

LESSON 6

BUSINESS BASICS

SPPSL40.7

16-18 YEAR OLDS

PURPOSE

To familiarize youth with basic business and record keeping skills.
To provide a framework for business records for those youth who will begin a business.

OBJECTIVES

Youth will be able to:

- calculate how much to charge to mow a lawn.
- identify the different costs associated with running a business.
- describe ways to attract and keep customers.
- keep a ledger of income and expenses.

LIFE SKILLS

Youth will develop:

- analytical thinking skills.
- communication skills.
- record keeping skills.
- responsibility skills.

LESSON TIME

Lesson time will vary depending upon the learning activities selected as well as the age and number of youth involved. Most activities require approximately 30-45 minutes.

LEARNING ACTIVITIES (with target participant age ranges)

GO FOR THE GOAL (16-18)
CREATE A RATE (16-18)
CHARGE IT! (16-18)
CREATIVE ADVERTISING (16-18)

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IDENTIFYING CUSTOMERS (16-18)
OPPORTUNITY KNOCKS (16-18)
BE A RECORDING ARTIST! (16-18)
ATTRACTION SATISFACTION (16-18)

ADVANCE PREPARATION

1. Read BUSINESS BASICS...Background Basics.
2. Review activities and choose appropriate one(s) to use.
3. Secure necessary materials as described.

Do

Learn BUSINESS BASICS!

- ◆ Introduce BUSINESS BASICS through GO FOR THE GOAL
- ◆ Determine how much to charge customers with CREATE A RATE and CHARGE IT! activities.
- ◆ Establish your market through CREATIVE ADVERTISING.
- ◆ Attract customers in IDENTIFYING CUSTOMERS and OPPORTUNITY KNOCKS.
- ◆ Learn record keeping skills with BE A RECORDING ARTIST!
- ◆ Keep your business going and keep your customers happy in ATTRACTION SATISFACTION.

REFLECT

- ◆ What are some of the costs involved in lawn mowing?
- ◆ How do you decide what to charge? What factors should you consider?
- ◆ How will you find new customers?
- ◆ What should you do to make sure customers are satisfied with your work?
- ◆ Why should you keep records and what kinds of records should you keep?

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APPLY

- ◆ Would you rather work for yourself or for someone else? Why? What are the benefits and drawbacks to these 2 work situations?
- ◆ What are some of the ways you can advertise? Which ways are more cost effective? Which are more visible?
- ◆ What are some of the ways you can communicate with customers? How do you communicate with your friends? Do you use different communication skills with friends, family members and customers? How will your communication style change in those situations?

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BACKGROUND BASICS...Business Basics

Many people think they can start their own business just because they do something well. Joe starts a bakery because he likes to bake, Susan opens a bookstore because she likes to read and 4-H youth may want to start a lawn care business because they have taken this course. However, success in business not only depends on the quality and value of the service you provide but also your talent and knowledge. Success or failure is also dependent on your dedication and aptitude for the “business” side of the business.

What good is knowing all about different types of grass and integrated pest management (IPM) if you don't know how to attract and keep customers? Why work all summer if you don't know for sure that income will exceed expenses? And why have your own business if you have no time left over to enjoy life?

This lesson is specifically geared for youth 16 years of age or older (although 14 and 15 year olds in Florida may mow lawns with certain restrictions). Child labor laws regarding the use of power equipment vary from state to state. However, some of these activities may provide younger audiences with a good foundation for future enterprises, provided laws are upheld. Check with your state department of labor and refer to the introduction to the Leader's Guide section, “About teaching youth lawn care” for more information.

WORKBOOK OVERVIEW

MY FINANCIAL GOAL Workbook activity page 28

Quite often, youth need a tangible goal to motivate them toward action. Calculations on this page will result in a hourly labor rate for the youth and an understanding of the time and number of jobs it may take to reach their goal. In this section, Jose provides an example and space is given for youth to work an individual problem.

Youth should consider other employment options as well. There are pros and cons to every enterprise. As youth estimate salary rates, business costs and profit margins, these other options should be taken into account. Not every individual is cut out to be a business owner and many prefer to have a job that they can leave when the shift is over. However, owning your own business can allow more freedom and garner more respect.

The idea of savings is not addressed intentionally in the Workbook. Tax laws change from year to year so that information could be out of date in a short period of time.

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CREATE A RATE Workbook page 29, Recordbook pages 10 and 11

Just because you know how much you want to make in a week, doesn't mean that's how much you want to charge your customers. There are a lot of other costs you must consider as a business person.

Fixed costs are one-time only expenses. Protective clothing and equipment are examples of these costs. The biggest fixed cost youth have to consider is the mower you need to purchase or lease. After all, if you don't have a mower, you don't have a business.

However, equipment can **depreciate** meaning it decreases in value. You might buy a mower at the beginning of your summer for \$170 and expect to sell it in the fall for \$90. The mower's depreciation is \$80. You only need add the depreciation as a fixed cost because you expect to get \$90 back when you sell the mower. Don't overestimate how much you will get for the mower. It is very easy to do. You are better off figuring on less - it'll be a bonus if you sell it for more.

Variable costs are expenses that occur at regular intervals but should be calculated into the cost of each mowing. You might only add oil after every 20 mowings but you don't just charge your twentieth customer for the cost of the oil. It gets spread out over everyone who benefitted from it. So when you calculate a variable cost, you need to think about how often it will need to be replaced. Variable costs can also include how much time it takes in getting to your customer's house, replacement parts and maintenance costs.

So you don't just want to charge your customer for your labor. If you did that, your expenses would eat into your profits. Sometimes these calculations can be complicated if you are comparing separate things, like apples and oranges. The easiest way to think of it is if you charge by the hour, then figure your costs out by the hour. Recordbook page 11 is a table to list and record fixed and variable costs.

CALCULATE YOUR COSTS! Workbook activity pages 30 and 31, Recordbook 12 and 13

Workbook activity pages 30 and 31 provide Jose's example of how to create a rate with room for youth to calculate and write in their own costs. Recordbook pages 12 and 13 have more blanks for fixed and variable cost items.

As a leader, you should work these calculations yourself prior to teaching youth. The idea of breaking down the cost of an item to distribute among several customers can be confusing. Although it appears daunting, the activity pages provide step by step instructions for these calculations.

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IDENTIFYING CUSTOMERS Workbook page 32

Attracting customers is a key point in business. **Advertising** is 1 important method businesses use to communicate with prospective clients. Advertisements can come in many different forms - business cards, posters, flyers, billboards, commercials. Technically, advertisement is “the paid, nonpersonal communication of information about products or ideas by an identified sponsor through the mass media in an effort to persuade or influence behavior.” (Bovee, C., Thill, J., Dovel, G. and Wood, M., *Advertising Excellence*. New York: McGraw-Hill, Inc., 1995.) It is highly doubtful youth in this program will deal with mass media outlets.

Some of the most effective ways of letting prospective customers know about your service isn't really advertising at all. Word of mouth, demonstrations and door-to-door salesmanship get you closer to people and since you don't actually need to spend money to talk to someone, it's much cheaper. Youth should be encouraged to explore different avenues of “getting the word out.” Often city government may have information for new residents - youth may want to provide flyers for distribution. Most supermarkets have community bulletin boards on which they could post their flyer.

No matter how you try to attract customers, one factor remains the same. For any advertisement to be successful, for any salesperson to close a deal, you must overcome your potential customer's **unconscious objections**. Every consumer has them and if a salesperson can figure out what they are and can address those objections, chances are the consumer will be moved to action. That's why listening is so important in sales and advertising.

There are a couple of specific ways to go about finding customers:

1. Figure out where you want to work. This is called **targeting a geographic market**. It may be your own neighborhood or one close by that you can get to easily.
2. Make a list of people you know who might buy your service. This list is your **potential customer base**. They may be your friends, family, neighbors, people who work with your parents or that you know from church and other organizations.

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Now that you've identified a “market” for your business, you need to figure out if they would buy your service. You can determine the answers (and your customers' needs) by conducting:

- a written survey
- a telephone survey (if your list of questions isn't too long)
- a personal interview

“Test” your market by finding out:

- What services do they require and how often?
- How many of these people currently pay someone else to perform lawn care services?
- If someone is already providing services, what are they paying your competition for these services? This way, you don't need to give your sales pitch to someone who won't buy.

Remember that to have a successful business, you have to meet the needs of your customers. While you may be interested in providing 1 type of service, it may not be what your potential customers want!

INTERACTING WITH CUSTOMERS Workbook page 33

Customer service and **problem solving skills** are also important to a successful business person and learning how to communicate effectively and persuasively are important life skills that lawn mowing youth learn.

Selling is a hard job, but it can also be fun if you have the right attitude. Start by realizing that of all the people you approach, only some of them will become customers. You'll hear “no thanks” quite a few times, so don't get discouraged. Every time you make contact with someone, you can learn a little more about what works and what doesn't work in the game of selling. What you learn is what will help you win the game. The following techniques will help you get started.

- 1. Plan the day and time of day you are going to make your sales calls.** It's no use calling if no one is home. During your phone survey, ask for an appointment to meet them in person. You can also walk or ride your bike through the neighborhood(s) where you will look for work, before you call. What times of day and days of the week do people seem to be at home?
- 2. Know before you go out how much you are going to charge for your services.** Make sure you've completed CALCULATE YOUR COSTS Workbook activity pages 30 and 31.

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3. **Be clean and neatly dressed when you make your calls.** If you're a stranger to the person who will be answering the door, it's especially important to make a pleasant first impression. Even if you know the person you are asking for work, always remember, if you can take care of yourself, you can take care of their lawn!
4. **Check out the condition of the lawn and landscape as you approach the door;** note the type of grass and the level of maintenance that is currently being (or not being) performed. Use this information to decide the services you will suggest in your sales pitch.
5. **Introduce yourself by name.** If there's someone you and your potential customer both know, mention that name. If you're from the neighborhood or have friends or other customers in the neighborhood, say so. The idea is to move out of the "stranger" category. "Hi, I'm Lee Smith. My Uncle Bill works in your office" or "... I live around the corner on 33rd Avenue." If the potential customer is a stranger to you, you don't need to use your full name or give your exact address.
6. **Make a brief statement about your business before asking for work.** "I see you have St. Augustinegrass - I've studied how to take care of that grass."
7. **When you ask for work, make it hard for the customer to reject you right away.** Don't ask questions with a "yes or no" answer. Instead of "Do you want your lawn mowed?", try "I have a list of the different services I offer. I think you could use..." Start a conversation. Get to know the person.
8. **Pay attention to what the potential customers say.** Figure out what they need (see #4 above). Let them know how and why you could handle the job to their satisfaction. Listen and ask questions. Let them ask questions. Do you have experience? Are your rates the best in the neighborhood? Have you established a reputation for reliability? Are you willing to accept close supervision so you can do the job just as they want it done? Figuring out your customer is a very important part of the sales job. Every customer is different.

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CLOSING THE DEAL Workbook activity page 34, Recordbook pages 14 and 15

- 9. Before quoting a price, ask to see the entire area you will be responsible for servicing.** Keep an eye out for spots that present difficulties or danger. Consider how these may add to the time the job takes you. Be sure that you and the customer are both clear on all of the tasks you will perform. Be honest with the customer and with yourself. Base your price on what the job is worth, not what you think you can get the customer to pay. At the same time, don't short-change yourself trying to get the job by charging too little. If you aren't sure how long the work will take, ask the customer for her/his estimate. Does what he/she says sound reasonable to you? Will he/she be willing to pay a little extra if it takes longer? Will you charge less if it takes less time? If your deal is a fair one, both of you will feel good about it.
- 10. After agreeing on the price, establish when you will perform your services and when you will be paid.** Remember it's reasonable to expect payment as soon as your work is completed, but don't expect people to pay before you do the work. If you need to be paid a particular way (in cash or by check), say so. Many people feel awkward bringing up the subject of money. In business, you have to be comfortable with the topic. If you've calculated your charges correctly and fairly and have done your work well, you have a right to prompt payment. Remember, the grocery clerk isn't embarrassed to tell you the money you owe for food, the gas station attendant doesn't feel funny collecting for gas and the dentist usually collects on the spot for filling a cavity!

Recordbook pages 14 and 15 provide a customer record that will be very useful when closing a deal. A customer record can serve as an agreement for services. An agreement occurs when 2 parties agree to a mutual exchange of goods and/or services. In this case for example, Jose agrees to mow Mary Smith's yard and Mary Smith agrees to pay Jose \$7.50 per hour. A verbal agreement is considered binding, but it is harder to prove its existence. Encourage youth to get some form of written approval from the customer. Signed agreements are a good reminder to both youth and client of the legitimacy of a business arrangement. It also safeguards each party in case one party neglects to fulfill his or her part of the agreement.

Note: As of this writing, youth cannot enter into a legal contract until they are at least 18 years of age. This is why we have avoided the use of the term "contract."

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NETWORKING Workbook page 35

- 11. If the person you are interviewing doesn't need your services, ask if they would be willing to refer you to someone who could.** Sales professionals do this all the time. It's the best way to find new customers.
- 12. Keep your customers happy.** If you miss a work appointment, even if it's not your fault (e.g. it's raining), call promptly to reschedule. When you collect your payment, ask if the job was to their satisfaction and, if not, come to an agreement that you can both accept. Happy customers spread the word. Remember, ask them for names of friends or neighbors who might want your services. Let them help you with the selling!

CHARTING YOUR PROGRESS Workbook page 36, Recordbook pages 16 and 17

Keeping records is a very important part of running your own business. A daily calendar for appointments and other maintenance tasks keeps you from forgetting important activities (including time for yourself). Workbook page 36 and Recordbook page 16 are Jose's examples. Recordbook page 17 is a calendar template for youth.

PROFIT OR LOSS? Workbook page 37, Recordbook pages 18 and 19

A daily record of income and expenses lets you know exactly what you've made and what you've spent. Records will show you how successful your business is or why it is not successful. In addition to income and expense records, it is important to give customers **receipts** for all payments. Receipts can save you from making embarrassing mistakes if you forget that someone paid you and will help you figure out if you received the payments owed to you. Keeping receipts for your expenses helps you keep track of rising or falling costs. As mentioned in Lesson 3, Tools of the Trade, youth will need their sales receipt to claim repairs under most warranties and to get refunds. Keep copies of receipts you provide customers (income), all purchases you've made (expenses) and all the time you've spent that involves your mowing business (both paid and unpaid). You can enter them on a ledger at the end of each day (see Jose's records through April 19 on Workbook page 37, all of April on Recordbook page 18).

At the end of the page, total your columns. Subtract the lesser column from the greater column to get the difference. This difference is called a "balance" and always gets placed in the "greater" column. The balance becomes your first entry for the next page! If you like, you can start a new page to begin each month.

While we figured your customer fee on pages Workbook 30-31, it may be a while before you actually get paid and see a "profit." **Profit** is the money left over after you have paid all your

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expenses and yourself, for your labor. To buy the items to start your business like a mower, blades, gas, oil, etc., you may have borrowed money from your parents or your own savings account. You need to pay for these expenses first (or at least make a payment). Your lender will want to be re-paid, just like you will want to be paid promptly by your customers. When the income column is greater than the expense column, that's when you are making a true profit.

You can keep your profit to spend as you wish or you can reinvest it in equipment or advertising for your business. The advantage of reinvesting is that, in the long run, you may increase your profits. Using profits to buy better equipment may allow you to work faster, perform better or provide additional services for higher rates and so on.

KEEP YOUR CUSTOMERS Workbook page 38

1. Act responsibly and safely at all times.
2. Be cheerful, tactful, courteous and show respect when talking to customers or prospective customers.
3. Charge a fair price that is the same for all customers receiving the same service.
4. Make sure the customer understands the price and service you provide. Make sure you understand the customer's instructions **BEFORE** you begin the job. Write their instructions on your customer record sheet (see the Recordbook that goes with this booklet).
5. Follow customer instructions closely. If their instructions conflict with what you were taught, show them your materials and let them decide. It is their lawn you are mowing, but your responsibility to be safe!
6. Deal with all complaints promptly and honestly. Respect and good will towards customers solves problems and prevents bad feelings.
7. If you accidentally damage the customer's property, tell them immediately. Do not try to hide it. Discuss the replacement or repair of what was damaged.
8. Plan to talk to your customers. Many people appreciate time to visit with you as much as they appreciate the care you provide their lawn. Good communication will pay off with fewer customer problems. If they aren't home, leave a note.
9. Clean up before you leave a job. Rake to spread out small piles of clippings and sweep clippings from sidewalks and driveways.

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10. After you thank your customers, schedule your next appointment.

PUTTING IT TOGETHER Recordbook page 20

Written records serve as a guide to what you did and how it happened. It's a good idea to review your records at the end of every month to see how you're doing. Make sure everything has been included in the right place and no cash transactions or activities are forgotten.

Perhaps the most important thing these records reveal is the amount of time you spend on your business that isn't "paid" for - like maintenance time or customer recruitment time. Most people starting a business spend a lot of time preparing for their business day. A baker spends a lot of time baking before the bakery ever opens. You will spend time preparing too.

Once you are established, your records will tell you just how much preparation time is required for your business. This time can be calculated like a variable cost and can be added to your customer fee. While your customers will be cost conscious, they should be willing to pay the higher fee since they know the quality of your work.

If you have trouble with a customer, discuss the problem with your parents or leader. They can help you.

CONCLUSION

In this lesson and the activities which follow, youth will explore each of these different areas as they learn BUSINESS BASICS.

SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:
○ determine how much they want to make per hour.
○ determine how much they can earn in a fixed time period.

LIFE SKILLS: ○ Preparation and planning skills.

MATERIALS: MY FINANCIAL GOAL Workbook activity page 28
Scrap paper
Pens/pencils
Erasers
Calculators

TIME: 30-45 minutes

SETTING: A comfortable room with tables and chairs.

SUGGESTIONS:
You may choose to go over JOSE'S EXAMPLE together, before requiring each youth to calculate their individual goal.

INTRODUCTION

What are financial goals?

A target amount of money that you want to earn for a specific purpose.

How do they differ from other goals? Why would you have any?

You might want to buy something specific but you don't have the money all at once.

Do you have specific financial goals?

How long have you given yourself to attain those goals?

Summer break, until school starts, in time for the prom.

How much toward your financial goal do you want to earn mowing lawns?

Ask everyone for an idea.

In this activity, we will explore how to set financial goals in a finite time period.

Do

GO FOR THE GOAL!

- ◆ Have each youth open to the MY FINANCIAL GOAL: HOW MUCH I WANT TO MAKE Workbook activity page 28.
- ◆ Give each youth ample scrap paper.
- ◆ Instruct youth at each step of the situation and activity sheet as an example.
- ◆ Give youth 15 minutes to complete the “your goal” section on Workbook page 28.

Note: For older youth, you may decide to let them do the activity individually or in teams of 2.

REFLECT

- ◆ What factors influence attaining your financial goal?
What your hourly rate is; how many weeks you can work; how many hours per week you can work.
- ◆ How would a change in the current minimum wage affect what you earn?
- ◆ What else could you do with your money besides spend it?
Save it; re-invest it in your business.

APPLY

- ◆ Why is it important to know how much money you can earn in a fixed time period?
So you don't live beyond your means. When you get your own place, you need to know how much your bills are and if you can pay for them.

SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:

- list three factors which could affect the mowing rate.
- explain fixed and variable costs.
- describe the consequences of a price change in one factor on their mowing rate.
- establish an appropriate mowing rate.

LIFE SKILLS: ○ Learning about market forces and how they affect what you can charge/earn.

MATERIALS: CREATE A RATE Workbook page 29 or Recordbook page 10
CALCULATE YOUR COSTS Workbook activity pages 30-31
Copies of OPERATING COSTS LIST Recordbook page 11 for youth actually starting a business
Copies of CALCULATE YOUR COSTS Recordbook activity pages 12-13 for youth actually starting a business
Scrap paper
Pens/pencils
Erasers (and lots of them!)
Calculators

TIME: 60-120 minutes

SETTING: A comfortable room with tables and chairs.

SUGGESTIONS:

This is perhaps the most information and most difficult activity in the series. You may want to break this activity into three parts, one for fixed costs, one for variable costs and one for adding fixed, variable and salary costs together.

You may choose to go over Jose's example on Workbook pages 30 and 31 and Recordbook pages 12 and 13 together, before requiring each youth to calculate their individual rate.

INTRODUCTION

What do you need to know in order to decide how much to charge?

How much you want to earn and how much it costs you to operate and maintain your business (equipment costs, how much you'll have to pay to get from one job location to the next, etc.).

Which factors are most important when considering how much to charge?

Minimum hourly labor rate; fixed and variable costs.

What are the steps you would follow to determine an appropriate customer rate?

1-Determine reasonable minimum hourly labor rate.

2-Calculate and add your fixed and variable costs.

In this activity, we will explore some of these **costs** which could affect how much you should charge. A step by step outline of how to calculate a fair, equitable **customer rate** is provided.

Do

CALCULATE YOUR COSTS! (PART I: FIXED COSTS)

- ◆ Have each youth read the Fixed Cost and depreciation paragraphs from CREATE A RATE Workbook page 29 or Recordbook page 10.
- ◆ Work through Jose's example of Fixed Costs from CALCULATE YOUR COSTS Workbook activity page 30.
- ◆ Allow 15 minutes for them to compute their own fixed costs.
- ◆ Regroup and discuss the results.

REFLECT

- ◆ How could overestimating how much you would sell any “asset” for affect your profit?
The overall depreciation would be greater; therefore you would need to make up that difference out of your labor rate.
- ◆ How would fixed costs change?
If you did not plan on equipment replacement, protective clothing, etc.

Do

CALCULATE YOUR COSTS! (PART II: VARIABLE COSTS)

- ◆ Have each youth read the Variable Cost paragraph from CREATE A RATE Workbook page 29 or Recordbook page 10.
- ◆ Work through Jose's example of Variable Costs from CALCULATE YOUR COSTS Workbook activity page 31.
- ◆ Allow 15 minutes for them to compute their own variable costs.
- ◆ Regroup and discuss the results.

Note: For older youth, you may decide to let them do the activity individually or in teams of 2.

REFLECT

- ◆ What were the variable costs for Jose?
Spark plug, gasoline, oil, blade (sharpening and balancing).
- ◆ How did you calculate the variable cost to charge each time you mow?
Divide the cost of each variable item by the number of hours you use that item.
- ◆ What would happen to your customer rate if the cost of gas increases?
Any variable cost that changes will cause your customer rate to change. If the variable costs remained higher, you would probably have to increase your mowing rate unless other costs decreased. It's not a good idea to keep changing your rate, so first try to cut back a little on other expenses if possible.
- ◆ What other variable costs might you encounter running a business?
Advertising costs, trash bags, anything you find you use on a regular basis.

Do

CREATE A RATE!

- ◆ Have youth refer to letter “d.” of MY FINANCIAL GOAL: HOW MUCH I WANT TO MAKE Workbook activity page 28 to remind them of the hourly labor rate they decided upon.
- ◆ Work through Jose's example of determining his customer fee at the bottom of CALCULATE YOUR COSTS Workbook activity page 31.
- ◆ Allow 15 minutes for them to compute their own customer fee.
- ◆ Regroup and discuss the results.

REFLECT

- ◆ What are all the factors that can cause the mowing rate to increase?
Increased fixed costs; increased minimum hourly rate or increased variable costs.
- ◆ What factors can cause the rate to decrease?
Lower variable costs; lower fixed costs; lower hourly rates.
- ◆ Why is it important to divide each cost per customer?
Everyone should be charged equally for an equal amount of work done.

APPLY

- ◆ Have each youth who is developing their own lawn care service do CALCULATE YOUR COSTS Recordbook activity page 12 and 13 based on information from the OPERATING COSTS LIST Recordbook page 11. The Recordbook differs in that it contains spaces for additional fixed and variable costs.

SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:

- identify factors to consider when determining mowing rates.
- explain fixed and variable costs.
- establish an appropriate mowing rate.

LIFE SKILLS: ○ Determine what your time, tools and skills are worth.
○ Application of math skills.
○ Decision and evaluation skills.

MATERIALS: Copies of CHARGE IT! Situation Statement activity sheets for each youth
Pens/pencils
Erasers
Calculators would be helpful
Scrap paper

TIME: 30 minutes

SETTING: A comfortable room with tables and chairs.

SUGGESTIONS:
Read and select situations appropriate for your group or make additional situation statements to reflect your group. You may want to go over one situation statement together, to make sure everyone understands how to complete it, before they do their own.

Situation 4 is for more advanced youth.

INTRODUCTION

In the previous activities you discovered the costs that needed to be calculated to determine how much to charge your customers. What were these costs?

Fixed and variable costs.

What are other factors that influence the rate you charge?

Size of your yard; how long it will take to mow; how many curves, hills, trees, ditches etc. which are more difficult to mow; how much it costs you to operate and maintain the equipment, etc.; how much you want to earn per hour; how much you'll have to pay to get from one job to the next job, the hourly labor rate used; the “going rate” charged by others.

What is another method of charging customers?

Charge a “flat rate.” This is a set fee for the contract services regardless of the time it takes to complete the tasks.

This activity has several other situations to practice your business decisions concerning what to charge for your services.

Do

CHARGE IT!

- ◆ Give each youth, or small group, a situation statement.
- ◆ Allow 10-15 minutes to fill it out.
- ◆ Regroup and discuss.
- ◆ Each youth/group should explain their situation statement and how they determined how much to charge to mow a lawn.

REFLECT

- ◆ What factors were important in determining an appropriate mowing rate?
- ◆ What is the difference between fixed and variable costs?
- ◆ What were some of the fixed costs you had? What were the variable costs?
- ◆ Which of the case studies had the most costs? Which made the most money?
- ◆ Did you figure in any profit? Why or why not?
- ◆ What's the difference between an hourly rate and a fixed rate to charge your customers? When would you use each of these and why? Which type do you think is best for you?

APPLY

- ◆ What are some of the “fixed costs” in your budget at home?
- ◆ What are the “variable costs?”
- ◆ If someone wanted you to be a teacher, how much would they have to pay you to accept? How would you determine your teaching rate (salary)? What are some costs you might consider in making your decision whether to take that job?

CHARGE IT! Answers - SITUATION 1

Bill and Karen are twins who want to work together taking care of yards. They each need to make \$5.00 an hour. Their competition is Jordan, who works alone and charges \$7.50 an hour. Assume that all 3 work at the same pace (that is, all 3 finish an equal amount of work in the same time). Both Jordan and the twins have the same fixed and variable costs.

1. How will the twins convince customers that they are a better deal?
If all 3 work at the same pace, the twins can finish a job twice as quickly when they work together. For example, a job which takes Jordan 2 hours to finish will cost a customer \$15. Working together, the twins can finish the job in 1 hour and their labor will cost only \$10.
2. Now suppose a potential customer has a mowing job which will take Jordan 1 hour to do. The twins can do the same job in 45 minutes. If the customer will only pay \$7.50 for the job no matter who does the work, will the twins still make the hourly rate they need?
Yes. The twins would split the \$7.50 into earnings of \$3.75 each. To determine the hourly wage earned, divide \$3.75 by the number of hours worked (45 min = 0.75 hr). The twins earned the equivalent \$5/hour.

CHARGE IT! Answers - SITUATION 2

Last summer Marie charged \$5 an hour to weed, rake, mulch and help with other garden tasks. If she wants to mow lawns, she will have to provide the mower and the gas. She figures that the cost and upkeep of a mower and the cost of the gas would be covered by about \$2.50 per hour of use. Taking the lawn mower to and from the customer's house will add about 15 extra minutes (7½ minutes each way) to the job. To be sure she clears at least \$5.00 an hour this year, what does Marie need to charge:

1. A customer whose yard needs 1 hour of mowing and ½ hour of other work.

Mower expenses:	\$2.50 = \$2.50/hr × 1 hr	
labor:	\$6.25 = \$5.00/hr × 1.25 hr	(remember the time spent moving the mower)
total:	\$8.75 = \$2.50 + \$6.25	

2. A customer whose yard needs 1½ hours of mowing and 1½ of other work.

Mower expenses:	\$3.75 = \$2.50/hr × 1.5 hr
labor:	\$16.25 = \$5.00/hr × 3.25 hr
total:	\$20.00 = \$3.75 + \$16.25

3. A customer whose yard needs ½ hour of mowing and 2 hours of other work.

Mower expenses:	\$1.25 = \$2.50/hr × 0.5 hr
labor:	\$13.75 = \$5.00/hr × 2.75 hr
total:	\$15.00 = \$1.25 + \$13.75

- 4a. What are the advantages of working by the hour?

Easy to calculate the rate; if you underestimate how long it will take, you'll still be paid for all the time you've worked.

- 4b. What are the disadvantages?

Some work is harder than others, yet you'll get paid the same; if you overestimate how long a job will take, you'll make less money than you planned.

CHARGE IT! Answers - SITUATION 3

Carol's mowing schedule has almost filled up. She can accept 6 more hours of lawn work a month. Carol may choose 1 of the following jobs to complete her schedule:

- A) 3 jobs that each require 40 minutes of easy mowing and 20 minutes of other work (twice monthly).
- B) 2 jobs that each require 1 hour of difficult mowing and ½ hour of other difficult work (twice monthly).
- C) 1 job that requires 4 hours of steady, difficult mowing and 2 hours of easy work (once monthly).

1. If Carol currently charges the same hourly rate regardless of difficulty or type of service, which of the work arrangements would be most profitable?

All would be equally profitable.

2. Which might be more desirable for other reasons?

Selection A is the easiest and pays just as well as the rest.

3. If Carol decides to charge 25% more for difficult work and is willing to work as hard as necessary to make as much money as possible, which work arrangement should she choose?

Option B will be the most profitable, as it involves 6 hours of difficult work per month.

CHARGE IT! Answers - SITUATION 4

This summer, Tom must choose between making \$5.00 an hour at a part-time job or spending the same 20 hours a week in a lawn-mowing business. Tom's parents just bought a new power mower and are willing to let him use it if he chips in \$1 towards upkeep for each hour he uses the mower on a job. Tom is also responsible for paying for gas, which costs an average of 40 cents for each hour of mower operation. In addition, Tom figures he will spend about \$25 at the copy center printing up cards and flyers, work contracts and record forms.

The work season for either job will be 12 weeks. Tom estimates that if he chooses the lawn-mowing business, he will spend about 30 hours of his available work time making and distributing flyers, making sales calls, collecting payments and keeping records. Tom can walk to the homes of all potential customers in less than 5 minutes. Tom's only competition charges a flat rate of \$10 an hour for any kind of yard work. Tom thinks he can have all the business he needs if he can offer a better deal than his competitor.

1. Tom wants to make at least as much mowing lawns as he would at the part-time job. How much money could he make if he chose the part-time job?

$$12 \text{ weeks} \times 20 \text{ hrs/week} \times \$5.00/\text{hr} = \$1200.00$$

2. What factors does Tom need to take into account when he figures out the minimum hourly rate he needs to make if he mows lawns?

The fixed and variable costs of a mowing business including time taken for promoting his business.

- 3a. How much will Tom have to charge if he is to make the same amount as he could at a part-time job?

$$\$5.83/\text{hr.}$$

Determine how many hours Tom can dedicate to mowing.

$$12 \text{ weeks} \times 20 \text{ hours} = 240 \text{ hours} - 30 \text{ hours spent printing flyers, etc.} = 210 \text{ hours.}$$

Tom will spend \$25.00 or 12 cents per hour on advertising ($\$25 \div 210 \text{ hours}$).

Therefore, to earn \$1200.00 in 210 hours, Tom must charge *at least* \$5.83/hr ($\$1200 \div 210 \text{ hours} + \$0.12/\text{hr}$) in order to cover his labor and advertising expenses.

- b. Will it make a difference what kind of service he is providing - e.g. mowing, weeding, mulching.

Yes, jobs on which Tom uses his parent's mower will cost an additional \$1.40/hr for up-keep and gas (or \$7.23/hr).

- c. Should his rate be different if the customer provides the gas?
**Yes, 40 cents less for each hour of mower operation
(\$7.23/hr - 0.40 = \$6.83/hr)**
4. What are other costs Tom didn't think about?
Costs of other tools, personal protective equipment (tinted safety glasses, work boots, gloves, sunscreen, etc.) and insurance (if his parent's policy doesn't cover him).
5. What may be the advantages of mowing lawns over the part-time job?
You set your own schedule; you're in charge; may need new clothes for the part-time job; no transportation cost if market area is close to home; go home for lunch, breaks; you'll have plenty of fresh air especially if you like to work outside; you may earn your neighbors' respect for a job well done because your handiwork is out in the open where everyone can see it.
6. If the minimum wage increases, how will that affect Tom's choice?
It should not affect his choice at all. Tom should be making at least minimum wage regardless of working for a store owner or working for himself.

CHARGE IT!

Situation 1

Bill and Karen are twins who want to work together taking care of yards. They each need to make \$5.00 an hour. Their competition is Jordan, who works alone and charges \$7.50 an hour. Assume that all 3 work at the same pace (that is, all 3 finish an equal amount of work in the same time). Both Jordan and the twins have the same fixed and variable costs.



1. How will the twins convince customers that they are a better deal?
2. Now suppose a potential customer has a mowing job which will take Jordan 1 hour to do. The twins can do the same job in 45 minutes. If the customer will only pay \$7.50 for the job no matter who does the work, will the twins still make the hourly rate they need?

CHARGE IT!

Situation 2



Last summer Marie charged \$5 an hour to weed, rake, mulch and help with other garden tasks. If she wants to mow lawns, she will have to provide the mower and the gas. She figures that the cost and upkeep of a mower and the cost of the gas would be covered by about \$2.50 per hour of use. Taking the lawn mower to and from the customer's house will add about 15 extra minutes (7½ minutes each way) to the job.

To be sure she clears at least \$5.00 an hour this year, what does Marie need to charge in each of these cases:

1. A customer whose yard needs an hour of mowing and half an hour of other work.

2. A next door neighbor whose yard needs 1½ hours of mowing and 1½ hours of other work.

3. A next door neighbor whose yard needs ½ hour of mowing and 2 hours of other work.

- 4a. What are the advantages of working by the hour?

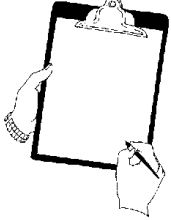
- 4b. What are the disadvantages?



CHARGE IT!

Situation 3

Carol's mowing schedule has almost filled up. She can accept 6 more hours of lawn work a month. Carol may choose 1 of the following jobs to complete her schedule:



- A) 3 jobs that each require 40 minutes of easy mowing and 20 minutes of other work (twice monthly).
- B) 2 jobs that each require 1 hour of difficult mowing and a ½ hour of other difficult work (twice monthly).
- C) 1 job that requires 4 hours of steady, difficult mowing and 2 hours of easy work (once monthly).

1. If Carol currently charges the same hourly rate regardless of difficulty or type of service, which of the work arrangements would be most profitable?

2. Which might be more desirable for other reasons?

3. If Carol decides to charge 25% more for difficult work and is willing to work as hard as necessary to make as much money as possible, which work arrangement should she choose?



CHARGE IT!

Situation 4



This summer, Tom must choose between making \$5.00 an hour at a part-time job or spending the same 20 hours a week in a lawn-mowing business. Tom's parents just bought a new power mower and are willing to let him use it if he chips in \$1 towards upkeep for each hour he uses the mower on a job. Tom is also responsible for paying for gas, which costs an average of 40 cents for each hour of mower operation. In addition, Tom figures he will spend about \$25 at the copy center printing up cards and flyers, work contracts and record forms.

The work season for either job will be 12 weeks. Tom estimates that if he chooses the lawn-mowing business, he will spend about 30 hours of his available work time making and distributing flyers, making sales calls, collecting payments and keeping records. Tom can walk to the homes of all potential customers in less than 5 minutes.

Tom's only competition charges a flat rate of \$10 an hour for any kind of yard work. Tom thinks he can have all the business he needs if he can offer a better deal than his competitor.

1. Tom wants to make at least as much mowing lawns as he would at the part-time job. How much money could he make if he chose the part-time job?

2. What factors does Tom need to take into account when he figures out the minimum hourly rate he needs to make if he mows lawns?

(continued on next page)

CHARGE IT!

Situation 4 (cont.)

- 3a. How much will Tom have to charge if he is to make the same amount as he could at a part-time job?

- 3b. Will it make a difference what kind of service he is providing - e.g. mowing, weeding, mulching?

- 3c. Should his rate be different if the customer provides the mower and gas?

- 4. What are other costs Tom didn't think about?

- 5. What may be the advantages of mowing lawns over the part-time job?

- 6. If the minimum wage increases, how will that affect Tom's choice?



SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:

- list 3 reasons to advertise.
- list 3 ways to advertise.
- develop advertising materials.

LIFE SKILLS: ○ Communicating with a large audience/the public.

MATERIALS: Pens/pencils
Paper
Markers
Tape
Scissors
Glue
As many art supplies as you can find
Newspaper ads
Flyers
Business cards

TIME: 30 minutes

SETTING: A comfortable room with tables and chairs.

SUGGESTIONS:
Have youth bring advertisements from home (flyers, mailers, newspapers, magazines, etc.).
Bring in a local phone book.

INTRODUCTION

What are advertisements?

Technically, advertisement is “the paid, nonpersonal communication of information about products or ideas by an identified sponsor through the mass media in an effort to persuade or influence behavior.” (Bovee, C., Thill, J., Dovel, G. and Wood, M., *Advertising Excellence*. New York: McGraw-Hill, Inc., 1995.)

Why do people advertise?

To attract customers.

Can you name different ways people advertise?

Commercials, business cards, flyers, newspapers, phone books, bumper stickers, coffee cups, towels, clothes, posters.

What are other ways that people “advertise” their business without paying for it?

Door to door, phone calls, word of mouth, testimonials.

What information is usually included in an advertisement?

Look at some advertisements: name of business, description of the service provided, location, phone number, rate.

In order to start a lawn mowing business, it is important to attract customers. In this exercise, we will create some “advertisements” which may help us to locate potential clients.

Do

Make creative advertisements!

- ◆ Have each youth prepare a flyer which could help them attract lawn care customers in their neighborhood.

REFLECT

- ◆ Of all the types of advertisements we discussed, which might work best in your neighborhood? Why?
- ◆ Which would not work? Why?
- ◆ Which types of advertisements work best on you? Why?
- ◆ Which types of advertisements do you really dislike? Why?
- ◆ If you needed to find someone to mow your lawn, where would you look?

APPLY

- ◆ Advertising is one method businesses use to communicate with the public. What did your advertisement communicate about you?
- ◆ What other methods do businesses use to communicate?
Donations to public causes, community service, sponsors, spokespeople.
- ◆ How do we communicate?
With words, clothes, hair, body language, eye contact, actions.
- ◆ What do the ways we communicate say about our personalities?

SUGGESTED AGE: 16-18 years

OBJECTIVES: For youth to:

- determine potential customers.
- identify the needs, interests and services of targeted customers.

LIFE SKILLS: ○ Data collection and analysis.
○ Personal communication skills.

MATERIALS: IDENTIFYING CUSTOMERS Workbook page 32.
CUSTOMER SURVEY RESULTS Workbook pages 34-35.
LAWN CARE SERVICES SAMPLE SURVEY activity sheet for each youth
Scrap paper
Pens/pencils
Easel or newsprint pad & markers

TIME: 30-45 minutes

SETTING: A comfortable room with tables and chairs

SUGGESTIONS FOR ADDITIONAL STUDY:

Invite a guest speaker from a local community college or advertising agency to talk about telemarketing. Ask them about difference between advertising and public relations as well as Integrated Marketing Communications.

INTRODUCTION

Identifying potential customers is one of the early steps in business planning to determine the demand for your services and the long term success of your new business. To start your own lawn care business, there are several different ways to go about this.

Do

- ◆ How would you go about identifying customers? Or, more specifically, how would you start a business in your neighborhood? Let youth generate their ideas and thoughts.

REFLECT

- ◆ Let youth share their ideas and discuss the methods they came up with.
Some of their responses might include identifying:
 - **elderly people that need help**

- **people who travel or go away a lot**
- **single moms or other single individuals**
- **people who know me or my parents**

Point out ideas they identified that are often used in business, such as:

- **a specific targeted market**
 - **geographic area (their neighborhood)**
 - **specific population (the elderly; people who travel a lot)**
- **a general market of potential customers**
 - **family members, friends, people who know you, etc.**

- ◆ Discuss the pros and cons of each of these methods or others the teens identified.

APPLY

- ◆ Have youth read IDENTIFYING CUSTOMERS Workbook page 32 for reinforcement.

Do

CONDUCTING A “MARKET ANALYSIS”.

- ◆ Next, introduce youth to the idea of “testing” their market. This is called a “market analysis” in business terms. This market test will help you “analyze” whether your potential customers will actually use your services. To do this you need to ask them some questions. Let's generate some questions we need answers to...give each youth a copy of the LAWN CARE SERVICES SAMPLE SURVEY. Review the questions there to start them thinking.
- ◆ Divide youth into work teams to do this. You might divide them into groups by their “markets”:
 - those that know their potential customers (i.e. family, friends, neighbors) or
 - those that targeted a neighborhood and might not know any of the homeowners.

Note: If your group includes youth not planning to go into business, group these with youth who are to learn from and help the others...they can be the outside “consultants” to the new business entrepreneurs!

- ◆ Provide each team with scrap paper, pencils and large sheet(s) from an easel pad and a marker.
- ◆ Instruct them to:
 - generate their questions and write each question on a scrap piece of paper.

- sort their questions into the order they think they should ask the questions.
- record their questions onto their large sheet of paper as their “market survey” (or, they can tape together their scrap sheets in order to save time and paper!)

REFLECT

- ◆ Ask someone from each group to share their “market survey” with the large group.
- ◆ Help youth compare and contrast different surveys for similarities and differences in:
 - the **type** of information asked;
 - **how** they asked the information; and
 - the **order** they asked the information.
- ◆ As a group, determine which questions would be best to ask, why and in what order.

APPLY

First, have youth apply these group activities to their individual needs to establish their lawn care business potential. Encourage them to do this in partnership with their parent/guardian at home, if possible.

- ◆ Have youth record questions they want to consider using in their own “market survey” to take home.
- ◆ Make practice calls with youth approaching other “youth” customers. Change places.
- ◆ After they make “real calls,” instruct youth to record their survey results from their market analysis on CUSTOMER SURVEY RESULTS Workbook activity pages 34 and 35 when they complete it.

Note: As a leader, you may be able to determine if this approach will work with your group or not. You may need to do this with the youth personally or recruit another adult helper/partner for youth who need more support.

Second, help youth apply these skills to other areas of their life:

- ◆ If time permits, ask youth if they've used this “survey method” in school assignments or other tasks. Generate ideas on how they could use this approach with other projects.

For example, using a survey could help the group determine a good community service project that meets the community's needs.

- ◆ Also, you might point out that this method is used a great deal in commercial product development and testing. A short discussion about the career of “marketing” may be an area of independent study or an additional meeting topic for inviting a professional marketing person to discuss this career option with the group.

LAWN CARE SERVICES SAMPLE SURVEY

Hi! My name is _____ and I'm considering starting my own lawn care service to earn my own money this summer. I'm investigating this business possibility in our neighborhood and would like to ask you some questions. They will only take a few minutes of your time and help me determine if people would be interested in my services.

1. How often do you mow or have someone else mow your lawn during the summer months?

- | | |
|----------------------------------|---------------------------------------|
| <input type="checkbox"/> 1/week | <input type="checkbox"/> 2/month |
| <input type="checkbox"/> 3/month | <input type="checkbox"/> other: _____ |

2. Who currently mows your lawn?

- | | |
|---|---|
| <input type="checkbox"/> homeowner or relative of homeowner | <input type="checkbox"/> mowing service |
|---|---|

3. Would you be interested in the following services:

Check (✓)	How Often Would You Need <u>Services:(times/month)</u>	How Much Would <u>You Be willing to Pay/Hour?</u>
<input type="checkbox"/> mowing	_____	_____
<input type="checkbox"/> composting	_____	_____
<input type="checkbox"/> leaf raking and bagging	_____	_____
<input type="checkbox"/> edging	_____	_____
<input type="checkbox"/> shearing grass in areas impractical or unsafe for mower	_____	_____
<input type="checkbox"/> mulching	_____	_____
<input type="checkbox"/> weeding	_____	_____
<input type="checkbox"/> general lawn clean-up, sweeping paved surfaces, etc.	_____	_____
<input type="checkbox"/> other services: _____	_____	_____
_____	_____	_____
_____	_____	_____

4. Would you prefer a lower cost by providing supplies, such as gasoline or oil?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> yes | <input type="checkbox"/> no |
|------------------------------|-----------------------------|

5. Do you have any questions about me, my qualifications or my ability to do the job?

THANK YOU!



SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:

- develop communications skills.
- learn effective sales techniques.
- lay the groundwork for good customer relations.

LIFE SKILLS:

- Persuasion and clear communication
- Persistence
- Taking initiative

MATERIALS: INTERACTING WITH CUSTOMERS Workbook page 33
CLOSING THE DEAL Workbook page 34
NETWORKING Workbook page 35
JOSE'S CUSTOMER RECORD Recordbook page 14 for youth actually starting a business
Copies of CUSTOMER RECORD Recordbook activity page 15 for youth actually starting a business
Copies of CHARACTER CARDS
Cardboard
Glue
Pens/pencils

TIME: 30-45 minutes

SETTING: A comfortable room with tables and chairs.

ADVANCE PREPARATION:
Glue copies of CHARACTER CARDS to cardboard. Cut apart for each pair of youth.

SUGGESTION: Have a representative from the Service Corps of Retired Executives (SCORE) come talk to your group. SCORE can be located through your local Small Business Administration (a U.S. Government office).

INTRODUCTION

To be in business you must both get customers AND keep them. There are a number of ways to get customers. For youth starting out in the lawn mowing business, approaching potential customers face-to-face by knocking on doors is 1 good way to start. It doesn't require money or connections and allows you to work on winning a particular customer over, unlike advertising (see BACKGROUND BASICS for definition). At the same time, you can find out exactly what kind of work the customer wants done, agree on a price and method of payment and set up the schedule for your services.

Do

OPPORTUNITY KNOCKS

- ◆ Have youth review the written information in INTERACTING WITH CUSTOMERS, CLOSING THE DEAL and NETWORKING Workbook pages 33 through 35.
- ◆ Divide youth into pairs. One person gets a “Mower” role card and the other the matching “Grower” role card. Neither sees the other's card.
- ◆ Allow 5-10 minutes for each “Mower” to try to strike a deal with the “Grower.”
- ◆ If the “Mower” makes a “sale”, ask the youth to tell you and then have them fill out a CUSTOMER RECORD form (from Recordbook page 15) as much as possible with the information given. Have them refer to JOSE'S CUSTOMER RECORD Recordbook page 14 as an example.
- ◆ Have everyone change roles and partners, shuffle the CHARACTER cards and repeat the exercise (remember to keep Grower #1 with Mower #1, etc.).
- ◆ Regroup and discuss.

REFLECT

- ◆ What's the hardest part of talking to a potential customer? Is there any way to make it easier?
- ◆ If you are the potential customer, is it hard to talk to someone who wants to sell you something? What makes you want to hire the person? What would make you not want to hire the person?
- ◆ You spend time and effort figuring out what you should charge for your services. Are you willing to negotiate if the customer can't or won't pay that amount? What would balance out accepting a cut in pay?

APPLY

- ◆ What things do you look for when selecting potential customers?
Closeness to home, yards without too many trees or other obstacles, etc.

- ◆ Do you think it's a good idea to take the way the yard looks into consideration?
Yes, people who don't mow frequently may want to find someone to cut the lawn; underground sprinkler systems and lawn ornaments provide obstacles to the mower and may be dangerous to the operator; lawns littered with old cars or other debris may be dangerous for you or your mower.

- ◆ What might make you decide you wouldn't want to work on a particular yard?
A yard too far away from home, a yard full of small rocks or other dangerous litter, etc.

- ◆ When you are the customer, do you ever try to negotiate a different price? What kinds of business people routinely negotiate on price?
Car dealers, realtors, flea market vendors, wholesalers, farmers, some kinds of contractors and small businesses owners.

- ◆ What kinds of businesses are usually not open to negotiation?
Retail stores, utility companies, grocery stores, gas stations, professional services from doctors, lawyers, accountants.

- ◆ Is it OK to decide not to accept a job from someone? What are some of the reasons you might decide this?

Character Cards

Grower #1:

You are about 80 years old and you live by yourself. You need someone you can trust to help you with your yard work. You'd like to hire someone to mow your small lawn and compost the clippings every other week. You can only spend about \$20 per month, but you think that's a pretty good sum. The last you knew, minimum wage was \$2.25 per hour.

- ◆ When the Mower knocks on the door, you are a little anxious because you've never seen him/her before. See how much help you can get for the \$20.
- ◆ Based on what the mower says and how he/she acts, decide whether you'll sign up or wait for someone else to come around.

Mower #1:

You know that the person who lives in this house is elderly and an old friend of your grandparents. As you walk up to the house, you figure you could make the small lawn and flower beds look nice with about 1½ hours of work a week. You would mow, edge, weed and sweep the sidewalk and drive. You'd like to go to the movies tonight, so you need a customer who wants to hire you immediately and then pay you right away.



Character Cards

Grower #2:

You are a parent with small children who will get into mischief if you are at the door too long. You do the yard work yourself but you know you need help to get it to look as nice as you want. Your neighbor's yard is the same size as yours and looks beautiful. They pay a maintenance company \$100 per month to do everything from mowing and fertilizing to shrub pruning and planting flowers now and then. You'd be willing to spend half that much and do half the work if you could find someone good to take care of the other half of the work. Right now you have flowers to plant, a brick pathway to put down and a big pile of mulch to spread. You also need your lawn mowed.

- ◆ As you talk to the Mower, keep interrupting to listen for your children.
- ◆ Try to find out from the Mower exactly what kind of help you could get for \$50 per month.
- ◆ Decide if the Mower seems like someone who pays attention and can figure out what needs to be done. Will you hire him/her or wait for someone else to come around?

Mower #2:

This house has big and little toys all over the yard and several half-finished projects (flowers waiting to be planted, bricks to make a pathway, a big pile of mulch next to the driveway). You're a fast worker and usually charge a flat rate for a job. You'd put in a couple of hours of hard work 1 afternoon per week if it meant a reliable monthly income of at least \$50.



Character Cards

Grower #3:

You just bought your house, which has a pool and a huge yard. Your job requires that you leave town regularly. You'd like to hire someone to mow, trim and compost the clippings. You will supply the gas and oil, but you're short on money and can only pay \$10 for labor per mowing.

- ◆ You just spent a lot of money replacing sprinkler heads that were broken while the house's last owner mowed. Explain this to the Mower and insist that care be taken around sprinkler heads.
- ◆ You are not always at home and you need someone reliable who can work without supervision, will you hire the Mower or look for someone else?

Mower #3:

Your friend used to live in this house and invite you over to swim a couple of times a week. The lawn is enormous; it has numerous trees and an underground sprinkler system. You just bought a deluxe power mower with a bagger. You would like to find another customer to add to your schedule, but you aren't desperate.



SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:

- explain the importance of record keeping.
- fill out many different kinds of records.
- explain how to figure business profits.

LIFE SKILLS: ○ Analyze written information.
○ Learn the value of accurate accounting and record keeping.

MATERIALS: CHARTING JOSE'S PROGRESS Workbook page 36
PROFIT OR LOSS? Workbook page 37
CHARTING JOSE'S PROGRESS Recordbook page 16
Copies of CHARTING YOUR PROGRESS Recordbook activity page 17 (optional)
JOSE'S INCOME VS. EXPENSES Recordbook page 18
Copies of INCOME VS. EXPENSES Recordbook activity page 19 (optional)
Copies of HOW'S JOSE'S DOING? activity sheet for each youth or group
Pens/pencils
Erasers
Scrap paper

TIME: 45-60 minutes

SETTING: A comfortable room with tables and chairs.

SUGGESTIONS:
Have youth create their own records based on Recordbook templates after completing this activity.

INTRODUCTION

In the previous activities to estimate a rate to charge your customers we've been **estimating** your **expenses** and your potential **income**. However, keeping track of your actual expenses and income with **records** will show you how successful your business really is.

What are records?

Something that recalls or relates past events.

What "record" should you give your customers as a record of their payment?

Receipt.

How many of you have ever written a receipt for something before? (Ask them to identify.)

Examples: cookie sales, school magazine sales, etc.

What are types of “records” you should keep for your business?

Customers' names and address, mowing preferences and how much they pay; supplies purchased and what they cost; maintenance schedule.

Let's explore a sample of some records and see what's involved in keeping good business records.

Do

BE A RECORDING ARTIST!

NOTE: This activity can be completed individually or in small groups.

- ◆ Have each youth read CHARTING JOSE'S PROGRESS Workbook page 36 or Recordbook page 16.
- ◆ Hand each youth a copy of HOW'S JOSE DOING? activity sheet.
- ◆ Have each youth answer questions based on CHARTING JOSE'S PROGRESS Workbook page 36 or Recordbook page 16.
- ◆ Regroup and discuss.
- ◆ Instruct the youth on how to fill out their own calendar using copies of Recordbook page 17.
- ◆ Have the youth read PROFIT OR LOSS? Workbook page 37.
- ◆ Instruct the youth on how to fill out their own INCOME VS. EXPENSES Chart using copies of Recordbook page 19. They can refer to JOSE'S INCOME VS. EXPENSES Recordbook page 18 as an example.

REFLECT

- ◆ Is Jose making enough of a profit to run his business?
- ◆ What should Jose do with his profit? Re-invest in his business or spend it?
- ◆ What are some ways Jose could increase his profit?
Lower his hourly pay to himself; increase how much he charges customers; instead of paying himself an hourly rate, Jose could pay himself a percentage of the profits, such as 30%, which will increase as profits increase, leaving 70% to re-invest in his business.

APPLY

First, help youth apply these record keeping principles to their lawn care business:

- ◆ What information do you think you need to keep?
- ◆ Why is that information important?
Helps you determine if you are making a profit or actually losing money.
- ◆ What should a good record tell you?
Where your money is going; how you could save money; where you spend too much; whether you have a profit.
- ◆ What would that information tell you about your business?
Profits or losses; if you are charging enough to cover your expenses.

Second, help youth apply these same principles to other areas in their life:

- ◆ What other types of records do we keep?
Photographic records, family records, medical records, historical records, phone numbers, addresses of friends.
- ◆ Why do we keep them? What information do we include in those records?

HOW'S JOSE DOING? Answers

1. How do we determine Jose's profit for the month?
Subtract his expenses from his income.
2. How many hours did Jose work during the month of April? How many hours did he work that he didn't get paid for?
43.75 hours; 12.25 hours.
3. Should Jose recalculate his customer rate to take "unpaid hours" into account?
He should probably wait a while. A customer won't like a rate increase so soon. Jose's maintenance time will probably lessen as he becomes better at it. Once he pays off the mower, there will be a \$1 that he has figured into his customer fee that no longer directly pays for a fixed cost, so he can pocket that himself.



HOW'S JOSE DOING?

1. How do we determine Jose's profit for the month?
2. How many hours did Jose work during the month of April? How many hours did he work that he didn't get paid for?
3. Should Jose recalculate his customer rate to take "unpaid hours" into account?

SUGGESTED AGE: 16-18 years

OBJECTIVES: Youth will be able to:
○ list 3 things to do to keep customers satisfied.
○ list 3 ways to resolve disputes with customers.

LIFE SKILLS: ○ Conflict avoidance and resolution.

MATERIALS: KEEP YOUR CUSTOMERS Workbook page 38
Copies of ATTRACTION SITUATIONS for group skits
Pens/pencils

TIME: 30 minutes

SETTING: A comfortable room with tables and chairs.

INTRODUCTION

Customer service and satisfaction are important parts of any good business. What are some things you can do to keep customers coming back?

Do a good job - talk to your customers before and after each job, be safe, be on time, keep a positive attitude, charge a fair price, make sure you know what they want you to do and do it well!

What are some things that would alienate your customers?

Rude behavior, poor quality work, bad attitude, broken promises, irresponsible or unsafe behavior.

What if you have problems with a customer? How will you resolve them? In this activity, we will practice our conflict resolution skills by performing skits of possible situations you may experience in your mowing jobs.

Do

Attract satisfaction!

- ◆ Divide youth into 3 groups.
- ◆ Give 1 SITUATION to each group.
- ◆ They have 15-20 minutes to prepare a skit to demonstrate their problem.

Note: Youth will want to consult KEEP YOUR CUSTOMERS Workbook page 38 for tips on dealing with customers.

- ◆ Each group should present the solution to the problem in their skit.
- ◆ Following the skits, have the youth make a list of ways to deal with conflicts which might arise with their customers.

REFLECT

- ◆ What types of problems could arise in a lawn mowing business?
Refusal to pay, criticism of your work, accusation of breaking something, holding you responsible for all lawn problems.
- ◆ What can you do to avoid these types of problems?
Make your job service as clear as possible - what you will and will not do; write up a contract outlining the work to be done, when payment is due and under what circumstances it can be withheld; keep good records and receipts for payments; (see Recordbook pages 14 and 15) talk to customers before and after every job - make sure they are satisfied and have realistic expectations.
- ◆ How can you resolve problems once they arise?
Use some of the examples given by the groups. Try to talk things over with the customer, talk to your parents, refuse further work there (as a last resort).

APPLY

- ◆ What other kinds of conflicts do we experience in our lives?
With friends and family; at school.
- ◆ What are some things people do that make you want to be around them?
- ◆ What are some things people do that make you not want to be around them?
- ◆ Are there things your friends do that annoy you? What?
- ◆ Is everyone annoyed with the same things? Can you think of 3 things that annoy your parents but don't annoy you?
- ◆ Are there things you do to annoy people? Why are they annoyed? Why do you do those things?

- ◆ What can we do to avoid creating or experiencing conflict?
Communicate as often and as clearly as possible - using discussion, letters, poems, third parties or any way you can to make your needs and expectations clear; try to understand where the other party is coming from - what their objectives are, how they can be met without compromising your objectives; is there room for compromise?

- ◆ How can we resolve conflicts once they arise? Determine the source or cause of the conflict - how did it arise? Why? What were your expectations? Were they realistic? Were they met? What were the expectations of the other party? Were they compatible with your own?
Look for help - someone to offer ideas or someone you trust to help mediate or moderate the situation. Write down your observations or perspective and offer it to the party in question. Sometimes it helps to clarify how you feel and written explanations are easier for the other party to understand when they can be considered in a non-threatening environment.

SUGGESTIONS FOR ADDITIONAL STUDY

If youth are interested, have them relate an example of conflict in their lives and how it was resolved (if it was resolved). Allow others to offer suggestions. Discuss how people communicate, effectively and ineffectively.

ATTRACTION SITUATION #1

Make a skit based on the following situation and find a solution to the problem.



SITUATION:

Mr. Green is unhappy with John's performance in mowing his lawn. Mr. Green thinks John is lazy. Mr. Green is looking for another youth to mow his lawn.

John continues to leave grass clippings in the driveway. John does not know this is upsetting Mr. Green. John assumes his only job is to cut the grass.

PROBLEM:

What should John do when Mr. Green tells him that he is looking for another youth to mow his lawn?





ATTRACTION SITUATION #2

Make a skit based on the following situation and find a solution to the problem.

SITUATION:

Mrs. Fisher has not paid Nancy for mowing her lawn in 3 weeks. Mrs. Fisher just lost her job and has no income coming into the household.

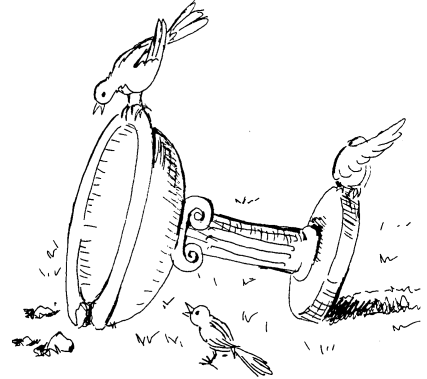
Nancy has liked working for Mrs. Fisher for the last 2 years. Nancy would like to get paid so that she can buy some of the latest CDs.

PROBLEM:

How should Nancy approach Mrs. Fisher to ask to be paid?

ATTRACTION SITUATION #3

Make a skit based on the following situation and find a solution to the problem.



SITUATION:

Larry accidentally broke a bird bath while he was mowing the grass at the Mathews' house. The Mathews were not home when this happened. It was getting late so Larry returned home.

PROBLEM:

When should Larry tell the Mathews about the broken bird bath? What should Larry do about having the bird bath fixed?