

# SCHOOL-BASED ENTERPRISE

### Definition

A school-based enterprise (SBE) is a simulated or actual business conducted within a school. It is designed to replicate a specific business or segment of an industry and assist students in acquiring work experience related to their chosen career cluster.

### Rationale

Many communities do not have sufficient numbers of businesses and industries to provide opportunities for students to gain extensive work-based experiences in the private sector. In this case, school-based enterprises can be utilized to fill the void.

Three basic types of businesses that may be incorporated as school-based enterprises are retail, service, and manufacturing. The most common enterprises currently in existence in Kentucky schools are retail and service enterprises: banks, school stores, boutiques, and greenhouses. The manufacturing enterprise includes endeavors such as sign-making, printing, and novelty production.

The production and distribution of the school newspaper is one of the oldest school-based enterprises at the secondary level. The newspaper provides journalism students with opportunities for hands-on activities that correlate with the curriculum in the journalism class. Other successful school-based enterprises include child care centers, school farms, construction projects, catering, stores associated with businesses such as grocery chains, and restaurants. Opportunities for school-based enterprises are limited only by the imagination.

School-based enterprises can provide many and varied experiences for students and local businesses in the community. These enterprises can offer students opportunities to develop an understanding of the kinds of work done in today's workplace. Students may be involved in "all aspects of the business" and can rotate among the various positions and tasks involved in the designated business venture. Students have opportunities to work with teachers and business leaders who can serve as mentors.

School-based enterprises provide students opportunities to

- utilize basic academic skills,
- gain experience in a work-related environment,

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- work as a team member,
- develop leadership skills,
- work with the teacher/coordinator and the advisory board to develop policies and procedures for the operation of an enterprise,
- become familiar with technology used in business, and
- develop an understanding of the economic system and its impact on society.

### **Steps in Planning and Implementing a School-Based Enterprise**

The first step in planning a school-based enterprise is communicating with the school administrator. This is the most important phase of any enterprise to its overall success. Time spent planning can save major headaches down the road.

1. Decide on the enterprise to be replicated.
2. Apply to recommended course within a career major.
3. Locate an appropriate site within the school.
4. Design a layout plan for the enterprise.
5. Secure funding and/or sponsorship (business partnership) for needed supplies and materials.
6. Secure supplies and materials.
7. Construct and equip the enterprise.
8. Train student workers.
9. Determine how finances will be handled.
10. Inform student body and staff of services available.
11. Conduct a grand opening (ribbon-cutting ceremony) of the enterprise.

### **Develop A Business Concept**

It is advisable that a written business plan with guidelines for operation be developed and sanctioned by the school curriculum committee and the school-based council or school board. When appropriate the business plan could be an agreement with a partnering business within the community, such as Kroger store. The business plan should, in general, be in agreement with that of the parent business serving as a model.

The first step in preparing a business plan is to develop the business concept. This is a brief statement of what the business will be and how the curriculum will relate to the enterprise. The concept must tell what makes the business unique and better than other businesses. To help in developing the concept, it is important to select a group of individuals to serve in an advisory capacity. This group should include representatives from business/industry, school personnel, and students.

### **Establish an Advisory Board**

In selecting the Advisory Board members, the school's teacher/coordinator should survey businesses and personnel to ascertain interest in serving in an advisory capacity in the planning and development of a school-based enterprise. The survey or fact-

finding may be done in a variety of ways such as questionnaires, proposal format, or personal interviews. Survey information will provide a basis for identifying business(es) interested in partnering with the school-based enterprise.

The Advisory Board can assist in helping to set goals; identifying various business enterprises which could be implemented in the school; providing guidance in strategic planning; and determining ways to secure financial support for the business venture(s). The Advisory Board can provide a broad perspective on good business procedures to be incorporated in the operation of the enterprise. The members also can serve as mentors to students and provide opportunities for them to job shadow or serve as an intern prior to the opening of the school business.

### **Conduct Market Research**

The next step is to do a market research to determine what customers/students want so the business can tailor its products or services to the needs of consumers. There are four main areas to research before starting the enterprise: competitor, consumer, product/service, and labor.

There should be an investigation of the costs involved in establishing the enterprise. A list of equipment to purchase and an estimate of monthly expenses must also be prepared.

Setting a price for the product will be a critical business decision. There are two basic criteria in establishing price: Is the price competitive, does it cover costs and percentage of mark-up?

Once these areas of research have been conducted, the business plan will be complete. This plan is the blueprint for the business and should include at least the following elements:

- the business concept,
- a set of business goals,
- a timetable for starting the business plus a schedule of the business hours,
- a personnel plan to address job descriptions, student selection and schedules, staff development, and
- an estimate of the costs involved and the profits expected.

Before proceeding further with the development of the enterprise, work through the school administrator and board attorney to determine what, if any, government registration and regulation might apply to the operation of the enterprise.

### **Steps in Implementing a School-Based Enterprise**

The planning phase is directly related to the implementation process. Once a decision has been made regarding the designated school-based enterprise, students with the

help of the teacher/coordinator will determine the equipment and supplies needed for the business.

Each school-based enterprise will need a variety of equipment and supplies. When ordering and selecting equipment, fixtures, or supplies, keep in mind the space allocation and the types of services the enterprise will provide.

The implementation process involves

- locating and purchasing equipment, furniture and supplies; making price comparisons for purchasing equipment, materials, and supplies;
- determining who is authorized to purchase merchandise;
- identifying personnel authorized to make purchases for the enterprise; developing procedures for paying for equipment, fixtures, and supplies; and identifying procedures for record keeping, such as paying for merchandise, inventorying, and reporting lost, stolen, or damaged items.

Step two in this process involves setting up the facility. Using the floor plan designed in the planning process, install equipment to facilitate efficient operation of the business. The facility should be stocked by students as a component of the training plan.

Operational procedures are contingent upon the organizational structure of the specific school-based enterprise. Procedures should include instruction on generic responsibilities such as

- roles and responsibilities of employees;
- operation of equipment (e.g., cash register, computer);
- accounting procedures;
- stocking of merchandise and caring for facility;
- work schedules for employees;
- inventorying procedures; and
- rules and regulations impacting the business.

A school-based enterprise is to be an integral component of class instruction. The experience should provide students with opportunities to explore real-life business situations. Additional procedures to be integrated into the curriculum include components relating to management, security, and evaluation of employee performance. The purpose of an evaluation is to give student employees feedback on how they are performing in the school-based enterprise. The evaluation can also serve as a basis for determining when a student has mastered the responsibilities of a certain position and is ready to progress to another position. An overall evaluation of the effectiveness of the school-based enterprise is multi-faceted and includes factors as

- school usage of the enterprise,
- profit/loss margins,
- class participant's evaluation, and
- evaluation by advisory committee.

### **Legal Issues**

Review Administrative Regulation 705 KAR 4:231 (Section 5) General program standards for secondary career and technical education. (See Appendix B, Resources.)

### **Staffing for School-Based Enterprises**

Staffing is one of the first steps a school must take in establishing a school-based enterprise. The individual chosen should be an educator who is or has been directly involved with the curriculum content related to the enterprise.

The individual may serve in a variety of capacities, including consulting with students in the development and operation of the business and services. He/she may also serve as a job coach, mentor, or liaison with business and industry as well as coordinator. Specific criteria should be carefully considered as the staffing decision is being made for the school-based enterprise.

The coordinator should

- be a certified teacher in the school system and a member of the teaching staff at the school where the school-based enterprise is located;
- have a working knowledge of workplace skills required by the business/industry which is being replicated as a school-based enterprise;
- have a working knowledge of the technology used by business and industry in the application of the school-based enterprise;
- have roles and responsibilities written into the school-based enterprise business plan;
- assist in designing, developing, and implementing the school-based enterprise;
- align the school curriculum with the school-based enterprise goals, objectives, and activities;
- work collaboratively with business, industry, and community leaders; and
- address the *legal* responsibilities pertaining to the coordinator, school-based enterprise, and the business community in the development of the business plan.

### **Resources**

Business Plans That Work--Gives entrepreneurs and small business owners an easy-to-follow guide for writing effective business plans. Include models that can be used to analyze potential business opportunities. [www.marked.org](http://www.marked.org)

DCA Inc.--an on-line operational guide for starting and Managing a School-Based Enterprise. [www.schoolbasedenterprises.org/guide.htm](http://www.schoolbasedenterprises.org/guide.htm)

Entrepreneurship Class Package--A number of instructional activities that cover what it takes to start, organize, and manage a business. [www.marked.org](http://www.marked.org)

Federal Reserve System, 4105 Fifth Street, Louisville, Kentucky 40202.

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Financial Services I and II Curriculum available from the Kentucky Department of Education, Career and Technical Education Division, 502-564-3775.

Kentucky Bankers Association, 325 West Main Street, Suite 1000, Louisville, Kentucky 40202, 502-582-2453. [www.kybanks.com](http://www.kybanks.com)

Kentucky Council on Economic Education, 11601 Bluegrass Parkway, Louisville, Kentucky 40299. [www.win.net/econ.ky](http://www.win.net/econ.ky)

*“Who’s Minding the Store? A Guide for Educators Working with School-Based Learning,”* NCRVE, June 1999. Rick Larson 800-639-7652.  
<http://www.ncrve.berkeley.edu>

Check other state department of education websites for additional resources, (e.g., Georgia Department of Education). <http://www.doe.k12.ga.us/>