****

**National Operating Guidelines**

**Operations**

**“*Understanding the VEI Model*”** – this document will outline the standard operating procedures for VE firms and will be used to provide guidance to judges of business plan competitions to orient them with our operational model.

***Pacing Guide***– this document is a sequential layout of annual tasks with connections to the relevant Curriculum Task and available Resources.

***Annual Activities Map for VE*** – a year-long visual course map. Tasks are arranged based on a “Month1, Month2” format rather than a month-specific format to accommodate the varying start and end dates of school districts.

***Student Task Guide*** – This student-facing platform is being re-developed to mirror current curriculum updates.

***Fiscal Year*** – a 12-month fiscal year is necessary for perpetual firms and in accounting for activity occurring in May and June. It was agreed that we would maintain a 12-month fiscal year to accommodate activities associated with closing a fiscal year and the variance of start dates in school calendars. The fiscal year runs from May 1 through April 30. Firms should be advised to make pre-payments for expenses incurred over summer months, such as rent, utilities, and loan payments.

***Corporate Structure*** – Ownership structures for VE firms may consist of B, S, & C Corporations, as well as LLC’s. We have agreed not to include sole proprietorships and partnerships as business structure options. We also agreed that appropriate tax and other reporting requirements would have to be consistent with the selected corporate structure.

***Start-Up Capital*** – The following scenario is meant to simplify the process of attaining start-up capital for new VE firms:

* The central office or business partner will provide “seed money” (an initial investment depending on certain parameters) in exchange for common stock. Firms would then use that money to purchase their fixed assets from the open market or from the utility set up by VE through the wholesale marketplace and might have some money left for initial operations.
* The stock will be valued at $10 per share and there would be a maximum investment amount to be determined using the discretion of the regional director.

The advantage of this type of startup means the central office can standardize the practice and firms have the leeway to use the start-up money as they see necessary. **Firms should not be given an amount that would negate the need to apply for a loan. It would remain in the regional director’s discretion to determine the amount of seed money granted to new firms. It is suggested that firms submit a written rationale for their business idea and a three-month operating expense budget prior to being granted the seed money.**

***Loan Application*** – An online form has been developed and standardized to submit loan applications. Each submission will be directed to the appropriated regional director for review and approval. This tool is available on the reference files page.

***Loan Amount*** - It is agreed that the loan amount should cover up to 5 months of projected operating expenses.

***Interest Rates*** – We are implementing an option of a variable or a fixed rate loan for VE firms. The national fixed rate option will be prime + 2.00% and the variable rate option will be prime + 1.00% (adjusted each year). This would enable firms to select the option that best fits their business and understand the implications of their choice. The prime rate should be based on the advertised rate in the Wall Street Journal as of September 1st of the current school year. All loans should have a repayment period of 5 years.

***Salary* –** In order to implement a personal finance component nationally, we agree that firms should adopt a salary structure that will allow individual employees to meet the financial needs of a personal budget.  We recommend that firms set salaries based on an entry-level position in the department in which they are working, commensurate with average salaries for their geographic region.  Furthermore, salaries would be based on a 40-hr work week.  For example, an employee in the accounting department of a firm located in Chicago, would use a resource such as [www.salary.com](http://www.salary.com) to find a commensurate entry level salary for an accountant in that region. The minimum annual salary for a VE employee is $25,000/year and the maximum salary is set at $100,000/year.

***Business Contracts to support Payroll Expenses*** - It was agreed that we should allow firms to negotiate sales contracts with their regional offices in the amount of 75% of their projected salaries expense for each month.  These contracts may also come in the form of contracts with a firm’s business partner. Contracts should be submitted to the VEI regional offices to be vetted and deposited monthly into firm bank accounts.

***Sources of Revenue for VE Firms*** *–* Each firm should maintain a reasonably diversified blend of the following revenue streams:

* + Trade Shows
	+ Internet Sales
	+ Direct Sales
	+ Grand Openings
	+ Non-VE Sales
	+ Business Contract Sales

***Better Business Rating (BBR)*** –We are working to develop a rating system to grade a VE firm’s efficacy in regard to e-commerce.  This rating would be similar to amazon.com seller ratings and provide users a quick and easy way to identify firms that have a functioning e-commerce website, timely order processing and positive customer service standards.  The methodology and component specifics still need to be worked out.  BBR grades will be posted and easily located on the firm directory. Firm websites will be rated during the fall semester and then again in the spring.

***Annual Firm Rating*** - In order to assess and evaluate the overall performance of a VE program, we also discussed implementing an end-of-year evaluation system that would rate firms on several operational and performance factors.  Some components may include: business plan submission/scores, a working e-commerce website, participation in trade shows, the annual report, and other factors to be determined.  This rating system is still in the discussion phase and many details still need to be worked out.

***Rent and Utility Rate*** - It was agreed that each region determine their own rent and utility rate. Firms could have the option to purchase utilities from VEC Utilities or from a company in the marketplace. As for rent, we suggest that firms reach out to a realty company in their area or the state office to set a local rent rate per square foot.

***Wholesale Marketplace*** – The Wholesale Marketplace is available on the Resources Page of the website. To encourage firms to use the Wholesale Marketplace, training materials will be developed. To determine the Cost of Goods Sold, firms should continue to use the applicable Gross Margins from publicly traded companies that operate in that firm’s industry.

***Sales Tax*** – We have agreed to standardize the sales tax rate nationally at 7%. Sales tax should be assessed and collected on all applicable in-state and inter-state transactions. Sales Tax reporting and remittance to regional central offices will be done monthly.

***Tax Submission Forms***– We have standardized the submission forms and included them on the reference files page of the website. These forms will be routed to regional directors.

***Receivables***– It was agreed that receivables are still a challenge for firms to collect. We are working to implement a pre-paid debit card and further development of a “Buy Now” button to model current e-commerce practices.

***Assessments*** *–* All firms should implement an employee evaluation process (samples are available on the reference files page of the website); student grading policies will be decided by the teacher. VEI will include interim assessments on the new website as per the group’s recommendation. These assessments are currently in use in CA. Everyone agreed that they would like to have pre-post assessments included on the website as well. We agreed to develop a data bank of pre/post questions used by New York and California; reach out to other networks for test questions they may use and finalize a pre/post that all can use so we can have a consistent measurement of outcomes across the regions.

**Required elements of the VE Experience** – The national directors discussed and outlined the three essential components of the VE experience:

***Business Plan*** –Submission of a business plan should be a required component of the program in all regions. Firms may choose not to compete in a business plan competition, but all firms should submit a written plan, which would factor into the firm’s annual evaluation. Firms that are not logistically able to travel to a regional competition should be given every opportunity to present their plan for national competition consideration either via teleconferencing (Skype, Vidyo, Go To Meeting, etc) or other appropriate means.

***E-commerce website*** *–* All firms should develop a website that highlights their products and/or services and has e-commerce capabilities. Firm websites will be evaluated using the Better Business Rating framework and website competition rubrics.

***Annual Report*** – All firms should prepare an annual report to summarize the year’s activities. The contents of this report should be based on the annual report rubric that is included on the website.