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ABSTRACT

This module on owning and operating a sewing service is one of 36 in a series on entrepreneurship. The introduction tells the student what topics will be covered and suggests other modules to read in related occupations. Each unit includes student goals, a case study, and a discussion of the unit subject matter. Learning activities are divided into individual activities, discussion questions, and a group activity. Units (and subject matter) in this module are planning your business (services, customers, and competition; personal qualities; how to compete well; special business image); choosing a location (things to consider); getting money to start (resume; business description; statement of financial need); being in charge (tasks; selecting job applicants; personal interview and references; keeping people happy); organizing the work (work orders; doing the work; checking the work); setting prices (costs, expenses, and profit; supply and demand); advertising and selling (choosing advertising media; qualities of a good ad); keeping financial records (cash sales; customer account form; daily cash sheet); and keeping your business successful (keeping track of profits; profit/loss statement; improving profits). A summary and quiz complete the document. (A teacher's guide is available for this module.) (CT)

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GETTING DOWN TO BUSINESS:

Sewing Service

Module 25

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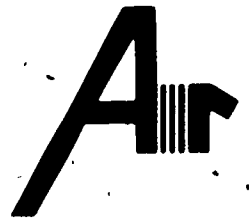
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GETTING DOWN TO BUSINESS:

Sewing Service

Marcella Kingi

May 1981

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INTRODUCTION

How are you going to use your job skills after you finish school?

Have you ever thought about starting your own sewing service?

This module describes people who have started and managed sewing services. It gives you an idea of what they do and some of the special skills they need.

You will read about

- planning a sewing service
- choosing a location
- getting money to start
- being in charge
- organizing the work
- setting prices
- advertising and selling
- keeping financial records
- keeping your business successful

You will also have a chance to practice some of the things that sewing service owners do.

Then you will have a better idea of whether a career as a sewing service owner is for you.

Before you study this module, you may want to read Module 1, Getting Down to Business: What's It All About?

When you finish this module, you might want to read

- Module 22, Getting Down to Business: Restaurant Business;
- Module 23, Getting Down to Business: Day Care Center;
- Module 24, Getting Down to Business: Housecleaning Service;
- Module 26, Getting Down to Business: Home Attendant Service.

These modules are related to other businesses in occupational home economics.

UNIT 1

Planning a Sewing Service

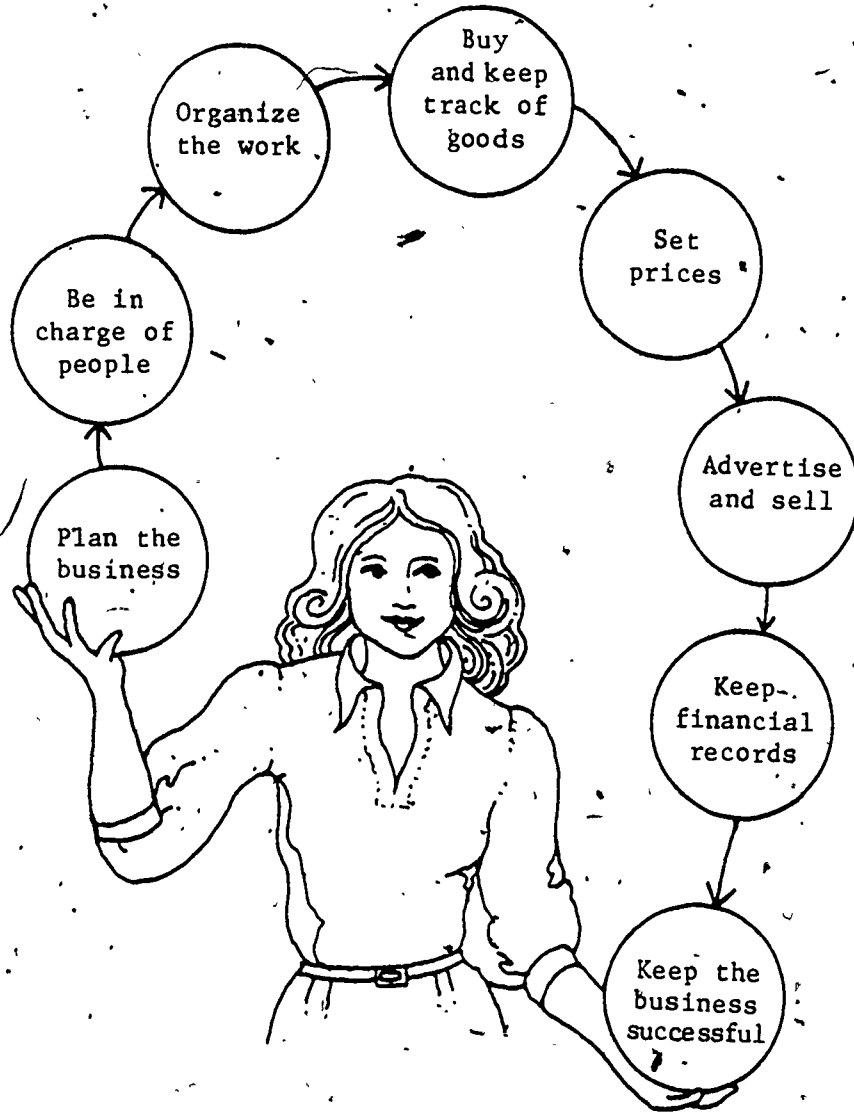
Goal: To help you plan your sewing service.

Objective 1: Describe the services, customers, and competition of a sewing service.

Objective 2: List three special personal qualities a sewing service owner needs.

Objective 3: List two ways to help your sewing service compete successfully.

Objective 4: List one or more special legal requirements for running a successful sewing service.



TALLY PLANS A SEWING SERVICE

Tally Smith came from a family of 12 where everybody learned to sew. Tally learned to enjoy sewing. She thought of someday becoming a fashion designer. She took courses in home economics and basic business courses in high school. She continued her studies at a trade school majoring in fashion design. Tally wanted to someday own her own sewing service. Then she could design custom clothes for people.

Tally knew that she needed experience after graduating from trade school before going into a business of her own. So she got a job in the garment industry.

Tally worked for four years in every area of the business. She gained experience making and cutting patterns, draping fabric and even designing clothing. While she worked, she also sewed at home in her garage for friends and neighbors. Tally loved sewing and working with people. She felt that with her creative talent, business know-how, and present experience she was ready to set up her own sewing service.

Tally was sure, from her experience in the garment industry, that there would not be too much competition for a custom designer sewing service. But just to make sure, she looked up "dressmaker" and "tailor" in the Yellow Pages. To her surprise there were quite a few listed. She decided to offer a special service. She would go to her customers for fittings if they could not come to her.

Tally decided to visit her state licensing agency to see what the legal requirements were for running a sewing service. She learned that her state required a business license and seller's permit. There were also requirements for insurance and for registering the name of her business. Tally made sure she understood what she needed to do before going into business. She knew that planning was very important in getting her business off to a successful start.

Planning a Sewing Service

There are many, many small businesses in America. Small businesses can have as few as one worker (the owner) or as many as four workers. A small business owner is "self-employed." Often a whole family works together in a small business.

There are four main things that you will need to do when planning a sewing service:

- decide what your services, customers, and competition might be;
- decide what personal qualities and skills you need to run a sewing service;
- decide what special service you need to offer to compete well; and
- learn about the legal requirements for running a sewing service.

Services, Customers, and Competition

Service. A sewing service specializes in custom-made clothing. Services are usually provided by a dressmaker or tailor. Clothes are made to fit the customer's figure (made-to-measure). Customers can choose their own fabrics and design. Some sewing services design clothes for their customers, some just alter them. Tally's service will include designing and altering. If a customer brings a picture, idea, copy of a garment, or describes something to Tally, she can make it.

Customers. Everyone is a likely customer--people from eight to 80. When you are making custom-made clothing you can sew for children, men, and women--people of any age, size, or income. This will depend on the type of person you will want to serve. However, the type of customer you serve will usually depend on your location. If you are interested in a particular income or age group, call or contact the Chamber of Commerce

in your area. They can help you. Just look it up in the Yellow Pages of the telephone book.

Competition. Competition is one of the most important things to consider in selecting the area for any business. Visit other competitors in the area of interest. Like Tally, you can look them up in the Yellow Pages. Call them and ask about their services and prices. It will help you decide what "special service" you might need to offer to make your business a success.

Personal Qualities

Tally thinks she "has what it takes" to open a sewing service. She has worked in the garment industry for four years. She has studied fashion design, and has taken some business courses. Below are some of the qualities that make you "right" for this business.

- Enjoy sewing--Your business will be built on your sewing skills. In a pinch you may have to do it all alone, so you will have to enjoy doing it.
- Be able to work under pressure--You will have to meet deadlines in getting your customers' garments ready on time. You may have several items to get out on the same day.
- Work long and hard hours--You may have to work day and night, week ends, and sometimes on holidays to meet the needs of your customers.
- Good business sense
- Creative talent--You will need to make a person's ideas become reality.

All these qualities are important to the success of your business. But most important is the personal relations you establish with your customers. Customers like a friendly owner who knows their name. These are the customers who will come back to you again and again.

How to Compete Well

Tally decides that her special service will be going to her customers for a fitting if they are unable to come to her. She hopes this will "cut down" competition. Below are some ways that can help your sewing service overcome some of the competition.

- Design for sizes 16 and over--Many heavy figures need and want the latest fashions. Many clothing stores don't sell large sizes. Offer this service for customers.
- Delivery service--Instead of having your customers come to you for pickups, tell them that an employee will bring the garment to them to make the last minute fitting. If any alterations are needed; you can handle them then.

Special service not offered by your competitors can help your business stand out. Offer your customers a beverage while they are visiting your business. Provide a comfortable dressing area for your customers. Call them periodically just to see how they are. Send a birthday card to your regular customers. People love to be remembered, especially on their birthdays.

Special Business Image

Create a business image that people won't forget. Give your business a "catchy" name. Hire friendly employees who are skillful and don't mind hard work. Decorate your window and display cases in unusual fashions and color combinations. Think of ways of letting the public know that your service is different and special, and specializes in customers' needs.

Legal Requirements

Contact your state licensing agency to learn the state requirements for starting your business. Here is a list of things that may be required:

- a seller's permit;
- a business license;
- a trade name (if the name of the business does not include your name, you may have to register a fictitious trade name with the city or county government); and
- insurance (talk to a business insurance agent to find out what type of insurance you will need).

Summary

It takes a lot of planning to get a sewing service off to a good start. Now you know some of the things that you must do as a sewing service owner when planning to open your own business.

Learning Activities

Individual Activities

1. Pretend that your business will serve only children. Look up dress-maker in the Yellow Pages of your phone book. Decide which business listed there would probably be competition for you. Call one or more and ask what services they provide.
2. Do you have the right personality to run a sewing service? Put a check by each quality you think you have:
 - enjoy sewing
 - Be able to work under pressure
 - be able to work hard and long hours
 - possess good business sense
 - possess creative talent
3. Think of a "special" service you think people in your area would like. Write down what the special service would be, and why you think people would like it.
4. Think of a "catchy" name for your sewing service. Write it down. Discuss your name with the other members of your class.
5. Call your state licensing agency. Ask what the legal requirements are for running a sewing service. Make a list of the requirements. Ask questions about any you do not understand. Report to the class on what you learn.

Discussion Questions

1. What needs do the services of a sewing service meet? Do you think those needs exist in your area? Why, or why not?
2. Do you think Tally will be successful in running her own business? Why, or why not?
3. Why do you think people use a sewing service? Do you think it is a good business to go into? Why?

Group Activity

Contact a sewing service owner in your area. Ask that person to visit your class to share his or her experiences in running a sewing service. Make up some questions you would like to ask the visitor. Here are a few examples.

1. Why did you decide to become a small business owner?
2. What kind of experience did you have before becoming a sewing service owner?
3. What did you do to plan your business?
4. What special services did you offer your customers?
5. Would you advise others to go into the sewing business? Why, or why not?

UNIT

Choosing a location

Goal: To help you choose a location for your sewing service.

Objective 1: List three things to think about in deciding where to locate your sewing service.

Objective 2: Pick the best location for a sewing service from three choices.

TALLY CHOOSES A LOCATION

Tally knew where she wanted to open her sewing service. She had picked a neighborhood shopping center for her location. She had passed it for years on her way to and from work.

Tally had studied the growth of the area, the people, and the type of businesses that had opened. The area was a middle-income community with good transportation and available public parking. There were no other clothing businesses in the area. It was a great location for a sewing service.

Tally found a building for rent in the shopping center, which was just the right size for her business. There was enough space for a customer waiting area, and a fitting room. There was also a separate area to set up for sewing and designing her clothes. The rent would be \$300 a month.

Choosing a Location

Once you have decided to open your own sewing service, how will you choose your location? Do you have a certain area in mind like Tally? Or will you try to fit your sewing service to any location?

Things to Think About in Deciding Where to Choose a Location

You should think about the following three things when making your choice:

- competition--the number of other businesses that might provide the same service;
- possible income--how much money can be made; and
- transportation--will customers be able to get to your business easily?

Competition. Your competition may be one of the most important things to watch when you choose your location. Any location may be a bad one if there are a lot of similar businesses with the same service already there. Find out about your competitors' services. Visit other similar businesses in the area before you make a decision about the area.

Possible income. How much money will I make if I decide to choose a location in this area or that area? You will need to check the amount of money people pay for rental and home costs for each area of interest. Rental and home costs are usually 20% of a family's income. If a family pays \$300 a month for rent, family members are probably making about \$18,000 a year.

Call or visit the Chamber of Commerce and the real estate office for each of your areas of interest. They can give you information about the income of each community in their area.

Transportation. Any business should be easy to get to in order to be successful. To determine this, find out:

- the number of people who pass by on foot or in cars;
- the hours crowds are heaviest;
- the types of businesses nearby;
- plans for growth in the area; and
- public parking spaces.

This information can be gathered by visiting your areas of interest. You can also contact the city planning department about plans for growth in the area and the amount of public parking.

Choosing a Location

In choosing the actual site for your sewing service, there is one thing you will have to do first. Find out if the customers will be able to get to you. Before you decide on the location, "clock the traffic." Count the number of people and cars that pass the spot. Be sure to cover the hours planned for your business.

In making your decision it is also necessary to decide on the size of the business you will run and the rent you will pay. The rent should be based on the amount of business (money) you expect to bring in. Your rent should average about five percent of this amount.

Before making a final decision on your location, draw a map of the area by following the steps below.

- Draw a line around the location to include all other businesses.
- Spot key businesses in the area.
- Make a special mark around other similar businesses so you can tell the size, type, location, and competition.

Picking a location may be one of the most important decisions you will make in owning your own business. So plan to put a lot of time into the choice that you make.

Summary

Once you have decided to open your own sewing service, you must "check out" the competition, possible income, and transportation for the area in which you plan to set up your business. You will also need to decide on the size of your business and the rent you should pay. Your time and planning will determine the success of your business.

Learning Activities

Individual Activities

1. Name the three things you should think about before you choose a location.
2. Make a list of the sewing services in your area and list their special services. Use the Yellow Pages.
3. A community pays an average of \$300 a month for rent and home costs. If these costs are 20% of a family's income, how much is each family making a year?
4. Call the Chamber of Commerce or a real-estate office in the area where you live. Find out the number of people in the community and their average income. Report your findings to the class.
5. List at least three things you should find out about a location to determine if it is easy to get to.

Discussion Questions

1. From what you have learned in the individual activities, do you think it would be wise to open a sewing service in your area? Why? What kind of business would you open? Why?
2. Think of all the successful sewing services (dressmaker and tailors) in your community. Discuss how their location affects their success.

3. You plan to open a designer sewing service in town. There are three buildings where you can open your service.

Site 1: In a central shopping district. There already is a dress-maker and a tailor shop within a block. Rent would be high.

Site 2: On the fringes of a central shopping district. Rent is low. The building is two city blocks away from the central shopping district.

Site 3: In an older shopping center. Some of the old businesses in this center are moving out. Rent is highest here.

Select one of these sites to open your business and give your reasoning.

Group Activity

Each student should pick a site for a sewing service in his or her community and find out the following information;

- number of other similar businesses in the area;
- types of business nearby;
- income of community;
- traffic patterns; and
- availability of public transportation and parking space.

Discuss each site. Decide if the location would be a good or poor choice for a successful sewing service.

UNIT 3

Getting Money to Start

Goal: To help you plan how to get money to start your sewing service.

Objective 1: Write a business description for your sewing service.

Objective 2: Fill out a form showing how much money you need to borrow to start your sewing service.

TALLY GETS MONEY TO OPEN HER SEWING SERVICE

The next step for Tally was to figure out how much money she would need to start her sewing service. Then she would need to find out where she could get the money.

Tally made a list of her expenses. The total came to about \$5,000. But this did not include any employees' salaries. Tally figured that she would only need one full-time sewing operator at first. She would wait to see how her business grew before hiring additional staff. The salary for this employee would amount to about \$2,700 for the first three months. Tally decided that she would not take a salary until her business got going.

Tally would also need an extra \$5,000 for any problems that might come up within the first six months of her business. She had saved \$3,000 to invest in her own business. She needed a total of about \$12,700 to open her sewing service. With the \$3,000 she had saved, she would need an additional \$9,700.

Tally decided to apply for a business loan from the local bank. She had heard from other female business owners about a special assistance program available to minority business owners through the Small Business Administration (SBA). This is a federal agency that makes loans through commercial banks. Tally decided to ask about this program when she applied for her loan.

Getting Money to Start

Now that you have located a place for your sewing service, you will need some money to start it. This is not true if you are very wealthy and don't need to borrow money from anyone. For those of you who fit this case, you may skip this section. But for the "struggling up and coming dressmakers or tailors of tomorrow" read on.

Let's say you have tried to borrow from friends and relatives but they just are not able to help right now. To get the money to start your business, you will need to go to a lender--a bank or governmental agency. You will need to provide a lot of information to prove that you are a good business risk. Lenders will want:

- personal background information (a résumé);
- a description of your business; and
- a statement of financial need.

Personal Background Information (a Résumé)

A résumé is the first thing you should prepare when requesting a loan. The résumé tells the lender who you are, what you are doing now, and what you have done in the past. The lender needs to know about you to get a better idea of your possible business success. Refer to Module 1 for a sample of how to prepare your résumé.

Business Description

Every new business begins with an idea. Your next step in getting your loan is to put your idea into writing by preparing a written description of your business. Your business description should include the following:

- kind of business and its name;
- services you will provide;
- location of business;
- your competitors (other similar businesses in the area);
- who your customers will be;
- number of employees you will need to hire; and
- your strategy for success.

Tally completed the following business description for the \$9,700 credit to start her business:

"I plan to open a sewing service. Its name will be Tally's Garage. I will specialize in custom-made clothing. I plan to locate the sewing service at 4589 Santa Rosalia Boulevard. At this address there is a building that I will use as my shop. My rent will be \$300 a month.

"There are no other sewing services in the area that might be competition. In talking with people and business owners in the area, I have found a real need for a specialized, custom clothing sewing service.

"I will have one full-time sewing operator working with me. I plan to handle all the designing and fitting. I plan to open the sewing service September 30, if I can get this loan from the bank."

Statement of Financial Need

Detailed information about starting expenses and the amount of money you have on hand must also be given to the lender.

Starting expenses. The starting expenses will tell the lender the exact amount of money you will need to open your sewing service.

Let's look at what Tally's starting expenses list looked like:

● Rent (first 3 months)	\$ 900
● Utilities and phone deposit	250
● Business licenses, insurance and accounting advice	300
● Repairs	1,000
● Furniture	1,000
● Advertising	550
● Supplies	<u>1,000</u>
TOTAL	\$5,000

The largest expenses Tally will have will be for repairs, furniture, and supplies. She will not need to remodel her store. But she does plan to paint and to get some furniture.

Tally planned for quite a while to go into her own business. While she was working in the garment industry she began buying the equipment she would need to operate her business. She bought the following types of power sewing machines and equipment as they became available:

- button hole machine;
- hemming machine;
- overlock machine;
- single needle machine;
- cutting table; and
- heavy duty steam iron.

You might not be as fortunate as Tally in getting your equipment so easily. You may need to rent or buy your equipment or furniture. Renting equipment may help keep your starting cost low. But renting may be more expensive in the long run. Don't rent or buy your equipment too soon. First look up "industrial machines" in the Yellow Pages of your phone book. See what kind of deal they can offer on new or used equipment.

Since Tally had already bought her equipment, her starting expenses are pretty low. You will probably need to do more planning when you

start to figure out how much you will need to open your sewing service. Here is an example of a statement of financial need form.

STATEMENT OF FINANCIAL NEED	
<u>Starting Expenses</u>	<u>Money on Hand</u>
Salaries _____	Cash on Hand _____
Building and Property _____	Gifts or Personal Loans _____
Repairs and Renovations _____	Investment by Others _____
Equipment and Furniture _____	
Inventory or Supplies _____	TOTAL _____
Advertising _____	
Other (business licenses, insurance, accounting, utilities and phone deposit) _____	
TOTAL _____	
	TOTAL STARTING EXPENSES _____
	TOTAL MONEY ON HAND _____
	TOTAL LOAN MONEY NEEDED _____

The statement you will use may be different and the items listed may not include all of the things you will need in your business. For example, Tally has planned for insurance expenses, a business license, and money she will need for a phone and utility deposit. Tally will list these costs separately on her statement of financial need under Other.

Summary

When applying for a loan, you will need to provide a description of your personal background (résumé) and a business statement of financial need. Your careful planning will be the key to the outcome of your loan request.

Learning Activities

Individual Activities

1. List at least five things a business description should tell a lender.
2. How much did Tally need to start her business? Don't include the salaries or cash needed to carry her through the first six months of her business.
3. What were Tally's total starting expenses?
4. How much money did Tally have to start her sewing service?
5. How much did she need to borrow?
6. Which of Tally's starting expenses would need to be listed under "other"?
7. Fill out for Tally the statement of financial need form shown on the next page.

STATEMENT OF FINANCIAL NEED

<u>Starting Expenses</u>	<u>Money on Hand</u>
Salaries _____	Cash on Hand _____
Building and Property _____	Gifts or Personal Loans _____
Repairs and Renovations _____	Investment by Others _____
Equipment and Furniture _____	
Inventory or Supplies _____	
Advertising _____	
Other (business licenses, insurance, accounting, utilities and phone deposit) _____	
TOTAL _____	TOTAL _____
TOTAL STARTING EXPENSES _____ TOTAL MONEY ON HAND _____ TOTAL LOAN MONEY NEEDED _____	

Discussion Questions

1. How do you think a lender, bank, or governmental agency would react to Tally's business description?
2. What other information other than a business description and a statement of financial need would a lender want to know before giving Tally a loan?

Group Activity

William Dobson has worked in the garment industry designing women's fashions for three years. He always receives compliments about his creative designs. William has found a lovely little shop which he can get immediately. He would like to open his own sewing service but he has no money.

As a group, discuss the following.

1. What would William's starting expenses probably include? How would his cost compare to Tally's?
2. Would he have to apply for a loan? If so, how would he do this?
3. Do you think William should go into business before saving some money? Explain your feelings.

UNIT 4

Being in Charge

Goal: To help you select and manage the people with whom you work.

Objective 1: Given the general tasks of a sewing service owner and an employee, decide how to divide the work.

Objective 2: Select from a list of applicants those acceptable for your business.

Objective 3: List three ways to keep employees happy.

TALLY TAKES CHARGE

Tally knew from her experience in working in the garment industry and sewing in her garage at home that she would need help in running her business. She might have several garments to design within a week's time. Then she would need help in getting them completed. Her next step was to hire a sewing operator who could work with her in the business.

Tally made up a job description and a list of interview questions. She knew the qualities of a good sewing operator. The person would have to have factory experience. Tally called an employment agency. She also ran an ad in the local newspaper.

In one week, Tally had interviewed several applicants. But none of them were skilled enough to handle the job.

Tally decided to call a few friends for possible referrals. She learned that Jean, a sample maker and sewing operator who had worked for Tally in the garment industry, was available and looking for work. Tally called Jean and hired her immediately.

Being in Charge

Owning and operating a sewing service involves many different tasks. The most important is hiring and being in charge of your staff. In this unit you will learn about:

- the general tasks involved and the staff needed to run a small sewing service;
- selecting staff; and
- keeping people happy.

Tasks

As the owner of a sewing service you will be dealing with the following tasks:

- discussing the design and material with customers;
- measuring them for size;
- drawing patterns or altering a standard pattern to fit the customers' measurements;
- sewing, fitting, finishing, and pressing a garment; and
- managing and supervising your staff.

Will you be able to handle all these tasks on your own? Being an owner of a sewing service requires constant supervision of the business. Like Tally, you may need to hire someone to help in handling some of these tasks.

The number of staff you will need will depend on the size of your business and the number of customers you will want to serve. How will you select these people? You need to know what type of employee you are looking for. You also need to know where to look for them.

Selecting Job Applicants

The success of your business depends on the skills, cooperation, and loyalty of its employees. It will be important for you to select job applicants carefully. The success and reputation of your business will depend on how well you make these selections.

Sources of employees. There are several ways to find an employee:

- friends and acquaintances;
- employment agencies;
- newspaper advertisements; and
- personal applications.

Friends and acquaintances are sometimes able to recommend possible applicants. These references are usually the best because they know your business needs. They also know what type of person you have in mind.

Employment agencies are also a good source. There are two types-- public and private. The U.S. Employment Service has public employment offices in each state. It is set up for the benefit of both employer and worker. Private agencies usually charge a fee but some specialize in certain kinds of employment. They might be a good source for getting skilled employees.

The newspaper advertisement is the most widely used way of looking for employees. But another good source would be vocational counselors in schools and vocational programs like home economics.

After you have found some potential employees you will have to learn certain things about them. You can get this information from a detailed application. The applicant should:

- fill out a detailed application;
- provide personal references; and
- have a personal interview.

The amount of detail in the application will depend on the type of job you want to fill.

Personal Interview

The personal interview is especially important. It can tell you about the personal qualities that don't show up in the application. In your interview you should discuss carefully the job qualifications with the applicant. Through a friendly conversation you can find out how the person meets your standards.

Personal References

Before hiring the person, check his or her references. Remember that hiring a person represents a large investment. An application and interview may show that a person is qualified to do the job. But after checking references, you may find this is the wrong person for the job.

The best type of reference check is person-to-person. Call the reference and discuss the applicant. Prepare a list of questions to ask. These might include employment record, what kind of employee the person was, and how well she or he got along with others. It takes a lot of time, patience, and skill to check references. But they are the best, most reliable source of information about the applicant.

Keeping People Happy

A sewing service, like any other business, must keep its people happy to stay in business. The owner can do this by maintaining good personal relations with staff, offering special benefits, and providing clearly stated policies.

Good personal relations. People who work in a creative area want recognition for their efforts. You must place your staff on jobs that they enjoy doing. You should never overwork them or encourage them to do something they dislike. It will show in their work or your finished product. Listen to their complaints and problems and help them work

toward a positive solution. Give them advance notice of the amount of work you expect them to do. Also tell them about the problems they may have in completing the work.

Special benefits and services. To attract and keep your staff, you will need to offer something extra. You might offer better pay and fringe benefits as compared to what is offered in other similar businesses.

Clearly stated policies. Provide enough training and instruction to allow your staff to carry out their tasks. Provide written information on your policies to all of your staff. Then they will know just how you operate. Include such things as employment requirements (health, insurance), work assignments and how they are made, dress code, fringe benefits, working hours, and overtime payment. Then, when everyone knows the "rules and regulations," follow them in a business-like way.

Summary

In running a sewing service, there are several tasks to consider when hiring new employees. Selecting employees will involve finding them, reviewing their applications, interviewing them, and checking their personal references. Keeping the people you hire happy involves establishing good personal relations, offering special benefits and services, and stating your operating policies clearly.

Learning Activities

Individual Activities

1. What are some of the tasks a sewing service owner might do?
2. Name at least three ways to find employees.
3. List the things an applicant must do when applying for a job.
4. Why is the personal interview especially important?
5. What is the best type of personal reference check? Why?
6. List at least three "extras" a sewing service might offer its staff to keep them happy.

Discussion Questions

1. You are a tailor or dressmaker of a sewing service. You have just interviewed a job applicant. You feel that the applicant is very qualified for the job. But in checking the references you are told that the person is not very reliable. He or she often comes in late and frequently calls in sick. What should you do?
2. Assume that Tally's business got off to a fast start. She soon had more customers than she could handle. What might Tally do to improve the situation?

3. What problems might a sewing service owner have if he or she hired an inexperienced sewing operator?

Group Activity

Henry Jefferson has applied for a tailor's position in Tally's shop. His application shows that he has had several years of experience working in the garment industry. However, he has recently become unemployed due to visual problems. Role play Tally interviewing Henry.

UNIT 5

Organizing the Work

Goal: To help you organize the work of your sewing service.

Objective 1: Fill out forms showing work orders.

Objective 2: Write a work schedule for yourself
or an employee.

TALLY ORGANIZES THE WORK

Tally was pleased with the progress of her business. She was kept busy discussing fabrics and designs with customers, designing, pattern making, cutting and fittings. She hardly had time for customer phone calls or personal business.

Tally began to receive several customer requests for garments within the same week. Many of these customers wanted their garments completed on the same dates. To complete these requests on time, Tally needed to set up a schedule.

Tally decided to handle all of the designing, cutting, and fittings herself. She would give each garment to Jean, the sewing operator, for stitching as needed. Tally would check each garment as it was completed. She said, "I want to do the finishing touches on each garment to make sure that each one is perfect. My customers want things fast and perfect."

When Tally needed to visit customers for fittings, she would organize her work so that Jean could handle things while she was away.

Organizing the Work

Doing the work of any business, large or small, involves three steps:

- organizing the work;
- doing the work; and
- checking the work.

To do these steps as a sewing service owner, you will need to keep track of the garments (jobs) that customers request. An easy way to do this is to fill out a work order form. By looking at the work order, you can plan a work schedule to complete each garment.

Organizing the Work

Tally used the form shown on the next page to fill her customer orders and to keep track of jobs completed on each garment. This way, she could tell just how close she was to completing each garment.

When customers request an order, Tally writes down their name, address, date, due date, and phone number on the form. Then she writes what type of garment they want--two-piece dress, one-piece dress, three-piece suit, etc. Tally takes the customer's measurements and then figures out what tasks and supplies are needed to complete the garment. She also notes how long each task should take.

WORK ORDER

Name and address _____

Date _____

Due Date _____

Phone Number _____

Type of Garment _____

Measurements

size _____

hips _____

neck to waist _____

bust/chest _____

arm length _____

waist _____

leg length _____

Date	Person Doing Work	Description of Work	Time	
			Started	Completed

Supplies. Tally buys her fabrics and accessories as she receives a customer order. She buys only enough to complete each garment. Tally usually buys from the "yardage houses" in the garment districts where she receives a discount on her purchases. She usually gets from \$.50 to \$2 off the retail prices for each yard of fabric she buys. Tally says, "The difference in price often depends on the salesperson."

Tally checks the work order forms each day to see if she is on schedule,

Doing the Work

Tally uses the bottom portion of her work order form to schedule her work. If a garment needs stitching, button holes, or a zipper put in, Jean checks the order and handles these tasks. Jean writes the date, the time she starts her task, and the time it is completed. Tally also checks off tasks that she has completed on each garment.

Work orders can save you a lot of time. They help to keep track of the jobs that need to be done. They help plan a work schedule. They also help to keep you up-to-date on what you have done and what you need to do.

Checking the Work

Tally knows that it is very important to have quality work. She wants her customers to be satisfied with their garments. If customers don't think the job is well done, they will not come back. They may even tell others not to use your services.

So, Tally checks every garment after it has been completed. If there are any problems, she can correct them immediately. When customers are paying for a creation, they want perfection. Remember to check every seam, and don't forget those loose or hanging threads,

Summary

A sewing service owner must get jobs done properly and on time. Using work orders carefully can be a big help. Planning a work schedule for each worker helps to get the work done on time. The three things to think about in running your business are: organizing the work; doing the work; and checking to make sure it is of the highest quality. Remember, perfection is your business.

Learning Activities

Individual Activities

1. On December 13, Kim Wilkins of 5372 Victoria Road in Los Angeles visited Tally to discuss an evening dress she wanted on December 18. Kim's phone number was 293-8621 and her measurements were as follows:

Size	<u>10</u>	Hips	<u>34"</u>	Neck to Waist	<u>17"</u>
Bust/Chest	<u>34"</u>	Arm Length	<u>18"</u>		
Waist	<u>24"</u>	Leg Length	<u>35"</u>		

Fill out the top and middle parts of the work order form on the next page.

2. Tally scheduled her work on Kim's dress as follows:

12/15	Cutting dress	8:00-9:00	Tally
12/15	Stitching	9:30-10:30	Jean
12/16	Stitching dress and making 24 buttonholes	9:30-12:00	Jean
12/16	Fitting	1:00-2:00	Tally
12/17	Finish	10:00-12:00	Tally

Fill out the bottom part of the work order form on the next page.

WORK ORDER

Name and address _____

Date _____

Due Date _____

Phone Number _____

Type of Garment _____

Measurements.

size _____

hips _____

neck to waist _____

bust/chest _____

arm length _____

waist _____

leg length _____

Date	Person Doing Work	Description of Work	Time	
			Started	Completed

3. List the three reasons that a work order is helpful to a business.

Discussion Questions

1. Why do you think it is important for Tally to check each garment after it has been completed?
2. Reggie Smith opened a small sewing service. When customers came in to have a garment made, Reggie would write their measurements on a piece of paper. But she would forget to write their names. Why do you think Reggie's business failed?

3. Do you think it is always easy for Tally to make up a schedule?
Why? Why not?

Group-Activity

Collect work orders and work schedules from sewing services (dress-makers and tailors) in your community. Also ask for any other types of forms the business may use. As a class, talk about how these forms would be used. Decide if each one would be used before or after a work schedule was completed. Make a list of the order of use of these forms.

UNIT 6

Setting Prices

Goal; To help you decide how to set prices for your sewing service.

Objective 1: Set an appropriate price for a garment.

TALLY SETS PRICES

Tally had to decide on the prices she would charge for her garments. She visited various department stores to see what they charged for their clothing. Tally found their costs quite expensive. Many things looked alike and were poorly made. She knew that she could make the same garment better and for less money.

Tally had had experience in the garment industry. She had sewed for friends and neighbors in her garage. She knew that the markup for custom-made garments averaged about twice the cost for supplies--materials, thread, and other accessories.

If a dress cost \$30 to make, sewing services usually charged the customer \$60. Tally would use this average to set her prices. This would cover operating expenses such as rent, salaries, taxes, insurance, and advertising. "Although my prices seem high," said Tally, "I have found that people don't mind paying for something they really want."

Setting Prices

In setting the prices of the custom clothing in your sewing service, there are four main things to consider:

- the wholesale cost of your cloth and other sewing supplies;
- your operating expenses;
- the amount of profit you want to make on your garments; and
- your competition.

In this unit you will learn about pricing considerations and the way you go about doing it.

Costs, Expenses, and Profit

To make a profit in your sewing service, you must sell clothes for more than it costs you to make them. The difference between the wholesale cost of your supplies (cost of goods sold) and the retail price is called markup or gross profit. For example, if materials to make a garment cost you \$30 and you mark up the price to twice that amount (\$60), your gross profit is \$30, or 50% of the total price.

Part of your gross profit should include money to cover your operating expenses. These expenses should include:

- rent payment;
- salaries of employees;
- advertising and promotion costs; and
- utilities, insurance fees, and taxes.

You will also need to make a net profit on every garment. If your markup on a dress is \$30 and you need \$20 of this for operating expenses, your net profit will be \$10. This does not sound like much, but as your

number of sewing jobs increases, so will your net profit. The key to a healthy business is to keep your operating expenses down and your profits high.

Supply and Demand

Customers are willing to pay more for services that they really want and that are hard to get. For example, there are plenty of boutiques and department stores with ready-to-wear clothing. But a service that offers garments made to fit the person are not easy to find. Or if people buy an expensive outfit from a store and need to have it altered, these services may be fairly scarce. Depending on the income of your customers and the number of dressmakers and tailors in your area, you may be able to charge fairly good prices for your services.

However, your customers will not pay higher prices than your competition charges. Keep in mind what similar businesses are asking when you set your prices. Of course, if you offer something special you can charge more. For example, if you give your customers the best fit in the area and finish your work faster than others, you could probably charge a slightly higher price.

Summary

There are four main things to consider when setting a price for your service: the cost of your supplies, operating expenses, profit, and supply and demand.

Learning Activities

Individual Activities

1. Figure out the pricing problems below.
 - a. Cost of goods sold \$25; markup \$30. Find the retail price.
 - b. Retail \$50; markup \$25. Find the cost of the cloth used and sewing supplies (cost of goods sold).
 - c. Cost \$60; retail \$120. Find the gross profit in terms of dollars and percentage of the total price.

2. Explain the term gross profit. Give an example.

3. Assume you have designed a garment. Your cost of goods sold is \$30. Your markup is \$30. The cost for running your business to make this garment is \$20. You made \$10 for yourself on this garment.
 - a. What is your total price of the garment?
 - b. What portion of your total price is each of the following?

Net profit	_____
Gross profit	_____
Operating expenses	_____

Discussion Questions

1. List and discuss the expenses a store owner might have that would reduce his or her profits.

2. Is it a good idea for new businesses to charge less than their competitors?

Group Activity

By phone, interview local dressmakers or tailors. Ask them about their pricing policies and markups. Present the findings of the interviews to the class and compare notes.

UNIT 7

Advertising and Selling

Goal: To help you sell and advertise your sewing service.

Objective 1: Choose the best way to advertise your sewing service for a specific purpose.

Objective 2: Develop a printed ad for your sewing service for the Yellow Pages or a newspaper.

TALLY ADVERTISES

Tally was able to get her business organized and opened on time. She decided to give an open house for the grand opening. She handwrote announcements to give a "personal touch." These were sent to friends and potential customers.

Tally was not going to sell ready-to-wear clothing. So she made up several original garments to place in her store for her opening. She wanted people to see what type of work she could do.

The opening was a success. She immediately received orders: How did she manage such instant success? About three months before her opening, Tally placed this ad in the Yellow Pages.

TALLY'S GARAGE

Garments custom-made to fit your figure.

We specialize in:

Dressmaking

Design

Special patterns

Perfect fittings

Fine alterations

Open 9 a.m. - 6 p.m.

4589 Santa Rosalia

299-5849

Tally also placed an ad in the local newspapers announcing the Grand Opening of "Tally's Garage."

Advertising and Selling

Advertising your sewing service is very important to the success of your business. It is a quick and effective way of telling people about your services. The purpose of advertising is to attract customers. When you have a special service like Tally's, you will want to tell customers why they should use it.

As a sewing service owner you will need to do two things when advertising:

- choose the best media to get your message across to your customers; and
- learn about the qualities of good advertising

Choosing Advertising Media

There are several good ways that you can use to attract customers to your business.

Yellow Pages. Advertising in the Yellow Pages is a must. Your ad will reach the entire community or area of interest. It will last a long time, too. It should be designed to appeal to the customers you want to reach.

An ideal ad should be:

- simple;
- informative;
- truthful;
- clear about important or special services; and
- imaginative and attractive.

These ads can get you a lot of response. So make sure they are geared to the customer you want to serve. The cost of these ads is usually based on page space.

Look at your competitors' ads. Try to get an ad that will include a headline, information about the sewing service, your name, address, and phone number. Place your ad far enough in advance to appear by the time you open for business.

Newspaper ads. Advertising in the newspaper is a good way of attracting customers. Newspaper ads have several advantages:

- They reach a large number of people.
- They are pretty cheap for the number of people they reach.
- They can reach all types of people.

The cost of the ads are usually based on column inches, with the highest for metropolitan dailies and lowest for weeklies. Contact the newspaper display advertising department for detailed information you might need.

Direct mail. This type of advertising is sent right to the customer. Fliers and letters are used in this type of advertising. Direct mail advertising can be sent to a special group of people who would likely be influenced by it. It is the most personal of all advertising because it is directed to an individual by name.

The advantage of this type of advertising is that the message is addressed and delivered only to people you want to reach and at the time you want them to receive it.

Referrals. Word of mouth is the best means of advertising for the sewing service business. As your reputation grows as a reliable, qualified sewing service owner, your business will grow. Your customers will want to use your services and will refer other customers to you.

Qualities of a Good Ad

Here are a few tips you can use when you start to develop your choice of advertisement. Your ads should:

- be simple, informative, and truthful as well as attractive and imaginative;
- be easy to recognize--give your ad some flair;
- show the creative talent of your business; and
- use wording that your customers will understand.

In a newspaper or direct mail ad you may want to include a discount coupon or announce a limited time period for a special service. This will encourage customers to respond quickly. You may also want to develop a special sign (logo) that people will be able to identify with your business at a single glance. Remember, the purpose of advertising is to get customers to your business. Advertising will help bring them in. Try it and see.

Summary

There are many ways to sell and advertise your business including Yellow Pages, newspaper ads, and direct mailings. Of course, word of mouth is always the best. In planning your advertising, remember to create a good business image as well as to stimulate your sales.

Learning Activities

Individual Activities

1. What are the two things you will need to do as a sewing service owner when advertising?
2. Name three ways to attract customers to your sewing service.
3. You may want to reach a special group of people. Which of the following types of advertising media would you choose?

Yellow Pages _____

Newspaper Ads _____

Direct Mail _____

4. What is the best means of advertising for a sewing service business?
5. Tally wants to change her ad in the Yellow Pages. She would like to add that she will be open Tuesdays through Saturdays. She is also considering changing the style of the ad. Make up a new ad for her business.

Discussion Questions

1. Deborah Kaufman has just opened a tailor shop. She wants to place an ad in the newspaper but she has a limited amount to spend for advertising. Deborah has already placed an ad in the Yellow Pages. Should she place her ad in the daily or weekly newspaper? Why?

2. Monica Hopkins opened a dressmaking sewing service. She will try to attract senior citizens, designing fashions for them. To advertise her business, she placed an ad in the Yellow Pages only. She received few responses. What could Monica have done to have received a better response? Do you think she used the right means of advertising. Why, or why not?

Group Activity

Each student should bring to class a dressmaker or tailor's business ad. Compare ads and answer the following questions.

1. Which ads provide special services?
2. Which ads do you think cost the most and the least? Why?
3. Which ads are dressmaker business and which are tailors? Are there similarities in their services and advertisements? Explain your findings.
4. Which ads are most appealing? Why?

UNIT 8

Keeping Financial Records

Goal: To help you learn how to keep financial records for your sewing service.

Objective 1: Given information about the services performed for a customer, fill out a customer account form.

Objective 2: Given information about income and expenses on a single day, fill out a daily cash sheet.



TALLY SETS UP HER FINANCIAL RECORDS

Tally developed her own bookkeeping system to record all her sales and purchases. She decided to keep a weekly record cash sheet. She does not handle a large number of sales each day. So she felt it would be easier to complete this sheet weekly. At the end of each day though, she would total all sales she had made and record any money she had paid out that day for salaries, supplies, rent, or any other expenses.

Tally's bookkeeping system was simple. Each time a customer placed an order, she would record it on a customer account form. A sales slip was also filled out describing the garment, quantity, price, tax, and the total amount paid by the customer.

Tally also kept track of how the garments were purchased. Customers paid either by cash or check. Since she worked on such a small production basis, Tally did not take credit cards.

The business was doing well. Tally received as much as \$300 in payments in one day. But in that same day she had to pay \$10 for advertising, \$41.23 for utilities, and \$55.37 for supplies. Tally knew daily how much money came in and how much money was paid out. It sounds like Tally's bookkeeping chores are a full day's work. But actually she only spends an hour each day keeping track of her finances.

Keeping Financial Records

As a business owner you must have an accurate way of keeping track of your income and expenses. You must keep good financial records. That way you will know how your business is doing and can make better business decisions.

Your record system does not have to be complicated. It can be simple and easy to keep and require little time. You will need to know how to keep track of the money coming in (cash receipts) and going out (cash payments) of your business. In this section you will learn how to keep track of your money on a daily basis, your sales, and how to fill out a daily cash sheet.

Cash Sales

Your cash sales will help you to answer such questions as:

- How many sales did I make?
- What type of items did I sell and how many?
- What were the amounts of my sales?

Cash sales are usually recorded at the time the customer pays for his or her purchases. You or a salesperson will fill out a sales slip. These sales can be rung up and recorded on a cash register. Or they can be kept in a record book as Tally preferred to do.

Sales slip receipts and cash register tapes will be the basis for your bookkeeping system. This information will give you the total sales for the day.

When a customer makes a purchase, he or she is given a sales slip. The sales slip provides the customer with proof of payment in case the customer wants to return the purchase. A second copy of the sales slip is kept in your files so that you can keep track of your sales.

This is a copy of the sales slip that Tally used in her sewing service.

SALES SLIP		
Date _____		
Customer _____		
DESCRIPTION OF SALE	PRICE	
Cash <input type="checkbox"/>	Subtotal	
Check <input type="checkbox"/>	Sales Tax	
	TOTAL	

On this sales slip, Tally recorded a description of the garments sold. She kept track of the price and the sales tax paid by the customer. She also kept a record of the customer's name and address. This information can be used to develop a mailing list for her customers. There is also space to indicate whether the purchase was made by cash or check.

Customer Account Form

How you handle your customer accounts will depend on the needs of your business. This form tells you how much a customer owes your business. Tally kept track of her work orders by filling out a customer account form from her credit sales slips. If a customer requested a garment and placed a deposit on it, Tally would record this information

on the customer account form. She used these forms to determine her workload for the week. This is the account form that Tally used.

TALLY'S GARAGE				
Customer Account Form				
Customer: <u>Brenda Holly</u>		Garment Due Date: <u>9/18</u>		
Date	Description of Sale	Amount Charged	Payment Received	Balance Due
9/15	Pants Suit (standard pattern)	\$60.00	\$20.00	\$40.00

Brenda Holly was charged \$60 for a pants suit. She placed a \$20 deposit on it, leaving a balance of \$40. Brenda requested delivery of the garment by September 18. Tally had three days to complete it.

The form has been simplified for you. The exact forms that you would use in your sewing service would depend on your own needs and would probably be somewhat different from this one.

Daily Cash Sheet

Tally used a daily cash sheet to keep track of the money coming in and going out of her business each day. This is a way of recording the cash and credit sales (if used) for each day. On this form the sales are recorded on the left side of the form and are added up daily.

On the right side of the form you would enter the money you paid out each day. These are the cash payments of your business.

DAILY CASH SHEET	
Cash Receipts	Cash Payments
Cash Sales _____	Salaries _____
Credit Accounts _____	Building Expenses _____
	Equipment and Furniture _____
	Inventory or Supplies _____
	Advertising _____
	Other _____
TOTAL CASH RECEIPTS _____	TOTAL CASH PAYMENTS _____

At the end of each month or year, these daily forms are added up. You will have detailed and accurate records to let you complete a profit/loss statement. Using your daily records, you can also complete a balance sheet. You will learn about the profit/loss statement in the next unit. If you start a business, get the advice of an accountant about how to complete a balance sheet.

Summary

Keeping financial records is a necessary part of running your sewing service. Cash sales should be recorded on a sales slip. These sales slips will be used as the basis of a good bookkeeping system. A good bookkeeping system involves keeping accurate daily records of sales (money coming in) and cash payments (money going out).

Learning Activities

Individual Activities

1. Lisa Monroe came into Tally's shop on October 10. She picked up two outfits designed especially for her. One was a jumpsuit for \$85 and the other was a three-piece cotton suit for \$200. The sales tax is 6%. She paid by personal check. Complete the sales receipt below.

SALES SLIP	
Date _____	
Customer _____	
DESCRIPTION OF SALE	PRICE
Cash <input type="checkbox"/> Check <input type="checkbox"/>	Subtotal _____ Sales Tax _____ TOTAL _____

2. Sue Lee wants a debutante dress for a cotillion on October 1. She discussed her design and the fabric she wanted with Tally on September 3. Tally quoted a price of \$300. Sue placed a deposit of \$100 on the dress. Fill out the customer account form below using the above information.

TALLY'S GARAGE Customer Account Form			
Customer: _____		Garment Due Date: _____	
Date	Description of Sale	Amount Charged	Payment Received Balance Due

3. Briefly describe a daily cash sheet and list the information it contains.
4. Complete a daily cash sheet for Tally. Read the case study. Using today's date, how much money did Tally take in, and how much was paid out?

DAILY CASH SHEET	
Cash Receipts	Cash Payments
Cash Sales _____	Salaries _____
Credit Accounts _____	Building Expenses _____
	Equipment and Furniture _____
	Inventory or Supplies _____
	Advertising _____
	Other _____
TOTAL CASH RECEIPTS _____	TOTAL CASH PAYMENTS _____

Discussion Questions

1. What other types of financial records would the owner of a sewing service have to keep? Think of other types of money dealings this business would have.
2. Would the financial recordkeeping of an apparel store be different from that of a sewing service?
3. What are the reasons why it is important to keep good financial records?

Group Activity

* Collect sample sales slips from other similar types of businesses. Compare them. How are they similar? How are they different? What information do they ask for?

UNIT 9

Keeping Your Business Successful

Goal: To help you learn how to stay successful.

Objective 1: Given some information about a business' income and expenses, figure out the net profit (before taxes), profit ratio, and expense ratio.

Objective 2: Given a decline in profits, state one way to increase profits.

Objective 3. Given a specific problem of low sales, suggest a way to change your business to increase sales.

TALLY CHECKS HER BUSINESS' HEALTH

Tally has now been in business for over a year. For the most part it has been quite successful. She has several regular customers. She also has hired a tailor to handle all of her alterations. Tally has also started to sew and design for a few singing groups.

But, during this past year, Tally has been faced with a serious problem. She has noticed that profits went down at certain times of the year. Holidays and prom time were Tally's busiest periods. During the other times of the year, however, sales have been low.

Although Tally is making money, she thinks she could make more. Tally decides to make some changes in order to keep her business growing. She has to figure out a way to increase her profits. Should she raise her prices? Or should she include a line of ready-to-wear originals to attract more customers?

Keeping Your Business Successful

Everyone who goes into business wants to be successful. But how to be successful is always a business owner's problem.

There are three important ways to keep your business successful:

- Make sure you have enough money on hand.
- Keep profits up and costs down.
- Make changes in business whenever necessary.

In this unit, you will learn how to keep track of and increase your profits. You also will learn how to change your business to increase your sales.

Keeping Track of Profits

At the end of every year, you should complete a profit/loss statement for your business. A profit/loss statement tells you what your business has taken in, what it has spent on costs and operating expenses, and how much profit you have made over the year. A profit/loss statement will let you know the direction your business is taking from year to year.

The profit/loss statement consists of five parts:

- revenues--money that comes into your sewing service from retail cash and credit sales;
- cost of goods sold--wholesale cost of your supplies that are sold to your customers;
- gross profit--amount of money from retail sales after paying the wholesale costs for supplies;
- expenses--money spent in operating the business, including employees' salaries, rent, utilities, advertising, and so on; and

- net profit--amount of money left over from your gross profit after all your business expenses are paid. (Net Profit = Gross Profit - Expenses)

Profit/Loss Statement

Below is an example of the profit/loss statement you might use in your sewing service.

PROFIT/LOSS STATEMENT		
	19XX	
	\$	%
<u>Revenues</u>		
Cash Sales	_____	
Credit Sales	_____	
TOTAL	_____	_____
<u>Expenses</u>		
Salaries	_____	
Rent & Utilities	_____	
Supplies	_____	
Advertising	_____	
Other	_____	
TOTAL	_____	_____
<u>Net Profit</u>	_____	_____

The information in your profit/loss statement can be used to figure out the profit ratio and expense ratio of your sewing service. Use the following formula to compute these ratios:

$$\text{Profit Ratio} = \frac{\text{Net Profit}}{\text{Revenues}}$$

$$\text{Expense Ratio} = \frac{\text{Expenses}}{\text{Revenues}}$$

Profit ratios are used to compare a business' success over the years. They can also be used to compare one sewing service's "health" with another one of similar size.

Improving Profits

What if your profits are too low and business is not growing enough? You can try several ways to increase them:

- increase sales;
- raise prices; and
- reduce expenses.

Changing Your Business to Increase Sales

Your profits and sales may be low for any number of reasons. You will have to find out why they are down before you decide to make any changes. There are two ways you can increase your sales in order to raise your profits: (1) improve the quality of your business, or (2) change your merchandise.

Depending on your problem, there are many changes that you might consider for your sewing service. You might consider trying a new advertising and promotion campaign. Tally decided to add a new line of original ready-to-wear garments to attract customers. You may need to change your business to attract a new target customer:

You may also want to hire a salesperson. Tally will need to hire someone to handle her new line of merchandise. It is important for you

to keep up with new trends. Look out for changes and try to stay one top of them. Fashions and tastes change constantly.

To adjust to changes, you must be alert to all fashion trends and customer tastes. To get this information, ask your customers for suggestions on how you can improve your business. You might need to improve your relations with your customers and staff. You might change pricing policies to make you more competitive with other similar businesses in the area.

Look at your community and competition. Study the fashions and magazines in your line of business. Are your fashion designs right for your customers? Are you advertising in the right places? Are there any ways you can cut-down on operating expenses without losing customers?

Summary

You can figure out profits and compare them on a monthly or yearly basis by recording income and expenses on a profit/loss statement. You may want to increase profits. Then you must increase sales, raise prices, or reduce expenses. To increase sales you may need to improve the quality of your merchandise or make other changes in your sewing service.

Learning Activities

Individual Activities

1. Figure out the net profit, profit ratio, and expense ratio for this home-based sewing service with only one worker (the owner).

PROFIT/LOSS STATEMENT		
	Year 1	
	\$	%
<u>Revenues</u>	\$30,000	100%
<u>Cost of Goods Sold</u>	<u>15,000</u>	
<u>Gross Profit</u>	\$15,000	
<u>Expenses</u>		
Rent & Utilities ¹	800	
Telephone	240	
Advertising	600	
Other (accountant, repairs on sewing machine, etc.)	<u>360</u>	
TOTAL	\$ 2,000	
<u>Net Profit</u>	\$ _____	

¹ For electricity, heat, and "rent" of one room of the owner's home.

2. Define net profit and gross profit.

3. What are some ways to increase profits when sales are too low?

Discussion Questions

1. Tally made about \$13,000 in profit during the first year. Why do you think she is concerned about her profits?
2. Think of things Tally can do to increase her profit margin.
3. List as many reasons as you can think of why profits in a sewing service might decline.

Group Activity

As a class, list several different activities that you would have to do if you were the owner of a sewing service. After you have completed this list, discuss how you feel about doing these things. Give yourself three points if you think you would like an activity, two points if you would not mind it, one point if you would do it but would not want to, and zero if you would not do it at all. It doesn't matter how many points you get because there are no right or wrong answers. This is just to see if owning a sewing service might be right for you.

SUMMARY

This module has been about owning a sewing service business. People with training in fashion design and experience in the garment industry can start sewing service businesses.

To start a small business, you need to do lots of planning. First you have to be sure that owning a small business is right for you. Then you have to decide what services to offer, how to compete, and what legal requirements to meet.

To pick a good location, you have to find out if customers would use your business. Then you have to get money to start. That means showing a banker that your idea is a good one.

Being in charge means dividing the work and hiring good workers.. Then you must keep track of jobs to be done and who will do them.

Setting prices means figuring out the lowest price you can charge and also the highest price. To do this you need information on your expenses and on your competition's prices.

Advertising and selling are the ways you get customers to buy. The good things your business does in town are called promotion. These are all important ways to help your business succeed.

You should keep good financial records so you will know how the business is doing. Then you can decide if you can expand your business or if you need to cut it back.

To own and operate a successful sewing service business, you need training in fashion design, work experience, and the special business management skills we have covered in this module. You may not have had a course in fashion design. Then you should take one before deciding to own a sewing service business. You can learn business management skills through business classes, experience, or by using the advice and example of an expert.

QUIZ

1. List three personal qualities an owner of a sewing service should have.

- a. _____
- b. _____
- c. _____

2. List three special services a sewing service owner can offer to compete well.

- a. _____
- b. _____
- c. _____

3. List at least two legal requirements you will have to meet to open a sewing service.

- a. _____
- b. _____

4. When you choose a site for your business you should consider:

- a. parking
- b. competition
- c. possible income
- d. rent
- e. size of your business
- f. all of the above

5. Information that does not need to be included in your business description is:
- the number of employees you plan to hire.
 - the target customers.
 - a complete list of your supplies or merchandise.
 - services you will provide.
6. Which of the following would need to be in your financial plan?
- How much money you made in your last job
 - Money for emergencies
 - How much money your parents make
7. Betty Miller's starting expenses for her new sewing service are \$18,000. She had \$2,200 of her own that she had saved. Her grandmother gave her \$4,500 as a gift. How much money will Betty need to borrow?
8. Which information should be included in a job description?
- Salary, benefits, hours
 - Personal qualities, age, sex wanted
 - Address, type of special service, directions to the store
9. If this were the only information you had, which person would probably make the best sewing operator?
- A person who really needed a job
 - A person who cannot work under pressure
 - A person who had factory experience in the garment industry
10. List at least three ways to find an employee.
- _____
 - _____
 - _____

11. List the three things you should ask in a person-to-person reference check.

- a. _____
- b. _____
- c. _____

12. List the three steps involved in doing the work of any business.

- a. _____
- b. _____
- c. _____

13. For sewing services, the retail price of a garment is usually how much larger than your cost?

- a. Twice
- b. Three times
- c. Four times
- d. None of these

14. List three advertising methods used to attract customers to a business.

- a. _____
- b. _____
- c. _____

15. List four types of information included on a sales slip.

- a. _____
- b. _____
- c. _____
- d. _____

16. Which of the following information does a daily cash sheet include?

- a. Cash sales and payments
- b. Cash sales, payments, and profits
- c. Cash sales, payments, and debts
- d. Cash sales, payments, profits, and debts

17. A newly opened tailor shop shows sales of \$45,000 on the Year 1 record, cost of goods sold of \$22,000, and total expenses of \$10,000. Compute the following:

Net Profit _____

Profit Ratio _____

Expense Ratio _____

18. The best way to find out whether your business is as successful as other similar sewing service businesses is to compare:

- a. prices
- b. workers' salaries.
- c. operating expenses.
- d. profit ratios.

19. List three things you could do to increase your salary in your sewing service business.

- a. _____
- b. _____
- c. _____

20. List two kinds of changes you could make in your services in order to increase sales.

- a. _____
- b. _____

PROJECT PRODUCTS

Entrepreneurship Training Components

<u>Vocational Discipline</u>	<u>Module Number and Title</u>
General	Module 1 - Getting Down to Business: What's It All About?
Agriculture	Module 2 - Farm Equipment Repair
	Module 3 - Tree Service
	Module 4 - Garden Center
	Module 5 - Fertilizer and Pesticide Service
	Module 6 - Dairy Farming
Marketing and Distribution	Module 7 - Apparel Store
	Module 8 - Specialty Food Store
	Module 9 - Travel Agency
	Module 10 - Bicycle Store
	Module 11 - Flower and Plant Store
	Module 12 - Business and Personal Service
	Module 13 - Innkeeping
Health	Module 14 - Nursing Service
	Module 15 - Wheelchair Transportation Service
	Module 16 - Health Spa
Business and Office	Module 17 - Answering Service
	Module 18 - Secretarial Service
	Module 19 - Bookkeeping Service
	Module 20 - Software Design Company
	Module 21 - Word Processing Service
Occupational Home Economics	Module 22 - Restaurant Business
	Module 23 - Day Care Center
	Module 24 - Housecleaning Service
	Module 25 - Sewing Service
	Module 26 - Home Attendant Service
Technical	Module 27 - Guard Service
	Module 28 - Pest Control Service
	Module 29 - Energy Specialist Service
Trades and Industry	Module 30 - Hair Styling Shop
	Module 31 - Auto Repair Shop
	Module 32 - Welding Business
	Module 33 - Construction Electrician Business
	Module 34 - Carpentry Business
	Module 35 - Plumbing Business
	Module 36 - Air Conditioning and Heating Service

Related Resources

Resource Guide of Existing Entrepreneurship Materials
Handbook on Utilization of the Entrepreneurship Training Components