

Shark Tank Project

If you are familiar with the television show, then you know that it involves negotiations between potential investors, known as “sharks” and contestants who are seeking investments for their business or product. The contestant (potential entrepreneur) can make a deal if a “shark” is interested. If the entire panel opts out, the contestant leaves empty handed.

Your challenge is two-part:

- I. You must devise a product or business to present to the “sharks”. You need to prepare a *professional report* that describes the industry competition, risks, and opportunity in the business you plan on opening or already have been operating. Your report must include the following:
1. A description of the industry, your target market, industry competition, and other key information.
 2. Complete cost analysis (manufacturing or wholesale cost, percentage of markup and how you came up with the amount of markup required, and the sales price). Be sure and explain the contribution margin as well as a detail of your fixed and variable costs (including overhead, administrative and selling costs).
 3. A breakeven analysis. Add a sensitivity analysis (plus 20% and minus 20% budgeted sales).
 4. Short term and long term goals (1 year – 5 years including number of employees, locations, etc.).
 5. How much money you need to borrow and your cash budget (collections and repayment of the loan). You know that any interested “shark” is going to want some ownership in your business. Be prepared with a “bottom line” – that is, what is the most ownership you will give away and what is the least money you will take for it.

You will need to email me the report prior to the presentation night so I can have it available for the 4 member shark panel and me. Your presentation to the panel needs to involve an emphasis on marketing. You should present the product in the most entertaining and interesting manner (remember, you have to sell the “sharks” on your idea!). You have a maximum of 10 minutes to present and 5 minutes to negotiate.

- II. You must be a member of the shark panel. You are allowed a maximum of \$300,000 to invest. You may invest in as many businesses as you can afford and negotiate successfully during your shark panel time. You also must rate each.

You may partner with one other person if you like. An extra **10 points** will be awarded for first place, and **5 points** will be awarded for second place.

Grading Tool:

Idea –15 points

Financial Model – 60 points

12 points each for 1-5 above

Presentation – 10 points

Shark tank performance – 15 points