



## Education Transfer Plan ABSTRACT

### Directions:

- 1) Please fill out this form electronically by downloading it from <http://iisme.org> under Summer Fellowships, Fellowship Forms.
- 2) Save As and change the file name to **Abstract\_yourlastname**
- 3) Print and attach to your ETP.
- 4) Acquire mentor signature, retain **ORIGINAL** and submit **COPY** to Peer Coach by 8/12/05.
- 5) Acquire administrator signature on **ORIGINAL** and submit to IISME by 10/3/05.

ETP TITLE: Company Profile Project

FELLOW NAME: William S. Hiddleston

FELLOW PRIMARY E-MAIL: hiddle@aol.com

SPONSOR COMPANY: Applied Materials

MENTOR NAME: Iddo Hadar

ABSTRACT (50 words or less:) The purpose of this project is to prepare my Business/Technology students to be able to plan, start and operate their own small businesses. Over the course of the semester, these young entrepreneurs will select a Fortune 1000 company and develop a strategy to improve profitability by reducing costs, increasing sales or a combination of both. Students will begin their research by creating a Microsoft PowerPoint presentation to provide background information describing the company's corporate profile. Next, students will use Microsoft Excel to analyze the company's annual income statement by performing calculations based on various "what if" scenarios to determine the effects of changing costs and revenues on profitability. Students will prepare a Cause and Effect diagram to document the results. Based on their calculations, students will recommend an action plan as to how the company should focus its efforts to achieve the greatest improvement in profitability.

ETP TYPE: Conventional

GRADE LEVEL: High School

Subject: Select One Document Format(s):  Word doc  PowerPoint  Excel  Other:  
If "Other," please describe: \_\_\_\_\_

Describe how your ETP aligns with NBC or State standard as stated in your proposal:

Early Adolescence through Young Adulthood/Career and Technical Education

Standard V: Advancing Knowledge of Career and Technical Subject Matter

Accomplished career and technical educators foster experiential, conceptual, and performance-based student learning of career and technical subject matter and create important, engaging activities for students that draw upon an extensive repertoire of methods, strategies, and resources. Their practice is also marked by their ability to integrate career and technical and academic disciplines productively.

Standard VII: Workplace Readiness

Accomplished career and technical educators develop student career decision making and employability skills by creating opportunities for students to gain understanding of workplace cultures and expectations.

Student Objectives-Students will:

Identify a major U.S. multinational company, describe its corporate profile

Understand information gathered and translate its meaning in a new context

Use the information to solve a problem

Identify components, organize parts, recognize hidden meanings and see patterns in the data

Use data to generate new ideas from several sources to reach conclusions and make predictions

Evaluate facts and theories, discriminate between ideas and make reasonable, data-driven choices

As a result of having completed this unit students will be able to:

Apply interpersonal, teamwork, and leadership skills necessary to function in multi-cultural business settings

Select and apply the tools of technology as they relate to personal and business decision making

Develop career awareness and related skills to make viable career choices and become employable in a variety of business careers

Communicate effectively as writers, listeners, and speakers in social and business settings

Become entrepreneurs by drawing from their general understanding of all aspects of business

Participate in business transactions in both the domestic and international arenas

Describe the connection between your ETP and the Summer Fellowship.

My Applied Materials project was to analyze the long-term implications of globalization on the domestic economy 10-15 years from now. My students need to prepare themselves for the types of jobs will be available domestically then, so they must learn the business, technical and people skills that will be required of candidates to fill those positions. Our system of higher education must prepare students to be creative and flexible enough to be able to quickly adapt to the rapidly changing technology-driven world in which we live and work. Based on the data gathered from their research, students need to be able to draw conclusions and make decisions as to what would be the best plan of action to take under various hypothetical conditions.

Checklist for sections contained in ETP:

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Clearly Stated Outcomes & Standards | <input type="checkbox"/> List of Materials/Resources             | <input type="checkbox"/> Hard Copy Turned In to Peer Coach |
| <input type="checkbox"/> Specific Procedure/Plan             | <input type="checkbox"/> Rubric or plan for evaluating outcomes. | <input type="checkbox"/> Soft Copy Turned into Peer Coach  |

**I. FELLOW SIGNATURE-- Required Before August 12, 2005**

I, the IISME **Fellow** named above, affirm that the ETP I am submitting is my own work, that I acknowledged sources where appropriate, and that I avoided including any proprietary information of the Sponsor Company. By my submission I am assigning to IISME my entire copyright in the ETP. I understand IISME is simultaneously granting me a license to use the ETP for pedagogical purposes.

Signature \_\_\_\_\_ Date 8/9/05

**II. MENTOR SIGNATURE-- Required Before August 12, 2005**

I, the **Mentor** named below [please select one of the following],

- have read the attached ETP, and my comments, if any, appear below.
- have read the attached ETP, and, as outlined in the IISME-Company Fellowship Agreement, have reviewed it on behalf of the Sponsor Company, and have determined that the ETP does not contain any Sponsor-proprietary information. My additional comments, if any, appear below.

Mentor Comments:

Signature\_\_\_\_\_ Date8/9/05

Printed Name: Iddo Hadar

III. ADMINISTRATOR SIGNATURE-- Required Before October 3, 2005, submit to IISME on or before October 3 to be eligible for \$300 grant.

I, the **Administrator** named below have read the attached ETP and my comments, if any, appear below.

Administrator comments:

Signature\_\_\_\_\_ Date

Printed Name:Richard P. Lloyd

## **IISME Education Transfer Plan: Company Profile/Income Statement Analysis**

Created by William S. Hiddleston  
Sponsor Company: Applied Materials  
Arroyo High School Tech-Links Academy (Grades 9-12)  
San Lorenzo Unified School District  
Summer 2005

I was inspired with the idea for this Education Transfer Plan on my first day at the orientation session with Applied Materials by the value system of Chairman and CEO former Jim Morgan: Helping People Meet Their Full Potential (which is what education is all about), and one of his ten guiding principles (Have the Courage to Ask) based on this quote:

“I keep six honest serving-men, (they taught me all I knew):  
Their names are what and why and when,  
And how and when and who.”  
- Rudyard Kipling, The Serving-Men

He advises his employees to acknowledge when they do not know something and to look for experienced advisors who understand the fundamental issues, the required steps for solving problems well, and effective ways to present solutions. The five-step approach to solving problems at Applied Materials is: 1) state the problem; 2) present your conclusions; 3) propose recommendations, 4) explain your action plan—be clear on what you are doing, why you are doing it, when it will start and finish, how it will get done, where it will be done, and who will do it, and finally, 5) show your back-up data and your research.

My IISME Summer Fellowship project is to define measure and analyze the long-term implications of outsourcing job functions on the future domestic job market. What types of jobs will be available domestically, and what technical and people skills will be required of candidates to fill those positions? How can our system of higher education prepare students to be creative and flexible enough to be able to quickly adapt to the rapidly changing technology-driven world in which we live and work? I am to speculate on the possible repercussions based on various “what if” scenarios that might occur in the next decade. Based on the documented results of my research, I am to draw conclusions and make recommendations as to what would be the best plan of action for Applied Materials to take under the various conditions that might exist under various sets of possible circumstances.

The purpose of this project is to prepare my Business/Technology students to be able to plan, start and operate their own small businesses. Over the course of the semester, these young entrepreneurs will select a Fortune 1000 company and develop a strategy to improve profitability by reducing costs, increasing sales or a combination of both. Students will begin their research by creating a Microsoft PowerPoint presentation to provide background information describing the company's corporate profile. Next, students will use Microsoft Excel to analyze the company's annual income statement by performing calculations based on various "what if" scenarios to determine the effects of changing costs and revenues on profitability. Students will prepare a Cause and Effect diagram to document the results. Based on their calculations, students will recommend an action plan as to how the company should focus its efforts to achieve the greatest improvement in profitability.

### **Early Adolescence through Young Adulthood/Career and Technical Education**

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#### **As a result of having completed this unit students will be able to:**

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## Project Schedule

Task	Description	Time Frame
1	Company Profile/Background Information	Days 1-3
2	Analyze Income Statement	Day 4-5
3	Cause and Effect Diagram	Day 6-7
4	Data Collection/Conclusions	Day 8
5	Action Plan/Recommendations	Day 9
6	Quiz	Day 10
7	Research Documentation (on-going)	Days 1-10

## Classroom Requirements

Computer lab equipped with Internet access and Microsoft Office applications installed

Microsoft Windows 2000 Client/Server network with student folders backed up regularly

Video/Camcorder to tape student presentations

Students will weekly document in writing and report orally in class tracking of current news items regarding the company they have chosen.

## Company Profile/Background Information

Prior to the end of the first week, each student will prepare and present a PowerPoint presentation that includes the following information: Company Name, Headquarters Location, Web Address, Slogan, Founder, Year Founded, Brief Overview/History/Background Industry/Sector/Products, Current President, CEO, Corporate Profile (Subsidiaries, Top Competitors), Mission Statement, Corporate Information, Financial Highlights: Stock Exchange/Symbol/# of Employees Stock Summary (52-week range, high-low, % change), Income Statement (Net Sales, Net Income (Loss), Compared to Last Year, Consolidated Balance Sheet (Assets, Liabilities, Shareholders' Equity)

## Analyze the Income Statement

The income statement is the “scorecard” of the business. If sales are greater than costs, the income statement balance will show a net profit. If sales are less than costs, it will show a net loss. The data can be used to forecast sales, determine personnel (hiring) and purchasing needs, and to adjust variable and operating costs. Divide each line item by the total revenue to express their relationship as a percentage of sales. Financial ratio analysis allows for easy comparison of different months, or years or companies. Divide costs by sales to determine operating ratios. Divide net profit by sales to determine return on sales. The Excel formulas used to calculate the financial ratios are shown on the sample Income Statement below.

<b>Income Statement</b>				
Name of Company:	Enter business name here	Time Period:	Percent	
	Formula	January, 2005	of Sales	Formula
<b>Sales/Revenue</b>	=Selling Price X Units Sold	<b>\$250,000</b>	100%	=c4/c4
<b>Variable Costs</b>				
Variable Cost of Goods Sold				
Total Labor/Wage Costs	=Cost Per Unit X Units Sold	\$60,000	24.00%	=c7/c4
Total Supplies	=Supplies Per Unit X Units Sold	\$35,000	14.00%	=c8/c4
Total Variable Cost of Goods Sold	=c7+c8	\$95,000	38.00%	=c9/c4
Other Variable Costs				
Commission:	=Sales/Revenue X 3%	\$7,500	3.00%	=c11/c4
Shipping	=Sales/Revenue X 2%	\$5,000	2.00%	=c12/c4
Total Other Variable Costs	=c11+c12	\$12,500	5.00%	=c13/c4
<b>Total Variable Costs</b>	=c9+c13	<b>\$107,500</b>	43.00%	=c14/c4
<b>Gross Profit</b>	=Sales/Revenue - Total Variable Costs	<b>\$142,500</b>	57.00%	=c15/c4
<b>Fixed Operating Costs</b>				
Utilities		\$6,250	2.50%	=c17/c4
Salaries		\$20,000	8.00%	=c18/c4
Advertising		\$12,500	5.00%	=c19/c4
Insurance		\$2,500	1.00%	=c20/c4
Interest		\$10,000	4.00%	=c21/c4
Rent		\$6,250	2.50%	=c22/c4
Depreciation		\$5,000	2.00%	=c23/c4
Other Variable Costs		\$0	0.00%	=c24/c4
<b>Total Fixed Operating Costs</b>	=SUM(B17:B24)	<b>\$62,500</b>	25.00%	=c25/c4
<b>Profit Before Taxes</b>	=Gross Profit - Total Fixed Operating Costs	<b>\$80,000</b>	32.00%	=c26/c4
Taxes	=Profit Before Taxes X 20%	\$16,000	6.40%	=c27/c4
<b>Net Profit</b>	=Profit Before Taxes - Taxes	<b>\$64,000</b>	25.60%	=c28/c4

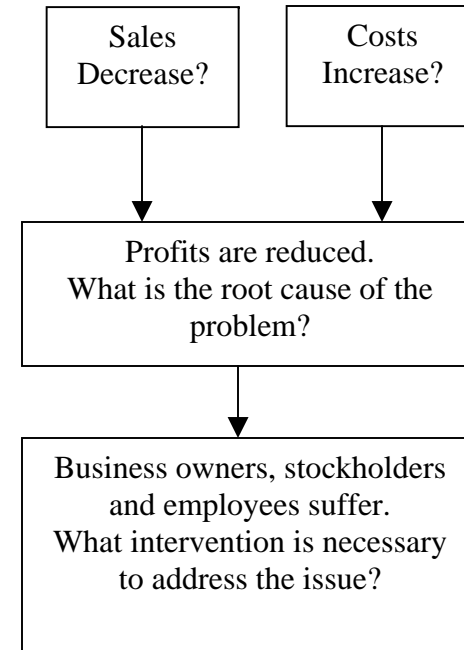
**Data Collection/Conclusions**

Create a Cause and Effect Diagram to answer the following questions:

1. What is this problem about?
2. Who is affected by this problem?
3. When does this problem occur?
4. Where does it occur?

(See the following example cause and effect diagram below.)

Question	Answer
1. What is the problem about?	An income statement shows a company’s income and expenses. If sales are greater than costs, the company will be profitable. If sales are less than costs, the company will lose money.
2. Who is affected by this problem?	If a business is making a profit, examining the income statement will show what the company is doing right. If the company is losing money, one can figure out why. Business owners, stockholders and employees are all affected by a company’s profitability.
3. When does this problem occur?	Companies typically prepare an income statement once a month to see how they are doing.
4. Where does it occur?	No matter how big or how small, whether it’s a manufacturing, service, wholesale or retail business, a company must make a profit to stay in business.



**Income Statement Analysis Cause and Effect Diagrams**

**Action Plan**

Project Start Date, Anticipated Project End Date. What are the major milestones (e.g. presentations, phases, etc.) between those dates?

What needs to be done? Identify, evaluate and select the right improvement solutions. Develop a change in management approach to assist the organization in adapting to the changes introduced through solution implementation.

(See sample Action Plan Template below.)

# Action Plan Template

**Improvement Goal (What is the target bottom line?)**

**Data Source/s (What is the problem?)**

**Specific Strategies (What is the solution?)**

**EVALUATION**  
(How will the results be assessed?)

**ACTION (What?)**

**TIMELINE (When?)**

**RESPONSIBLE (Who?)**

Specific Strategies (What is the solution?)			EVALUATION (How will the results be assessed?)
ACTION (What?)	TIMELINE (When?)	RESPONSIBLE (Who?)	

## QUIZ

### *Income Statements: The Entrepreneur's Scorecard*

1. Why is an income statement also called a profit and loss statement? \_\_\_\_\_

\_\_\_\_\_

2. Why is it important to prepare an income statement once a month? \_\_\_\_\_

\_\_\_\_\_

3. Why shouldn't an entrepreneur reveal his or her "cost of goods sold"? \_\_\_\_\_

\_\_\_\_\_

4. Define the formula for determining Gross Profit: \_\_\_\_\_

5. What is the formula for determining pre-tax profit? \_\_\_\_\_

6. Why does an entrepreneur analyze an income statement? \_\_\_\_\_

\_\_\_\_\_

7. Define the formula for operating ratio: \_\_\_\_\_

\_\_\_\_\_

8. Define the formula for Return on Sales: \_\_\_\_\_

\_\_\_\_\_

## QUIZ-Answers

### *Income Statements: The Entrepreneur's Scorecard*

1. Why is an income statement also called a profit and loss statement? It shows whether a company is making (profit) or losing (loss) money
  2. Why is it important to prepare an income statement once a month? It helps the entrepreneur understand where the company's money is going and how much the company is worth.
  3. Why shouldn't an entrepreneur reveal his or her "cost of goods sold"? Because a customer could then figure out the entrepreneur's gross profit and would most likely try to negotiate a lower price.
  4. Define the formula for determining Gross Profit: Gross Profit = Sales/Revenue – Total Variable Costs
  5. What is the formula for determining pre-tax profit? Profit Before Taxes = Gross Profit – Total Operating Costs
  6. Why does an entrepreneur analyze an income statement? Entrepreneurs (and investors) analyze income statements to focus on the bottom line. They use charts, graphs and percentages to make decisions about how to adjust expenses to improve profitability. They calculate financial ratios to compare and predict hypothetical outcomes.
  7. Define the formula for operating ratio: Operating Ratio = Fixed Costs ÷ Sales
  8. Define the formula for Return on Sales: Return on Sales = Net Profit ÷ Sales
-

Task	<b>Define Company Profile</b>	<b>Measure the Problem</b>	<b>Perform Analysis</b>	<b>Plan Corrective Action</b>	<b>Assess Effectiveness of the Solution</b>	<b>Evaluate the Solution</b>	<b>Realize Benefits Reflect on Lessons</b>
Skill	Task Definition	Data Seeking Strategy	Use of Information	Analysis	Synthesis	Synthesis/Evaluation	Evaluation
Evidence	PowerPoint Presentation	Prepare Income Statement	Ask “what if” Questions	Cause & Effect Diagram	Action Plan to follow up on proposed action	Use Income Statement as a tool to observe solution	Quiz
4	Articulates a clear, complete understanding of the profile	Chooses the most appropriate strategy and gives reasons for choice	Completes the assignment with all components in evidence	Quality shows understanding of most facets of the income statement	Quality shows understanding of most facets of the income statement	Quality shows understanding of most facets of income statement	Understands the income statement and problem-solving process and gives reasons
3	Demonstrates understanding of most of the profile	Chooses a strategy after comparing possibilities	Submits assignment with few components missing	Quality reflects an understanding of many facets of the income statement	Quality reflects understanding of many facets of the income statement	Quality reflects understanding of many facets of the income statement	Evaluates the income statement and gives reasons with help
2	Shows vague, unfocused understanding of the profile	Chooses a strategy without comparison to other possibilities	Submits assignment with many components missing	Quality shows understanding of some facets of the income statement	Quality shows understanding of some facets of the income statement	Quality shows understanding of some facets of the income statement	Understands process but gives few reasons
1	Aware of the profile	Aware of different strategies	Aware, but has difficulty proceeding	Quality shows understanding of few facets of the income statement	Quality of the product shows understanding of few facets of income statement	Quality shows understanding of few facets of income statement	Completes task, but can’t give reasons for errors in income statement
0	Not available	Not available	Not available	Not available	Not available	Not available	Not available

Rubric for Income Statement Analysis Assessment