

FBLA ENTREPRENEURSHIP CASE STUDY

Joni Russell is the owner of Joni's, a gift and greeting card shop located in a shopping mall in Marietta, Georgia, a community with a population of 58,748 in 2000 up from 51,055 in 1999. She bought the shop five years ago from Mark Davis, the previous owner. The shop has a loyal customer base and also attracted customers from the hotel and conference center that adjoins the mall. The current customer profile is women ages 25 – 65 years old who want good-quality gifts and greeting cards at reasonable prices. The average household income in Marietta is \$35,974. Joni's carries several different product lines of gift items that include candles, soaps, picture frames, home decorations, stuffed animals, and seasonal gift items and decorations. The shop carries Hallmark greeting cards for sympathy, birthdays, anniversaries, holidays, and special events such as the birth of a new baby, weddings, congratulatory cards, etc.

Tango Gifts, one of Joni's suppliers, recently showed Joni a new line of collectible gift items--porcelain bisque angels. The angels are more expensive than the other gift items Joni currently sells, but Vicki, the Tango sales representative, assures Joni that her customers will be willing to pay more for these items because of their exquisite beauty and their promise of increased value. Joni is not sure if her customers will buy the angels.

The customer base has continued to grow over the past five years since Joni purchased the shop. However, the recent economic slow down has resulted in a 10% decrease in sales in the last two months. Joni feels that this is a temporary setback and sales will recover; however, in the meantime, she is looking for new ways to attract customers into the store and bring her sales back up to the previous level.

Joni has two full-time associates at the shop and three part-time associates. As she has always hired friends for the full-time positions, she has never developed written procedures for employees and she has always counted on her employees to know what to do and to keep her shop running when she was away on buying trips and other business. She has recently hired two students from the local high school to fill two of the part-time positions. She is having difficulty filling the third part-time position.

Tina, one of her full-time employees, has been working with her since she purchased the shop. Over the past three months, Tina has been calling in sick regularly on Monday's and Friday's. Her hours at the store are 9 a.m. – 5 p.m. When Margarita, one of the new part-time associates, arrives at 3 p.m., Tina has been leaving for the day leaving Margarita alone for her entire shift. Margarita has not been fully trained and Joni was counting on Tina to use the slow times from 3 – 5 p.m. to train her. Joni does not want to lose Tina's friendship, but she is finding that she can no longer count on Tina as an employee.

Joni's current space is very crowded. During the last year she has explored options for expansion. She has considered moving to a new location. However, three months ago she learned from the leasing company at the mall that the nail salon next door will be moving out and the space will be available for lease in two months. She likes her current location and is considering leasing the space for expansion. Renovations to the space will cost her approximately \$60,000. She currently has no cash flow problems, but she does not have the cash on hand to pay for the renovations. She must let the leasing company at the mall know if she wants to lease the space in two weeks.

PROBLEM

Joni has several items to deal with and important decisions to make. She realizes that she needs advice on these decisions and has hired your team as consultants. You have a meeting today with Joni to present your findings and recommendations. Generate your own details and facts from the data presented in this case. Go through the problem-solving process and present your findings with anticipated results and benefits.

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The participants should address the following points.

1. Need for market research to determine if customers would buy the porcelain bisque angels. Research could be done by conducting a survey of current customer or through use of a focus group.
2. Ways to increase sales should be identified. Possibilities include special sales, customer reward programs, and one-time discounts for new customers, etc.
3. Personnel matters to be addressed include the need for employee handbook and job descriptions. Participants also need to identify methods of finding a third part-time worker. Methods could include posting a help wanted sign in the window, posting a job announcement at the local high school, asking current employees for referrals, placing a want ad in the local newspaper, etc.
4. Joni is going to have to decide what to do about Tina. Joni cannot continue to employ Tina if her current behavior continues. She should talk to Tina about her absences and her leaving early and give her a warning. If the problems continue, Joni will have to fire Tina. Joni should also address these issues in an employee handbook and establish attendance policies. In the future, employees should know when they are hired what the expectations are and that if they are not met, they will be fired.
5. If the participants advise Joni to move, they will need to address the need for market research to determine the best spot for a new location. If Joni is advised to stay in her current location and expand into the available space, financing methods will have to be identified to pay for the renovations to the space.
6. Participants could recommend that no changes be made at the current time due to the slow-down in the economy and wait until sales return to previous levels to make a decision.