

FOCUS

ON

Micro and Home-Based Business

Oklahoma Cooperative Extension Service • Oklahoma State University
Winter 2000

Owning your own business is the American dream. During the 1990's many people realized that dream and started a business. According to the United States Department of Labor, from 1989 to 1999 the number of self-employed people rose to 17.8 percent, showing a 4 percent gain. That number had remained virtually unchanged during the 70s and 80s.

So what will the new millennium mean for entrepreneurship growth? Will it mean continued growth or has that period ended? According to John Challenger, writer for *The Futurist*, the trends that drove the growth in entrepreneurship during the 90's - wanting to be in control, more family time and increased financial rewards - will continue to entice entrepreneurs in the foreseeable future. In addition, he predicts that several new trends such as retirees starting businesses, technology enhancements, a change in how young workers view the corporate environment and increased demands for work flexibility, will further expand the number of small business start-ups.

Like the rest of the nation, Oklahoma citizens are participating in the movement to self-employment. Many of them are opening micro (five employees or fewer) or home-based businesses. According to Oklahoma Department of Commerce such businesses represent more than 90% of all Oklahoma's businesses. Each month home-based business owners represent approximately one-half of all new business registrations.

The Oklahoma Cooperative Extension Service provides help to these micro business owners. Business success is not guaranteed. Research and experience show that business owners who have help are more likely to thrive. Through the efforts of OCES, business owners have access to educational materials and programs and a resource for questions. This issue of *Focus* describes some of our efforts to support and encourage successful business ownership. We welcome your suggestions for the continued growth of the program.



Lynda Harriman

Associate Dean/Assistant Director,
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OKLAHOMA COOPERATIVE
EXTENSION SERVICE



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YOUTH PRACTICE BUSINESS SKILLS DURING MINI-SOCIETY

Youth Entrepreneurship - Mini-Society

Businesses do not start on their own. Businesses start when individuals accept the risk and choose business ownership as a career path. Earlier this year, Oklahoma State University and Langston University implemented the Marion Kauffman Foundation's Mini-Society® program. This program teaches children, ages 9-12, entrepreneurial concepts through experience-based learning. Children learn how to identify business opportunities and then develop a profitable business that meets that demand. This summer the first classes were taught. The following are reports from those sessions.

One week in June, several youth attended a week-long educational activity entitled Mini-Society. The activity was promoted throughout Okfuskee County. Those youth attending the 24 hours of Mini-Society consisted entirely of 4-H members. During the week, the youth learned about such business concepts as scarcity, competition, monopoly, copyrights, trademarks, profit, loss, etc. by participating in stories like "The Kingdom of Rum Tum Tum", playing Business Bingo, viewing and answering questions from learning centers. At the beginning of the week, the Okfuskee County participants through a democratic process selected the society's name as "Earpsville" after the peace officer of the 1800's. Their currency that was designed and distributed were called "buckshots".

Each of the participants chose a business venture in which to earn buckshots for market days and for the auction held on the final day. Business ventures included sign-making, newspaper, bank, loan institutions, blueprint shop, supply store and various makers of "fine crafts". Ownership options were sole proprietorships, partnerships and corporations.

A pre- and post-test comprised of key business concepts was administered. The average score for those taking the pre-test was a 32.5 and the average score on those taking the post-test was a 91.8. When asked "What was your favorite part about Mini-Society", most of the comments were "making your own business", "making money from your business", "got to sell stuff", etc.

Janell Maples

Extension Educator, Okfuskee County

Midget Land

Member of Midget Land (alias youth enrolled in the Broken Arrow Schools summer program at Vandever Elementary) formed their Society on July 17, 2000. Nineteen participants between the ages of 8 and 11 worked together to form a society, approve a flag, develop a currency (Midget Bucks), select officials and agree on duties for each member of the group.

Grant funds from the Marion Kauffman Foundation enabled these children to experience the Mini-Society program. Tulsa County Extension Educator Barbara Tricinella, aided by OSU intern Diana Reynolds, led the weeklong program.

Citizens of Midget Land created a variety of businesses ranging from an ear-ring manufacturer to a bowling alley to a teddy bear sculptor. Some of the businesses were highly successful while others struggled. These challenges demonstrated well the concepts of scarcity, supply and demand, and marketing, just to mention a few.

The week's work culminated in an auction. Items created by Midget Land citizens were auctioned off as well as a few other popular items. The comment heard over and over was "When can we do this again?"

Barbara Tricinella

Extension Educator, Tulsa County

Micro & Home-Based Business: Family Income and Community Economic Development

Individuals and families throughout Oklahoma are looking for opportunities - opportunities to control their lives, to make more money, to spend more time with their family. Similarly, community leaders are looking for economic development opportunities. A win-win situation is created when both individuals and communities can achieve their goals through the same means. That means exists in the development and support of micro businesses.

Over the years micro businesses have proven themselves as a key factor in economic expansion. Micro businesses offer **income opportunity for families and economic development for communities**. The U. S. Census Bureau reports that micro businesses represent 88% of all the nation's businesses. They generate one-half of the Gross Domestic Product and have been the source for nearly 70% of all new jobs. In a 1989 nine-state study of home-based businesses, it was found that they averaged nearly \$18,000 in net income.

Because of the opportunities that micro businesses represent for families and communities, the OCES has encouraged their growth. As part of OCES, the Micro Business Resource Office *facilitates, supports and encourages micro and home-based entrepreneurship development and growth through outreach, education and research*. This has meant educational materials, workshops and one-on-one assistance. The encouragement of youth as entrepreneurs is a relatively new focus for the office.

This newsletter will introduce you to some of our efforts. A 1999 follow-up of client contacts indicated that 28% decided to start a business. That means potentially an additional \$1.2 million dollars into the local economy. Please contact your county office for help in starting your business.

Glenn Muske

Micro and Home-Based Business Specialist

Rogers County Mini-Society

Creativity is truly one of the building blocks of entrepreneurship and some of the most creative minds among Rogers County youth participated in the first annual Mini-Society in June.

Twenty-one youth, between the ages of 8 and 12, took part in the Mini-Society Day Camp. This week-long day camp emphasized entrepreneurship in a "learning by doing" format.

These fifteen boys and six girls named their society the "Saving Society" and chose "blades" as the name of their currency. The original denominations of the currency were 3, 15, and 30; but the members of the society learned that the math was too hard and doing business was too confusing. They voted to change the currency to more familiar 1, 5, and 10 denominations.

Members of the society designed a flag. They elected a treasurer, pay masters and money cutters. They selected jobs for which members of the society could get paid every day. They individually and in partnerships began to open businesses. Materials for products were available for purchase with society currency from the Warehouse.

The types of businesses were as varied as the participants themselves. Traditional arts and crafts were popular. The Saving Society had a travel agent. A group of entrepreneurs produced and sold televisions and a group of sports enthusiasts developed a miniature golf business.

The members of the Society produced products and crafts; they learned about scarcity; they conducted market research; and they learned about other business concepts such as promotion, partnerships, monopolies and competition.

Results of the pre-test, post-test evaluation revealed that overall participants increased their knowledge of entrepreneurship by an average of 10%. Some participants increased as much as 60%. All participants responded that they would participate again. Mini-Society will be replicated in June 2001.

Cynthia Griffith

Extension Educator, Rogers County

Youth Entrepreneurship

Another Oklahoma Cooperative Extension Service youth entrepreneurship ef-

fort is through the 4-H program. Building on the successful "Don't Bag It" campaign, *Lawn Care and the Environment: Learn to Earn* introduces youth to a business opportunity based on environmental friendly lawn care. Contact your local county office for more information about this program.

Lawn Care and the Environment Workshop

The Alfalfa County Oklahoma Cooperative Extension Service offered a Lawn Care and the Environment workshop in Cherokee. Six participants attended the one-day program that provided information concerning lawn care, lawn equipment, lawn safety, different types of lawn mowers, entrepreneurship and talking to your customers.

Shelly Davis, Extension Educator, family and consumer sciences/4-H youth development and county Extension director, presented this program. The class began with participants writing a check to themselves in the amount of money they wanted to earn over the summer. The checks were sealed in envelopes and handed to the instructor to be opened at the end of class. The class then reviewed information concerning grass maintenance and identifying grasses and weeds that are common to Oklahoma. The participants received educational material on small engines and discussed the three common types of mowers. Students were utilized during the class as presenters reviewing the parts of the lawn mowers, lawn mowing safety and equipment, as well as the importance of changing your mowing pattern from time to time.

To conclude the day's activities, participants brain stormed on how to interact with their customers and participated in role-playing. They also opened the sealed envelopes that contained the checks they had written at the beginning of class. The checks were used to discuss how to price their services. Expenses such as fixed and variable costs must be considered.

Each participant completed a pre-test and post-test during the workshop. At the end of the summer, part three of the evaluation was sent to the participants and their parents for additional comments. One of the questions asked to the participants was

if any of the information from this program benefited them. All comments received replied that they learned to mow their lawn using different mowing patterns. One question asked to the parents was about the value of information they perceived their child gained from the program. The parents replied that the students were better aware of how to use the mower and were able to take better care of the equipment.

Shelly Davis

Extension Educator, Alfalfa County

Assisting the Adult Entrepreneur

The Micro and Home-Based Business Office focuses on helping the micro and home-based business owner get started. The following article shows one success story from our efforts.

An alternative to a 9-5 job for a Nowata County new mother was to start her own home-based business. Valarie Collier, Nowata, has been involved in teaching dog handling classes to adults and 4-H'ers for several years. When her young son was born, Valerie chose to quit working full-time and turn her knowledge and skill of dogs into a dog-grooming business. This would allow her to still have an income as well as to be at home with her son.

To get started, Valarie contacted Dorothy Gibson, Nowata county FCS educator, and obtained fact sheets and videos to gain information on the legal aspects of a home-based business. She also received record keeping and advertising ideas. Valerie spent about six months planning and setting up her business of grooming, bathing and nail trimming for all breeds of dogs before opening in May. Within one month Valerie was booked full - working 30-40 hours weekly.

Valarie feels that the key to her successful home-based business is obtaining research-based information and planning prior to starting out. By learning the most effective ways to advertise, she was able to quickly expand her client base. Valarie's success shows the value of obtaining accurate and helpful information prior to starting a home-based business.

Dorothy Gibson

Extension Educator, Nowata County

Joint Effort with the OSU Food and Agricultural Products Center

On the third Thursday of every month, representatives of the Oklahoma Food and Agricultural Products Center (FAPC) and the OCES Micro and Home-Based Business Office deliver a one-day workshop for entrepreneurs interested in food-based businesses. These workshops have taken place since July 1999 and incorporate most aspects of business start-up and development along with a healthy dose of food manufacturing and safety information.

A number of invited speakers provide participants with information on good manufacturing practices, processing and storage facility requirements, developing product labels that will meet FDA guidelines, free and low-cost marketing services available through state-funded programs

and even how to secure trademarks for their products' names and logos. Having the opportunity to meet representatives from the agencies that will monitor their businesses allows program participants to have a variety of food business questions answered all at once. FAPC representatives and Dr. Glenn Muske, Micro- and Home-Based Business specialist tie this information together in program segments related to business planning and management, market assessment, legalities and liabilities associated with food-based businesses and the technical assistance available through FAPC.

Over the past year, the workshops have maintained an average of 11 participants per month with a near perfect male/female split. This level of attendance allows for more personal interactions between the participants and the presenters. So far, the workshops have attracted food business

entrepreneurs from 32 counties across Oklahoma, with some coming from as far as Guymon. Overall evaluations of the workshops show a 5.7 rating on a 6-point scale when asked if the workshop was a positive experience. Individual comments include:

Great workshop, well done, wonderful presentation, excellent personnel giving workshop"

It is something every person that wants to start a food business needs to attend. Thank you.

Wonderful session, I'm looking forward to working with OSU in the near future.

Very informative, friendly relaxed atmosphere, very interesting. I enjoyed each and every speaker and I appreciate what I learned here today.

Rodney Holcomb

Assistant Professor, Food Economist

FOCUS is a publication designed to direct attention to innovative Cooperative Extension Family and Consumer Sciences programs and to share program philosophy and updates of new and changing program directions. Your comments and suggestions for topics for future issues are welcomed and appreciated. Please send all correspondence to FOCUS, Family and Consumer Sciences Cooperative Extension, 104 HES, Oklahoma State University, Stillwater, OK 74078. FOCUS is published three times yearly by the Family and Consumer Sciences Cooperative Extension program.

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Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Sam E. Curl, Director of Oklahoma Cooperative Extension Service, Oklahoma State University, Stillwater, Oklahoma. This publication is printed and issued by Oklahoma State University as authorized by the Dean of the Division of Agricultural Sciences and Natural Resources and has been prepared and distributed at a cost of \$711.88 for 1,100 copies. #7936 1200 CK.

OKLAHOMA COOPERATIVE EXTENSION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
OKLAHOMA STATE UNIVERSITY
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