

Entrepreneurship Case Study

Terri's Tempting Gifts has been in operation for 11 years. Terri and her late husband Tom opened the small business investing most of their personal savings. Tom died suddenly a little over one year ago. Terri, age 53, continues to operate the business. She plans to do so until her retirement in about ten years. Terri has three grown children who live out of state. They visit several times a year but have no plans on taking over the family operation.

When the business first opened Tom and Terri prepared a lengthy business plan to secure bank financing to accompany their personal savings. Tom managed the day-to-day operations of the store while Terri selected merchandise and waited on most of the customers. Terri continues to attend market twice a year purchasing the most up-to-date merchandise for the store.

Terri's Tempting Gifts is located in a small community of approximately 5,800 people. The town has three major employers: a small manufacturing plant employing 125 people, a medium-security state-operated prison employing 115 people, and a meat processing plant employing 80 people. The store is located along the downtown city square across from the post office. The store is open from 9:00 a.m. to 5:00 p.m. six days a week. Two big display windows face the post office. Terri is proud of the fact that she changes the window displays promptly on the first of each month.

The store offers a wide selection of small, unique gifts along with an assortment of tasty candies and international coffees. Terri recently added a small assortment of silk flowers and helium balloons. A major retail chain store is located on the edge of the city next to the community's only supermarket. The closest real competitor for Terri is located in a shopping mall approximately 80 miles away. Two local florists offer a wide selection of silk flower arrangements. They also deliver balloons with their floral arrangements upon request.

Regular customers know they can find the "perfect" gift if they shop at Terri's Tempting Gifts. As a service to her patrons, Terri will gift-wrap and deliver anywhere in town free of charge. Local customers can charge their purchases. Currently Terri has accounts receivable of about \$4,000. Customers are served promptly since seven part-time employees rotate shifts in the store. Terri tries to keep four part-time employees working each day. Lately several people have commented that Terri spends a lot of time in the local coffee shop about one block from the store. Terri visits the coffee shop three times each day and always slips a few dollars out of the cash register before each trip to pay for her coffee and snacks.

Terri feels that advertising is very important to the image of the store. Tom used to coordinate a promotion each month. Terri just takes the easy approach now and buys advertising from either the local newspaper or radio station – depending upon which salesperson walks through the door first each week.

As Terri opened the mail today, she received two notices from suppliers that she is behind on her payments. Her bank note of \$450 is due next week. She only has eight more bank payments to make and her loan will be paid off, leaving the store debt free except for current obligations. The part-time employees must be paid at the end of the week. Terri looks at the business checkbook and realizes that she barely has enough money to cover the expenses this week. She starts to worry about next week. What recommendations do you have for Terri and for the future operations of Terri's Tempting Gifts?