Entrepreneurship: Venture Formation for a Small Design/Build Firm

An Undergraduate Thesis Project

Presented To:
the Department of Landscape Architecture
Ball State University
Muncie, Indiana 47306

In Partial Fulfillment
of the Requirements for the Degree of
Bachelor of Landscape Architecture

by
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May 6, 1989

The Author wishes to extend his gratitude to the class instructor: Professor George Young, and to the member of his thesis advisory committee: Professor Gary Oliver, Department Landscape Architecture. Further thanks is extended to Professor Donald F. Kuratko, College of Business; Chairman of Small Business/Entrepreneurship Program, and special thanks to his parents and Grandparents for their support throughout his college career, and to Lisa Campbell, third year architecture major, for the typing of this thesis.
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PRELIMINARY STATEMENT AND PROBLEM ANALYSIS

General area of interest . . . Entrepreneurship and small business management in the design/build arena of landscape architecture.

Specific subarea of interest . . . How to start and run a small design/build practice.

Unanswered questions related to subarea of interest
1. How do the owners currently solve the question of being able to run a business successfully while providing a design for the client.
2. How do the inner operations of the firm work? Is it as a combined team? Are there many subdivisions within the firm?
3. How has their business been able to grow? Through referrals from past clients? Has their reputation been a source of their obtaining work? How does the company handle the construction and maintenance of their work?

Preliminary statement of the problem . . . How does a person set up a business operation?

Scope of the investigation
1. Research the aspects of starting and running a successful business whose aim is to make money.
2. Research into design/build firms that currently exist today in Chicago, to learn how they operate their design/build firms.
Specific objectives

1. Learn how to start and how to run a successful business.
2. Learn how to price and estimate job costs and profits.

Hypothesis or tentative solution. . . A small design/build firm can be successfully started and run through careful business managing and marketing.

Study procedures

1. Gather data on the running of a business and speak with business professors for guidance.
2. Study bid proposals, estimating, plant specifications and costs.
3. Visit design/build firms in Chicago.
4. Meet with small business administration personnel and study business plan formats.

Kinds of data required

1. Business information that deals with running and starting a business.
2. Existing design/build firm investigation into how they currently operate their businesses.
3. Learn the needs of the client and the client's site.
Recognizing and Avoiding Small Business Failure

In the article "Perceived Causes of Small Business Failures: A Research Note," the authors conducted a survey of 1,000 small business owners and managers with the purpose intended to determine the primary causes of small business failures. The information came from individuals in small businesses that had failed via supervised telephone interviews and a questionnaire. The participants came from randomly selected businesses that employed ten or fewer employees with a net worth of 200,000 or less. These participants were asked two important questions, which were:

"What do you think is the primary cause of small business failures in this country?" and "What do you think could be done to reduce the failure rate among small businesses?"

The participant answer to the first question for the primary cause of small business failure was "lack of management expertise," resulting in "undercapitalization/overextension," "high overhead," and "cash flow." Secondary causes were items that were uncontrollable, such as, "high interest rates," "federal regulations," and "the economy in general." Accordingly, the participant answer to the second question was to provide "better management education," however, one out of six participants did not know what could be done or whether anything could be done to reduce the failure rate.

The conclusions drawn from the survey indicate the need for "increased management education," which would improve the chances of small businesses succeeding, and the need to improve the economy and lower interest rates, which would benefit small businesses.

In the second article "Four Common Management Failures - and How To Avoid Them," by Tobias C. Carbone, the author discusses the pitfalls to good management in order for the small businessman or entrepreneur to recognize and avoid these pitfalls. Reckless money
management, failure to plan, sloppy recordkeeping, and ineffective staffing are the four pitfalls suggested for the businessman to avoid.

**Reckless Money Management**

"There are two basic objectives in managing finances: ensuring an adequate cash flow to pay bills as they become due and making business as profitable as possible." In other words, bankers and creditors accept only one type of payment, which is in the form of cash. A shortage of funds is a sign usually of operational problems, such as an excessive inventory or a warehouse of slow moving times.

**Failure to Plan**

Lack of planning has been attributed as the biggest problem of failing amongst struggling entrepreneurs. Preventing difficulties before they arise and knowing in what direction the business is headed, can allow the businessman to take advantage of opportunities that present themselves in the future.

**Sloppy Recordkeeping**

Poorly kept financial records have been proven to cause more problems for the struggling entrepreneur because he does not have an accurate picture of where his finances are in the business. "Your records should make it possible to have accurate statements of operating results and sales, costs, profit or loss, inventory levels and credit and collection totals." 

**Ineffective Staffing**

The staff that should be hired by the businessman are people who have strengths that can help the business. Successful firms hire employees who can perform, besides being able to get
along with other employees.

In conclusion, professional management skills must be a prerequisite in order to be successful as an entrepreneur in the ever changing economy and times of the present.

"There are many ways to describe a small business owner. However, the word used most often is entrepreneur. This is an individual who organizes, owns, manages, and assumes the risks of a business."4 Thus, the success or failure of the business rests solely on the shoulders of the entrepreneur and his abilities to manage the business. The primary cause of business failure was found to be the poor management skills, which resulted in sloppy recordkeeping, ineffective staffing, failure to plan, and reckless money management. "Successful entrepreneurs are high achievers."5 Thus, they are "action-oriented" and enjoy being a big part of their business to assure its success. Therefore, small businessmen must recognize and learn the cause of past business failures as discussed in the article, "Perceived Causes of Small Business Failures: A Research Note," in order to prevent making the same mistakes.
The Financing of a Small Business with the Help of a Business Plan

In the article, "Business Plans: Two Major Types" by Fred L. Fry and Charles R. Stoner, the authors explore the similarities and differences between the investment plan and the working plan. Also, they emphasize the benefits that both of these types of plans share through the research for the business. "The benefits of planning may include the determination of the unique nature of the business, an objective analysis of the competition, and development and specification of goals, objectives, and supporting strategies. Even more important, research evidence suggests that planning can facilitate small firm performance and success."6

The investment plan is prepared by small business owners or entrepreneurs with the sole purpose of obtaining financing from banks or other lending institutions. Obtaining the funding required, measures the success of the preparation of the plan. Included in the plan is vital information such as; the nature of the business and market, amount of money needed, sales and earnings forecasts, financial projections, makeup and strengths of the management team, and uses of the funds. The final plan that is submitted to the lender should be no longer than 10-15 pages. Investors take the time to just read the facts.

The working plan is prepared by the business owner for management, employees, and himself, with its focus on the successful strategies and the operations of the business. Success of the plan is measured through the planning process, the plan itself, and the achievement of the proposed goals. Included in the plan is vital information such as; competitor analysis, analysis of strengths and weaknesses of current operations, and analysis of economic, technological, and social trends in the businesses locality.
Both types of plans have similarities and differences in their purpose and content, however, it is important to note that they are both useful and necessary for the functioning and growth of small business.

In the second article, "How to Finance a Small Business" by William Wucinich, the author discusses the procedures a business owner would go through to obtain financing. He states, "Insufficient financing is a major cause of small business failure. In fact, Dun and Bradstreet ranks it as one of the nine major pitfalls of managing a small business."  

The first step is to determine the most appropriate loan request package. Thus, the owner has to analyze his firm by answering these four questions: Why do I need money?, How and when will I repay the money?, How much will I need?, and Can I afford the cost of the money? A detailed examination of the businesses operations and anticipated revenues and expenses is requires to answer these questions. The analysis will then enable the business to plan its financing needs.

The second step is selecting the right bank. "The firm should prepare a list of its banking requirements, including current and projected types of loans, credit limits, and special services such as factoring." After assessing these requirements, the business should then prepare a list of banks that can fulfill these needs, while at the same time valuing its business.

The third step is to determine a loan package. Information that is generally asked for in the package are items such as; general loan information about the business, personal information on the principal owners and their backgrounds, firm information on its history and current revenues, and the projections for these revenues by the month and year.
The last steps are requesting and obtaining the loan. In requesting the loan, if the owner has most or all of the information from the third step, his chances on receiving the loan increase. Thus, the business owner who is the most prepared for the interview with the lending institution, has the best chances of obtaining the funding he requests.

In concluding, a small business owner or entrepreneur has a crucial responsibility to his business to have or obtain adequate financing in order to avoid business failure.

In comparing the two articles, it was found that adequate financing was needed to make both the investment plan and the working plan successful in the functioning and future growth of small business. "A small business plan is a road map for the would-be entrepreneur." The road will be hard to travel if adequate financing is not obtained to either start the would-be company or to continue the successful functioning of the business. "No bank will loan funds without a detailed small business plan that shows what the company is going to do, its projected expenses and earnings, and its plans for repaying the loan." Thus, obtaining the proper financing is an integral part to the success of both the investment plan to start a business and the working plan to further the functioning and growth of the business. Without the investment plan; there is no loan, and likewise, without the working plan; how can the business owner predict his future financial requirements? Therefore, both plans are necessary in obtaining adequate funding for the small business for their separate purposes.
The Legal Environment of a Small Business

In the article, "Ignorance of the Small Business Legal Environment: An Entrepreneur's Condemnation to Failure," by Dr. Donald F. Kuratko, the author discusses a few of the basic legal problems that confront the entrepreneur in venture formation for his/her potential business. He states, "Once started, the legal environment continues to permeate the scope within which a small business must survive -- and survival is the key." Thus, the article stresses that entrepreneurs should have adequate knowledge of the legal environment in which they must operate.

The first step identified in the article for the potential entrepreneur is the conceptualization of the idea for the business. From this point, the entrepreneur must answer a series of legal questions pertaining to the following list of legal concerns:

- Patents
- Infringement
- Licensing
- Copyrights
- Fair Use Doctrine
- Trademarks
- Trade Names
- Trade Secrets

The second step is the start-up stage in which the potential business must take on a legal form. Sole proprietorship, partnership, and corporation are the legal forms to be considered by the entrepreneur. However, from this basic understanding of the legal forms other questions arise such as:

- What are S Corporations?
- What about limited partnerships?
- What about stock?

If these legal questions fail to be answered by the entrepreneur in choosing a legal form, then the decision is made for him, which can further compound legal problems facing the potential business.
The third stage in the business venture is the ongoing stages to the growth and continuity stages. In the ongoing stages, the entrepreneur is faced constantly with business transactions. The author states, "A business contract, for example, represents not only an economic relationship but also a legal relationship as well. Within the boundaries of a contract exist the rules for economic performance and the legal consequences for breach."¹² In today's economy, these legal consequences can be seen more so than at any other time, because of the rapid growth and continuity stages, the potential business is constantly going to be challenged by legal questions such as; taxes, regulations and ownership.

In concluding, Dr. Kuratko states, "The legal environment must be seen as a whole array of considerations for full understanding. This understanding could provide entrepreneurs with a stronger venture framework and future vision of clear benefits."¹³

In the textbook Effective Small Business Management by Dr. Kuratko, the author further elaborates on the legal environment that surrounds a potential business. Chapter Ten, entitled, "Selecting the Legal Form for an Organization," explores the advantages and disadvantages of the sole proprietorship, partnership, and corporate form of ownership. The author defines these three forms of ownership and their advantages and disadvantages as follows:

"A proprietorship is owned and controlled by one person. Some of the advantages it offers are certain financial advantages, lack of restrictions, secrecy, and personal satisfaction. Its' disadvantages include unlimited liability, limited size, and limited life.

"A partnership is an association of two or more persons to carry on as co-owners of a business for profit. The advantages include greater capital and credit, improved decision-making potential, improved chances for expansion and growth, and definite legal status. On the other hand, the drawbacks include unlimited liability, continuity problems, management problems, and size limitations.

"Most large businesses in this country are corporations. As a small business increases in size, this legal form of organization warrants attention. Some very important advantages include limited liability,
"indefinite life, growth potential, managerial efficiency, and transfer of ownership. On the other hand, the disadvantages include heavy taxation, high organizing expenses, government restrictions, and lack of secrecy."\textsuperscript{14}

These three forms of ownership and their variations (such as an S Corporation) should be clearly understood, before deciding what form of ownership would be best for the potential venture. Chapter Ten discusses these advantages and disadvantages in further detail, while the article touches on these forms of ownership in order to identify them for further study by the reader.

Chapter Twenty Three entitled, "Legal Concerns of Small Business" discusses in depth the regulations faced by small business that he touched briefly on in his article, "Ignorance of the Small Business Legal Environment: An Entrepreneur's Condemnation to Failure." In the article he states, "A person who is involved in business is also involved in the law concerning business. Making contracts and using negotiable instruments -- both of which are legal concepts -- are the essence of business."\textsuperscript{15} In comparison, he states in Chapter Twenty Three, "the small business owner-manager must understand the basics of contract law, keeping in mind that there is no substitute for a competent lawyer."\textsuperscript{16} Thus, businesses are intertwined with contract law that involves potential legal problems in virtually every aspect of the business such as: transactions with suppliers, customers, employees, and competitors."

"The five essentials of a contract are agreement, consideration, contractual capacity, legality, and reality of consent."\textsuperscript{17} These five parts of a contract are essential for the owner/manager to understand in the successful operations of the business.

In concluding, the readings emphasize clearly the need for a thorough knowledge and consideration by the entrepreneur for the legal form a business should enter into, while also understanding the legal environment that surrounds business in today's economy.
Footnotes


2. Ibid., p. 38.

3. Ibid.

4. Ibid.

5. Ibid., p. 39.

6. Ibid., p. 69.

7. Ibid., p. 71.

8. Ibid., p. 72.

9. Ibid., p. 73.

10. Ibid., p. 259.

11. Ibid., p. 260.

12. Ibid., p. 261.

13. Ibid.

14. Ibid.

15. Ibid., p. 262.

16. Ibid.

17. Ibid., p. 263.
"Landscape Architecture is primarily a fine art, and as such its most important function is to create and preserve beauty in the surroundings of human habitations and in the broader natural scenery of the country, but it is also concerned with promoting the comfort, convenience and health of urban populations."

- Dr. Charles W. Elliot

**Design/Build Firms**

What is “design/build” in the profession of landscape architecture? In the profession, it is one of the hardest terms to define because there are several variations found for this term “design/build,” such as:

1. A nurseryman with landscape architects on staff who designs and installs small residential landscape projects.
2. A landscape architect who feels that complete control over a project is necessary and has contracting capabilities.
3. A landscape contractor who bids on installing designs other than his own and who also provides design services.
4. Design/build companies that have two distinct divisions. A design and a build division with each division responsible for turning a profit at the end of the year. This arrangement if organized around the basic roots of the practice, however, it is the least common type of design/build firm found in operation.
5. Design/build firms that rely for the majority of their work on continual maintenance programs.

In the past, landscape architects, who were members of the American Society of Landscape Architects, found reasons to separate design from build operations because of their
ethical code. The authors of the first "Official Statement of Professional Practice: The Practice of Landscape Architecture," published in 1911, stated "landscape architecture was both an art and a science and that the practitioner received compensation for services given (advice and drawings based on his or her technical and aesthetic training) and not from a "hidden or speculative profit on materials supplied" or labor employed. "Thus, they firmly distinguished in their published statement that landscape architects did not build the designs they developed for their clients."1 At that time there was a theoretical and a practical reasoning for supporting this code. The theoretical reasoning in separating designing and building was in order to provide the client the higher skilled and trained landscape architect, who came from an educational background." The design professional was considered to have the responsibility and perspective to oversee the building practitioner as a system of appropriate checks and balances."2 Accordingly, the practical reasoning for separating designing and building was for financial checks and balances." It was deemed best to remove any temptations from the design professional which might skew his best judgements regarding the choice and use of materials."3

However, the combination of designing and building is one that comes natural as in other profession and arts such as: painting, sculpture, dentistry, and medicine. These fine arts and professions utilize materials that are an important component in the production of their products and services. Thus, it at times is ironic that in the past and even in the present there seems to be a need to separate designing from building in the landscape architecture profession.
Design/Build Focus

The design/build firms focus of combining designing with contracting stimulates a professionalism amongst many of the employees. This professionalism comes about in the firm because it knows by installing and building the design, it will not only be seen by the clients, but by potential clients. Therefore, the company is responsible for purchasing and providing quality material and also installing the material in a professional manner and in some cases, continued maintenance.

Design/Build Involvement

The design/build firm is involved in the project from start to finish. This involvement allows the design/build firm to make alternations in the design in response to the actual conditions of the site. "Pioneer landscape architects such as Fredrick Law Olmstead, Jens Jensen and Tommy Church recognized the need for controlling designs in the field, setting the precedent for today's landscape and garden creators to be on the work site to guide the execution of their designs." Consequently, "A design company with contracting capabilities can make and implement these changes much faster and with greater economy than separate entities concerned with little beyond their limited responsibilities." Furthermore, with this combination in the firm of being both designer and contractor, the company can make the necessary changes easier, while at the same time perhaps saving the client time and money. Lastly, the creation of the design by the designers and contractors in the same company can produce in the end result an achievement of quality for the firm and clients.

However, it should not be overlooked to keep the client involved throughout this design process and construction phase. They should be encouraged to help select the plants and the
construction materials because ultimately the landscape belongs to them to enjoy for the coming years.

**Design/Build and Maintenance**

The design/build firm that provides a maintenance division in their firm, has the ability to keep the landscape as it was designed and intended. "Maintenance is the capstone to the design/build process. Because it takes three-to-five years to establish a landscape, the end product is only as good as the maintenance." If plants are allowed to become overgrown, the design is sacrificed and the future appearance of the landscape is lost.

**Learned Skills**

The landscape architect is offered by the design/build firm various educational opportunities. "There are many advantages to working in the design/build arena, advantages that novice landscape architects should become familiar with before selecting that first employment opportunity. The design/build form of practice offers experience in:

- Business Training
- Construction
- Graphics
- Management Skills
- Construction Techniques
- Design Proficiency
- Estimating
- Plant and Hard Materials
- Sales
- Supervisory Experience."
Design/Build Advantages

The most important benefit found in design/build firms is the fact that one firm controls the design and the building of the project. Thus, "Communication is centralized; overhead expenses are reduced through shared use of stationery, office space and equipment, cars and trucks, and accounting and clerical services." This provides for cost effectiveness and efficiency between the firm and the client. The project may not be less expensive, however, landscape architects working in this field know what plant and hard construction material will work in the installation phase of the project. Consequently, if a change is needed on the site, delays are reduced in time, because the landscape architect is on the site overseeing the construction.

A second advantage is that teamwork is developed amongst employees easier in the design/build field. This teamwork is fostered because if there is a problem with the construction drawings, then this will effect the personnel in the construction phase of the project. "There is a feeling of responsibility within the project team, and the realization that a single member cannot successfully accomplish the entire project by himself." This teamwork leads to improved quality in the design and construction drawings within the firm and for the client. Thus, public relations are improved because; "most clients find that having a landscape architect supervise both the design and installation stages will lead to a better product."

Design/Build Disadvantages

The most important disadvantage for the design/build firm is that the firm needs a "steady stream" of projects that will keep both the design and build divisions of the firm busy. Without this "steady stream" of projects, employees, who have been extensively trained by the
firm, may have to be laid off and be permanently lost to the firm if they find employment elsewhere. This will result in the firm having to spend time and money in training new employees.

A second disadvantage for design/build firms is that they need accurate time records and accounting records. If accurate records are not kept for every aspect of the business, job efficiency is affected and results in a poor job costing system.

Lastly, communication is a key element in the design/build firm. Communication between employees of both divisions must be kept open to take advantage of various employee expertise, and in order for the firm to run smoothly. Therefore, "the entire fabric of the firm must be understood by everyone, and those in the firm must be truly committed to a spirit of sharing. Weekly meetings should be held with all managers to tie down loose ends and discuss new issues on a continuing basis." This communication throughout the firm is vital for the firm to run smoothly and efficiently.

In conclusion, design/build firms offer many advantages, as noted in the preceding, for the client and landscape architect. Advantages that make the design/build field of landscape architecture a viable profession to enter not only for the landscape architect, but for clients wanting a quality project that may or may not be less expensive.
Footnotes


2. Ibid., p. 15.

3. Ibid.


5. Ibid.


9. Ibid.

10. Ibid., p. 10.

11. Ibid., p. 11.
"Survival and success are the goals of every contemporary entrepreneur. Yet with a 60 to 80 percent failure rate during the first five years of existence, small business ventures need a solid foundation to build on. It is becoming clear that "Managerial incompetence" is the most frequent cause of failure, and thus a potential entrepreneur needs to analyze himself or herself carefully before deciding to pursue a venture."¹

The following exercises are provided for the potential entrepreneur as the first step in evaluating his or her traits, abilities, skills, desires, etc. Analyzing one's personal abilities is the most important phase for the prospective entrepreneur. Thus, he should spend time in answering the questions honestly because they are important in determining his successful future.

Mr. Ron Tisdale, in considering becoming a potential entrepreneur, took this first step and through the following exercises he evaluates his traits, abilities, skills, and desires. He is presently interested in starting a small business venture in the landscape architectural design/build profession. He is considering becoming an entrepreneur because he would like to be his own boss and be responsible for the success or failure of his venture. This responsibility would pose a challenge for him and allow him to exercise his abilities in all the aspects of the business venture.

Footnotes

Exercise A
Entrepreneurial Assessment

Listed below are a number of characteristics that have been indicators of entrepreneurial success. It is unlikely that any one person is exceptionally strong or weak in all of these dimensions. Assess yourself for these traits; be honest and realistic in ranking yourself. Put a check next to the phrase that best describes you. Try to give an example of a behavior or experience that supports your opinion.

1. Drive and Energy Level: Amount of personal energy, ability to work actively for long hours with less than normal sleep.

   ✓ Definite  Could Use  Definite
   Strength  Improvement  Weakness

Give a personal example that illustrates this: I have learned to work actively for long hours with very little sleep over the course of the past five years in the landscape architecture program. Many class projects took considerable time in meeting their deadlines.

2. Self-Confidence: Level of one's self-confidence: a belief in yourself and your ability to achieve your goals and a sense that events in your life are self-determined.

   Definite  ✓ Could Use  Definite
   Strength  Improvement  Weakness

Give a personal example that illustrates this: I need improvement in the presentation of my projects. This improvement is not for a lack of self-confidence in my ability but for a lack of confidence in speaking in front of a group of people.

3. Commitment to Long-Term, Future Projects: Working toward goals that may be quite distant in the future, implies a total immersion and concentration on the attainment of distant goals.

   ✓ Definite  Could Use  Definite
   Strength  Improvement  Weakness
Give a personal example that illustrates this: In June of 1986, I designed a residential landscape for a family in Muncie, Indiana in a series of phases to meet the client's budget. The project has been implemented over a period of three years. I have worked closely with the client in completing the long-term goal of their 'complete' landscape design.

4. Money as a Motivator: Money in the form of salary, profits, or capital gains viewed as the measure of what you have accomplished—as a way of keeping score—rather than the procurement of luxuries or the achievement of power.

- [ ] Definite  - [ ] Could Use  - [ ] Definite
- Strength  Improvement  Weakness

Give a personal example that illustrates this: During college, I have designed and built several freelance residential landscape projects. The money I have made on these projects wasn't as important as what I have learned and accomplished for the various clients.

5. Persistent Problem Solving: Intense and determined desire to complete a task or solve a problem; a strong determination to get the job done.

- [ ] Definite  - [ ] Could Use  - [ ] Definite
- Strength  Improvement  Weakness

Give a personal example that illustrates this: When a problem confronts me, I work to find a solution. In my freelance work, I have had to solve problems such as finances, obtaining plant material, locating plant and construction materials that were 'suitable', and client relations in order to complete a job.

6. Goal Setting: Ability and commitment to set clear goals and objectives that are high and challenging but realistic and attainable.

- [ ] Definite  - [ ] Could Use  - [ ] Definite
- Strength  Improvement  Weakness
Give a personal example that illustrates this: 

7. Moderate Risk Taking: Preference for taking moderate, calculated risks where the chances of winning are not so small as to be a "gamble" nor so large as to be a "sure thing" but rather provide a reasonable and challenging chance of success.

- Definite
- Could Use
- Definite

Strength Improvement Weakness

Give a personal example that illustrates this: I had a chance to design and build in one phase a large residential landscape for a new home. However, this large project would have been a big risk in taking because it would have consumed all of my time during a period when I was completing my thesis for college.

8. Dealing with Failure: Attitude of disappointment but not discouragement in the face of failure; ability to use failures as learning experiences and to better understand your role in causing the failure in order to avoid similar problems in the future.

- Definite
- Could Use
- Definite

Strength Improvement Weakness

Give a personal example that illustrates this: I tend to become discouraged in the face of failure and tend to lose interest in the project because of this discouragement. Thus, instead of finding the reasons for this failure, I look for projects that will be a success without a risk of failure.

9. Taking Initiative and Seeking Personal Responsibility: Desire to seek and take initiative and to put yourself in situations where you are personally responsible for success or failure of the operation; taking the initiative to solve problems or filling leadership vacuums and liking situations where personal impact on problems can be measured; self-reliance.

- Definite
- Could Use
- Definite

Strength Improvement Weakness
Give a personal example that illustrates this: I have worked for three years as a supervisor for a large commercial cleaning company. I directed the work of three crews. Also, my initiative is shown through the various design/build freelance projects that I have implemented.

10. Competing against Self-Imposed Standards: Desire and tendency to establish your own standard of performance that is high yet realistic and to compete with yourself.

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Could Use
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Could Use
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Give a personal example that illustrates this: I have problems sticking to a schedule. During my thesis project in college, I tended to fall from my schedule of segments of my project that needed to be completed at a certain time. Thus, I fell behind and became pressed for time.

11. Internal Locus of Control: The belief that one's accomplishments as well as failures lie within one's personal control and influence, rather than being determined by luck or other external, uncontrollable events and circumstances.

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Give a personal example that illustrates this: I believe that one is limited only by what one tells himself he can or cannot accomplish. I designed a system of lights around an entryway without the knowledge of installation or hiring techniques. However, I overcame this problem by studying and reading the correct procedure.

12. Tolerance of Ambiguity: Ability to tolerate and live with fairly constant modest to high levels of ambiguity and uncertainty concerning job and career security and work-related events. Sufficient self-confidence that job security and permanency are not important.

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Give a personal example that illustrates this: When the commercial cleaning company lost a contract my job was in jeopardy. However, I moved on with the added knowledge I gained from my supervisory position.

13. Accommodations to the Venture: Extent to which the entrepreneur’s career and venture are treated as the number-one priority—above family, community, etc.

✓ Definite Strength
__ Could Use Improvement
__ Definite Weakness

Give a personal example that illustrates this: Long hours spent at two consecutive jobs during the summer months of my college years was needed to finance my education. Thus, my education was a number-one priority leaving little time for family and friends.

14. Total Immersion: Ability to become totally immersed in and committed to the building of the business; willingness to invest life savings, reduce income as much as one-half in start-up and early years; building the business seen as a way of life.

✓ Definite Strength
__ Could Use Improvement
__ Definite Weakness

Give a personal example that illustrates this: In order to finance my college education, I worked long hours, sometimes 6-7 days a week. In order to ensure the success of the business, a salary is not an important aspect in the business.

15. Creativity and Innovation: Extent to which one possesses an orientation and career anchor that places great value on creative, innovative work and derives personal satisfaction from it, rather than doing the routine or merely doing a difficult task better.

✓ Definite Strength
__ Could Use Improvement
__ Definite Weakness
Give a personal example that illustrates this: I chose the landscape architectural field for the diversity of projects that face the practitioners. These projects allow for creative and innovative work that provides personal satisfaction on the completion of the projects.

16. Knowledge of the Business One Wants to Start: Extent to which one has thorough and proven operating knowledge of the business to be started. (Leave blank if you have no idea or experience.)

- [ ] Definite Strength
- [ ] Could Use Improvement
- [ ] Definite Weakness

Give a personal example that illustrates this: I have worked for a design/build firm in every aspect of the business: Sales, client, designer, client consulting, proposal pricing, design, installation, and project management.

17. People and Team Building: Extent to which one has demonstrated the capacity to attract, motivate, and build a high-quality team whose capable management skills, know-how, and personal styles meet the needs of the venture.

- [ ] Definite Strength
- [ ] Could Use Improvement
- [ ] Definite Weakness

Give a personal example that illustrates this: As supervisor of a janitorial crew, I have had to work with a crew of less than desirable employees. Thus, motivating the crew into doing quality work was always a hard obstacle to overcome and frustrating.

18. Economic Values: Extent to which one believes in and is committed to the conventional economic and financial values of the American system of free enterprise, such as profits, capital gains, private ownership, earnings per share, etc.

- [ ] Definite Strength
- [ ] Could Use Improvement
- [ ] Definite Weakness
Give a personal example that illustrates this: Through my management 341 class in college, I have come to the realization that our economy is based on the free enterprise system. 80% of the population is employed by small businesses. Thus, it is an important aspect of the economy.

19. Flexibility: Extent to which one's business conduct tends to be defined by and adaptive to the demands and needs of each situation rather than by rigid rules of conduct applied uniformly regardless of different conditions and circumstances.

- [ ] Definite Strength
- ___ Could Use Improvement
- ___ Definite Weakness

Give a personal example that illustrates this: In working with clients, both for a firm and freelance, one has to be very flexible in one's business conduct. Clients also come and go very easily and one has to be flexible to each situation.

20. Integrity and Reliability: Extent to which one is highly respected for dependability, reliability, and honest dealing.

- [ ] Definite Strength
- ___ Could Use Improvement
- ___ Definite Weakness

Give a personal example that illustrates this: In my freelance design projects, future referrals were dependent on word-of-mouth. Thus, I had to have these qualities to sell myself and work to the clients and potential clients.

---

Summary of Entrepreneurial Skills

Taking into account all the entrepreneurial skills and abilities mentioned above, rate yourself on the following scale:

Very Weak
Very Strong

Could Use
Some Improvement

LOW
MEDIUM
HIGH
### Exercise B
### Management Skills Assessment

(Check the appropriate place on the scale below)

<table>
<thead>
<tr>
<th>Major Strength</th>
<th>Area of Needed Improvement</th>
<th>Major Weakness</th>
</tr>
</thead>
</table>

#### 1. Marketing Skills
- A. Market Research and Evaluation
- B. Marketing Planning
- C. Product Pricing
- D. Sales Management
- E. Direct Selling
- F. Distribution Management
- G. Product Management
- H. New-Product Planning

#### 2. Financial Skills
- A. Raising Capital
- B. Cash Flow Management
- C. Credit and Collection Management
- D. Short-Term Financing Alternatives
- E. Familiarity with Public and Private Stock offerings
- F. Bookkeeping and Accounting
- G. Specific Skills: Cash Flow Analysis, Break-even Analysis, Contribution Analysis, Profit and Loss, Balance Sheet

#### 3. Administrative Skills
- A. Problem Solving
- B. Communication
- C. Planning
- D. Decision Making
- E. Project Management
- F. Negotiating
- G. Personnel Administration

#### 4. Interpersonal and Team Skills
- A. Leadership
- B. Listening
- C. Helping
- D. Feedback
- E. Conflict Resolution
- F. Teamwork
- G. Developing Standards
- H. Climate Building
5. Knowledge of Applicable Law
   A. Corporate Law
   B. Contract Law
   C. Patent Law
   D. Tax Law

6. Operations/Technical Skills
   (Not all of these may be applicable to every business.)
   A. Manufacturing Management
   B. Inventory Control
   C. Cost Analysis and Control
   D. Quality Control
   E. Production Scheduling and Flow
   F. Purchasing
   G. Job Evaluation

---

**Summary of Management Skills**

Taking into account all the administrative skills just identified, rate yourself on the following scale:

<table>
<thead>
<tr>
<th>Very Weak</th>
<th>Needs some Improvement</th>
<th>Very Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW</td>
<td>MEDIUM</td>
<td>HIGH</td>
</tr>
</tbody>
</table>
## Exercise C
### Entrepreneurial Goal-Setting

Identify the three goals that you believe are your highest priority goals for this venture. For each one, write down in the space below all the activities, tasks, or steps you can take to help you attain the goal and all the obstacles or hurdles that you feel can prevent you from reaching your goal.

<table>
<thead>
<tr>
<th>Number 1 Priority Goal: Marketing</th>
<th>Activities, etc.</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Becoming involved w/comm. groups</td>
<td>- Building reputation</td>
<td></td>
</tr>
<tr>
<td>- Advertising extensively</td>
<td>- Advertising</td>
<td></td>
</tr>
<tr>
<td>- Watching for leads in publications</td>
<td>- Finding a target market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Keeping enough client projects on drafting table to support the business</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number 2 Priority Goal: Management Development</th>
<th>Activities, etc.</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Hire hard working employees</td>
<td>- Control over future crew when I'm gone</td>
<td></td>
</tr>
<tr>
<td>- Provide incentives</td>
<td>- Marketing the business</td>
<td></td>
</tr>
<tr>
<td>- Find capable project manager</td>
<td>- How will I ensure quality service if I am not a part of build division actively</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number 3 Priority Goal: Client Relations</th>
<th>Activities, etc.</th>
<th>Obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Developing in employees a sense of pride in their work</td>
<td>- Training employees to work in a professional manner,</td>
<td></td>
</tr>
</tbody>
</table>
Exercise D
Entrepreneurial Summary Assessment

1. What do you find least attractive about the demands of entrepreneurship, especially during the first few years?
   1. The risk of failure
   2. The heavy taxation and government regulations

2. What do you find most appealing about entrepreneurship?
   1. Being one's own boss
   2. The creative aspect of the design work
   3. Working with the clients

3. What now appear to be your major entrepreneurial strengths and weaknesses?
   A. Strengths
      1. Strongly motivated to work the long hours needed in the initial stages of the business
      2. Have considerable experience and education in this field
      3. Enjoy working closely with the client
   B. Weaknesses
      1. Motivating team members
      2. Strong weakness in business methods and practices

4. What are the implications of these assessments for your current venture? Is this really for you? What kinds of partners would you need?
   I believe I have the qualities and skills needed. In the future partners are an option if the business goes through rapid growth.

5. What other issues or questions have been raised for you at this point that you would like answered?
   1. How will the business be financed in the early stages?
   2. How hard will it be to keep track of and how hard will it be to keep track of monthly payments, taxes, etc.
Exercise E
Personal Considerations for the Entrepreneur

These questions allow the entrepreneur to examine several preferences related to his or her personal life and how these could influence business and life-style choices.

1. Where would you like to live?
   Community        Size
   ______ 1 Urban
   ______ 2 Rural
   ______ 3 Suburban

   Any particular State [Indiana]
   City [Indianapolis]

   Why do you make these choices? Familiarity to the area and family connections.

2. How far do you want to live from work?
   ______ Less than 15 minutes
   ______ About 30 minutes
   ______ More than 30 minutes

3. How many hours a week do you want to work?
   ______ More than 70 hours, 6 days a week
   ______ 5-6 days, 55-60 hours a week
   ______ 5 days, 40 hours a week

4. How much would you like to be away from home on business travel?
   ______ More than 60 percent of the time
   ______ 30 percent to 60 percent of the time
   ______ Less than 30 percent of the time

5. What type of family life do your prefer?
   ______ Single
   ______ Married, no children
   ______ Married, with children (How many? ___)

6. How involved do you expect to be in community affairs?
   ______ Very involved, want to be a civic leader
   ______ Average involvement, want to be known as a good citizen
   ______ Minimal involvement, just enough so as not to hurt my business

7. Does it matter whether your business has an effect on the environment or ecology?
   ______ Very concerned about this
   ______ Somewhat concerned
   ______ Not concerned about this
8. What is your desired standard of living?
   - I can get by on very little.
   - I want to be comfortable but not rich.
   - I want to make a lot of money.
   - I want to become very wealthy.

9. How important are status and prestige to you?
   - I need status symbols like fancy cars, a large house, expensive clothes, etc.
   - I like these status symbols but can live without them.
   - I have no desire for these symbols.

10. When you think about what you want out of your work life, which of the following are (code) VI = very important, I = important, or NI = not important?
    - Make a lot of money
    - Use my skills and education
    - Make a contribution to society
    - Have time for family life
    - Have time for recreation
    - Interact with people
    - Be free from pressure and worry
    - Be my own boss
    - Be secure
    - Other __________________________

11. What size business would you like to own and operate?
    - Less than $1 million sales and under 30 employees
    - More than $1 million sales and 30 employees
    - More than $10 million sales and 300 employees

12. What rate of growth do you want from your business?
    - Fast—over 20 percent per year
    - Moderate—10 percent to 20 percent per year
    - Slower—Less than 10 percent per year

13. How will you finance your business?
    - Personal savings, house, etc. [How much: $5,000]
    - Friends and family [How much:_________]
    - From a bank [How much: $20,000]

After completing these questions, you should spend some time reflecting on your answers. Do you honestly think you can achieve your personal goals if you start your own business? These are important concerns for your future, and it is important to think about them. List below the items that cause you the most concern.

ITEM
1. Company law
2. Government regulation and taxation
3. Company finances
Assessment of Entrepreneurial Exercises

On reflecting on the answers he gave, Mr. Tisdale believes that he can achieve his personal goals in starting the business venture that he is interested in forming. On the Entrepreneurial Skills Assessment Chart, he ranks very strong in the majority of questions that he answered, which assess if he possesses the characteristics that are indicators of entrepreneurial success. The other exercises he completed brought to his attention factors concerning starting a business venture that he would need to realize before proceeding to the next step.

At this point, Mr. Tisdale is ready to begin his venture formation of the business. Thus, the next step is for him to write the business plan of the potential business. This plan will determine if the business is feasible and has a chance for success. After completing the segments of the plan and the questions to be answered in these segments, the plan will then be presented to a financial institute. If financed, the entrepreneur will have achieved success in the venture formation of his potential business!

The following is the business plan for Enviro Design, Inc., a landscape architectural design/build firm.
Enviro Design, Inc.: A Business Plan
Enviro Design, Inc.

Statement of Purpose

This financial proposal, presented by Ron Tisdale, was prepared in pursuit of obtaining financing for Enviro Design, Inc., a landscape architectural design/build firm to be located in Greenwood, Indiana. Enviro Design, Inc., is seeking a Term Loan in the amount of $20,000.00. The funding is essential as financial statements indicate, for this start up venture to successfully operate as a landscape architectural design/build firm. Through the profits generated by the business, Mr. Tisdale calculates the full repayment of the term loan by the end of March 1995. Mr. Tisdale will invest $6,000.00 of his own capital in this business venture.

Sources and Applications of Funding

Sources:

Bank Loan:

1. Term Loan .......................................................... $20,000
2. Owner’s Investment ........................................... $ 5,000

Total ........................................................................ $25,000

Applications:

Rent (Security Deposit 1st and last month) ......................... $4,000
Equipment storage ......................................................... 342
Telephone ................................................................ 1,200
Licenses/Permits .......................................................... 50
Advertising .................................................................. 2,400
Insurance .................................................................... 1,500
Administrative (CPA & Legal) ....................................... 1,500
Truck .......................................................................... 12,000
Reserve for Contingencies ............................................. 1,208

Total $25,000
Enviro Design, Inc. will be a “full service” landscape architectural design/build firm located in Greenwood, Indiana in the Greenwood Professional Building. The firm will target the middle-to-upper class homeowner market and the commercial businesses that are locating in this rapidly expanding community. The other target market is in the Carmel community that is experiencing the same rapid expansion as is found in Greenwood.

Enviro Design’s philosophy will be that no matter how much a successful landscape may change in the seasons and years to come, Enviro Design, Inc. will remain committed to quality design and service. The services that the firm will offer the potential client are; landscape design, installation, and maintenance programs. The firm will offer a unique service that presently is not offered in Indianapolis, with the utilization of a design questionnaire. This questionnaire’s purpose is to keep the client involved throughout the design process in order to tailor the client’s responses into a highly personalized custom landscape. Other firms in Chicago, Scott Byron & Co., and Martin Associates, have found that the use of such design questionnaires prove successful.

Mr. Tisdale, the principal of the firm, understands the need for an excellent operational team and will strive to hire bright, hard working employees. Extensive training and incentives in the form of increased responsibilities and monetary gains, will be offered to employees in return for quality, professional service that will be expected in their service to the potential clients. Mr. Tisdale is confident that these professional services can be offered to the client as they are outlined in the business plan.
The Marketing Segment

First, Enviro Design, Inc. will be targeting a market consisting of persons between the age of 30 and 55 years old. These age ranges would account for those people entering the middle-to-upper class income bracket. The firm's potential clients would be the young homeowners interested in building their new home for their future families, and the present older homeowners interested in building is another target a new second home, after their children have grown. Secondly, commercial business is another targeted market. When residential developments are built, commercial businesses follow hand-in-hand.

The target market is located in the Greenwood and Carmel communities, in the Indianapolis area. Greenwood is located in Johnson County to the south of Indianapolis, while the Carmel community is located in Hamilton County to the north of Indianapolis. Johnson County's population is currently 86,100, with an 11 percent change in population growth since 1980. Hamilton County's population is currently 98,100, with a 19.6 percent change in population growth since 1980. (See Appendix A; Demographics Research). Populations of these counties are expected to continue to grow, as the communities expand due to the influx of business and middle-to-upper class that are attracted away from the city of Indianapolis.

Additional markets can be found in these communities. Johnson County consists not only of the city of Greenwood, but also of the towns of Bargersville, Franklin, and Trafalgar. These bedroom communities of Greenwood are also experiencing growth from the Greenwood community's rapid expansion. Likewise, in Hamilton County, besides the city of Carmel, the Fishers community is also in the county. According to the planning commissioners interviewed in both Greenwood and Carmel, the populations are expected to continue to grow at 18% due to the rapid expansion of business moving to these counties.
**Competition**

Twelve design/build firms are located in the Indianapolis area and specifically in the Greenwood and Carmel communities. The competition can be categorized as two types, primary and secondary. (See Appendix B: Design/Build Firms).

**Primary Competition**

**Greenwood**

In the Greenwood market, there are two primary competitors that will affect the sales and profit margin of Enviro Design, Inc. These competitors are Maschneyer's Nursery and Landscaping, in Whiteland, and Dhondt's Willow Creek, Inc., in Greenwood. Both firms operate as nurseries, with landscape architects on staff. They have been in business in the Greenwood design/build market for over ten years. Presently, these two companies have a strong hold on the market shares for a number of reasons such as; they offer free design services, nursery plant material for retail sale, and their long established involvement in the community has helped build their reputations.

**Carmel**

In the Carmel market, there are several primary competitors that will affect the sales and profit margin of Enviro Design's. These competitors are: Altum's Landscaping Co., in Carmel, The Bush Co., in Zionsville, Ronald F. Howe Inc., in Carmel, Frits Loonsten, Inc., in Indianapolis, and Gundown Gardens, in Indianapolis. Three of these firms operate in the same business manner as will Enviro Design, Inc., in that they have a separate design/build division.
The other two firms operate nurseries along with their design/build operations. These companies have been in business for over fifteen years, and thirty years in the case of Frits Loonsten, Inc. Thus, Enviro Design, Inc. will be entering a market where many clients are served by and are knowledgeable about the operations and costs involved with a professional design/build firm.

**Secondary Competition**

**Greenwood**

The two secondary competitions for Enviro Design, Inc. in the Greenwood market are; Selig Landscaping and Tree Service and M-R Grumpy Landscaping, Inc. Both are located in Greenwood. These firms are very small and have been in business for less than eight years. While they have a small share of the market, they are for the most part unknown in their Greenwood market, for the majority of homeowners. They do not have strong marketing plans because they do not advertise and do not have landscape architects on staff.

**Carmel**

In the Carmel market, the secondary competitors consist of; Eagle Creek Nursery, Inc., in Indianapolis, Pro-Care Landscapers, Inc., in Carmel, and Engledow, Inc., in Indianapolis. These companies are considered secondary competitors because they have been in business fewer years than the primary competitors and they do not have as strong or as prestigious a reputation.
The Marketing Plan

According to Birnberg Associates, "Eighty percent of the design firms in the U.S. have total staffs of nine people or less. Marketing does not come easy for these small firms because:

- Marketing is not recognized by all principals as important.
- Some design professionals believe that they shouldn't have to market; that it is unprofessional!
- Principals are afraid to sell and market.
- Necessary skills are lacking.
- Client's immediate needs are always put first.
- Discipline for a sustained marketing effort is lacking.
- Crisis management prevails in the firm.
- A written, measurable marketing plan is lacking.

Marketing is the most important aspect of running a design firm. Without effective marketing, the most talented and capable designers or technicians will be unable to fulfill their potential. Today, with few exceptions, successful firms got that way through effective marketing.

Marketing cannot be delegated: you must take an active role."¹

As a start-up venture, Enviro Design's first step is to develop a strong marketing plan. Initially, Mr. Tisdale realizes that as principal of the firm, he will have to devote 35 to 45 percent of his time to marketing the firm and its services, as noted by Birnberg Associates. Enviro Design, Inc. will strive to build its reputation with the public on the firm's philosophy that no matter how much a successful landscape may change in the seasons and years to come, Enviro Design, Inc. will remain committed to quality design and service.

In marketing this philosophy of Enviro Design's, Mr. Tisdale plans to utilize a combination of marketing procedures. One such procedure is the traditional method of advertising in the phone book, utilization of direct mail brochure, and advertisements in popular homeowner and business magazines such as; Indianapolis Monthly and Indiana Business.
Journal. These advertisements will cost $800.00 a year, and will be in publications that reach the residential homeowner and the commercial business owner.

A second method of marketing that will be utilized is the networking/old boy method. "This is the main method of marketing by most small design firms. It involves by making personal contact with prospective clients through individual networks. These networks generally are developed through club memberships, civic organizations, family connections, and current/past clients." This method of marketing will be time consuming and take 20 percent of Mr. Tisdale's efforts in marketing Enviro Design, Inc.

Lastly, the firm will utilize the passive marketing method of identifying and pursuing project leads through the network, newspaper, and The Dodge Reports. Thus, by using a combination of known marketing methods, Mr. Tisdale will strive to gain a market share for Enviro Design, Inc. in these targeted design/build markets in Greenwood and Carmel.

In marketing plan, the design questionnaire was developed as an aid by Enviro Design, Inc. to encourage client involvement throughout the design process. Also, the questionnaire will aid in pricing of the design projects. This type of questionnaire is a unique service provided to the client in the Indianapolis area. However, design/build firms in other cities such as; Chicago and Boston utilize a similar questionnaire. In interviewing the principals of Scott Byron and Co., and Martin Associates, Mr. Tisdale has learned that the design questionnaire is an important tool in assessing the client's needs and in providing the client a "customized landscape." Thus, in the pricing of the design and build service provided by Enviro Design, Inc., the client will receive a proposal tailored to his requests stated on the questionnaire. The proceeding pages are a copy of Enviro Design's design questionnaire and the direct mail brochure.

The goal of Mr. Tisdale's marketing strategy is to gain leads to potential clients and projects, while consequently building a strong reputation for the firm in the process.
Design Questionaire

Client involvement throughout the design process is very important to us. The more information you can give us at the beginning, the better we can make informed recommendations to accurately reflect your needs. The following questions have been developed to help you determine your specific needs and requirements. Your answers will be used as a guideline and reference during the preparation of your custom landscape solution by our design team. We ask that you complete the entire questionnaire and return it with the signed proposal. Thank you.

Name & Phone
First
Last
Office Phones
Address
City Zip
No. of Children & Ages
Pets
Hobbies

1. Please indicate your interest in addressing any of the following landscape features by ranking their importance on a scale of 1 - 3. One (1) being high priority and three (3) being low priority. Please feel free to make any additional notes or comments.

- entry enhancement
- driveway design/relocation
- address post/mail box
- post light (gas/electric)
- landscape lighting (front/back yard)
- walks around site
- dog run (size ________)
- trash storage (size ________)
- firewood location (size ________)
- air conditioner location/relocation
- vegetable garden (size ________)
- flower garden (size ________)
- herb garden (size ________)
- shade trees
- flowering trees & shrubs
- retaining wall
- drainage
- privacy plantings
- parking, number of cars
- solarium/greenhouse

- patio area (size ________)
- seating walls
- deck area (size ________)
- water feature
- spa
- pool (size ________)
- tennis court
- irrigation system
- fencing (decorative or privacy)
- arbors/trellises
- gazebos (size ________)
- screened porch (size ________)
- storage shed (size ________)
- children play area
- open yard space
- barbeque area (portable/permanent)
- wildlife area
- natural/prairie area
- containerized plantings
- other __________________________
D. Budget/Scheduling

Cost approach

☐ Work with starting budget of $ ____________________________

☐ Develop concepts, then establish budget

☐ For potential phased construction, please indicate:
  1. total construction budget ____________________________
  2. $ __________ phases at $ __________ over __ years

☐ Other ____________________________

☐ Desired construction schedule ____________________________

Please indicate any other preferences or requirements below.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
II. If you anticipate any architectural modifications to your house or garage, please explain below:


III. Yard activities: Please indicate present or anticipated frequency of each activity by checking the appropriate box.

- Barbeque grilling
- Dining
- Sunning
- Reading
- Playing active sports
- Vegetable gardening
- Flower gardening
- Watching wildlife


IV. Yard maintenance: Please check appropriate box.

- Maintain own yard (number of hours per week ___)
- Hire lawn service to maintain yard

V. Entertaining: Please describe how you would like to use your outdoor living areas for entertaining.

- Average number of guests
- Maximum number of guests
- Formal vs. informal entertaining
- Typical activities (games, dining, etc.)
- How often do you entertain?
- Typical age groups
- Special interests
VI. In each of the following topic areas, please indicate personal preference by checking appropriate box and making a small notation when necessary.

A. Design Style

- free form/curvilinear
- rustic
- low maintenance
- formal
- geometric
- naturalistic
- avant-garde
- other
- highly maintained
- symmetrical
- private
- historic
- modern
- traditional
- emphasis on color, which one(s)

B. Building Materials †

- asphalt
- brick
- concrete (smooth/aggregate)
- bluestone
- marble
- other
- cut limestone
- granite
- flagstone
- boulders
- wood (stained/natural/cedar/redwood/wolmanized)
- timbers/R.R.ties

† Please note color preferred if applicable.

c. Plant Materials †

- shade trees (light/dense shade)
- large evergreens (pine/spruce/fir)
- ornamental shrubs and trees with
  - flowers
  - decorative fruit
  - interesting shape
  - interesting bark
- low evergreen shrubs
- wildlife attracting shrubs and trees
- exotic (species and shapes)
- groundcovers
- spring flowering bulbs
- perennials/wildflowers/ornamental grasses
- annuals

† Please note any plants that you know and like/dislike or preferred colors for any of the above categories on lines provided.
convenience. Thank you!

Please feel free to contact us at your earliest

- enhance natural aesthetic values of property
- provide year round beauty
- property place driveways, pavers and walks,
- see the end result and avoid costly mistakes
- develop an overall design so that you can
- phases of your personal budget allows
- create a design that may be installed in
- beauty to enhance your home or business
- design and install a setting to provide

How can we help you?

Environ Design
Footnotes


2. Ibid.
The Service Segment: Office Location

Enviro Design, Inc. is located in Greenwood, Indiana, a city fifteen minutes south of Indianapolis in Johnson County. The firm's address is:

    Enviro Design, Inc.
    Suite 202
    Greenwood Professional Building
    360 South Madison
    Greenwood, Indiana 46224

The Greenwood Professional Building was chosen for the many advantages it offers over other locations. First, the building is situated in the core of the Greenwood Central Business District on Madison Avenue, which is a major transportation corridor to and from Indianapolis in the south.

Secondly, several professional offices and businesses are present tenants, (See Appendix C; Greenwood Professional Building), with the anchor office of the building being the Greenwood License Branch. These professional offices and businesses attract a high volume of customers each business day, thus Enviro Design's office is highly visible to potential clients, because these offices attract the middle-to-upper class. Also, ample parking is easily accessible and provided for the tenant's customers.

Thirdly, the rent for Enviro Design's office is $400 a month, with all utilities included for 450 square feet of space. This provides the firm with ample square footage of office space to expand in at a reasonable rate because the rent is cheaper than in other office buildings in Greenwood and contains more office space.

Lastly, the business is located ten minutes away from two large suppliers of wholesale plant material, (See Appendix D; Typical Wholesale Plant List). Brehobs Nurseries and Greenhouses is ten minutes to the north, while Maschmeyer's Nursery is fifteen minutes to the
south of the office. This provides easy accessibility to suppliers and result in a savings in time for the firm in plant material pick-up and orders.

The firm's equipment storage needs are met at National Self Storage, which is located a mile south of the firm's office on Madison. The storage contains 100 square feet of space and the rent is $28.50 a month. Thus, the equipment is located in easy reach of the office personnel and project manager.

The firm's labor supply for the project crews will be hired from the Greenwood and surrounding communities. The hired help will be paid $6.00 an hour and will be students from the local high school. When Enviro Design, Inc. becomes established and the company's sells grow, Mr. Tisdale will hire full-time employees and pay salaries between $8-$10.00 an hour. However, benefits will not be offered until Enviro Design, Inc. obtains a high volume of sells.
The key management roles in Enviro Design, Inc., are those of the owner-principal and the project manager. The owner, Mr. Ron Tisdale, currently has considerable experience in the design/build profession. He has worked for two years for Dhondt's Willow Creek, Inc., in Greenwood, Indiana in the position of residential landscape designer. His duties in this position included: meeting with clients and assessing their needs, designing and drafting the residential grounds and pricing and selling the proposal to the clients. Also, for three years during his college career, he designed and built independently, residential design projects for clients in the Munice, Indiana area, (See his resume in Appendix F). Thus, he has had experience in several aspects of the design/build profession in dealing with clients of an established firm and independently in his freelance projects. Mr. Tisdale will be graduating from Ball State University in August, 1989. He believes that his Bachelor of Landscape Architecture Degree has given him the technical qualifications to ensure the success of his business venture.
working individuals, in order for Enviro Design's future clients to come to expect good service, because service always ranks high on most client's priority lists. Employees will have an added incentive for "quality performance" in his job, in order to expect monetary gains for this "professional job performance."

**Supporting Professional Services**

In order to ensure continued success of the firm, Mr. Tisdale knows he will need a good accountant and a good lawyer. For this reason, he will enlist the services of Mr. Ken Scott, Certified Public Accountant, and Mr. Steve Jones, Attorney at Law. Mr. Scott's fee will cover the cost of his services, which include; handling all of the firm's financial records, monthly income and cash budget statements, and weekly payroll checks will be sent to the firm. Therefore, this financial segment of the business will be handled by a professional who is knowledgeable in keeping financial records, which will be critical in the operations of the firm.

Mr. Jones's services will be critical in the formation of the venture. As a lawyer, he will aid in the legal affairs of obtaining the necessary permits and licenses, while also drafting the necessary papers to start the S-corporation. This legal form of ownership was chosen for the protection it provides against liability of the owner and the type of liability insurance that is available for the firm, (See Appendix F for typical insurance certificate). In the future operations of the business, Mr. Jones will serve as a consultant for any additional legal matters of concerns that should arise to help ensure the business' success.
Critical Risks and Problems

The biggest risk for Enviro Design, Inc. is the fact that the firm is entering the Greenwood design/build market that is presently dominated by nurserymen who offer design services. These nurserymen have landscape architects on staff who design and install small residential landscape projects, while also selling plant stock to customers from the nursery. Conversely, Enviro Design, Inc. is a landscape architectural firm that has been set up with two distinct divisions. The firm is organized around the design services division and the contracting services divisions of the business. This form of design/build is a new service for the Greenwood area. Thus, a strong marketing plan is needed to advertise and educate the general public to the benefits and advantages that are offered in our services for this market.

Through client involvement throughout the design process, Enviro Design, Inc. offers a personalized and highly customized design project to meet the needs of the client. Whereas, currently the design/build nurseries that are in operation depend on a high volume of client calls to support their build divisions. In the peak seasons of spring and fall, these firms have upwards of 25-30 projects underway in the span of a week. These projects are usually designed in the course of 2-3 days and are presented to the client within seven-to-ten working days.

In the first year of operation, Enviro Design, Inc. will strive to have 3-5 projects underway during the span of a week, throughout the year. As a young business just starting out, the firm's principal, Ron Tisdale, will be the sole designer striving to build a solid, positive reputation for the firm in the community. Thus, if rapid expansion is warranted, additional landscape employees will be hired to fill the void.
In the Indianapolis area, the other targeted market for the firm will be the Carmel community. The biggest risk for Enviro Design, Inc. in entering this market is the fact that it is already dominated by several design/build firms, with two distinct service divisions. These design/build firms are numerous in this community because of the rapid growth of middle-to-upper class housing. Also, this community is home to two large reservoirs that are an added attraction to the growth of higher income housing. Another reason for the success of these firms is for the fact that they have been in business in this community for a number of years. Thus, they have built solid reputations in their community with a clientele that is knowledgeable of the workings of quality design/build professionals. The firms realize that these "knowledgeable clientele," demand a "full service" design/build firm to serve their residential and commercial design needs. Lastly, an attitude prevails in this community of "keeping up with the Joneses." The clientele wants and demands that their residential and commercial properties are of a professional quality, while at the same time striving to outdo their neighbors.

Ironically, the two target markets in the Indianapolis area, Greenwood to the south and Carmel to the north, have distinctly different risks involved in entering their markets. In Greenwood, the design/build market is dominated by nurserymen who have landscape architects on staff, while in the Carmel community, the design/build firms have two distinct service divisions that are operated by landscape architects. Also, in both the north and south, there are two distinct attitudes that prevail amongst the potential clientele in the communities. In the Carmel area, the clientele want professional design services in order to rival their neighbors, while in the Greenwood area, the clientele want the same professional quality in their design services, but are more practical and conservative in their attitudes.
Additional Risks

In the design/build business, people preference in their residential and commercial design involvement is vital if the design/build service is to be a success. If someone (the clientelle) is dissatisfied with the quality of their design, the plants selected and installed, the service of the build division, and even the attitude expressed by the employees throughout the design and build segments of the project, the client's "word-of-mouth" could make the difference between success and failure for the business. Management must always ensure customer satisfaction!

In any business, the owner-manager takes a risk, and there will always be problems that need attention. The difference between a good operations team and a bad one is that a good team is aware of potential problems and decides to take a calculated risk. Mr. Tisdale has made such a decision!

Potential Problems

According to Dr. Kuratko, Chairman of the Entrepreneurial Program at Ball State University, his surveys show that the primary reasons for small business failure lie in these areas:

1. Inefficent control over costs and quality of product
2. Underpricing of goods sold
3. Bad customer relations
4. Failure to promote and maintain a favorable public image
5. Bad relations with suppliers
6. Management's inability to reach decisions and act on them
7. Illness of key personnel