

INTERVIEW AN ENTREPRENEUR

PURPOSE: The purpose of this project is to expose students to local entrepreneurs

GOAL: Students will understand what is involved in owning and operating a business. This will include: hiring, termination, inventory, payroll, ordering, recordkeeping, customer service, human relations, advertising, selling, and pricing.

ACTIVITIES: Students will visit a locally owned business and interview the entrepreneur. The business should be one in which the student has interest, and a business similar to one that will be the subject of their own business plan. Students will have a list of prepared questions and will be encouraged to ask additional ones. The student will also discuss a sample cash budget, and a calculation of how much money it takes to keep the business running. While the business owner may not wish to discuss actual figures from their own financial records, they may be willing to discuss "ballpark figures" that can aid the student with his business plan. At the conclusion of the visit, students will prepare oral and written reports.

Business: Name _____

Location: _____

Entrepreneur: _____

Part 1. INTERVIEW QUESTIONS

1. How is this business organized? (sole proprietorship, partnership, corporation)
2. How long has this establishment been in business?
3. How would you characterize yourself? (energetic, responsible, etc.)
4. What made you decide to go into business for yourself?
5. Who are your competitors?
6. How have your products/services changed over the past 5 years?
7. Do you advertise? If so, what media do you use?
8. How did you come up with the name of your business?
9. How did you decide on your location?

10. How many employees do you have? How many are full-time? How many are part-time?
11. What equipment do you require your employees to have knowledge of?
12. What do you look for in employees when you hire?
13. What questions do you ask in an interview?
14. What paperwork is involved in running this business?
15. Who makes out the work schedule? How much in advance is the schedule made? How are conflicts handled? (scheduling conflicts)
16. How are your prices established?
17. How do you handle a difficult customers?
18. How do you motivate employees with absenteeism/tardiness?
19. What security measures do you take?
20. How often do you conduct inventory? How many vendors do you order from?
21. What kinds of insurance must this business carry?
22. What benefits do you offer employees?
23. What education and/or training is required to own and operate this business?
24. What would you suggest being taught in the high school that would encourage and help students to own and operate their own businesses?

Part 2. HOW MUCH MONEY DO I NEED?

To help you estimate the amount of financing you will need to get your venture off the ground, use the following checklist. Keep in mind, however, that not every category applies to all businesses. Estimate monthly amount.

Salary of owner-manager (if applicable) \$ _____
All other salaries and wages _____
Rent _____
Advertising _____
Delivery expenses _____

Supplies _____ Telephone _____
Utilities _____
Insurance _____
Taxes, including Social Security _____
Interest _____
Maintenance (facilities/equipment) _____
Legal and other professional fees _____
Dues/Subscriptions _____
Lease (equipment/furniture/etc.) _____
Inventory purchases _____
Miscellaneous _____

One-Time Start-Up Costs:

Fixtures/equipment/furniture _____
Decorating and remodeling _____
Installation of fixtures/equipment/
furniture _____
Starting inventory _____
Deposits with public utilities _____
Legal and other professional fees _____
Licenses and permits _____
Advertising and promotion for opening _____
Accounts receivable _____
Cash reserve/operating capital _____
Other _____

TOTAL _____

Your total amount will depend on how many months of preparation you want to allow for before actually beginning operations.

Part 3. SAMPLE CASH BUDGET

You could think of a budget as a "record in advance," projecting future inflows and out-flows for your business. A budget is usually prepared for a single year, generally to correspond with the accounting year. It is then broken down into quarterly and monthly projections.

There are different kinds of budgets, including cash, production and sales. A cash budget, for example, forces the firm to think ahead by estimating sales and expenses for a particular period of time. Once reasonable projections are made for every important product line or department, the owner-manager sets sales and expense targets for employees. You must plan to assure a profit. And you must prepare a budget in order to plan. A sample cash budget is shown below.

Sample Cash Budget

Expected Cash Receipts:

1. Cash sales _____
2. Collections on accounts receivable _____
3. Other income _____
4. Total cash receipts _____

Expected Cash Payments:

5. Raw materials _____
6. Payroll _____
7. Other factory expenses (including maintenance) _____
8. Advertising _____
9. Selling expense _____
10. Administrative expense (including salary of owner-manager) _____
11. New plant and equipment _____
12. Other payments (taxes, including estimated income tax; repayment of loans; and interest) _____
13. Total cash payments _____
14. Expected cash balance at beginning of month _____
15. Cash increase or decrease (item 4 minus item 13) _____
16. Expected cash balance at end of month (item 14 plus item 15) _____
17. Desired working cash balance _____
18. Short-term loans needed (item 17 minus item 16, if item 17 is larger) _____
19. Cash available for dividends, capital cash expenditures, and/or short investments (item 16 minus item 17, if item 16 is larger than item 17) _____

Capital Cash:

20. Cash available (item 19 after deducting dividends, etc.) _____
21. Desired capital cash (item 11) _____
22. Long-term loans needed (item 21 minus item 20, if item 21 is larger than item 20) _____