

December 21, 2005

Dear Hilltop School Parent Group,

The fourth-grade class would really like to buy a set of twenty digital microscopes to share among our four classrooms, but we need your help!

Each microscope costs about \$55, which means we need to raise \$1,100 to buy a class set. We decided that selling flowers for Mother's Day would be a great way to earn the money. However, since we will need to buy the flowers before we can sell them, we would like to ask you to consider lending us the money to kick off our business. We would like to borrow \$1,498.

If you agree to help, we promise that your investment will be totally safe. To make sure that we would make a profit, we did research. First, our teachers found a few businesses that sell cut flowers and bouquets at discount prices and created a spreadsheet listing the flowers they sell and how much each would cost us to buy. Next, we compared prices to see which flower company offered the best deal.

After that, we created a survey sheet with sixteen flower choices and polled the whole school to find out which they thought would make the best Mother's Day gift. We discovered that almost every grade level chose the same top four flower choices.

We then took a close look at these four flower choices and analyzed cost, profit, and vendor information. We learned that three of the four were from the same vendor, which would make ordering easy. So our next thought was to stick to selling just three and deal with the one vendor. Then we looked at sale price and realized that the wrapped rose, which was the cheapest, was going to cost us \$1.85 to buy and we would have to sell it for \$3.50 to make a decent profit. Since a lot of kids don't have very much money, we decided to add the fourth flower choice after all. We can buy tulips for just \$.67 each and sell them for \$1

each. Even though we will only make \$.33 on each tulip sale, we think we will probably sell a lot more of them. Having an item that costs just \$1 will also allow more students to buy our product. Dealing with two vendors will be harder, of course, but hopefully worth it. Even though the profit won't be as great per sale, this approach will allow us to expand to more customers, which we think is a good thing.

We also surveyed all of the students to find out if they would buy flowers from our business. We found that 356 students said they will buy one or more, 91 said they will not buy, and 92 said they may buy.

After collecting and analyzing all the data, we think we can sell a total of 400 items and reach our goal of raising \$1,100:

Item	Cost	Sale price	Profit per item	Goal # to sell	Cash needed	Total Profit
Tulip	\$.67	\$1.00	\$0.33	150	\$100.50	\$49.50
Wrapped rose	\$1.85	\$3.50	\$1.65	100	\$185.00	\$165.00
Spring bouquet	\$6.75	\$12.00	\$5.25	50	\$337.50	\$262.50
Rose bouquet	\$8.75	\$15.00	\$6.25	100	\$875.00	\$625.00
TOTAL				400	\$1,498.00	\$1,102.00

In order to meet our goal we will be advertising in a variety of ways and taking pre-orders. We will use pre-order numbers to figure out how many of each type to order and whether or not to change the sales goals listed above. We may also decide to make pre-ordering a requirement to reduce risk, even though it may hurt overall sales. We intend to begin advertising and taking pre-orders at the end of the month.

Please consider our proposal carefully. We hope you agree that this fund raiser is a wonderful idea and decide to help us "grow our business." Thank you.

Sincerely,
The Fourth Grade Students