

SIFE¹

WHAT IS SIFE?

Founded in 1975, Students in Free Enterprise (SIFE) has grown to become one of the largest collegiate organizations in the world. SIFE teams are active on more than 1,500 college and university campuses in 41 countries around the world. In the United States, approximately 900 schools are enrolled in SIFE. (Find out more at www.sife.org)

Working together as a team and through the mentoring of a faculty adviser(s), SIFE students apply their classroom experiences to develop and implement educational outreach programs that teach individuals in their communities the principles of market economics, entrepreneurship, personal financial success, and business ethics.

The challenge to SIFE teams is not simply to inform, but also to empower—to help their targeted audiences reach their full potential through a better understanding of the principles of free enterprise. Individually, SIFE teams are improving the quality of life and standard of living for members of their communities. Collectively, the focused effort of hundreds of SIFE teams and the thousands of faculty, students, and supporting community leaders driving these teams has created a positive and sweeping force for change that affects the lives of millions and is literally changing the world.

SIFE's mission is: "To provide college and university students the best opportunity to make a difference and to develop leadership, teamwork and communication skills through learning, practicing and teaching the principles of free enterprise."

Check out SIFE at www.sife.org

THE SIFE PROCESS

The development of a SIFE team is a simple, five-part process;

1. Identification of a faculty adviser.
2. Recruiting SIFE team members.
3. Developing a business advisory board.
4. Funding.
5. Selecting projects.



STUDENTS IN FREE ENTERPRISE

The Faculty Adviser

The faculty adviser is referred to as a Sam Walton Fellow (or SWF), thanks to the pioneering efforts of Wal-Mart founder Sam Walton and the contributions made to SIFE by the Wal-Mart organization. More than one Sam Walton Fellow can be associated with the team. The Sam Walton Fellow serves as the liaison between the team, community, school, and SIFE headquarters. The amount of time required of the Sam Walton Fellow will vary based on the complexity of projects, number of students on the SIFE team, support and release time offered by the college or university, and the individual dedication of the Sam Walton Fellow. SIFE does offer a stipend for the Sam Walton Fellow(s), which helps to offset the time spent on SIFE activities.

Developing the SIFE Team

The typical SIFE team has 20 members. These team members are generally business majors; however, SIFE teams are encouraged (one of the judging criteria discussed later) to get members from outside the business major. Time commitments vary among each team, with the typical team member contributing from 25 to over 100 hours per year on SIFE-related projects. As an incentive for SIFE team members who contribute a minimum of 100 hours individually, SIFE offers a Service Leadership certificate.

Recruitment starts at the beginning of the school year typically with a kickoff barbeque or other gathering. New members can come to the team in various ways. The main way is as a

result of current SIFE members bringing them to a meeting. A second way is the success of the team, which ignites interest of potential members to seek out SIFE. A third way is during club fairs that are usually held on campus at the start of the year. During the club fair the different clubs and organizations set up booths that explain what the club is about, and students are encouraged to sign up. This works especially well to get nonbusiness majors to sign up for the team.

The goal of the SWF is the perpetuation of the team. The members must be kept involved and feel that they have made a contribution not only to the team, but also to the community. Team member involvement in SIFE projects is a concern. Too much involvement has the potential of burning out the members, yet little or no involvement makes it easy for the student to justify quitting. As noted earlier, members in successful teams report involvement ranging from 25 to 100 hours. Typically students involved in multiple activities (work, religious, and other extracurricular activities) may tend toward the lower end of the range, while students for whom SIFE is their primary focus tend toward the high end. Obviously SIFE officers are also likely to put in more than the average number of hours, too.

The organizational structure can vary depending on the team. Some teams have a very formal organization with a president and other officers, while others have project leaders with the overall decisions made on a group basis. The actual organization of the team depends on the Sam Walton Fellow and the team dynamics.

Organization of a Business Advisory Board

The business advisory board is made up of community members. Generally the SWF recruits the board, often with help and suggestions from administrators, faculty, and former and current SIFE students. The business advisory board, or BAB, is a tremendous asset to the team and can provide mentorship, project ideas, and funding. Some large corporations, such as 7-Eleven, Aflac, AIG, Birds Eye Foods, Campbell's Soup, Colgate-Palmolive, Korn/Ferry, KPMG, Quaker-Foods, Sunbeam, and Walgreens have their CEOs serving on the board of SIFE and encourage their employees to participate in SIFE projects. The size of the BAB can vary but is typically from five to fifteen members. Most teams work on a regular basis with the advisory

board. During the meetings the BAB will offer project ideas and will provide assistance to help the projects reach completion.

Funding a Team and Projects

Funding is an integral part of any organization, and SIFE is no exception. Projects often depend on getting the right amount of funding at the right time to make the project possible within an academic year. Teams use a variety of funding sources including membership fees or dues (try the Google search to get an idea about the range in dues), fund raising activities, special events, raffles, and other sources. Some teams have corporate sponsors that contribute funds or provide services such as printing or video equipment. It should be noted that, while a large fund source is good to have, it is not necessary. True entrepreneurs will find a way to get the funds they need. Remember the lessons of the book on bootstrapping. Also note that teaching-based projects can often get by on limited funds or facilities and services freely available on a college campus.

Selecting Projects

The individual SIFE teams develop educational outreach projects designed to teach the four fundamental principles of SIFE:

- Knowing how free markets work in the global economy.
- Knowing how entrepreneurs succeed by identifying a market need and then profitably producing and marketing a product or service to fill that need.
- Knowing the personal entrepreneurial, communications, technology, and financial management skills needed to successfully compete.
- Practicing business in an ethical and socially responsible manner that supports the principles of a market economy.

The team members, BAB, and the Sam Walton Fellow individually and together work on ideas for potential projects. Often there are many more opportunities than time or people. Historically the projects seen as most rewarding by SIFE team members and communities are those which maximize three factors: (1) it meets the needs of the community, (2) it focuses on the four main principles of SIFE, and (3) it helps the residents in the community learn about free enterprise in fun and interesting ways.

After identifying the various needs, projects are developed that correspond with the four fundamental principles of SIFE, described above. While not every project will have all principles incorporated within it, the teams are encouraged to develop an overall program that covers these principles.

DEVELOPING AND COMPLETING A PROJECT

Given the objectives of SIFE, it should not be surprising to learn that SIFE projects build on the very skills you learn in your small business classes. SIFE teams explore opportunities and when they find promising ones, the teams do quick feasibility analyses (often by talking the ideas out with the SWF and BAB members) to pick the most promising ideas to pursue.

Because SIFE teams need to get their projects done during the school year and most SIFE students are juggling hectic class, work, and personal schedules, planning becomes essential. The planning takes two forms: business planning to describe the project and determine the best way to do it, and time planning to make sure the SIFE team members can put in the time and work necessary to get the project done. While the planning is often a part of the SIFE project process, most groups do not create formal written plans like those discussed in the book. While the planning process is essential, the written plan often is not.

What does a SIFE project look like in real life? A good example comes from the SIFE team at Chadron State College in Chadron, Nebraska. This team developed a project based on the needs of its community. Chadron is a rural community located in the northwest corner of Nebraska, with a county population of fewer than 10,000. Chadron State College has fewer than 3,000 students and a service area of 34,000 square miles. Within this service area are five of the nation's poorest counties.

With the help of the advisory board, the 15-member SIFE team from Chadron State developed a project designed to meet the needs of the community, focus on the four main principles of SIFE, and taught residents in the community about free enterprise in fun and interesting ways.

The project was called "Raising Dough." The Chadron State team helped 50 middle school students raise funds to travel to Washington, DC. The team developed a project to help these

students sell premade pizzas for Super Bowl Sunday. The twist, developed by the SIFE team, was to have the students make the pizzas they sold.

How Did This Project Begin? Why Pizzas? Why SIFE?

Every two years students from Chadron middle schools travel to Washington, DC, to learn more about our nation's capital. While this is a part of the school curriculum, the school does not fund the trips, and each student is required to raise \$1,500 to pay for travel, rooms, and meals. One of the parents of the students was also a BAB member, and she believed the entrepreneurial activities of the Chadron State SIFE team might be just what the middle school students needed to help raise funds. The team met with the parents to brainstorm. Ideas from a bake sale to a car wash were discussed.

Using techniques much like the feasibility analyses described in Chapter 4, the SIFE team analyzed the needs of the students and the problems that exist to raise a large amount of money in a small town. Team members also realized that these students were too young to get a job, yet these students had a tremendous amount of energy. After several meetings and discussion sessions, the SIFE team determined that if the fundraising was carried out over too long a period of time, some of the students might lose interest and give up before reaching their financial goal. They also determined that a bake sale could generate some money, but the real source of sales were in most cases the parents baking the items for the students to sell (not really fund raising but a transfer of funds). The dilemma facing the SIFE team was to develop a "big" project capable of making a large amount of cash in a short time with little or no help from parents.

Since pizza is a popular food choice for many families, the SIFE team proposed that the students sell pizzas for a price of \$10.00 each. Super Bowl Sunday provided a target date and theme, but what about the costs? The team asked the local pizza restaurant if it would make an uncooked pizza (frozen or fresh) and sell it at a wholesale price to the students allowing them to resell the pizza for a profit. The "best" wholesale price offered to SIFE was \$6.95 per large pizza, which gave a profit of \$3.05 each.

The SIFE team members believed they could do better and performed an industry analysis (like those described in Chapter 7) to research the wholesale market and to find out what the ingredients would cost to make a pizza. They found that they could purchase the ingredients to make a pizza cheaper than purchasing the wholesale pizza. The saving came in the overhead and labor costs.

Based on its industry analysis, the SIFE team did the initial planning and determined the quantities of ingredients needed to make each sixteen-inch pepperoni, beef, and cheese pizza. With this information the team determined the average cost for each pizza to be \$3.64. After meeting with the students, a selling price of \$10.00 for each pizza was determined to still be viable, but with the new make-it-yourself model the average profit potential was estimated to be \$6.36, which was more than double the profit from purchasing the premade pizzas from the restaurant.

The catch would be that the middle school students, not the parents, had to donate one Saturday morning to make the pizzas. The students thought this was a great idea. They argued that any time you can give 50 middle schools students the opportunity to get together in a group, it is a “good thing.”

The second step was for the SIFE team to teach the students how to sell. Most of the students had never had a job, and this was their first real selling experience. The SIFE team emphasized that the major selling feature was the quality of the pizza and how the purchase was not just a donation. Customers actually received a quality, freshly made product for a very reasonable price. Based on the SIFE team’s initial market analysis (see Chapter 12 on marketing plans) projections, it set a goal for each student of selling 10 pizzas. While some would sell more and others might not sell ten, the benchmark was 500 pizzas. Based on the financial analyses, selling 500 pizzas would provide a total estimated profit of \$3,180. This was a lot better than a car wash.

Following a discussion and demonstration on selling to the students, the SIFE team introduced the theme of a fresh pizza to be delivered for Super Bowl Sunday. These young middle school entrepreneurs developed some great selling ideas on their own. One student brought a tape measure to show prospective customers just how big a 16-inch pizza really was. While another used a

cardboard pizza circle with a picture of a pepperoni pizza on it to demonstrate what a customer would receive. With the kind of ideas and energy these motivated and trained middle school students had, they beat the target, pre-selling 673 for Super Bowl Sunday. The top salesperson sold 55 pizzas.

But the job was only partially done. The next step was the manufacturing process. Three production lines were set up in the local fellowship hall. The layout was done to provide one line each for pepperoni, beef, and cheese pizza. Before the students were able to start making pizzas, they were given health and safety instructions, again by the SIFE team with some local help. This turned out to be a big surprise to the young girls who came to the pizza-making session all dressed up with their hair done and makeup on. They were instructed to put on hairnets, aprons, and sanitized gloves. The SIFE team served as quality control, making sure the pizzas were made properly and waste was kept to a minimum. With the guidance of the SIFE team the students made 673 pizzas in just over two hours. That’s a pizza every 12 seconds.

What Did the Students Learn?

These students learned how assembly lines work, quality control, and how to organize, market, and get a product ready. They also learned proper health practices, how to get along in a group, and how to take orders and directions from others.

What Did the SIFE Team Learn?

The SIFE team learned some unexpected lessons, such as the limited attention span of middle schoolers. The team was also surprised at just how much time it took to organize and plan a project and see it to its completion. For the first time, team members could see how they were able to apply what they learned in class to a real life situation.

This is an example of a “win-win” situation in which a small SIFE team was able to empower others to complete a task. The project was fun and rewarding. The budgeted cost estimates made (just like those described in Chapter 13) were very close to the actual expenses. After allowing for waste, there were enough pizza ingredients left over to give a large pizza to each of the ten SIFE members and to give a pizza to

each of the top five sales leaders among the middle schoolers. The profit for the group was just over \$4,280. This was the largest fund raiser for the group and helped several of the students reach their financial goal.

In practice, a SIFE team may often do more than one project during the year, so when it presents to its school or at the SIFE competitions, it often consolidates several projects into one presentation. Those competitions are described below.²

THE SIFE COMPETITION PROCESS

The individual projects are important to the community and school. They provide team members an opportunity to give back to the community, apply what they have learned, and help prepare them for the real world of work. In addition to

completing projects and helping the local community, SIFE offers several regional competitions. The SIFE overall competition provides SIFE teams with the opportunity to compete against each other and ultimately determine which team had the most impact on improving the quality of life and standard of living for members of its community. The competitive format consists of a four-page written annual report and a 24-minute live, audiovisual presentation, which the teams present to a panel of entrepreneurs and executives serving as judges. The judging is based on the set of judging criteria given in Figure B-1.

Winners at the regional competitions travel to Kansas City, MO, to compete in the national expo. This annual gathering is tremendously exciting and extremely competitive. Not only is

How creative, innovative, and effective were the students in teaching:

Point Value

1. How free markets work in the global economy.	20
2. How entrepreneurs succeed by identifying a market need and then profitably producing and marketing a product or service to fill that need.	20
3. The personal entrepreneurial, communications, technology, and financial management skills needed to successfully compete.	20
4. Practicing business in an ethical and socially responsible manner that supports the principles of a market economy.	20

In their educational programs, how effective were the students at:

5. Measuring the results of their projects.	5
6. Utilizing mass media and the Internet.	5
7. Involving nonbusiness majors and utilizing a business advisory board.	5
8. Communicating their program through their written report and oral presentation.	5

Total 100

FIGURE B-1

The SIFE Competition Judging Criteria

Source: http://www.sife.org/united_states/competition/judges_judging_criteria.asp?ID=US&ID2=Expo.

there money on the line for final placement, but it also gives the students an opportunity to be seen by company executives. This can be critically important for many SIFE teams. For a small college, the national expo is a key opportunity. At a small school or one in an out-of-the-way location, there are not always other opportunities to meet one-on-one with this caliber of employer or company.

During the competitions, several major businesses with ties to SIFE participate in a career fair. During these fairs, students have the opportunity to meet with top CEOs of major firms, and many SIFE students are offered jobs or internships from such meetings. At the national expo four of the students from Chadron State were offered jobs, and another three were offered paid internships. Because the judges at the national exposition are themselves business people, it is not unheard of for students to be offered jobs or internships.

The Presentation

The formal presentation is the highlight of the year for the SIFE teams. The presentations are typically given in a conference room at one of several regional competition sites around the United States. The winners of the various regional competitions are eligible to compete at the national expo. At the national expo, the regional champion teams are divided into 20 leagues of six to eight teams. All teams currently present at the Kansas City Convention Center, in Kansas City, Missouri. Each competing team will have a 37-minute time block for its verbal/audiovisual presentation. After the Sam Walton Fellow and team are formally introduced, the time will be precisely divided as follows:

1. Immediately after the introduction, the team will have 7 minutes to distribute written annual reports for the judges to review prior to their presentation, and to set up the presentation equipment (boot computers, check lighting and sound, etc.)
2. The team will have 24 minutes to give the formal verbal/audiovisual presentation.
3. There will be a mandatory 5-minute question and answer session for the judges.
4. The team will have 1 minute to return the presentation area to the original setup and exit the room.

Typically four to seven team members give the presentation to a group of judges. The judges are selected from SIFE board members and area business executives.

Preparing Your Presentation

With only 24 minutes to present the year in review, the presentation must be creative, informative and exciting. SIFE teams are encouraged to focus on the four fundamentals of SIFE as a center to their presentation. The individual projects are presented based on the major judging criteria that the project achieved. This makes the judging easier for the judges. The annual report (see page A-18 for an example), which is limited to four printed pages, should follow the presentation and be simple and easy to read. (Remember that based on the very strict time schedule the judges have only seven minutes to preview the report before the presentation starts.)

The video or media presentation is often an integral part of the presentation. The media presentation should supplement the oral presentation and not overpower it. Slides or video of the SIFE team and the target group of the particular project are usually shown while each presenter speaks.

The typical presentation is usually divided into segments. Each represents a project or group of projects. Some presentations also have an introduction about the presenters' school and a conclusion or summary of the projects. Since the judges know the basics about SIFE, it is important to refresh their memory and tell a story of how the SIFE team had an impact on the community and the college.

Incorporating a Project in the Presentation

The pizza project was fun with the main focus in judging criteria 2 and 3.

2. How entrepreneurs succeed by identifying a market need and then profitably producing and marketing a product or service to fill that need.
3. The personal entrepreneurial, communications, technology, and financial management skills needed to successfully compete.

This project was considered important and was given approximately 3.5 minutes of the 24-minute presentations. Four team members presented this project, which was called "Raising

Dough.” The first presenter gave an overview of the judging criteria the project focused on. This alerted the judges to what was to come in this section of the presentation. The next part showed the initial meeting with the parents and students and estimating of the ingredients. The video component, which was playing on the screen, showed the SIFE team measuring and estimating ingredients. Following the estimating segment, the students were shown selling and making pizzas in three assembly lines, while the presenter explained the manufacturing process. The third segment explained the problems that came up during the process. The video segment showed the young girls getting ready for the work with their hairnets; it also showed students tossing dough in the air and the mess that was made by the young entrepreneurs. The last segment gave the results of the pizza sale, reinforced the judging criteria, and gave the impact of the project on the community and target group.

WHY SIFE?

As mentioned before, the majority of the students attending Chadron State College graduated from rural high schools of fewer than 100 students each. Most of these students were very active in their hometowns. The projects that a SIFE team does provide the students with the opportunity to give back to the community what they have learned in college and get involved. SIFE students also have the opportunity to meet business leaders in the community and work with youngsters. SIFE helps to get students involved and form relationships, and it helps to bridge the gap between home, school, and work.

At the national expo the SIFE students have the opportunity to meet with senior executives from major firms. They find out what businesses are looking for in new employees and have the opportunity to be interviewed for jobs and internships.

For an instructor and Sam Walton Fellow, SIFE provides an opportunity for student learning that is otherwise very hard to provide. Because of the design of the competition, even a small SIFE team (or a team from a small school) has the opportunity to successfully compete on a level playing field with colleges and universities and teams that are much larger. Regardless of the size of the team or the school, this experience helps the SIFE students realize that through their formal education and the SIFE experience, they have the skills to get a job in a competitive market environment, or even start a business on their own.

What do student organizations such as SIFE cost the school? In most cases nothing or very little. The school pays for transportation to the competitions. SIFE reimburses members for a portion of their rooms and meals and provides a small stipend for the sponsor. SIFE provides numerous opportunities for a school to earn funds through special competitions. These funds are provided through individual corporate sponsors of SIFE.

SIFE INTERNET RESOURCES

www.sife.org

School sites include:

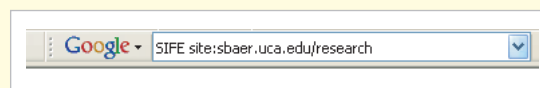
<http://www.nsula.edu/sife/>

<http://data.gc.peachnet.edu/www/clubs/sife/sifeweb/default.htm>

<http://www.methodist.edu/SIFE/index.htm>

http://www.jbu.edu/campus_life/clubs/SIFE/index.htm

To find academic presentations on SIFE and its impact on education, use the Google search of the resources at the Small Business Advancement Electronic Resource:





Chadron State College

Sixth Annual Report

2004 - 2005

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About Chadron State

Chadron State College, the “Best Kept Secret in Western Nebraska,” is located in the Pine Ridge area of Nebraska. Historic Chadron, Nebraska is a city of 5,500 and is a regional trade center serving residents in western Nebraska, South Dakota and Wyoming. Chadron State College was founded in 1911 and is the only accredited four-year institution in western Nebraska. Chadron State has a service area of 34,000 square miles—an area greater than the states of Connecticut, Rhode Island and New Jersey combined. Chadron State enrolls approximately 2,700 students of which 70% graduated from high schools of less than 100 students.



Team Statistics

Total Team Members

15

Areas of Academic Study

8

Team G.P.A.

3.33

Total Projects

30

Total Hours

2,720

Gross Media Impressions

3,618,000

Mission Statement

Chadron State College Students In Free Enterprise Team supports the national leadership, teaching, and community service philosophies of SIFE. Our projects teach the effectiveness of a market economy which is based on good business practices, ethics, honesty, and integrity throughout Nebraska and the World.

Chadron Apprentice

The Chadron version of the popular *Apprentice* television series was started this year by our SIFE team. With the help of our Advisory Board, we applied what we have learned in class to real life business situations where your decisions can mean profit or loss. This program taught us how a business operates as well as teamwork and communication skills. Following the *Chadron Apprentice*, we are using the techniques we learned to conduct a survey for a new business and we have started a training center to help others sell products using the Internet.

SAMPLE

First page of Chadron State SIFE annual report.

For complete report see www.mhhe.com/katzesb.