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ABSTRACT

This module on owning and operating a garden center is one of 36 in a series on entrepreneurship. The introduction tells the student what topics will be covered and suggests other modules to read in related occupations. Each unit includes student goals, a case study, and a discussion of the unit subject matter. Learning activities are divided into individual activities, discussion questions, and a group activity. Units (and subject matter) in this module are planning your business (personal qualities; services, customers, and competition; special services; legal requirements); choosing a location (picking an area; picking a spot) getting money to start (description of business; statement of financial need); being in charge (dividing the work; hiring a worker); setting prices (cost of goods sold; operating expenses; profit needed or wanted; demand for products; competition); advertising and selling (designing an ad; sales methods); keeping financial records (cash sales; credit sales; daily cash sheet); buying and keeping track of supplies (choosing a supplier; filling out a purchase order; keeping track of supplies; when and how much to order) and keeping your business successful (profit and loss statement; profit ratio and expense ratio; increasing net profits). A summary and quiz complete the document. (A teacher's guide is available for this module.) (CT)

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Entrepreneurship Training Components

GETTING DOWN TO BUSINESS:

Garden Center.

Module 4

American Institutes for Research



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# GETTING DOWN TO BUSINESS:

## Garden Center

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## TABLE OF CONTENTS

Introduction . . . . .	1
Unit 1	
Planning a Garden Center . . . . .	3
Learning Activities . . . . .	10
Unit 2	
Choosing a Location . . . . .	13
Learning Activities . . . . .	20
Unit 3	
Getting Money to Start . . . . .	23
Learning Activities . . . . .	30
Unit 4	
Being in Charge . . . . .	33
Learning Activities . . . . .	39
Unit 5	
Buying and Keeping Track of Supplies . . . . .	41
Learning Activities . . . . .	48
Unit 6	
Setting Prices . . . . .	51
Learning Activities . . . . .	58
Unit 7	
Advertising and Selling . . . . .	61
Learning Activities . . . . .	69
Unit 8	
Keeping Financial Records . . . . .	71
Learning Activities . . . . .	78
Unit 9	
Keeping Your Business Successful . . . . .	81
Learning Activities . . . . .	89
Summary . . . . .	91
Quiz . . . . .	93

## INTRODUCTION

How are you going to use your job skills after you finish school?

Have you ever thought about starting your own garden center?

This module describes people who have started and managed a garden center. It gives you an idea of what they do and some of the special skills they need.

You will read about

- planning a garden center.
- choosing a location
- getting money to start
- being in charge
- buying and keeping track of supplies
- setting prices
- advertising and selling
- keeping financial records
- keeping your business successful

You will also have a chance to practice some of the things that garden center owners do.

Then you will have a better idea of whether a career as a garden center owner is for you.

Before you study this module, you might want to read Module 1, Getting Down to Business: What's it all About?

When you finish this module, you might want to read

- Module 2, Getting Down to Business: Farm Equipment Repair;
- Module 3, Getting Down to Business: Tree Service;
- Module 5, Getting Down to Business: Fertilizer and Pesticide Service;
- Module 6, Getting Down to Business: Dairy Farming.

These modules are related to other agricultural businesses.

UNIT 1

Planning a Garden Center

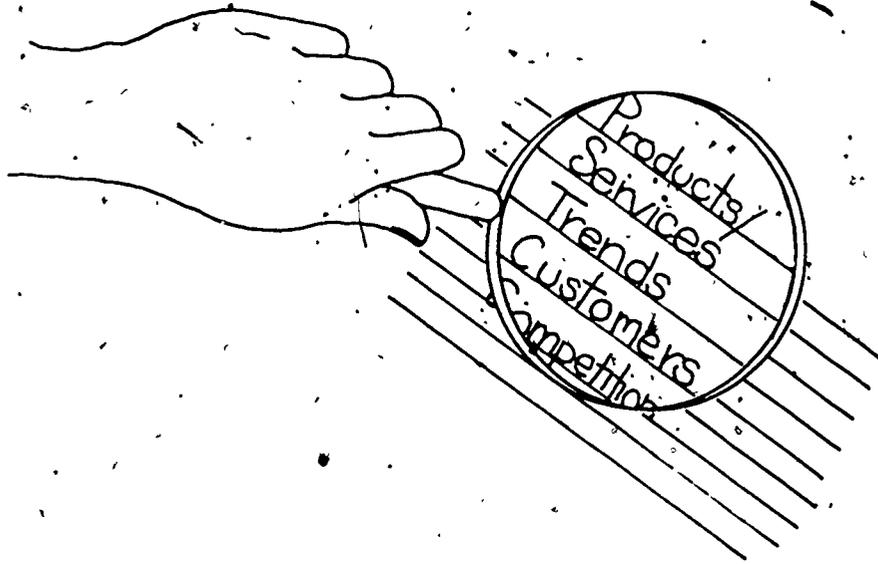
Goal: To help you plan a garden center.

Objective 1: List three personal qualities a garden center owner might have.

Objective 2: Describe the services, customers, and competition of a garden center.

Objective 3: List one way to help a garden center "stand out" from its competition.

Objective 4: List two legal requirements for running a garden center.



## STARTING A GARDEN CENTER: LOTS OF HARD WORK

Linda Bowman works in a wholesale nursery that grows trees, shrubs, and plants and also offers landscaping services. She has worked there for 11 years--taking care of plants and selling customers landscaping services.

Linda has been thinking about starting a similar business of her own. She has to decide the kind of business she wants. "I can grow nursery stock and do landscaping services like my boss. I can sell indoor and outdoor plants and garden supplies like fertilizer and pots. Or I can sell cut flowers and arrangements."

She doesn't think her town needs another nursery. Hernandez's Nursery, where she works, is the best in the county. Besides, she doesn't want to compete with her boss. There are already several flower shops in the area. Linda thinks she'd really like to sell plants and garden supplies, anyway. That way she won't need to spend as much on land and inventory as Mr. Hernandez did. On the other hand, she can have a small greenhouse and still get her hands dirty growing small plants. She can also have contact with people--many of whom are already her friends.

Linda loves flowering plants such as rhododendrons, azaleas, camellias, and flowering houseplants like African violets. She decides to specialize in them as much as possible. She'll call her shop "The Color Spot."

Linda goes to see a lawyer. She tells Linda about ways to start a business. Linda decides to start her business as a sole proprietorship. She also needs to get a business license from the county office. Linda talks to an insurance agent about what kinds of insurance she needs. She tries to plan carefully so her business will be off to a good start.

## Planning a Garden Center

There are many, many small businesses in America. Small businesses can have as few as one worker (the owner) or as many as four workers. A small business owner is "self-employed." Often a whole family works together in a small business.

Linda thought about four main things in planning her garden center. First, she decided that her personal qualities are right for the business. Second, she thought about her services, customers, and competition. Third, she decided to offer a special service so she can compete well. Finally, she learned about legal requirements for starting her business.

### Personal Qualities

Before she plans to open her business, Linda has to think about herself. She has to be sure she "has what it takes" to run a garden center.

First, Linda needs certain skills to run a garden center. She needs skills in caring for plants. She needs to know how each plant grows best and where it looks best. She also needs business skills to make her garden center successful.

Second, Linda needs to like people. Selling plants means working with people all the time. Linda knows she will have to help her customers choose and care for their plants.

Third, she needs to be in the garden center nearly every day. Plants take lots of care to do well. Some small business-owners can go away for a while and their supplies will be all right. For example, hardware

doesn't die if the hardware store owner leaves. But plants may die if they don't get care every day.

Finally, Linda must be willing to do the things all small business owners must do. She will have to work very hard to make her business succeed. She must be good at dealing with day-to-day problems. Most of all, she has to like "doing her own thing."

### Services, Customers, and Competition

Services. Garden centers can offer many different services besides selling plants. They can sell plant supplies and garden supplies such as insecticides, garden tools, and even lawn mowers. Garden centers can also sell pots, plant hangers, and garden furniture.

Some garden centers are also nurseries that grow their own plants from seeds and cuttings. But even garden centers that buy their plants do some growing. Garden centers "nurse" some plants in pots or cans for two years or more before selling them.

Some garden centers offer landscaping services. Their workers help people plan what to plant around homes and businesses. Usually the worker makes a design showing where all the plants will go in the area.

A garden center can also sell cut flowers, flower arrangements, and houseplants. If the center sells houseplants, it usually has a small greenhouse for growing them.

Customers. The services a garden center offers depend on what kind of customers it has. In a big city, houseplants and cut flowers may sell well. In suburbs and small towns, people want flowering plants, vegetables, trees, shrubs, and garden supplies. In areas with many new houses and businesses, people need landscaping. They want to have trees, shrubs, and lawns planted.

Linda's garden center is in a small town. She decides to sell mostly plants and garden supplies. She will also sell houseplants, because they appeal to all kinds of customers.

Competition. Any place that sells plants can be competition for a garden center--even food and drug stores! Linda's main competition, however, will be the one other garden center in town. Linda feels that with her special business image and high-quality plants, she can attract enough customers. In fact, she feels her town is large enough to support two garden centers nicely. Linda decides not to focus on growing shrubs and trees because she does not think she can compete with her former boss--and she doesn't want to.

### Special Services

To get customers, Linda needs to make her garden center "stand out." That way, customers will think of her when they need what she sells.

Linda has decided to make flowering plants her special product. She will have both outdoor plants and houseplants with colorful flowers. The name of her center will be "The Color Spot."

Garden centers can offer other special services. They can deliver plants to people's homes. Or they can hold plant care classes for customers who want to learn more. These special services help a garden center compete with other places that sell plants.

Linda is giving her center a special business image. She wants customers to think of The Color Spot when they want flowering plants. Her name especially appeals to fashion-minded homeowners who think of plants as a way to "decorate" their homes--inside and out. Building a business image is one way that a garden center attracts customers.

### Legal Requirements

Linda decides to start her business as a sole proprietorship after talking to a lawyer. There are other legal forms of business. It's important to know what would be best for your business. Linda also has to get a business license to start her garden center. Usually cities or counties sell licenses. Every business must have one. Most states also require a permit from the state tax agency for selling any product to a customer.

### Summary

It is important to plan ahead before starting your business. Now you know the important things to think about in planning a garden center: personal qualities you should have as the owner; your business' services, customers, and competition; and legal requirements.

## Learning Activities

### Individual Activities

1. List two legal requirements for starting a garden center. Call or write your city or county business licensing agency to find out if your area has any other requirements.
2. Would you like running a garden center? Check each statement that fits you.  
  
 I'm good at caring for plants.  
 I like to work a lot with people.  
 I don't mind staying "close to home."  
 I really like being in charge of what I do.  
 I'm interested in how a business is run.
3. Find out what garden centers are in your area. Are any of them very small businesses (no more than four workers)?
4. Can you think of any other special services a garden center could offer? Make a list of them.

### Discussion Questions

1. What kind of area do you live in? What kind of garden center would be best in your area? Why?

2. What are the important differences among garden centers, nurseries, landscape services, and flower shops? What kind of training would workers in each need? How much land would each require? Are there other differences?
3. Why do you think Linda wanted to be her own boss?
4. What problems might Linda face if her business fails?

### Group Activity

Go to the owner of a garden center. Ask that person to come and talk to the class. Ask her or him to talk about what it's like to be a garden center owner. Plan what questions you will ask. You might ask questions like these.

- What services does your center offer?
- What is your day like? What do you do? How many hours do you usually work per day? Per week?
- What experience and training do you have for your job?
- What are the good and bad parts of your job?
- Why did you want to open your own garden center?
- How long did you plan before you opened?
- How much money did it take to get started? Where did you get it?
- What would you suggest to someone who wanted to own a garden center?

UNIT 2

Choosing a Location

Goal: To help you learn how to choose a location for a garden center.

Objective 1: List three things to think about in deciding where to locate a garden center.

Objective 2: Pick the best location for a garden center from three choices.

### LINDA DECIDES WHERE TO LOCATE

Linda has thought about the area she lives in. It is almost all built up with houses. So she has decided to sell just outdoor plants, houseplants, and plant supplies.

Now she has to pick a spot for her garden center. She talks to Mr. Shapiro, a realtor, to see what places she could choose. She wants to lease a place at first. Later, when she has experience and more money, she may decide to buy. Mr. Shapiro shows Linda two places in the area. One was a garden center before. It has a garden shop and a large outdoor area. It's a little run down, but it's on a busy street with lots of parking. The nearest garden center is six miles away. The lease is \$1500 a month.

The second place is in a small shopping center. It used to be a hardware store. It has a big outside storage space. Mr. Shapiro tells Linda that part of the space could be made into a plant area, and part could be enclosed for a greenhouse. The lease is \$1350 a month. The nearest nursery is five miles away.

Linda talks to a contractor about the costs of remodeling each place. The first place would cost \$15,000 to remodel and paint. Remodeling and painting the second place would cost \$20,000.

Linda can see that the costs of the two places are not very different. Also they are both pretty far from competing places that sell plants. She likes the first place better because it is easy for people driving by to see and park by. But she thinks she should ask why the last garden center there closed.

She talks to the owner of the laundromat nearby. The woman tells her that the garden center owner didn't keep his stock up too well. If plants wilted or didn't look healthy, he still tried to sell them. Customers stopped coming because they didn't like his plants.

Linda feels she will do better than that with her plants. She decides to lease the first place. Before she signs the lease, though, she makes sure she has enough money to start.

## Choosing a Location

Choosing a location is important. You have to be sure that your services are needed in the area where you plan to open. Then you have to pick a spot where customers can find you easily. You need to learn a lot about the area to be sure your services fit. You can ask questions of the following kinds of people:

- people who might be your customers;
- people who have worked in garden centers;
- official garden center groups; and
- city or county agencies.

Once you are sure your services fit the area, you have to pick the spot for your business. There are five things to think about.

- The space has to be large enough for your needs.
- The building has to be where it will attract customers.
- It has to be built the way you need it. Sometimes you can remodel a place if it seems like a good spot.
- It has to be in good shape.
- The price has to be one you can pay.

## Picking an Area

Linda decides a garden center in her area could do well selling outdoor plants; houseplants, and garden supplies. She knows her area well. But she had also talked her ideas over with her boss at the nursery, Mr. Hernandez. He helped her decide what to sell because he knew what the people in that area wanted.

There are other ways Linda could have gotten information if she needed it. She might have talked to a group like the Nurseryman's Association.

Such groups often have information on operating businesses that sell plants.

Linda could also have talked to people in the area to find out what they needed. Doing this is called "doing a market survey." Linda could have done it herself, or hired a company that does market surveys.

City and county planning departments can tell you a lot about your area. They can also tell you if changes are planned that might affect your business. For example, a new highway or a change in the zoning laws might be important to you.

If Linda had wanted to open another kind of garden center, she might have had to pick a different area. Landscaping services do best where many new buildings are going up. A nursery that grows all its own stock from seed needs lots of space. It should be located where land is open and not too expensive.

### Picking a Spot

Size. Linda needs five kinds of space in her garden center. She needs outdoor space for displaying the outdoor plants. She needs greenhouse space for the houseplants. She also needs indoor space for displaying plant supplies. She needs office space to put her cash register and keep her records and books. And she needs storage space for extra stock, cleaning supplies, and so on.

Most garden centers need all these kinds of space. Nurseries may need much more space for raising plants from seed. Garden centers that don't sell houseplants may not need a greenhouse area.

A garden center has to be big enough to hold all the kinds of plants customers want. Most centers have at least 5,000 square feet of outdoor space. Indoor space can vary, depending on what else the garden center sells.

Location. A garden center needs to be where people can see it and get to it easily. Many customers will learn about your shop just by passing it. So it must be located where many people can see it, or at least see its sign. Garden centers are usually on busy streets or in shopping centers. But nurseries that need lots of land usually locate in areas with fewer people.

Your customers should also be able to get to your center easily. This means that getting off the road and parking the car should be easy.

Another important thing about the location of a garden center is its competition. If another center with the same services is down the street, your center may not do well. If it has different services, you may do all right, but you must get lots of information to be sure. Linda made sure her competitors were at least several miles away.

You can find out about your competition by looking in the Yellow Pages of the phone book. Look under "Nursery," "Flowers," and "Garden" to see what other businesses sell plants.

You can also get information from other business owners in the neighborhood. Linda talks to the laundromat owner to learn why the last garden center went out of business. She learned that the owner's plant care had been the problem, not the location of the center.

Layout and equipment. Neither of the spots Linda looked at had its own greenhouse. This meant she had to do some remodeling. The cost of remodeling is part of the cost of starting the business.

Sometimes you'll find a place that's just what you want. But many places may need some changes to fit your needs. A good location may be worth choosing even if it needs some changes. Just remember to include the cost of these changes in figuring out how much money you will need.

The shape it's in. Look for a place that is in good condition. Fixing up a place can cost a lot of money. Buildings should be strong

and secure. Heating, plumbing, and wiring should all work well. The roof should not leak. Be sure to check all these things before you lease or buy a place.

A garden center should be attractive, too, so customers will enjoy shopping there. Painting, lighting, signs, and general condition are all important. Linda plans to spend \$5,000 on these things to make her garden center look good.

What it costs. Your place has to be one that you can afford. To figure out what you can afford, you have to do a lot of thinking and planning about money. In the next section you will read about Linda's plans.

#### Summary

Choosing a location is important. First, you have to be sure that your services are needed in the area you choose. Then you have to pick a good spot that will attract customers. Now you know some things to think about when picking a location.

## Learning Activities

### Individual Activities

1. List three things Linda didn't do when she was deciding on the services for her area.
2. Look in the Yellow Pages to find all the garden centers in your area. How far apart are they from each other?
3. List the five kinds of space a garden center needs.
4. Go to the library and find out what nursery associations there are in your area. Ask the librarian to help you.
5. How much will it cost Linda to lease her place for three years and do the remodeling and fixing up? How much would it have cost her to remodel the other place, and lease it for three years?

### Discussion Questions

1. Linda didn't talk to the city planning department. What problems could she have because she didn't?
2. Is it always good to be far away from your competitors? Could it be good to be close to them?

### Group Activity

Assume that you will open a garden center in your area and do the following.

1. Use the information you found in the Individual Activities to decide what geographical area your garden center will cover. You can do this in the following way. Take a local map. Locate the garden centers and nurseries in your area on the map.
2. Discuss possible locations for your business--in a good spot and away from the competition. Use your knowledge of the area's roads, traffic patterns, growth of new homes and businesses, and so forth. In a group, discuss the advantages and disadvantages of each possible location.
3. Decide on the best location.
4. In a group, discuss what kind of a space to look for in the area you picked.

UNIT 3

Getting Money to Start

Goal: To help you plan how to get money to start a garden center.

Objective 1: Write a business description for a garden center.

Objective 2: Fill out a form showing how much money you need to start a garden center.

## LINDA APPLIES FOR A LOAN

Linda has been thinking about how much money she needs to start her business. She has made two lists: a list of starting expenses, and another list of money on hand.

### Starting Expenses

Lease of building and land for 3 months-- \$1500 per month x 3 months	\$4,500
Remodeling of building	15,000
Painting and repairs	5,000
Salary of part-time employee-- \$750 per month for 3 months	2,250
Owner's income-- \$1,000 per month for 3 months	3,000
Stock of outdoor plants/seedlings	25,000
Stock of houseplants	5,000
Stock of plant supplies	10,000
Office equipment (desk, files, etc.)	1,000
Office supplies (paper, etc.)	250
Gardening and other supplies (to be used in the shop)	500
Insurance	1,000
Advertising	1,000
	<u>1,000</u>
TOTAL	\$73,500

### Money on Hand

Savings	\$15,000
Loan from parents	15,000
	<u>15,000</u>
TOTAL	\$30,000

Linda can see she needs a loan of \$43,500 to start her business.

Linda goes to visit a bank recommended by Mr. Hernandez. She talks over her idea with the loan officer, Ms. Roundtree. She asks Linda to give her some information in writing. First, she needs a résumé of Linda's experience and training. Then she needs a description of what the business will be like. Finally, she needs a list of starting expenses, money on hand, and loan amount needed.

## Getting Money to Start

Starting a garden center takes money. There are many one-time expenses like remodeling and buying your first big order of plants.

Usually you need a loan from a bank or another lending agency. To get a loan, you need to give the loan officer three kinds of information in writing:

- personal information on yourself;
- a description of your business; and
- a statement of your starting expenses, money on hand, and loan needed, called a "statement of financial need."

Personal information is often written in the form of a résumé. A résumé shows your education and experience and gives names of references. This module won't give any more information about résumés. It will deal with the description of a business and the statement of financial need.

### Description of Your Business

Ms. Roundtree asked Linda to write a business description. A business description should tell the loan officer everything important about the business. A business description has five parts:

- kind of business and services provided;
- location;
- competition;
- customers; and
- plans for success.

Here is Linda's business description:

"I plan to open a garden center in Hometown. The center will stock outdoor plants, houseplants, and plant and garden supplies. I will purchase most of my plants as seedlings or container stock from nurseries. I will grow some plants to larger sizes, but I will not raise most plants from seed."

"I plan to locate my garden center at 2350 Laurel Street. This spot is on a busy street and has plenty of parking. It is easy to see from the street and is easy to get to. It has a large outside area for container plants and plenty of space indoors.

"The nearest garden center is six miles away. There is a cut flower shop two miles away, and two supermarkets nearby sell houseplants. But no one else in this area sells outdoor plants and supplies.

"This area doesn't need landscaping services because it is already built up. Customers are more interested in single plants, trees, shrubs, and annuals. They also need supplies to keep up their gardens. Houseplants should also sell well to these customers.

"I plan to show many plants with flowers. I will call my garden center 'The Color Spot' so customers will think of it when they want flowering plants. Many of my houseplants will also have flowers. I think many people like colorful plants and will notice my center because of this. I will carry the usual green plants too.

"I will remodel the center to build a greenhouse for the houseplants. I also want to paint and fix it up. This will make it more attractive for customers."

A business description should show the banker that you have a good idea. It should give complete information on the business you want to start. It should contain facts that prove your business has a good chance to succeed. It should also show that you feel good about your idea.

If you feel your idea is good but the banker doesn't, don't give up. Check with other banks in the area. If you still get turned down, the Small Business Administration makes some loans. Call the nearest office.

### Statement of Financial Need

Ms. Roundtree also asked Linda to fill out a statement of financial need. A statement of financial need has three main parts: starting expenses, money on hand, and loan needed. After Linda filled it out, it looked like this.

STATEMENT OF FINANCIAL NEED			
<u>Starting Expenses</u>		<u>Money on Hand</u>	
Salaries	\$ 5,250	Cash on Hand	\$15,000
Building Expenses	4,500	Personal Loans	<u>15,000</u>
Repairs and Renovations	20,000		
Equipment and Furniture	1,000	TOTAL	\$30,000
Inventory (plants and garden products)	40,000		
Supplies (office & garden)	750		
Advertising	1,000		
Other (insurance)	<u>1,000</u>		
TOTAL	\$73,500	TOTAL STARTING EXPENSES	\$73,500
		TOTAL MONEY ON HAND	<u>30,000</u>
		TOTAL LOAN MONEY NEEDED	\$43,500

Starting expenses. First Linda lists her starting expenses. She thinks it will take her about three months to get going. After three months she hopes to have enough customers to start covering her expenses. So she shows her expenses for the lease and for an employee's salary for three months. Linda takes a realistic salary herself--just enough to get by on.

Linda had already talked to a contractor about remodeling and painting the building. She talked to Mr. Hernandez to find out how much her first order of plants and supplies would cost. She also called other places to find out costs for advertising, insurance, and office equipment and supplies.

Linda has to decide where these expenses should go on the form. Under "Salaries" she puts the amount for owner's income plus the amount for an employee's salary ( $\$2,250 + \$3,000 = \$5,250$ ). Under "Building Expenses" she puts the cost of the lease for three months ( $\$4,500$ ). She puts the cost of both remodeling and fixing up the place under "Repairs and Renovations" ( $\$15,000 + \$5,000 = \$20,000$ ). The "Equipment and Furniture" line includes the cost of office equipment ( $\$1,000$ ). Under "Inventory" she puts all the plants and garden products she will sell. This includes outdoor plants and seedlings, houseplants, and plant supplies ( $\$25,000 + \$5,000 + \$10,000 = \$40,000$ ). You can see that this is her largest expense. She then lists office, garden, and other supplies that she'll use in her business under "Supplies" ( $\$250 + \$500 = \$750$ ). "Advertising" is easy. Under "Other," she puts the cost of her insurance.

Money on hand. Linda has saved quite a bit of money while working at the nursery. She has  $\$15,000$  she can use for her business. Her parents have lent her  $\$15,000$ , too.

Banks want you to put in some of your own money before they give you a loan. It may take several years of saving to get enough money. Sometimes your family can lend you money.

Loan money needed. The loan money needed equals the starting expenses minus the money on hand ( $\$73,500 - \$30,000 = \$43,500$ ). It is important to think carefully about how much money you need. If you ask for too much, you may not get the loan. If you ask for too little, your business may go broke.

### Summary

You need money to start a business. You will probably have to borrow from a bank or another lending agency. Now you know that when you ask for a loan, you will need to give a description of your business and a statement of financial need.

## Learning Activities

### Individual Activities

1. List two kinds of places that may lend money to start a small business?
2. What are the three parts of a statement of financial need?
3. What makes a good business description?
4. Suppose you wanted to start a garden center. You have these expenses:

Lease for 3 months at \$2,000 per month	\$6,000
Salaries for two employees: \$1,000 for 3 months x 2	6,000
Plant inventory	50,000
Garden products inventory	20,000
Office & garden supplies	1,000
Office furniture	2,000
Newspaper ads	200
Phone book ad	300
Insurance	500
Owner's income for 3 months at \$1,000 per month	3,000

You have \$15,000 and a loan of \$10,000 from family. Fill out the Statement of Financial Need below.

STATEMENT OF FINANCIAL NEED

<u>Starting Expenses</u>	<u>Money on Hand</u>
Salaries \$	Cash on Hand \$
Building Expenses	Personal Loans _____
Repairs and Renovations	TOTAL
Equipment and Furniture	
Inventory	
Supplies	
Advertising	
Other	
TOTAL \$	TOTAL STARTING EXPENSES \$
	TOTAL MONEY ON HAND _____
	TOTAL LOAN MONEY NEEDED \$

Discussion Questions

1. Do you think there would be differences among the costs of starting a garden center, a nursery, a landscaping service, and a flower shop? Which would cost the most? Which would cost the least? Why?
  
2. Suppose you are a banker. A woman comes to borrow money to start a garden center. She studied ornamental horticulture in high school. She has worked in a garden center for three years, caring for plants and sometimes helping to manage the business. She has picked out a good spot for the business and has some good ideas. But she only has \$5,000 and asks to borrow \$80,000. What would you tell her? Why?
  
3. Again, suppose you are a banker. A man comes to borrow money to start a garden center. He has never worked in a garden center and isn't trained in caring for plants. He says he can hire people who know about plants and business. He has \$60,000 of his own money to invest and wants to borrow only \$10,000. What would you tell him? Why?

Group Activity

Role play a loan interview with the banker. One student should take the part of the business owner, and one student should be the loan officer. Afterwards, discuss how each student played his or her part.

## UNIT 4

### Being in Charge

Goal: To help you learn how to plan work for the employees of a garden center.

Objective 1: Decide how to divide the work of the business among the workers.

Objective 2: Pick the best person to hire for a job in this business.

Objective 3: Describe one kind of training you might give your employees.

## LINDA HIRES AN EMPLOYEE

Linda has decided that running a garden center is too much work for one person. She wants to hire an employee to help her. She is wondering what kinds of work she should do and what her employee should do.

There are several ways to divide the work. One person could do all the plant care and the other could do all the selling and recordkeeping. Or both people could do both kinds of jobs. Or the new person could assist Linda and do the tasks as she directed.

Linda decides that at first she wants to do the selling so she can get to know her customers. So she plans to hire a person to take care of the plants. She will also have the person do some plant buying at nurseries. She figures later she can train the person in selling and recordkeeping if she wants.

First Linda writes down a job description for her worker. It says what she needs a worker to do. Then she puts an ad in the newspaper.

Three people apply for the job. Joe has studied horticulture in high school and has worked in a plant and flower shop for two years. Tim has also studied horticulture but hasn't had a job around plants for nine years. Carol has studied horticulture and held jobs at four garden centers in two years.

Linda decides to talk to Joe and Carol. She likes them both. But she also calls the people they listed as references. Joe's boss says he was a good worker who learned to know a lot about caring for plants. Two of Carol's bosses say she was late a lot and often called in sick.

Linda decides to hire Joe. He takes the job and comes to work at the garden center.

## Being in Charge

Most small businesses hire extra workers at some time. To get good work done, you have to decide exactly what your worker should do. Then you have to find a good worker. A good worker knows how to do the job and also is reliable.

When several people work together, it is important that they get along. As the business owner, you must work at helping to keep your workers happy.

### Dividing the Work

Linda decides to divide the work so that she does the selling and recordkeeping and Joe does the plant care. She could have chosen any of these ways to divide the work.

Kind of work. This is what Linda decided to do in Joe's case. This meant that Joe had to know a lot about plants but not much about selling or recordkeeping. So she hired Joe because he was good at plant care.

Level of work. Linda might have hired a worker to assist her. She would have directed the employee's work in all areas. For example, Linda would have to know when to water and feed the plants. But her employee would have actually done the jobs. If Linda had done this, Joe wouldn't have to do many jobs on his own. He wouldn't have needed as much training or experience.

Mixture of tasks. If Linda had done this, both she and Joe would have done all the kinds of jobs in the store. This means Joe would have had to know both plant care and business. He would have needed more training and experience.

The kind of workers you hire depends on the kind of work you want them to do. You should be sure of this before you hire them. To be sure, it helps to write down a job description for each worker. A job description should list all the kinds of things a worker does. Even the owner's job should have a description. That way, everybody knows who does what.

### Hiring a Worker

After she finished the job descriptions, Linda put an ad in the newspaper. The ad said, "Wanted: person experienced with plants. Will be responsible for daily plant care and buying plants and supplies. Should have training and at least one year of experience. Part-time position, \$6 per hour to start. Call 555-2875."

Using the newspaper is a good way to get workers. But not everyone who answers the ad will be a good worker. You should also ask each person about his or her training and experience. Then you can talk to the most experienced ones in person. Linda decided Tim didn't have enough experience. She only talked to Joe and Carol.

When you talk to people about the job, you should learn as much as you can about their work. Linda asked if Joe and Carol had cared for houseplants and had experience with plant supplies. She also asked if they were willing to come for a short time every day if needed.

Linda also talked about the job. She explained the pay, the work hours, and the fact that flowering plants would be the store's specialty. Workers need to know as much as possible about the job. That way, they can decide if it's right for them or not.

Linda liked both Joe and Carol. But she knew she should find out about their work from others, too. She got references from both of them. References are people who know you and your work. References usually include employers you have worked for.

Carol's employers thought her work had been good. But they said she hadn't been very reliable. Linda wouldn't have known this just by talking to Carol. She was glad she had taken the time to call.

Linda went through five steps in choosing Joe to work for her:

- writing a job description;
- advertising the job to people who might want it;
- looking at training and experience of people who applied;
- talking to applicants about their work and about what the job will be like; and
- checking references from employers.

After you have hired your employee, you should help him or her learn about the job. You may need to do some extra training if the person hasn't done all the jobs you want done. For instance, you might need to teach your employee about the kinds of plant supplies you carry. Or you might need to explain the way you keep sales slips and other records.

Your employee needs to know how to do things like recording work hours, too. You should show your employee where things are and how you do things.

Finally, you and your employee should talk about how to keep things going well. Maybe you'll want to talk once a week for a while about how the job is going. Maybe you'll want to set up a "trial period" and then talk. Both the owner and the employee have to be satisfied for things to work out right.

#### Summary

Being a boss takes some thought. Now you know some ways to divide the work and some steps to follow in hiring a worker.

## Learning Activities

### Individual Activities

1. List three ways work can be divided. What is good about each way? What is not so good?
2. Look through newspaper want ads to see if you can find ads for garden center employees. What kinds of workers do they ask for? What kind of information do the ads include? (Job title, description of work, experience needed, salary offered, phone number, anything else?)
3. Write a job description for Linda's job as the garden center owner. List as many things as you can that you think she might do. You can look ahead in this module if you want to.
4. Suppose Linda had wanted a worker who could do the selling and record-keeping work. Assume she had wanted a half-time person with training and at least one year of experience, and could pay \$550 per month. Write a newspaper ad to hire someone for that job.
5. List the five steps in hiring a worker. Why is each step important?
6. List two kinds of training your employee might need. Can you think of any others?

### Discussion Questions

1. Why is it important to write a job description for an employee's job? for the owner's job? Could doing this prevent any problems later?

2. Can you think of any other places you could put an ad to hire an employee for a garden center?
3. Why do you think people usually lose jobs? Is it because they can't do the work or because they can't get along with the other workers?
4. Discuss the answers to question 1 under "Individual Activities." Is there a "best way" to divide the work? Why, or why not?

### Group Activity

Suppose that Linda's garden center has been in business for almost two years. One day Linda and Joe have a disagreement. Joe says to Linda, "I thought I was going to get to do some selling by now. I'm getting tired of just taking care of the plants."

Linda says, "Joe, you know you were hired to take care of the plants and help with buying supplies. I told you that right from the beginning."

Joe says, "But I really want to get more involved with the customers. And I'm getting a little bored doing the same thing all the time."

Linda says, "You're already too busy with the plants. And I think you're better working with plants than with people."

As a class, discuss the problems Linda and Joe are having. Is there just one kind of problem or are there more than one? How might they solve the problem or problems? How could the problem or problems have been prevented?

UNIT 5

Buying and Keeping Track of Supplies

Goal: To help you learn to plan what supplies to order for a garden center and how to keep track of them.

Objective 1: Choose a supplier, decide how much you will buy, and plan a schedule for ordering supplies.

Objective 2: Compute the total amount of a purchase for your garden center.

Objective 3: Compute the amount of inventory on hand on a certain date.



## LINDA BUYS SUPPLIES

The Color Spot has been remodeled and is looking great. Linda is very pleased and can hardly wait to open.

But before she can sell any plants or supplies, she has to buy them herself. She wants to buy her outdoor plants from her old boss, Mr. Hernandez, at Hernandez Nursery. But she wants to check with other wholesale nurseries about houseplants. She also has to buy her plant supplies like plant food and potting soil.

She visits two other wholesale nurseries to see their houseplants and compare prices. The first one, Reynolds Nursery, has many different kinds of houseplants. It has lots of unusual flowering plants like rare kinds of African violets. Its plants are well cared for, but it is a busy nursery and sometimes gets behind in filling orders.

The second nursery, Antony's, has fewer kinds of plants. But its delivery service is quick and reliable. Also, the plants from Antony's cost a little less.

Linda decides to order most of her houseplants from Antony's. She also orders some special flowering plants from Reynolds.

She checks with two suppliers of plant and garden supplies. Since they offer almost the same things, she orders from the one that charges less.

## Buying and Keeping Track of Supplies

In any business you will need supplies. In garden centers like Linda's, selling these supplies to customers is the business. In other businesses, you might sell services as well as supplies. For example, a landscaping service sells plants and designing and planting services. A service business usually needs fewer supplies. But every business needs to buy and keep track of supplies. Supplies are also called "merchandise" and "inventory."

### Choosing a Supplier

There are several places to find suppliers: Nurseries listed in the Yellow Pages of the phone book sometimes tell you that they sell "wholesale." This means they do not usually sell to the public but instead sell at wholesale, or lower, prices to garden centers and other plant shops.

Another place to find suppliers is in trade magazines, where many suppliers put ads.

Finally, you can ask people who are already in the garden center or nursery business about suppliers. These people can probably tell you which suppliers are best, too. When Linda visited Reynolds Nursery and Antony's, she already knew who delivered fastest. But she also wanted to compare prices and the kinds of plants they had.

In choosing your suppliers, think about three things.

- The merchandise. Is it what your customers want and need? Can you get the variety and amount you need?
- The services. Can you get quick, reliable delivery? If you have problems or complaints, will the supplier handle them fairly?
- The prices. Are the prices reasonable? Can you arrange to buy on credit if you need to?

Linda considered all these things in picking her suppliers. She chose Antony's nursery because it had the best prices and services. But she also bought some plants from Reynolds because it had special merchandise she wanted. You can see that it may be a good idea to buy from two plant suppliers or from even quite a few more.

Filling Out a Purchase Order

Linda is ordering her first group of plants from Hernandez Nursery. To do this she fills out this purchase order and sends it to Hernandez.

PURCHASE ORDER				
TO: Hernandez Nursery		DATE: March 10		
12340 Maple Street		PURCHASE ORDER NUMBER: 00001		
		REQUIRED DELIVERY DATE: May 10		
SHIP TO: The Color Spot		SHIP VIA: Truck		
2350 Laurel Street				
Quantity	Unit	Description	Unit Cost	Total Cost
30	4"	Geranium	1 15	34 50
20	flats	Lobelia	6 45	129 00
20	1 gal	Fuchsia	1 90	38 00
35	4"	Tomato	50	17 50
TOTAL				219 00
Signature <i>Linda Bowman</i>				

Under "To" Linda writes Hernandez Nursery's address. Under "Ship To" she puts her business' name and address so Mr. Hernandez will know where to send the plants. Then she fills in today's date and the date on which she needs delivery. The nursery is not far from her shop, so she knows

the plants will be shipped by truck. Purchase order numbers are usually pre-printed by the office supplier.

Then she lists all the kinds of plants she wants. The "unit" for plants is the container size (such as flats, 4-inch pots, 1-gallon cans). The "unit cost" is the cost for one unit, while the "total cost" equals the number of units times the unit cost. Notice that Linda doesn't pay any sales tax on her purchase. Only the final buyer, the customer, pays sales tax.

### Keeping Track of Supplies

Linda will need to keep track of how fast each kind of item sells. By doing this, she will know two important things: (1) if the item is a big seller that helps her profits; and (2) if an item is running low and she needs to reorder it. She also will need to know her inventory for some reports to the bank and government. A good way to do this is to use an inventory card. Each kind of item should have its own inventory card. For example, the card below is for 5-pound bags of potting soil.

INVENTORY CARD					
Item <u>Potting soil (5 lb. bags)</u>					
Supplier <u>Pete's Garden Supplies</u>					
Reorder Point <u>30</u>			Reorder Amount <u>100</u>		
AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount
April 10	100	April 12	3	April 12	97
		April 16	10	April 16	87
		April 23	5	April 23	82

The card shows the name of the item and the name of the supplier. It also shows the reorder point. When the number of items left gets this low, it's time to reorder. The order amount is the usual number of those items Linda will ask for in each order. Every time Linda gets an order

in, she records the date and the number of bags received. Whenever she sells items, she records the date and the number sold. Usually she records the total number sold in a day instead of recording every sale.

### When and How Much to Order

Garden centers don't sell the same thing all year. In the spring they sell Easter lilies, annuals, seeds, and vegetables. During the summer they sell fewer plants but sell many plant supplies. In the fall they sell bulbs, chrysanthemums, trees, shrubs, and mulches. And during the winter they sell poinsettias, Christmas wreathes, and maybe some bareroot trees and roses.

Linda has to know when to order these different supplies. It's a good idea to order supplies two to four months before you need them. That way you are sure to have what your customers want.

Knowing how much to order is also important, especially for plants. If you order too many, some may not sell. For example, if you still have tomato plants around in August, you probably can't sell them. Ordering too few items is also bad. If customers can't find what they want, they may stop coming to your center.

After you're in business for a while, you can get an idea of how much to order by checking your inventory cards. But right at first it might be hard to decide how much to order. Your supplier may be able to help you decide how much you'll need.

### Summary

It's important for any business to keep a careful track of supplies. You have to pick the best suppliers for your business. Then you have to use the purchase order and inventory card to keep enough supplies in stock. Finally, you have to know when and how much to order.

## Learning Activities

### Individual Activities

1. Linda has placed an order with Antony's for the following items:

25 Ficus benjamina, 6" pots, \$5.00 each;

20 Philodendron florida, 6" pots, \$3.00 each; and

20 Draecena deremensis, 6" pots, \$4.00 each.

Linda needs the plants by May 10. Today's date is March 10. The plants will be shipped by truck. The address of The Color Spot is 2350 Laurel St. The address of Antony's is 15300 County Rd. Fill out the purchase order form below.

PURCHASE ORDER				
TO: _____		DATE: _____		
_____		PURCHASE ORDER NUMBER: _____		
_____		REQUIRED DELIVERY DATE: _____		
SHIP TO: _____		SHIP VIA: _____		
_____				
_____				
Quantity	Unit	Description	Unit Cost	Total Cost
TOTAL				
Signature _____				

2. What are the three things to think about in choosing a supplier?

3. Below is an inventory card for Linda's Ficus benjamina. She received her order of 25, on May 10. On May 12 she sold two, and on May 17 she sold another. On May 20 she sold two more. She thinks 25 is a good number to order, and she decides to reorder when she gets down to 10 plants. Fill out the inventory card for Ficus benjamina between May 10 and May 20.

INVENTORY CARD					
Item _____					
Supplier _____					
Reorder Point _____			Reorder Amount _____		
AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount

4. How far ahead should you usually order supplies?
5. List different things a garden center sells in the spring, summer, fall, and winter.

Discussion Questions

1. Why would "wholesale prices" be lower than prices to customers (called "retail prices")? Is it fair that wholesale prices are lower?
2. Why do you need to order your supplies two to four months in advance?

Group Activity

Collect a purchase order, inventory card, and other inventory control forms from a garden center. As a class, talk about how these forms would be used and in what order. Practice filling out each form.

UNIT 6

Setting Prices

Goal: To help you learn how to set prices for plants and plant supplies.

Objective 1: Pick the best price for one item a garden center sells.

### LINDA DECIDES HOW MUCH TO CHARGE

Linda is thinking about how much to charge for her plants and plant supplies. Of course, she knows she has to charge her customers more than she paid, or she won't make any money. The question is, how much more?

She talks to her accountant, Mr. Sakamura. He tells her, "Well, Linda, it looks as if you need to earn about \$8,000 a month. You need \$4,000 just for buying new plants and supplies. Your overhead expenses add up to \$3,000 a month, and you hope to get at least \$1,000 in salary. That comes to \$8,000.

"Since your stock costs \$4,000 per month and you need \$8,000, you could just double the cost of everything to get your sales prices. But that's not always a good idea.

"For example, if you pay \$15 for a small maple tree, you might want to sell it for \$30. But maybe most people don't want maple trees this year and evergreens are more popular. Some people might buy your tree if the price is low, say \$20, but not if it's \$30.

"On the other hand, maybe everybody wants maple trees this year. Then you might be able to charge \$40.

"The prices in other garden centers matter, too. If your tree is priced at \$30 and other centers are charging \$25, customers will buy somewhere else.

"You need to check prices all the time. Visit other garden centers to see what they charge. Keep an eye on your expenses. And try to carry popular items that people really want.

"By the way, it would be good to try to make more than \$8,000 a month if you can. You never know when a 'rainy day' will come around and the business will need extra money."

## Setting Prices

Prices for garden center items can't be set wherever the owner would like. There are five things to think about in setting prices:

- Cost of goods sold--In Linda's case, this is the cost of buying plants and plant supplies from her suppliers every month. It equals \$4,000.
- Operating expenses of the business--These include the costs of the lease, Joe's salary, advertising, and insurance. They also include the costs of office supplies, payments to Mr. Sakamura, and other regular expenses. These add up to \$3,000 a month.
- Profit needed or wanted--Linda needs at least \$1,000 a month to live on, so she needs at least this much profit. Later, she will probably want more.
- Demand for your products--Customers' desires for different kinds of plants are not always the same. Lower demand means Linda must charge lower prices to get people to buy.
- Competition--Linda has to charge about the same for her product as other garden centers charge. If she charges more, she will lose customers.

### Cost of Goods Sold

For garden centers and other businesses that sell mainly products (not services), the cost of goods sold is the biggest expense. You can see that the cost of plants and plant supplies is Linda's biggest expense.

Your cost of goods sold depends on the prices charged by your suppliers. You can keep the cost of goods as low as possible by rechecking prices once or twice a year and changing suppliers if necessary. But

remember to think about the quality of their merchandise and of their services too.

### Operating Expenses of the Business

Operating expenses are the costs a business must pay just to keep its doors open, whether or not it gets any customers. For Linda's garden center, these expenses would include such things as:

- Joe's salary;
- her lease;
- insurance;
- advertising;
- office supplies;
- accountant and lawyer fees;
- utilities (water, electricity, telephone);
- supplies for caring for the plants in her shop (fertilizer, pesticides, etc.);
- maintenance of her shop and grounds; and
- interest on her loan.

Linda knows that her monthly income must cover these operating expenses as well as the cost of goods sold.

Joe's salary and the cost of the lease are Linda's largest operating expenses. To lower her lease cost, Linda would have to move, and she doesn't want to do that. She might be able to get an employee for a lower salary. But to get a good worker, she pays Joe a fair salary.

### Profit Needed or Wanted

So far Linda's expenses are \$4,000 for goods and \$3,000 for operating expenses. But she also needs some profit. Profit is what remains out of income after all expenses are paid.

Usually the owners of a business get paid out of the profit. If the profit is very small, Linda won't have enough to live on. She will set her prices to try to make at least \$1,000 a month in profit.

Actually, she should try to make even more profit than that. She will need part of the profit to pay taxes. Costs of expanding the business also come out of profit (for instance, if Linda started selling cut flowers and had to buy refrigerator units).

### Demand for Products

Linda knows that customer demand for certain plants can vary from time to time. One year maple trees may be popular; the next year birches or oaks may be more popular.

Many things can affect demand for plants. The weather may be especially good or bad one year. Houseplants may be "in style" and then out. Or changes in growing methods may make some plants easier to grow. All these things affect demand for each kind of plant.

In setting prices, Linda has to be aware of customer demand. She has to know about demand for the many different kinds of plants and plant supplies she sells. She has to have demand in mind every time she picks or changes a price.

It would be nice if Linda could set her prices by raising all her costs of goods sold by the same percentage (for example, doubling them). Setting prices would be simple then. But demand and competition are different for each item. Linda can use "doubled costs" as a rule of thumb if she wants, but she will have to do some adjusting on many items.

### Competition

Linda has to be aware of the prices her competitors are charging for the same items. The best way for her to do this is to visit their shops now and then to compare prices. She can also check the newspapers to see the prices listed.

When her garden center opens, Linda will start out charging less than other centers. The "bargains" will bring customers in to try out her center for the first time. She hopes many first-time buyers will then become regular customers.

### Summary

You have to juggle lots of information to set prices. You have to know your business expenses: cost of goods sold, operating expenses, and profit needed or wanted. You also need to know what demand is like and what your competitors are charging. Setting prices for the hundreds of items in a garden center is a real challenge!

## Learning Activities

### Individual Activities

1. List the three things that help you figure out the lowest price you can charge. List the two things that help you decide the highest price you can charge. Where does the right price lie?
2. List the three things profit is spent on.
3. Check the prices for three kinds of plants or plant supplies at two different garden centers. Be sure the size and variety or brand are the same. Are the prices very different?
4. A garden center can make a lot of money one month and very little the next. How would you feel owning a garden center? Would you rather be the boss and take the chance of having a high salary or no salary? Or be the employee and be sure of a fixed salary?

### Discussion Questions

1. If your garden center bought a small houseplant for \$2.00 and a large blue spruce for \$50, would you raise the prices by the same amount-- say by \$2--to set the selling price? Why, or why not?
2. New businesses may charge less than their competitors at first. Can they lose money for a while doing that? Do you think that's a big problem?

## Group Activity

Read the following case study.

Lon Arnow wants to start an unusual garden center. He wants to grow and sell orchids and offer everything he can to customers interested in orchids. He lives in southeast Florida and plans to locate near some upper middle-class retirement communities.

In a group, answer these questions to help Lon decide how to set prices.

1. List the five things Lon must think about when he sets prices.
2. Arrange this list in order of importance. Which will be most important? Least important?
3. How is Lon's situation the same as or different from Linda's?

UNIT 7

Advertising and Selling

Goal: To help you learn ways to advertise and sell the products in your garden center.

Objective 1: Pick one way to advertise this business.

Objective 2: Design a printed ad for this business.

Objective 3: List the six steps in selling.

## THE COLOR SPOT ADVERTISES

Linda is going to open The Color Spot on May 10. She wants to let everyone know that a new garden center is opening. So she is thinking about how to advertise.

When she applied for her bank loan, Linda asked for \$1,000 for advertising and making signs for her building. She has to plan what the signs and ads will say. She also has to decide where to put her ads.

She decides to have two signs made, one to go on the building and the other to go out by the street. She hopes customers will see the street sign as they drive by.

Since her business name is The Color Spot, she picks this idea for her ad.



PLANTS AND GARDEN SUPPLIES

Each ring will have a different color. She will use this design on her signs and in all her ads.

Linda wants to reach a lot of people with her ad. She knows most people buy plants and plant supplies at some time or other, and she would like them to think of her. So she takes out a big ad in the newspaper announcing her opening.

The ad contains her design. It says, "Grand Opening! Flower color for the garden. Colorful houseplants. All kinds of plant and garden supplies. Low grand opening prices. The Color Spot, 2350 Laurel Street, 555-2875."

## Advertising and Selling

Advertising and selling are the major ways that businesses get customers. Selling is done person to person. Advertising includes all the nonpersonal ways of letting customers know about your business.

All garden centers should be listed in the Yellow Pages. Your name, address, and phone number should appear next to the other garden centers in your area. But not all garden centers have large ads in the Yellow Pages. These cost extra money. You will have to decide how much of your advertising budget you want to spend on your Yellow Pages ad.

Other ways you can advertise include:

- signs on the shop;
- newspaper ads;
- direct mailings;
- radio announcements;
- billboards;
- fliers posted around town (such as those on bulletin boards);
- business cards; and
- give-away items like matches and pens.

### Advertising

When you plan an advertising campaign, it's important to ask yourself several things.

- Whom are you trying to reach?
- What do you want them to know?
- When should they know it?
- How can you reach them best?

- Why are you trying to reach them (sale, opening a new business, new services, etc.)?
- How much will it cost?

Linda knows whom she wants to reach with her ads--as many people as she can. This is because almost everyone buys plants at one time or another. She especially wants to reach homeowners.

What she wants people to know is what her store sells and where it is. So her ad tells these things.

When she wants people to know about her shop is a little before it opens. So she has to plan backwards to be sure of that. She talks to the newspaper almost a month ahead of time. Even before that, she had worked with an artist to get her design done. It's important to start early so your ad is printed when you want it to be.

Linda has several choices of how to reach customers. She can mail an announcement to lots of people. But printing and postage are costly, and Linda can't afford to mail to the whole town. So she decides to use a newspaper ad. Newspapers reach a large percentage of the people in any area. If she wants to reach a special group, another place might be better for her ad. For instance, if her business were a wholesale nursery, she would sell only to garden centers and other plant stores. In this case, it wouldn't make sense to use the newspaper. A mailed announcement or an ad in a trade magazine would be cheaper. Also, it would reach just the right few people.

Why she's advertising is easy: Linda wants her possible customers to know that a new garden center is opening. So she adds "Grand Opening" to her ad.

Linda calls the newspaper to find out how much the ad will cost. To run a big ad costs \$100. Linda thinks this is a good use of her money.

If two ways of advertising are just as good, then choose the one that costs less. Remember, however, that if an ad is cheap, but fails to reach the right people, then it's a waste of money.

### Designing an Ad

A good ad is simple, truthful, and attractive. It tells the important things about your business. There are several things to work on in planning an ad.

Headline. The headline should attract attention to your ad. It should be short and give some important information about your business. Linda's headline is "Grand Opening," which gets the readers' attention!

Illustration. Pictures make your ad more interesting. They can also get your message across quickly and simply. Linda uses her special business design (called a logo) as her illustration.

Copy. Copy is what you write under the headline. It tells people the details of your business and any special services. Linda talks about her colorful plants, her wide variety of plant supplies, and her low opening prices.

Layout. The way the ad is laid out should be pleasing. It shouldn't look "busy" or crowded with too many words. Readers must be able to see quickly what's important.

Business identification. The identification of the business is very important. It should give at least the name, address, and phone number of your business. Linda wants people to know how to find her easily and quickly.

## Selling

Some people think selling means "high pressure" selling. But trying to force a customer to buy is not good selling. In fact, it's the worst kind of selling, because the customer will probably never come back. If customers don't come back, your garden center will soon go out of business.

Good selling means working to make the customer happy. Good salespeople have the following traits.

- They are pleasant, not pushy or phony.
- They are honest with customers.
- They are neat in appearance.
- They are proud of their products.
- They know a lot about their products and can give customers good information.

Good salespeople know how to talk to customers and listen to them also. By listening they learn what customers like and don't like. This can help them make sales they might otherwise have lost. There are six steps in making a good sale.

Greeting the customers. Customers are pleased when salespeople are interested in them.

Finding out their needs. Ask the customer if they are looking for a certain product or if they are just browsing. From their answer you'll know the best way to sell to them.

Creating an interest in the product. Show the customers the product that best meets their needs. Explain how it works or what its special features are. Let them smell the flowers and try out the clippers. People like to examine things closely before they buy.

Dealing with objections. If customers are not sure about a product, point out its good qualities. For example, if a customer says that a

lawnmower is very heavy, you can point out that it will not break easily. Do not overdo this, or the customers may feel pressured and get annoyed.

Selling substitutes. If a customer just doesn't like the product you have, or if you're out of the product the customer wants, show a similar product. Explain why this product will meet the customer's needs. Be sure you're completely honest, or you may lose a customer!

(You can see that the last two steps don't happen in every sale. They happen only when the customer doesn't want the first item you offer.)

Closing the sale. When you have presented all the information you can, don't "push" any more. Let the customers make up their own minds. When they decide to buy, write up the sales slip quickly and efficiently. If they decide not to buy, thank them for coming in and ask them to come again.

Remember, good selling is really just treating customers the way you'd want to be treated.

### Summary

You can have the best garden center in the world. But if people don't know about it, your business may fail. Advertising and selling are the ways you let people know about your and get them to buy.

## Learning Activities

### Individual Activities

1. Linda thinks she should run a regular ad after her business gets started. She doesn't know whether a newspaper ad or a Yellow Pages ad would be best. She gets these figures from the phone company and the newspaper.

#### Yellow Pages Ad

Readers: 45,000 people  
Cost (per month): \$200, large ad  
\$ 75, medium ad  
\$ 30, small ad

#### Newspaper Ad

45,000 people  
\$200, 4 large ads  
(one each week)  
\$100, 4 medium ads  
\$ 50, 4 small ads

Go through the six steps of planning an ad campaign. Where would you put your ad? Why?

2. Call your local newspaper and phone company. Ask for information on readers and costs of ads for your area. Also call a local radio station and ask about its listeners and costs.
3. Using the words of Linda's ad on page 63, design a newspaper ad. Remember to think about the headline, illustration, copy, layout, and business identification.
4. What are the six parts of a sales transaction? Which ones may never be used in a specific situation with a customer?

5. Look in newspapers, magazines, and the Yellow Pages for one printed ad you like. Listen for one radio ad you like. (If possible, pick ads for plant businesses.) Write down why you liked the ads.

### Discussion Questions

1. How do small businesses sell and promote their products or services? Discuss all the different ways mentioned on page 64. Think of a few "new and different" ways too.
2. What makes a bad ad? Why can some ads make customers not want to use a business? Think about radio and TV as well as printed ads.
3. Can you recall a salesperson whom you thought was very good? What made the person good? How about one that was especially bad? What made the person bad?

### Group Activity

In a small group, think of several good names for a garden center. Design a logo and newspaper ad using one of them. With the class, pick the top three ads and tell why you like them.

UNIT 8

Keeping Financial Records

Goal: To help you learn how to keep financial records for a garden center.

Objective 1: Fill out a customer account form.

Objective 2: Fill out a daily cash sheet for money received and paid out in one day.



### LINDA KEEPS TRACK OF FINANCES

The Color Spot has been open for four months now. It's doing very well. Already Linda has some steady customers. They are pleased to have a garden center in their neighborhood. They also like the plants and supplies Linda carries.

Linda has agreed to sell on credit to a few good customers. One of them, Mrs. Wallace, came in today. She bought eight chrysanthemums, two dozen daffodil bulbs, and two small shrubs. The total cost was \$52, including sales tax.

Linda writes up a sales slip for this order. She gives a copy to Mrs. Wallace and puts a copy in the cash register. Later she will enter the amount charged on Mrs. Wallace's account card.

Most people pay in cash. That day Linda sells \$260 worth of plants and supplies. She also gets some checks in the mail from customers who are paying on their accounts. She gets \$30 from the Sims and \$16 from Bob Tallchief.

Linda has to pay some of her own bills, too. She sends \$150 to Reynolds Nursery and \$30 to the phone company.

At the end of the day Linda puts all the records in order. Then she takes all the money received that day to deposit it in the bank.

## Keeping Financial Records

One of the most important things a small business owner has to do is to keep good financial records. You have to know how much money is coming in and how much is going out. This is how you know if your business is making or losing money. Good records also help you report income and expenses to the government to pay taxes. They can help you decide, too, if you should expand your business or cut it back.

Different businesses have different recordkeeping needs and methods. The needs of your garden center will be fairly simple. You will need a way to handle cash and credit sales and to keep track of the money coming into and going out of your business.

### Cash Sales

Cash sales are sales that are paid in full at the time of purchase. Cash sales include payments in actual cash or by check. When a customer pays cash, Linda gives the customer a sales slip for a receipt. It looks like this:

SALES SLIP	
DATE <u>August 1</u>	
CUSTOMER <u>Mrs. Krolikowski</u>	
Description of Sale	Price
10 lb. potting soil	4 00
Bone meal	2 00
Insecticide	4 00
Cash <input checked="" type="checkbox"/>	Subtotal 10 00
Charge <input type="checkbox"/>	Sales Tax (4%) 40
	TOTAL 10 40

Customers need a receipt for their own records. Customer receipts prove that they have paid for the product they take home. These receipts are useful if the customer isn't satisfied with the product and wants a refund.

When Linda gets a cash sale, she rings the cash register for the correct amount and puts the money inside. The cash register prints all the payments onto a tape. The tape will show the total cash sales at the end of the day. This amount should match the cash in the register. Many businesses also keep copies of sales slips, mainly to help them check inventory. But some businesses use the cash register tape only to record cash sales. They keep track of their inventories in other ways.

### Credit Sales

The customer account form helps Linda keep track of how much each credit customer owes and has paid.

Mrs. Wallace has had two charges before this one. One was for garden equipment, and the other was for bedding plants. She also made a payment on July 13. Her account card looks like this:

CUSTOMER ACCOUNT FORM				
Customer: <u>Mrs. Wallace</u>				
Date	Description of Sale	Amount Charged	Payment Received	Balance Due
June 25	Garden equipment	25.00	--	25.00
July 2	Bedding plants	42.00	--	67.00
July 13	Payment	--	67.00	--
Aug. 1	Mums, bulbs, shrubs	52.00	--	52.00

Linda adds the new charge for the plants Mrs. Wallace bought today. She puts in the date, description of sale, and \$52.00 under "Amount Charged." She also puts payment amounts under "Payments Received" on the account cards of the Sims and Bob Tallchief. Now her customer account cards are up to date.

At the end of each month, Linda figures the "Balance Due" on each account. Then she mails a bill to each customer showing how much he or she still owes.

Some small businesses also accept major charge cards like VISA or MasterCard. Many customers like to use these charge cards. The owner doesn't have to keep customer account cards on customers who pay this way. Credit services pay the business owner the amount the customer owes and then bill the customer. This can save the owner some problems, such as slow payment by customers. However, the business owner must pay a fee to the credit company for its service.

#### Daily Cash Sheet

At the end of each day Linda fills out a daily cash sheet. It has two purposes. It helps her keep track of the money that comes in--called revenues or income--and the money that goes out--expenses. You can see that it's an important form, because revenues and expenses are important parts of financial records. The form looks like this.

DAILY CASH SHEET

<u>Cash Receipts</u>		<u>Cash Payments</u>	
Cash Sales	\$ 260	Salaries	\$ _____
Credit Sales	46	Building Expenses	_____
		Equipment and Furniture	_____
		Inventory and Supplies	150
		Advertising	30
		Other	_____
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 306</b>	<b>TOTAL CASH PAYMENTS</b>	<b>\$ 180</b>

Linda writes in two kinds of cash receipts. One is cash sales from the cash register. Today's total is \$260.00. The other is money paid on past credit sales. Today's total is \$30 from the Sims and \$16 from Bob Tallchief, or a total of \$46.

Linda also records the expenses she paid that day. She lists the \$150 paid to Reynolds Nursery under "Inventory and Supplies." The \$30 check to the phone company is listed under "Advertising." Then, Linda figures her totals. "Total Cash Receipts" are \$306. "Total Cash Payments" are \$180.

Linda uses her daily cash sheets and other records to prepare monthly and yearly financial statements--such as the profit/loss (P/L) statement and the balance sheet. The P/L statement is described in Unit 9. Your bookkeeper or accountant can show you how to complete a balance sheet and can show you the information it will give you about your business.

Summary

Financial records help you keep track of your business income and expenses. Three of the financial record forms you will use are the sales slip, the customer account form, and the daily cash sheet.

## Learning Activities

### Individual Activities

1. List three reasons for keeping good financial records.
2. Fill in a customer account form using the following information.  
Mr. Washington bought a fruit tree for \$60. He charged it on March 10. He paid \$25 on March 30 and another \$25 on April 30.

On May 5 he bought a large order of vegetable plants. He charged \$45.  
On May 30 he paid \$25. On June 15 he paid the rest of his bill.

CUSTOMER ACCOUNT FORM				
Customer: _____				
Date	Description of Sale	Amount Charged	Payment Received	Balance Due

3. Fill in a daily cash sheet using the following information. On July 20 Linda received \$30 for past credit sales from the Websters and \$50 from Andy Johnson. Cash sales were \$270. Linda paid Joe \$220 that day for a week's work. She also paid \$50 on her insurance. (Note: Insurance goes under "Other")

DAILY CASH SHEET			
<u>Cash Receipts</u>		<u>Cash Payments</u>	
Cash Sales	\$ _____	Salaries	\$ _____
Credit Sales	_____	Building Expenses	_____
		Equipment and Furniture	_____
		Inventory and Supplies	_____
		Advertising	_____
		Other	_____
<b>TOTAL CASH RECEIPTS</b>	<b>\$ _____</b>	<b>TOTAL CASH PAYMENTS</b>	<b>\$ _____</b>

4. Fill in a sales slip. On April 3 Joe sold a Japanese maple tree to Dick Webster. The price was \$50. Sales tax was 4%. Dick charged it on his account.

SALES SLIP			
DATE _____			
CUSTOMER _____			
Description of Sale		Price	
Cash	<input type="checkbox"/>	Subtotal	
Charge	<input type="checkbox"/>	Sales Tax	
		<b>TOTAL</b>	

Discussion Questions

1. Sometimes the cash payments for one day are larger than the cash receipts. Does this mean the business is in trouble?
2. What do you think business owners can do about customers who pay slowly or not at all?
3. Why are records completed every day? Could they be done once a week instead?

Group Activity

Study the following customer account form.

CUSTOMER ACCOUNT FORM				
Customer: <u>Mrs. Billings</u>				
Date	Description of Sale	Amount Charged	Payment Received	Balance Due
Sept. 10	Annuals	\$20.00		\$20.00
Sept. 25	Potting soil, houseplant	\$15.00		\$35.00
Oct. 4	Clippers	\$12.00		\$47.00
Oct. 17	Mums	\$10.00		\$57.00
Nov. 19	African violet, plant food	\$ 8.00		\$65.00

Do you see any pattern on this form that may suggest a problem? If so, what is the problem? How would you handle it?

UNIT 9

Keeping Your Business Successful

Goal: To help you learn how to keep a garden center successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for this business.

Objective 2: State one way this business could increase its profits.

Objective 3: State one way this business could change its services to increase sales.

## LINDA CHECKS THE COMPANY'S HEALTH

The Color Spot has been in business for almost two years now. Linda has hired a part-time person, Delilah, to help in selling, while Joe continues to care for the plants.

Her sales are good, especially in spring and summer. Winter sales have gotten a little slow though. People aren't buying as many houseplants as they used to.

Linda has been wondering if the business could make more money. A couple of times she's had trouble paying her bills. Last month she took a very small salary because she needed to buy new display stands and tables.

Linda decides to talk to Mr. Sakamura, her accountant, again. He has kept all her records of business income and expenses. On the phone she tells him she wants to talk about how the business is doing.

When she arrives at his office. Mr. Sakamura tells her, "I have figured some totals for you. In your first year of business you earned \$12,000 profit. That's all right for just getting started. But this past year you sold more plants and still only made \$12,000 profit. That's not enough to live on! Your profit ratio is within the average for the industry, but something's wrong. You need to raise your profit dollars somehow."

Linda wonders what she should do. It sounds as if she needs to raise her revenues. She has just raised prices on some of her plants and supplies. She can raise prices on other items. Or she can try to find ways to get more business, especially in the winter.

She thinks she'll have a hard time spending less money. If she cuts back her employees' hours in the winter, she can save some salary expenses. But that will make her employees unhappy.

Linda decides to have a meeting with everyone in the business. Maybe they all put their heads together, they can find the best answer.

## Keeping Your Business Successful

If a small business is successful for more than two years, it has a good chance of making it. Half of all small businesses go out of business before they've lasted two years. If a small business lasts for five years, chances of success are even higher. The Color Spot is still in business after two years, but Linda still has a ways to go before she earns a decent profit.

Even a successful garden center owner can never sit back and say, "I've made it!" As business people say, "The market changes all the time." New varieties of plants are developed along with new ways of caring for them. If the economy isn't too good, people may buy fewer plants. Another garden center may open close by, attracting some customers.

Garden center owners have to keep careful track of changes like these. They also have to know exactly how their business is doing so they can make changes to keep up to date.

### Profit and Loss Statement

A profit and loss statement shows income and expenses over a period of time, usually a year. Remember the daily cash sheets in the last unit? If you add the cash receipts and cash payments together for a whole year, you have most of the information needed for the profit and loss statement.

Often a profit and loss statement shows figures for the last two years so that changes can be seen. Linda's two-year profit and loss statement appears on the next page.

TWO-YEAR PROFIT/LOSS STATEMENT

	Year 1		Year 2	
	\$	%	\$	%
<u>Revenues</u>				
Cash Sales	\$ 30,000		\$ 35,000	
Credit Sales	70,000		85,000	
TOTAL	\$100,000	100%	\$120,000	100%
<u>Cost of Goods Sold</u>				
	\$ 50,000	50%	\$ 60,000	50%
<u>Gross Profit</u>				
	\$ 50,000		\$ 60,000	
<u>Expenses</u>				
Salaries	10,000		17,000	
Rent & Utilities	20,000		20,500	
Supplies (office & garden)	2,000		3,200	
Advertising	1,500		2,200	
Other	4,500		5,100	
TOTAL	\$ 38,000	38%	\$ 48,000	40%
<u>Net Profit</u>				
	\$ 12,000	12%	\$ 12,000	10%

Linda's accountant filled in the dollar figures for Years 1 and 2 on this statement. At the top are the revenues for each year. Next comes cost of goods sold. This refers to the money Linda spent during the year to buy the plants and garden supplies she later sold to her customers. By subtracting the cost of goods sold from revenues, Mr. Sakamura got the gross profit. This is the profit before operating expenses are paid.

Next is the total of operating expenses paid for the year. Salaries includes Joe's salary in Year 1 and salaries for both Joe and Delilah in Year 2. (Linda's salary isn't listed here. Her salary comes out of profit after expenses are paid.) Supplies include office, gardening, and cleaning supplies used in the shop. Included under "other" are legal and accounting fees, insurance, and interest on her loan.

Net profit is the difference between gross profit and operating expenses in a year. Net profit is used to pay the owner's salary, taxes, and improvements in the business.

You can see that the business made the same amount of dollars of net profit in Years 1 and 2. But the dollars alone don't tell the whole story.

### Profit Ratio and Expense Ratio

The reason the dollars of profit don't tell us enough is that what happens to the balance between revenues, profits, and expenses in a business is important, too. An easy way to see the whole picture is to figure out the profit ratio and the expense ratio for each year.

The profit ratio for any year is the net profit divided by the revenues. This shows what percent of income the business got to keep after paying expenses. For Year 1, it's \$12,000 divided by \$100,000, or 12%. For Year 2, Linda's profit ratio was only 10%.

The expense ratio is the expenses divided by the revenues. For Year 1, Linda's ratio was \$38,000 divided by \$100,000, or 38%. For Year 2, it was 40%.

Now it's clear that even though Linda's profit dollars were the same in the two years, her profit ratio went down. Usually profit ratios for all small garden centers fall within a certain range--7 to 11%. In Linda's case, her profit ratio in Year 2 fell in this range--10%. Everything should have been going well. The problem was that Linda needed to be earning 10% profit on a larger amount of revenues. For example, if she could sell \$200,000 of plants and garden supplies in a year and keep her 10% profit ratio, her profit in dollars would be \$20,000--a decent figure. Linda set her goal to increase her revenues to at least \$180,000 by the end of Year 3.

## Increasing Net Profits

To increase net profits, a business must do one of two things:

- reduce expenses; or
- increase revenues.

Reducing expenses can be done in several ways. Linda could try to find suppliers that sell plants and supplies at lower prices. She could try to find less expensive ways of advertising. She could find out which plants are "slow sellers" and cut down on the number she buys. She might increase her inventory of other plants and try to get a discount by buying in quantity.

In trying to cut expenses, business owners have to be careful. Sometimes cutting services can lose customers for the business. If Linda bought cheaper plants of poorer quality, her customers would be unhappy.

Increasing revenues can also be done in several ways. This is the way Linda decides to tackle her problem. She can add new items to encourage more sales in the winter. She can raise prices. Here too she must be careful. If Linda wants to raise prices, she has to think again about everything in Unit 6 of this module. She may lose customers if her prices get too high.

Linda, Joe, and Delilah have a meeting to talk about what can be done. Joe and Delilah both need to work as much as they are now and don't want to cut back. So they think about other ways to increase profits.

Joe has an idea for increasing winter sales. He thinks they should turn a large part of the outdoor space over to Christmas trees in December. After Christmas they can stock firewood and fireplace items.

They decide to do some other things, too. They will raise prices on some items and stop carrying certain houseplants that are not very popular. They will use smaller ads except when they have a big sale. They hope making changes in all these little ways will add up to bigger profits and a healthier business.

Summary

Keeping a small business successful isn't easy. The owner has to know how the market for services is changing. He or she also has to keep track of how the business is doing. Finally, the owner has to plan the best way to change services to keep the business going strong.

Learning Activities

Individual Activities

1. Figure out the net profit, profit ratio, and expense ratio for this business for each year.

TWO-YEAR PROFIT/LOSS STATEMENT				
	Year 1		Year 2	
	\$	%	\$	%
<u>Revenues</u>				
Cash Sales	80,000		125,000	
Credit Sales	<u>20,000</u>		<u>25,000</u>	
TOTAL	100,000	100%	150,000	100%
<u>Cost of Goods Sold</u>				
	50,000	50%	75,000	50%
<u>Gross Profit</u>				
	50,000		75,000	
<u>Expenses</u>				
Salaries	30,000		29,000	
Rent & Utilities	15,000		20,000	
Supplies	2,000		4,000	
Advertising	1,000		2,000	
Other	<u>1,000</u>		<u>2,000</u>	
TOTAL	<u>39,000</u>		<u>57,000</u>	
<u>Net Profit</u>				

2. Tell which of the above years was a better year for the business.

3. List two ways to increase revenues. List three ways to reduce expenses.

### Discussion Questions

1. Linda's business did not make much money during certain months. What reasons could she have had for wanting to keep it open during slow times?
2. Suppose that Year 2 had been a better year than Year 1 for Linda's business. What do you think she might have done?

### Group Activity

Using all the information you have learned from this module, plan a garden center for your area. The class can work in six teams. The teams should work on the following topics:

- Planning the Business (Unit 1);
- Choosing a Location (Unit 2);
- Getting Money to Start (Unit 3);
- Being in Charge (Unit 4);
- Buying and Keeping Track of Supplies (Unit 5);
- Setting Prices (Unit 6); and
- Advertising and Selling (Unit 7).

The class will also have to work together as a whole, since each team needs to know something about what the others are doing.

## SUMMARY

This module has been about owning a garden center. People with training in ornamental horticulture can start garden centers. They may also be able to run nurseries, landscaping services, and flower shops.

To start a small business, you need to do lots of planning. First you have to be sure that owning a small business is right for you. Then you have to decide what services to offer, how to compete, and what legal requirements to meet.

To pick a good location, you have to be sure that your kind of garden center is what people in the area need. Then you have to get the money to start. That means showing a banker that your idea is a good one.

Being in charge means dividing the work and hiring good workers. Then you must keep careful track of what you sell-- your inventory--and figure out how much of each item to order.

Setting prices means figuring out the lowest price you can charge to meet your expenses and also the highest price you can charge and still be competitive. To do this, you need information on expenses and on your competition's prices.

You also need to know about advertising and selling in order to get customers. Advertising lets customers know about your business. Selling means working to make the customers happy. These are both important ways to help your business succeed.

You should keep good financial records so you will know how the business is doing. Then you can decide if you can expand your business or if you need to cut it back.

In order to own and operate a successful garden center, you need training in ornamental horticulture, work experience, and the special business management skills we have covered in this module. If you have not had a course in ornamental horticulture, you should take one before you decide to own a garden center. You can learn business management skills through business classes, experience, or by using the advice and example of an expert.

You may not make a lot of money by owning a garden center. However, you will have the personal satisfaction of being responsible for your business and making your own decisions. You can also decide when and how much you want to work. Think about how important these things are to you in considering whether you should start your own garden center.

QUIZ

1. List three personal qualities the owner of a garden center might have.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

2. What kind of garden center would be best in an area with many new houses or other buildings?

- \_\_\_\_\_ a. Garden center/landscaping service
- \_\_\_\_\_ b. Garden center/flower shop
- \_\_\_\_\_ c. Garden center/large cut flower nursery

3. List one way a garden center can "stand out" from its competitors.

4. List two legal requirements for running this business.

- a. \_\_\_\_\_
- b. \_\_\_\_\_

5. List three things to think about in picking a spot for a garden center.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

6. Pick the best area for a garden center/flower shop.

- \_\_\_\_\_ a. An area that already has many garden centers
- \_\_\_\_\_ b. A farming area
- \_\_\_\_\_ c. A city area with lots of small houses and apartments

7. You plan to start a garden center/landscape service. You have picked a large spot with lots of outdoor space and a parking area. It is located several miles from any other center. You plan to have landscaping plants such as trees, shrubs, and large flowering plants. Your area is a new suburb of a city with a lot of building going on. You have talked to owners of several big industrial buildings, and all but one said they would like to use your services. You plan to put a large ad in the paper once a week. You also plan to mail letters to homeowners around your center.

Write a business description of this business. Include a section on kind of service, location, competition, customers, and plans for success.

8. Your total expenses for starting a garden center will be \$55,000. You have \$15,000 in savings, and your sister lends you \$5,000. How much money do you need to borrow?
- a. \$25,000
  - b. \$35,000
  - c. \$45,000
9. The Foster family owns a small garden center. Mr. Foster has run it for 15 years. His daughter Lee has just finished high school; she studied ornamental horticulture. Mrs. Foster takes care of the books and the billing. They have lots of customers and need to hire a fourth person. They probably should hire an:
- a. assistant to Mr. Foster and have Lee assist her mother.
  - b. assistant bookkeeper.
  - c. experienced salesperson and have Lee care for the plants.

10. You decide to hire a bookkeeper for your business. Which person would you choose?
- a. Tom, who studied bookkeeping in high school and has not worked at it in 12 years
  - b. Annie, who worked as a bookkeeper for three years, wants a very high salary, and has good references
  - c. Jim, who worked as a bookkeeper for one year, has good references, and is studying business at night
11. List one kind of training your employee might need.
12. If you need your plants by July 15, how early should you probably order?
- a. June 15
  - b. April 15
  - c. February 15
13. Look at the following purchase order. What is the total amount of the purchase? \_\_\_\_\_

PURCHASE ORDER				
TO: Antony's		DATE: March 5		
15300 County Road		PURCHASE ORDER NUMBER: 00104		
		REQUIRED DELIVERY DATE: June 1		
SHIP TO: The Color Spot		SHIP VIA: Truck		
2350 Laurel Street				
Quantity	Unit	Description	Unit Cost	Total Cost
100	4"	Tomatoes	.50	
100	4"	Geraniums	1.15	
TOTAL				
Signature <i>Linda Bowman</i>				

14. Here is the inventory card for tomatoes. Is it time to reorder?

- a. Yes  
 b. No

INVENTORY CARD					
Item <u>Tomatoes</u>					
Supplier <u>Antony's</u>					
Reorder Point <u>25</u>			Reorder Amount <u>100</u>		
AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount
June 1	100	June 2	16		
		June 6	11		
		June 12	27		
		June 16	18		

15. You are selling young fruit trees in 5-gallon cans. They cost you \$10 each. You need to double your costs (at least) to get the income you need. Fruit trees are popular this year, and other garden centers are charging \$30 for a tree. What should you probably charge?

- a. \$28  
 b. \$35  
 c. \$19

92

96

16. Your garden center has been open two months. You are deciding whether to run a weekly ad in the paper or advertise twice a day on the radio. Which would probably be best for you?

- a. Newspaper ad--reaches 50,000 people and costs \$75 a week
- b. Radio ad--reaches 30,000 people and costs \$80 a week

17. In planning an ad, think about headline, copy, layout, business identification, and \_\_\_\_\_.

18. List three of the main steps in personal selling.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

19. Fill out a customer account form with the following information. Be sure to show each balance due. Mr. Dayton has charged these items and made two payments.

May 13	Garden Supplies	\$40
May 25	Payment	\$25
June 1	Vegetables	\$30
June 25	Payment	\$25

CUSTOMER ACCOUNT FORM				
Customer: _____		Payment Due Date: <u>25th</u>		
Date	Description of Sale	Amount Charged	Payment Received	Balance Due

20. Fill out a daily cash sheet with the following information:

Cash (bills and coins)	\$ 27
Checks	33
Payments on credit accounts	350
Paid for plants	500
Paid on lease	500
Paid for ad	40

DAILY CASH SHEET	
<u>Cash Receipts</u>	<u>Cash Payments</u>
Cash Sales \$ _____	Salaries \$ _____
Credit Sales _____	Building Expenses _____
	Equipment & Furniture _____
	Inventory & Supplies _____
	Advertising _____
	Other _____
TOTAL CASH RECEIPTS \$ _____	TOTAL CASH PAYMENTS \$ _____

21. Look at the profit and loss statement below. Figure out the gross net profits. Then figure out the expense ratio and profit ratio. Put the expense ratio in the percent column next to TOTAL EXPENSES. Put the profit ratio next to NET PROFIT.

PROFIT/LOSS STATEMENT		
	\$	%
<u>Revenues</u>		
Cash Sales	80,000	
Credit Sales	<u>40,000</u>	
TOTAL	120,000	
<u>Cost of Goods Sold</u>		
	60,000	
<u>Gross Profit</u>		
<u>Expenses</u>		
Salaries	20,000	
Rent & Utilities	20,000	
Supplies	3,000	
Advertising	2,000	
Other	<u>3,000</u>	
TOTAL	48,000	
<u>Net Profit</u>		

22. How can a garden center most quickly increase its net profits?
- a. Lower its prices
  - b. Get discounts on supplies
  - c. Buy larger ads

23. A garden center is having trouble. It is four miles outside the edge of town. Though it grows many kinds of plants, customers don't want to come that far. In winter, especially, business is very slow. List one new service this center could offer to increase its business.

PROJECT PRODUCTS

Entrepreneurship Training Components

<u>Vocational Discipline</u>	<u>Module Number and Title</u>
General	Module 1 - Getting Down to Business: What's It All About?
Agriculture	Module 2 - Farm Equipment Repair
	Module 3 - Tree Service
	Module 4 - Garden Center
	Module 5 - Fertilizer and Pesticide Service
	Module 6 - Dairy Farming
	Marketing and Distribution
Module 8 - Specialty Food Store	
Module 9 - Travel Agency	
Module 10 - Bicycle Store	
Module 11 - Flower and Plant Store	
Module 12 - Business and Personal Service	
Module 13 - Innkeeping	
Health	Module 14 - Nursing Service
	Module 15 - Wheelchair Transportation Service
	Module 16 - Health Spa
Business and Office	Module 17 - Answering Service
	Module 18 - Secretarial Service
	Module 19 - Bookkeeping Service
	Module 20 - Software Design Company
	Module 21 - Word Processing Service
Occupational Home Economics	Module 22 - Restaurant Business
	Module 23 - Day Care Center
	Module 24 - Housecleaning Service
	Module 25 - Sewing Service
	Module 26 - Home Attendant Service
Technical	Module 27 - Guard Service
	Module 28 - Pest Control Service
	Module 29 - Energy Specialist Service
Trades and Industry	Module 30 - Hair Styling Shop
	Module 31 - Auto Repair Shop
	Module 32 - Welding Business
	Module 33 - Construction Electrician Business
	Module 34 - Carpentry Business
	Module 35 - Plumbing Business
	Module 36 - Air Conditioning and Heating Service

Related Resources

- Resource Guide of Existing Entrepreneurship Materials
- Handbook on Utilization of the Entrepreneurship Training Components