

10.6: Case Questions

1. Christina has always wanted to open a small neighborhood bakery, Christina's Confections. She is currently working out of her home, earning income making cakes and baked goods for weddings, parties, and other special occasions. She would like to find a location for her bakery, as she believes there is a market, and she would like to expand her business to a retail operation. She has some money saved and her credit is good, but she is concerned that obtaining a loan will be challenging. Sales have been consistently increasing, and she now has one part-time employee, but she thinks that with a retail location she will need to hire an additional two people on a part-time basis. If she does hire staff, she will need to consider the cost of labor, how many hours she would need each of these staff, and the tasks she would need them to perform at this stage in her business operation. As a result, she will need to consider their wages as a cost of labor on top of all the other supplies, insurance, rent, advertising, point-of-sale equipment, and various other costs she did not have when she was operating out of her home. She needs to figure out how she will make money and how she will finance or pay for her new start-up costs in the retail location. Christina needs to evaluate all the resources she would need for this enterprise and create a checklist so that she can determine if the time is right for her to take this important step with her bakery. As she progresses through the process, the questions get more specific and the answers become much more detailed. Review Christina's resource needs and make a list of them.
 2. Going back to the question on Christina's Confections, go over the list of resources that you created. Now that you have additional information, determine if that is a good list; if not, add or delete items that are necessary for her to run her business. What additional resources did you come up with? What can she do to ensure she can cover all her expenses?
 3. Consider Christina's Confectionaries bakery example and focus on the maturity phase of her business. Describe how Christina can develop her brand to distinguish her from other bakeries and what kind of costs she can expect to incur while doing this.
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