



POLISH-AMERICAN FOUNDATION
for Economic Research and Education
PRO PUBLICO BONO



The Art of Entrepreneurship

Entrepreneurial life

in

Free-market Economy

Chris M. Zawitkowski
VP & Secretary
PAFERE



Our Agenda

- ☑ **Review of Principles**
- ☑ **Business Planning & Business Plan**
- ☑ **The Need for Entrepreneur**
- ☑ **Entrepreneur – Vocation**
- ☑ **Entrepreneurial Process**
- ☑ **Entrepreneurial Failures**
- ☑ **Right Man – Right Business**
- ☑ **Entrepreneurial Women**
- ☑ **Time of Trouble**
- ☑ **Final Thoughts**



Review of Principles

- ☑ **Accounting**
- ☑ **Business**
- ☑ **People**





Accounting - Purpose

Prime - For Business

- ★ For Entrepreneurs
- ★ For Investors
- ★ For Clients

Complementary

- ★ For Tax Authority
- ★ Local



Accounting – keywords

Income Statement

- ★ **Revenue (Earnings)**
- ★ **Cost of Business (Expenses)**
- ★ **Income – Gross Profit**
- ★ **Taxes**
- ★ **Net Income**
- ★ **(Dividends – Paid per share)**
- ★ **Net Profit – Retained Earnings**



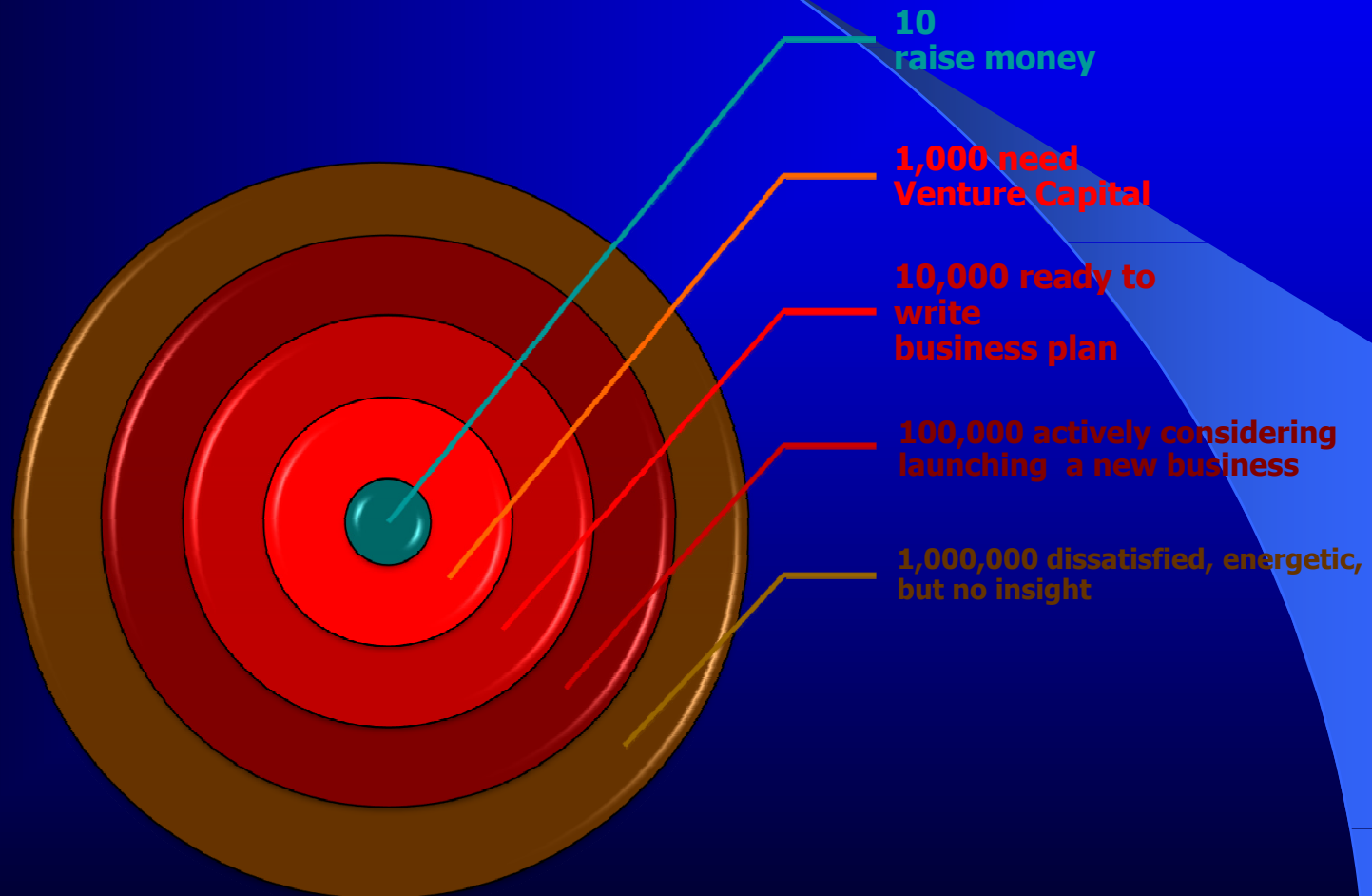
Accounting – cont'd

Balance Sheet

- ★ Assets
- ★ Liabilities
- ★ Shareholders' Equity
- ★ Net Worth
- ★ Leverage



The Selection Process





Planning vs. Reality

Preparation

- ★ Idea
- ★ Blueprint
- ★ Prototype
- ★ Business Plan

Fund raise

Management

Verification

- ★ Discussion
- ★ Check-out
- ★ Testing
- ★ Confrontation

Availability

Hiring



Business Plan - Contents

- ☑ **Executive Summary**
- ☑ **The Product/Service**
- ☑ **Market**
- ☑ **Technical Trends**
- ☑ **Competition**
- ☑ **Applications**
- ☑ **Patents and Licensees**
- ☑ **Marketing Strategy**
- ☑ **Development Milestones**
- ☑ **Product Cost Projections**
- ☑ **Organization and Staffing**
- ☑ **Use of Proceeds**
- ☑ **Financial Projections**
- ☑ **Resumes of Principals**
- ☑ **Confidentiality Agreements**
- ☑ **Subject Index**



Income Statement

Sales			\$3,564,950
Cost of Sales			
Cost of Unit Sales	\$2,374,600		
Service/Fulfillment Salaries	\$6,000		
Other (5%)	\$192,602		
Total Cost of Sales	\$2,573,202		
Gross margin			\$991,748
Gross margin percent			27.8%
Operating expenses:			
Sales and marketing			
Sales/Marketing Salaries	\$132,000		
Advertising/Promotion (5%)	\$19,270		
Miscellaneous (5%)	\$19,270		
Commissions	\$24,794		
Other (5%)	\$19,270		
Total Sales & Marketing	\$214,604		
Sales & Marketing Percent	6.0%		
Administrative Expenses			
Administrative Salaries	\$32,000		
Leased Equipment (5%)	\$4,835		
Utilities (5%)	\$5,776		
Insurance (5%)	\$11,564		
Location (5%)	\$46,221		
Depreciation (5)	\$9,633		
Payroll Burden	\$108,640		
Other (5%)	\$1,927		
Total General & Admin. (6%)	\$220,596		
Other Operating Expenses			
Other Salaries	\$218,000		
Total Other Operating Expenses (6%)	\$218,000		
Total Operating Expenses			\$653,200
Profit Before Interest and Taxes			\$338,548
Taxes Incurred	\$71,095		
Net Profit			\$267,453
Net Profit/Sales			7.5%

September
23, 2010

Confidential Information - Do Not Copy

10

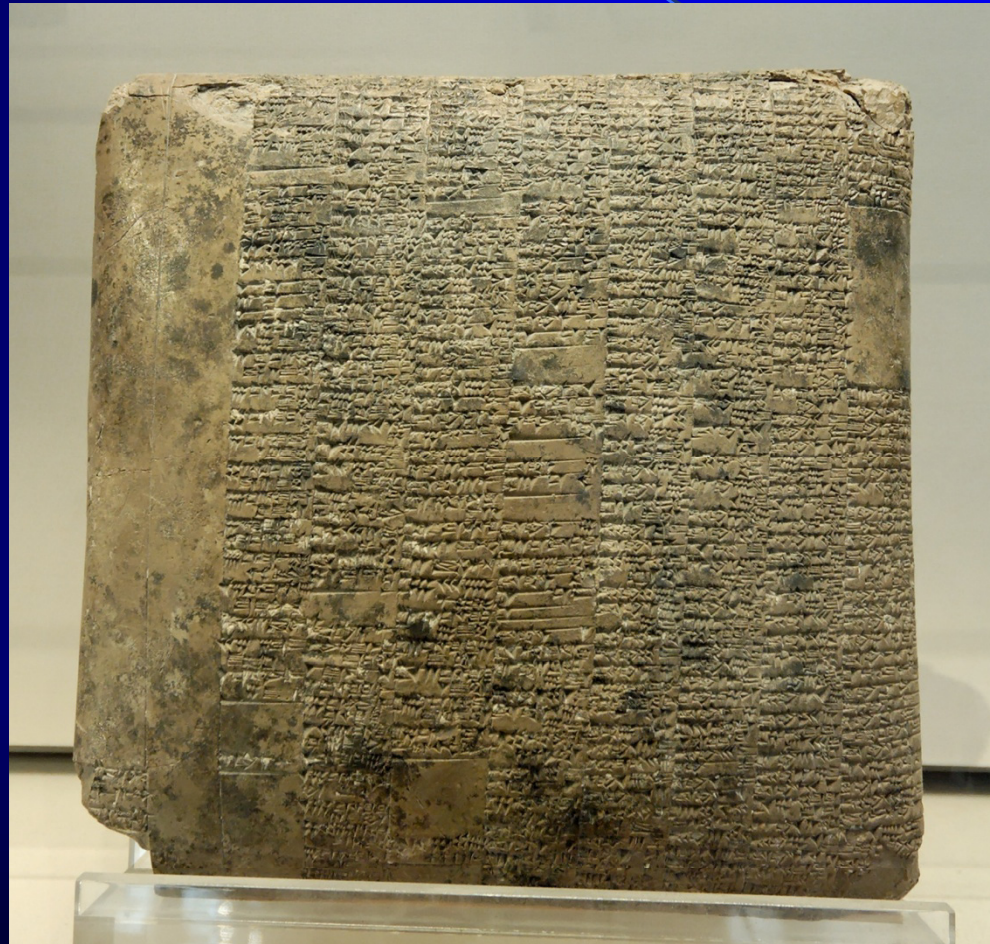


Balance Sheet

Balance Sheet					
Assets:			Liabilities:		
Short-term Assets			Short-term Liabilities		
Cash		(\$295,254)	Accounts Payable		\$354,212
Accounts receivable		\$100,427	Short-term Notes		\$0
Inventory		\$1,018,025	Other ST Liabilities		\$0
Other Short-term Assets		\$0	Total Short-term Liabilities		\$354,212
Total Short-term Assets		\$823,197			
Long-term Assets			Long-term Liabilities		
Capital Assets		\$0			\$0
Accumulated Depreciation		\$26,351	Total Liabilities		\$354,212
Total Long-term Assets		(\$26,351)			
Total Assets		\$796,846	Paid-in Capital		\$1,000,000
			Retained Earnings		(\$824,819)
			Earnings		\$267,453
			Total Equity		\$442,634
			Total Debt and Equity		\$796,846
Present Leverage Position: 55.55%					
Net Worth: \$442,634					



Balance Sheet ca. 2040 BC





Key Economic Ratios

☑ Profitability Ratios:

Gross margin	28%
Net profit margin	8%
Return on Assets	34%
Return on Equity	60%

☑ Activity Ratios:

AR Turnover	3.55
Days sales outstanding	101
Inventory Turnover	2.33
Accts payable turnover	6.01
Total asset turnover	4.47

☑ Debt Ratios:

Debt to net Worth	0.80
Debt to Net Worth Adj	0.80
Short-term Debt to Liab.	1.00

☑ Liquidity ratios:

Current Ratio	2.32
Current Ratio Adj.	2.32
Quick Ratio	-0.55
Quick Ratio Adj.	-0.55
Net Working Capital	\$468k
Net Working Capital Adj.	\$468k
Interest Coverage	0.00

☑ Aditonal Ratios:

Assets-to-Sales	0.22
Debt vs. Assets	44%
Total Assets/Current Debt	2.25
Acid Test	-0.83
Asset Turnover	4.47
Sales vs. Net Worth	8.05
Dividend Payout	0.00

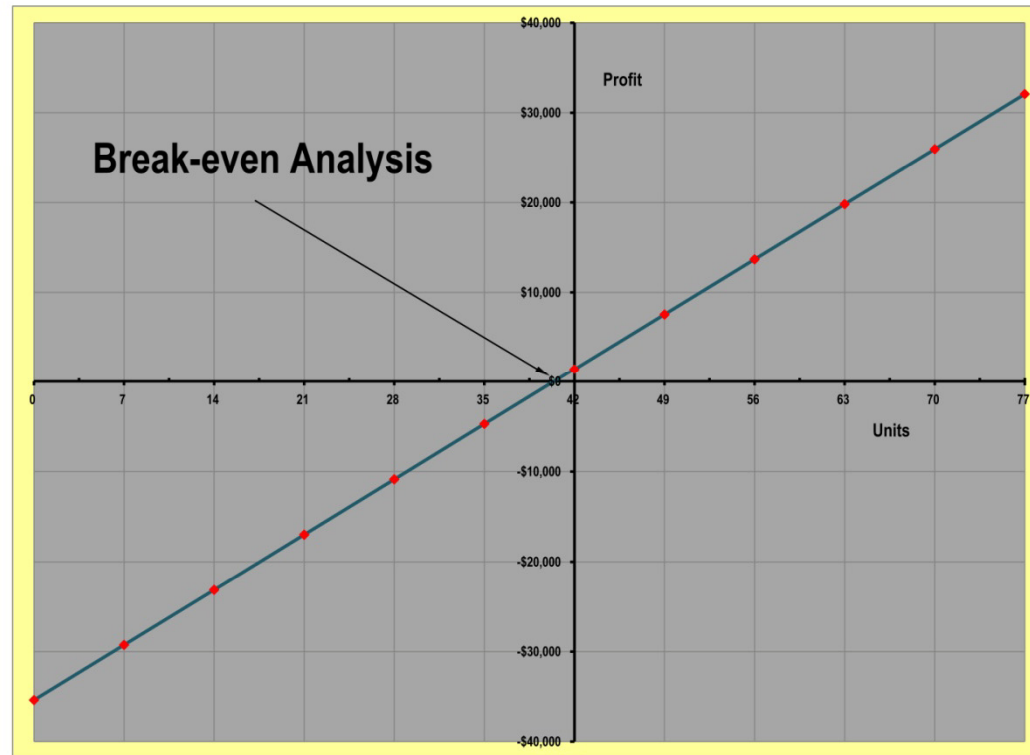


Break-even Point

Break-even

Prepared by: Chris M. Zawitkowski

Sep 7, 1999



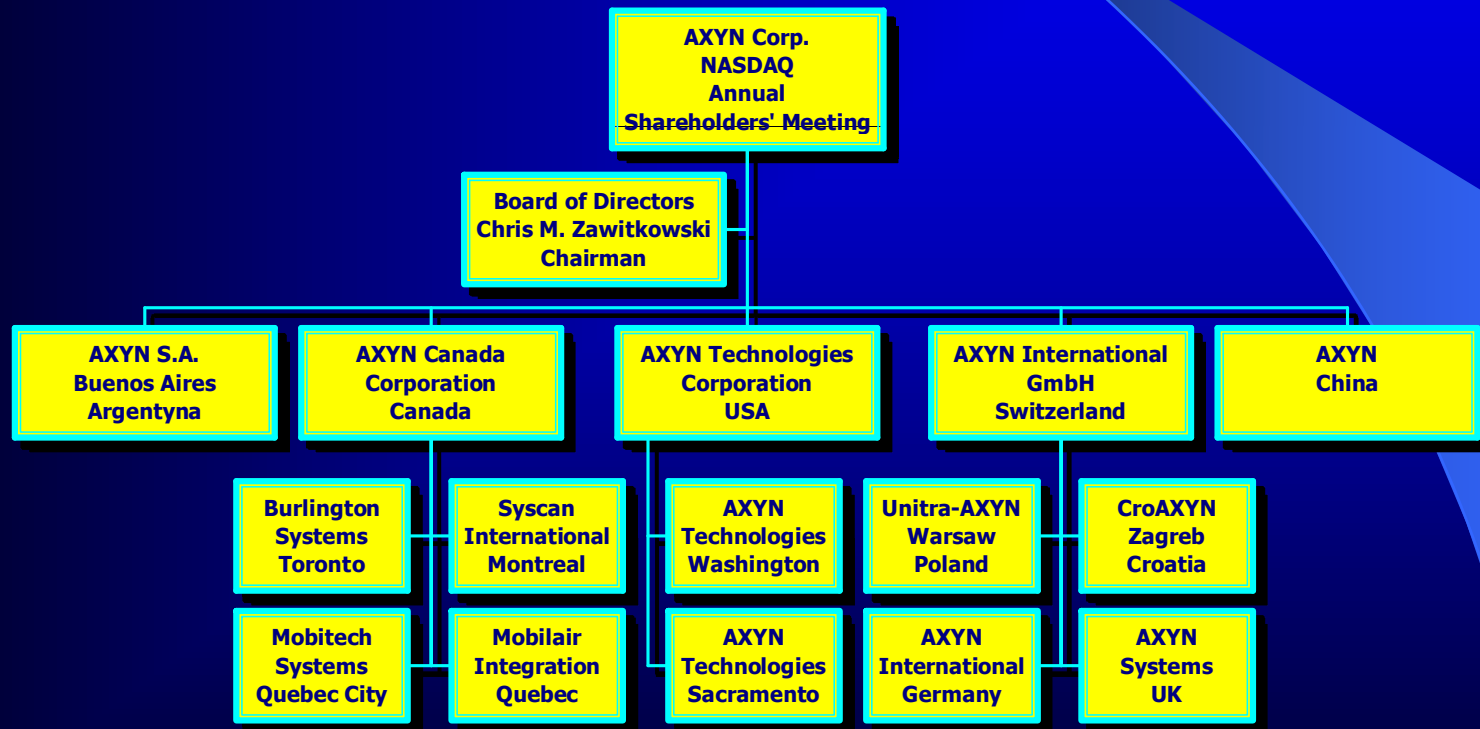
del Mar Partners, Inc.
Confidential Information for AXYN Corp.

Page 1 of 1



Business Structure - sample

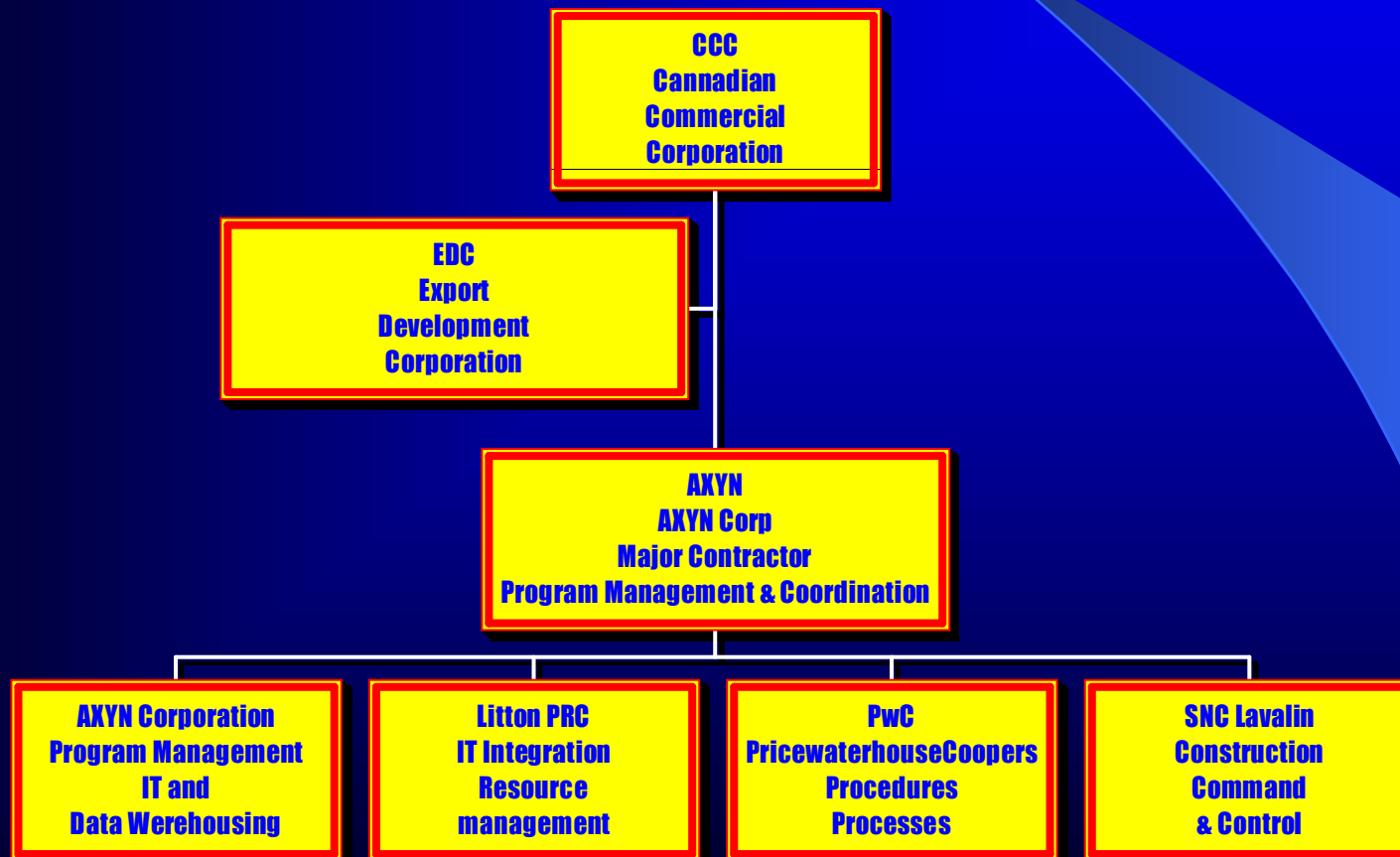
Company Organization Chart





Strategic Partners - sample

Strategic Partnership for Central & Eastern Europe



September 23, 2010

Confidential Information - Do Not Copy

16



C4I



Center – Canada Post



September 23, 2010

Confidential Information - Do Not Copy

17



The Need for Entrepreneur

- ☑ **Traditional perspective**
 - ☑ **Local level**
 - ☑ **National level**
- ☑ **Technological progress**
- ☑ **Investment opportunity**
- ☑ **“New jobs”**
- ☑ **Profitability**



Entrepreneur - Identity

Social

- ★ Local environment
- ★ Family influence – father/mother
- ★ Friends & Foes

Individual qualities

- ★ Concentration & creativity
- ★ Courage & happiness
- ★ Communication skills



Entrepreneurial Process

- ☑ **Identification**
- ☑ **Solution development**
- ☑ **Business plan**
- ☑ **It takes a team to make a dream**
- ☑ **Production**
- ☑ **Market test**
- ☑ **Raising capital**



Entrepreneurial Failures

- ☑ **Buy or sell something**
- ☑ **Change accounting/comptroller**
- ☑ **Change your bank**
- ☑ **Involve more people**
- ☑ **Leverage your customers**
- ☑ **New project, or seminar**
- ☑ **Play the float**



Right Man - Right Business

- ✓ **Right market**
- ✓ **Right planning**
- ✓ **Right funds**
- ✓ **Right team**
- ✓ **Right environment**
- ✓ **Right place**
- ✓ **Right time**
- ✓ **Right execution**

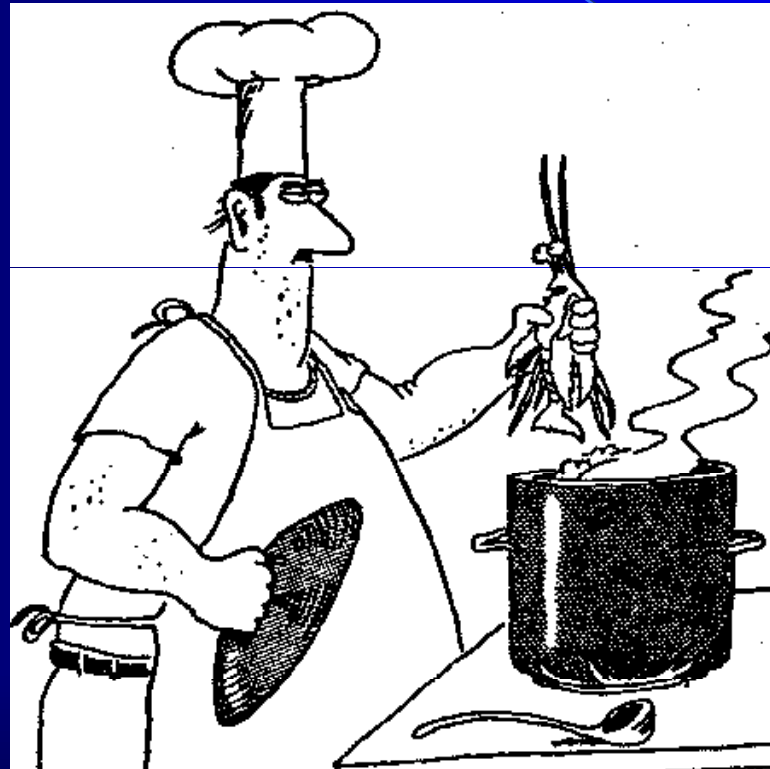


Entrepreneurial Women

- ☑ **1976 – 700,000; 1984 – 3,000,000**
- ☑ **Skills**
- ☑ **Persistency**
- ☑ **Moral principles**
- ☑ **Devotion**
- ☑ **Proficiency**



Time of Trouble



**“Three wishes? Did I say three wishes?.....
Shoot!!! I’ll grant you four wishes! Five?...”**



Final Thoughts

- ☑ **Leveraged buy-outs**
- ☑ **Potential for entrepreneurship**
- ☑ **Individualism vs. collectivism**
- ☑ **Entrepreneurial “oblige”**
- ☑ **Social rewards**
- ☑ **Social price**



Contact

PAFERE

Paweł Toboła-Pertkiewicz, Wice Prezes
ul. Mickiewicza 16, lokal 12a
01-517 Warszawa

tel. (22) 215-7222
fax (22) 435-6001

<http://www.PAFERE.org>