



DECA

SCHOOL-BASED ENTERPRISE

SCHOOL-BASED ENTERPRISE INSTRUCTIONAL UNITS

OPERATIONS



EMERGING LEADERS AND ENTREPRENEURS

IN MARKETING, FINANCE, HOSPITALITY AND MANAGEMENT



SCHOOL-BASED ENTERPRISE INSTRUCTIONAL UNITS

TOPIC: OPERATIONS

Your SBE couldn't function without operations. You might take great care in selecting the perfect vendors, spend hours constructing eye-catching product displays, and invest a great deal of money in promotional materials like postcards, signs, and fliers. None of these efforts will matter, however, if your SBE overlooks the details of how it will operate on a day-to-day basis. Who will arrive first to open the store? With how much petty cash will you begin the day in order to make change for customers? When will you vacuum the carpet and dust the **cash wrap** (counter area where the cash register is located, along with other POS supplies such as bags, pens, receipt tape, etc.)? How will you deal with a shoplifter or a fire drill? All of these are questions to which everyone who works in your SBE should know the answers. The answers to these questions may not directly affect your SBE's sales, but they will certainly affect how people feel about your SBE. A clean space, properly displayed equipment signage, and adequate POS supplies convey to your customers that you care about their shopping experience. Conversely, dirty fixtures and carpets, lack of safety or warning signs, and too few shopping bags or not enough change in the till convince your customers that their enjoyment and convenience are not of any great importance to your SBE. Because of how significantly a business's daily operations can affect its reputation, the business should go to great lengths to ensure that all employees understand its operating procedures.

A business needs a place to collect and store the money it receives, and your SBE is no exception. You most likely use a computerized **cash register**, also called a "**till**." Some very small businesses may use a cash box that requires a key or a code to be unlocked. Transactions usually take place at the cash register so that the customer's form of payment (cash, check, credit/debit card) can be immediately processed and stored for safekeeping. The cash drawer, whether in a register or a box, should divide bills and coins from largest to smallest denomination for ease of both storing new money and making change. The drawer should also have a designated space for the business's receipt copies and checks.

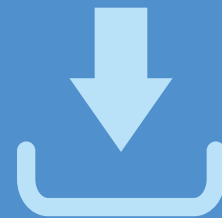
Opening and closing the cash register is not exceptionally difficult, but it is a responsibility that should not be taken lightly. Accurate counts at both the beginning and the end of the business day ensure that salespeople will have enough money to make change for customers and that no one has pilfered money from the petty cash fund. A business should determine how much money it wants to have on-hand at the beginning of the day. (Note that your SBE and many businesses count bills and coins when totaling their petty cash fund. This is recommended and ensures that the till is very accurate. However, for the purpose and brevity of this lesson, we will exclude coins from our count.) Let's say your SBE has \$100 in the cash drawer at opening, in the following denominations of bills:

- Twenty-five \$1 bills
- Five \$5 bills
- Five \$10 bills

The opening employee should open the cash drawer and count all the bills in the drawer to make sure they are in the correct denominations. At the end of the day, the closing employee should also count the drawer. Any money over the total of

WHY OPERATIONS?

While a business's ultimate goal of making money is made possible by several rather complex marketing functions, there exists another aspect of business that cannot be overlooked—operations. "Operations" is a broad term that refers to the routine activities a business must perform every day in order to continue to operate. Such activities include opening and closing procedures, daily housekeeping, and safety and security measures. These tasks, though not glamorous, are nonetheless crucial to a business's reputation—and therefore its bottom line.



OBJECTIVES

- Devise/enact merchandise security measures to minimize inventory shrinkage.
- Follow instructions for use of equipment, tools, and machinery.
- Follow safety precautions.

the petty cash fund (in this case, \$100) should be set aside. This money, along with any checks, is the deposit. Occasionally, on days with few sales or when a lot of change has been given, there will not be enough money in the drawer for a deposit and the petty cash fund will have been depleted below its total (in this case, \$100). In these instances, the denominations of the needed bills should be noted, and someone must go to the bank to get more bills in order to complete the petty cash fund for the next business day. Deposits should be taken to the bank at the close of business each day or stored in a locked area until they can be deposited. The petty cash fund should also be locked up at the end of each business day. Closing employees should make note of sale totals for cash, checks, and credit so that the business can continually track its sales.

Housekeeping may not initially seem like it would be an important part of a sales associate's job description, but it often is. "Housekeeping" can mean more than the cleaning and tidying of a workspace, though, as it can also refer to general organizational and administrative tasks such as filing, shredding documents, or going through the mail. Some businesses are so large that they employ entire housekeeping departments to take out the garbage, mop the floors, and clean the windows. Other businesses are so small that these responsibilities fall to their few employees or must be contracted out. Regardless of the size of the business, though, all employees should do their best to keep a clean workspace. Certain tasks should be done every day, some once or twice a week, and others once a month or even less frequently. The nature of the business dictates what housekeeping duties must be completed and when. Cooks in a restaurant must clean and sanitize their workspaces multiple times a day in order to avoid cross-contamination of food, whereas an office worker who sits at a desk might only rarely need to dust their workspace. In a small business such as your SBE, the cleaning and maintenance of communal equipment and spaces is often shared on a rotating basis.

Yet another component of operations is the safety and security of a business's employees, customers, and merchandise. Let's consider your SBE. If you sell food products that require preparation or heating, all SBE employees should be trained on proper equipment settings and food handling. Hot beverage burners can pose a hazard to employees who are unfamiliar with their features. Certain food items must be refrigerated at or heated to a specific temperature in order to be considered safe to eat. Other safety considerations include proper display of a fire evacuation route, working sprinklers and fire alarms, and secured electric cords.

Security can refer to both merchandise and people. A business secures its merchandise by enacting a variety of measures including installing security cameras or convex mirrors, stationing sales associates throughout the store to observe customers, and placing magnetic sensors on merchandise that, when not deactivated by a sales associate, trigger an alarm. Despite the high cost of implementing security measures, most businesses see such systems and procedures as insurance against an even greater loss of money due to **shrinkage** (money lost from unsellable product that has been returned, damaged, or stolen) from theft. A business enacts security measures including evening alarm systems and practice evacuation or lock-down drills to protect employees and customers in the case of an emergency such as a break-in.

CLASSROOM ACTIVITY

Provide an overview of your SBE's operations. Answer the following questions to help you:

- 1) Describe the opening procedures of your SBE, both in terms of cash handling and generally.
- 2) Describe the closing procedures of your SBE, both in terms of cash handling and generally.
- 3) What routine housekeeping duties must SBE employees complete every day (in addition to selling)? How do you ensure these tasks are done?
- 4) Describe the various equipment in your SBE. How do you train SBE employees on the proper use of the equipment?
- 5) What procedures are in place in case of an emergency with any of the equipment?

KEY TERMS



Cash wrap
Cash register/till
Housekeeping
Shrinkage

REFERENCES



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"How May I Help You?" Lynwood High School School-based Enterprise Employee Handbook. Bothell, WA, 2012.

McCalla, Priscilla. "Managing the Store." Chap. 13 in *Retailing*. Woodland Hills, CA: Glencoe/McGraw-Hill, 2005.

CLASSROOM ACTIVITY *(cont.)*

- 6) What fire procedures are in place?
- 7) Describe the security precautions taken by your SBE. Do you think these are effective?
- 8) How do you think your SBE's day-to-day operations influence how your customers view the SBE?
- 9) What do you think your SBE could do differently in terms of its day-to-day operations? Why?

CASE STUDY

The Student Store at Lynwood High School in Bothell, Washington has a detailed and effective approach to daily store operations. The SBE's policies and procedures are actually collected and presented in an employee handbook, which is distributed to all new SBE employees at the beginning of each semester. The handbook outlines both classroom policies such as attendance and grading and store procedures including job descriptions, job rotation, and cash handling.

Lynwood's SBE models itself on a real-life retail business. The employee attendance policy is designed not only to ensure that students earn satisfactory grades, but also to expose students to the consequences of being late or absent in the workplace. Students are not penalized for informing their teacher or student store manager that they will be absent prior to doing so. If they do not notify their teacher or manager in advance, though, the employee's grade will be docked and they will have to perform a makeup shift to be eligible to raise their grade. Such a policy mimics the protocol of a real work environment; employees must communicate with their supervisors regarding their absence before the start of the workday. Granted, the length of notice varies according to the nature of the absence. An employee who has taken sick in the middle of the night and cannot come to work the next day cannot give very much notice at all, but they should still notify their supervisor with a phone call or email. On the other hand, an employee who is planning a family vacation should submit their requested dates for approval with as much advance notice as possible so that their supervisor and co-workers can be prepared for their absence.

Other Lynwood SBE policies deal with the safety of both employees and customers. SBE employees must wash their hands properly before the start of their shifts, and they must wear gloves when handling food products without protective wrappers. Additionally, all SBE employees must earn a food handler's permit within one month of the beginning of class. These measures help prevent contamination of food served in the SBE and, in turn, preserve the reputation of the Student Store as a clean and safe establishment.

SBE employees at Lynwood High School rotate jobs every two weeks so that they can experience different responsibilities and understand why each position is crucial to the successful running of the Student Store. The various positions include:

- Purchasing manager
- Human resource manager
- Promotions manager
- Accounting manager
- Shift manager
- Cashier
- Runner
- Microwave/bagel position
- Beverage position
- Cookie position

The employee handbook outlines the main responsibilities of each position, but it also makes clear that there are various tasks that should be shared and completed by everyone each and every day. Such tasks include the straightening up of the store, proper cash handling, and greeting of customers.

The handbook goes on to detail the process of opening and closing the register (counting petty cash and preparing the deposit). It also includes sample evaluations for each position so that all employees will know the skills on which they will be graded.