

Getting Started with The Lion Foundation Young Enterprise Scheme



- **FORM A COMPANY** with fellow students and decide on a company name.
- Ask your teacher to **REGISTER** your company on-line with Young Enterprise Trust
- Although your product/service name can be changed, once your company name is registered it can't be changed in the YES year, so choose carefully. For example the company might be "DCSM Enterprises" which is simply the letter of each director's name and the product name might be "The Icebreaker" – a new and easy fridge cleaner.
- Decide on **DIRECTORSHIP ROLES** in the company.
You can have up to ten directors but around five to seven is a good size. Directors can have more than one directorship but remember that is twice the workload. You can also have more than one director in some roles – for example two production directors to spread the workload. Your teacher may arrange companies on what makes sense for numbers in your class.
- Brainstorm ideas for a product/service. Consider all ideas and rate them.
- A copy of the **YES CONSTITUTION** is available in the student resource folder for you to download and complete and keep for your company records. This constitution protects the interests of all directors and meets the requirements of the YES company operation. Read and approve the constitution and set up your company records.
- **Ownership** – Under the YES company constitution all shareholders are equal shareholders in the business. Only student directors have voting rights in the company and can make decisions. Others can invest money in your company for a negotiated return or shareholding and can be made "preferential shareholders" but cannot make decisions about the business and do not have voting rights. There is a preferential shareholders certificate in the student resource folder
- Find a **MENTOR** – approach someone who you think can advise you and who has some time to give. Your mentor may wish to be a preferential shareholder. You may have more than one mentor or expert advisers on different areas of your business. Contact your regional coordinator may be able to help with finding mentors and advisers from industry.
- **Preferential Shareholders** – are people who are willing to invest money into your business in exchange for shares – they do not get voting rights or get to participate in decisions about running the business. There is a share certificate in the resources.
- Remember as a Lion Foundation Young Enterprise Company representing your school sponsors and supporters, it's important that what you promote and publish is professional and considers your school rules. Thanks!

Tips and Info

- The formal name of the scheme is “The Lion Foundation Young Enterprise Scheme”
- Our organisation is called Young Enterprise Trust; we are a registered charity and our website is www.youngenterprise.org.nz
- There are heaps of resources to help you with YES. We make these available to you through the “Class of 2016” YES facebook group so join up now to keep up to speed with national events and news and to use all the resources: www.facebook.com/groups/YES2016/

Social Media and online Sites

- Please check that you are adhering to the rules that apply to these various sites

What is added value?

Clause 7.1 The Product or Service produced by the Virtual Company shall not present any hazard to any person or property. The Product will not be “sold on commission” nor a product purchased and resold, including importing, without value added.

Here is the definition we use for added value

"The enhancement added to a product or service by a company before the product is offered to customers."

This can be displayed through, but is not limited to:

- Enhancement to the actual product
- Combining the product with other products and/or services
- Sales and distribution models that create value or benefit to the customer

There is no absolute measure about what constitutes adding value is - it's determined on a case by case basis, but the “common sense” test applies. For example, if a company has simply put a logo on an imported product and on sold it, it would not be considered to have added any significant value.

Here are some other descriptions of value added:

Value added refers to "extra" feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost

A **value-added reseller (VAR)** is a [company](#) that adds features or services to an existing product, then resells it (usually to end-users) as an integrated product or complete "[turn-key](#)" solution.

The added value can come from [professional services](#) such as integrating, customizing, consulting, training and implementation. The value can also be added by developing a specific application for the product designed for the customer's needs which is then resold as a new package.

Constitution

1.3 The constitution states that school rules apply. This means that the school has the authority to decline any business to operate should the school feel the business or the student directors are in conflict with school policy.

2.1 states that all student directors must be enrolled at school. Should a student leave school they may be kept on as a preferential shareholder but they cannot retain directorship of a YES business.

Ideas

It takes more than a good idea to run a successful business – all directors are equal shareholders in any business ideas operated under YES. All directors contribute to the management of the business and will equally share in any of the profit at the end of the year. This ownership is detailed in the YES constitution.

Dismissing Directors

There are criteria and a process for dismissing directors - these issues should be discussed with your teacher well before they reach this stage, however the process is there for ongoing issues that impact on the smooth running of the business.

Winding Up

The YES Company can be wound up at any time after the business review has been submitted OR may continue to trade until the end of November. As part of the “wind up” the YES company should pay 25% of any reported profit to the YE Trust on the YES tax form. A YES company is not a registered company and does not pay company taxes. Directors cannot take drawings or pay wages, however the YES tax is a donation that assists with the operation of YES so that the programme can continue to be offered to students. Directors should also close any company bank accounts

You're now all set to get on with running the business – the next step is to start researching your product/ service and customers.

Good luck