

Social Entrepreneurship Business Plan

George Serret, Christ Jolis, Claudia Navarro

Bright Minds, Fresh Ideas Think Tank Summer Internship, Powered by FPP

June 2, 2021

BMFITT Summer Internship – Social Entrepreneurship Business Plan**Executive Summary*****What is our Product?***

F.Y.C. provides a service for young adults in need of a relationship with a financial institution that is best suited for their welfare. This connection will be established through F.Y.C. a mobile application that allows each individual to expand their financial capability. Participation in economic life requires knowledge and the opportunity to act. F.Y.C. will provide our end-users with financial literacy courses that are created to fit their circumstances that ensure financial institutions that our client is equipped to establish a membership within their corporation. By providing institutional access, our clients will be able to apply their knowledge and skills available within the financial courses. F.Y.C. turns financial literacy into financial capability through the act of linking individuals to financial institutions.

Who are our customers?

F.Y.C.'s target audience includes young adults transitioning into financial independence. Many young adults find themselves making poor financial decisions that can have costly and lasting effects (Lusardi, Mitchell & Curto 2010). Young adults within the age range of 18-29 are having to make major financial decisions independently for the first time in their lives. Careful management of financial planning is important to avoid facing problematic years into the future. Most financial literacy programs fail to build financial capabilities with their clients because they do not address external conditions that may inhibit financial capability. Many of our clients face cultural barriers, racial or gender discrimination that prohibits the development of their financial capabilities (Johnson, Elizabeth, and Margaret S. Sherraden 2007). Our end-

users will be able to build a membership trust with financial institutions that are suitable for each individual. Young adults with low-to-middle income are more likely to come from families who are "unbanked" and therefore lack early information and access to financial institutions (Aizcorbe, Kennickell, & Moore 2003). In order to overcome these obstacles young adults need access to financial literacy and build their financial capability effectively, no matter their circumstances. Providing access for young adults to follow this procedure will allow them to avoid common financial vulnerabilities and build economic stability (Administration for Children & Families 2014). These young adults have the availability to improve their financial capability and need assistance exploring financial institutions that fit each individual's set of circumstances.

Future of the Company

For young adults, financial capability allows the decision-making process of their personal finances to be secured. Having provided our end-users with suitable financial literacy courses for each individual to be equipped with this knowledge and therefore build financial capability through the appliance of this information. Our future plan will be to implement simulations with real life scenarios based on each financial literacy course. Within each differentiating simulation, we will customize the target goal of the simulation in progress centered on our end-user's specific circumstances. After launching F.Y.C.'s current version and with our projected financial goal in relation to our platform's projections of end-users, we will introduce the hands-on experience that virtual simulations may provide to further enhance the benefit for our end-users experience. Our end-users will be able to pass down their knowledge and the hands-on experience they received through their interaction with F.Y.C. for their peers

and family to make bright financial decisions.

Business Case

Building Youth: The Importance of Financial Capability

“Half of American households live paycheck to paycheck” (Fottrell 2017). That is about 166.5 million people living paycheck to paycheck. Families within this demographic are relying on their main and possibly only source of income to pay for the entire family's necessities. “Only 18% are of those whose earnings are over \$100,000 annually” (Emerman 2020). This is about 30 million people. Specific to the youth, living a life free of financial stress is important because life is unpredictable with all kinds of stresses and not having that additional stress of finances is liberating. Finding out the current or potential cause and effects as well as issues and history are imperative to solving this problem. Allowing the youth and their families to be aware about the importance of this topic will be one big step towards solving the problems that derive from financial incapability.

Financial Capability: Explained & Acknowledged

Financial Capability is “the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions...” (Stuart 2013). People often confuse financial literacy with financial capability, when in reality, financial capability is when you apply financial literacy. Financial literacy is learning money management skills and financial capability is applying and putting those skills into practice as needed. “There is a massive equity issue within personal finance instruction and personal financial knowledge. Every kid deserves this and not every kid is getting it today” (Zingg 2020). Youth financial capabilities are important assets to ensure a life path of living financially stress-free.

The importance of financial capability for young adults is to be of emphasis. Primarily due to the fact that young adults are transitioning into the stage of financial independence. Many young adults that find themselves within this transition stage are having to make major financial decisions for the first time in their lives. Within this phase, “the risk of making poor financial decisions can have costly and lasting effects” (Lusardi, Mitchell & Curto 2010). Therefore, the phase of these changes require careful management of income and expenses and financial planning to avoid phasing problematic years into the future. It is key that youth is financially capable for their development and financial lives.

Allowing youth to be provided with financial education and having that knowledge to apply in life situations is often devalued. Unfortunately, most young adults are told from an early age to not worry about the components of financial capability. The results of a research based on the challenges of financial literacy demonstrates “92% of the respondents that universities and schools do not prepare students enough to reach the skills and knowledge required to make wise financial decisions” (EDP Sciences 2016). It is merely in the belief that in between a young adult's traditional academic life they will be equipped with financial independence. However, the reality they are phased with is to discover how to be financially capable for themselves.

“Youth are not consistently introduced to more formal instruction on money matters- for example, through a classroom curriculum or other training on saving, spending, allowances, and the importance of focusing on short-term goals” (NEFE 2021). From a child to a young adult their academic life is where time is most spent to become educated and independent yet, they are unaware of becoming financially capable.

The lack of financial capability also stems from the household of a young adult. The only

time it may be presented within the household is if youth begin to perceive their family's income. Although 84% of young adults rely on their guardians for financial information it can be challenging due to the misunderstanding that most guardians have of financial capability. "Gen Z individuals will have to make more financial decisions than their parents and family members" (Kappler 2016). In many situations the guardians only hope that when a young adult reaches the transitioning phase that they discover a life of financial capability through trial and error. "Youth in low-income households can fall victim later as adults to scams, false deals and reach a significant amount of debt" (NEFE 2021). The vulnerability that is alongside the lack of financial capability can also derive from culture barriers as much as a guardian's influence. The cause derives from the need for conversation that does not occur due to the lack of the importance of financial capability for a young adult discussion from an early age. "Financial capability is an effective way to help youth, no matter their circumstances, avoid common financial vulnerabilities and build economic stability" (Administration for Children & Families 2014). Therefore, access to financial education that also influences behavior and provides results is beneficial for youth to build their foundation of financial capability, essentially long-term. Educating the youth on their financial capabilities has a profound impact on their future and society. Developing financial capabilities for minors affects how young adults can manage their assets, increase their savings rates, lower levels of debt, and other necessary financial skills that allow individuals to have a stable and secure lifestyle. However, many young adults struggle with building their financial capabilities due to their lack of financial knowledge and behavior. Financial literacy can help to analyze and manage your finances, but it is not sufficient. "This requires knowledge and competencies, the ability to act on that knowledge, and the

opportunity to act" (Johnson, Elizabeth, and Margaret S. Sherraden 2007). Turning financial literacy into financial capability allows individuals to understand, assess, and act in their best financial interests. Lower-income families lack financial capabilities due to not being able to access institutions and resources, which can affect "their ability to absorb and act on knowledge and skills taught in financial education classes" (Johnson, Elizabeth, and Margaret S. Sherraden 2007). The increase in an individual's financial knowledge and building financial decision-making skills is dependent upon increased access to mainstream financial institutions. Without institutional access, financial capabilities will not develop among the youth and could even have harmful effects on financial education. Many young adults can also develop detrimental financial behaviors due to their lack of early financial information and access to institutions. Furthermore, young adults who don't have access to institutions and neglect their financial capabilities "do not benefit from policies, such as tax benefits for savings and homeownership, and are often eligible only for high-interest subprime loans and credit cards" (Johnson, Elizabeth, and Sherraden 2007). Young adults that are unaware of their financial behaviors can lead them to make poor decisions and choices towards their finances.

Company Description

Our Mission Statement

To provide young adults with a mobile application providing financial knowledge to therefore assist the building of financial capability for our end-users and to facilitate the process of applying to financial institutions of preference.

Principal Members

Christ Jolis- Co-founder, Sales and Marketing Specialist, Product Manager

George Serret- Co-founder, Sales and Marketing Specialist, Product Manager

Claudia Navarro- Co-founder, Quality Assurance Specialist, Product Manager

UX/UI Wireframe Designer

Android Developer

IOS Developer

Backend Developer

QA Engineer

Market Research

Industry

F.Y.C. provides financial literacy resources through partnerships and affiliate programs. Local bank funding and partnerships with financial institutions allows our company to provide financial literacy services. Our two primary industries related to our company are affiliate commissions and mobile app development. Both of these industries are widely expanding and relevant to today's digital economy. "US affiliate marketing spending increases annually by 10.1% and it's expected to reach \$6.8 billion." (Affiliate Marketing Statistics 2021) Our affiliate links with financial institutions will provide financial literacy courses to our end-users and professional help from institutions. Professional financial advisors and experts will also consult with our clients through the affiliate links provided by the F.Y.C. app.

Mobile app development is also a crucial part of our service. "Mobile app development is a fast growing industry. As the number of mobile and smartphones increases day by day, businesses are developing innovative mobile apps to attract their target customers." (*Mobile*

Application Market Size & Share Report, 2020-2027) F.Y.C. will allow individuals to access more financial resources and institutions through a digital platform. We also include a comprehensive survey through our digital platform that identifies our clients' financial situation, their financial struggles, and the financial skills they'll need to learn.

Detailed Description of Customers

Our target market includes young adults, who have poor financial literacy and lack of financial capability, and are not served from a financial institution. The main issue that our clients face is their lack of financial capability due to them not being able to absorb and act on financial knowledge. One of the biggest desires of our clients is to be financially stable, but also learn and apply the necessary skills that will allow them to make better financial decisions.

For example, many of our clients may desire to build their credit scores, repay their student loan debt, create a budget, and acquire other necessary financial skills. The biggest challenge our clients face is not being able to access mainstream institutions due to their external environment. Even if our client receives financial education, it will have little to no impact on their financial well-being because they don't have access to a financial institution that can help them build their financial capabilities.

Company Advantages

Our company provides services that are led by our partnerships. Our app provides expert advice and can work with our clients to build financial capabilities. We will take the following steps to support our services:

- We provide financial literacy resources for our end-users.
- User-friendly digital platform that allows the user to navigate it with ease

- Access to financial institutions and experts
- Consumer incentives such as being able to option a better deal for your mortgage and car loan through our affiliate banks.
- Develop close relationships with financial institutions and banks that will support us in our advertisements and even have a revenue sharing agreement with insurance companies that will specify how we will share profits in our partnerships.
- We are a virtual company without a lot of overhead costs or strict corporate rules, which saves time, money and creates a flexible workplace for getting things done

Service Line

Product/Service

Services Include:

- User Friendly Platform, Free
- Diverse Selection of Courses, Free
- Certification, Free
- Access to Financial Institutions, Free

Pricing Structure

- Principal, Free
- App, Free
- Courses, Free
- Financial Resources, Free

Product Lifecycle

All services are ready to be offered to clients, pending approval of contracts.

Intellectual Property Rights

F.Y.C. is a trademarked name in the state of Florida, and we have filed for protection of our proprietary processes and other intellectual property, such as our logo. We have also registered our domain name and parked relevant social media accounts for future use and to prevent the likelihood of someone impersonating one of our consultants.

Research and Development

The company is planning to conduct the following research and development:

- Create a user-friendly app interface.
- Determine the need for additional consulting services within our market related to tying improved processes to opportunities for increased sales and promotion to potential customers

Marketing & Sales

Growth Strategy

To expand the company, F.Y.C. will do the following:

- Network with insurance companies, credit unions, and banks to promote and advertise our services.
- Establish social media pages that contain engaging multimedia content about our services.
- As the business grows, increase the budget for advertisements across social media platforms.
- Competitive analysis, financial projections, projections of end-users.

Communicate with the Customer

F.Y.C. will communicate with its end-users by:

- Meeting with local managers within targeted companies
- Using social media such as Twitter, YouTube, Facebook, and LinkedIn
- Providing contact information on the company website
- Attend networking events, receive feedback and take note of suggestions or alterations to ensure the best experience within our digital platform.

How to Sell

The co-founders of F.Y.C. are in charge of the projections of our end-users within our platform. Through advertising on social networking platforms F.Y.C. will announce its launch. The potential partnerships F.Y.C. targets to form with multiple financial institutions to bring awareness for the use of our mobile application. The company will increase awareness to our

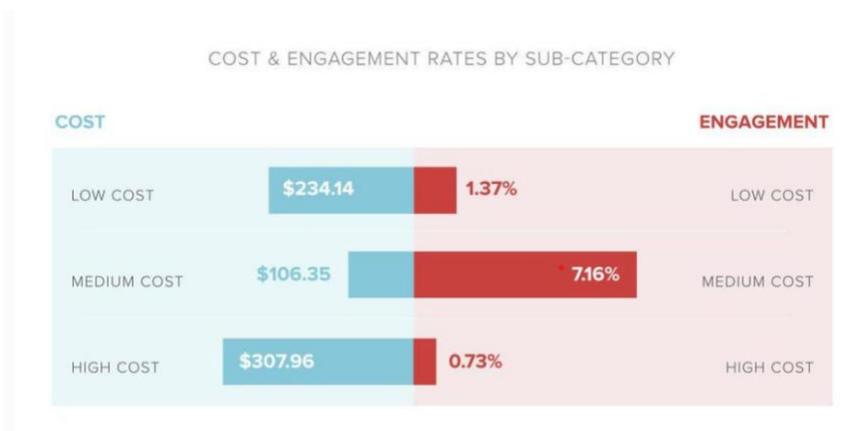
targeted end-users through online advertising, proactive public relations campaigns, and attending networking events.

Competitive analysis:

\$6.99 Basic Membership Cost Per Month

\$10.99 Membership Cost Per Month

\$14.99 Premium Membership Subscription Cost Per Month



Our F.Y.C app will be in the medium category price range of \$14.99 because of the higher conversion rates and is the optimal price for our users to purchase.

The biggest challenge mobile app companies have is driving traffic to the app, downloading it, and then having the customer use the app consistently. “A Zipwhip 2019 State of Texting Report found that 61% of consumers would not install a new application to communicate with a business. A typical consumer struggles with data management and 21% of consumers abandon new applications after a first download. Plus, a massive 77% of consumers never use an application again 72 hours after installing it.” (*Top 9 Disadvantages of Mobile Apps*) The F.Y.C. app plans to overcome these challenges by providing users a prototype and beta testing of the F.Y.C. app at institutions, such as colleges, where young adults will test its

features and provide feedback.

Financial Projections

PROJECTS	BUDGET	SCHEDULE
Proof of concept, prototype, or single-feature tool or stand-alone program	\$25k to \$125k	6 to 12 weeks
Takeover of existing software, project rescue, or software "remodel"	\$75k to \$350k	3 to 8 months
Simple tool – a web application or mobile app that handles just a few critical features with minimal flexibility, maybe an "MVP" or v1.0	\$75k to \$250k	2 to 5 months
Commercial-grade web or mobile application with a polished interface and more "complete" feature set, this is usually the first phase of a multi-phase project	\$250k to \$1M+	5 to 10 months
Advanced, multi-phase, cross-platform system – usually w/ third-party integrations, many different user types, lots of flexibility and configuration capabilities	\$1M to \$5M+	10 to 18 months

(Custom Software Costs: Frogslayer Custom Software Development Firm)

References

Custom Software Costs: Frogslayer Custom Software Development Firm. Frogslayer. (2020, November 16). https://frogslayer.com/custom-software-costs/?utm_term=app+development+budget&utm_campaign.

Dogtiev, artyom. (2021, April 22). *App Marketing Costs*. Business of Apps. <https://www.businessofapps.com/marketplace/app-marketing/research/app-marketing-cost/#2>.

Facts About Youth Financial Knowledge & Capability. | Youth.gov. (n.d.). <https://youth.gov/youth-topics/financial-capability-literacy/facts>.

Financial Education Issues for Young Adults. Financial Education | Evaluation Toolkit. (n.d.). <https://toolkit.nefe.org/evaluation-resources/evaluation-perspectives/financial-education-groups/young-adults>.

Top 9 Disadvantages of Mobile Apps - and What to do Instead. Mobile Apps Made Easy | Beezer.com. (2021, June 18). <https://www.beezer.com/blog/disadvantages-of-mobile-apps/>.

National Endowment for Financial Education. (2021). *Financial Education Issues for Young Adults*. <https://toolkit.nefe.org/evaluation-resources/evaluation-perspectives/financial-education-groups/young-adults>