

# Strategies for a Growing Business

## Standards

**SS5E3 The student will describe how consumers and businesses interact in the U. S. economy.**

- a. Describe how competition, markets, and prices influence people's behavior.
- b. Describe how people earn income by selling their labor to businesses.
- c. Describe how entrepreneurs take risks to develop new goods and services to start a business.

## Overview

Most gardeners know that it's easy to cultivate more produce, flowers, and herbs than one can use. In schools and classrooms across the country, students have overcome this dilemma by using their gardening savvy as a springboard for green business ventures.

Some are as small as a one-time school seedling sale, and others as involved as a salsa business that supplies restaurants and grocery stores. The prospects of creating a business (not to mention earning bushels of money!) seems to motivate and inspire young entrepreneurs. The process of planning, researching, launching, and maintaining a business of any size builds skills and teaches lessons that integrate a host of curriculum goals. If you're considering cultivating commerce in your classroom, read on for suggestions based on authentic business strategies. We encourage you to select and adapt these to meet your unique needs.

## Pondering Product Ideas

Invite your students to brainstorm potential plant- or garden-based products or services they might be able to produce or provide. Here are some questions to help guide the process:

- *What plant- or garden-related product or service would make my life or others' lives easier or more enjoyable? (a self-watering pot? a quick way to compost?)*
- *Should we produce something tangible, such as potted plants or herb vinegars, or a service, such as designing theme gardens?*
- *What are our strengths? (Have we successfully raised herbs? Do we know how to compost with worms?)*
- *For each suggested product or service ask, Who might buy it (children, adults, parents, stores)? Why would someone buy it? How will it meet their needs? Why might they buy our product rather than a similar one? What will distinguish our product or service from those of competitors Who are our competitors?*

## Considering Customers

Once your students have generated their own brilliant business ideas, they should begin to consider outside information that could help them decide what product(s) or service to choose. With luck, their suggestions will include one of the most important questions for emerging businesses: *What does our audience want and need?* This, in business parlance, is called **market research**. As the class discusses how they could gather this type of information, consider the following:

## Surveys

One way to find out what would inspire your audience to dig deep and buy might simply be to ask them! Students might create a list of survey questions to ask potential customers in person, by phone, or by mail. They can apply writing, design, and/or presentation skills as they describe their product to people they survey. Here are some sample survey questions: *Would you buy it? Why or why not? How much would you be willing to pay? Which times/locations would work best for you? Where do you currently buy X? What do you like/dislike about it?*

## Focus groups

Conducting a focus group session, which is a common market research strategy, involves gathering a small, representative group of potential customers--classmates, other students, teachers, parents--to look at or test your product. A session leader (or several) then asks questions, such as the ones above, to solicit feedback. Because the subjects have a chance to see the product you can also ask them, *What do you think of it? What, if anything, would you change about it?*

## Statistics

Finding statistics, such as the number of people with gardens in your neighborhood, households with children, and so on, could help in planning certain types of businesses. If appropriate, consider local sources (e.g., libraries, Cooperative Extension Service, school head counts) that might yield useful data.

## Resolving Responsibilities

Whether you're running a classroom-sized or schoolwide business, you'll need to consider the variety of skills and tasks required to launch and sustain your endeavor, and then "fill" your positions. Use this as an opportunity to recognize and celebrate different abilities and to allow students to play to their strengths. Students might create a list of all the necessary jobs, describe the skills and/or qualities required for different positions, and then select accordingly. (School business jobs are often organized by "departments," such as production, marketing, design, and sales.) In some classrooms, students reflect on their own interests, strengths, and skills, and then detail these in mock job application forms. Read the articles [Basil-Buy-Us](#) and [Peddling Plants](#) to learn how two school garden businesses divided responsibilities.

# Pricing, Packaging, Producing

## Price

Challenge your students to decide what to charge for their product(s). Their market research may have uncovered some useful information about what the market will bear. After all, if something is priced too high, consumers are likely to buy fewer, but if they're priced too low, a business may not cover its costs. (To help students grasp this concept, you may want to use an example, such as sneakers or a snack food, then collect data on how many students would buy the item at different price points.) Here are some questions to consider: *How many do you think we can sell at different prices? Do we have competition locally, such as grocery stores or nurseries? What are their prices? What does it cost us to produce each item?* (See "Considering Finances," below.) *Can we afford to underprice them?*

## Packaging



Have the class ponder whether their product needs packaging. If so, discuss what would be most practical, cost effective, environmentally friendly, and so on. What additions might prompt someone to choose your package over another? This could include nicely designed labels, planting directions, recipe cards, or simply good protection for the product. Invite students to create a logo for their company-- a special design or symbol to identify their unique product -- that they can use in packaging and promotion.

## Production

Once students have produced prototypes of a product--mini-worm bins, flower placemats, and so on -they should consider how to make the manufacturing and packaging process as efficient as possible. Your plans and needs in this area will vary tremendously depending on your product or

service and the learning opportunities you seek. Students might consider whether it would be better to have a production line, where everyone specializes, or to have each worker reproduce complete products. Can they project how many items they'll need during a season? If you're producing something perishable, such as seedlings or basil for restaurants, assess whether you'll need to stagger your plantings.

## Promoting Products



### Promotion

Once you've selected your product, price, place (of sales), packaging, and production, your students can tackle the next "P" of marketing: promotion. Here are some of the core questions they should ask:

*How will we get our customers' attention and convince them to buy our product(s)?* What can we say about how it meets their needs? What distinguishes us? Here are some sample phrases from school business promotions: made from recycled materials; nutritious, organically grown; herbs that will attract pollinators, composting kit will help you recycle your garbage; get rid of pests with safe, beneficial insects; proceeds will be donated to the community butterfly garden.

*How and where should we advertise our product(s) to customers?* What places might be most visible? Consider the following media and venues: posters in school or in a local library or store, a notice in a school or community newsletter, flyers or coupons distributed to parents and community members or posted on telephone poles. Also think about creating a business Web site, t-shirts or bumper stickers with company logo, or a commercial that airs on a school or local radio or television station.

## Selling and Serving

A successful business relies on repeat visitors and often on word of mouth, so customer service is as important as a high quality product and fair pricing. Assuming that you've already decided

on a high visibility time or place for selling your product (e.g., a local farmers' market or special school event), have students discuss how they should interact with their customers. What does customer service "look like" in our business? Some ideas follow:

- Have the class describe the qualities of a good salesperson. Their list might include the following: makes a good personal impression, knows the product well, can explain why it's better than the competition and how it can help meet customers' needs, can help customers make decisions. Next, discuss how they'll ensure that their labor force is prepared. For instance, they might conduct some role-playing exercises to practice serving customers.
- Prompt students to envision how they might better serve customers by adding value to their product. For instance, they might provide instructions or recipes with a product or carry customers' bags to their cars on a sale day.
- If your business entails providing a service, such as helping other schools with thematic garden designs, your business "owners" may have to think about such issues as scheduling and transportation. Here are some other questions that might arise: *Should we do hands-on work with customers in their own garden, demonstrate to them using our own garden, or simply meet together to plan? Should we create an information packet to share?*
- Sales and customer service might look a bit different if you're selling a product wholesale--to a restaurant or grocery store, for instance. Students might create a standard order form for clients to use, for instance. They may need to decide how they'll deliver their product, fill orders on a timely basis, and create a production schedule that meets the client's needs.

## Finagling with Finances

You will already have grappled with many financial questions as you've planned your venture. Businesses make a variety of financial calculations so they can decide how much product to create and what to charge and to figure profits. Here are the kinds of expense and profit-related questions and calculations you may choose to integrate into your plant-related business. The degree to which you do so will depend on the complexity of your business, students' math skills, and your desire to replicate actual business procedures.

### Expenses

Have students project what they'll need to start up their business. A hydroponics unit? Grow lights? Containers for worms? *What will these cost? What could we secure through in-kind donations to cut our expenses?* (This might include pots from parents, a free checking account, 2-liter bottles from recycling centers, or plowing services.) Next, project your ongoing operating expenses such as advertising supplies, interest on a loan, salaries, and so on.

### Cost of goods sold

Older students might want to tackle this calculation, which involves figuring out the cost of selling each unit, such as one potted plant. In that example, students would add up the costs of a

pot, enough soil to fill it, a few seeds, and so on. From there, they might review their profit goals, especially if they've set a target amount for a purchase or donation, and figure out how many items they'd need to sell at a particular price to make the profit they want. They can also use the figure in making pricing decisions.

## **Profit**

At its most basic level, this entails subtracting expenses from revenues. A more involved approach, which mirrors actual business practice, involves the following calculations: The gross profit per unit = the selling price per unit minus the cost of goods sold per unit. To find the total gross profit at the end of the year or sales season, students can use the following calculation: gross profit = total revenue minus total cost of goods sold. To then figure out their actual profits, they'll need to subtract their operating costs (which include advertising expenses, interest, and so on) from the gross profit.

## **Using your profits**

Classroom entrepreneurs may have an idea when they initiate a business, or once revenues are counted, about how they'd like to use profits--to buy a small greenhouse, expand the business, create a scholarship fund, or donate to charity, for instance. They may need to conduct research related to different possibilities. Use class discussions about what to do with profits to help students build collaborative decision making, consensus building, and negotiation skills.

## **Creating a Business Plan**

If your focus is on creating business-savvy students, you may want to have them develop a comprehensive business plan. This could be particularly helpful if students are seeking a start-up loan (from a funder, the PTO, school, or a bank) or trying to convince an administrator of the value of such a project. Consider having students respond in writing to some of the following:

- Describe your business. *Where did the idea come from? What did you learn from market research? Why is it unique? What is its competitive advantage? (What's your niche?) What type of business is it? For instance, are you selling products or services retail to individual customers? Are you selling products wholesale to a business that re-sells or uses them in their products (such as selling basil to restaurants)? What's your competition? What makes your product unique?*

Describe your target customers (e.g., gender and needs).

Describe the positions in your company and what each entails.

- Detail your advertising/promotion plan. *How and where will you reach customers?*
- Describe your financial picture. *What are your start-up costs? Monthly operating costs? Cost of producing each unit? How will you finance your business (e.g., gift from family, savings, grant, loan)?*

- Describe your sales approach and location. *How will you get and process orders, collect money from customers, track inventory, and/or train employees? Why have you selected your sales location?*
- *Explain how you will know if your business is successful.*

## **Reflecting on the Enterprise**

How did it go? Give students opportunities to reflect individually and/or collectively, in print or verbally, on the process and outcomes of running a business. They might start by revisiting their goals and evaluating the outcomes. Encourage them to think critically about the successes and challenges they encountered, and explain how they might change or improve the process or product. This can also be a forum where students can openly appreciate the roles and skills of their fellow business partners. Finally, you and the students can assess what they have gained--in understanding, skills, dispositions, and attitudes -- from bringing a burgeoning business to life.