Lemonade Stand Project

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BUS115 Introduction to Business and Technology

Professor Grinstead

**Lemonade Stand Informal Business Report**

**Introduction**

Lemonade stands are a booming business these days. I am opening a lemonade stand to reap the benefits of these great opportunities around town. There are some great properties with heavy traffic that could serve as the location for the lemonade stand. The local fruit market owner is interested in becoming an investor in this new business. The success of the lemonade stand is targeted towards customer’s wants “specific goods, services, experiences, or entities that are desirable in light of a person’s experiences, culture and personality” (Bovée & Thill, P 291). Lemonade is not a necessity, but everyone needs to satisfy their wants to have happiness in life. The goal of the lemonade stand is to help people fulfill those wants and be happy. Through some thorough preparation, a successful lemonade stand can be built to complete this goal of customer happiness.

**Company Name**

The company name will be Lemon-Aid. It is a play on the word lemonade which is the main product of the company, but it also has the word aid in it to represent what it is doing to customers. It is aiding them in satisfying their thirst, as well as aiding them in their day.

**Mission Statement**

Lemon-Aid’s goal is to satisfy customer’s thirst, while establishing a productive organizational culture through strong leadership and positive values. It is not just enough to sell lemonade, we want to help the community in a positive manner.

**Pricing Strategy**

We will price our lemonade based on value-based pricing, which establishes prices based on product potential or perceived value in the market place (Bovée & Thill, P 331). Our lemonade will be made with the finest organic products, so there will be a high perceived value. We plan to target customers that value quality over quantity. Our high product quality will allow for higher prices. The great lemonade we produce will have high demand, so it should sell well at the value-based price that we determine over time.

**Opportunities for New Locations**

The first Lemon-Aid stand has been so successful that we need to expand to new locations. There are a few potential locations that are being considered. Since it is a stand, it needs to be in an area that gets a lot of foot traffic to be successful. Corners are nice because they have two streets meeting, and are visible from all corners. Locations near a train station would be ideal, people can have their lemonade on their way to and from the train. We have narrowed our search down to an open property that is on a corner right next to the Metra station. This corner gets a lot of foot traffic, especially when trains are picking up and dropping off.

**Promotion Plans**

Since part of Lemon-Aid’s mission statement is to help the community in a positive manner, we plan to use institutional advertising to create goodwill. Institutional advertising is “advertising that seeks to create goodwill and to build a desired image for a company, rather than promote specific products” (Bovée & Thill, P 369). We will spend half of the $10,000 budget on institutional advertising. This will help gain awareness to the important things we do to help the community, but most importantly they will actually help the community. The other half of the $10,000 budget will be spent on a media mix of advertising media. This will be done through: print such as newspapers, broadcast such as radio and television, and online methods such as social media and other forms of internet advertising (Bovée & Thill, P 370). This media mix of advertising will be focused on promoting the actual product itself.

**Employee Motivation**

We have recently seen a sales drop at one of our Lemon-Aid locations. We are going to improve employee motivation through the concept of expectancy theory. Expectancy theory is “the idea that the effort employees put into their work depends on expectations about their own ability to perform, expectations about likely rewards, and the attractiveness of those rewards” (Bovée & Thill, P 224). We want the employees own expectations on themselves to motivate them. Expectancy theory is driven by self-interest, and emphasizes reward or pay-offs (MSG). We are going to install a bonus program that ranks the sales of the employees, and rewards those who are preforming the best. Whoever performs the best will receive 1% of the total sales for the month. Whoever performs the second best will receive .75% of the total sales for the month. Whoever performs the third best will receive .5% of the total sales for the month, and whoever performs the fourth best will receive .25% of the total sales for the month. We will rotate shifts every week to balance out the busier shifts and keep it as fair as possible. We are giving back 2.5% of our total sales to help motivate our employees. This will create expectations that the employees will put on themselves and it will motivate them to perform the best that they can.

**Conclusion**

Lemon-Aid will not only provide great lemonade to satisfy customer’s thirst, but it will improve the community in a positive manner. It will become a staple of the community. We will expand to great new locations, and successfully promote the business through institutional advertising, as well as a media mix of advertising that promotes the great product itself. We will maintain employee motivation through expectancy theory, and build a positive atmosphere where customers are excited to come back. Lemon-Aid has the potential to be a great business, so become a partner and reap the benefits of this great business plan.

**References**

Bovée, C. L., & Thill, J. V. (2017). *Business in action*. Boston: Pearson.

MSG Management  Study  Guide. (n.d.). Retrieved October 07, 2017, from http://managementstudyguide.com/expectancy-theory-motivation.htm