Facilitator’s Guide

The Self-Employment Workshop

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

LDS EMPLOYMENT RESOURCE SERVICES
The Self-Employment Workshop

Facilitator’s Guide

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Preface

Characteristics of Effective Workshops

Teaching adults for several hours requires skills you may not currently possess. The guidelines in this preface will help you develop or refine the skills needed to conduct this workshop effectively. In addition to studying these guidelines, please also read Elder Dallin H. Oaks’s talk about teaching the gospel to review some general principles of successful teaching (see Conference Report, Oct. 1999, 100–104; or Ensign, Nov. 1999, 78–80). The principles Elder Oaks identified are summarized below:

1. Love God and those you teach.
2. Focus on the students' needs.
3. Teach from approved materials.
4. Prepare and present lessons effectively.
5. Teach by the Spirit.
6. Teach to help others.

Characteristics of Effective Workshops

Effective workshops share several characteristics, some of which are described below. As you present the workshop, do all you can to:

• Create an environment in which participants feel part of a team, with “every man seeking the interest of his neighbor, and doing all things with an eye single to the glory of God” (Doctrine and Covenants 82:19).
• Adapt the material in this guide to the needs and abilities of the participants. A group of professionals seeking to improve their businesses do not need the same instruction as a group of individuals who are just exploring self-employment opportunities. You should also adapt your presentation based on the participants' performance as they practice the skills you teach.
• Provide sufficient practice time. This workshop is activity based and is designed to help adults develop skills they can start using immediately. Remember that skills are developed primarily through action, not by listening to someone. Please do not present the material in the workshop as a lecture, this style does not allow participants to practice the skills they need. As the instructor, you should spend only about 20 percent of the workshop talking; participants should use the other 80 percent of the time practicing skills and evaluating each other's effectiveness.
• Build confidence in the participants as they make positive changes in their lives. Throughout the workshop, participants are asked to contact potential customers, competitors, educational institutions, and community resources. They are also encouraged to set goals that could change their lives. The workshop should be a safe and accepting environment, where everyone gives and receives support and loving direction.
• Encourage immediate action. Many participants in the Self-Employment Workshop are unemployed. They need to apply the workshop's principles immediately, or their families could suffer. Tell participants exactly what they should do to succeed.
• Be energetic and enthusiastic. Your energy and enthusiasm can greatly influence each participant’s optimism. Assess your teaching style, and identify what you can do to bring energy into the workshop. Here are some examples:
  - Make use of games.
  - Use appropriate humor.
  - Be yourself.
  - Use teaching methods that encourage participants to move around and interact.
  - Provide regular breaks.

Five Kinds of Instructional Activities

To ensure that participants retain the information and skills they learn, use the following instructional activities throughout the workshop:

1. **Explain.** Use this mode of instruction to introduce unfamiliar concepts and give directions for activities.
2. **Demonstrate.** By demonstrating an activity or skill, you give participants an example to follow.
3. **Practice.** People usually remember what they do better than what they hear. Give participants many opportunities to practice their skills so they can use them in real-life situations. Practice also changes the pace of the workshop and helps participants feel involved. Remember that practice activities are most effective when they have been explained and demonstrated well.
4. **Verify.** While the participants are practicing, observe them closely to verify that they understand the activity and are improving their skills. Walk among the participants to offer suggestions and answer questions.
5. **Evaluate.** After a practice activity, ask participants to discuss such things as how the activity went and why the concept or skill they practiced is valuable. This discussion helps participants see for themselves how the workshop is helping them. It is also vital to discuss how a skill might be adapted in different situations.

Each of these five activities is important; the amount of actual learning that takes place will diminish if you rely on only one or two. Remember that people learn and retain the most from practice, verification, and evaluation. This is why it is recommended that you spend no more than 20 percent of the workshop explaining and demonstrating and reserve the rest of the time for practicing, verifying, and evaluating.

Using This Guide

Each of the five units in this guide is organized as follows:

1. **Objective.** A summary of what participants will learn and do during this unit.
The Workshop’s Objective

The Self-Employment Workshop is designed to help participants develop a business plan, either to improve an existing business or to turn their ideas into a successful business opportunity.

Each participant should leave the workshop with a draft of a personal business plan. Early in the workshop, inform participants of this goal and what is required to accomplish it. Participants will conduct research and draft their business plan outside of class time. After they complete their plan, participants should have the opportunity to share the plan with the class. The class should offer feedback based on what they learned during the workshop.

The Workshop’s Structure

In the Self-Employment Workshop, starting a business is compared to building a house with a solid foundation and four cornerstones. The workshop consists of the following five units:

- **Introduction.** This unit introduces participants to the need for a well-researched business plan, which is the foundation for a successful business. The unit also helps participants identify their personal skills and business characteristics.
- **Cornerstone 1: The Business Idea.** This unit helps participants refine their business idea. It also provides them with tools that will help them describe themselves and their business in a positive way.
- **Cornerstone 2: The Market Analysis.** This cornerstone helps participants outline a business strategy. Participants will discover more about their potential market, industry, customers, and competitors.
- **Cornerstone 3: The Marketing Strategy.** During this unit, participants will be introduced to four key elements to any successful marketing strategy: product (or service), price, place, and promotion.
- **Cornerstone 4: The Financial Analysis.** This final unit helps participants understand how much it will cost to start and maintain a business. This unit also introduces them to possible financing options.

The workshop is designed to be hands-on. As participants have an opportunity to practice what they have been taught, their learning experience is enhanced. Therefore, each cornerstone has been divided into three parts:

1. **Case studies of sample businesses.** In the appendix of this guide are three sample business plans that you can use as case studies. From the following three options, select the plan with which the participants will best relate.
   - b. proCUTS: A mid-size, home-based beauty salon located in Queensland, South Africa.
   - c. Garcia’s Veggie Table: A small street-vending business located in Machala, Ecuador.

As participants are first introduced to each new cornerstone, they are asked to review and discuss the corresponding section (as a class) of one of the three sample businesses.

2. **The mock business group practice.** After reviewing and discussing the sample business, divide the class into smaller groups of two to five people. In these groups, participants will:
   - a. Be introduced to the tools necessary to write a business plan of their own.
   - b. Apply what they learn by writing a business plan for a mock business—a lemonade stand.

Keep this section fast-paced and entertaining. Encourage friendly competition among the groups. Most participants enjoy learning from others and prefer making mistakes on a mock business plan rather than on their own business plans. As participants share ideas in this activity, they develop a business mindset that helps them discover things they might otherwise overlook.

3. **The real business research and plan.** Once participants have studied a cornerstone of a sample business and written the corresponding section of the mock business plan, they are ready to conduct their own research and begin writing the business plan for their real business. Remind participants of the added value that comes through working in groups. Encourage participants to use members of the class and others to help with research and to check the completeness and accuracy of their business plan.

The Workshop’s Schedule

The Self-Employment Workshop is designed to be flexible. The 12 to 15 hours of material can be taught over several days or compressed into a two-day session. If you teach the workshop in a two-day format, give participants time between the two days to conduct research and draft their business plans. However, when too much time passes between units, some participants may not take immediate action in applying what they have learned. As a general rule, the entire workshop should not take longer than two weeks.

Listed on the following page are some possible schedules for teaching the workshop.
## Schedule A (about Four Hours per Day)

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| Day 2* | Cornerstone 2: The Market Analysis |
|        | Cornerstone 3: The Marketing Strategy |

| Day 3 | Cornerstone 4: The Financial Analysis |
|-------| Business Plan Drafting |

| Day 4 | Business Plan Sharing |

## Schedule B (about Six Hours per Day)

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| Day 2** | Cornerstone 3: The Marketing Strategy |
|         | Cornerstone 4: The Financial Analysis |

* Time should be provided outside of class to allow for market research.

** Time should be provided for participants to return and share their final business plans with the class.

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**Notes**

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Introduction

“Let all things be prepared before you.”

Doctrine and Covenants 133:15
### Introduction

**Objective**

Participants will learn how a well-researched business plan will help their business idea reach its full potential. They will then learn more about their own personal and business skills and abilities. Combining these skills and abilities with their basic business idea will help them lay a solid foundation for their business.

**Time**

1.5 to 2 hours

**Preparation**

- Bring pencils (one for each participant).
- Bring a set of 12–15 LEGO® pieces for each participant. These will be used as part of the first suggested activity for this unit. LEGO® pieces are small, interlocking plastic bricks that can be used to build various objects and structures. If you cannot obtain LEGO® pieces, you can provide other types of small building blocks or shapes that can be put together to form an object.
- Bring a classroom set of at least one of the following sample business plans: *Summer Snow*, *proCUTS*, or *Garcia’s Veggie Table* (one for each participant; available from the local employment resource center). Additional take-home copies may also be provided.
- Optional: Bring red and green flags or cards (one of each for each participant).

**Participant Accomplishments**

By the end of this unit, participants should have:

- A deeper understanding of the importance of a business plan and the importance of conducting market research.
- A list of their own entrepreneurial, managerial, and technical skills.
- A list of known entrepreneurs, managers, and technicians who could help in starting a business.

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### Unit Outline

This section is not intended as a complete table of contents for this unit, but rather as a quick reference outline for facilitators who are already familiar with teaching the workshop.

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Introduction

Welcome and Course Groundwork

Welcome participants to the workshop and provide them with a brief professional introduction of yourself. Next, open the class with prayer.

Workshop Rules (Optional)

In some cases, establishing rules for the workshop can help create a safe learning environment. The following suggestions may help:

1. Ask participants to name qualities or values they like to have in a work environment (such as respect, creativity, punctuality, and so on).
2. List their responses on the board or on a large piece of paper, and tell participants that this list will serve as rules for the workshop.
3. If possible, leave the list displayed in a prominent place in the room for the duration of the workshop.

Red and Green Flags or Cards (Optional)

Pass out red and green flags or cards (if available) to each participant. Allow participants to use these to express themselves in a fun, nonthreatening way. For example, to agree with a participant could wave the green flag or card. To express that a participant is being too negative about himself or herself, participants could wave the red flag or card. If flags or cards are unavailable, you can choose another way for participants to silently express themselves.

Objectives:

(25–30 Minutes)

- Introductions and Participant Introductions
- Welcome and Course Groundwork
- Workshop Rules (Optional)
- Red and Green Flags or Cards (Optional)

Facilitator note: Tell the following story in your own words, or share another story that is more applicable or familiar to your culture. If you choose another story, it should help participants understand that starting and maintaining a business can present challenges and surprises, but the effort can also be enjoyable and financially rewarding.

Case Study and Participant Introductions

The History of LEGO® Toys

It might be hard to imagine today, but the LEGO Group had humble beginnings in the workshop of Ole Kirk Christiansen, a poor carpenter from Denmark. In 1916 Ole purchased a woodworking shop that had been in business since 1895. He earned his living, with a small staff of apprentices, by building houses and furniture for farmers in the region.

In 1924 his shop burned down when a fire lit by two of his young sons ignited some wood shavings. At this point, Ole could have given up his business dream. However, he took the disaster as an opportunity to construct a larger workshop, and worked toward expanding his business.

The Great Depression also had a great impact on the business. As he looked for ways to minimize production costs, Ole began producing miniature versions of his products as design aids. These miniatures, combined with advice from his local social worker, provided the inspiration to begin producing toys.

The shop started making wooden pull toys, piggy banks, cars, and trucks. He enjoyed a modest amount of success, but families were poor and often unable to afford such toys. Ole had to continue producing practical furniture in addition to toys in order to stay in business.

In the 1930s, the yo-yo toy fad gave him a brief period of activity, until its sudden collapse. Once again, Ole turned disadvantage to his favor, turning the unused yo-yo parts into wheels for toy trucks.

In 1934 the company name LEGO was coined from the Danish phrase leg godt, meaning "play well."

When plastic came into widespread use, Ole kept with the times and began producing plastic toys and interlocking bricks. These bricks had several round "studs" on top and a hollow rectangular bottom. They would stick together, but not so tightly that they couldn’t be pulled apart. The use of plastic for toy manufacturing was not highly regarded by retailers and consumers of the time. Many shipments were returned following poor sales. It was thought that plastic toys could never replace wooden ones.

The LEGO Group matured substantially over the coming years. Another warehouse fire struck the LEGO Group in 1960, consuming most of the company’s inventory of wooden toys. Fortunately, the LEGO brick line was strong enough by then that the company decided to abandon production of all wooden toys.

Today, LEGO enthusiasts can enjoy customizable plastic jewelry and accessories, action figures, and even a variety of theme parks. What once started in a humble workshop has now received worldwide recognition and respect. (Adapted from “History of Lego,” www.wikipedia.org; “The LEGO Group,” www.lego.com.)
The Value of a Plan: The Village Water Story

Transition
Before we begin laying our business foundations and looking at each cornerstone in detail, let’s take a look at some other business owners and discuss the effectiveness of each of their approaches. Please turn to page 2 in your handbook and follow along as we read “The Village Water Story.”

Steps
1. Ask someone to read “The Village Water Story,” found on page 2 of the participant’s handbook.
2. After the story is read, lead the class in a discussion using the questions on page 3 of the participant’s handbook as a guide. The discussion should reinforce the value of conducting market research and writing a business plan.

Conclusion
Both Oscar and David had some positive circumstances—after all, they were each awarded contracts. Neither was afraid to move his business forward. David, however, took the time to conduct research and develop a plan. It is easy to think there is not enough time to conduct research or write a detailed plan. As you can see from this story, time taken at the beginning is well spent. Those who fail to plan, plan to fail!
Laying a Business Foundation: Entrepreneurs, Managers, and Technicians

Transition
In addition to personal skills, character traits, and gifts, each of us has developed several business traits. Successful businesspeople can usually be grouped in one or more of the following categories.

Steps
1. Lead the group in a discussion to help them understand the differences between entrepreneurs, managers, and technicians.
   - Entrepreneurs. People with these skills are leaders with a vision of what they can do to benefit their potential customers' lives. They make customers want to purchase their products or services. They work in the future and see opportunities before they materialize.
   - Managers. People with these skills are generally good at creating order. They manage resources, time, information, and priorities. They are generally skilled at tracking income and expenses and making decisions based on historical information. In this way, they work in the past to manage their present and future business activities.
   - Technicians. People with these skills have expertise in a particular area. They use that expertise to work in the present and personally produce products or services that others will buy. They use and refine their skills and areas of expertise regularly.

2. Instruct the group to identify the names of people they know who are entrepreneurs, managers, or technicians. Help the class identify at least two to three people for each category. List the names in the spaces provided on pages 6–7 of the participant’s handbook.

3. Now instruct participants to list their reasons for selecting each person. List these reasons in the space provided on pages 6–7 of the participant’s handbook.

4. Have participants turn to page 7 in the participant’s handbook, and instruct them to study the diagram. Lead the class in a discussion that answers each of the questions listed on page 8.

5. Be sure to point out that the area where all three circles of the diagram overlap represents an ideal business situation—where a person, or company, possesses each of the three required traits. Explain that a person does not need to personally possess all three traits in order to be successful. The person just has to know how to find others with those traits who are willing to assist the business. They could be mentors, employees, or perhaps investors.

Talents and Skills: The Skills List

Transition
In addition to research and planning, the skills of the owner affect the success of a business. Many small business owners are successful even though they may not have all the skills they desire. They have learned to take advantage of their strengths. What were David’s strengths? (Solicit responses.) How about Oscar, did he have any strengths? (Solicit responses.) Ask yourself the same question. What strengths do I have now and how can I make the best use of those strengths?

Steps
1. Ask participants to think of past employment or volunteer experiences they have had.
2. Instruct them to think of specific accomplishments of which they are most proud. Have them write three accomplishments in the spaces provided on page 5 of their participant’s handbook.
3. Point out that page 5 also includes a long list of skills or traits. Encourage participants to place a check mark next to the skills or traits that were required for their accomplishments. They may choose up to 10 words that best describe them.
4. Have each participant share their list with another person in the workshop. Then, instruct the partners to introduce each other to the class, using the selected traits as a guide.
5. Lead participants in a discussion that helps them understand how each of their talents, skills, or character traits can help them in their business.

Conclusion
Doctrine and Covenants 46:11–12 states: “There are many gifts, and to every man is given a gift by the Spirit of God. To some is given one, and to some is given another, that all may be profited thereby.”

The Lord wants His children to be successful. He has given each of us many gifts needed to find success and happiness in all that we do.
Introduction

Now that each of you has . . .

• briefly described your business (or business idea),
• identified some of your talents, skills, or character traits, and
• discovered your entrepreneurial, managerial, and technical skills (or identified key people who could help you in each of these areas),

. . . you are now ready to strengthen your business’s foundation by setting and building upon four business plan cornerstones.

Conclusion

Four Cornerstones of a Business Plan

Transition

The first cornerstone will help you further develop and share your business idea. You will learn how to describe the business and yourself in a memorable way. After all, you are your business—at least that is how customers will see you.

In the second cornerstone you will begin to develop your business strategy. Through market research you will discover more about trends within your local market and industry. You will also learn critical information about your customers and competitors.

The third cornerstone will help you identify the key elements of a successful marketing strategy. Preliminary work will also be completed on your own marketing strategy.

In the fourth cornerstone you will identify the costs associated with your business. You will also discover potential financing options.

Conclusion

As each cornerstone is introduced, you will have three primary assignments:

1. As a class you will review and discuss a section of a business plan for a sample business. Through this activity you will be given an overview of each cornerstone and begin to explore what work will be required to develop a successful business plan.

2. In small groups, you will then be given time to practice what you have been taught by creating a mock business plan for a lemonade stand. Through this activity you will discover, hands-on, the level of effort required to research and write a business plan.

3. Finally you will apply learning from the previous two sections to draft your own personal business plan. Once the plan is complete, you will then be given an opportunity to share the plan with the class for feedback. Remember, feedback is a gift!

Facilitator note: Prior to this point in the workshop, you should have identified one of the three sample business plans to use as the case study for the remainder of the class. Select the plan that best represents the level of business with which the participants will best relate. At this point, you might want to provide a brief introduction to the plan, distribute a classroom set of the chosen plan, outline the remaining workshop schedule, or conduct any other needed business.

Notes

Four Cornerstones of a Business Plan

Cornerstone 1: The Business Idea
Cornerstone 2: The Market Analysis
Cornerstone 3: The Marketing Strategy
Cornerstone 4: The Financial Analysis
The Business Idea

“To every thing there is a season,
and a time to every purpose
under the heaven.”

Ecclesiastes 3:1
The Business Idea

Objective
Participants will begin developing their business plan while refining their business goals and ideas. They will create a concise business summary, identify several keys to success, and learn how to write a management and staff summary.

Time
2 to 2.5 hours

Preparation
- Bring copies of The Self-Employment Workshop Participant’s Handbook (one for each participant, available from the local employment resource center).
- Bring pencils (one for each participant).
- Bring a classroom set of at least one of the following sample business plans: Summer Snow, proCUTS, or Garcia’s Veggie Table (one for each participant, available from the local employment resource center and in appendixes B–D). Additional take-home copies may also be provided.
- Optional: Bring red and green flags or cards (one of each for each participant).

Participant Accomplishments
By the end of this unit, participants will have:
- A concise written description of their personal business (or business idea).
- A listing of success elements specific to their personal business.
- A résumé-type description of themselves and those who will be working in the business (such as employees, mentors, investors).
- A first draft of the first section of their personal business plan.

Unit Outline
This section is not intended as a complete table of contents for this unit, but rather as a quick reference outline for facilitators who are already familiar with teaching the workshop.

- The Sample Business Review .............................................. 16
- The Mock Business (Lemonade Stand) ............................. 17
- Keys to Success .................................................................. 19
- Key Components (Product or Service, Feature, Value)
- Management and Staff Summary ...................................... 20
- Key Skills, Accomplishments, and Results
- Your Personal Business Plan ............................................. 22
- Review and Feedback
The Sample Business Review

Facilitator note: Text in italics suggests what you can say to the class at various points. You can also use your own words to cover the same ideas. Text that is not in italics contains instructions of what you need to do.

Transition

Are you ready to begin building your businesses? Let’s begin by focusing on the first cornerstone—your business idea. In this section, you will develop a business summary, identify your specific keys to success, and learn how to describe the crucial people for your business’s success through a management and staff summary.

To get started, we will review and discuss a sample business’s first cornerstone.

Steps

1. If you haven’t already done so, distribute copies of the sample business plan that will be used throughout the remainder of this workshop.

2. Have participants open the plan to the first section, “Business at a Glance.” Invite a member of the class to read the entire first section (business summary, keys to success, management and staff summary).

3. After the class member finishes reading, lead the class in a discussion using the questions on page 10 of the participant’s handbook as a guide. Discussion should focus on class members’ initial impressions and the main points they learned about the business from reading the plan, as well as their concerns and suggestions for improving the plan.

Facilitator note: The dialogue created during this review is critical for learning. However, discussions should be controlled. Be mindful of the time spent discussing the plan. Greater learning occurs as participants practice the concepts introduced. Keep participant comments on track and focused on the topic at hand. If the discussion starts to digress to other topics, assure participants that these new topics will be addressed later in the workshop. Consider writing the new topic(s) on the board so they will not be forgotten. As time permits, these topics could be addressed at the end of class or during breaks.

Conclusion

A successful business plan tells your story in a way others will understand and support. Any profitable business venture requires disciplined work and disciplined thinking. Your plan should direct your decisions and help you stay on track with established strategies.

Before jumping into your personal business plans, let’s fine-tune the skills you will need in order to obtain the greatest success. We’ll do this by dividing you into small groups, letting you quickly exchange contact information, and then having you go through the steps necessary to create a business plan for a lemonade stand. Remember, since each group will also be writing a business plan for its lemonade stand, there is great competition for the business. Be creative! Tell your story in a way that is easily understood, so others will want to support your business.

The Mock Business (Lemonade Stand)

Facilitator note: Divide the class into small groups of two to four participants. Assign a scribe and spokesperson for this activity. Remember to share these responsibilities throughout the workshop, giving equal opportunity to each participant.

Using the space provided on page 11 of the participant’s handbook, encourage participants to share each other’s contact information before proceeding to the next activity. Encourage them to involve each other as they write their own personal business plans.

Transition

Every time you interact with people (either by phone, in person, or in writing), you must present yourself in a memorable and professional way. You must be clear, confident, and to the point.

A business summary is the perfect way to present yourself and your business. This summary is a concise message that will impress potential customers and partners. In your business plan, the business summary fits best at the beginning.

Facilitator note: The process for creating a business summary is similar to the process for creating the “me in 30 seconds” statements, which is taught in the Career Workshop. You may wish to refer page 12 of The Career Workshop: Teacher’s Guide before you help participants create a business summary.

Steps

1. Explain that a successful business summary typically has four parts:
   - An emotional hook: how and why the business will succeed; the product or service.
   - A description of the target audience and why they need or want the product or service.
   - A simple description of the business and the need for what it offers.
   - An emotional hook: how and why the business will succeed, the product or service’s competitive advantage; or how the product or service is better than what is currently on the market.

2. Explain that a successful business summary typically has four parts:
   - A clear, concise description of the product or service in simple terms.
   - A description of the target audience and why they need or want the product or service.
   - An emotional hook: how and why the business will succeed, the product or service’s competitive advantage; or how the product or service is better than what is currently on the market.

3. Your business summary should also include a strong closing that compels listeners to ask questions, visit the business, and purchase the product.

4. Refer participants back to the business summary of the sample business plan and have them identify each of the parts just described in steps 2 and 3. Quickly discuss ways to improve the summary.

5. Instruct each group to turn to page 14 in the participant’s handbook and write a business summary for its lemonade stand.
6. After each group has been given time to complete its lemonade stand’s business summary, call upon each group’s spokesperson to share the group’s summary. Encourage groups to limit themselves to 30 seconds.

**Facilitator note:** Steps 5 and 6 are the most important for this activity, since they allow participants time to practice the concepts they have learned. The majority of the time spent for this activity should come from these two steps.

Remind each spokesperson to try to limit the summary to approximately 30 seconds. You might consider assigning someone to be a timekeeper for this activity, signaling when 30 seconds have passed.

Encourage participants to provide feedback to each group. The sharing of ideas is critical for learning during this activity. Be mindful, however, of the time spent discussing each summary. Also, encourage participants to be honest, yet kind, when sharing feedback.

**Conclusion**

*A well-written business summary can be used in multiple ways. We have discussed its use within a business plan. How else could you use your business summary? (Solicit responses.)*

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**Keys to Success**

**Transition**

*In addition to being able to quickly summarize what their business does, successful business owners must also distinguish themselves from the competition and describe their business’s ultimate value for the customer.*

Within a business plan, having a section describing your keys to success can help. Take a look at the questions on page 12 of the participant’s handbook. Refer to them as a guide as you begin to write the keys to success for your lemonade stand. The statements that comprise your keys to success can also be used in multiple ways and for multiple purposes. For now, you will place the keys to success after the business summary.

**Steps**

1. Instruct participants that their keys to success should have three parts:
   - **Product or Service:** A brief statement that identifies the product or service and describes how it addresses a customer need or want.
   - **Feature:** A description of the feature(s) that distinguishes the product or service from others; what sets the business apart or what customer needs will be satisfied. For example, a beauty salon might offer beauty products in family-size, refillable bottles, as opposed to the smaller, disposable bottles sold at other salons.
   - **Value:** A description of the value to the customer. Value must be based on customer need. In the example of the beauty salon, the family-size, refillable bottles would offer a cost savings to customers.

2. Refer participants back to the keys to success of the sample business plan and have them identify each of the parts just described. Quickly discuss ways to improve this section.

3. Instruct each group to turn to page 14 in the participant’s handbook and write at least five statements for the lemonade stand’s keys to success.

4. After each group has been given time to write a few statements for its lemonade stand, call upon each group’s spokesperson to share one or two statements.

**Facilitator note:** Steps 3 and 4 are the most important for this activity, since they allow participants time to practice the concepts they have learned. The majority of the time spent for this activity should come from these two steps.

Encourage participants to provide feedback to each group. The sharing of ideas is critical for learning. Be mindful, however, of the time spent discussing each statement. Encourage participants to be honest, yet kind, when sharing feedback.

**Conclusion**

*Your keys to success are extremely useful in marketing your business’s strengths. Other than in a business plan, how else could you use what you have written as your keys to success? (Solicit responses.)*
Management and Staff Summary

Transition

As you present your business summary to potential customers or investors, they will often have questions. Answer questions about the business using your keys to success. Questions about the people running the business are answered using your management and staff summary.

When writing a business plan, anticipate questions that others might have regarding your ability to successfully run a business. Answer these anticipated questions with the management and staff summary of your business plan.

Facilitator note: The process for creating a management and staff summary is similar to the process for creating power statements, which is taught in the Career Workshop. You may wish to review pages 32–33 of The Career Workshop: Teacher’s Guide before you help participants create a management and staff summary.

Steps

1. Instruct participants that the management and staff summary is used to draw attention to your personal strengths and those of any additional people crucial to the business’s success. This summary highlights key accomplishments with specific results and includes statements of fact.

2. Encourage participants to use the following steps in creating their management and staff summary:
   - Identify a personal value, skill, strength, or accomplishment. (Have participants refer back to page 5 of their participant’s handbook to review a list of previously identified accomplishments and skills.)
   - Give a specific, brief example of that skill. These examples are best when they can highlight a challenge that you (or an organization) faced and your specific actions in resolving the challenge.
   - Show the results of your actions. If possible, use percentages, dollar amounts, or numbers to reinforce your claim.
   - For each person mentioned in your management and staff summary, you should limit yourself to one or two sentences, and the information should apply to the needs of your customers.

3. Instruct each group to turn to page 14 in the participant’s handbook and write the management and staff summary for its lemonade stand.

4. After each group has been given time to write the summary, call on each group’s spokesperson to share part or all of the summary, as time permits.

Facilitator note: Steps 3 and 4 are the most important for this activity, since they allow participants time to practice the concepts they have learned. The majority of the time spent for this activity should come from these two steps. Encourage participants to provide feedback to each group. The sharing of ideas is critical for learning. Be mindful, however, of the time spent discussing each statement. Encourage participants to be honest, yet kind, when sharing feedback.

Conclusion

Congratulations! You have now finished the first section of your lemonade stand’s business plan.
Your Personal Business Plan

Transition

Now, turn to page 15 in your participant’s handbook and complete the business summary, keys to success, and management and staff summary for your own personal business. These parts will form the first section of your personal business plan.

Steps

1. Allow time for participants to draft the first section of their personal business plan. Circulate throughout the classroom and offer assistance as needed.

2. As participants finish their drafts, encourage them to share what they have written with others who have also finished. They may also choose to help others who might be struggling in writing their business plan.

Conclusion

Throughout this workshop, each of you has been given an opportunity to share ideas, offer suggestions for improvement, and help with each other’s learning. All feedback has been given in the spirit of learning and helping one another.

Each of you will now be given an opportunity to present the first section of your personal business plan. In that same spirit of help and learning, you will receive feedback from the group. Although you may choose not to apply everything you hear, remember that feedback is a gift.

Facilitator note: Allow sufficient time for participants to share and discuss their business plans with the group. They will be receiving priceless, honest feedback. If your workshop day ends with this activity, you might find it difficult for all participants to share their plan. If there is not enough time to complete this activity, reserve time at the beginning of the next class for everyone to finish.

Instruct participants that even though this is the first section to be completed, it will typically need to be revised as they continue working on other sections of the plan. Encourage them to continue sharing their plan with trusted individuals who will provide honest feedback.

Notes

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
The Market Analysis

“If ye are prepared ye shall not fear.”

Doctrine and Covenants 38:30
The Market Analysis

Objective

Participants will begin developing their business strategy by conducting market research. They will provide brief descriptions of current local market conditions, industry background information, and customer and competitor profiles.

Time

2 to 3 hours (Additional time outside of class will also be required to complete detailed market research.)

Preparation

• If possible, bring magazines or other articles that contain information pertaining to your area’s local market conditions.
• Bring copies of The Self-Employment Workshop: Participant’s Handbook (one for each participant, available from the local employment resource center).
• Bring pencils (one for each participant).
• Bring a classroom set of at least one of the following sample business plans: Summer Snow, proCUTS, or Garcia’s Veggie Table (one for each participant, available from the local employment resource center and in appendices B–D). Additional take-home copies may also be provided.
• Optional: Bring red and green flags or cards (one of each for each participant).

Participant Accomplishments

By the end of this unit, participants will have:
• A personal, professional, and community network list.
• A concise written description of current local market conditions.
• A concise written description of their industry’s background.
• A concise written customer profile.
• A concise written competitor profile.
• A first draft of the second section of their personal business plan.

Unit Outline

This section is not intended as a complete table of contents for this unit, but rather as a quick reference outline for facilitators who are already familiar with teaching the workshop.

The Sample Business Review .......................................................... 26
The Mock Business (Lemonade Stand) ............................................ 27
Identifying Resources
The Market Summary ........................................................................ 28
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The Market Analysis

The Mock Business (Lemonade Stand)

Transition
After being awarded his village water contract, what did David do first? He identified available resources. Resources are people, organizations, or programs that help businesses directly improve their business idea. They also lead them to other people or to information that can help them improve their business idea.

Resources can be labeled as personal, professional, or community contacts. Most people are willing to help; they just need to be asked.

Steps
1. Instruct participants to turn to page 19 in the participant’s handbook and begin identifying at least 5–10 resources for each category.
2. Encourage them to complete as much contact information as possible. Ask them to complete the missing information when they return home.
3. Encourage participants not to be exclusive in the lists. Brainstorm with the group as they complete their lists. If they need additional help, you could refer them to the Career Workshop or other known resources.

Conclusion
Successful people understand the value of a strong network. Continue to expand your network and in time, if you don’t already, you will see the value too.

Facilitator note: Divide the class back into their small groups of two to four participants. Assign a scribe and spokesperson for this activity. Remember to rotate these responsibilities throughout the workshop, giving equal opportunity to each participant. Encourage participants to involve other group members as they write their own personal business plan.

The Sample Business Review

Facilitator note: All text in italics suggests what you can say to the class at various points. You can also use your own words to cover the same ideas. Text that is not in italics contains instructions of what you need to do.

Transition
Now that you have completed the first section of your business plan, we’ll focus on the second cornerstone—your market analysis. In this section, you will develop a market summary, provide industry background information, and provide a customer and competitor profile. In order to do this, you will need to conduct research.

To get started, we will again review and discuss the sample business.

Steps
1. Have participants open the sample business plan to the second section, “Market Analysis.” Invite a member of the class to read the entire second section (market summary, industry background, customer profile, and competitor profile).
2. After the class member has finished reading, lead the class in a discussion using the questions on page 18 of the participant’s handbook as a guide. Discussion should focus on initial impressions, key concepts learned, concerns, and suggestions for improving the plan.

Facilitator note: The dialogue created during this review is critical for learning. However, discussions should be controlled. Be mindful of the time spent discussing the plan. Greater learning occurs as participants practice the concepts introduced. Keep participant comments on track and focused on the topic at hand. If the discussion starts to digress, assure participants that these new topics will be addressed later in the workshop. Consider writing the new topic(s) on the board so they will not be forgotten. As time permits, these topics could be addressed at the end of class or during breaks.

Conclusion
Market research is a key element of any winning business strategy. As a business develops its strategy, it will distinguish itself from the competition, attract more customers, identify suppliers, and sell more of its product or service.

Remember David’s approach. Unlike Oscar, who immediately purchased a couple of buckets, David first identified customer needs and wants. As a result of initial research, his business had great results. Yours will too.
The Market Summary

Transition
When you are in business for yourself, why is it important to know local market conditions and the factors affecting those conditions? (Solicit responses.) How can you find this information? (Solicit responses.)

Steps
1. Instruct each group to discuss what it will do to identify local market conditions.
2. Instruct each group to develop its lemonade stand's market summary. Have the groups turn to page 22 of the participant's handbook to record their summary.
3. After each group has been given time to write its market summary, have each spokesperson share the group's summary with the class.

Facilitator note: Even if you have prepared sample market information for participants to use during this activity, there will not be enough time for them to conduct a detailed analysis of the local market conditions. The main focus of this activity should be to help participants see where they can find information needed to obtain a general understanding of local market conditions. It is understood that they will need to be creative when writing their lemonade stand's market summary. Avoid the temptation to rush through the activity. Participants will each have different perspectives and insights to the local market. As these perspectives and insights are shared with the class, it will broaden their thinking.

Conclusion
If you plan on opening a business locally, the market conditions we have just discussed will be similar for your personal business. Although this summary comes at the beginning of your market analysis, the summary should be reviewed after completing your customer profile.

The Industry Background

Transition
Once you have a general understanding of local market conditions, it is vital to determine the state of the industry—in this case for your lemonade stand. Where could you find this type of information? (Solicit responses.) How will this section strengthen your business plan? (Solicit responses.)

Steps
1. Instruct each group to discuss what it will do to identify the state of the industry.
2. Ask each group to develop a list of questions that could be used to help collect all the needed data. Refer groups to page 20 of their participant's handbook for sample questions.
3. Instruct each group to develop its lemonade stand's industry background. Have groups turn to page 22 of the participant's handbook to record their summary.
4. After each group has been given time to write its industry background, have each spokesperson share the group's summary with the class.

Facilitator note: The main focus of this activity should be to help participants see where they can find information needed to obtain a general understanding of their chosen industry. It is understood that groups will need to be creative when writing their lemonade stand's industry background. Avoid the temptation to rush through the activity. Participants will each have different perspectives and insights. Sharing these perspectives and insights among the class will broaden their thinking.

Conclusion
Without a basic understanding of your industry’s background, it will be difficult to identify your business’s strengths or potential weaknesses. As you gain a greater understanding of your industry, you will be perceived as an expert. This will be especially important if you are looking for a loan. This knowledge will also help you as you meet with and observe the competition.
The Market Analysis

Conclusion

Many businesses are not as successful as they could be because, like Oscar in the village water story, they do not conduct sufficient market research. Some feel like they are too busy; others are afraid. As you have learned, the information that can be obtained in this way is invaluable to a business.

If you are prepared, conducting research is not as scary as some people think. Being well prepared with your business summary, keys to success, and a list of prepared questions to ask will help you as you prepare to conduct your personal market research.

The Customer Profile

Transition

Are you aware of who your potential customers are, what they are willing to buy, and how much they are willing to pay? You cannot assume that you have customers. You will have to find out by approaching people in the most logical place for your business concept. As you approach them, describe your business by using your business summary and keys to success. Tell potential customers the likely cost of your product or service and ask whether or not they would buy it from you.

Make sure to ask those surveyed what they look for in your particular product or service. This will help you design an even better product or service. Like David’s experience in “The Village Water Story,” this research will help you understand customer expectations, spot current and upcoming problems in the market, identify sales opportunities, and develop effective action plans.

Steps

1. Ask each group to develop a list of questions to collect needed customer data. Refer groups to other lists of questions they have already created as a place to start.

2. If possible and appropriate, allow participants time to take their questions, approach a few strangers, and conduct research. It might be a good idea to help them develop some sort of an introductory statement that explains that this is an assignment for a class they are taking. Be specific on the amount of time they have to conduct their research.

3. Have each group’s spokesperson briefly describe the group’s research experience. Discuss questions, concerns, and successes that each group had.

4. Instruct each group to develop its lemonade stand’s customer profile. Have groups turn to page 22 of the participant’s handbook to record their summary.

5. After each group has been given time to write its customer profile, have each spokesperson share the group’s summary with the class.

Facilitator note: The main focus of this activity should be to provide participants with an opportunity to describe their lemonade stand’s business concept to others. Be creative! If possible, have participants conduct their research outside of the class environment. If the class is being taught in an office environment, explain that it is not a good idea to approach people who are working. Look for customers, people passing by, and others who might be in a better position to help.

You might also consider proceeding to the competitor profile before completing steps 2 through 5. In doing so, you might provide participants with an extended lunch where they could also conduct necessary research.

Regardless of how you conduct this activity, be very clear on when you expect participants to return. Time is limited, and unclear guidelines could impact the remainder of the workshop.
The Competitor Profile

**Transition**
As you continue to conduct your market research, it might be helpful to create a worksheet or table of your competitors’ strengths and weaknesses. *(Draw a sample on the board or a large piece of paper—see sample below.)* Use this chart to assess your competitors’ strengths and weaknesses, as well as any opportunities or threats to your business.

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<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
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<td>Competitor B</td>
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<tr>
<td>Competitor C</td>
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<tr>
<td>Competitor D</td>
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</tbody>
</table>

**Steps**
1. Ask each group to develop a list of questions that could be used to collect needed competitor data. Refer groups to other lists they have already created as a place to start.
2. Assign each group to interview 2–3 other groups (their competitors).
3. Have each group’s spokesperson briefly describe the group’s research experience. Discuss questions, concerns, and successes that each group had.
4. Instruct each group to develop its lemonade stand’s competitor profile. Have groups turn to page 22 of the participant’s handbook to record their summary.
5. After each group has been given time to write its competitor profile, have each spokesperson share the group’s summary with the class.

**Conclusion**
Congratulations! You have now finished the second section of your lemonade stand’s business plan.

You will, no doubt, experience difficulty when approaching competitors. In addition to developing lists of questions to formally ask, you might consider conducting “informal” or OPI research. Informal researchers meet with businesses and their customers to:

- **Observe**: Sit back and watch what happens in a similar business.
- **Participate**: Purchase the product and test it out yourself.
- **Interview**: Take a moment to informally talk to either customers or business owners. Most people are grateful when others recognize their accomplishments. You will obtain all sorts of information when informally speaking to business owners about their successes.

Your Personal Business Plan

**Transition**
At this point in the workshop, you will not be given time to finalize this section of your business plan. However, you will be given time to write questions to use in your customer and competitor surveys.

**Steps**
1. Allow time for participants to draft survey questions. They should also develop lists of people to survey and places they might find them. Circulate throughout the classroom and offer assistance as needed.
2. Encourage participants to share their questions with members of their small groups and with the entire class. The sharing of questions will help participants brainstorm additional questions and create a more comprehensive list.

**Conclusion**
Before we meet again, each of you should take time to conduct market research. On page 23 of the participant’s handbook, complete the market summary, industry background, customer profile, and competitor profile. Each of you will have an opportunity to present your market analysis at the beginning of our next class.

**Facilitator note:** Allow time between classes for participants to conduct sufficient research and complete the second section of their business plan by creating a market summary, industry background, customer profile, and a competitor profile.

**Notes**

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The Marketing Strategy

“O be wise; what can I say more?”

Jacob 6:12
The Marketing Strategy

Objective
Participants will begin developing their business’s marketing strategy. They will provide brief descriptions of their product or service, define pricing, identify their place of business, and outline a promotional strategy.

Time
2 to 3 hours (Additional time outside of class may be required to complete additional market research.)

Preparation
- Bring copies of The Self-Employment Workshop: Participant’s Handbook (one for each participant, available from the local employment resource center).
- Bring pencils (one for each participant).
- Bring a classroom set of at least one of the following existing business plans: Summer Snow, proCUTS, or Garcia’s Veggie Table (one for each participant, available from the local employment resource center and in appendices B–D). Additional take-home copies may also be provided.
- Optional: Bring red and green flags or cards (one of each for each participant).

Participant Accomplishments
By the end of this unit, participants will have:
- A concise written product or service description.
- A pricing and sourcing strategy.
- A list of common pricing errors.
- A written description of their chosen place of business.
- A promotional strategy.
- A first draft of the third section of their personal business plan.

Unit Outline
This section is not intended as a complete table of contents for this unit, but rather as a quick reference outline for facilitators who are already familiar with teaching the workshop.

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The Sample Business Review

Transition

Facilitator note: All text in italics suggests what you can say to the class at various points. You can also use your own words to cover the same ideas. Text that is not in italics contains instructions of what you need to do.

Now that you have completed the second section of your business plan, we’ll focus on the third cornerstone—your marketing strategy. In this section, you will develop a product or service description along with a sourcing plan, provide a pricing strategy, develop a brief description of your place of business, and outline your promotional strategy.

To get started, we will again review and discuss the sample business.

Steps

1. Have participants open the sample business plan to the third section or cornerstone, “Marketing Strategy.” Invite a member of the class to read the entire section (product or service description, pricing strategy, place of business description, and promotional strategy).

2. After the class member has finished reading, lead the class in a discussion using the questions on page 26 of the participant’s handbook as a guide. Discussion should focus on initial impressions, key concepts learned, concerns, and suggestions for improving the plan.

Facilitator note: The dialogue created during this review is critical for learning. However, discussions should be controlled. Be mindful of the time spent discussing the plan. Greater learning occurs as participants practice the concepts introduced. Keep participant comments on track and focused on the topic at hand. If the discussion starts to digress, assure participants that these new topics will be addressed later in the workshop. Consider writing the new topic(s) on the board so they will not be forgotten. As time permits, these topics could be addressed at the end of class or during breaks.

Conclusion

A marketing strategy is another key element to a winning business strategy. As a business promotes itself, it will distinguish itself from the competition, attract more customers, and sell more of its product or service.

To better understand what is meant by a marketing strategy, picture a dessert. Most desserts contain eggs, milk, flour, and sugar. However, you can alter the final product by altering the amounts of ingredients it contains—for a sweeter dessert, add more sugar!

It’s the same with your marketing strategy or mix. Alter your strategy by varying its elements. For a high-profile brand, increase the focus on promotion, and place less emphasis on price.

Let’s see why a proper mixture is so important. Turn with me to page 27 of your participant’s handbook and look at Case Study #1. (Read and discuss the Doctor Billz case study as a class.) Obviously this business’s strategy is lacking.
Product Sourcing Strategy

Transition

Sourcing is how a business obtains the raw materials and products it needs to deliver a finished product to customers. Sourcing is critical because it helps determine quality, variety, timeliness of delivery, and price.

For example, a restaurant could obtain needed ice from any of these three sourcing options:

• One company delivers, but a close look reveals ice that is not clean.
• Another sells large quantities at a discounted rate, but sells more than is needed.
• The last supplier sells quality ice in smaller quantities, but it costs much more than the others.

Who would you buy from? Why? (Solicit responses.)

Steps

Instruct groups to discuss the questions on page 28 of the participant’s handbook and write a sourcing plan for their lemonade stand. Have them turn to page 32 of the participant’s handbook to record their group’s plan.

Conclusion

As you develop your own personal sourcing strategy, remember to do your homework. Proper sourcing can help you differentiate yourself from competitors and even save your business money. You may want to have contact with a few different suppliers, just in case one of them cannot deliver.

The Mock Business (Lemonade Stand)

Transition

An important ingredient found within any proper marketing strategy is the product description. A product is anything (typically a physical object or a service) that can be offered to customers to satisfy wants or needs. Providing product selections and descriptions may not always be as easy as it seems. Let’s read Case Study #2 (page 27 of the participant’s handbook).

Steps

1. Instruct participants to turn to page 27 in the participant’s handbook. Read and discuss Case Study #2.
2. Discuss how making assumptions can impact any business. Invite groups to identify possible assumptions they have already made for their lemonade stand.
3. Instruct each group to write a product description for its lemonade stand. Remind groups that they are competing with several lemonade stands, and encourage creativity. Have them turn to page 32 of the participant’s handbook to record their group’s description.
4. After each group has been given an opportunity to write a product description, have each spokesperson share the group’s description with the class.

Conclusion

Making assumptions without good information can ruin any business. Do not make that mistake; go and find out what your customers really want and need!
Place of Business

Transition

You can never overestimate the impact of being in the right place. You know what they say: location, location, location! Let’s now read and discuss Case Study #4 (page 30 of the participant’s handbook).

Steps

1. Instruct participants to turn to page 30 in the participant’s handbook. Read and discuss Case Study #4.
2. Have participants discuss the real problem in this case study. Does the business really need another bike? Is the business in the right location (despite the seven hours needed to deliver to everyone)? Would a new location boost sales? What are they selling other than bread? (Convenience, quality, freshness.)
3. Instruct the groups to review the questions listed on page 30 of the participant’s handbook as they write a description for their lemonade stand’s place of business. Remind them that they are competing with several lemonade stands, and encourage creativity. Have them turn to page 32 of the participant’s handbook to record their description.
4. After each group has been given an opportunity to write a place of business description, have each spokesperson share the group’s description with the class.

Conclusion

This bakery may or may not be in the right location. However, it is selling more than just bread; it also sells convenience, quality, and atmosphere. In today’s market, your business might be located on the Internet or in a warehouse outside of town. When considering your personal business’s location, pay attention to the wants and needs of your customers as well as the accessibility of your suppliers.
Your Personal Business Plan

Promotional Strategy

Transition

A business’s promotional efforts should be targeted to existing and potential customers while highlighting the aspects of the product or service that would most appeal to them. You could promote products and services through signs and banners, flyers or advertisements, media channels, and other means. Let’s read Case Study #5 (page 31 of the participant’s handbook).

Steps

1. Instruct participants to turn to page 31 in the participant’s handbook. Read and discuss Case Study #5.
2. Instruct each group to write a promotional strategy for its lemonade stand. Remind the groups that they are competing with several lemonade stands, and encourage creativity. Have them turn to page 32 of the participant’s handbook to record their strategy.
3. After each group has been given an opportunity to write a promotional strategy, have each spokesperson share the group’s strategy with the class.

Conclusion

As you develop your personal business’s promotional strategy, remember the critical ingredient of presentation. Presentation involves anything related to the senses: the product’s taste, smell, touch, quality, and visual appeal. How you display your product or service will prove to be important.

Congratulations! You have now finished the third section, or cornerstone, of your lemonade stand’s business plan.

Notes
The Financial Analysis

“For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it?”

Luke 14:28
The Financial Analysis

Objective

Participants will begin identifying the costs associated with starting and maintaining a business. They will also be provided with brief descriptions of possible funding sources. Participants will also develop a preliminary sales forecast.

Time

3 to 4 hours

Preparation

• Bring copies of *The Self-Employment Workshop: Participant’s Handbook* (one for each participant, available from the local employment resource center).
• Bring pencils (one for each participant).
• Bring a classroom set of at least one of the following sample business plans. Summer Snow, proCUTS, or Garcia’s Veggie Table (one for each participant, available from the local employment resource center and in appendixes B–D). Additional take-home copies may also be provided.
• Optional: Bring red and green flags or cards (one of each for each participant).

Participant Accomplishments

By the end of this unit, participants will have:
• A preliminary estimate of start-up costs.
• A preliminary estimate of ongoing monthly expenses.
• A description of potential funding sources.
• A preliminary sales forecast.
• A first draft of their personal business plan.

Unit Outline

This page is not intended as a complete table of contents for this unit, but rather as a quick reference outline for facilitators who are already familiar with teaching the workshop.

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<tr>
<td>Monthly Expenses</td>
<td>53</td>
</tr>
<tr>
<td>Business Funding</td>
<td>54</td>
</tr>
<tr>
<td>The Sales Forecast</td>
<td>55</td>
</tr>
<tr>
<td>Your Personal Business Plan</td>
<td>56</td>
</tr>
</tbody>
</table>
The Sample Business Review

Facilitator note: All text in italics suggests what you can say to the class at various points. You can also use your own words to cover the same ideas. Text that is not in italics contains instructions of what you need to do.

Transition

In order to run a successful business, you will need to pay careful attention to the “numbers” of the business and the “numbers” of your home. In other words, you will need to address the following questions: What will it cost to start the business? What income will you need in order to live? What amount of income should the business provide? How will you fund the business? How many sales will you need to generate in order to reach your goals?

We’ll begin work on the fourth cornerstone by reviewing and discussing the sample business.

Steps

1. Have participants open the sample business plan to the final section, “Finances.” Invite a member of the class to read the entire section (start-up costs, monthly expenses, funding, and sales forecast).

2. After the class member has finished reading, lead the class in a discussion using the questions on page 36 of the participant’s handbook as a guide. Discussion should focus on initial impressions, key concepts learned, concerns, and suggestions for improving the plan.

Facilitator note: The dialogue created during this review is critical for learning. Greater learning occurs as participants practice the concepts introduced. Keep participant comments on track and focused on the topic at hand. If the discussion starts to digress, assure participants that these new topics will be addressed later in the workshop. Consider writing the new topics on the board so they will not be forgotten. As time permits, these topics could be addressed at the end of class or during breaks.

Conclusion

A well-constructed financial analysis is perhaps one of the most crucial elements of a winning business strategy. Without money, even the best idea won’t go anywhere. Only when a business learns to control its finances, while consistently meeting sales goals, can it achieve long-term success and expand.

The Mock Business (Lemonade Stand)

Facilitator note: Divide the class back into their small groups of two to four participants. Assign a scribe and spokesperson for this activity. Remember to share these responsibilities throughout the workshop, giving equal opportunity to each participant. Encourage participants to involve other group members as they write their own personal business plan.

Transition

As we discussed earlier, you are your business—at least in the eyes of your customers. However, it is best to keep your personal finances and your business’s finances separate from each other. To separate them, you will first need to know how much money you will personally need to meet all of your financial obligations. This is best accomplished by creating a personal monthly budget.

Steps

1. Instruct participants to turn to page 37 in the participant’s handbook and create a fictitious personal budget for the owner of their lemonade stand. Encourage participants to keep conversations centered on the fictitious business owner. For the sake of simplicity, they may guess and use whole numbers for the activity.

2. Instruct participants to use these totals in the monthly expenses section of this workshop.

Conclusion

Note that you have completed your budgets, your total expenses will show you how much income you will need to generate from the business. From here, you could even figure out how many sales you will need in order to maintain this level of personal income.
Monthly Expenses

Transition

Many businesses fail because they lack adequate funding. As a business identifies its monthly expenses, it will better understand what it must accomplish each day to reach its profit goals. For a start-up budget, these figures also help the business understand how much capital it will need to launch.

A business might consider planning for a few months of additional expenses in its start-up budget. If unused, the money could be used to pay back a loan sooner or to further expand the business.

Steps

1. Instruct each group to determine what it will need financially to start and maintain its lemonade stand.
2. Instruct each group to discuss whether or not it will need to plan for a few months of additional expenses while working to build the business and reach sales goals.
3. Have each group list its planned monthly expenses in the appropriate section on pages 42–43 of the participant's handbook.
4. Once each group has been given the opportunity to list its expenses, invite each spokesperson to present the lemonade stand's monthly expenses.

Conclusion

Financing your business will be very challenging. Many small businesses don't last simply because they are not profitable. Obviously, you will need to make at least as much money as you spend on a regular basis. You will also need to make money beyond your expenses in order to make a profit—to have some money left over to save and to keep the business running and growing.

Start-Up Costs

Transition

All businesses require some capital to begin operations. As you meet with mentors and interview other successful business owners, ask them what costs you will need to consider in order to successfully launch your business. Consider, for example: equipment, furniture, business cards, letterhead, accounting and legal advice, licenses, fees, the number of months it will take to meet sales targets, loan servicing, advertising costs, and so on.

To determine start-up costs, identify all the expenses you will incur during the start-up phase. Some of these expenses will be one-time costs, such as the fee for incorporating your business and the price of a sign for your building. Other business expenses will be ongoing monthly expenses, such as the cost of utilities, inventory, insurance, and so on. Ongoing expenses will be discussed later.

Steps

1. Instruct each group to determine what will be needed to start its lemonade stand.
2. Have each group list needed start-up items in the space provided on page 42 of the participant's handbook. Encourage groups to list all items, even those they will be providing personally.
3. Have each group estimate the cost of each listed item and place the total in the appropriate column on page 42 of the participant's handbook.
4. Once each group has been given the opportunity to list its start-up costs, invite each spokesperson to present the start-up costs for the group's lemonade stand.

Facilitator note: One of the purposes of this activity is to help participants see how, without proper research, it is easy to forget needed items. Even one forgotten start-up item could jeopardize a business's finances.

Conclusion

As you heard other groups describe their start-up costs and the items associated with those costs, were you surprised? Did your group forget anything it needed? As you identify the start-up costs for your personal business, involve as many people as you can in the process. This will help minimize the risk of leaving something out.
The Sales Forecast

Transition

Simply stated, without sales a business cannot survive! Not only does it need sales, it must know the average dollar amount of each sale and the number of sales needed. With a budget created, businesses can begin to see what they will need to do to reach their goals.

Steps

1. Instruct each group to discuss the questions found on page 40 of the participant’s handbook.
2. Have participants turn to page 43 of the participant’s handbook and complete the sales forecast table.
3. Once the table is completed, assign each spokesperson to present the group’s financial analysis. Encourage participants to take notes that will help them as they calculate their own financial analysis.

Facilitator note: Encourage participants to use the numbers they have already gathered in previous sections to help. For example, the personal budget should have helped them create their monthly expenses. Their monthly expenses and pricing description will help them determine how much money the business will need to generate in order to remain profitable.

Conclusion

Congratulations! You have now finished your lemonade stand’s business plan.
Your Personal Business Plan

Transition

You will now be given time to complete the financial analysis of your own personal business. Also, take this time to fine-tune any of the other sections of your plan.

Steps

1. Allow time for participants to draft their financial analysis. Circulate throughout the classroom and offer assistance as needed.

2. As participants begin to finish their drafts, encourage them to share what they have written with others who have also finished. They may choose to help others who might be struggling in writing their business plans.

Conclusion

Throughout this workshop, each of you has been given an opportunity to share ideas, offer suggestions for improvement, and help with each other’s learning. All feedback has been given in the spirit of learning and helping one another.

Each of you will now be given an opportunity to present the final section of your personal business plan. In that same spirit of help and learning, you will receive feedback from the group. Although you may choose not to apply everything you hear, remember that feedback is a gift.

Facilitator note: Allow sufficient time for participants to share and discuss their business plans with the group. They will be receiving priceless, honest feedback.

Instruct participants that, even though they have now completed their plan, it will typically need to be revised as they continue working in the business. Encourage them to continue sharing their plan with trusted individuals who will provide honest feedback.

Notes

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________________________________________________________________________
Financial Terms and Tools

Fixed and Variable Costs

Fixed costs are costs that remain the same and must be paid regardless of your business's level of sales or production. These costs are “fixed” over a specified period of time (such as a year) or range of production (such as the life cycle of a product). Depending on your type of business, some typical examples of fixed costs would be rent, interest on debt, insurance, plant and equipment expenses, business licenses, and salary of permanent employees.

Variable costs are costs that vary directly with the number of products produced. Depending on your type of business, some examples would be cost of goods sold, sales commissions, shipping charges, delivery charges, cost of direct materials or supplies, wages of part-time or temporary employees, and sales or production bonuses.

Break-Even Point

Once you have identified your personal expenses and the costs associated with running your business, you know how much money your business will need to make to cover all monthly expenses. This is called your break-even point. To determine your break-even point, follow this simple equation:

\[
\text{Personal expenses + business expenses} = \text{break-even point}
\]

Price Margin

Price margin is the percent of your sales price that is profit. The way you achieve margin on your products and services is by marking up the price of your products and services beyond the price that you paid to purchase the products or services or the time it takes you to design and create them. You have to mark up your prices in order to reach and exceed your break-even figure and to increase your margin.

You determine your margin by dividing your profit by the sales price. For example, if you bought a particular good for $12.00 and you sold it for $18.00, then you calculate your margin by dividing your profit by the sales price: $6.00/$18.00. This results in a 33% margin.

When you set the sales prices of your products or services, remember that your margin on each item is the important number to measure because it represents your profit. If you want or need to increase your margin, you can place a higher markup on your products or services. However, be careful not to mark up your products or services so high that customers won’t buy them. Also, if you decide to price your products or services higher than your competitors, you have to somehow show that the value of your products or services is worth the price.

Cash Flow Report

Cash flow is exactly what its name implies—the anticipation of cash as it flows into and out of a business. Similar to a personal checkbook register, a cash flow report records every cash entry into your business or cash payment out of the business each month. Group these inflows and outflows into categories such as “cash in,” “inventory purchases,” or “operating expenses.”

Reports will display monthly financial activity over time. They make it easier to analyze yearly fluctuations in cash flow and predict future fluctuations. Analysis of these reports will also help with day-to-day budgeting. Since a typical cash cycle for a sales transaction could take weeks or months, you will need to retain additional funds to keep the business running. For example, employee wages are often paid long before payment is received for the product or service the employee rendered.

To create your report, list the sources and amounts of cash expected to be received into the business each month: cash sales, collections from accounts receivable, loan payments received, and so on. The cash you expect to receive is added to the remaining balance from the prior month. This now totals the cash available for that month. Next, subtract all expenses incurred during that month to identify the cash balance at the end of that month. This amount must always be above zero. In fact, you should plan to leave a healthy cushion to cover unexpected costs.
Standard Profit-and-Loss Statement

The standard way of showing a business’s cash flow is a profit-and-loss (P&L) statement, or an income statement. The P&L statement is most often generated in the form of a spreadsheet. It shows all the money that comes into your business (revenue or net sales) and all the money that flows out of your business (expenses) in a month's time and lets you know whether your net income for the month is positive or negative.

### Line Item Description

Key terms in the profit-and-loss statement are defined as follows:

- "Net sales" includes all sales.
- "Cost of goods sold" includes all the costs of inventory sold, including production, materials, and overhead.
- "Gross margin" is the first critical line. A business must be able to cover the production costs of all items being sold.
- "Payroll expenses" and "operating expenses" list the total of expenses incurred to operate the business. Advertising costs would also fall into this category.
- "Depreciation" includes the expenses of fixed and intangible assets over time.
- "Net income" reports the business’s profit or loss and the growing (or decreasing) value of the business.

<table>
<thead>
<tr>
<th>Cash Flow Report</th>
<th>June</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 20__</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Beginning cash balance</strong></td>
<td>$1,500</td>
<td>$4,110</td>
</tr>
<tr>
<td><strong>Cash In</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash sales</td>
<td>$6,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Collections/accounts receivable</td>
<td>$200</td>
<td>$500</td>
</tr>
<tr>
<td>Loans received</td>
<td>$2,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total cash in</strong></td>
<td>$8,200</td>
<td>$7,500</td>
</tr>
<tr>
<td><strong>Total cash available</strong></td>
<td>$9,700</td>
<td>$11,610</td>
</tr>
<tr>
<td><strong>Cash Out</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory expenditures</td>
<td>$1,000</td>
<td>$1,500</td>
</tr>
<tr>
<td><strong>Payroll Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages *</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td>Benefits</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>$750</td>
<td>$750</td>
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<tr>
<td>Utilities</td>
<td>$70</td>
<td>$85</td>
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<td>Property taxes</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Telephone</td>
<td>$15</td>
<td>$25</td>
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<tr>
<td>Travel</td>
<td>$75</td>
<td>$100</td>
</tr>
<tr>
<td>Licenses and fees</td>
<td>$15</td>
<td>$15</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>$15</td>
<td>$100</td>
</tr>
<tr>
<td>Advertising</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Nonoperating Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan interest payments</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Loan principal payments</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$50</td>
</tr>
<tr>
<td><strong>Total Cash Out</strong></td>
<td>$5,600</td>
<td>$6,285</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$4,100</td>
<td>$5,325</td>
</tr>
</tbody>
</table>

* Salary should take into account 10% tithe.
Conducting Customer Research

Ask yourself this question: “Do I know there are customers for my product or service, or am I just assuming a customer base?” This question will be critical to your success. You cannot just assume people will want your product. You need to have clear evidence that they want it and that they will pay what you are asking. Here are some other questions to consider when conducting your market research:

- Who are my customers and potential customers?
- Am I offering the kinds of goods or services they want at the best price and at the right amounts?
- Where do they live?
- Are my promotional programs working?
- What kind of customers are they?
- What do customers think of my business?
- Can and will they buy?
- How does my business compare with my competitors?
- Are my prices consistent with what buyers view as the product’s value?
- Additional questions

Conducting customer research (such as surveys) will help you improve your product or service, because you will learn from the customer what he or she expects from your type of product or service. You will learn from these customer surveys how to market to your customers by taking into account their needs and wants when designing your product or service. Also, by gathering information from customers, you may be able to detect trends in the market that will influence your marketing techniques.

The following are some questions you could ask in your customer surveys, but do not feel limited by this list. Ask questions that you feel would yield important information for increasing the market value of your product or service.

**Sample Survey Questions**

Provide the customer with a description and price for the product or service, and then ask the following questions:

- Is this something you would purchase? Why or why not?
- What would you pay for this product or service? Why?
- How often would you purchase this product or service? Why?
- What features would you like to see in addition to what was presented?
- How much would you pay if these features were added?
- Do you see any drawbacks to the product or service? Would you please explain?

### Year-End P&L Statement

<table>
<thead>
<tr>
<th>Net sales</th>
<th>$149,175 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold</td>
<td>$104,423 70%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$44,752 30%</td>
</tr>
</tbody>
</table>

**Payroll expenses**

| Salaries and wages   | $27,000 18.1% |
| Payroll taxes        | $600 0.4% |
| Benefits             | $0 0% |

**Operating expenses**

| Rent                | $6,000 4.0% |
| Utilities           | $960 0.6% |
| Property taxes      | $0 0% |
| Telephone           | $240 0.2% |
| Travel              | $900 0.6% |
| Licenses and fees   | $180 0.1% |
| Repairs and maintenance | $540 0.4% |
| Insurance           | $300 0.3% |
| Other               | $65 0.1% |
| Depreciation        | $1,200 0.8% |
| Total operating expenses | $38,185 25.6% |
| Income before taxes | $6,567 4.4% |
| Income tax          | $1,492 1.0% |
| Net income          | $5,075 3.4% |
### Interview Evaluation Form

<table>
<thead>
<tr>
<th>Date</th>
<th>Name of contact:</th>
<th>Name of organization:</th>
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#### Interaction Highlights

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<td>1.</td>
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<tr>
<th>Follow-up activities:</th>
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<td>7.</td>
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<tr>
<th>Complete by (date):</th>
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<td>7.</td>
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</tbody>
</table>

### People to add to my list of contacts:

<table>
<thead>
<tr>
<th>Name:</th>
<th>Telephone:</th>
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<table>
<thead>
<tr>
<th>Fax:</th>
<th>E-mail:</th>
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<table>
<thead>
<tr>
<th>Address:</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I was prepared: □ Yes □ No</td>
</tr>
<tr>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td>I achieved my objectives: □ Yes □ No</td>
</tr>
<tr>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td>I interacted well: □ Yes □ No</td>
</tr>
<tr>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td>Overall, what went well?</td>
</tr>
<tr>
<td></td>
<td>How can I improve my future interactions?</td>
</tr>
</tbody>
</table>


Summer Snow Business Plan
Business at a Glance

Business Summary

Summer Snow will provide a refreshing food experience for customers by offering 30 quality shaved ice flavors and other healthy snack items in the downtown area of San José, Costa Rica. Unlike the crushed ice found in traditional snow cones, Summer Snow’s finely shaved ice actually resembles real snow. The thick syrups are readily absorbed into the snow’s crystals rather than passing directly through the ice and into the bottom of the cup like a traditional crushed-ice snow cone.

These drinks have been popular throughout the world and provide a nonfat alternative to consumers. Summer Snow will target health-conscious customers in the mid-to-high income brackets ranging in age from children to adult. With increasing health consciousness, sugar-free flavors and liquid vitamin additives will also be made available.

Summer Snow has purchased a small mobile unit that will be placed in a leased section of the parking lot of the shopping center located at the intersection of Chavez and Independence Avenue.

Keys to Success

- Key location provides quick and healthy refreshment access to 17,000 daily customers of San José’s largest shopping center, 12,000 daily passengers of the nearby bus terminal, and the patrons of the neighborhood’s two schools and three parks.
- Served in a special cup with a sports team lid of choice. The cup and lid will be reusable and dishwasher safe.
- First business of its kind in San José, Costa Rica.
- 30 refreshing, yet healthy, flavored syrups.
- Provides health-conscious consumers with sugar-free flavors, optional liquid vitamin additives, and other healthy snack items.
- Product is fat-free, contains no cholesterol, and is relatively low in calories.
- Low development costs, low maintenance, and ease of production allow for possible future expansion.
- The year-round warm climate is conducive to people wanting a refreshing product.

Management and Staff Summary

Summer Snow will be owned by Jose Macias as a sole proprietorship. Simple product creation will require only one full-time employee (Mr. Macias) for day-to-day operations.

However, additional part-time employees may be added for times of high traffic or in the event of future expansion.

Jose Macias

Professional bookkeeper—six years of bookkeeping management experience with Master Accounting Group.

Management Summary:

- Managed nine individual bookkeepers working with small to medium businesses.
- Maintained an accuracy rate of 93% in accounts receivable.
- Advised on organizational issues to minimize federal and state tax liabilities, improving profit margins and overall sales growth.
- Saved $125,000 in bookkeeping errors by training others at Master Accounting Group.

Education Summary:

- University of Costa Rica, BA, Economics/Accounting.

The following individuals have agreed to support Summer Snow as coaches and mentors:

Miguel Vasquez, owner of The Chipper Chicken restaurants

- Reached $167,000 in monthly sales by the end of the fourth month of operation.
- $220,000 in monthly sales within the first year of operation.
- Service model has been duplicated in the start-up of four new locations, each experiencing similar growth and sales.

Julia Garcia, professor of business at the University of Costa Rica

- Recognized as a leading authority on competitive strategy and economic development of nations, provinces, and regions.
- Serves as a strategy adviser to top management in numerous local and international companies.

Roberto Cruz, business manager

- Developed a sales strategy that directly increased customer base by 20%.
- Entered 15 new markets, increasing market share.
- Reduced overhead by 30%.

Market Analysis

Market Summary

San José is the economic center of Costa Rica. The downtown area provides an ideal location for most businesses. In addition to the high daily traffic into the business and commercial sectors, the downtown area also boasts multiple neighborhoods of single-family dwellings. Typical residents have above-average incomes. Area residents tend to lead a
A study of the local area showed the following results:

- Summer Snow will be the only business of its kind in Costa Rica.
- There are no formal shops selling any form of shaved ice within three miles of the proposed location.
- Four street vendors provide crushed-ice-type products to the lower end of the market. Vendors sell their product for $0.50 per item, offer no size variation, have poor quality control, and do not engage the target market.
- Local supermarkets carry Popsicle®-type products, also sold for $0.50 each. Consumers must purchase these products in larger quantities.
- The mall hosts one ice cream parlor and two restaurants that provide ice cream and gelato. Neither sells shaved ice.
- There is one stand in the mall that sells fresh fruit drinks at a higher cost. Access to the stand is difficult.
- None of these locations targets a health-conscious market, nor do they add vitamin supplements.

Given the strategic location, the potential market segment, and a warm local climate, shaved ice is an ideal business opportunity with year-round profit potential.

**Industry Background**

Although new to the San José area, the shaved ice industry has been around for centuries and has proven to be a profitable business venture. The concept of a snowy refreshment found its beginnings in Asia. Annual gifts were presented to the shogun, the highest authority in Japan. One such gift was snow taken from the upper slopes of Mt. Fuji. Large quantities of snow were carefully wrapped in bamboo leaves and packed onto a horse-drawn cart. By the time the snow finally arrived, there was only enough left to fill a medium-size dish. It became a luxury reserved only for the shogun.

Today, anyone can enjoy this simple luxury through cost-effective shaved ice technology. Some industry highlights are listed below:

- Low cost of entry. Equipment and supplies are relatively inexpensive, and the product is easy to produce.
- Ease of production ensures short customer wait time, higher satisfaction, and service to more customers.
- Facilities require low maintenance and utility usage and are easy to open and close.
- Items cost $0.22 to $0.28 to produce, but the sale price ranges from $1.00 to $2.50.

**Customer Profile**

Studies conducted by the local university show that Costa Ricans are becoming more health conscious and are looking for alternatives to traditional sugary refreshments sold by most stores, restaurants, and street vendors. The study showed that the average Costa Rican would be willing to pay up to 25% more if healthier food and drink alternatives were available.

Based on this study, Summer Snow’s market could be segmented into two groups:

1. Those wanting a new health food experience
2. Those wanting a more traditional snow cone

The no-fat, no-cholesterol, and low-calorie shaved ice combined with sugar-free and vitamin alternatives will attract the more health-conscious people of San José’s downtown area. The product will not be so different from a traditional snow cone that the average person will pass up the experience.

Summer Snow has conducted informal research and is confident in its ability to target and attract needed customers to its storefront. Research findings are shown below.
### Competitor Profile

<table>
<thead>
<tr>
<th>Street Vendors:</th>
<th>Four within a three-mile radius selling snow-cone-type products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Easy access, low cost.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Low quality—very coarse ice; weak and limited flavors sold in paper cups; not attractive to health-conscious consumers; do not provide additional healthy snacks.</td>
</tr>
<tr>
<td>Price:</td>
<td>$0.50–$0.75.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supermarkets:</th>
<th>Two within a three-mile radius selling Popsicle®-type products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Low price, high volume, high quality. Can be taken home and frozen for future consumption.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Limited flavors; sold in large quantities; high sugar content; not convenient to casual, walk-by consumer.</td>
</tr>
<tr>
<td>Price:</td>
<td>$6.00 per box of 12.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mall Restaurants:</th>
<th>Three within a three-mile radius selling ice cream and gelato-type products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Sit-down environment; great variety with multiple toppings.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>High overhead; less convenient; high cost.</td>
</tr>
<tr>
<td>Price:</td>
<td>$3.00–$5.00.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Juice House:</th>
<th>Located in mall selling blended juice drinks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Fresh ingredients; good quality and quantity; indoor facility.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Difficult to find; slow service; high cost; limited flavors.</td>
</tr>
<tr>
<td>Price:</td>
<td>$2.00–$3.00.</td>
</tr>
</tbody>
</table>

### Marketing Strategy

### Product Description

Summer Snow will provide a refreshing food experience for customers by offering 30 quality shaved ice flavors and other healthy snack items in the downtown area of San José, Costa Rica. With an increasing number of health-conscious consumers, sugar-free flavors and liquid vitamin additives will also be made available. The shaved ice will be placed in a uniquely shaped cup with a sports team lid and a picture of Oscar Mendoza in his soccer uniform.

### Flavors

<table>
<thead>
<tr>
<th>Flavors</th>
<th>Bananas</th>
<th>Green Apple</th>
<th>Pineapple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Cherry</td>
<td></td>
<td>Guava</td>
<td>Pink Grapefruit</td>
</tr>
<tr>
<td>Blueberry</td>
<td></td>
<td>Kiwi</td>
<td>Pink Lemonade</td>
</tr>
<tr>
<td>*Blue Raspberry</td>
<td></td>
<td>Lemon</td>
<td>*Red Apple</td>
</tr>
<tr>
<td>*Bubble Gum</td>
<td></td>
<td>*Lime</td>
<td>*Red Raspberry</td>
</tr>
<tr>
<td>Cherry</td>
<td></td>
<td>*Mango</td>
<td>*Root Beer</td>
</tr>
<tr>
<td>Cinnamon</td>
<td></td>
<td>Melon</td>
<td>*Strawberry</td>
</tr>
<tr>
<td>Coconut</td>
<td></td>
<td>*Orange</td>
<td>Tangerine</td>
</tr>
<tr>
<td>*Grape</td>
<td></td>
<td>*Passion Fruit</td>
<td>Tutti Frutti</td>
</tr>
</tbody>
</table>

* Also available in sugar-free versions.

### Suppliers

Summer Snow will purchase equipment and supplies from a variety of vendors in order to ensure a consistent supply chain. The following companies have been contacted and will...
be able to provide equipment and supplies that meet the Summer Snow quality standards for shaved ice:
• Refrescos de Centro America (San José, Costa Rica)
• Maquinaria Gutierrez (Ciudad de Plata, Costa Rica)
• Productos Frios (Antigua, Costa Rica)

The following companies will provide liquid vitamin supplements:
• Casa de Vitaminas (San José, Costa Rica)
• Vitaminas Pa’ Ti (Morelia, Costa Rica)

Local companies will provide fruits, nuts, and other healthy snacks.

Promotion
Summer Snow will enter the market with a bang! It will market itself by using a famous sports figure’s name, press releases, and flyers distributed in key locations throughout a three-mile radius. It will provide coupons for schoolchildren and a roving truck with speakers announcing the new business. All product selections will be available on opening day. Summer Snow will position itself to be:
• The highest quality and healthiest product available.
• The greatest purveyor of flavors for shaved ice.
• A fun and healthy alternative to traditional snow cones and Popsicles®.
• An alternative to traditional high-carbohydrate and fatty snacks.
Summer Snow will create initial customer awareness by:
• Distributing flyers in the mall, parking lot, local bus terminal, and at local schools and parks.
• Providing coupons at the local schools and at businesses in the mall.
• Purchasing newspaper advertisements during the first three months of business until a clientele is built.
• Selling products at special prices during the first week.
• Designing the facility and signage to be easily visible for 200 yards.

Pricing

<table>
<thead>
<tr>
<th>Size</th>
<th>With 0 Vitamins</th>
<th>With 1 Vitamin</th>
<th>With 2 Vitamins</th>
<th>With 3 Vitamins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>$1.00</td>
<td>$1.15</td>
<td>$1.30</td>
<td>$1.45</td>
</tr>
<tr>
<td>Medium</td>
<td>$1.15</td>
<td>$1.30</td>
<td>$1.45</td>
<td>$1.60</td>
</tr>
<tr>
<td>Large</td>
<td>$1.30</td>
<td>$1.45</td>
<td>$1.60</td>
<td>$1.75</td>
</tr>
</tbody>
</table>

Snack Items

<table>
<thead>
<tr>
<th>Fruit</th>
<th>$0.30 per piece</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small $0.75</td>
</tr>
<tr>
<td></td>
<td>Large $1.00</td>
</tr>
</tbody>
</table>

| Energy Bars | $1.00 per bar |

All transactions will be conducted in cash. In the second year, Summer Snow plans to introduce gift cards available in multiple amounts.

Place of Business
The business will be placed in an ideal location with considerable foot traffic. Summer Snow has already purchased a small mobile unit that will be placed in a leased location in the downtown shopping center parking lot located at the intersection of Chavez and Independence Avenue in San José, Costa Rica. The facility (240 square feet) will be within sight of the bus terminal and main intersection (100 yards from both).
• These two major roads (Chavez and Independence Avenue) carry traffic from the city center to the suburbs and are the most heavily used in the country.
• The shopping center is only two years old and already is the most profitable in the country. It has 92 shops, 12 restaurants, 6 fast-food establishments, 2 movie theaters, and 3 arcades. The center draws 17,000 visitors per day!
• There is a bus depot that is located on the southernmost sector of the parking lot and brings in 300 buses a day, with an average of 12,000 people coming to the station.
• This location is within four blocks of middle- and upper-class neighborhoods, two schools, and three parks.
Finances

Start-Up Costs

<table>
<thead>
<tr>
<th>Cost</th>
<th>Owner Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures and equipment (ice shack, shave machine, shelving, flavor bottles)</td>
<td>$4,380</td>
</tr>
<tr>
<td>Decorating and remodeling</td>
<td>$645</td>
</tr>
<tr>
<td>Installation of fixtures and equipment</td>
<td>$370</td>
</tr>
<tr>
<td>Starting inventory</td>
<td>$1,125</td>
</tr>
<tr>
<td>Deposits with public utilities</td>
<td>$460</td>
</tr>
<tr>
<td>Legal and other professional fees</td>
<td>$325</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>$275</td>
</tr>
<tr>
<td>Advertising and promotion for opening</td>
<td>$465</td>
</tr>
<tr>
<td>Cash</td>
<td>$500</td>
</tr>
<tr>
<td>Total</td>
<td>$8,545</td>
</tr>
<tr>
<td>Total start-up costs minus owner contribution</td>
<td>$2,540</td>
</tr>
</tbody>
</table>

Monthly Expenses

- Salary of owner-manager: $3,500
- Rent: $450
- Advertising: $95
- Delivery expense: $180
- Supplies: $1,125
- Telephone: $55
- Utilities: $215
- Insurance: $20
- Taxes, including Social Security: $1,730
- Monthly loan payment: total loan of $8,445.00, a 2-year note at 7%: $379
- Maintenance: $135
- Legal and other professional fees: $45
- Miscellaneous: $300

Total monthly expenses: $8,229

Estimated number of monthly expenses needed: 2: $16,458

Total start-up funds (2 months' expenses + start-up costs): $25,003

Total loan amount required (start-up costs minus owner contributions): $18,998

Funding

Start-up costs will be $25,003. A percentage of these costs will be financed through a loan. The owner will be contributing $6,005 himself and will request a loan of $18,998 for additional expenses.

Summer Snow has approached several financial organizations to learn of their rates, their processes, and the educational opportunities available to help businesses become successful. Interest rates for all the organizations are similar.

Sales Forecast

Summer Snow anticipates opening on July 29. Since weather is fairly constant throughout the year, dramatic seasonal changes in sales are not anticipated. The location, target market,
and climate of San José will help the business reach its potential of first-year gross sales of $111,202. Sales are expected to increase to $122,322 the second year (an increase of 10%).

Totals are based on an average sale of $2.35 and 910 sales per week for year one, sales of 1,001 units per week for year two, and sales of 1,101 units per week for year three. The following illustrates the anticipated sales and profits for the first three years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Weekly Unit Sales</th>
<th>Average Sale</th>
<th>Weekly Gross Income</th>
<th>Annual Gross Income</th>
<th>Operating Expenses</th>
<th>Annual Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>910</td>
<td>$2.35</td>
<td>$2,138.50</td>
<td>$111,202</td>
<td>$106,977</td>
<td>$4,225</td>
</tr>
<tr>
<td>Year 2</td>
<td>1,001</td>
<td>$2.35</td>
<td>$2,352.35</td>
<td>$122,322</td>
<td>$106,977</td>
<td>$15,354</td>
</tr>
<tr>
<td>Year 3</td>
<td>1,101</td>
<td>$2.35</td>
<td>$2,587.35</td>
<td>$134,542</td>
<td>$102,050</td>
<td>$32,492</td>
</tr>
</tbody>
</table>
proCUTS is dedicated to providing residents of Queensland, South Africa, with a quality, cost-effective, and consistent haircutting experience. Customers can “let their hair down” in a professional yet relaxing establishment without the worries of high prices or incompetent service.

**Keys to Success**

proCUTS has identified the following keys to success:

- The proCUTS residential location will provide quick, low-cost haircuts within walking distance for most residents of the city’s northeast section.
- A residential location will require minimal operating costs. Operational savings will be passed to customers through competitive prices.
- The proCUTS product line offers beauty products in convenient, family-size, refillable bottles.
- The informal setting will provide a social opportunity for friends to meet and gather.

**Management and Staff Summary**

proCUTS will be owned and operated by Lyssa Zimba as a sole proprietorship. Lyssa has been cutting hair informally for over two years. Now, with an increase in repeat clientele, proCUTS has great potential for success.

**Lyssa Zimba**  
**Owner/operator of proCUTS**

- Two years of haircutting experience with an 87% customer retention rate.
- Co-chaired the activities committee of a local church group. Average activity attendance increased from 75 to 115 participants, and the committee still operated under budget.

The following individual has agreed to support proCUTS as a coach and mentor:

**Jason Apindi, distributor for HairStyle Products & Supplies**

- Developed a sales strategy that directly increased customer base by 20%.
- Entered five new markets, increasing market share.
- Reduced overhead by 30%.

**Market Analysis**

**Market Summary**

The northeast section of Queensland is largely residential, with few services available besides small grocery stores, street vendors, and a preschool for young children. Although adequate public transportation is available, area residents are typically required to transfer bus routes two to three times in order to find sufficient shopping and basic services. Residents have primarily low to moderate income levels. Income levels support only occasional travel to and from shopping and service areas.

A study of the local area has shown the following results:

- No formal hair salons were identified within a five-kilometer radius of the proCUTS proposed location.
- Three individuals have been identified as providing a haircutting service informally. None of these individuals advertise or provides service outside of family, friends, and close neighbors.
- Local grocery stores provide a variety of beauty products in smaller-volume containers. Bottles are not refillable. proCUTS boasts an average savings of 10 Rand per liter of both shampoo and conditioner.
- Multiple street vendors provide beauty products, however, quality and quantity are always in question.

Given its strategic location and potential market segment, proCUTS is an ideal business opportunity.

**Industry Background**

A recent article published by the *Queensland Times* indicates that the business of cutting hair is at an all-time high in South Africa. For some, experimenting with hair is about getting back to cultural roots, while for others it is about following fashion. The area is widely known for natural hairstyles such as dreadlocks, braids, and plaits, as well as products for natural hair. Many believe natural hairstyles best showcase true African beauty and are convinced that the present consumer interest in the hairstyles is more than a passing trend.

In addition to the increasing demand for a formal salon experience, street stylists are also growing in popularity. These stylists, found in high-traffic areas, typically specialize only in braiding hair since the absence of water makes doing relaxed styles impossible.

Studies conducted by proCUTS support the *Queensland Times* findings. Residents in the northeast section of the city expressed concern over increasing costs of goods and services, as well as difficult transportation routes. Residents were also found to be beauty conscious; many report traveling great distances for hair care services.
Customer Profile

The proCUTS market can be segmented into two main groups:

1. Customers wanting a quality, cost-effective, and consistent hair care experience located within the convenience of their neighborhood.
2. Customers wanting a place to gather to “let their hair down” with friends and neighbors within a relaxed social setting.

proCUTS conducted informal research by talking to people within a five-kilometer radius of its proposed location and is confident in its ability to attract customers. Research findings are shown below.

Competitor Profile

Through research, the following information was discovered about other salons in the area.

Service Providers

<table>
<thead>
<tr>
<th>Informal Salons:</th>
<th>Three “informal” salons identified within a five-kilometer radius.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Typically lower prices than established salons. Willing to exchange service for commodities, transportation, and so on.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Service limited to family, friends, and close neighbors. No regular hours of operation.</td>
</tr>
<tr>
<td>Price:</td>
<td>Negotiable.</td>
</tr>
<tr>
<td>Street Stylists:</td>
<td>Two street stylists within a five-kilometer radius.</td>
</tr>
<tr>
<td>Strengths:</td>
<td>Street “salons” are cheaper than established salons and provide excellent service.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Primarily braid and natural styling. Absence of water limits cutting and styling options.</td>
</tr>
<tr>
<td>Price:</td>
<td>30 to 50 Rand.</td>
</tr>
<tr>
<td>Established Salons:</td>
<td>Six salons identified, all outside of a 40-kilometer radius.</td>
</tr>
<tr>
<td>Strengths:</td>
<td>Quality service offered by licensed professionals. Professional establishment. Wide range of quality professional products available for purchase.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>High prices. Great distance with complicated travel requirements for clientele coming from the northeast part of Queensland.</td>
</tr>
<tr>
<td>Price:</td>
<td>Service: 60 to 150 Rand. Products: 40 to 100 Rand.</td>
</tr>
</tbody>
</table>

Product Distributors

<table>
<thead>
<tr>
<th>Grocery Stores:</th>
<th>Five stores identified within a five-kilometer radius that carry hair-care products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Availability, predictable mid-range quality, product variety.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Low-volume, non-refillable bottles.</td>
</tr>
<tr>
<td>Price:</td>
<td>30 to 75 Rand.</td>
</tr>
<tr>
<td>Street Vendors:</td>
<td>Four street vendors within a five-kilometer radius. Only one regularly carries hair-care products.</td>
</tr>
<tr>
<td>Strengths:</td>
<td>Easy access, low cost.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Poor product quality, inconsistency in availability.</td>
</tr>
<tr>
<td>Price:</td>
<td>20 to 40 Rand.</td>
</tr>
</tbody>
</table>

Questions | Responses
--- | ---
Would you use proCUTS? (Business summary provided) | Yes | No | Not Sure
67 | 5 | 3
How much would you pay? | Range
35–100 Rand

How often would you use the service? | Weekly | Bimonthly | Monthly
20 | 45 | 10

The following information was obtained about product competitors.

No questions were asked regarding product offerings, yet many people interviewed voiced their desire to purchase hair-care products in higher-volume, family-size bottles.
Marketing Strategy

Product and Service Description

proCUTS will provide residents of the northeast section of Queensland with a quality, cost-effective, and consistent haircutting experience in a professional yet relaxing establishment where they can “let their hair down” without the worries of high prices or incompetent service.

Customers will be able to select from a wide range of service options, including haircuts and both natural and relaxed styling. Customers will also be able to purchase basic, high-quality hair-care products such as shampoo and conditioner. Two-liter and four-liter bottles will be made available for purchase. The four-liter bottles will come with a pump top and can be refilled as often as needed at a reduced price.

Suppliers

proCUTS will purchase most of its needed supplies and hair-care products from HairStyle Products & Supplies. Located in central Queensland for more than 25 years, they have become a consistent industry leader known for offering quality hair products.

Additional equipment and supplies will be ordered through a variety of vendors and salons throughout Queensland.

Pricing

All products and services will be sold on a cash basis as listed below.

<table>
<thead>
<tr>
<th>Services</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Haircut</strong></td>
<td><strong>Shampoo</strong></td>
</tr>
<tr>
<td>Adult: 12+</td>
<td>65 Rand</td>
</tr>
<tr>
<td>Children: Ages 1–12</td>
<td>55 Rand</td>
</tr>
<tr>
<td>Seniors: 55+</td>
<td>55 Rand</td>
</tr>
<tr>
<td><strong>Haircut and Style</strong></td>
<td>90 Rand</td>
</tr>
<tr>
<td><strong>Relaxed Styles</strong></td>
<td></td>
</tr>
<tr>
<td>Shampoo Set</td>
<td>45 Rand</td>
</tr>
<tr>
<td>Conditioning</td>
<td>40 Rand</td>
</tr>
<tr>
<td><strong>Natural Styles</strong></td>
<td></td>
</tr>
<tr>
<td>Dreadlocks</td>
<td>40 Rand</td>
</tr>
<tr>
<td>Braids</td>
<td>35 Rand</td>
</tr>
<tr>
<td>Plaits</td>
<td>35 Rand</td>
</tr>
<tr>
<td><strong>Conditioner</strong></td>
<td></td>
</tr>
<tr>
<td>Shampoo Set</td>
<td>45 Rand</td>
</tr>
<tr>
<td>Conditioning</td>
<td>40 Rand</td>
</tr>
</tbody>
</table>

Place of Business

proCUTS will be located at 1256 West Johannesburg Street in the home of Lyssa Zimba. The salon will be in a dedicated room with a dedicated entrance. Located near a heavily used bus stop, a popular local grocery store, and within short distance of a preschool, the area receives considerable foot traffic (in excess of 375 pedestrians daily).

Promotion

proCUTS will enter the market with a bang! Flyers will be distributed door-to-door within a five-kilometer radius of the salon. Arrangements have been made with the local preschool to distribute coupons to parents as they pick up their children. Flyers will also be posted at bus stops. The proCUTS signage will be easily visible within 150 meters of the salon.

proCUTS will position itself to be:

- The highest-quality hair-care service in the northeast area of Queensland.
- A point of social gathering for local residents to relax.
- The only provider of family-size, refillable hair-care products.

Finances

Start-Up Costs

<table>
<thead>
<tr>
<th>Items and costs</th>
<th>Cost</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures and equipment: chair, sink, scissors, capes</td>
<td>780</td>
<td>Paid</td>
</tr>
<tr>
<td>Decorating and remodeling</td>
<td>1,015</td>
<td></td>
</tr>
<tr>
<td>Starting inventory</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion for opening</td>
<td>165</td>
<td>Paid</td>
</tr>
<tr>
<td>Cash</td>
<td>500</td>
<td>Paid</td>
</tr>
<tr>
<td><strong>Total one-time start-up costs</strong></td>
<td><strong>2,885 Rand</strong></td>
<td></td>
</tr>
</tbody>
</table>
Monthly Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary of owner/operator</td>
<td>1,530</td>
</tr>
<tr>
<td>Advertising</td>
<td>105</td>
</tr>
<tr>
<td>Supplies</td>
<td>325</td>
</tr>
<tr>
<td>Telephone</td>
<td>155</td>
</tr>
<tr>
<td>Utilities</td>
<td>115</td>
</tr>
<tr>
<td>Loan of 6,310 Rand (two-year note at 7%)</td>
<td>275</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>300</td>
</tr>
<tr>
<td>Total monthly expenses</td>
<td>2,435</td>
</tr>
<tr>
<td>Estimated number of months needed to get established: 2</td>
<td>4,870</td>
</tr>
<tr>
<td>Total (2 months’ expenses + start-up costs)</td>
<td>7,755 Rand</td>
</tr>
<tr>
<td>Total loan (start-up costs minus owner contributions)</td>
<td>6,310 Rand</td>
</tr>
</tbody>
</table>

Funding

proCUTS will borrow 6,310 Rand in order to help with start-up costs and to fill the gap associated with initial sales of the business. Several financial organizations have been approached. Interest rates for each organization are similar.

Sales Forecast

<table>
<thead>
<tr>
<th>Month</th>
<th>Unit Sales Per Week</th>
<th>Avg. Price Per Sale</th>
<th>Weekly Gross Income</th>
<th>Monthly Gross Income</th>
<th>Monthly Operating Expenses</th>
<th>Monthly Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–2</td>
<td>9</td>
<td>60</td>
<td>540</td>
<td>2,160</td>
<td>2,435</td>
<td>-275</td>
</tr>
<tr>
<td>3–12</td>
<td>11</td>
<td>60</td>
<td>660</td>
<td>2,640</td>
<td>2,435</td>
<td>205</td>
</tr>
<tr>
<td>13–24</td>
<td>14</td>
<td>60</td>
<td>840</td>
<td>3,360</td>
<td>2,436</td>
<td>925</td>
</tr>
</tbody>
</table>
Garcia’s Veggie Table
Business Plan
Business at a Glance

Business Summary

Garcia's Veggie Table is dedicated to providing residents of Machala, Ecuador, with high-quality, affordable fruits and vegetables.

Keys to Success

Garcia’s Veggie Table has identified the following keys to success:
• Home-grown fruits and vegetables are picked daily to ensure product quality and freshness.
• Convenient downtown street corner location will serve area residents, travelers, and merchants.
• Products are presented in an organized, colorful, and fresh display.

Management and Staff Summary

The Garcia family has been growing quality fruits and vegetables for the past 20 years on a large lot behind their home. Edwin, the youngest of four sons, will take his share in the family garden to open a small fruit and vegetable stand in downtown Machala, Ecuador.

Edwin Garcia
Owner/operator of Garcia’s Veggie Table
• Enjoys a highly competitive crop production and yield.
• Received an honorable mention for melon quality in Machala’s highly touted International Banana and Agricultural Festival.

Market Analysis

Market Summary

South of Guayaquil, Machala is in the heart of Ecuador’s main banana-producing region and is one of the largest banana exporters in the world. Machala is also home of the International Banana and Agricultural Festival and has become recognized as a market leader in the production of quality fruits and vegetables.

Given its strategic location and potential market segment, Garcia’s Veggie Table is an ideal business opportunity.

Industry Background

Known for offering a wide range of products, street vending has long been one of the most widely accepted distribution methods in Machala. Cost-conscious consumers buy goods at a fraction of the cost of those purchased in stores or marketplaces. Many manufacturers recognize this growing retail market and attempt to maximize their own sales by providing goods to the street vendors. The easy accessibility of goods to the consumer provides continued demand for future expansions within the market.

Customer Profile

The market for Garcia’s Veggie Table can be segmented into the following three groups:
1. Residents wanting fresh, low-cost fruits and vegetables.
2. Travelers looking for refreshment.
3. Other vendors using fruits or vegetables in their product.

Informal research highlighted customer preferences:
• Freshness of fruits and vegetables was listed as the number-one need.
• Variety was listed as the number-two need.
• The availability of the following fruits and vegetables (listed in order of priority) was also important to consumers.

<table>
<thead>
<tr>
<th>Fruits</th>
<th>Vegetables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banana</td>
<td>Tomato</td>
</tr>
<tr>
<td>Orange</td>
<td>Beans (variety)</td>
</tr>
<tr>
<td>Pineapple</td>
<td>Corn</td>
</tr>
<tr>
<td>Avocado</td>
<td>Peppers (variety)</td>
</tr>
<tr>
<td>Onion</td>
<td>Lettuce (variety)</td>
</tr>
<tr>
<td>Yucca</td>
<td></td>
</tr>
</tbody>
</table>
Competitor Profile

Garcia’s Veggie Table’s competitors have been identified as follows:

<table>
<thead>
<tr>
<th>Street Vendors</th>
<th>Three within a five-kilometer radius who sell fruits and vegetables.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths:</td>
<td>Low prices. Highly convenient.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Poor quality. Typically sell leftover product from local market-</td>
</tr>
<tr>
<td></td>
<td>places. High spoilage.</td>
</tr>
<tr>
<td>Price:</td>
<td>Low and negotiable.</td>
</tr>
<tr>
<td>Market:</td>
<td>One marketplace within walking distance. Identified four fruit</td>
</tr>
<tr>
<td></td>
<td>and vegetable stands.</td>
</tr>
<tr>
<td>Strengths:</td>
<td>Generally higher quality and volume than typical street vendors.</td>
</tr>
<tr>
<td></td>
<td>Located near other retailers.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>Pay wholesale prices from local farmers.</td>
</tr>
<tr>
<td>Price:</td>
<td>Moderate and negotiable.</td>
</tr>
<tr>
<td>Grocery Stores:</td>
<td>Two within walking distance of the downtown area.</td>
</tr>
<tr>
<td>Strengths:</td>
<td>Quality, fresh product in a wide selection of varieties.</td>
</tr>
<tr>
<td></td>
<td>Provide one-stop shopping for most consumers.</td>
</tr>
<tr>
<td>Weaknesses:</td>
<td>High prices. Pre-bundled packages are too big for many consumers.</td>
</tr>
</tbody>
</table>

Place of Business

Garcia’s Veggie Table will be located near the corner of Guayas and Bolivar. The location is well known for a great supply of street vendors, is central to most shopping and business, and is a central hub for most traveling throughout the city.

Promotion

Over five generations of Garcias have lived in Machala. The family is known and respected by most long-term residents. The use of the family name will add value and credibility to the business. Therefore, Garcia’s Veggie Table will position itself to be Machala’s highest quality, freshest home-grown fruit and vegetable vendor.

Financials

One-Time Start-Up Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment: display, product containers, bags</td>
<td>$15.00</td>
</tr>
<tr>
<td>Starting inventory: small produce supply purchased from family members</td>
<td>$25.00 Paid</td>
</tr>
<tr>
<td>Cash</td>
<td>$35.00 Paid</td>
</tr>
<tr>
<td>Total one-time start-up costs</td>
<td>$75.00</td>
</tr>
</tbody>
</table>
Weekly Expenses

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary of owner/operator</td>
<td>$35.00</td>
</tr>
<tr>
<td>Gardening supplies: seeds, fertilizer, pesticides</td>
<td>$2.50</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$2.50</td>
</tr>
<tr>
<td>Weekly loan payment: Total loan of $61.50 (two-month note at 7%)</td>
<td>$6.05</td>
</tr>
<tr>
<td>Total weekly expenses</td>
<td>$46.05</td>
</tr>
<tr>
<td>Total start-up funds (weekly expenses + start-up costs)</td>
<td>$121.05</td>
</tr>
<tr>
<td>Total owner contribution</td>
<td>$60.00</td>
</tr>
<tr>
<td>Total loan amount required (start-up costs minus owner contributions)</td>
<td>$61.05</td>
</tr>
</tbody>
</table>

Business Financing

Garcia’s Veggie Table will borrow $61.05 in order to help with the start-up costs and to fill in the gap associated with the first two weeks of initial sales. Several micro-finance institutions have been approached. Interest rates for each organization are similar.

Sales Forecast

<table>
<thead>
<tr>
<th>Week</th>
<th>Unit Sales Per Week</th>
<th>Average Sale</th>
<th>Weekly Gross Income</th>
<th>Weekly Operating Expenses</th>
<th>Weekly Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>30</td>
<td>$1.50</td>
<td>$45.00</td>
<td>$46.05</td>
<td>-$1.05</td>
</tr>
<tr>
<td>Week 2–8*</td>
<td>33</td>
<td>$1.50</td>
<td>$49.50</td>
<td>$46.06</td>
<td>$3.45</td>
</tr>
<tr>
<td>Week 9–52</td>
<td>35</td>
<td>$1.50</td>
<td>$62.50</td>
<td>$46.06</td>
<td>$6.45</td>
</tr>
</tbody>
</table>

*Initial loan will be paid at the end of the eighth week of operation.
Facilitator’s Guide

The Self-Employment Workshop

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