

SEGUINWORKS

Garden Center



**Yale School of Management — The Goldman Sachs
Foundation Partnership on Nonprofit Ventures**

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Helping People With Disabilities Engage the World

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Executive Summary

In 2001, Seguin Services Inc. created *SEGUINWORKS* (SW) as a small, entrepreneurial business venture to provide meaningful employment to people with developmental disabilities. Currently SW has three successful business ventures that provide employment for hard-to-employ, developmentally disabled adults. The business units are: *Auto Marketplace & Auto Detailing, Gift Corner Retail Store, and Lawn Maintenance and Snow Removal.*

Seguin began to experiment with a horticultural based program in 2001. After nearly a year, Seguin started a regularly scheduled horticultural therapy program. The field of horticulture therapy is dedicated to improving the quality of life for disabled individuals through therapeutic interventions.

The development of the *SEGUINWORKS* Garden Center (SW GC) is a logical next step for the organization. The SW GC will:

- Provide additional opportunities for vocational training and employment of hard-to-employ adults with severe developmental disabilities
- Expand the Horticultural Therapy Program component
- Provide Seguin with an earned income opportunity for sustaining its vocational training and horticultural therapy programs
- Function as a complementary venture to the Auto Marketplace

Seguin needs to raise approximately \$620,000 to build, set up, and operate the GC. SW is pursuing a number of avenues for initial funding of the GC. To date, the GC project has received \$65,000 in support, including a \$50,000 grant from Bank One, and \$15,000 in individual contributions.

The GC will draw on the managerial experience and wisdom gained from the success of the other successful SW business ventures. The GC will be developed by a team of experienced SW executives and managers, a new GC Manager, Seguin program participants, and volunteers.

The GC facility will be built on the grounds of the existing Seguin campus. The physical structure will be 10,000 sq. ft in size providing for 1,000 sq. ft of administrative, restroom and reception area and 9,000 sq. ft of dedicated green house space.

The SW GC will produce and sell do-it-yourself indoor and outdoor lawn and garden products and merchandise along with seasonal produce and holiday specialty items to: Seguin employees and volunteers, residents, local businesses and governmental agencies in the greater Cicero area and the southwestern Chicagoland suburban communities in Cook, DuPage and Will counties.

According to the National Gardening Association (NGA), 78% (84 million) of U.S. households participated in one or more types of do-it-yourself indoor and outdoor lawn and garden activities in 2003. The NGA reports that in 2003 consumer spending on lawn

and garden related activities and materials was an average of \$457 per household. From 1998 to 2003, total lawn and garden sales increased at a compound annual growth rate of 5% from \$30.2 billion to \$38.4 billion. Midwest lawn and garden participation was 17 percent higher than the national average in 2001.

It is estimated that the SW GC can effectively address 5% of the 2.485 million tri-county households. If 78% (national average for participation in do-it-yourself indoor & outdoor lawn and garden activities) of these households engage in relevant activities, there are 96,915 target market households. Applying the national average spending figure of \$457 per household, the total addressable market is approximately \$44.3 million.

Field research discovered a combination of national chains and local garden centers operating in the general vicinity of the proposed SW GC. The SW GC is positioning itself between the small, seasonally focused “Mom & Pops” and the large retail chains. SW will leverage its reputation and 60 years of community service to create a local brand for its GC products and services.

The primary strength of the GC as modeled in this business plan is the fact that there are three different and complementary revenue streams including: Sales/Service Revenue from five various seasonal specialty product lines, Earned Income Revenue from the State of Illinois through the existing Horticultural Therapy Program, and Foundation & Community Revenue grants and support which all contribute to and strengthen the viability of the business model.

The financial projections suggest that the business model is sustainable as an independent stand alone business unit. The GC is projected to generate sales of \$120,000 during its first year, increasing to \$250,000 in year three. The GC is expected to post a loss of approximately \$35,000 in year one, and to realize an approximately \$3,000 operating profit in year two. An infusion of \$75,000 in operating capital from grants and institutional support at start up will provide the necessary working capital to sustain operations over the first three years of operations.

The GC does have some risks at hand. They include the recruitment and retention of a GC manager, the fragility and perishable of the product line, and the ability to balance the business demands with horticultural therapy activities.

The SW GC fits well into the SW model and provides a viable method for the participants to engage in the broader community in a more active manner. The market is robust and growing and SW has proven to be able to formulate, initiate and operate businesses that serve the community help participants, and generate at least breakeven revenues. This project is well conceived and will be a success at each phase of start-up and growth.