

Lesson E1–1

Establishing the Horticulture Business

Unit E. Horticultural Business Management

Problem Area I. Entrepreneurship in Horticulture

Lesson I. Establishing the Horticulture Business

New Mexico Content Standard:

Pathway Strand: Agribusiness Systems

Standard: I: Employ leadership skills to accomplish goals and objectives in an AFNR business environment.

Benchmark: I-C: Apply management skills to accomplish general business activities from production to public relations.

Performance Standard: 1. Identify management types. 2. Identify organizational structures. 3. Identify time management techniques. 4. Make business agreements.

Student Learning Objectives. Instruction in this lesson should result in students achieving the following objectives:

1. Define entrepreneurship and explain how it relates to horticulture.
2. Describe the three ways of doing business.
3. Explain how to prepare a business plan.
4. Describe the five functions of business management.
5. Identify how computers can be useful in a horticulture business.

List of Resources. The following resources may be useful in teaching this lesson:

Recommended Resources. One of the following resources should be selected to accompany the lesson:

Schroeder, Charles B., et al. *Introduction to Horticulture*, Third Edition. Danville, Illinois: Interstate Publishers, Inc., 2000.

Newman, Michael E. and Walter J. Wills. *Agribusiness Management and Entrepreneurship*. Third Edition. Danville, Illinois: Interstate Publishers, Inc., 1994.

Other Resources. The following resources will be useful to students and teachers:

Ricketts, Cliff and Omri Rawlins. *Introduction to Agribusiness*. Albany, New York: Delmar Publishers, 2001.

List of Equipment, Tools, Supplies and Facilities

Writing surface
Overhead projector
Transparencies from attached masters
Copies of student lab sheets

Terms. The following terms are presented in this lesson (shown in bold italics):

Business plan
Consumer
Controlling
Corporation
Directing
Entrepreneur
Entrepreneurship
Hardware
Management
Manager
Marketing plan
Mission statement
Organizing
Partnership
Planning
Proprietor
Risk
Software
Sole proprietorship
Staffing

Interest Approach. Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Begin the lesson by having the students brainstorm about businesses they could open. These could be related to their SAE or related to agriculture in general. Give the students approximately five minutes to come up with at least five businesses. Call on several students to give an example of a business and to explain their reasons for choosing it.

Summary of Content and Teaching Strategies

Objective 1: Define entrepreneurship and explain how it relates to horticulture.

Anticipated Problem: What is entrepreneurship and how does it relate to horticulture?

- I. Meeting the needs of consumers is the number one concern of businesses. A **consumer** is a person who uses goods and services.
 - A. Creating goods and offering services to meet the needs or demands of consumers is known as **entrepreneurship**. An **entrepreneur** is someone who practices entrepreneurship.
 - B. Entrepreneurship requires creativity, management skills, and organizational skills. No matter how much effort an entrepreneur exerts, he or she always faces risk. **Risk** is the possibility of losing what has been invested. Investments could include money, labor, and time.
 - C. Many types of horticulture businesses are run by entrepreneurs. These include floral shops, landscape design companies, and greenhouses.

At this point, ask students to give examples of when they acted as a consumer. For example buying a CD or a pair of tennis shoes. Ask students to give examples of being an entrepreneur. For example a baby-sitting or lawn mowing job. Write the examples on the overhead as you go along. TM: E1-1A highlights the definitions in this objective.

Objective 2: Describe the three ways of doing business.

Anticipated Problem: What are the three ways of doing business?

- II. To do business means to carry out the process of free enterprise. There are three ways of doing business: sole proprietorship, partnership, and corporation.
 - A. A **sole proprietorship** is a business owned by one person. The person who owns the business is known as a **proprietor**. The proprietor is responsible for the success of the business.

- B. A **partnership** is a business owned by two or more people. Each person shares co-ownership of the business. Co-ownership involves sharing money, resources, and risk.
- C. A **corporation** is a type of business known as an artificial entity. The people who form the entity must first get a charter from the government. Next, they elect officers and a board of directors. Then, people are hired to run the corporation. Stock is issued to those interested in sharing in the business. Stockholders cannot lose any more than what they originally invested. Money returned to stockholders based on their investments is called a dividend.

Ask students to give examples of local businesses that do business in each of these three ways. Have students come up with examples of other horticulture businesses that could be organized each of these ways. Use TM: E1–1B to review the three ways of doing business.

Objective 3: Explain how to prepare a business plan.

Anticipated Problem: How do you prepare a business plan?

- III. For a business to be able to meet the needs of consumers it has to have a plan. The best plan to have is a business plan. A **business plan** is a written document that guides the operation of a business. A business plan should include a description of the business, a marketing plan, and a financial management plan.
 - A. The description of a business includes basic information about the business, a business idea, list of the business’s products and services, location, and anticipated customers. The most important part of the business plan is the mission statement. A **mission statement** is a brief statement that describes the purpose of a business and the customers it serves.
 - B. Marketing is essential to all businesses. A **marketing plan** is a detailed outline of the specific plans and goals that will bring customers into your business to buy your products or services.
 - C. A management plan details the foundation for managing a business to its full potential. **Management** is all of the necessary activities needed by a business to move closer to its goals. The ability to make decisions, manage people, and manage money, are the requirements of a good manager. A **manager** is a person who is responsible for operating a business.
 - D. A financial management plan is necessary to ensure a profitable business. A financial management plan consists of basic financial statements including a cash flow analysis, source and use of funds, profit and loss statements, and a balance sheet. Comparing these statements will give the manager a better idea of the future of a business based on past and present performance.

Explain to the students that each part of the business plan is equally important. Without one, the plan is useless. Use TM: E1–1C to diagram the importance of each part of the business plan.

Objective 4: Describe the five functions of business management.

Anticipated Problem: What are the five functions of business management?

- IV. There are five main duties or functions of business management. For a business to be successful it should be managed by someone who is capable of planning, organizing, directing, staffing, and controlling.
- A. **Planning** is the process of deciding how a business will operate and what it will produce. Planning should be regularly assessed to ensure the business is progressing.
 - B. The process of setting up a system of efficiency is called **organizing**. Without organization, products wouldn't be produced and services wouldn't be offered.
 - C. Leadership, motivation, and delegating responsibilities are all part of directing a business. **Directing** is leading and guiding employees to achieve the objectives of a small business.
 - D. In order for a business to succeed, it needs to employ good, productive employees. **Staffing** involves recruitment, selection, and training of employees.
 - E. **Controlling** a business includes assessing the goals and objectives to see if it's making progress. Performance should meet the expectations made in the business plan.

To better illustrate this point ask the students what would happen at a flower shop if no one planned ahead and there were no flowers to make arrangements. Or, if there was only one person to make and deliver all of the orders for an entire day. Examples can be geared toward any business the students would relate to. Refer to TM: E1–1D to highlight the five functions of business management.

Objective 5: Identify how computers can be used in a horticulture business.

Anticipated Problem: How can computers be used in a horticulture business?

- V. Computers are important to all businesses, including horticulture businesses. Most computers used in business are personal or microcomputers. The computer, disk drive, monitor, keyboard, CD-ROM, printer, and microprocessor, are referred to as **hardware**. Hardware works when given instruction. **Software** is the computer program that runs the hardware by giving it instructions. Examples of software include operating systems and application programs.
- A. There are many advantages to using computers in the horticulture business. Computers can be used to keep records, process reports, develop business plans, maintain records, and calculate costs. Computers can also control or monitor physical processes such as greenhouse irrigation systems. Computers are also useful in helping design presentations to sell products or services to customers.
 - B. Computers can also be used to search for information and communicate on the Internet or World Wide Web. The information on the Internet is not regulated. Therefore, businesses should be aware and use additional sources when researching data. The Internet can also be a useful advertisement tool. A business' web site can inform potential cus-

tomers of important information about the business or give customers an alternate way to contact the business.

Ask students to think about life without computers. How would they write reports? What would they do without the Internet? Explain that computers are just as important to run businesses as they are to have fun with. Use TM: E1–1E to reinforce the definitions in Objective 5.

Review/Summary. Summarize the lesson by reviewing the student learning objectives. The anticipated problems can be used as a student review questions. Chapter reviews from the books listed on the resource list may also be useful.

Application. The following student activities can be used to apply the student learning objectives:

LS: E1–1A—Creating a Business Plan

LS: E1–1B—Computers in Horticulture Businesses

Evaluation. Evaluation should be based on the students' comprehension of the learning objectives. This can be determined using the attached sample written test.

Answers to Sample Test:

Part One: Matching

1=c, 2=f, 3=a, 4=e, 5=d, 6=b

Part Two: Completion

planning
marketing plan
business plan
manager
mission statement

Part Three: Short Answer

1. planning, organizing, directing, staffing, controlling
2. hardware includes the pieces that make up the computer, software is the program that runs the computer
3. Refer to Objective 2 and TM: E1–1B.

Test

Lesson E1–1: Establishing the Horticulture Business

Part One: Matching

Instructions. Match the term with the correct response. Write the letter of the term by the definition.

- | | |
|---------------|-----------------|
| a. consumer | d. partnership |
| b. proprietor | e. entrepreneur |
| c. staffing | f. manager |

- _____ 1. the recruitment, selection, and training of employees.
- _____ 2. the person responsible for running a business.
- _____ 3. a person who uses goods or services.
- _____ 4. someone who creates goods and offers services to meet the needs or demands of consumers.
- _____ 5. a business owned by two or more people.
- _____ 6. a who person who owns a business.

Part Two: Completion

Instructions. Provide the word or words to complete the following statements.

- 1. _____ is the process of deciding how a business will operate and what it will produce.
- 2. A detailed outline of the specific plans and goals that will bring customers into a business to buy products and services is a _____.
- 3. A _____ is a written document that guides the operation of a business.
- 4. The ability to make decisions, manage money, and manage people are the requirements of a good _____.
- 5. A _____ is a brief statement that describes the purpose of a business and the customers it serves.

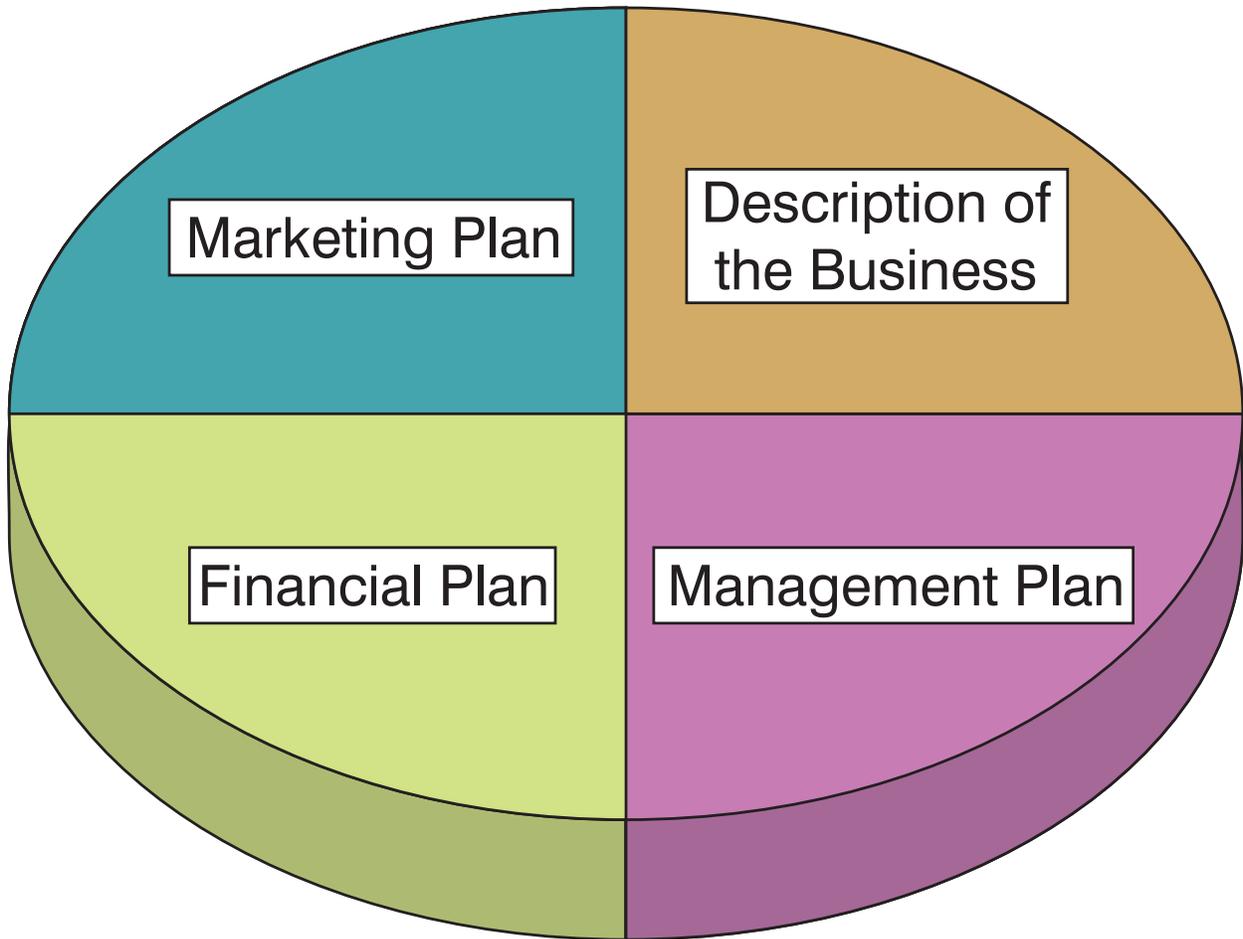
WHAT IS ENTREPRENEURSHIP?

- **Entrepreneurship**—creating goods and services to meet the needs of consumers
- **Entrepreneur**—someone who practices entrepreneurship
- **Consumer**—a person who uses goods and services
- **Risk**—possibility of losing what has been invested

THREE WAYS OF DOING BUSINESS

- **Sole proprietorship**
- **Partnership**
- **Corporation**

THE PARTS OF A BUSINESS PLAN



FIVE FUNCTIONS OF BUSINESS MANAGEMENT

- **Planning**
- **Organizing**
- **Directing**
- **Staffing**
- **Controlling**

COMPUTERS IN HORTICULTURE BUSINESSES

- **Hardware**—computer, disk drive, monitor, keyboard, CD-ROM, printer, and microprocessor
- **Software**—the computer program that runs the computer by giving it instructions

Lab Sheet

Creating a Business Plan

Instructions:

Choose one of the businesses you thought of at the beginning of class. Create a business plan including:

Description of the Business:

Mission Statement:

Marketing Plan:

Management Plan:

Financial Management Plan:

Lab Sheet

Computers in Horticulture Businesses

Instructions:

Select three horticulture businesses from local telephone books. Call each and ask the following questions to determine the degree that computers are used in the business. Identify yourself at the beginning of the call, ask if it is a convenient time, and thank the person at the end of the call. Present your findings to the class.

Questions	Businesses		
	#1	#2	#3
1. Does your company use computers?			
2. How often each day do you use a computer?			
3. Do you bill customers using a computer?			
4. Do you use a computer to track and maintain inventory?			
5. What other uses do you have for computers?			