Case Study Unit: Athlete’s Warehouse*

Teachers Guide

Case study adapted from:

Case Study Brief Overview

This case study involves two brothers, facing a decision about whether, and where, to open an athletic-footwear and clothing business. The proposed business's target market would be people between the ages of 13 and 34 who are involved in some type of athletic endeavor from school sports to adult recreational activities.

The class will be divided into groups of about five students each, with each group given up to one-month (some teachers may choose to schedule less time for this project) to complete two tasks:

1. Write three mini papers, dealing with some general issues involved in launching and locating a business, and some specific issues related to the proposed Athlete’s Warehouse business.

2. Deliver a 10-minute presentation, accompanied by at least 10 PowerPoint slides, in which presenters will review the findings from their three mini papers and provide recommendations about whether the proposed business should be launched and where it should be located.

The teacher will score each group’s performance (i.e., the mini papers and presentation) using the included scoring rubric. On the day after the presentations, each student group will receive feedback on its presentation from the other students.
Title
Case Study Unit: Athlete’s Warehouse

Guiding Question
What can we learn from a case study about the decisions business people make when launching a new venture?

Materials
Handouts 1-6

Objectives
Students will be able to:
- gather research
- write mini papers
- work in groups
- create and deliver a presentation incorporating PowerPoint slides
- evaluate presentations of students

Teacher Background
Business educators use case studies to acquaint their students with the kinds of challenges entrepreneurs face in the real world. Working with case studies, students isolate and think through key issues, compare issues involved in the case against both theory and the real world environment, identify appropriate strategies for resolving conflicting goals, weigh the pros and cons of remedial options/strategies, and recommend and present a rationale resolving key issues.

The case study used in this instructional activity involves two brothers who are considering the launch of a sports shoe and clothing business. The instructional activities related to the case study have three parts:

- Part I “Introduction,” incorporating Handouts #1-3, in which the teacher will familiarize students with the facts / data related to the case study, assign class members to teams to tackle the case study tasks, and describe the tasks that the teams will be assigned (three mini papers and one presentation). After completing Part I of this activity, it is recommended that the teacher allows students a period of few weeks to complete the mini papers before submitting them for scoring and at least an additional week to prepare their presentations, which constitutes Part II of this activity. Between Parts I and II, students will need sufficient class time to meet to discuss the progress of their papers and rehearse their presentations;

- Part II “The Presentations,” incorporating Handouts #4 and 5, in which students will deliver presentations based on the three mini papers. While one group presents, the other groups fill out the feedback section of Handout #4; Make students aware that the teacher will be awarding each team a score, combining their performance in writing the mini papers and delivering their presentation; and

- Part III “Review and Feedback,” incorporating Handouts #4, 5, and 6, in which the students will offer each group feedback on their presentation. Part III should be
scheduled for the class after the presentations are delivered. Using Handout #5, “Rubric” as the basis, the teacher will score the three mini papers and presentation. Part III concludes with a discussion of the things business people in the real world consider before launching a new venture.

Here is a suggested calendar of activities, assuming the teacher allows one month (23 class periods) for the case study project. If the teacher thinks his / her class is capable, these activities can be condensed into a briefer period of time.

| Day 1: | Part I: Introduction lesson | Day 2: | Students meet in groups to:  
- discuss the case study project in general  
- set due dates for mini papers, and presentation script  
- assign roles of writers and presenters  
- clarify issues of concern with the teacher | Day 3: | Independent work on mini papers and presentation, as necessary | Day 4: | Independent work on mini papers and presentation, as necessary | Day 5: | Groups meet to:  
- review work and /or receive progress reports on mini papers  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Day 6: | Independent work on mini papers and presentation, as necessary | Day 7: | Groups meet to:  
- review work and / or receive progress reports on mini papers  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. | Day 8: | Independent work on mini papers and presentation, as necessary | Day 9: | Independent work on mini papers and presentation, as necessary | Day 10: | Groups meet to:  
- review work and / or receive progress reports on mini papers  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. |
| Day 11: | Independent work on mini papers and presentation, as necessary | Day 12: | Groups meet to:  
- review work and / or receive progress reports on mini papers  
- offer suggestions about the presentation and PowerPoint slides  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. | Day 13: | Independent work on mini papers and presentation, as necessary | Day 14: | Independent work on mini papers and presentation, as necessary | Day 15: | Groups meet to:  
- review work and / or receive progress report on mini papers and presentation  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. |
| Day 16: | Independent work on mini papers and presentation, as necessary | Day 17: | Groups meet to:  
- receive progress report / rehearse the presentation  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. | Day 18: | Independent work on presentation, as necessary | Day 19: | Independent work on presentation, as necessary | Day 20: | Groups meet to:  
- rehearse presentations  
- discuss issues of concern and, if necessary, bring them to the teacher’s attention. |
| Day 21: | Groups meet to rehearse presentations | Day 22: | Part II: Presentations and teacher scoring | Day 23: | Part III: Student feedback |
Teaching Strategies/Supporting Activities

Part I: Introduction

- Have students explain their answers to the following:
  - How many of you / your family members / your friends have purchased sports shoes or sports-type clothing over the past year?
  - Tell the class what you / your family members / your friends bought and why, where it was bought and why? Finally, why did you choose to buy sports shoes / clothing as opposed to other shoes or clothing?
  - Based on what we heard from the class and what you know about people your age, do you believe that opening a sports shoes / clothing business in the community where you live would be a good idea?
  - In deciding whether to open such a business and where, what pieces of information would you need to have?

- Distribute Handout #1, “Introduction.” Call on different students each to read aloud a different paragraph from Handout #1. After the reading is finished have students complete the exercise on the handout, then have them explain their answers to the following:
  - What do we learn about Colin and Ed Power from this handout?
  - Identify any information you can find in this reading that would give you confidence in the Power brother’s ability to operate a successful athletic shoe and fashion business.
  - Point to any information you can find that would lead you to believe that the Power brothers would have difficulties operating a successful athletic shoe and fashion business.
  - What relevant information is contained in the handout about the possible locations for the business?

- Divide the class into four sections. Distribute Handout #2, “Critical Information.” Each section should be assigned to read about a different one of the following four areas of critical information that appear on the handout: Market, Competition, Location, and Financial. After reading their area of critical information, students should pair with one other student in their section and 1) discuss what they read and 2) identify the three most important pieces of information they found in the reading that relates to: whether and where the Power brothers should open an Athlete’s Warehouse business. After each pair of students has a chance to discuss amongst themselves what they read and identify the most important pieces of information with their partner:
  - Call on volunteer-pairs from each of the four sections and have them present what they learned from their readings about 1) the market, 2) the competition, 3) the location and 4) financial situation related to the proposed Athlete’s Warehouse business.

- Have the class explain their answers to the following, as part of the whole-class discussion:
  - What are some of the things you learned about the market, the competition, the location, and the financials as they relate to the proposed Athlete’s Warehouse business, from the volunteer-pairs who just presented?
  - In making a decision about whether and/or where to open the Athlete’s Warehouse business, what was the one most important piece of information you learned from the presentations about:
the market,
- the competition,
- the location, and
- the financial situation.

Which of these four critical areas would you focus on most in deciding about whether and where the Power brothers should open an athletic shoe and fashion clothing business?

Besides knowing about the market, the competition, the location, and the financial situation, what other information would you want to have to answer the questions about whether and where should the Power brothers open an Athlete’s Warehouse business?

On Handout #2, Colin’s last words are “I'm sure we can make it.” Ed replied with uncertainty, “I think you're right but I don't want to lose my retirement money.” Based on what you have seen thus far, what would make you believe most strongly that the Athlete’s Warehouse business will succeed? What would give you the greatest doubts that the Athlete’s Warehouse business will succeed?

- Assign students to their case study teams by dividing the class into groups of about five students each. Inform the students that they will be working in these teams to complete all case study tasks, including research gathering, writing three mini papers, and making a presentation. Make an effort, in assigning students to these teams, to ensure that each group contains at least some students who possess leadership, writing, and presentation skills.

- Distribute Handout #3, “Case Study Tasks and Roles,” Handout #4, “Presentation Format, Content Outline, and Feedback,” and “Handout #5, “Rubric.” Make students aware that a score will be awarded based on the team’s combined performance that includes writing three mini papers and delivering an oral presentation. Have students read the handout(s), then have them explain their answers to the following:
  - What did you learn from this handout about the task of each group and the way these tasks will be scored?
  - What did you learn from this handout about the different roles group members will play?
  - Describe the kinds of skills the following group members will need to succeed at their jobs: the leader, writers, and presenters.
  - Which of the tasks called for in Task II on this handout will you find the most challenging?
  - Which do you think should be the three most important steps each group should be taking at this time to prepare for this activity?

- Provide students with due dates for Tasks I-A, B, and C (the three written mini papers) and Task II (the presentation), mentioned on Handout #3. Between the date you introduce the case study activity and the date for the presentations, allow a sufficient number of in-class meetings of the teams. These meetings will enable the teacher and leaders of each student team to assess the progress of the groups and provide time for presentation rehearsals.
Part II: Presentations

Today, each group will make its presentation, following the outline described in Handout #3 under “TASK II.”

- Immediately prior to the first group presenting, distribute Handouts #4, “Presentation Format, Content Outline, and Feedback” and Handout #5 “Rubric. Review the information on these handouts with the class before the first team makes its presentation. Tell students that they should complete the feedback section for each content area, by providing an evaluation rating and comments on Handout #4 while each group is presenting. Remind the class that you will be scoring each team’s performance (i.e. both the three written papers and oral presentation-awarding a combined score for both), using the rubric as a guide.
Part III: Review and Feedback

- On the day after the presentations, have students explain their answers to the following:
  - What did you learn from this case study activity about the kinds of decisions that entrepreneurs make about launching new businesses?
  - What were some of the things you liked most about using the case study approach?
  - Indicate some of the things you would have done differently using the case study approach if you were repeating this activity.
  - Identify any suggestions you have for making the case study activity better?

- Referring to the Feedback section on Handout #4, the class will provide its feedback on the presentations (i.e., evaluation rating and comments) to each group, one at a time. After the class provides its feedback, the teacher should provide his or her own feedback and score for each group’s performance (mini papers and presentation).

- Explain to students that the class will now compare what happened in this case study with what happens in the real world, when actual entrepreneurs evaluate a possible business opportunity. Distribute Handout #6, “Evaluating Business Opportunities.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What is this handout about?
  - What did you learn about evaluating business opportunities from this handout?
  - Which three, of the 14 questions, that appeared did you identify as the most crucial to ask in deciding whether to launch a business? Explain your answers.
  - If you were Ed and Colin Power, how would you answer these three questions for their proposed Athlete’s Warehouse business?
  - Which questions on Handout #6 did Ed and Colin focus on in deciding whether and where to launch the Athlete’s Warehouse business?
  - How would you compare the way Ed and Colin evaluated their Athlete’s Warehouse idea with the advice for sizing up a business opportunity that appears on this handout?
  - Were there any questions on Handout #6 that Ed and Colin didn’t consider, but should have?

Summary: Based on everything you learned from this case study activity, what is some of the advice would you give somebody who wanted to start an athletic shoe and fashion business?
Case Study Unit: Athlete’s Warehouse
Student Handouts
Handout #1, ‘Introduction
Directions: Over the next few weeks, the class working in teams of five members each, will engage in a case study activity. Case studies are written summaries of real-life business situations. Business educators incorporate case studies in their courses to acquaint students with the kinds of decisions business people are confronted with every day in the real world. Volunteers from the class will read aloud the handout below.

As it is being read, underline 5-10 sentences in the handout that contain the most relevant information about 1) the ability of Colin and Ed Power to operate a successful athletic shoe and fashion store and 2) the suitability of possible locations for the store.

After the reading, be prepared to answer the following questions:
- What do we learn about Colin and Ed Power from this handout?
- Identify any information you can find in this reading that would give you confidence in the Power brother’s ability to operate a successful athletic shoe and fashion business.
- Point to any information you can find that would lead you to believe that the Power brothers would have difficulties operating a successful athletic shoe and fashion business.
- What relevant information is contained in the handout about the possible locations for the business?

It was a cold day in February 2012 when Colin and Ed Power of Grand Falls were out for their daily training run. During these runs the brothers often discussed possible business ventures and the decisions they would face. This day the topic was whether they should open a quality sports shoes and clothing business and, if yes, where it should be located.

Colin Power, 30, was educated at Memorial University (MU) as a Physical Education teacher. He had competed at MU on the track team and at one time held the state record for the marathon. While teaching for a few years at MU, Colin continued his education and in 2008 returned to Grand Falls after completing the course work leading to a PhD in Physical Education. He accepted a position as a Physical Education teacher at the local high school in Grand Falls. Through supplier contacts he had initiated while at MU, he also began to supply jackets, uniforms, skis and ASICS running shoes on a wholesale basis to a number of the schools in the area. Ed, 46, Colin’s brother, was also an athlete having played goalie for the Grand Falls Moose in the Senior Soccer league. Since he finished playing soccer, Ed had taken up running and was an accomplished runner in the master’s (over 40) category. Ed was employed as a papermaker by the Abitibi-Price mill in Grand Falls.

In addition to teaching, Colin, with Ed’s help, organized a local track club in the fall of 2008. The purpose of the club was to encourage young people from all of the schools to participate in track and field. There were about 20 young people who joined the club that fall. They were offered coaching in every event from the sprints to high jumping. Although Colin enjoyed the coaching aspect of teaching he quickly became disillusioned with other aspects of the job. In January 2009, he left teaching to become the Executive Director of the Grand Falls Youth Association. At the same time he continued selling sporting goods to various schools and coaching through the track and field club.
In July 2010, Colin moved to Comer Brook as Executive Director of their Youth Association. In August of that year he and Ed opened their first store called Athlete's Warehouse in Comer Brook. The 300 square feet premises were leased in an older shopping district of Comer Brook. Colin managed the operation while his brother-in-law took care of the day-to-day running of the business. The following September 2011, in Grand Falls, Colin opened The Fitness Factory, a fitness center which concentrated on weightlifting and aerobics. As a sideline, the business sold a limited line of sports shoes and clothing. The center was located in the basement of the Town Square Mall, a newly renovated building downtown which used to house 'The Bay,' a bar. Other commercial tenants in the Town Square Mall included a craft store, a hair dressing salon, a dress shop, a Sports Experts branch, and a restaurant.

In December 2011, as a result of a reduction in funding experienced by the Comer Brook Youth Association, Colin's position as Executive Director was terminated. On his return to Grand Falls, Colin focused his attention on the operation of The Fitness Factory to try and reverse the poor performance. While there appeared to be an adequate number of members, the cash flow generated was a problem. When customers purchased an annual membership there was an initial influx of funds, however, after the initial sale of memberships the cash flow was reduced to a trickle. To improve the cash flow, Colin expanded the operations of The Fitness Factory to include user-pay ballet lessons and body shaping. After two months of hard work the cash flow appeared stable. However the business could not support Colin on a full-time basis.

The Athlete's Warehouse store in Comer Brook closed in early January 2012, primarily because Colin was no longer available to provide management. In addition, first year sales had amounted to a disappointing $58,000 which Colin attributed more to problems with location than to the product line. About $20,000 of inventory at cost (the cost of merchandise purchased) was brought to Grand Falls from the Comer Brook store. Ed was in favor of selling the inventory and getting their money out of the venture. Colin wanted to establish a sporting goods store in Grand Falls because he was certain that an adequate market existed. However he needed Ed's support to finance the business. The venture was important to Colin because it allowed him to work for himself rather than for others. To Ed the decision involved tying up money he was saving for retirement which possibly could come within nine years.

During discussions on earlier training runs, the brothers tentatively discussed the proposed business. The store, which would be named 'Athlete's Warehouse,' would specialize in good quality athletic footwear and athletic clothing. Its target market would be people between the ages of 13 and 34 who were involved in some type of athletic endeavor from school sports to adult recreational activities. None of the other stores in Grand Falls offered a similar mix and none had knowledgeable staff to assist in the purchase of proper shoes and clothing. Colin and Ed agreed these two factors were important to many buyers and would be the store's key competitive advantage (a competitive advantage exists when a firm has a product or service that is perceived by its target market customers as better than that of its competitors). Colin would provide full time management and Ed would work in the store as his shift schedule allowed. Both would be able to provide expert advice to customers with regard to the purchase of athletic goods, especially running shoes.
To open the store they estimated they would need to invest $16,400 in renovations and display racks and about $32,800 in new inventory (at cost). At present they had $20,000, the inventory, and an old cash register from the Comer Brook store. While Colin had established a credit rating with some suppliers, the newer ones with the bigger names, NIKE for example, required COD (cash on delivery) for the first order.

Recognizing the urgency in securing employment for Colin, the brothers began to review the various factors which would influence their decision about whether to launch the Athlete’s Warehouse business and where to locate that business.
Handout #2 “Critical Information”

Directions: The class is being divided into four sections. Each section will read in the handout one of the four areas of critical information about the proposed Athlete’s Warehouse business that appears below. In your section, you will be either assigned or asked to find a partner to work with. For the area of critical information you read on the handout below, you and your partner should identify three important pieces of information, necessary in determining whether and where the Power brothers should open the Athlete’s Warehouse.

1. The Market
Economically, things were looking up for the Town of Grand Falls and for the neighboring Town of Windsor. The main employer, Abitibi Price Paper, was working to capacity with no downtime scheduled during the year. There was a major renovation at the Regional Health Center worth almost $3,000,000 which would add no new permanent jobs, but which would add about 50 jobs during construction. The annual inflation rate in their state was down to 2.9 percent from over 13 percent just a few years before and average family income in Grand Falls, at $40,000 was the fifth highest of the towns in the state.

Grand Falls also was the primary service center for a retail trading area of at least 50,000 people. Many shoppers came to the town from Springdale and Baie Verte to the west and Gander to the east.

2. Competition
The primary competition for Athlete’s Warehouse would be the three sporting goods stores, described below, in Grand Falls and Windsor (Exhibit 1). As well, Woolworths and other clothing and shoe stores had some lower quality and lower priced lines similar to the selection proposed by Colin and Ed. The brothers felt, however, that their product quality and knowledgeable staff would provide a competitive advantage.

A. B & B Sports:
B & B Sports had been in operation for well over 15 years, and until 2009 had been the only sports store in town. This approximately 2,000 square foot store was located in a strip mall on Lincoln Road away from both the downtown area and the Exploits Valley Mall. B & B carried a full line of athletic hard goods such as soccer equipment, softball and baseball equipment and equipment for the hunting and fishing enthusiast. The store did not have a large selection of athletic shoes and clothing.

B. Sports Experts:
Sports Experts, a business with branches across the country, had a store located upstairs in the same building as The Fitness Factory. A former employee of B & B Sports was hired by Sports Experts as the local manager. The store, of similar size to B&B, offered a full line of sporting equipment, including shoes and other apparel, but the brothers did not believe the manager or the sales-staff were capable of offering expert assistance with the selection of the goods.
C. Sportstop:
Located in a stand-alone location in Windsor, Sportstop had about 1,000 square feet of floor space. Recently opened by a local businessperson, it offered a variety of goods similar to that proposed by Athlete's Warehouse. Again it had no salesperson capable of offering expert assistance with the purchase of the running shoes. Colin also believed that the store was poorly located and thus would not provide much competition.

3. Location
The shopping area of Grand Falls was split between an older downtown area, a relatively new enclosed mall, and several strip malls on the high traffic streets.

The downtown area still contained many businesses. Among these businesses was the Grand Falls Co-op, a grocery store started by the residents in the 1960's and still cherished by many members of that generation. As well, the downtown area contained a Sobey's grocery store, the town hall, Government offices including the Post Office and State Employment Center, three lawyer's offices, three banks, a building supplies store and about 15 other smaller operations (Exhibit 2).

The Exploits Valley Mall was located about 4 miles from downtown just north of the Interstate Highway on Cromer Avenue (Exhibit 1). The Mall contained approximately 30 stores with the anchor stores being Woolworths and Dominion, a grocery store. Along Cromer Avenue there were a number of retail operations including Hansen’s Tires, McDonald's and Cohen's Home Furnishings.

The Fitness Factory was located in the basement of the Town Square Mall and the Power brothers rejected the idea of expanding here because they did not believe that they could attract the desired customers to this basement location. After reviewing the available locations Colin and Ed had narrowed their choice to two possibilities. One was a 2,000 square foot space in the Great Eastern Oil building downtown at $9 a square foot. The other was an 800 square foot space in the Exploits Valley Mall. The cost here would be $33 per square foot for a 5 year lease, $38 per square foot for a 3 year lease, and $41 per square foot for a 1 year lease.

Drawing on his experience and some information from Statistics Inc., Colin estimated first year sales to be between $164,000 and $246,000, depending upon the location selected and the average sale per customer. From Statistics Inc. he discovered that 36% of the population was age 15 to 34 -- the group he had determined to be his primary target market. Thus he estimated that the trading area contained about 18,000 prospects (50,000 X 36%). Based on experience and estimates of pedestrian traffic he further estimated that about 3,000 of the prospects would become customers at the Exploits Valley Mall location and about 2,500 at the downtown location. At $66 to $82 per customer -another estimate - Colin projected first year sales at the mall to be between $200,000 and $246,000 and downtown to be between $164,000 and $205,000.

D. Financial Situation
In the Comer Brook store, an average gross margin of 50 percent was obtained and because of the similarity of markets, the brothers were sure that the Grand Falls store could expect the same gross margin. This markup was consistent with the competition based on the selling price of items with
which Colin was familiar. The major costs would be rent and labor. Regardless of the location Colin figured each store would require two people working at all times. Colin would be able to put in 30 hours a week for 50 weeks, which would allow him time to follow up on his high school contracts. Ed would work an average of 10 hours a week, also for 50 weeks. Until the business got off the ground, neither Colin nor Ed would collect any salary, hopefully splitting any of the profits. Part time staff would have to be hired to ensure there was adequate staff in the store. The major difference in labor costs at each location would reflect the requirement that the stores in the Mall observe set hours (Exhibit 3). Other costs included 5 percent of sales for advertising, $165 per month for a telephone, $1,640 a year for insurance and $820 a year for office and bookkeeping. All of the other major operating costs were included in the rent.

As they sat in the locker room of the Fitness Factory after their run, Colin, who was the aggressive one, was trying to convince Ed of the viability of the plan. 'Listen Ed,' said Colin, 'according to my estimates there are at least 3000 people in this market area who are willing to pay good prices for good quality merchandise. These people are not being serviced by the existing businesses. If we stick with quality lines of shoes and athletic clothes I'm sure we can make it.'

Ed replied with uncertainty, ‘I think you're right but I don't want to lose my retirement money.’
Exhibit 1
Towns of Grand Falls and Windsor
### Exhibit 2
A Listing Of Representative Businesses in Each Area

<table>
<thead>
<tr>
<th>Downtown Businesses</th>
<th>Exploits Valley Mall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abitibi Price Mill</td>
<td>Agnew Surpass</td>
</tr>
<tr>
<td>Alteen Jewellers</td>
<td>Dominion</td>
</tr>
<tr>
<td>Architectural Services</td>
<td>Eclipse</td>
</tr>
<tr>
<td>Bank of Commerce</td>
<td>Harvey's Travel</td>
</tr>
<tr>
<td>People's Bank</td>
<td>Irving's Men's Wear</td>
</tr>
<tr>
<td>Blackmore-Inder Law Office</td>
<td>Jack Fraser Men's Wear</td>
</tr>
<tr>
<td>Brenda Boyd Law Office</td>
<td>Jonlyn Jewelers</td>
</tr>
<tr>
<td>C.I.B.C.</td>
<td>State Liquor Commission</td>
</tr>
<tr>
<td>State Employment Commission</td>
<td>Red Baron Lounge</td>
</tr>
<tr>
<td>Co-op Grocery Store</td>
<td>Reitmans</td>
</tr>
<tr>
<td>Cooperators Insurance</td>
<td>Associated Worker's Bank</td>
</tr>
<tr>
<td>Doane Raymond Accountants</td>
<td>Shoppers Drug Mart</td>
</tr>
<tr>
<td>F.B.D.B.</td>
<td>Sonny's Flowers</td>
</tr>
<tr>
<td>Grand Falls Drug Store</td>
<td>The Hobby Shoppe</td>
</tr>
<tr>
<td>Headlines Hairstylist</td>
<td>The Met</td>
</tr>
<tr>
<td>Household Finance</td>
<td>Tootons Photo Store</td>
</tr>
<tr>
<td>Johnson's Insurance</td>
<td>Valley Restaurant</td>
</tr>
<tr>
<td>Popular Theatre</td>
<td>Video Arcade</td>
</tr>
<tr>
<td>Post Office</td>
<td>Woolworths</td>
</tr>
<tr>
<td>Reid Insurance</td>
<td></td>
</tr>
<tr>
<td>Sears Mail Order</td>
<td>Lincoln Road Mini-Mall</td>
</tr>
<tr>
<td>Sobey's</td>
<td>Convenience store</td>
</tr>
<tr>
<td>Stan Dawe Building Supplies</td>
<td>Dr Duncan Optometrist</td>
</tr>
<tr>
<td>Sweeney's Photo Studio</td>
<td>Kentucky Fried Chicken</td>
</tr>
<tr>
<td>Taiwan Restaurant</td>
<td>LeDrew's Hairdressing Salon</td>
</tr>
<tr>
<td>Town Hall</td>
<td>Sunshine Restaurant</td>
</tr>
<tr>
<td>Young's Driving School</td>
<td></td>
</tr>
</tbody>
</table>
### Exhibit 3
Comparison of Locations

<table>
<thead>
<tr>
<th></th>
<th>Great Eastern Building (downtown)</th>
<th>Exploits Valley Mall</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td>2,000 sq. ft.</td>
<td>800 sq. ft.</td>
</tr>
<tr>
<td><strong>Rent</strong></td>
<td>$9 sq. ft., 1 year renewable</td>
<td>5 years $33 sq. ft.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 years $38 sq. ft.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I year $41 sq. ft.</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>$8.20 per hour</td>
<td>$8.20 per hour</td>
</tr>
</tbody>
</table>
| **Hours**               | The Great Eastern Building has no requirements with regard to opening and closing hours. However, the Power brothers decided that, if they select this location, their store will keep the following hours of operation: 9:00 - 5:30 (M-Sat) (Total= 51 hours/week) | The Exploits Valley Mall requires that all stores must keep the following hours in operating their businesses:  
   - 9:30 - 5:30 (M, Tu, Sat)  
   - 9:30 - 9:00 (W, Th, Fri) (Total= 58.5 hours/week) |
| **Down payment (rent)** | First & Last Month               | First & Last Month   |
| **Forecast Sales**      | $164,000-$200,000                | $200,000-$246,000    |

The case was prepared by Bill Howse, Small Business Centre, Central Newfoundland Regional College for the Atlantic Entrepreneurial Institute as a basis for classroom discussion, and is not meant to illustrate either effective or ineffective management.

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Handout #3, “Case Study: Roles and Tasks”
Directions: Assume the Power Brothers are considering hiring your five-member team as their business advisors on the Athlete’s Warehouse project. The roles of the team members and their tasks are described in the handout below.

ROLES:
Students will be assigned to the following roles as members of your five-member team:
- **Leader (one student--selected by teacher):** the person who will oversee the team’s work and make sure the team accomplishes all tasks indicated according to the schedule set by your teacher. The leader will also serve as one of the writers of the three written papers described in Task I-A, B, C below.
- **Writers (two students, in addition to the leader):** the persons who will gather the research described under “Task I-A, B, C” below and write the three written papers with the help of the leader, who will also serve as writer. Once completed, the leader will turn over the written papers to the Presenters / PowerPoint specialists who will create the group’s presentation
- **Presenters / PowerPoint Specialists (two students)** the persons who will make the group’s presentation (maximum10 minutes), and create the PowerPoint slides to accompany the presentation, based on the three written papers

TASKS (Your teacher will assign due dates for Tasks I and II below):
The five member team is responsible for the following two major tasks:
- **Task I:** complete three written mini papers, as described below in A, B, and C.
- **Task II:** create and deliver a presentation, accompanied by PowerPoint slides, as described below

**TASK I**

**A. Write a 2-3 page paper about the issues involved in launching and locating an athletic shoe and clothing store in the real world.**

This paper should focus on the question: “What does it take to launch a successful athletic shoe and fashion business?” The content of this paper should be based on:

1. An interview with an entrepreneur from your local community to learn what he/she believes are the:
   - Three (3) most important factors one should consider in deciding whether or not to open an athletic shoe and clothing business
   - Three (3) most important factors that one should consider in determining where to locate an athletic shoe and clothing business
2. Research gathered from the Internet, or other sources, about one successful athletic shoe and clothing company that exists in the real world (e.g. Dick’s, Modell’s, Sports Authority, Champs, etc.). For the company you selected, describe the traits / skills of the person(s) who began it, how and where the business began, and three factors that enabled the business to succeed.

**B. Write a 2-3 page paper discussing factors related to the proposed Athlete’s Warehouse Business**
This paper should focus on the question: “How much of a chance to succeed does the proposed Athlete’s Warehouse have? The content of the paper should be based on:

1. Research gathered from the materials in this case study. From this research, you should discuss some of the entrepreneurial traits exhibited by Colin and Ed that would convince you that the Athlete’s Warehouse business will be a success and some of the traits Colin and Ed lack that would convince that the business will not succeed.

2. Research gathered from the materials in this case study. From this research, you should calculate a forecast of the income at each of the two proposed locations for high and low sales projections for each of the lease alternatives, using the format in Exhibit 3.

C. Write a 1-2 page paper making recommendations to the Power brothers about their Athlete’s Warehouse Proposal:

This paper should focus on two questions: “Would you recommend that the brothers go ahead with their business and where should it be located?” Based on the information contained in the papers for Tasks A and B, plus anything else that appears in the case study materials, answer the following two questions:

1. Should the Power brothers launch their proposed Athlete/s Warehouse business? Give at least three supporting reasons explaining your recommendation.

2. Which of the proposed locations (see Exhibit 1) would be the best spot for the business? Give at least three reasons to explain your answer.

TASK II

Deliver a 10-minute presentation, accompanied by at least 10 PowerPoint slides.

The presentation should be based on the information you included in the written papers, described in Tasks I-A, B, and C above. Specifically, your group’s presentation should follow this outline:

A. Launching a successful athletic shoe and clothing business: general considerations
   1. Factors identified in the interview with the entrepreneur (see Task I, A, 1 above)
   2. Factors identified in the research gathered about a successful sports shoe and fashion business in the real world (see Task I, A, 2 above)

B. Issues specifically related to the proposed Athlete’s Warehouse business
   1. Positive and negative business traits/ skills / abilities possessed by Colin and Ed Power (see Task I, B, 1 above)
   2. Income forecasts for high and low sales projections for each lease alternative location (see Task I, B, 2 above)

C. Recommendations and supporting reasons
   1. Should the Power brothers launch their proposed business? (see Task I, C, 1 above)
   2. Which is the best location for the proposed business (see Task I, C, 2 above)

SCORE

Your teacher will award a team score of up to 40 points (based on the rubric that appears on Handout #5, Rubric) for the group’s combined performance on both the written papers and oral presentation.
Handout #4, “Presentation Format, Content Outline, and Feedback”
Directions: Each team will deliver its presentation following the format and content outline on this handout. At the same time each group is presenting, the other class members will be filling out the feedback section for that team on the form below.

**Presentation Format and Content Outline**
- Presentations will follow this format:
  A. Time allotted for each team’s presentation: 10 minutes maximum
  B. Questions for each team from the class: 5 minutes maximum
- Content Outline. Each presentation should include the content contained in this outline:
  A. Launching a successful athletic shoe and clothing business: general considerations
     1. Factors identified in the interview with the entrepreneur
     2. Factors identified in the research gathered about a successful sports shoe and fashion business in the real world
  B. Issues specifically related to the proposed Athlete’s Warehouse business
     1. Business Traits/ skills / abilities of Colin and Ed Power
     2. Income forecast for high and low sales projections for each lease alternative location
  C. Recommendations and supporting reasons
     1. Should the Power brothers launch their proposed business?
     2. Which is the best location for the proposed business

**Feedback Form**
Instructions: Complete the feedback section below for each team, by placing a check in the appropriate box next to the three content areas to be evaluated, indicating whether you thought that part of the presentation was excellent, satisfactory, or needs improvement Your evaluation should take into account whether the presentation provided the information called for in the content outline (see above), the quality of that information, and the effectiveness of the PowerPoint slides in making the information clearer and more understandable.

Team #1

<table>
<thead>
<tr>
<th>Content Area Evaluated</th>
<th>Evaluation Rating (check one box below)</th>
<th>Comment(s)</th>
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<tbody>
<tr>
<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<td>C. Recommendations and supporting reasons</td>
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### Team #2
**Feedback:**

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<tr>
<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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<tr>
<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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<td>C. Recommendations and supporting reasons</td>
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### Team #3
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<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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<td>C. Recommendations and supporting reasons</td>
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<tr>
<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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<tr>
<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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<tr>
<td>C. Recommendations and supporting reasons</td>
<td>Excellent ☐ Satisfactory ☐ Needs Improvement ☐</td>
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### Team #5

**Feedback:**

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<tr>
<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<tr>
<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<td>C. Recommendations and supporting reasons</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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### Team #6

**Feedback:**

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<tr>
<td>A. Launching a successful athletic shoe and clothing business: general considerations</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<tr>
<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<td>C. Recommendations and supporting reasons</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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### Team #7

**Feedback:**

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<tr>
<td>B. Issues specifically related to the proposed Athlete’s Warehouse business</td>
<td>Excellent □ Satisfactory □ Needs Improvement □</td>
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<tr>
<td>C. Recommendations and supporting reasons</td>
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## Handout #5, “Rubric”

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<td>Knowledge dealing with:</td>
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<td>8-9</td>
<td>5-6-7</td>
<td>3-4</td>
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<tr>
<td>- Launching a successful athletic shoe and clothing business: general considerations</td>
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<td>&gt; All the information requested in the task is presented</td>
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<td>&gt; Demonstrates superior understanding of the factors mentioned by the entrepreneur in the interview and from the research gathered about a successful sports fashion business in the real world.</td>
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<td>- Issues specifically related to the proposed Athlete’s Warehouse business</td>
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<td>&gt; All the information requested in the task is presented</td>
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<tr>
<td>&gt; Demonstrates superior understanding of the factors required for an entrepreneur to be successful and ability to forecast income and sales projections.</td>
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<td>Recommendations and supporting reasons</td>
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<td>&gt; All the information requested in the task is presented</td>
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<td>&gt; Demonstrates superior understanding of the critical factors involved in deciding whether and where to open the Athlete’s Warehouse business.</td>
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<td>&gt; Most of the information requested in the task is presented</td>
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<td>&gt; Demonstrates average understanding of the factors mentioned by the entrepreneur in the interview and from the research gathered about a successful sports fashion business in the real world.</td>
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<td>&gt; Some of the information requested in the task is presented</td>
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<td>&gt; Demonstrates below average understanding of the factors mentioned by the entrepreneur in the interview and from the research gathered about a successful sports fashion business in the real world.</td>
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<td>&gt; Very little of the information requested in the task is presented</td>
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<td>&gt; Demonstrates poor understanding of the factors mentioned by the entrepreneur in the interview and from the research gathered about a successful sports fashion business in the real world.</td>
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<tr>
<td>&gt; None of the information requested in the task is presented</td>
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<td>&gt; Demonstrates poor understanding of traits required for an entrepreneur to be successful and ability to forecast income and sales projections.</td>
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<td>Writing Skills</td>
<td>Presentation Skills</td>
<td>Quality of arguments and supporting evidence offered in the mini papers and presentation</td>
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</table>
| > All information called for is provided, all questions that are asked are answered, and only relevant details are presented.  
> Superior usage of grammar, spelling, and punctuation  
> Engaging writing style that wastes no words and keeps the reader’s attention from beginning to end. | > Presentation is extremely well organized from beginning to end  
> All students speak with great confidence and can easily be heard by all.  
> PowerPoint slides are extremely creative, informative, and integrated at the appropriate points in the presentation. | > Always presents convincing arguments, supported by extremely compelling evidence.  
> Most often presents convincing arguments supported, frequently, by compelling evidence |
| > Most information called for is provided, most questions that are asked are answered and most relevant details are presented.  
> Above average usage of grammar, spelling, and punctuation  
> Mostly engaging writing style that wastes no words and keeps the reader’s attention from beginning to end. | > Presentation is mostly well organized from beginning to end  
> Most students speak with confidence and can easily be heard by all.  
> PowerPoint slides are generally creative, informative, and integrated at appropriate points in the presentation. | > Most often presents convincing arguments supported, frequently, by compelling evidence  
> Some arguments are convincing and some are not. Compelling evidence is sometimes offered. |
| > Some information called for is provided, some questions that are asked are answered and some relevant details are presented.  
> Average usage of grammar, spelling, and punctuation  
> Sometimes engaging writing style that wastes no words and keeps the reader’s attention from beginning to end. | > Presentation is organized satisfactorily from beginning to end  
> Some students speak with confidence and can be heard by all.  
> PowerPoint slides are occasionally creative, informative, and integrated at appropriate points in the presentation. | > Rarely are convincing arguments presented and frequently they are not supported by valid evidence. |
| > Most information called for is not provided, most questions that are asked are not answered and mostly irrelevant details are presented.  
> Less than average usage of grammar, spelling, and punctuation  
> Minimally engaging writing style that is frequently too wordy and has difficulty keeping the reader’s attention from beginning to end. | > Presentation shows only bare traces of being well organized.  
> Few students speak with confidence and can be heard by all.  
> PowerPoint slides are only occasionally creative, informative, and integrated at appropriate points in the presentation. | > Lacks convincing arguments and supporting valid evidence |
| > No information called for is provided, no questions that are asked are answered and only irrelevant details are presented.  
> Poor usage of grammar, spelling, and punctuation | > Presentation is poorly organized.  
> Students speak with no confidence and insufficient volume to be heard by all.  
> PowerPoint slides are not creative, informative, nor integrated at appropriate points in the presentation. | |
Handout #6, “Evaluating Business Opportunities”

Directions: In the reading below, you will find 14 questions that entrepreneurs commonly ask to evaluate potential business opportunities. Circle the numbers of the three of the 14 questions that you believe are the most crucial in evaluating a business opportunity.

In analyzing your business ideas you must be able to pass them through a test to determine if they truly are valid opportunities. All of your ideas must have a demonstrated need, ready market, and ability to provide a solid return on investment.

Is the idea feasible in the marketplace? Is there demand? Can it be done? Are you able to pull together the persons and resources to pull it off before the window of opportunity closes? These questions must be considered and answered.

Opportunity-focused entrepreneurs start with the customer and the market in mind. They analyze the market to determine industry issues, market structure, market size, growth rate, market capacity, attainable market share, cost structure, the core economics, exit strategy issues, time to breakeven, opportunity costs, and barriers to entry.

Fourteen Questions to Ask Every Time

To evaluate business opportunities, entrepreneurs ask the following questions:

1. What is the need you fill or problem you solve? (Value Proposition)
2. Who are you selling to? (Target Market)
3. How would you make money? (Revenue Model)
4. How will you differentiate your company from what is already out there? (Unique selling proposition)
5. What are the barriers to entry?
6. How many competitors do you have and of what quality are they? (Competitive Analysis)
7. How big is your market in dollars? (Market Size)
8. How fast is the market growing or shrinking? (Market Growth)
9. What percent of the market do you believe you could gain? (Market Share)
10. What type of company would this be? (Lifestyle or High Potential, Sole Proprietorship or Corporation)
11. How much would it cost to get started? (Start-up Costs)
12. Do you plan to use debt capital or raise investment? If so, how much and what type? (Investment needs)
13. Do you plan to sell your company or go public (list the company on the stock markets) one day? (Exit Strategy)
14. If you take on investment, how much money do you think your investors will get back in return? (Return on Investment)