

INTRODUCTION

Beginning today your classroom becomes a western community at the start of the twentieth century. You and your fellow students are going to become owners of several competing general stores in three small frontier towns.

FRONTIER COMMUNITIES While participating in MERCHANT, you will experience many problems store owners faced in frontier communities. As your town map shows, each community has grown to include many specialists and stores to serve persons living in the community and living nearby. There are general stores, banks, a stable, a buggy shop, a blacksmith, a doctor, churches, and assorted other shops. These people and their businesses serve more than just the townspeople. They also serve farmers, ranchers, and others who live within 25-75 miles of the town.

YOUR STORE In each community four general stores will compete against one another for sales. Three to four partners will own each store. You and your partners will make a number of decisions and perform a number of jobs which will influence your store's success or failure.

PREPARING YOUR STORE As MERCHANT begins, you and your partners will receive an amount of money with which you will start your business. Together you will have to decide what kind of goods your store will carry and how you should invest your money in stock for you to sell. And then, before your store can open, you must draw its floor plan, showing how you want to arrange the interior. Next you must figure out how many people you need to hire to work in your store, when they will work, and how much salary you should pay them. Finally, before you open your store, you must design an imaginative window display and newspaper advertisement.

DECISIONS Once your store opens for business, you and your partners will face many decisions which will affect your sales and your profits. Your goal is to make the best decisions you can in order to achieve larger profits than the stores with which you are competing. You and your partners must work together to make decisions about problems such as these:

- Should we increase or decrease our advertising budget?
- Should we change our store's location?
- Should we have a sale featuring certain merchandise?
- Should we raise all clerks' pay — or only a certain clerk's pay?
- Should we add new lines of merchandise?
- Should we take the leadership of organizing a community celebration?
- Should we sell only on a cash basis, or should we allow credit to those who have no money right now?

After you make each decision, your teacher will tell you how your decision affects your year's profits. You will keep a running record of your profits and losses so that you will always know how much money you and your partners have made in comparison with the other partnerships with which you are competing.

As you participate in MERCHANT, you will gain an understanding of what life was like in little towns out on the frontier, how a general store operated, and how free enterprise and competition between stores works. Think carefully about all your decisions before you make them. Good luck in your experiences with capitalism!

HOURS								
Employee	Position	M	Tu	W	Th	F	Sat	Sun
(Example) Jill Smith	clerk	off	8-12 1-5	8-12 1-5	9-1 2-6	12-5 6-9	12-5 6-9	Store closed

MERCHANTS' DECISION 4

Directions:

Step 1 Spend about 5–10 minutes reading the following problem and answering for yourself the questions related to the problem.

Step 2 After 5–10 minutes, discuss with your partners the problem, the questions, and the possible answers.

Step 3 After about 10–15 minutes of discussion, one partner fills in the STORE DECISION space.

Step 4 Each partner writes comments on the results he/she expects the decision to have. (If you disagreed with your partners, this is your opportunity to show in writing that you do not think the majority decision is a correct one!)

The automobile has arrived in your town! Each month more citizens own automobiles, which are becoming more and more numerous in your community. The state recently announced that it will soon build a new highway right through your town. The highway will go east to west along the street nearest the river. This street will become the new main street in your town. Since Store C is located on this street, its owners are very happy. They realize their sales will be given a large boost because many automobiles will drive and park near their store. By contrast, owners of the other three stores are unhappy. They must decide if they wish to keep their present locations or to spend the \$10,000 necessary to move their stores.

QUESTIONS TO CONSIDER

1. If we keep our store where it is, how much will we likely lose in profits?
2. If we move our store, will our profits increase enough to take care of the \$10,000 we must spend to move? (The \$10,000 will come from this year's profits!)
3. ?

DECISION Discuss the above questions with your partners and decide whether or not you wish to move your store's location. If you decide to move, carefully consider where you want your store's new location to be. **Note well:** Follow the model on pages 11–12 to write your **STORE DECISION and PARTNERS' COMMENTS**. Use your own paper.

BEFORE BEGINNING

PURPOSE

As competing store owners in simulated communities, students face a series of decisions which they must solve. MERCHANT's decisions involve students in turn-of-the-century life styles and economics while acquainting them with some of the functions of a general store. While the simulation emphasizes individual and small group decision-making, it also exposes students to other activities such as advertising, work schedules, lines of merchandise, and several economic terms and concepts.

Specifically students will experience the following:

Knowledge

- 1 how general stores were laid out
- 2 what kinds of merchandise general stores carried
- 3 how advertising affects sales
- 4 how to make store schedules
- 5 how to figure profits
- 6 what expenses are incurred in running a store
- 7 how to perform the mathematical computations necessary to fill out a profit and loss statement
- 8 economic terms and concepts such as capitalism, capital expenditures, gross income, net profit, volume buying, wholesaling, wages, recession, depression, extending credit

Skills

- 1 drawing a store's floor plan
- 2 making a store's work schedule
- 3 designing a newspaper ad and a window display
- 4 keeping profit and loss statements
- 5 cooperating with others in order to make the best possible group decision

Attitudes

- 1 appreciation of the excitement and agony involved in free market competition
- 2 respect for the amount of work involved in running a small business in a capitalistic economy

OVERVIEW

MERCHANT begins when students read a brief survey of the simulation and a description of life in a turn-of-the-century frontier community. Students are then ready to become general store operators and to learn for themselves about both life styles and business procedures. The class is divided into three groups, each representing a typical communi-

ty with a population of 1,000 to 1,500 that serves an outlying population two to three times that number. Next each community is divided into three to four partnerships of three students each.

Before each partnership can open its general store, the owners must make several decisions and make the necessary preparations. They select store inventories, draw floor plans, create window displays and newspaper ads, and establish work schedules. Having completed these tasks, the partners open their competing stores for business. For the next 11 hours these store owners make decisions that concern their businesses and the people whom they serve. The goal of each partnership is to make the best possible decisions in order to gain the most possible profit. The results of each decision are carefully calculated on PROFIT AND LOSS STATEMENTS.

The 10 decisions concern an array of social and economic topics (e.g., lines of merchandise, value of advertising, wholesale buying, employees' salaries). During each Decision Hour, 10-15 minutes are first set aside for individual analysis of the problem. Then the partnerships make group decisions after heated discussions concerning what would be the best economic decision. Finally, the total class hears the consequences of the various decisions and discusses how these consequences relate to today's business and today's students' lives. The simulation concludes with a detailed DEBRIEFING AND EVALUATION of this experience in capitalism.

INITIAL ORGANIZATION

1. Read over all materials in both this guide and the STUDENT HANDBOOK.
2. Make arrangements for any outside materials or speakers you intend to use to amplify the simulation materials in this guide and the STUDENT HANDBOOK.
3. Figure out how you will divide your classroom area into three communities. Also consider how you will arrange the desks so that partners' desks will face one another while partners still feel they are part of a separate community. (See item 3 under Hour 1 of TIME SEQUENCE below.)
4. Carefully consider how you wish to group your students into communities and partnerships during Hour 1. Here are three options:

Giftware	\$350	\$500	\$600	giftwares, special items
Seasonal Items	\$300	\$400	\$600	Christmas, 4th of July fireworks
Household Supplies	\$100	\$200	\$300	soap, cleaners, etc
Kitchen Ware	\$1,800	\$2,600	\$3,000	dishes, silverware, pots, pans, etc
Musical Instruments	\$800	\$1,400	\$2,000	pianos, guitars, banjos
School Supplies	\$500	\$800	\$1,000	books, paper, pencils

BEGINNING INVENTORY

Store Name _____

Town Name _____

Partners' Names _____

Total Amount Available for Investment \$ _____ *

Line Item	Type of Investment <small>(Minimum, Average, Full Line)</small>	Amount of Investment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL INVESTMENT (Must not exceed *) →

PARTNERS' COMMENTS.

Partner A _____ I believe this decision will have these results:

Partner B _____ I believe this decision will have these results:

Partner C _____ I believe this decision will have these results:
