DIVISION: Natural Sciences and Business

COURSE: MGT 1230 Owning and Operating a Small Business

Date: Fall 2022

Credit Hours: 3

Complete all that apply or mark “None” where appropriate:
Prerequisite(s): None

Enrollment by assessment or other measure? ☐ Yes ☒ No
If yes, please describe:

Corequisite(s): None

Pre- or Corequisite(s): None

Consent of Instructor: ☐ Yes ☒ No

Delivery Method:
☒ Lecture 3 Contact Hours (1 contact = 1 credit hour)
☐ Seminar 0 Contact Hours (1 contact = 1 credit hour)
☐ Lab 0 Contact Hours (2-3 contact = 1 credit hour)
☐ Clinical 0 Contact Hours (3 contact = 1 credit hour)
☐ Online
☐ Blended
☒ Virtual Class Meeting (VCM)

Offered: ☒ Fall ☐ Spring ☐ Summer

CATALOG DESCRIPTION and IAI NUMBER (if applicable):
An introduction to understanding the critical elements that are involved with starting and operating a small business. Among the topics discussed are: entrepreneurial alternatives, the business plan, marketing strategies, financial matters, and human resource considerations. Special topics such as social responsibility and ethics may be covered.
ACCREDITATION STATEMENTS AND COURSE NOTES:
None

COURSE TOPICS AND CONTENT REQUIREMENTS:
(Not necessarily in this order.)
1. The Entrepreneurial Life.
2. Integrity, Ethics and, Social Entrepreneurship.
3. Starting a Small Business.
4. Franchising and Buyouts.
5. The Family Business.
6. Visualizing the Dream: The Business Model and Business Plan
8. The Organizational Plan: Teams, Legal Structures, Alliances, and Directors.
9. The Location Plan.
13. Planning for the Harvest.
15. Product and Supply Chain Management.
17. Promotional Planning.
18. Global Opportunities for Small Business.
20. Managing Human Resources.

INSTRUCTIONAL METHODS:
Lecture
Discussion
Hands-On Activities
Demonstrations
Group Projects
Case Projects: both individual and team approach.
PowerPoint

EVALUATION OF STUDENT ACHIEVEMENT:
Tests
Final Exam
Homework
Quizzes
Attendance
Participation
Simulation checks
INSTRUCTIONAL MATERIALS:
Textbooks  
Instructor’s Manual  
Textbook Web Page  
Internet  

Resources  
Wall Street Journal  
Kiplinger’s Magazine  
Business Week  
Forbes  
Barron’s  
Textbook Web Page  
Home Library (Magazines/Books)

LEARNING OUTCOMES AND GOALS:  
Institutional Learning Outcomes  
☐ 1) Communication – to communicate effectively;  
☒ 2) Inquiry – to apply critical, logical, creative, aesthetic, or quantitative analytical reasoning to formulate a judgement or conclusion;  
☐ 3) Social Consciousness – to understand what it means to be a socially conscious person, locally and globally;  
☐ 4) Responsibility – to recognize how personal choices affect self and society.

Course Outcomes and Competencies  
Upon completion of the course, the student will be able to:  
1. The Entrepreneurial Life  
   1-1. Small Size, Great Significance   
   1-2. Small Business and Entrepreneurial Opportunity: Is There a Difference?  
       1-2a. What Is a Small Business?  
       1-2b. What Is an Entrepreneurial Opportunity?  
   1-3. Entrepreneurial Qualities: Big Ego Not Required  
       1-3a. Founders and Second-Stage Entrepreneurs  
       1-3b. Franchisees  
       1-3c. Entrepreneurial Teams  
       1-3d. Social Entrepreneurs  
       1-3e. Women Entrepreneurs  
       1-3f. Be a Small Business Owner Who Thinks and Acts Like an Entrepreneur  
   1-4. Your Motivations for Owning a Business  
       1-4a. Types of Entrepreneurial Motivations  
       1-4b. Understanding Your Paradigm  
   1-5. The Entrepreneur’s Competitive Edge  
       1-5a. Integrity and Responsibility  
       1-5b. Customer Focus  
       1-5c. Quality Performance  
       1-5d. Innovation  
       1-5e. Niche Markets  
   1-6. Building an Entrepreneurial Legacy  
   1-7. Where to from Here?  
2. Integrity, Ethics, and Social Entrepreneurship  
   2-1. What Is Integrity?  
   2-2. Integrity and the Interests of Major Stakeholders
2-2a. The “Big Three” Stakeholders—Owners, Customers, and Employees
2-2b. Social Responsibility and Small Business
2-2c. Integrity and Governmental Regulations
2-3. The Challenges and Benefits of Acting with Integrity
   2-3a. Small Companies and the Legitimacy Lie
   2-3b. Integrity and the Internet
   2-3c. Integrity and Doing Business Abroad
   2-3d. The Integrity Edge
2-4. Building a Business with Integrity
   2-4a. The Foundations of Integrity
   2-4b. Leading with Integrity
   2-4c. An Ethical Organizational Culture
   2-4d. Better Business Bureaus
   2-4e. The Ethical Decision-Making Process
2-5. Social Entrepreneurship: A Continuing Trend
   2-5a. Social Entrepreneurship and the Triple Bottom Line
   2-5b. Small Business and the Natural Environment
3. Starting a Small Business
   3-1. Developing Startup Ideas
      3-1a. Types of Startup Ideas
      3-1b. Common Sources of Startup Ideas
   3-2. Using Innovative Thinking to Generate Business Ideas
      Borrow Heavily from Existing Product and Service Ideas or Other Industries
   3-3. Using Internal and External Analyses to Assess New Business Ideas
      3-3a. Outside-In Analysis
      3-3b. Inside-Out Analysis
      3-3c. Integrating Internal and External Analyses
   3-4. Selecting Strategies That Capture Opportunities
      3-4a. Broad-Based Strategy Options
      3-4b. Focus Strategies
   3-5. Screening New Business Ideas
   3-6. Is Your Startup Idea Feasible?
      3-6a. Market Potential
      3-6b. Industry Attractiveness
      3-6c. New Venture Leadership
4. Franchises and Buyouts
   4-1. What Is a Franchise?
      4-1a. Franchising Terminology
      4-1b. The Impact of Franchising
   4-2. The Pros and Cons of Franchising
      4-2a. The Pros
      4-2b. The Cons
      4-2c. The Costs of Being a Franchisee
   4-3. Evaluating Franchise Opportunities
      4-3a. Selecting a Franchise
      4-3b. Investigating the Potential Franchise
      4-3c. Becoming a Franchisor
      4-3d. Legal Issues in Franchising
   4-4. Buying an Existing Business
      4-4a. Reasons for Buying an Existing Business
      4-4b. Finding a Business to Buy
      4-4c. Investigating and Evaluating Available Businesses
      4-4d. Quantitative Factors in Valuing the Business
      4-4e. Nonquantitative Factors in Valuing a Business
      4-4f. Negotiating and Closing the Deal
5. The Family Business
5-1. What Is a Family Business?
   5-1a. Family and Business Overlap
   5-1b. Advantages and Disadvantages of a Family Business
5-2. Dynamic Family Businesses
   5-2a. The Imprint of Founders on the Family Business Culture
   5-2b. The Commitment of Family Members
5-3. Family Roles and Relationships
   5-3a. Co-Preneurs
   5-3b. Mom or Dad, the Founder
   5-3c. Sons and Daughters
   5-3d. Sibling Cooperation, Sibling Rivalry
   5-3e. In-Laws In and Out of the Business
   5-3f. The Entrepreneur’s Spouse
5-4. Good Governance in the Family Firm
   5-4a. Nonfamily Employees in a Family Firm
   5-4b. Family Retreats
   5-4c. Family Councils
   5-4d. Family Business Constitutions
5-5. The Process of Leadership Succession
   5-5a. Available Family Talent
   5-5b. Preparing for Succession
   5-5c. Transfer of Ownership
6. The Business Plan: Visualizing the Dream
6-1. An Overview of the Business Plan
6-2. Will Writing a Plan Make a Difference?
   6-2a. The Balance Between Planning and Executing
   6-2b. What Form Will the Business Plan Take?
6-3. Begin with the Business Model
   6-3a. What Is a Business Model?
   6-3b. Developing a Business Model
6-4. Preparing a Business Plan: The Content and Format
   6-4a. Cover Page
   6-4b. Table of Contents
   6-4c. Executive Summary (Overview)
   6-4d. Company Description
   6-4e. Industry, Target Customer, and Competitor Analysis
   6-4f. Product/Service Plan
   6-4g. Marketing Plan
   6-4h. Operations and Development Plan
   6-4i. Management Team
   6-4j. Critical Risks
   6-4k. Offering
   6-4l. Exit Strategy
   6-4m. Financial Plan
   6-4n. Appendix of Supporting Documents
6-5. Advice for Writing a Business Plan
   6-5a. Analyze the Market Thoroughly
   6-5b. Provide Solid Evidence for Any Claims
   6-5c. Think Like an Investor
   6-5d. Don’t Hide Weaknesses—Identify Potential Fatal Flaws
   6-5e. Maintain Confidentiality
   6-5f. Pay Attention to Details
6-6. Pitching to Investors
6-7. Resources for Business Plan Preparation
   6-7a. Computer-Aided Business Planning
6-7b. Professional Assistance in Business Planning
6-8. Keeping the Right Perspective

7. The Marketing Plan
7-1. What Is Small Business Marketing?
   7-1a. Marketing Philosophies Make a Difference
   7-1b. A Consumer Orientation—The Right Choice
7-2. The Formal Marketing Plan
   7-2a. Market Analysis
   7-2b. The Competition
   7-2c. Marketing Strategy
7-3. Marketing Research for the Small Business
   7-3a. The Nature of Marketing Research
   7-3b. Steps in the Marketing Research Process
7-4. Understanding Potential Target Markets
   7-4a. Market Segmentation and Its Variables
   7-4b. Marketing Strategies Based on Segmentation Considerations
7-5. Estimating Market Potential
   7-5a. The Sales Forecast
   7-5b. Limitations of Forecasting
   7-5c. The Forecasting Process

8. The Organizational Plan: Teams, Legal Structures, Alliances, and Directors
8-1. Building a Management Team
   8-1a. Achieving Balance
   8-1b. The Solo Startup Is Still an Option
   8-1c. Expanding Social Networks
8-2. Common Legal Forms of Organization
   8-2a. The Sole Proprietorship Option
   8-2b. The Partnership Option
   8-2c. The C Corporation Option
8-3. Considerations in Choosing an Organizational Form
   Initial Organizational Requirements and Costs
8-4. Specialized Legal Forms of Organization
   8-4a. The Limited Partnership
   8-4b. The S Corporation
   8-4c. The Limited Liability Company
   8-4d. The Professional Corporation
   8-4e. The Nonprofit Corporation
   8-4f. The B Corporation
8-5. Forming Strategic Alliances
   8-5a. Strategic Alliances with Large Companies
   8-5b. Strategic Alliances with Small Companies
   8-5c. Setting Up and Maintaining Successful Strategic Alliances
8-6. Making the Most of a Board of Directors
   8-6a. Selection of Directors
   8-6b. Contributions of Directors
   8-6c. Compensation of Directors
   8-6d. An Alternative: An Advisory Board

9. The Location Plan
9-1. Locating the Brick-and-Mortar Startup
   9-1a. The Importance of the Location Decision
   9-1b. Key Factors in Selecting a Good Location
9-2. Designing and Equipping the Physical Facilities
   9-2a. Challenges in Designing the Physical Facilities
   9-2b. Challenges in Equipping the Physical Facilities
   9-2c. Business Image
9-3. Locating the Startup in the Entrepreneur’s Home
9-3a. The Attraction of Home-Based Businesses
9-3b. The Challenges of Home-Based Businesses
9-4. E-Commerce: Locating a Startup on the Internet
   9-4a. Benefits of E-Commerce for Startups
   9-4b. E-Commerce Business Models
   9-4c. Internet-Based Businesses and the Part-Time Startup Advantage

10. Understanding a Firm's Financial Statements
    10-1. The Income Statement
    10-2. The Balance Sheet
       10-2a. Assets
       10-2b. Debt and Equity
    10-3. Viewing the Income Statement and Balance Sheet Together
    10-4. The Cash Flow Statement
       10-4a. Profits versus Cash Flows
       10-4b. Measuring a Firm's Cash Flows
    10-5. Evaluating a Firm's Financial Performance
       10-5a. Liquidity (Ability to Pay Debt)
       10-5b. Profitability on Assets
       10-5c. Use of Debt Financing
       10-5d. Return on Owners' Equity

11. Forecasting Financial Requirements
    11-1. The Purpose of Financial Forecasting
    11-2. Forecasting Profitability
    11-3. Forecasting Asset and Financing Requirements
       11-3a. Determining Asset Requirements
       11-3b. Determining Financing Requirements
    11-4. Forecasting Cash Flows
       11-4a. Pro Forma Statement of Cash Flows
       11-4b. The Cash Budget
    11-5. Use Good Judgment When Forecasting

12. A Firm's Sources of Financing
    12-1. Firm Characteristics and Sources of Financing
       12-1a. Firm's Economic Potential
       12-1b. Company Size and Maturity
       12-1c. Nature of Firm's Assets
       12-1d. Owners' Preferences for Debt or Equity
    12-2. Debt or Equity Financing?
       12-2a. Potential Profitability
       12-2b. Financial Risk
       12-2c. Voting Control
    12-3. Sources of Early Financing
       12-3a. Personal Savings
       12-3b. Friends and Family
       12-3c. Credit Cards
    12-4. Bank Financing
       12-4a. Types of Loans
       12-4b. Understanding a Banker's Perspective
       12-4c. Selecting a Banker
       12-4d. Negotiating the Loan
    12-5. Business Suppliers and Asset-Based Lenders
       12-5a. Accounts Payable (Trade Credit)
       12-5b. Equipment Loans and Leases
       12-5c. Asset-Based Lending
    12-6. Private Equity Investors
       12-6a. Business Angels
       12-6b. Venture Capital Firms
12-7. Crowdfunding
12-8. Government Loan Programs
  12-8a. The Small Business Administration
  12-8b. State and Local Government Assistance
  12-8c. Community-Based Financial Institutions
12-9. Where Else to Look
  12-9a. Large Corporations
  12-9b. Stock Sales

13. Planning for the Harvest
  13-1. The Importance of the Harvest
    13-2a. Selling the Firm
    13-2b. Distributing the Firm’s Cash Flows
    13-2c. Initial Public Offering (IPO)
    13-2d. Private Equity Recapitalization
  13-3. Firm Valuation and Payment Methods
    13-3a. The Harvest Value
    13-3b. The Method of Payment
  13-4. Developing an Effective Harvest Plan
    13-4a. Anticipate the Harvest
    13-4b. Expect Conflict—Emotional and Cultural
    13-4c. Get Good Advice
    13-4d. Understand What Motivates You
    13-4e. What’s Next?

  14-1. What Is Customer Relationship Management?
    14-1a. Benefits of CRM to a Small Firm
    14-1b. Essential Materials for a CRM Program
  14-2. Outstanding Customer Relationships through Extraordinary Service
    14-2a. Managing Customer Satisfaction
    14-2b. Evaluating a Firm’s Customer Service Health
  14-3. Using Technology to Support Customer Relationship Management
    14-3a. Creating a CRM Database
    14-3b. Using a CRM Database
    14-3c. Data Use and Privacy Concerns
  14-4. Customers as Decision Makers
    14-4a. Need Recognition
    14-4b. Information Search and Evaluation
    14-4c. Purchase Decision
    14-4d. Post-Purchase Evaluation
  14-5. Understanding Psychological Influences on Customers
    14-5a. Needs
    14-5b. Perceptions
    14-5c. Motivations
    14-5d. Attitudes
  14-6. Understanding Sociological Influences on Customers
    14-6a. Cultures
    14-6b. Social Classes
    14-6c. Reference Groups
    14-6d. Opinion Leaders

15. Product Development and Supply Chain Management
  15-1. To Grow or Not to Grow
  15-2. Innovation: A Path to Growth
    15-2a. Gaining a Competitive Advantage
    15-2b. Achieving Sustainability
  15-3. The Product Life Cycle and New Product Development
15-3a. The Product Life Cycle
15-3b. The New Product Development Process

15-4. Building the Total Product
15-4a. Branding
15-4b. Packaging
15-4c. Labeling
15-4d. Warranties

15-5. Product Strategy
15-5a. Product Marketing versus Service Marketing
15-5b. Product Strategy Options

15-6. The Legal Environment
15-6a. Consumer Protection
15-6b. Protection of Marketing Assets

15-7. Supply Chain Management
15-7a. Intermediaries
15-7b. Channels of Distribution
15-7c. The Scope of Physical Distribution

16. Pricing and Credit Decisions
16-1. Setting a Price
16-1a. Pricing Starting with Costs
16-1b. Pricing Starting with Customers

16-2. Applying a Pricing System
16-2a. Break-Even Analysis
16-2b. Markup Pricing

16-3. Selecting a Pricing Strategy
16-3a. Penetration Pricing
16-3b. Price Skimming
16-3c. Follow-the-Leader Pricing
16-3d. Variable Pricing
16-3e. Price Lining
16-3f. Optional Product and Service Pricing

16-4. Offering Credit
16-4a. Benefits of Credit
16-4b. Factors That Affect Selling on Credit
16-4c. Types of Credit

16-5. Managing the Credit Process
16-5a. Evaluation of Credit Applicants
16-5b. Sources of Credit Information
16-5c. Aging of Accounts Receivable
16-5d. Billing and Collection Procedures
16-5e. Credit Regulation

17. Promotional Planning
17-1. Promotion Is Communication
17-2. Determining the Promotional Budget
17-2a. Budgeting a Fixed Percentage of Sales
17-2b. Deciding How Much Is Left Over after Other Expenses Are Covered
17-2c. Spending at the Same Level as Competitors
17-2d. Determining How Much Is Needed to Achieve Objectives

17-3. Promotion Using the Internet and Social Media
17-3a. The Small Business Website
17-3b. Social Media

17-4. Personal Selling in the Small Firm
17-4a. The Importance of Product Knowledge
17-4b. The Sales Presentation
17-4c. Cost Control in Personal Selling
17-4d. The Compensation Program for Salespeople
17-5. Advertising Practices
   17-5a. Advertising Objectives
   17-5b. Types of Advertising
   17-5c. Advertising Specialists
   17-5d. Frequency of Advertising
   17-5e. Where to Advertise

17-6. Sales Promotion
   17-6a. Specialties
   17-6b. Trade Show Exhibits
   17-6c. Coupons
   17-6d. Publicity
   17-6e. When to Use Sales Promotion

18. Global Opportunities for Small Businesses
   18-1. Small Businesses as Global Enterprises
   18-2. The Forces Driving Global Businesses
      18-2a. Expanding Markets
      18-2b. Gaining Access to Resources
      18-2c. Cutting Costs
      18-2d. Capitalizing on Special Features of Location
   18-3. Strategy Options for Global Firms
      18-3a. Exporting
      18-3b. Importing
      18-3c. Foreign Licensing
      18-3d. International Franchising
      18-3e. International Strategic Alliances
      18-3f. Locating Facilities Abroad
   18-4. Challenges to Global Businesses
      18-4a. Political Risk
      18-4b. Economic Risk
      18-4c. The Ease of Doing Business Index
   18-5. Assistance for Global Enterprises
      18-5a. Analyzing Markets and Planning Strategy
      18-5b. Connecting with International Customers
      18-5c. Financing

19. Professional Management and the Small Business
   19-1. Small Business Leadership
      19-1a. What Is Leadership?
      19-1b. Leadership Qualities of Founders
      19-1c. What Makes a Leader Effective?
      19-1d. Leadership Styles
      19-1e. Shaping the Culture of the Organization
   19-2. The Small Firm Management Process
      19-2a. From Founder to Professional Manager
      19-2b. Firm Growth and Managerial Practices
   19-3. Managerial Responsibilities of Entrepreneurs
      19-3a. Planning Activities
      19-3b. Creating an Organizational Structure
      19-3c. Delegating Authority
      19-3d. Controlling Operations
      19-3e. Communicating
      19-3f. Negotiating
   19-4. Personal Time Management
      19-4a. The Problem of Time Pressure
      19-4b. Time Savers for Busy Managers
   19-5. Outside Management Assistance
      19-5a. The Need for Outside Assistance
19-5b. Sources of Management Assistance

20. Managing Human Resources

20-1. Recruiting Personnel
   20-1a. The Need for Quality Employees
   20-1b. The Lure of Entrepreneurial Firms
   20-1c. Sources of Employees
   20-1d. Diversity in the Workforce
   20-1e. Job Descriptions

20-2. Evaluating Prospects and Selecting Employees
   20-2a. Step 1: Use Application Forms
   20-2b. Step 2: Interview the Applicant
   20-2c. Step 3: Check References and Other Background Information
   20-2d. Step 4: Test the Applicant
   20-2e. Step 5: Require Physical Examinations

20-3. Training and Developing Employees
   20-3a. Basic Components of Training and Development
   20-3b. Orientation for New Personnel
   20-3c. Employee Training
   20-3d. From Training to Implementation
   20-3e. Development of Managerial and Professional Employees

20-4. Compensation and Incentives for Employees
   20-4a. Wage and Salary Levels
   20-4b. Financial Incentives
   20-4c. Stock Incentives
   20-4d. Employee Benefits

20-5. Special Issues in Human Resource Management
   20-5a. Co-Employment Agreements
   20-5b. Legal Protection of Employees
   20-5c. Labor Unions
   20-5d. Formalizing Employer-Employee Relationships
   20-5e. The Need for a Human Resource Manager


21-1. Competing with Operations

21-2. The Operations Process
   21-2a. The Operations Process in a Service Business
   21-2b. The Operations Process in a Manufacturing Business
   21-2c. Capacity Considerations
   21-2d. Planning and Scheduling

21-3. Inventory Management and Operations
   21-3a. Objectives of Inventory Management
   21-3b. Inventory Cost Control
   21-3c. Inventory Recordkeeping Systems

21-4. Quality and Operations Management
   21-4a. Quality as a Competitive Tool
   21-4b. The Customer Focus of Quality Management
   21-4c. “The Basic Seven” Quality Tools
   21-4d. Quality Inspection versus Poka-Yoke
   21-4e. Statistical Methods of Quality Control
   21-4f. International Certification for Quality Management
   21-4g. Quality Management in Service Businesses

21-5. Purchasing Policies and Practices
   21-5a. The Importance of Purchasing
   21-5b. Measuring Supplier Performance
   21-5c. Building Good Relationships with Suppliers
   21-5d. Forming Strategic Alliances
   21-5e. Forecasting Supply Needs
21-5f. Using Information Systems
21-6. Lean Production and Synchronous Management
   21-6a. Lean Production
   21-6b. Synchronous Management

22. Managing the Firm’s Assets
   22-1. The Working Capital Cycle
      22-1a. The Timing and Size of Working Capital Investments
      22-1b. Examples of Working Capital Management
   22-3. Managing Accounts Receivable
      22-3a. How Accounts Receivable Affect Cash
      22-3b. The Life Cycle of Accounts Receivable
      22-3c. Accounts Receivable Financing
   22-4. Managing Inventory
      22-4a. Reducing Inventory to Free Cash
      22-4b. Monitoring Inventory
      22-4c. Controlling Stockpiles
   22-5. Managing Accounts Payable
   22-6. Cash Conversion Period Revisited
   22-7. Capital Budgeting Techniques
      22-7a. Accounting Return on Investment
      22-7b. Payback Period
      22-7c. Discounted Cash Flows

23. Managing Risk
   23-1. What Is Business Risk?
   23-2. Basic Types of Pure Risk
      23-2a. Property Risks
      23-2b. Liability Risks
      23-2c. Personnel Risks
   23-3. Risk Management
      23-3a. The Process of Risk Management
      23-3b. Risk Management in the Small Business
   23-4. Basic Principles of a Sound Insurance Program
   23-5. Common Types of Business Insurance
      23-5a. Property and Casualty Insurance
      23-5b. Life and Health Insurance