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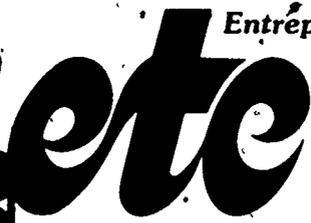
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ABSTRACT

This is the fourth in a set of 36 teaching guides for the Entrepreneurship Training modules and accompanies CE 031 036. Its purpose is to give students some idea of what it is like to own and operate a garden center. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are 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; and Keeping Your Business Successful. Each unit contains a case study, responses to individual activities, responses to discussion questions, and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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GETTING DOWN TO BUSINESS:

Garden Center

Module 4

Teacher Guide

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GETTING DOWN TO BUSINESS:

Garden Center

Susan L. McBain

May 1981 :

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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics; Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees, but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a garden center. Students will have an opportunity to make the same decisions that the owner of a garden center makes. While the module is not a complete "how-to" manual, the individual activities will provide your class with the chance to do many of the planning and daily activities that small business owners do.

Today, owners of small businesses face a multitude of problems-- some minor, some that threaten their very existence. These problems reflect the constant changes that our society is going through--economic, cultural, and technical. While this module cannot hope to address itself to all of them, the discussion questions at the end of each unit are designed to give your class the opportunity to discuss them and develop, on a hypothetical basis, solutions for themselves.

You may want to present this module after completing Module 1, Getting Down to Business: What's It All About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit a garden center specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a page listing the unit's goal and objectives.
2. Case Study--an account of a garden center owner for a more intimate view of owning a garden center.
3. Text--three to four pages outlining business management principles introduced in the case study.
4. Learning Activities--three separate sections, including:
 - a. Individual Activities--finding information given in the text or applying information to new situations.
 - b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.
 - c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time: Each unit = 1 class period; total class periods = 9
Introduction, quiz, summary = 1
Total instructional time = 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional

approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on the students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations:

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. (Assume that students will obtain more job training and business experience before launching an entrepreneurial career.)

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or, integrate within first hour of Unit 1)

I. In introducing this module, you might want to find out what students already know about garden centers. You might ask the class some questions like these.)

- What does a garden center sell?
- What do you think the owner of a garden center does? (Point out that business skills are as important as horticultural skills.)
- Has anyone ever thought about what it would be like to own a small garden center? Do you think you would like it? Why or why not?

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option
- To acquaint students with the skills and personal qualities a garden center owner needs to succeed
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills
- To expose students to the advantages and disadvantages of small business ownership

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Garden Center (1 class period)

- I. Case Study: Linda Bowman is an experienced nursery worker. She thinks about what it would be like to own her own garden center: long hours, daily care of plants, working with customers, and business skills. She picks the kind of garden center she thinks would succeed and picks a name for it.

Text: Personal Qualities
Services, Customers, and Competition
Special Services
Legal Requirements

II. Responses to Individual Activities

1. A business license and a permit from the state agency (if there is a state sales tax) are required to start a business. Other answers applicable to your area are also acceptable. Requirements in different areas will vary.
2. Responses here may vary. The more responses that are checked, the more likely the student is to succeed at running a garden center.
3. Responses will vary.
4. Responses will vary. Some possibilities are renting plants, devoting some land to a community garden, and providing special products (planted baskets, for example).

III. Responses to Discussion Questions

1. Responses will vary. In general, newly built-up areas need landscaping services; suburban dwellers need a variety of single plants; and central city areas are likely places for selling cut flowers and houseplants. Large nurseries need lots of space and often locate in rural areas.
2. Important differences are size of site required, size of investment required, and types and amount of training of workers. Large-scale nursery work requires some college trained people, while the other kinds of services may not require that much training.
3. Answers will vary. In general, self satisfaction is a more likely outcome of small business ownership than a lot of money, though the latter is possible.
4. The primary problem would be dealing with her creditors. Explain the meaning of bankruptcy to students. Also explain that if a business is failing, the owner may have to sell even if legal bankruptcy is not required.

IV. Group Activity

The purpose of this activity is to give students a first-hand feel for garden center ownership. An enthusiastic speaker is the best choice. Be sure the speaker knows the kinds of questions he or she should address at least a week before the presentation, since the focus is on management activities and requirements, and the speaker may find this a little different from the usual class presentation. You will probably want to allow questions and answers after the presentation. You may also want to have a brief discussion of what the class thought about the presentation after it's over. Have students write a thank-you letter.

Unit 2 - Choosing a Location (1 class period)

- I. Case Study: Linda considers what sort of area she lives in and what services are best suited to it. Then she looks at available locations for her garden center and picks one.

Text: Picking an Area
Picking a Spot
Size
Location.
Layout and Equipment
The Shape It's In
What It Costs

Optional Points to Present:

- You might mention that if the service you want to offer doesn't fit your area, or if there's a lot of competition, changing areas--even changing states--is one option.

II. Responses to Individual Activities

1. Linda did not talk to potential customers, representatives of official groups, or city or county agencies. Since she knew her area well and had friends and experience in the business area, these steps were perhaps not necessary.
2. Answers will vary.
3. Outdoor space, greenhouse space, indoor space (for display), office space, and storage space.
4. Answers will vary.
5. Getting the first place ready and leasing it for three years would cost \$64,000. Getting the second place ready and leasing it for three years would cost \$63,600.

III. Responses to Discussion Questions

1. Sometimes planning departments know important things about the future of an area. For instance, they may know about plans for road improvements or zoning changes that might affect your business.
2. For stores that carry a very specialized stock (like antique shops), it can be good to be close to others like themselves. If customers don't find exactly what they want, they can then easily try another store. On the other hand, garden center stock (for similar types of centers) is usually pretty similar, so it is generally not a good idea for a garden center to locate near its competition.

IV. Group Activity

This activity is designed to provide a practical exercise in locating a garden center. Before conducting the discussion, find a local map of your area. Review with students their findings from the individual activities and discussion questions. What should they look for in a location for a garden center? Where are existing garden centers located, and how should they take this factor into consideration? Discuss possible locations for a new garden center in terms of roads, traffic patterns, growth of new homes and businesses in the area, etc. Discuss the advantages and disadvantages of each location. Lead students to determine the best location, stressing the need for a convenient, easy-to-reach location, with good parking, near likely customers, and not too close to direct competition.

Unit 3 - Getting Money to Start (1 class period)

- I. Case Study: Linda adds up her projected expenses for three months and her money on hand to find out how much money she must borrow to start the business.

Text: The Business Description
Kind of Business and Services Provided
Location
Competition
Customers
Plans for Success
The Statement of Financial Need
Starting Expenses
Money on Hand
Loan Money Needed

II. Responses to Individual Activities

1. Banks (and other financial institutions) and the Small Business Administration

2. Starting expenses, money on hand, and loan money needed
3. Answers should refer to completeness of the description, to facts proving the idea is a good one, and to the entrepreneur's enthusiasm for the idea. Business descriptions should describe services provided, location, competition, customers, and plans for success.
- 4.

| STATEMENT OF FINANCIAL NEED | | | |
|-----------------------------|------------|-------------------------|---------------|
| <u>Starting Expenses</u> | | <u>Money on Hand</u> | |
| Salaries | \$ 9,000 | Cash on Hand | \$15,000 |
| Building Expenses | 6,000 | Personal Loans | <u>10,000</u> |
| Repairs and Renovations | 0 | TOTAL | \$25,000 |
| Equipment and Furniture | 2,000 | | |
| Inventory | 70,000 | | |
| Supplies (office & garden) | 1,000 | | |
| Advertising | 500 | | |
| Other (insurance) | <u>500</u> | | |
| TOTAL | \$89,000 | TOTAL STARTING EXPENSES | \$89,000 |
| | | TOTAL MONEY ON HAND | <u>25,000</u> |
| | | TOTAL LOAN MONEY NEEDED | \$64,000 |

III. Responses to Discussion Questions

1. The business with the largest cost of land will generally cost the most. Inventory is also a large cost, but this is usually proportional to the size of the land. A flower shop would cost the least to start, since the land and inventory needed would be smallest. A nursery would probably cost the most.
2. Answers will vary. Most lending institutions require more investment on the part of the entrepreneur, for two reasons: (1) it lowers the institution's risk of loss on the property, and (2) it shows sincere commitment on the part of the entrepreneur. She should try to raise more money and come back to the bank. She could try to get family, friends, and business associates to lend her money or to invest in the business.
3. Answers will vary. Lending institutions also generally look for willingness on the part of the entrepreneur to make the business work (e.g., willingness to work in the business oneself). They would also be concerned about this man's lack of knowledge of the garden center business. An unrealistic approach to opening a business shows a lack of business judgment in general, increasing the chances for failure of the business.

IV. Group Activity

The purpose of this activity is to give the class an opportunity to practice communication skills needed in interviewing for a bank loan. "Loan applicants" should evaluate themselves on their poise, knowledge about their business, and logical presentation of their plan. "Loan officers" should analyze whether they asked all the appropriate questions, did a good critical analysis of the information, and acted in a professional but friendly manner.

Unit 4 - Being in Charge (1 class period)

- I. Case Study: Linda decides to hire an employee to help her. She decides what the employee will be doing, writes a job description, advertises for and interviews applicants, and hires one.

Text: Dividing the Work
Hiring a Worker
Writing a Job Description
Advertising
Looking at Applicant's Training and Experience
Interviewing
Checking References

II. Responses to Individual Activities

1. a. By kind of work. The employee doesn't need as many different kinds of skills. On the other hand, the employee can't "fill in" easily for the owner when needed.
- b. By level of work. The employee needs even less training but might have even more trouble filling in.
- c. Mixture of tasks. The employee and the owner can trade duties, allowing more flexibility. But the employee needs more training than in the cases above and would probably want a higher salary top.
2. Answers will vary.
3. Answers will vary. The owner would probably plan the business, do advertising, make initial decisions about supplies, hire and manage workers, set prices, supervise (or actually do) recordkeeping, monitor success of the business, and expand or change the business as appropriate.
4. Answers will vary. Ads should specify at least the kind of work to be performed, training and experience needed, salary, and phone number of the employer.

5. (a) Write a job description stating what you want the employee to do.
 - (b) Advertise the job so applicants will learn about it.
 - (c) Look at applicants' training and experience to see if they qualify (job application).
 - (d) Talk to the applicants who qualify to get to know them better and tell them more about the job.
 - (e) Check references of the candidates you prefer to learn about their work.
6. Training in doing unfamiliar parts of the job (how to water houseplants, what fertilizers to order); training in store procedures (time cards, sales slips).

III. Responses to Discussion Questions

1. Written job descriptions make it clear to everyone what each worker's responsibilities are. This can prevent misunderstandings later that could hurt employer/employee relationships or perhaps result in oversights that could lead to loss of money or death of plants. (You may point out that many small businesses don't have formal written descriptions. However, it is good business practice, just like keeping good financial records.) It even helps for the owner to have a written job description--so he or she can prioritize tasks and so employees will know what to expect.
2. Answers will vary. Trade journals can be a good place to advertise for an employee, especially a skilled one. Students may have other answers.
3. Ninety percent of firings occur not because of inability to perform the work, but because of inability to get along with other workers.
4. The best way to divide the work really depends on the situation: the skills of the other workers, money available for salary, etc. Each way of dividing the work has good and bad points.

IV. Group Activity.

There are at least two problems here. First, Joe is clearly dissatisfied with the current state of his job. Second, Linda doesn't think Joe can work very well with customers.

Several solutions might be possible: (1) Leave things as they are. (2) Linda could give Joe a chance selling to customers--perhaps he'll be better than she thinks. (3) Joe could help his

skills in selling by taking a class. (4) Linda could fire Joe, or Joe could quit. Students may suggest other possibilities.

Principles to bring out in the discussion are: (1) Both the employee and employer must be satisfied if the business is to run smoothly; and (2) there are often other ways to solve problems than firing if both the employer and employee are willing to look for them.

Unit 5 - Buying and Keeping Track of Supplies (1 class period)

I. Case Study: Linda is getting ready to open her garden center. She visits different suppliers and decides what supplies she will order from each one.

Text: Choosing a Supplier
 The Merchandise
 The Services
 The Prices
 Filling Out a Purchase Order
 Keeping Track of Supplies
 When and How Much to Order

Optional Points to Present:

- In business the words "inventory," "merchandise," "stock," and "supplies" are often interchangeable.

II. Responses to Individual Activities

1.

| PURCHASE ORDER | | | | |
|--------------------------------|------|---------------------------------------|-----------|------------|
| TO: <u>Anthony's</u> | | DATE: <u>March 10</u> | | |
| <u>15300 County Road</u> | | PURCHASE ORDER NUMBER: <u>00010</u> | | |
| | | REQUIRED DELIVERY DATE: <u>May 10</u> | | |
| SHIP TO: <u>The Color Spot</u> | | SHIP VIA: <u>Truck</u> | | |
| <u>2350 Laufel Street</u> | | | | |
| | | | | |
| Quantity | Unit | Description | Unit Cost | Total Cost |
| 25 | 6" | Ficus benjaminá | 5 00 | 125 00 |
| 20 | 6" | Philodendron florida | 3 00 | 60 00 |
| 20 | 6" | Dracaena deremensis | 4 00 | 80 00 |
| TOTAL | | | | 265 00 |
| Signature: <u>Linda Bowman</u> | | | | |

2. The quality and variety of the merchandise, the services offered, and the prices
- 3.

| INVENTORY CARD | | | | | |
|-----------------------------|--------|---------------------------|--------|------------------|--------|
| Item <u>Ficus benjamina</u> | | | | | |
| Supplier <u>Antony's</u> | | | | | |
| Reorder Point <u>.10</u> | | Reorder Amount <u>.25</u> | | | |
| AMOUNT RECEIVED | | AMOUNT SOLD | | AMOUNT REMAINING | |
| Date | Amount | Date | Amount | Date | Amount |
| May 10 | 25 | May 12 | 2 | May 12 | 23 |
| | | May 17 | 1 | May 17 | 22 |
| | | May 20 | 2 | May 20 | 20 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

4. Two to four months ahead
5. Responses will vary by your area's seasonal changes.

III. Responses to Discussion Questions

1. Retail prices include more costs. They include the cost of the owner or employee picking out, displaying, and doing the paperwork for selling products; the cost of transporting the products; the cost of advertising; and other costs. Most customers are willing to pay these costs because the convenience of having products easily available is important to them. It saves them time, money, and inconvenience. Also, retail owners provide certain personal services to customers that wholesale owners do not--such as information on how to prune rose bushes. See if the class can reach a consensus about the fairness of retail prices.
2. Because suppliers don't always have what you want exactly when you want it. Plants may not be up to size, or maybe many other people are ordering right then, too. You should give your suppliers plenty of time so that if they are slow in filling an order, you aren't caught short. In certain cases,

too, merchandise will have to be shipped from another area, and this takes time. (For live plants, owners should try to find local suppliers).

IV. Group Activity

The purpose of this activity is to show students the details of inventory control forms and the different kinds that can be used. Visit a garden center owner and collect the needed forms for examination by students. Or you could ask the business owner who comes to speak to the class to bring inventory control forms with him or her.

Stress that the control of inventory is one of the most important aspects of business, especially for a small business. Even small mistakes in recordkeeping or handling of inventory can really hurt a business. Deciding on the order in which to use the forms should help the class understand the whole process of inventory movement from wholesaler to retailer to consumer.

Unit 6 - Setting Prices (1 class period)

- I. Case Study: Linda's accountant helps her estimate her cost of goods sold and monthly expenses. He gives her advice on setting prices.

Text: Cost of Goods Sold
Operating Expenses of the Business
Profit Needed or Wanted
Demand for Products
Competition

Optional Points to Present:

- The unit doesn't use the term "markup." If you wish, you can introduce the term to your class and use it in discussing the unit. Markup is the increase in retail price over wholesale cost. It is usually expressed as a percentage. The percentage can be based on either the wholesale cost or retail price, but the latter is more common. Thus, if you buy a product for \$1.00 and sell it for \$3.00, the markup is \$2.00/\$3.00, or 67% markup on retail.

II. Responses to Individual Activities

1. The lowest price is affected by the cost of goods sold, operating expenses, and profit needed or wanted. The highest price is affected by the demand for products and by competitors' prices. The right price for an item lies between these two levels. (For a retail business with many items, this relationship will not hold true for every item, but it will on the average for all items.)

2. Owner's salary, taxes, and expansion of the business
3. Answers will vary. Ask students to speculate why one center would charge higher prices (e.g., higher rental payments, more employees, etc.).
4. Answers will vary depending on students' preferences.

III. Responses to Discussion Questions

1. You couldn't raise prices the same amount. You could raise the houseplant price by \$2 and make a profit. You wouldn't, however, get enough to cover operating expenses and profit if you raised the price of the blue spruce by only \$2.00. A two-dollar markup on a \$50 item would be a markup on retail of less than 4% ($2/52 = 3.8\%$). Linda figured she needed a markup on retail of around 50% on all trees, shrubs, and houseplants to cover her monthly operating expenses and profit.
2. Yes, new businesses can certainly lose money at first in order to charge less than their competition. This may be necessary to attract customers. The entrepreneur should plan for this loss in estimating how much money is needed to start the business. The loss can be a big problem if it continues for more than six months or a year. Eventually, however, a small business should give the owner a healthy profit--to reward him or her for all the person's hard work.

IV. Group Activity

The purpose of this activity is to give students an opportunity to apply their learning in a unique situation not presented before. The activity requires students to evaluate how the factors they have studied will influence Lon's price-setting decisions.

Responses and discussion should follow these lines:

1. Cost of goods sold, operating expenses, profit, demand for products, competition
2. Order of importance may vary, but cost of goods and operating expenses will be important, as will demand for the products and competition (competition will probably be small because the business is so specialized). Desired profit will be on the bottom, at least at first.
3. Lon is offering a more specialized product and will not be so concerned about competing with the more general types of centers like Linda's. However, the demand for orchids is likely to be fairly limited, so Lon will have to cater to a smaller, more defined group of customers.

Unit 7 - Advertising and Selling (1 class period)

- I. Case Study: The opening of The Color Spot is approaching. Linda decides how to advertise and picks a logo for her ads.

Text: Advertising
Who, What, When, How, Why, and How Much?
Designing an Ad
Headline, Illustration, Copy, Layout, Business Identification
Selling
Greeting Customers
Finding Out Their Needs
Creating an Interest in the Product
Dealing with Objections
Selling Substitutes
Closing the Sale

II. Responses to Individual Activities

1. Answers will vary. Students should defend their choice based on the six planning steps. Yellow Pages ads are expensive, but will be seen by people looking specifically for garden centers. On the other hand, newspaper ads may generate new customers.
2. Answers will vary.
3. Be sure the ad contains a headline, illustration, copy, and business identification. Look for attractive layout and spacing.
4. (1) Greeting the customers, (2) finding out their needs, (3) creating interest in the product, (4) dealing with objections, (5) selling substitutes, and (6) closing the sale. Numbers 4 and 5 may not be necessary. Of course, #6 is not always needed either!
5. Answers will vary. Make a list of the similarities among the good ads.

III. Discussion Questions

1. Answers will vary.
2. Answers will vary. List the things students suggest as making a bad ad. Point out that some customers make a point not to shop at a business that uses ads they find unpleasant.
3. Answers will vary. List the things students suggest as characteristic of good and bad selling.

IV. Group Activity

Ads should contain the parts mentioned on page 66. They should be simple, attractive, informative, and "catchy." The illustration should project an image that will appeal to the targeted customers. The most important information should be most prominent in the ad. Ads should also have a certain amount of "white space." Overly cluttered layouts are unappealing and confusing to readers. In summary, ads should be creative and organized.

Unit 8 - Keeping Financial Records (1 class period)

- I. Case Study: Linda is doing well in her garden center. She has learned a lot about handling cash sales and credit accounts.

Text: Cash Sales
Credit Sales
Daily Cash Sheet

II. Responses to Individual Activities

1. (a) To keep track of how much money the business is making or losing
- (b) To have records for tax purposes
- (c) To help you decide if you should expand your business or cut it back.

2.

CUSTOMER ACCOUNT FORM

Customer: Mr. Washington

| Date | Description of Sale | Amount Charged | Payment Received | Balance Due |
|----------|---------------------|----------------|------------------|-------------|
| March 10 | 1 fruit tree | \$60 | -- | \$60 |
| March 30 | Payment | -- | \$25 | \$35 |
| April 30 | Payment | -- | \$25 | \$10 |
| May 5 | Vegetable plants | \$45 | -- | \$55 |
| May 30 | Payment | -- | \$25 | \$30 |
| June 15 | Payment | -- | \$30 | -- |

3.

| DAILY CASH SHEET | | | |
|----------------------------|---------------|----------------------------|---------------|
| <u>Cash Receipts</u> | | <u>Cash Payments</u> | |
| Cash Sales | \$ 270 | Salaries | \$ 220 |
| Credit Sales | 80 | Building Expenses | _____ |
| | | Equipment and Furniture | _____ |
| | | Inventory or Supplies | _____ |
| | | Advertising | _____ |
| | | Other | 50 |
| TOTAL CASH RECEIPTS | \$ 350 | TOTAL CASH PAYMENTS | \$ 270 |

4.

| SALES SLIP | | |
|--|-----------|-------|
| DATE <u>April 3</u> | | |
| CUSTOMER <u>Dick Webster</u> | | |
| Description of Sale | Price | |
| 1 Japanese Maple | 50 | 00 |
| | | |
| | | |
| Cash <input type="checkbox"/> | Subtotal | 50 00 |
| Charge <input checked="" type="checkbox"/> | Sales Tax | 2 00 |
| | TOTAL | 52 00 |

III. Responses to Discussion Questions

1. No. Cash flow on one day isn't important. Sales rise and fall over the month, and bills come due on different days as well. Cash flow over a month or longer is what should be watched.
2. First, contact the customer and try to establish terms of payment. If the customer still doesn't pay, the business can withdraw credit, demand payment from the customer, have a lawyer or collection agency demand payment, or sue.
3. If records are completed every day, they are more likely to be complete and accurate. Records can be updated once a week if all workers complete and file sales slips, etc. very carefully.

IV. Group Activity

The purpose of this activity is to provide students with an opportunity to analyze an actual billing record and reach inferential conclusions based on it.

Mrs. Billings' account form shows a pattern of nonpayment and continual balances due. Yet her purchases at the garden center continue. A problem exists, and at least an inquiry into the circumstances of nonpayment is due. If payment is not forthcoming, credit to and purchases by Mrs. Billings should be discontinued. Help from a collection agency may be needed.

This case suggests a problem of nonpayment in the garden center business when credit is offered. The business owner can avoid problems of this nature by being very careful in screening credit customers. It might be wiser to sign up with a bank card system to avoid problems like this altogether.

Unit 9 - Keeping Your Business Successful (1 class period)

- I. Case Study: Another salesperson, Delilah, has come to work for Linda. Though the business is paying its bills, its profit ratio has declined, and Linda wonders how to boost it up again.

Text: The Profit and Loss Statement
Profit Ratio and Expense Ratio
Increasing Net Profits

II. Responses to Individual Activities

1.

| 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 | 20,000 | | 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>39%</u> | <u>57,000</u> | <u>38%</u> |
| <u>Net Profit</u> | | | | |
| | <u>11,000</u> | <u>11%</u> | <u>18,000</u> | <u>12%</u> |

2. Year 2 was a better year. Revenues, profits, and profit ratios were higher.

3. Possible responses include: (a) raise prices; (b) encourage winter sales; (c) charge for credit. Students should list three of the following possibilities to reduce expenses: (a) cut back employee hours; (b) try to find cheaper supplies; (c) cut back on advertising; (d) cut back on inventory; (e) increase inventory to try to get a discount from suppliers. All these methods should increase profits.

III. Responses to Discussion Questions

1. Some businesses are seasonal--that is, they get most of their business during certain times of the year. This does not mean that a seasonal business like Linda's cannot be successful. If she can make enough money in the "good" months to carry her

through the poor ones and if she can handle the erratic cash flow, Linda may be able to succeed. If she closes her business during the winter, she may lose the visibility that she needs in the community. On the other hand, some businesses do close during off-seasons and thus eliminate certain expenses (e.g., utilities and salaries).

2. She might think about expanding her business: adding new products; converting some parking lot space to plant display area; maybe even moving to a bigger spot in the same area.

IV. Group Activity

The purpose of this activity is to summarize the contents of the whole module. The above units all have to do with planning the business (but not operating it) and so can be carried out by students.

Let students choose the groups they wish to work in as much as possible. If you think any business people in the community would be willing to act as resource persons for the students, set up sessions when they can be invited in.

The students can hand in a class paper or make a presentation. Perhaps some of the business teachers and students in your school would like to attend a presentation. Other garden center owners might also be interested. This activity could be used as a means of developing interest in your students and perhaps finding work experience and job openings for some of them.

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap up activities.

The summary section of the Student Guide covers the main points of the module. You may wish to discuss this briefly in class to remind students of major module topics.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges) are starting to offer AA degrees in entrepreneurship).

This would be a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify

with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following:

- Have students discuss or write about how they see themselves owning a garden center now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.
- Use one or more of the Group Activities that were not done earlier. (The first one, in Unit 1, "Visit to Class by the Owner of a Garden Center," might be particularly appropriate.) Feel free to combine, expand, and adapt the activities so that students can consider a more complete picture of running a garden center.

Quiz (30 minutes)

The Quiz may be used as an assessment instrument or as an optional study tool for students.

If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Possible answers include:
 - (a) plant care skills
 - (b) business skills
 - (c) liking people
 - (d) willingness to stay close to home
 - (e) leadership and organizational skills
 - (f) other reasonable answers
2. a
3. Possible answers include:
 - (a) feature flowering plants
 - (b) deliver to people's homes
 - (c) give plant care classes
 - (e) other reasonable answers
4. (a) Business license
(b) Permit from state tax agency (resale license)

5. Possible answers include:
 - (a) size
 - (b) location
 - (c) competition
 - (d) layout and equipment
 - (e) the condition of the building
 - (f) cost
 - (g) other reasonable answers
6. c
7. The business description should include all the sections mentioned. It should be accurate, well written, and show some enthusiasm for the idea on the part of the "entrepreneur."
8. b
9. c
10. c
11. Possible answers include:
 - (a) about supplies you carry
 - (b) about forms you use
 - (c) about your daily operations procedures
 - (d) about plant care or selling
 - (e) about personnel matters (time cards, benefits, etc.).
 - (f) other reasonable answers
12. b
13. \$165.00
14. b (no)
15. a
16. a
17. illustration
18.
 - (a) Greeting the customers
 - (b) Finding out their needs
 - (c) Creating interest in the product
 - (d) Dealing with objections
 - (e) Selling substitutes
 - (f) Closing the sale

19.

| CUSTOMER ACCOUNT FORM | | | | |
|------------------------------|---------------------|-------------------------------|------------------|-------------|
| Customer: <u>Mr. Dayton.</u> | | Payment Due Date: <u>25th</u> | | |
| Date | Description of Sale | Amount Charged | Payment Received | Balance Due |
| May 12 | Garden supplies | \$40 | -- | \$40 |
| May 25 | Payment | -- | \$25 | \$15 |
| June 1 | Vegetables | \$30 | -- | \$45 |
| June 25 | Payment | -- | \$25 | \$20 |

20.

| DAILY CASH SHEET | | | |
|----------------------------|---------------|----------------------------|-----------------|
| <u>Cash Receipts</u> | | <u>Cash Payments</u> | |
| Cash Sales | \$ 60 | Salaries | \$ |
| Credit Sales | <u>350</u> | Building Expenses | <u>500</u> |
| | | Equipment & Furniture | |
| | | Inventory & Supplies | <u>500</u> |
| | | Advertising | <u>40</u> |
| | | Other | |
| TOTAL CASH RECEIPTS | \$ 410 | TOTAL CASH PAYMENTS | \$ 1,040 |

21.

| PROFIT/LOSS STATEMENT | | |
|---------------------------|----------------|------------|
| | \$ | % |
| <u>Revenues</u> | | |
| Cash Sales | 80,000 | |
| Credit Sales | 40,000 | |
| TOTAL | <u>120,000</u> | |
| <u>Cost of Goods Sold</u> | 60,000 | |
| <u>Gross Profit</u> | <u>60,000</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>40%</u> |
| <u>Net Profit</u> | <u>12,000</u> | <u>10%</u> |

22. b

23. Possible answers include:

- (a) delivery service
- (b) Christmas trees and firewood
- (c) plant care classes
- (d) other reasonable answers

SUGGESTED READINGS

General Entrepreneurship References

- Holt, N., Shuchat, J., & Regal, M. L. Small business management and ownership. Belmont, MA: CRC Education and Human Development, Inc., 1979.
- Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Training Research and Development Station, 1973.
- National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: Author, 1974.
- Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.
- Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

Garden Center References

- Urbanic, C. The garden center worker (Agdex 951). Columbus, Ohio: The Ohio State University, Agricultural Education Curriculum Materials Service, 1979.
- Wotowiec, P.J. The greenhouse worker (Agdex 952). Columbus, Ohio: The Ohio State University, Agricultural Education Curriculum Materials Service, 1974.

Acknowledgment: Andre Poiree, owner of Ladera Garden Center, Menlo Park, California

GOALS AND OBJECTIVES

Goal 1: To help you plan a garden center.

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

Objective 2: Describe the service, 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.

Goal 2: 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.

Goal 3: 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.

Goal 4: To help you learn how to plan work for 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.

Goal 5: 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.

Goal 6: 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.

Goal 7: 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.

Goal 8: 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.

Goal 9: 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.