up and running. It will help you with the basics of setting up your YE company. It is purposefully brief and only covers the very first stage in the company programme lifecycle.

As soon as you have registered your company you will receive personal login details to YE Online and your company will receive your Programme Kit in the post. These two excellent resources provide much more detailed information, advice and guidance for all of the stages in the programme.
What is a Young Enterprise Company?

You work in a business team to set up and run your own real company for up to one academic year. You will:

- elect a board of directors, carry out market research, develop a product or service, manage your finances, promote your company, market and sell your product or service to the public
- be supported and guided by a volunteer Business Adviser and your Centre Lead (Teacher/Tutor)
- access resources including a Company Programme Kit and YE Online, YE’s secure extranet facility (new in 2014)
- have the option to enter the YE Company of the Year competition, with events taking place in your local area in the Spring term, culminating in a National and European Final in the Summer term

All Young Enterprise programmes are based upon the principle of “Learning by Doing”. Instead of having to absorb large amounts of theory before you start, you will learn about business in a hands-on way.

The Benefits of Taking Part in this Programme

Enjoying real successes and overcoming real setbacks will make for a truly valuable life experience. You can be sure that, whatever you decide to do in the future, being an active participant in the Company Programme will give you an insight into the world of business and work, and help you when considering your career choices.

You will learn about the essence of enterprise – understanding customers, selling and marketing products, making difficult decisions, working as a team, taking and sharing responsibility, etc.

Most importantly, you will develop and be able to demonstrate key employability skills, such as problem solving, communication, resilience and organisation.

The Recommended Stages of the Company Lifecycle

This booklet focuses on the first of these stages – since that is where you will probably have the most questions at the outset. There is lots more helpful information relevant to the other stages available on YE Online when you are ready to explore it.
Getting Started

You will hold meetings to set up your company and start to make business decisions.

There are no set timescales or exact instructions to follow for this, or any of the stages in the programme. You are the managers and you decide how to navigate your own journey into business!

However, you are not on your own – we have produced this brochure to help you get started, plus YE Online has a wealth of information. Your Business Adviser and Centre Lead will also support you along the way.

It may feel strange to start with, but you need to direct yourselves and set your own deadlines. Remember the phrase “Learning by Doing” – which means that you will encounter and tackle real-life problems. No company will get everything right first time, and this is not a bad thing, as you will learn from your mistakes and setbacks.

We will now look at some of the activities that you will be doing as you start your business.

Register your Company

This should be done as a priority. A checklist of the information required to register your company is available on the registration form that was provided with these booklets. Registration verifies your company as a legal entity and activates the insurance which covers you for trading with the public. You MUST not start selling anything before you have registered.

Please make a record of the information required on the form and then ask your Centre Lead (teacher/tutor) to register online at www.y-e.org.uk/company. You will be asked to state a company name. This is an opportunity to be creative, however the name you choose will need to fit on a cheque, so do not make it too long! Please note that the company name can be changed after registration via YE Online.

Once the company has registered online, your team will receive a Programme Kit and all company members will receive personal login-details to YE Online. See page 4 and 5 in this booklet for further information about these items.

Meet your Business Adviser(s)

Your Advisers are volunteers from business or the local community who are here to support you. It is not their role to run the company for you (although they may direct you in the first couple of meetings until you get into the swing of things). Their role is to give your company guidance, focus and motivation. There is no such thing as a silly question, so do not be afraid to ask them!

Our Adviser(s)

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Complete your Self-assessment

Participation in the Company Programme seeks to develop or improve your employability competencies. The key ones are:

- Teamwork
- Communication
- Resilience
- Problem solving
- Entrepreneurial ability
- Organisation
- Financial capability
- Confidence

In order to show your progression around these eight competencies you need to assess your skills levels both at the beginning of the Programme and at the end. This is done through two short self-assessment surveys on YE Online.

On completion of the self-assessments and towards the end of your company experience, you can download a personal certificate of progression that can be used to make you stand out from the crowd at job interviews or on College/University applications.

The aim of the self-assessment is to see where you are at the beginning of the Programme and measure how much you have learnt as an individual at the end. You should therefore complete the first questionnaire as soon as possible after you have registered your company and hold back from comparing your results with your friends. Remember that there is no right or wrong answer, and to get reliable results you must be honest with yourself from the outset.
Understand the Legal Matters
Like any company you are legally bound by a set of obligations. It is very important that you understand the rights, responsibilities and restrictions that you have, as you will be trading as a real company.

Your Adviser and/or Centre Lead will talk you through the basics of forming a YE company and your legal obligations in one of your first meetings. Some of the important rules to understand and follow are introduced below, however you must read the “Legal Responsibilities and Insurance” document which can be found in the Programme Kit and on YE Online to see the full guidance.

Memorandum and Articles of Association
This is a document that represents your company composition and provides regulations about how you will run your company. You will find a copy of your “Mem and Arts” in the Resources section of YE Online. You should print this off, ensure that each Company Member signs it and keep the signed copy safe.

Charitable Giving
You cannot explicitly trade off the intent to give some or all of your profits to charity. For example, you cannot state that a percentage of profits will go to charity in your sales and marketing activities or materials.

The reason for this is that YE itself is a registered charity and, under the UK Charity Commission rules, a charity is not permitted to undertake fund raising activities for other charities. Since your YE company is set up as a branch of YE, you must follow the same rules.

However, when you liquidate (close) your company, you can choose to donate some or all of your profits to charity, after you have paid back any dividends to your shareholders, but you cannot promote this intent while you are trading.

Insurance Cover
YE has obtained comprehensive insurance cover to support your activity and trading. A copy of your company’s Certificate of Insurance can be found in the Programme Kit and on YE Online.

Insurance policies have restrictions on what the policy covers. It is essential that you read the “Legal Responsibilities and Insurance” document and talk to your Business Adviser to find out the types of products and services that are not covered by the YE policy, and hence you are not allowed to sell to the public.

Trading Online
CashFlows is a financial services company that has partnered with YE to provide you with a facility to trade online and accept card payments (debit and credit) from your customers. CashFlows can be integrated into your company’s website and also allows card payments to be taken over the phone or by mail. Funds received can be used to make payments to suppliers or transferred into your company’s bank account.

YE do not promote alternative methods for online payments (such as PayPal) that require people to be aged over 18 to register. However, we recognise that you may choose to ask individuals over the age of 18 to set up an account on your behalf. This person must be aware of the obligations that they are undertaking, you must obtain explicit permission from the individual involved, and you must be able to evidence this to YE if requested.

Some further items you should consider when setting up your business are:

Type of Company
YE companies can be set up as either a commercial profit-making company or a Social Enterprise. Social enterprises are distinctive because their social purpose is central to what they do. Rather than maximising profits for shareholders they are generating profits to bring social and environmental benefits.

The general processes and skills required to run each type of business are the same. However you need to decide which model your will follow prior to selling shares. Further details on each type of company can be found on YE Online.

Business Ethics
Business ethics concerns both how a company operates and treats its staff (internal) and also how it relates to other businesses, its customers, the environment and the wider community (external). As a YE company you have the opportunity to think about what business ethics are important to you as an organisation and can include your ethical values in your decision making process.

Intellectual Property
Even though your company is somewhat sheltered by the YE umbrella, care still needs to be taken not to directly or overtly imitate, copy or trade using existing company names, trademarks or copyrights. Further information can be found on YE Online.
Hold First Company Meetings

To begin with your company will probably meet once a week. As you progress you may need to meet more or less often depending on current activity.

You should agree on a day, time and place for the first weekly sessions and record these below. If you need to cancel a meeting you must tell everyone, in particular your Adviser as they will have given up time and altered work arrangements to be able to get to you.

Business meetings follow an agenda. This is a list of items in the order in which they are to be discussed. An example agenda and tips for running a business meeting can be found on YE Online.

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Review YE Online

Once the company has registered, all team members, including the Centre Lead and Business Adviser, gain access to their own company area on YE Online.

YE Online provides your company with a secure suite of business and communication tools. You can track the progress of your business, see what other Young Enterprise companies are up to, share your successes, collaborate online with other company members and find help and extensive guidance to enable you to run your business.

Logging In

www.young-enterprise.org.uk/company

Use the above address to access YE Online. Each member of your company has a separate account. If you provided your email address on registration then you will receive your username and password by email. If not, please ask your Centre Lead who will provide your login details.

Key Features

Some of the key features of the website are detailed below. It is not possible to list all of the contents of YE Online here, so please log on to the site and see how it can help you to get the most out of the Programme as soon as possible. YE Online also has a search engine to help you find what you need.

- **Timeline**: a visual summary to track progress as you advance through your business journey
- **Calendar**: add and edit events and activities so that you all know where you need to be
- **Tasks**: add and edit a shared “to-do” list to keep you all on track
- **Messages**: communicate with other company members. You may also occasionally get messages from YE about the programme
- **Support**: view extensive guidance, templates, videos and tools to help you throughout each stage of your business
- **Competition**: find out everything you need to know about entering the YE company of the Year competition
- **Resources**: an area holding important files such as copies of your Certificate of Insurance. You can also add your own company files, for example company minutes
- **Accounts**: enter your financial transactions and generate company reports. A summary of your income and spend can be seen on your progress tracker
- **Profiles**: add details about your company and yourself. This section can be viewed by any other YE company in the UK, unless you select not to allow this
- **Evidence**: after completion of the pre and post self-assessment questionnaires you can download certificates that show your personal progress across 8 key employability skills
- **YE Network**: find other YE companies from across the UK and view their company profiles.
- **Settings**: change your password and edit your contact details.
Review the Programme Kit

After you have registered, you will receive a Programme Kit in the post. This includes essential documentation for your company and the Administration Director (or other named Director) should look after the kit and make sure it is used. It contains:

- Certificate of Incorporation
- Certificate of Insurance
- Share certificates
- Introductory letters
- Bank account opening forms
- Product labels
- Competition details
- Legal and Insurance Guidelines document
- Invoice for company registration fee.

Brainstorm Business Ideas

Coming up with a business idea is often not easy. To get started, we suggest you hold a brainstorming session. The purpose of this is to get as many ideas as possible and to avoid any kind of judgement of any of the ideas. Your personal thoughts can be expressed at the next stage of the process.

Suggested Brainstorming activity

1. Set the ground rules. This does not mean that you can’t have fun or be creative! Some good basic rules are:
   a. Focus on quantity: The assumption is that the greater the number of ideas generated, the greater the chance of a really good one emerging
   b. Withhold criticism: Critique of the ideas must be put on hold at this stage
   c. Welcome unusual ideas: Include the weird and wacky ideas to and try to look at things from a different perspective
   d. Combine and improve ideas: Combine ideas to form one better single idea, as suggested by the saying “1+1=3”. Try to extend, twist or turn each other’s ideas

2. Everyone calls out their ideas – try to be disciplined though!

3. One person writes up all of the ideas on a flip chart or board

4. Don’t discuss the ideas yet and don’t allow comments. Just get as many ideas as possible

5. Once you have run out of ideas, you can start to narrow down your list. This can be done in many ways and we have included one method on the next page. Additional exercises and tools on innovation and brainstorming can be found on YE Online.
Choosing a product or service

We suggest that you ask yourselves a number of questions about each business idea, with a view to deciding which would be the most suitable for your company to produce and sell. Some of the more important questions are listed in the flow chart below. Please note that the chart refers to “products” but it can be used for “services” also.

Choosing a product or service is amongst the most important decisions that your company will have to make. You should ensure that you listen to the opinions of all company members.

IS THE PRODUCT WITHIN THE LEGAL RESTRICTIONS?

| Would the product infringe any existing patent, trade mark or copyright restrictions? | Are you covered by YE insurance for this product? | Are the Business Adviser and Centre Lead happy that the product is safe and meets consumer legislation? |

COULD YOU SELL THE PRODUCT?

| Who will be your target customers? Who will be your target customers? Would they want to buy the product in sufficient numbers? | Does your product have an advantage compared to the competitors in the market? | Is it innovative? Is there anything special that would make it appeal to customers? |

WOULD YOU MAKE A SATISFACTORY PROFIT?

| Could you sell it a price that people would be prepared to pay? | Does the profit justify the effort that you will have to put in? | Would the sales price cover the cost involved in making it? |

THE IDEA SEEMS TO BE PROMISING!

We recommend that you carry out some market research before you make your final decision

At this stage, you may decide that you still don’t have a suitable idea and you can go back to the brainstorming activity. We would however, encourage you to make a decision as soon as possible to get the most out of your limited time running a YE company.

You are often better pushing forward with a simple idea, rather than taking a long time to ‘perfect’ a more complex one. Lessons from an early product can be channelled into further products or services later in the life of the company.
Appoint Roles

The most important role for each student is as an active player in the team. Football is a good comparison: the team only does well if they work hard for each other and blend well as a unit, but the individual skills of the players in each role are also important.

Listed on the next few pages are the common roles in a YE Company, along with the skills and attributes you can expect to develop and the duties you can expect to undertake. When considering roles, ask yourself both which roles best fit your current strengths and attributes and which might give you the best opportunity to develop new skills that interest you.

Depending upon your business idea, you may need different roles to the ones suggested such as Editor or Service Delivery Director.

You need to decide how to structure your company. For example:

- Each company member can have a director role or title (e.g. there may be more than one Sales Director)
- You can appoint directors and then have assistants or deputies (e.g. there may be one Sales Director and two Assistant Sales Directors)
- You can appoint directors and then allocate team members (e.g. there is one Sales Director plus two further members of the Sales Team).

Our Organisation Chart

Use this space to record the structure of your organisation, listing everyone’s roles.
Managing Director

The Managing Director is ultimately responsible for staff and shareholders.

Skills and attributes:

• Leadership – able to motivate others and foster a strong team spirit
• Good communicator and facilitator, particularly in company meetings
• Able to co-ordinate different departments to work effectively together
• Draws out the key issues and focus the team’s attention on them
• Able to formulate viable solutions to problems and weigh up pros and cons of alternate courses of action
• Diplomatic but decisive, demonstrates fairness and strength in the face of conflict or complexity.

Duties:

• The individual responsible to shareholders, company members, customers, suppliers and financiers for company performance and employee well-being
• Provides overall innovative leadership
• Encourages teamwork whilst drawing the best ideas and input from company members – helps everyone make a contribution and play to their strengths
• Ensures the company has a clear direction and plans, then helps company members to navigate the work required to meet the relevant goals.

Operations Director

In the Operations team you are responsible for product design, development and production.

Skills and attributes:

• Good understanding of cost, profit and cashflow
• Creative approach to sourcing materials and minimising costs
• Ability to manage people and projects with a variety of organisational skills
• Understanding of technological processes and ways of making things more efficient
• Logical and creative thinking.

Duties:

• Contributes to product ideas by thinking of production opportunities or challenges
• Devises a cost effective manufacturing system and constantly seeks to improve it, maintaining quality and reducing costs
• Balances production and demand, while maintaining flexibility to cope with peaks
• Advises on estimated costs, then sources and purchases raw materials
• Fulfils customer orders
• Keeps inventories of materials, work in progress and finished goods
• Maintains equipment and tools.
Marketing Director
In the Marketing team you will take a key role in devising, monitoring and delivering all aspects of your Marketing Plan.

**Skills and attributes:**
- Innovative thinking and a creative flair
- Planning and co-ordinating skills
- Understanding of customers’ needs and preferences, analysing customer feedback
- Understanding of marketing concepts
- Ability to focus, motivate and enthuse others.

**Duties:**
- Develops an understanding of the market and the customer via market research and consumer observation (during both product development and product sales activities)
- Identifies market opportunities and defines unique selling points
- Works to maximise profit by deciding with others the volume/pricing strategy
- With Sales Director agrees the route to market – how will the customer become aware of the product and get access to it?
- Develops promotion of product, e.g. advertising, PR, exhibitions
- Understands and uses a variety of marketing channels, including social media and websites.

Sales Director
In the Sales team you will develop an understanding of your customers and your competition to drive sales through a variety of channels.

**Skills and attributes:**
- Good interactive personal skills with sales team and customers
- Good understanding of the importance of price and cashflow
- Target setting, communication and motivation of sales team
- Understanding of how to achieve and fulfil sales through different channels (e.g. physical versus online selling)

**Duties:**
- Develops an in-depth understanding of the company’s customers and competition
- Devises, monitors and updates an overall Sales Plan
- Monitors sales performance and customer satisfaction, modifying approaches accordingly
- Contributes to the Marketing Plan by recommending promotional activity and materials to achieve the Sales Plan
- Trains, monitors and motivates the sales force – setting and monitoring targets
- Controls stock received from Operations, monies received and customer orders.
Administration Director
The Administration team are responsible for the co-ordination and organisation of the company.

Skills and attributes:
- Ability to co-ordinate, communicate and organise
- Ability to grasp, summarise and report on the key action points and decisions at meetings
- Logical and disciplined approach to keeping records
- Interest in, and appreciation of, legal matters.

Duties:
- Responsible for communications in co-operation with company members
- Acts as official Company Secretary, completing registration documents, maintaining share register, recording meeting agendas, minutes and actions
- Enforces company’s Memorandum and Articles of Association
- Keeps safe all company documents and records
- Ensures company is making the best use of resources on YE Online
- Ensures the company is ob liging with the Legal Rules and Responsibilities.

Information Technology Director
In the Information Technology (IT) team you will look after the IT needs of your company.

Skills and attributes:
- Computer literacy, understanding the ‘art of the possible’ as regards IT
- Knowledge and understanding of the Internet, able to explain IT issues clearly
- Planning and organisation
- Creative flair, getting the best from IT solutions
- Influencing others.

Duties:
- Assesses the IT facilities available to the company and makes recommendations of the appropriate solutions and software to use
- Recommends IT solutions to make the work of other departments more effective or efficient (e.g. order forms, stock control) or to integrate their work better (e.g. workflow)
- Audits the IT skills of company members and provides training where appropriate
- Ensures that company members understand how to access YE Online and can use its features
- Works with the Marketing Director to create a company website, plan for use of social media and other promotional materials.
**Finance Director**

The Finance team is responsible for forward planning and keeping track of the money.

**Skills and attributes:**
- Numerate with an interest in the financial dynamics of a business
- Able to communicate and collaborate with others, presenting complex issues in a simple way
- An analyst and forecaster, someone who can work out what the financial future will bring
- Able to evaluate the financial implications of the company’s decisions or options
- Organised and accurate in presenting reports, with good attention to detail
- Trustworthy with others’ money.

**Duties:**
- Develops a financial plan and monitors status against it (e.g. break-even analysis, cash flow, profit and loss, budgets, etc.)
- Controls financial activities such as banking, cash security and share issue
- Maintains the company’s financial transactions and accounts (using the online accounts system)
- Ensures YE corporation tax and VAT are paid
- Makes payments including any suppliers, salaries and commission.

**Human Resources Director**

In the Human Resources team you are responsible for looking after the members of your company.

**Skills and attributes:**
- Behavioural skills – understanding people and groups
- Proactive, creative approaches to getting the best out of people
- Observing performance and contribution – to help all team members benefit from the experience
- Interviewing and counselling techniques
- Diplomacy and tact.

**Duties:**
- Selects and ensures training to enable the company mission to be achieved
- Recommends how to motivate and reward staff
- Ensures individual skills are recognised and best utilised
- Keeps personnel records (e.g. company member attendance and hours worked)
- Manages disciplinary proceedings where necessary
- Monitors safety and ensures the company complies with employment law.
Sell Shares

The Programme Kit contains share certificates that can be sold to raise the enough money to get your business going. There are rules governing share capital, such as the requirement for you each to hold at least one share, and the maximum amount of shares that you can sell. Please refer to the Legal Responsibilities and Insurance Cover document.

People who buy shares in your company are called Shareholders. Although they do not have a say in how you run your business, they will be interested to hear how your business is going, and expect a return on their investment (dividend payment from any profits). So do not forget to keep a record of who has paid what in to your business.

You may also choose to undertake some fundraising activities (in addition to selling shares) to finance your product/service development or buy raw materials.

Open Bank Account

Open your company bank account as soon as you can in order to deposit the share capital raised, pay your initial YE invoice and pay suppliers. Inside your Programme Kit you will find forms and a letter from HSBC with instructions of how to do this.

Pay Registration Fee

In your Programme Kit you will receive an invoice to cover your company registration fee. This fee covers your insurance premium and a small part of YE's administration costs. It should be paid within 30 days from receipt. Please contact the YE Support Centre on 01865 776845 if this timescale presents any problems.

Decide Whether to Participate in the Competition

Your company can choose to enter the annual YE Company of the Year competition. This fun and exciting competition starts at a local level, with winners progressing through a series of events at county, regional, national and ultimately European level.

The events are a great way to demonstrate and celebrate your experience and achievements. Participation in the competition will also help you to develop and enhance additional business and employability skills such as report writing, corporate promotion, presentation and public speaking.

The competition attempts to balance a view of your business achievements as a whole, along with your individual personal development. Each stage of the competition involves three components:

Company Report

A document summarising your company’s activities, achievements and financial outcomes.

Trade Stand and Interview

A display stand which showcases your company’s brand image, products, achievements, etc. Students will also be interviewed by the judges at this point.

Company Presentation

A short audio-visual presentation of your company’s highlights, delivered in front of an audience.

Independent judges use a set of formal judging criteria to assess each of the three competition components. The competition guidelines can be seen in your Programme Kit or on YE Online.

As well as choosing an overall winning company, the judges present several other awards at each of these events (e.g. an award for Best Company Report). The exact award types will be communicated before the event.

We would strongly encourage you to consider entering the competition!
Some say that the real fun starts after you have set up your business. The next stages are introduced below. A full list of the suggested activities, along with help and guidance on each of these areas can be found on YE Online.

**Business Planning**

Once you have settled on a business idea (or have a focused short list of ideas to develop further), you can be considered to be in your Business Planning stage. It is good practice to create a physical business plan (template available on YE Online). This can be used to include details about your product(s)/service(s), marketing plans and financial requirements.

**Running the Business**

This should be by far the longest stage of your company lifecycle. During this stage you will develop an appropriate marketing plan, for example you need to consider how you will communicate with your customers, and decide if you will offer any promotions. You could create (and maintain) a website. You may also want to consider your approach to using social media (Facebook, Twitter etc.) to promote your business.

You will need to start making or packaging your products. You will order supplies, manage your production (e.g. what, who, when, where, how), check stock levels, and start selling to your customers.

You will be invited to attend a YE Trade Fair. This provides the opportunity for you to join other companies in your local area to promote and sell your products to members of the public. Often, these are scheduled around calendar events such as Christmas, Valentine’s Day, Mothers’ Day, etc.

Use YE Online to record all of your financial transactions and monitor your cashflow. You can also publish periodic accounts (profit and loss account and balance sheet) to share with your company members at meetings.

**Company Closure**

When closing your company, you need to sell all of the assets of your business (remaining stock), pay off creditors (suppliers), chase any debtors (customers that owe you money), prepare your final company accounts, pay YE Corporation Tax and any YE VAT, close your bank account and hold an Annual General Meeting (AGM). You can then dissolve your business which must be done before 31st July as this is the date that your insurance and association with YE ends.

**Continuing your Business**

You may wish to consider continuing your business outside the YE Programme structure. There are many examples of former YE companies that are still trading successfully today. Please refer to YE Online for more guidance on this topic.
About Young Enterprise

Young Enterprise is the United Kingdom’s largest enterprise education charity. Every year we help 250,000 young people learn about business and the world of work in the classroom under the guidance of a network of 5,000 volunteers from 3,500 companies.

Young Enterprise’s mission statement is “to inspire and equip young people for life through enterprise.”

Our vision is that “we want every young person in the UK to leave education with the knowledge, skills and attitudes to succeed in work and life.” All our programmes are underpinned by a guiding principle of “learning by doing”.

Further information about YE and our range of programmes can be found at www.y-e.org.uk.