

2011 Annual Report Guidelines and marking criteria

The purpose of the Annual Report is to communicate the progress of your company to external parties. Whereas the Business Plan explained what you intended to happen to your company, the **Annual Report explains what has actually happened**. It should contain all the relevant pieces of information and be presented in a professional manner. It may be enhanced through:

- Design and layout
- Colour
- **Photos, graphs, branding**
- Being concise and following an orderly sequence
- Not repeating information

Most of the Excellence Awards are selected from the information in the Annual Report.

Sponsors will read your report to find out how you have performed in the areas they are awarding prizes. Check to see that you have included all information relevant to specific awards you are targeting. **In the evaluation section include your highlights of your year so that sponsors can see your major achievements relevant to their awards.**

The following guidelines are set out according to the marking criteria of the Annual Report Professional presentation is important, but marking reflects the content and it is not necessary to have reports professionally printed.

While each section should be covered, the level of detail will be dictated by your company product, service and achievements. Eg; if your product was produced in-house, and you worked with one distribution channel, you may have less detail than a company that had 3 different suppliers of parts for their product and multiple distribution channels. **Bullet points are acceptable and sometimes better than wordy paragraphs. Combine explanations, bullet points and diagrams to best inform the reader within the page limit.**

Remember important detail – eg if you achieved a national distribution deal then say so. Also, don't identify changes to your business plan, or not meeting goals as failures. Good business practice is taking action to ensure that your business is viable and sometimes this means you may not reach your initial business goals or targets. For example, if you had to make a different product because your market research indicated your initial product was not viable, include this analysis and your new goals – this is good business practice and management. A business plan is a 'best guess' and will often change – the actions you take as company directors are the important things to report on.

Lastly, plan to have your annual report finished well before the posting date, so that someone outside your business can read it and check for errors and sense. You will need to send your report in **hard copy by mail** and allow enough time to ensure it arrives at the Young Enterprise Trust offices in **Wellington by WEDNESDAY 5th October, 5 pm**. Allow 2 – 3 working days for it to arrive.

Your YES Annual Report must include the following:

Cover Sheet (in student resource folder)

1. Business Summary
2. Company - People and Management
3. Operations (swapped these two around to reflect the mrk schedule order)
4. Sales and Marketing
5. Financial Management
6. Evaluation

*Note there is a **maximum** page limit of 18 single or 9 double-sided pages **EXCLUDING** the cover sheet and front cover.

1. Business Summary

This section is critical as it enables the reader to understand what your business is trying to achieve and what it has done. It is a window into the rest of the report.

Vision/Mission

A common goal for any business is built around the Vision that the directors have for the business and the steps that are put in place to achieve the Vision.

- What is your Vision for this business?
- How did you develop your Mission Statement?
- How did your activities measure up against your goals and vision this year?
- If not – why not?

Unique Selling Point (USP)

Provide a brief and clear description of your Product(s)/Service that you have produced, marketed and sold during the year. State the **unique selling point** that differentiates your company and its product / service from its competitors. THE USP is for the purpose of your customers. Why would they pass by your competitors to be your customer? The Yellow Pages has a good USP with “let your fingers do the walking”. Not only have the Yellow Pages

captured the colour “Yellow” for directories, but is memorable and creates a time-saving image. Points to cover about your product/service might be:

Is the product and/or your business model new or innovative?

If imported, what value have you added?

Features that will appeal to your customers?

Risk Management

What risks were identified and what processes were put in place to manage these. An example might be the difficulty in identifying how many items to produce. In this instance, it may have been managed through conclusive market research and small initial production runs. The risk analysis will demonstrate how the risk strategy has focused the company into deciding what it could (*and couldn't*) achieve. Analysis measures could include:

- SWOT analysis
- Risk management task 1.9 in the Forming Activities

This section might also include a paragraph describing how your company approached health and safety risks and managed them. For example, how you created a health and safety policy, trained your staff and informed your contractors of health and safety procedures.

2. Company – People and Management

This section deals with the culture of your company and management of your business.

Organisational Structure and Leadership Roles

- This includes an organisational chart showing the structure of your company and reporting lines. This is a good chance to incorporate team photos.
- What was the procedure for allocating each director's role and tasks?
- How did leadership impact on the company performance?
- How did everyone know what their role in the company was, in the short-term?

Communications – Internal and External

How the company directors communicated and supported each other, internally. This does not require a detailed outline of meeting procedures, but rather:

- How did you monitor the implementation of the business plan? e.g. Key Performance Indicators.
- What happened in the event of unsatisfactory performance?

- How your company communicated externally with your school, YES coordinator, suppliers, customers, shareholders, news media, community groups and other external stakeholders. There is scope in this section to consider:

Communication channels

Permissions required

Maintaining contact

Public Relations

3. **Operations**

In this section, provide detail of your product/service (described in the Business Summary) and the specific production process.

Product or Service Intellectual Property and Suppliers

- An acknowledgement of how you have protected the idea, before you commenced operations, contacted suppliers
- To whom the intellectual property belongs
- Suppliers - why particular suppliers were chosen. It is expected that you consider more than just price eg environmental issues?

Production Process

This refers to how you produced what you did - identifying the component parts of the product/service and how they contribute to the finished product. Diagrams or photos of the product and the production process or service delivery would also be useful. Details should be included of your business model – eg Did you contract your production through outside businesses, or produce the product or service in-house. Explain your choices.

Productivity Measures

- How you searched for best efficient solutions for production process/service delivery
- What technology was used? This could include a range from new state of the art computers/ programmes to standard production methods
- Division of labour, specialization
- Minimal waste

Production Timeline

- Targets set, monitored and achieved
- Logical progression (prototype, market testing, production run)
- OR for a service (service provider, delivery, service monitoring)
- Problem solving solutions to meet production timeline (or explain adjustments)

.In this section describe your marketing and sales achievements

4. Marketing and Sales

Market Analysis

- What led you to decide on the target market?
 - Market research methods undertaken
 - Market size and trends
 - Different approaches to different markets
- You may also include information about factors that impacted on demand and supply if relevant :
 - . e.g. Environmental Analysis (Big picture)

This refers to the impact of the community context on our product and the impact of our product on the community. Environmental Analysis is often referred to as a P.E.S.T analysis:

- **Political/Legal** environment, e.g. local by-laws (*may need a hawkers permit*), consumer protection laws, consumer groups, political issues
- **Economic** influences. Looks at the state of the economy e.g. unemployment, exchange rate etc
- **Social/Cultural** influences in their market. What influences the attitudes and behaviour of your target market? E.g. Culture/values, lifestyles, peer groups, celebrities, etc
- **Technology**
 - New Products and impact (*high cost, specialised work force etc*)
 - New Production Processes (*Competitive, efficient, faster*)

If your product had a specific community context, it might be useful to do a cost/benefit analysis from the perspective of your business.

Pricing

Examines the strategies you used for your pricing. You should consider some of the following points, without repeating yourself from the Market Analysis section:

- How did you determine your price?
- Competitors pricing
- Price versus Non-Price Competition

Promotion

- Creating the need for your product/service
- Advertising strategies
- Establishing customer loyalty
- Media relations
- Analysis as to the effectiveness of promotion

Distribution and Sales

Distribution - The “place” aspect of the 4 marketing P’s.

What were the different sales channels e.g. remember the NCEA Level 1 Economics definition of a market is “a situation or place where consumers and producers exchange goods and services”.

- How many sales channels were you able to achieve?
- Which were the most successful and why?

Examples might include door to door, trade fairs and markets, e-market, having someone sell on your behalf etc.

Sales - YES is real. You are required to take your product or service to market and explain your sales achievements (or why you did not reach your sales targets). The number of sales should be given over the product/service life cycle e.g.

- Comparing planned with actual
- Compared with market potential
- Measurement of customer satisfaction
 - How did you know if the product measured up to your image?
 - Level of repeat sales

Focus must be on what the business has achieved financially. This is a reflective document rather than speculating about the future. You should show a clear understanding of the financial reports.

5. Financial Performance

Capital Formation and Sources of Finance

This section refers to how you raised the funds to set up and run the business. It may look at control over the company assets and sources of funding and current equity. Questions that should be answered are:

- Who are the shareholders?
- How many shares do each of them have?
- What do these shares entitle them to?
- How else were funds gained?

Accounting Systems and Controls

- What controls over your money/assets did you establish?
- What were the strengths of your accounting system?
- Quality of the financial information presented

Comparing Budgeted and Actual figures

- Compare a budgeted cash flow statement and financial performance projection with the actual figures achieved.

Profitability and Financial Stability Analysis

- Profit and Loss Statement
- Profitability ratios and percentages can be used if relevant. Interpretation of performance based on these measures
- Measures of Financial Stability include:
 - Financial Position
 - Liquidity and Financial Stability ratio and percentages can be used if relevant
 - Cash Position (cash flow statement would be used here)

Written commentary of the position

6. Evaluation

This section sums up what you have achieved over the Young Enterprise year.

- Measure and explain your company's achievements against the team's initial objectives. Include highlights of your year – e.g. awards won, business relationships established, sales targets exceeded etc.
- Discuss a “where to from here ?” projection, with regards to the idea and company
- Personal reflections from the team, as to what they have found out about themselves and running a business - expected and unexpected
- Acknowledgements of any external parties who have assisted your Company e.g. mentor, principal
- References from external parties in support of your company e.g. supplier, customer
- PLUS – 5 marks is awarded for the overall presentation of your report e.g. innovative design, colour, layout, graphs, page numbering, branding.

EDITING

Is your annual report free of 'typos' and grammatical errors?

Is your company's information in the right sections, with no repetition?

Is your report within the page limit?

Have you completed and attached the cover sheet?

Have you kept a copy?