

**BE AWARE OF COMPETITORS  
WHEN LOCATING  
YOUR BUSINESS**

**PACE (Revised)**  
**Instructor Guide**  
**Level 3**

Developed by

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1983

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## **STEPS IN DETERMINING A BUSINESS LOCATION**

**Select a general area**

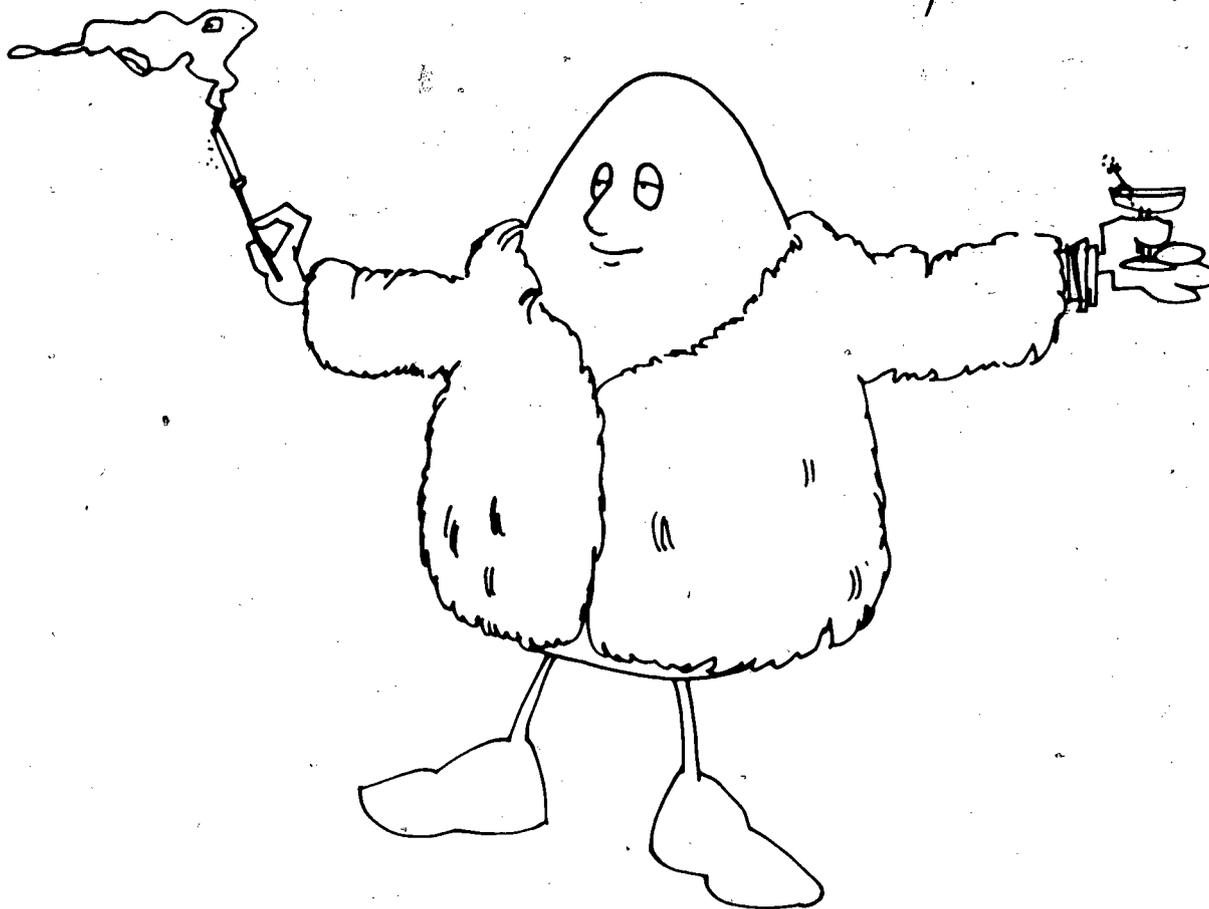
**Survey several locations within the general  
area**

**Establish site selection criteria**

**Analyze the need to build or renovate**

**Analyze the need to lease**

**Review findings and decide**



# ESTIMATE PERSONAL EXPENSES

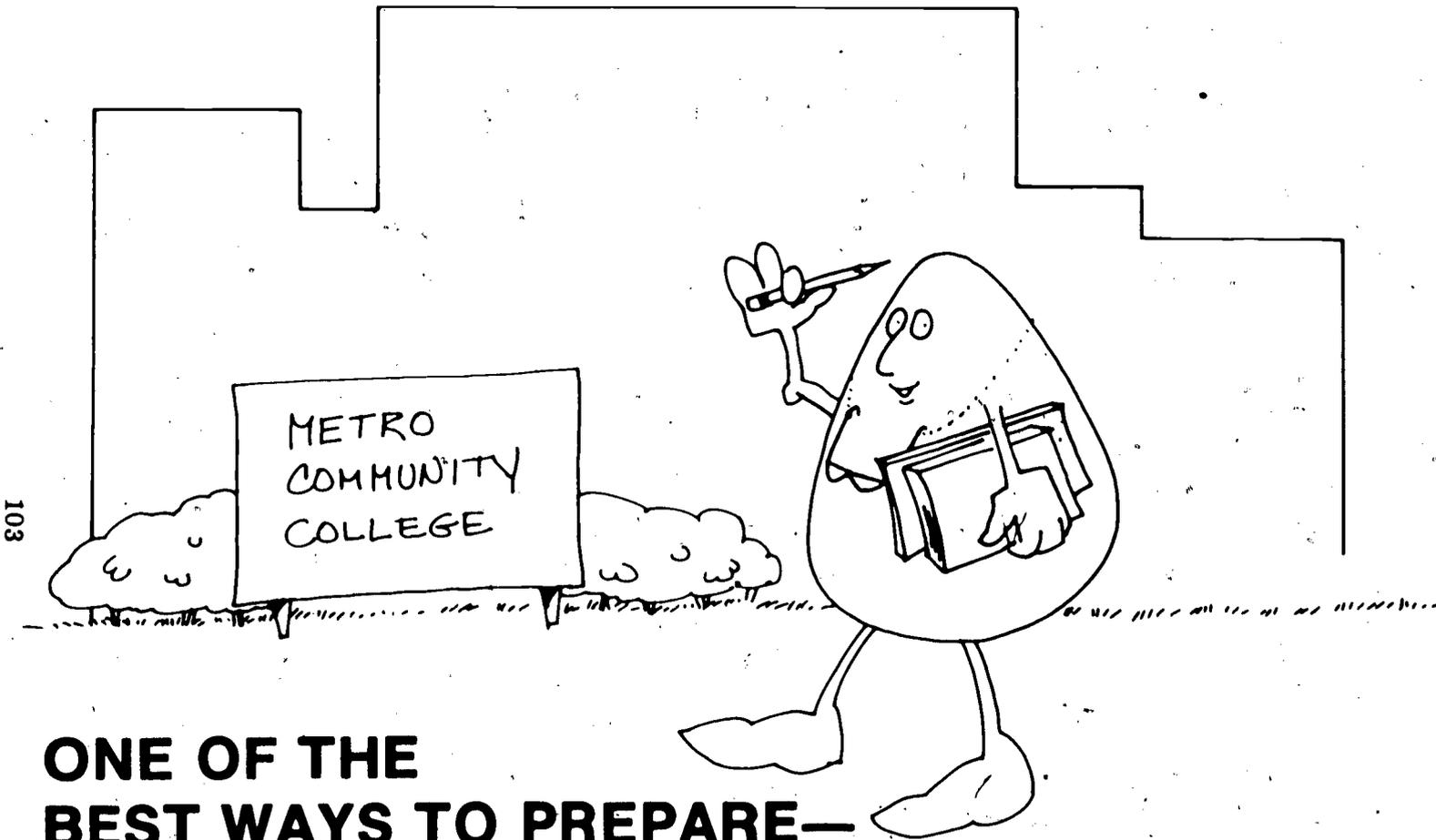
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**ONE OF THE  
BEST WAYS TO PREPARE—  
TAKE A COURSE IN BUSINESS LAW**

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**PACE Unit**

**Dealing with Legal Issues**  
**Keeping the Business Records**

**Determining Your Potential as an Entrepreneur**  
**Understanding the Nature of Small Business**

**Choosing the Type of Ownership**  
**Managing Sales Efforts**

Special recognition is extended to M. Catherine Ashmore, Research Specialist, and Sandra G. Pritz, Program Associate, who directed this effort. Appreciation is also expressed to Linda A. Pfister, Associate Director, and to the many National Center staff members and consultants who assisted on the project.

We appreciate the extensive efforts of all involved in revising PACE to reflect the most comprehensive approach available for entrepreneurship education. The possibilities for use of this curriculum at three different levels of experience add further challenge for leadership among vocational educators at the secondary, postsecondary, and adult levels.

**Robert E. Taylor**  
Executive Director  
The National Center for Research in  
Vocational Education

# **ANTI-TRUST COMPLIANCE PROGRAM**

**Develop Company Policy**

**Establish Training Program**

**Implement Procedures**

**Preserve Documentation**

**Perform Audits**

# **AFFIRMATIVE ACTION PROGRAM**

**Develop Company Policy**

**Designate Responsible Individual**

**Publish and Distribute Policy**

**Review Employment Practices**

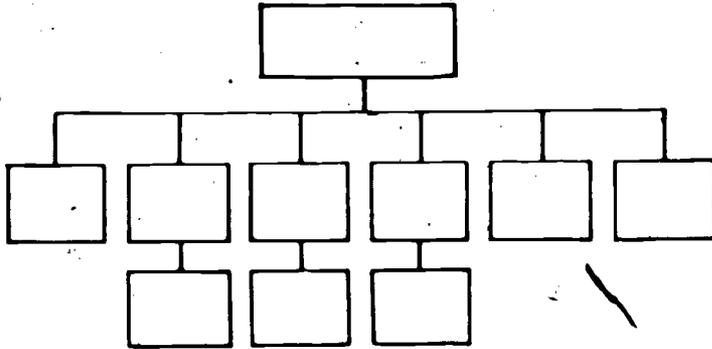
# **CREDIT LAW COMPLIANCE**

**Prohibit Discrimination**

**State Finance Charges in Uniform Manner**

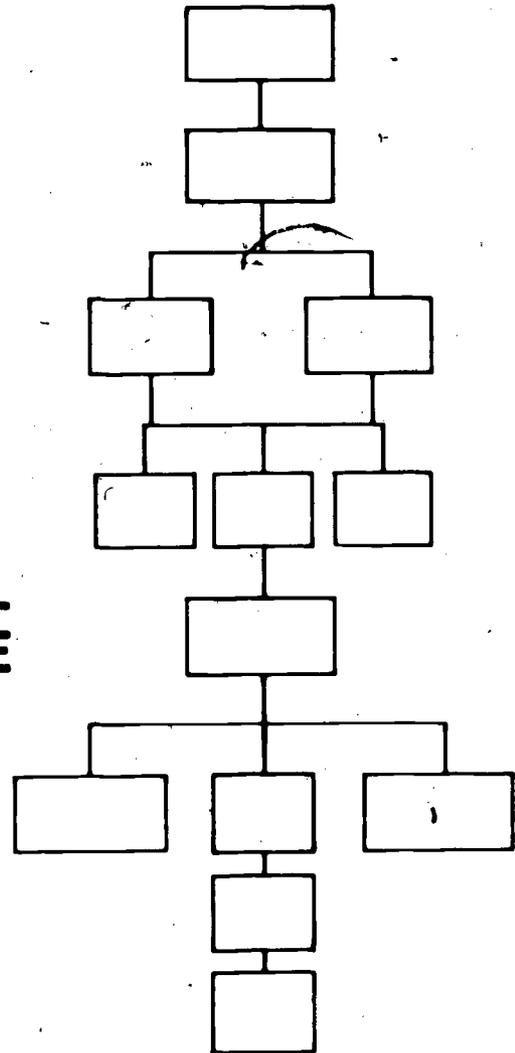
**Present Annual Percentage Rate**

**Develop Methods to Handle Errors**



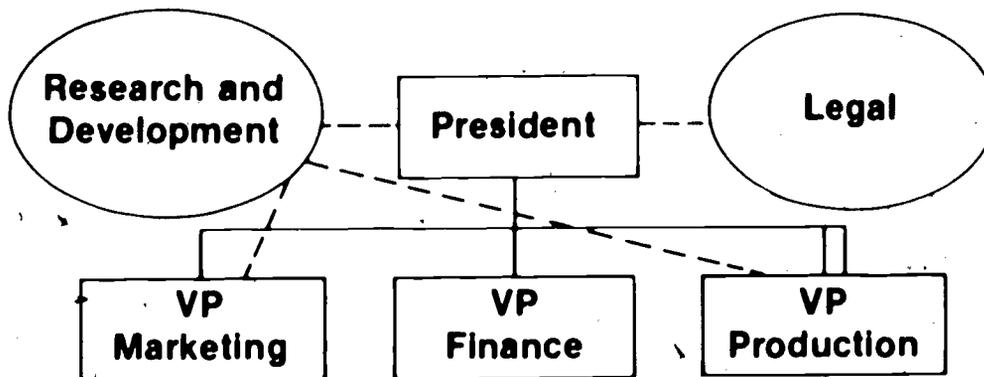
**Flat Organization**

**WHAT ORGANIZATIONAL PROBLEMS MIGHT ARISE WITH EITHER OF THESE TWO ORGANIZATION STRUCTURES?**



**Tall Structure**

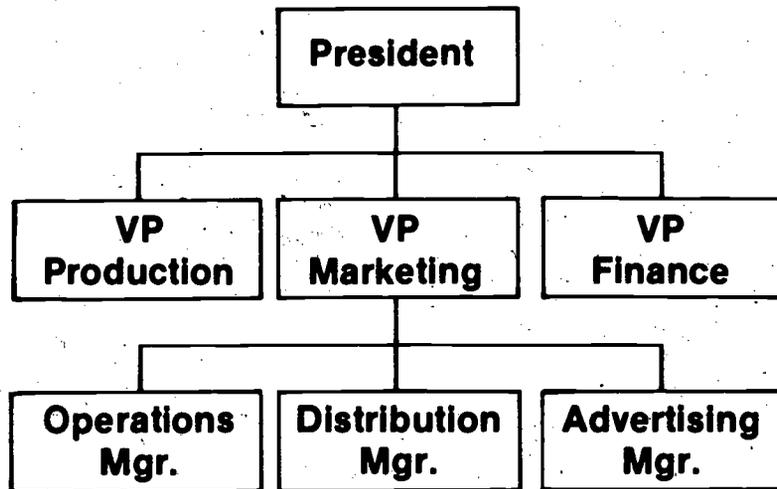
# LINE AND STAFF ORGANIZATION



**Staff advisers are indicated by dotted lines**

- 1. Advisers have no authority over employees**
- 2. Advisers viewed as “auxiliary experts”**

# LINE ORGANIZATION



- 1. Each employee has only one "boss."**
- 2. No one has power control.**
- 3. Work is delegated.**
- 4. Direct lines of communications exist.**

## **Steps in doing job analysis:**

- 1. Interview person who does the job**
- 2. Compile list**
- 3. Check list with supervisor(s) and subordinate(s)**
- 4. Revise list**

## Outline for development of a training program

### 1. PLAN AHEAD

- A. Identify needs
- B. Define what is to be learned (objectives)
- C. Decide who is to be trained

### 2. CHOOSE TIME, PLACE, AND TRAINER

### 3. INFORM PARTICIPANTS

- A. Who
- B. When
- C. Where
- D. How to dress
- E. What will be learned

### 4. BEGIN THE PLANNED INSTRUCTION

- A. Introduction
- B. Content
- C. Breaks

### 5. PRESENT THE INFORMATION

- A. Verbal presentation
- B. Demonstration
- C. Practice/feedback
- D. Questions?

### 6. FOLLOW UP

- A. Observe new behaviors
- B. Make corrections
- C. Reinforce good performance

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### Unit 17 - Managing Customer Credit and Collections

1. Analyze the legal rights and recourse of credit grantors.
2. Develop a series of credit collection reminder letters and follow-up activities.
3. Develop various credit and collection policies.
4. Prepare a credit promotion plan.
5. Discuss informational resources and systems that apply to credit and collection procedures.

### Unit 18 - Protecting the Business

1. Prepare policies for your firm that will help minimize losses due to: employee theft, vendor theft, bad checks, shoplifting, robbery, injury, and product liability.
2. Determine the kinds, amount, and cost of insurance needed by your firm.

## Steps in corrective interview

1. Schedule a meeting.
2. Explain what you observed and why it concerns you.
3. Listen to the employee's explanation.
4. React to the explanation.
5. Discuss what needs to change.
6. Schedule another meeting.
7. Make notes.
8. Have a follow-up meeting.

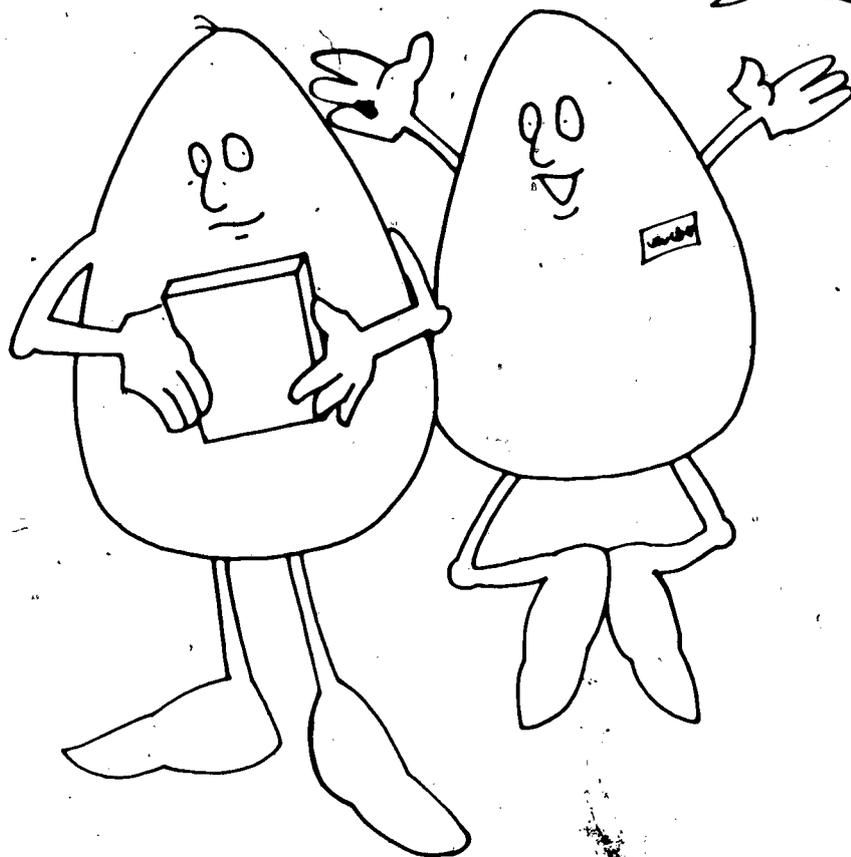
## **Steps in a compensation evaluation**

- 1. Schedule a meeting.**
- 2. Deliver the news first.**
- 3. Explain your decision.**
- 4. Answer questions.**
- 5. Set a date.**
- 6. Make notes.**

## **Steps in an employee development evaluation**

- 1. Schedule a meeting.**
- 2. Review the task list together.**
- 3. Discuss the importance of the task.**
- 4. Give the employee feedback.**
- 5. Listen and answer questions.**
- 6. Respond to problems.**
- 7. Set goals.**
- 8. Reaffirm positive feedback.**
- 9. Set a date.**
- 10. Thank the employee.**
- 11. Make notes.**

BUT ARE YOU ABSOLUTELY  
POSITIVELY SURE YOU ARE  
REALLY, REALLY TOTALLY  
SATISFIED?



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**CUSTOMERS ARE SATISFIED WHEN  
THEY GET GOOD VALUE**

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### Section 3—Planning for Entrepreneurship

This module helps you prepare a comprehensive plan for your new venture. It is detailed enough to give you and financial supporters confidence in what you plan to do.

Complete the details as identified within the text of the module. Remember that this presentation should be written to share the business plan with potential financial supporters.

Additional planning and procedures will be developed as you complete this project in other sections of PACE. The difference is that this additional planning may be for your information or eyes only. It provides more detail, more ideas, and procedures that you may wish to keep for your private information.

Now for your basic business plan. Complete your plan as you move through PACE. Follow the business plan outline on the next pages.

#### BUSINESS PLAN OUTLINE

##### Cover Sheet:

Name of business

Name of owner(s)

Address and telephone number of business or where owner(s) can be reached

Date presented

##### First Sheet:

Statement of purpose

Name of business and address

Amount of financing needed

Purpose of financing

Statement of profit potential

##### Section I: Description of business

- A. Describe the business and the product or service you will sell.
- B. Discuss the history of the business, if any.
- C. Discuss your experiences.
- D. Discuss the growth possibilities for the business and your reasons for believing the business will be successful.

##### Summary

Present two or three summary paragraphs.

##### Paragraph 1

Summarize the description of the business. Give the name and address of the business, the type of business, your product or service, the name(s) of the owner(s), the amount of money needed, and the purpose of the financing.

# **DEVELOPING AN ADVERTISING PLAN**

**Take an honest look at your attitude  
about advertising**

**Profile your customers**

**Set a sales goal**

**Decide on how much advertising you  
will need to reach your goal**

**Set aside a reserve**

**Decide on what to promote**

**Schedule next month's ad program**

**Make your ads pack selling punch**

**Stick to your ad plan**

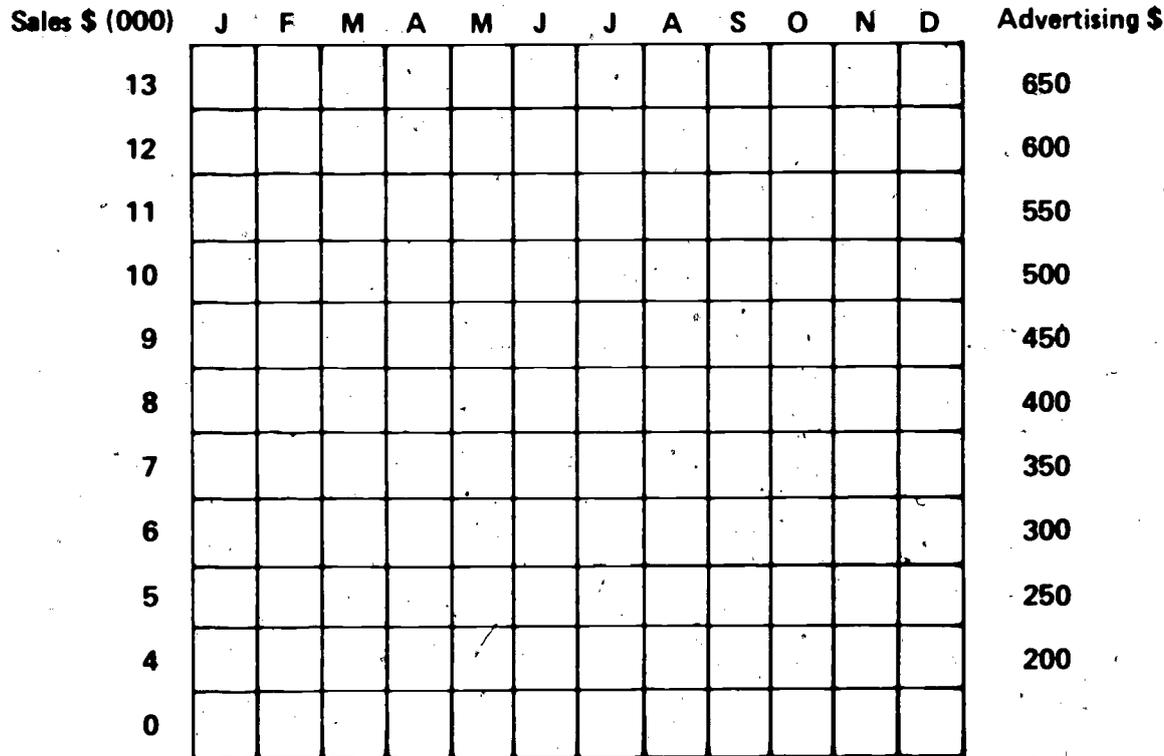
## **PROFILE YOUR CUSTOMERS, MARKET, AND STORE**

- 1. What quality do I sell?**
- 2. What selling techniques do I use?**
- 3. How do I compare with competitors?**
- 4. What customer services do I offer?**
- 5. Am I accessible to the public?**
- 6. Who makes up my market?**
- 7. Why do people buy from me?**
- 8. Why don't people buy from me?**

MONTHLY COMPARISON OF ADVERTISING AND SALES DOLLARS

	Sales		Advertising	
	Sales (in dollars)	% of Year's Sales	Advertising (in dollars)	% of Year's Advertising
JAN.	_____	_____ %	_____	_____ %
FEB.	_____	_____ %	_____	_____ %
MAR.	_____	_____ %	_____	_____ %
APR.	_____	_____ %	_____	_____ %
MAY	_____	_____ %	_____	_____ %
JUNE	_____	_____ %	_____	_____ %
JULY	_____	_____ %	_____	_____ %
AUG.	_____	_____ %	_____	_____ %
SEPT.	_____	_____ %	_____	_____ %
OCT.	_____	_____ %	_____	_____ %
NOV.	_____	_____ %	_____	_____ %
DEC.	_____	_____ %	_____	_____ %
TOTAL	_____	100%	_____	100%

**GRAPH OF SALES AND ADVERTISING - PLANNED VERSUS ACTUAL**



**NOTE:** Dollar amounts listed on the graph scales for sales and advertising should be modified to reflect your actual business.

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## Section 5—Choosing the Type of Ownership

1. Analyze the advantages and disadvantages to you and your business in choosing each of the types of ownership:

	Advantages	Disadvantages
Sole Proprietorship		
Partnership		
Corporation		
Franchise (if appropriate)		
Cooperative (if appropriate)		

2. Develop the contracts necessary to establish ownership.
3. Develop the policies and procedures necessary to effectively operate in this form.

# PLANNING CALENDAR

MON.	TUES.	WED.	THURS.	FRI.	SAT.	SUN.

Transparency No. 6

Promoting the Business  
Unit 13  
Level 3

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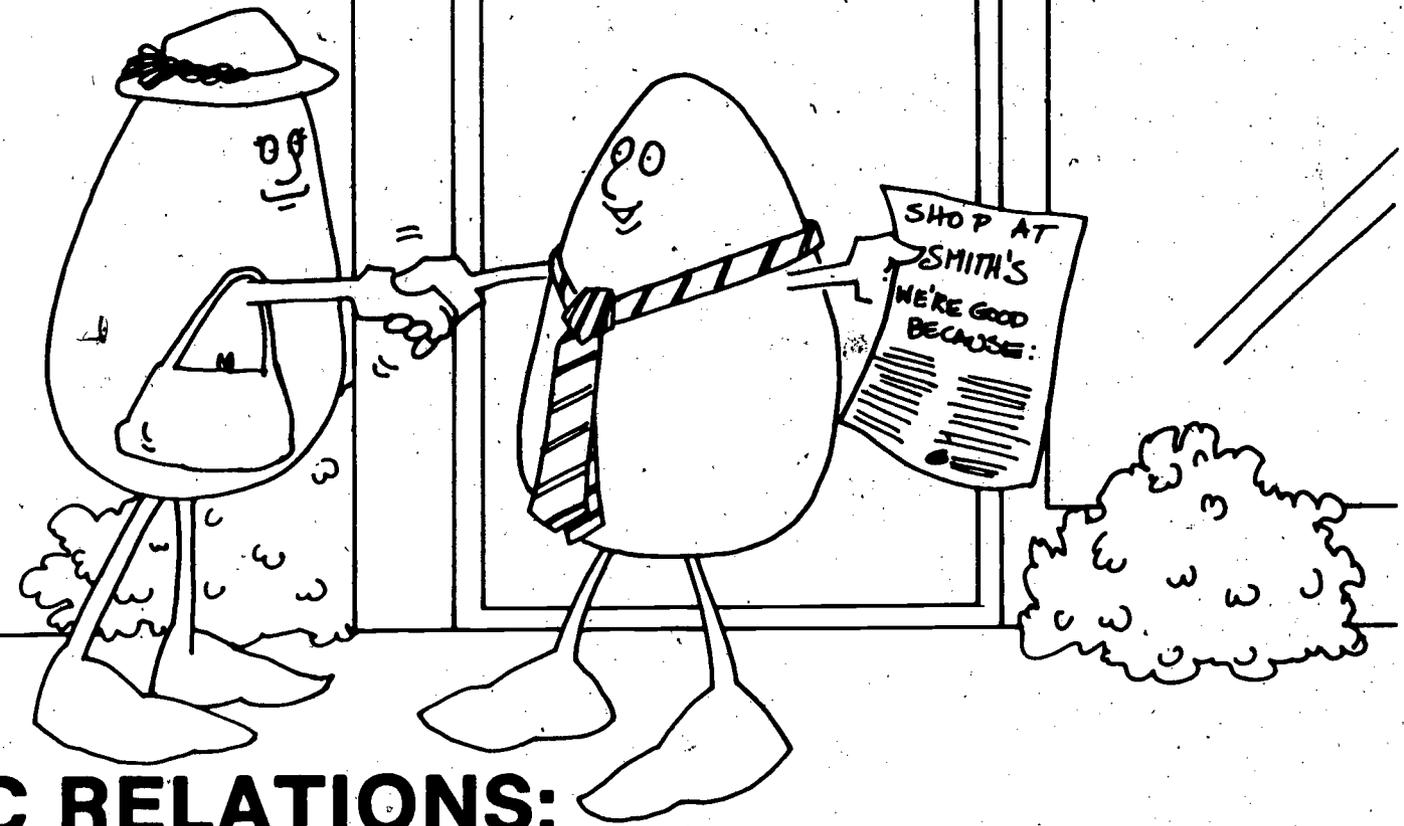
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- Your stock control system should enable you to determine what needs to be ordered on the basis of (1) what is on hand, (2) what is on order, and (3) what has been sold. Describe procedures for controlling the inventory. Consider the following questions:
  - What are the duties that have to be performed from the time the truck arrives at your business until the goods are moved into stock or storage?
  - What happens when you receive damaged or spoiled goods?
  - What happens when there is a shortage of goods?
  - Who is notified?
  - What kind of check is made for quality and quantity of merchandise received?
  - What method will you use to know when goods should be reordered and what number of goods to reorder?
  - Where will stock be placed?
  - How will the system be organized to find merchandise?
  
- Describe procedures and plans for pricing merchandise. Consider the following questions:
  - In what price ranges are your lines of merchandise sold (quality, medium, low)?
  - Which range will you stock?
  - Will you sell only for cash?
  - If you offer credit, will your price have to be higher than if all sales are for cash? (The credit costs will have to come from somewhere. Plan for them.)
  - If you use a known credit card system, what will it cost you? Will you have to add to your prices to absorb this cost?
  - Will your business use odd pricing? Why?
  - Will you use a one price policy or a variable pricing policy? Why?
  - Will the business use leader pricing on some items? What about loss leader pricing?
  
- Describe your customer service policies. The services you provide your customers may be free to them, but not to you. For example, if you provide parking, you pay for your own parking lot or pick up your part of the cost of a lot that you and other retailers use. Consider the following questions:
  - List the services that your competitors provide customers.
  - How many of these services do you have to provide just to meet competition?
  - What services would attract customers that your competitors are not offering?
  - What services does your store offer only during certain periods of the year? (Example: layaway at Christmas time.)
  - List any services that you might offer that your customers might pay for. (Example: gift wrapping.)
  - How does your credit policy work?
  - Explain your delivery policies. If you offer delivery services, will you have your own equipment or will you contract to use a consolidated delivery service?
  - What is your policy on returned merchandise?
  - You will have to formulate business hours that will serve the needs of your customers. What days will you be open? What will be the hours the business will be open?

SMITH BROTHERS



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# PUBLIC RELATIONS: PRESENTING THE RIGHT IMAGE

- Number of homes owned or rented
- Change in population
- Average income

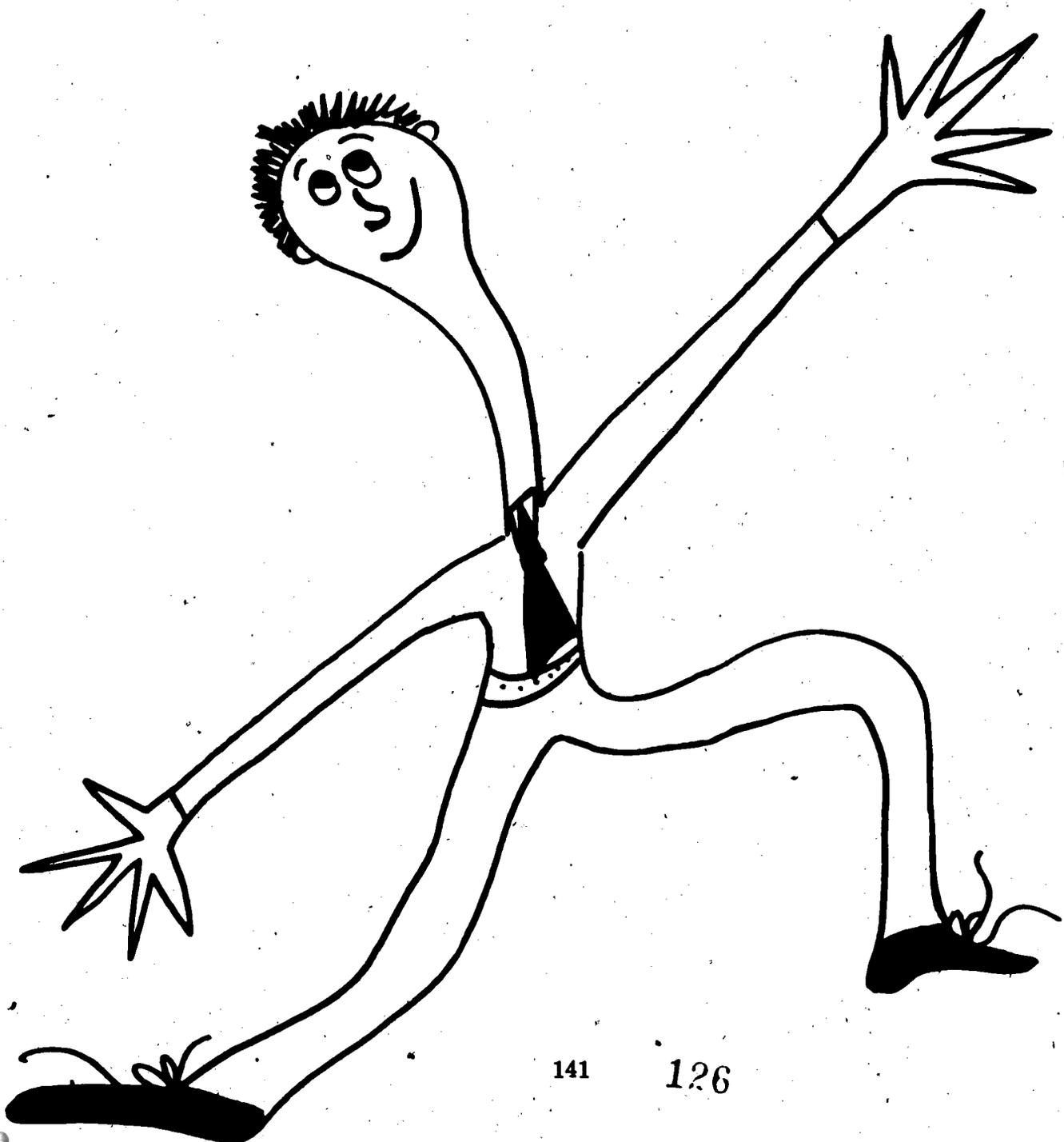
#### 4. Competition

- Number of competitors
- Location of competitors
- Size of competitors
- Customer opinion of competitors
- History of competition failure in this area

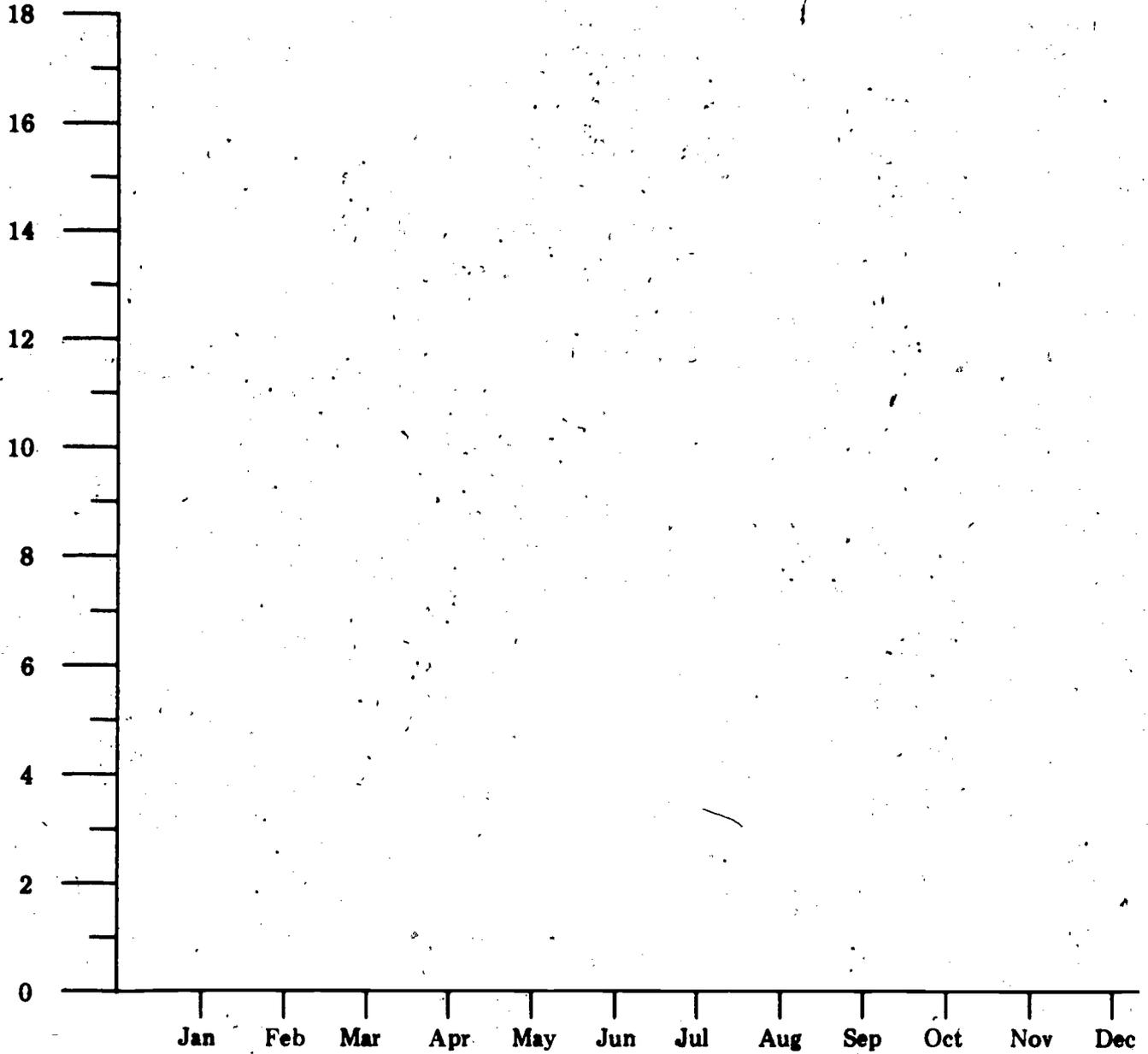
#### 5. Building

- Occupancy history/problems
- Physical condition
- Repairs required by lease (if any)
- Type of floor covering
- Type of heating/air conditioning
- Type of lighting system
- Outside lighting
- Fire protection
- Burglar control systems
- Color scheme (particularly in customer areas)
- Layout of your business for efficient traffic flow
- Equipment on premises
- Equipment needed

# Do You Extend Yourself for Creative Selling?



(In thousands of dollars, gross)



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WEEKLY SALES PLAN

Sales Person	Week 1		Week 2		Week 3		Week 4		Total Month	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual

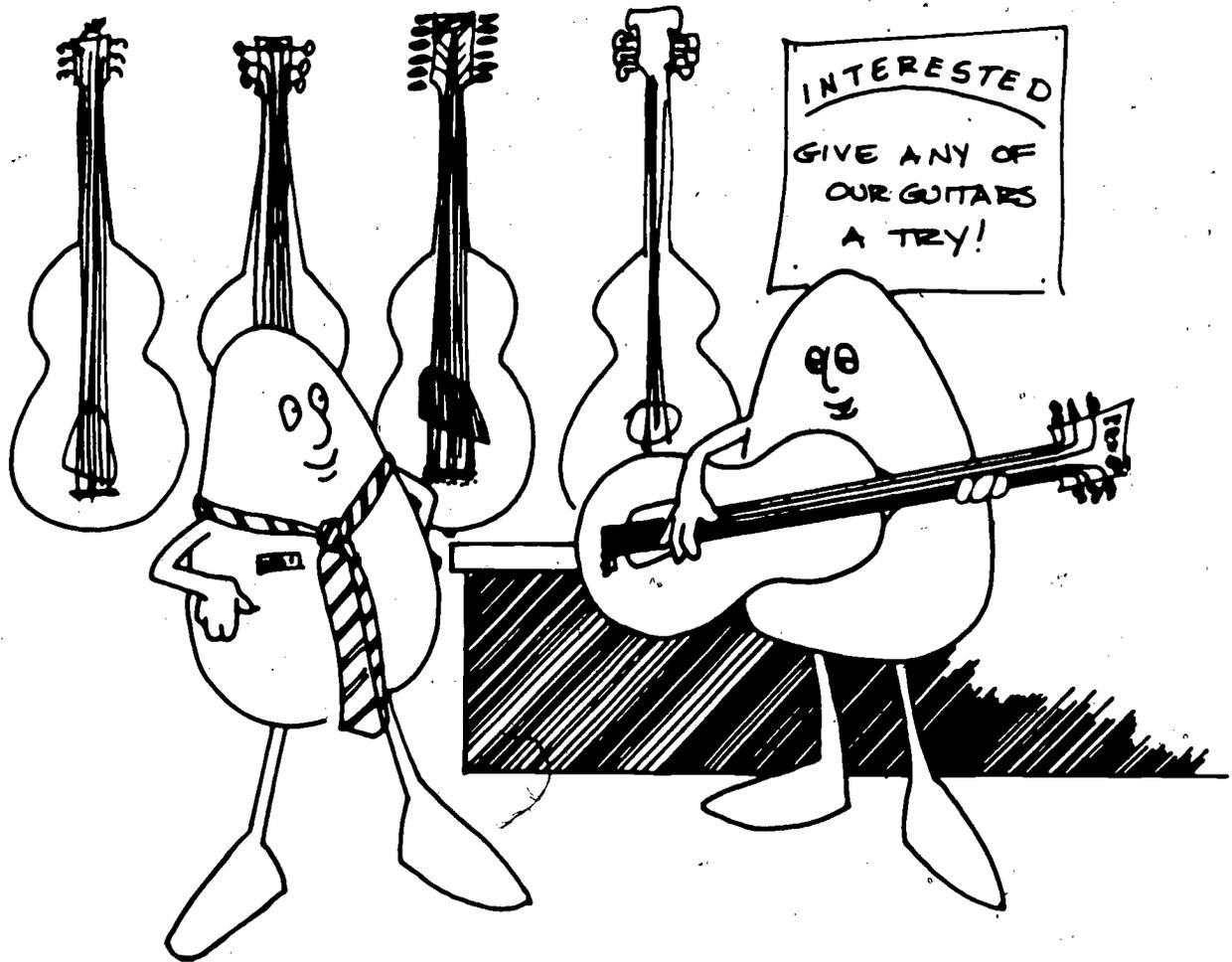
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- Building codes
- Health standards
- Fire standards

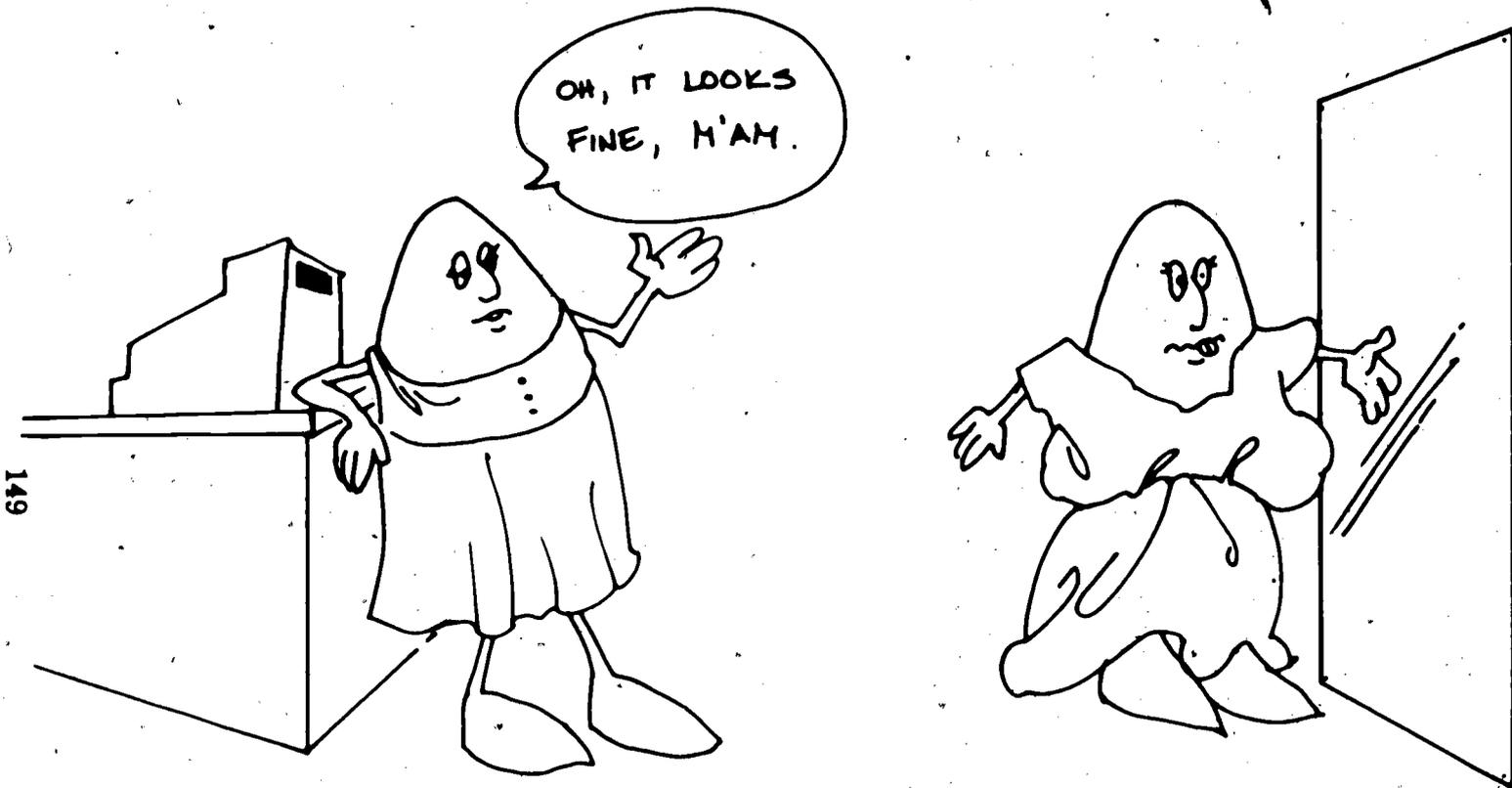
● Taxes

- Social Security
- Federal excise taxes
- Federal income taxes
- State income tax
- Local income tax
- Withholding employee taxes

# Involving Customers



**Involving Customers Helps to  
Give Them a Feeling of Ownership**

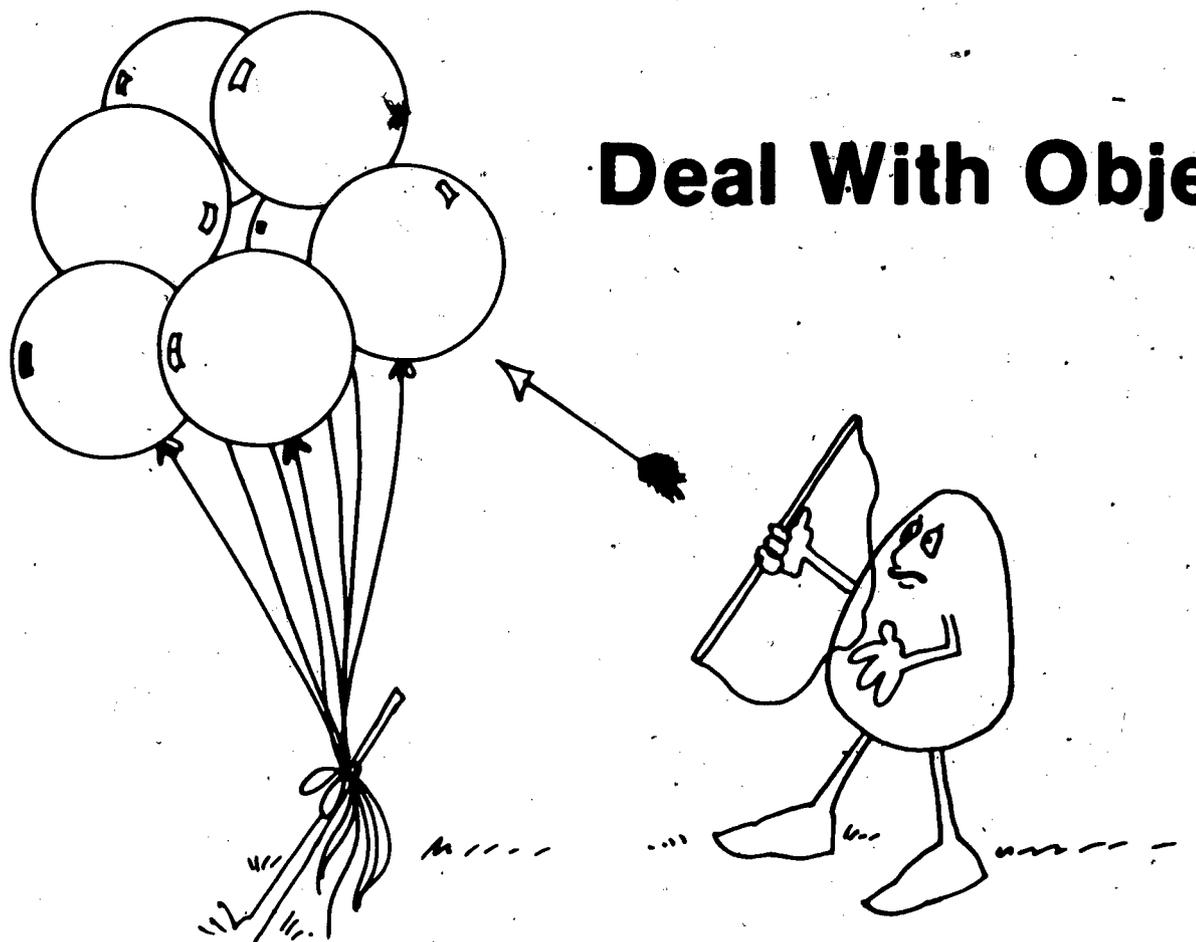


# Don't Pick Up Bad Habits

## Section 12—Managing Human Resources

- Prepare a job analysis for each position in the business.
- Write a job description for each position.
- Answer the following questions about hiring employees.
  - Number of employees needed
  - Major duties of each
  - Write a newspaper "help wanted" ad you would place to attract workers.
  - What caliber of employees are you looking for?
  - Where will you find these people?
  - How will you select from your applicants?
  - What sort of tests will you give applicants?
  - Is a physical required?
  - What sort of training and development programs will they have?
  - How long will the tryout period be for new employees?
  - What will be the rate of pay?
  - What will be the method of payment (salary, commission, combination, etc.)?
  - How often will the employees be paid?
  - What are the opportunities for growth, advancement, promotion within the business? What is the policy on transfers? What is your policy on promotions? Do you promote from within the company?
  - Will you offer your employees a discount on merchandise they purchase at the business? How much of a discount?
  - What fringe benefits are offered?
  - Vacation, holiday, free days policies
  - Hospitalization and medical care. If offered, who pays?
  - What about labor organizations?
  - What are the policies on termination of employment (voluntary, with cause)?
  - What sort of employee evaluation will you have? How often?
  - Pension and retirement plans you will offer
- Identify training needs and establish positions.
- Develop a training program for new employees.
- Develop a training program for continuous upgrading of employees.
- Describe plans for dealing with unions (if applicable).
- Develop written personnel policies. Include the business rules and regulations that employees will have to follow. Consider the following items:
  - Smoking
  - Chewing gum
  - Lunch (how much time?)
  - Eating while working
  - Visiting with friends or employees during working hours

# Deal With Objections



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## Section 13—Promoting the Business

Develop a promotion plan for the first year of your business. In this plan identify the following:

- Target market
- Promotional objectives
- Promotion budget based on estimated monthly sales
- Media to be used
- Media schedule
- Budget breakdown by media selection
- Overall theme
- Samples of the campaign materials
- Plans for use of an ad agency
- Public relations plan
- Ad layouts, copy, etc.
- Methods of evaluating effectiveness
- Methods of evaluating the budget monthly
- Procedures for completing the promotional plan

Be sure to select an integrated approach with several types of media to meet a variety of objectives. Schedule your advertising for a continuous message throughout the year. Be creative and practical at the same time.

## Section 14—Managing Sales Efforts

### 1. Prepare a sales training program for your employees to include the following:

- Importance of selling to the business
- Tasks to be accomplished
- Product knowledge
- Services knowledge
- Customer buying motives
- Ways to handle special customers
- Steps of a sale
  - Approach
  - Customer Needs
  - Demonstration
  - Objections
  - Close
- Tie-in sales
- Customer prospects
- Reports and forms
- Returns
- Time management

### 2. Develop a two-year sales plan showing monthly plans and employee quotas.

### 3. Develop procedures and policies to deal with management of the sales staff.

# Treat Your Customer Like Royalty



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**Cash Records (These records show what is happening to cash.)**

- Daily Cash Reconciliation
- Cash Receipts Journal
- Cash Disbursements Journal
- Bank Reconciliation
- Petty Cash Record

**Credit (These records keep track of who owes you and whether they are paying on time.)**

- Charge Account Application
- Accounts Receivable Ledger
- Accounts Receivable Aging List

**Employees (These records maintain information legally required and are helpful in the efficient management of personnel.)**

- Payroll Register
- Record of Employee Earnings and Amounts Withheld
- Employee's Withholding Exemption Certificate (W-4)
- Federal Tax Deposit Records
- Record of Hours Worked
- Record of Expense Allowances
- Employment Applications
- Record of Changes in Rate of Pay
- Record of Reasons for Termination of Employment
- Record of Employee Benefits
- Job Description
- Crucial Incidents Record

**Fixtures and Property (These keep facts needed for taking depreciation allowances and for insurance coverage and claim.)**

- Equipment Record
- Insurance Register



# Hidden Features: Find the Profiles

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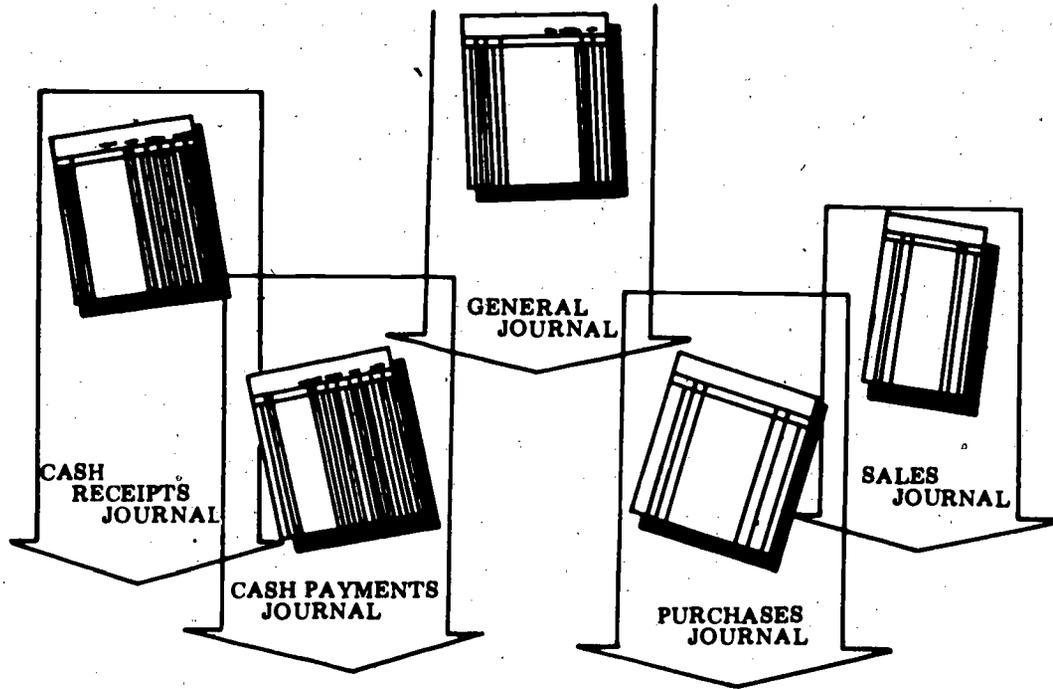
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## Section 16—Managing the Finances

This section helps you to prepare and analyze reports on your financial status. Be sure your procedure book addresses how and when you will do each of the following:

- Balance Sheet
  - Assets
  - Liabilities
  - Net worth
- Profit and Loss Statement
  - Gross sales
  - Cost of goods sold
  - Gross profit
  - Expenses
  - Net profit
- Financial Statement Ratios
  - Return on investment
  - Net profit to sales
  - Sales to equity
  - Average collection period
  - Inventory turn over
- Depreciation
- Cash forecast
- Cash flow
- Statement of change in owner's equity
- Operating expense ratios
- Inventory ratio
- Current ratio
- Acid-test ratio
- Break-even analysis

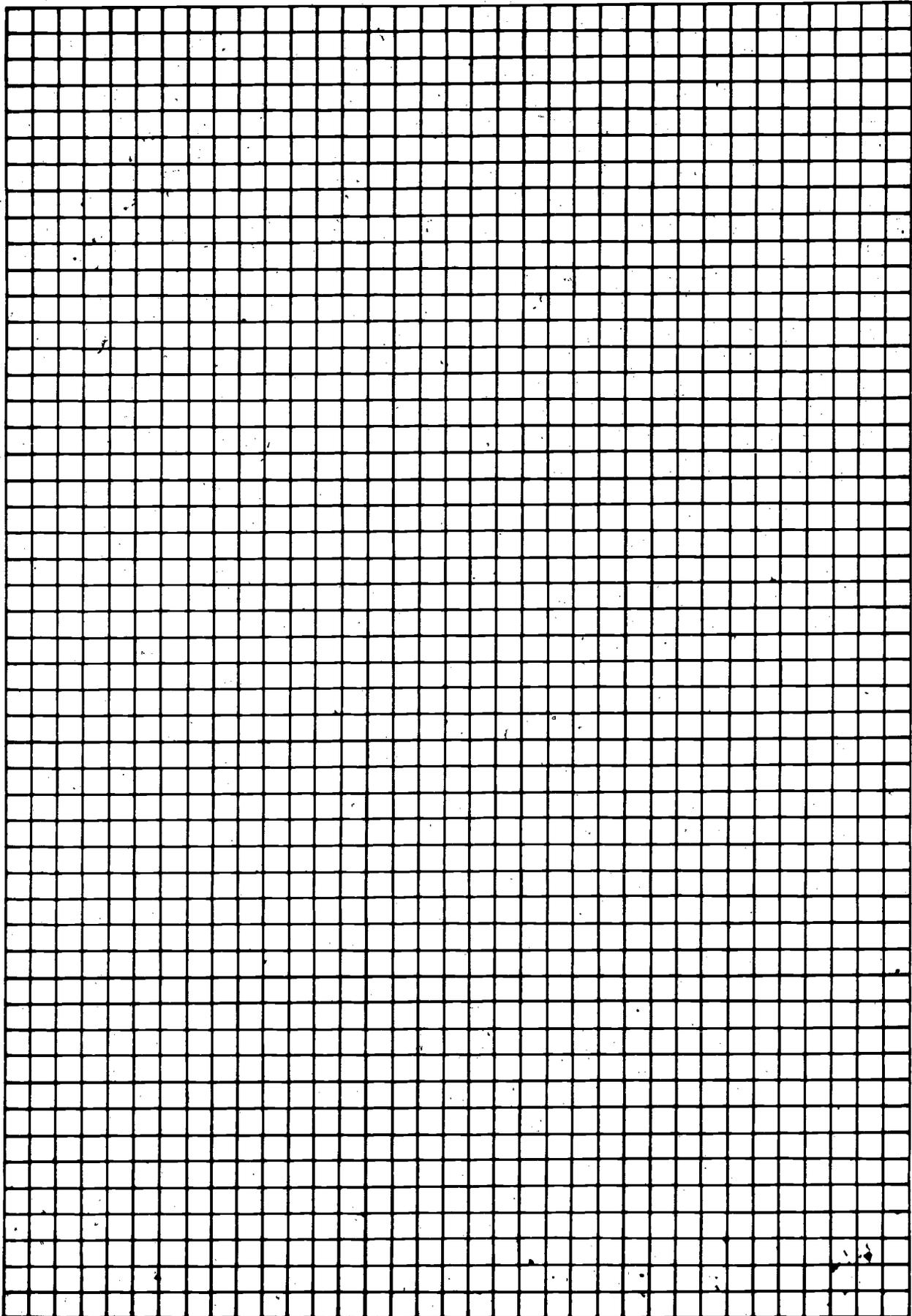
**THE COMBINATION  
JOURNAL**



Cash		Ch. No.	Date	Account Title	Post. Ref.	General		Accounts Payable		Purchases Discount Cr.	Accounts Receivable		Sales Discount Dr.	Purchases Dr.
Dr.	Cr.					Dr.	Cr.	Dr.	Cr.		Dr.	Cr.		

A small business may use a combination journal instead of special journals. The combination journal has columns that take the place of the various special journals.

BREAKEVEN GRID



## HANDOUTS

**Note to Instructor:**

**This section contains handouts to be duplicated for use with the modules or with the *Instructor Guide* as needed by students.**

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## ARE YOU READY TO BECOME AN ENTREPRENEUR?

The Small Business Administration (SBA) has developed some questions to help you think about what is needed to become a successful entrepreneur. Answer each question. If the answer is YES, you are on the right track. If you answer NO, you have some work to do.

YES            NO

### WHAT ABOUT YOU?

- Are you the kind of person who can get a business started and run it successfully? \_\_\_\_\_
- Think about why you want to own your own business. Do you want it badly enough to work long hours without knowing how much money you'll end up with? \_\_\_\_\_
- Does your family go along with your plan to start a business of your own? \_\_\_\_\_
- Have you worked in a business similar to the one you want to start? \_\_\_\_\_
- Have you worked for someone else as a supervisor or manager? \_\_\_\_\_
- Have you had any business training in school? \_\_\_\_\_

### WHAT ABOUT THE MONEY?

- Have you saved any money? \_\_\_\_\_
- Do you know how much money you will need to get your business started? \_\_\_\_\_
- Have you figured out whether you could make more money working for someone else? \_\_\_\_\_
- Have you determined how much of your own money you can put into the business? \_\_\_\_\_
- Do you know how much credit you can get from your suppliers—the people from whom you will buy? \_\_\_\_\_
- Do you know where you can borrow the rest of the money needed to start your business? \_\_\_\_\_
- Have you figured out your expected net income per year from the business? (Include your salary and profit on the money you put into the business.) \_\_\_\_\_

YES      NO

- Can you live on less than this so that you can use some of it to help your business grow? \_\_\_\_\_
- Have you talked to a banker about your plans? \_\_\_\_\_

**SELLING**

- Have you decided on a selling plan? \_\_\_\_\_
- Do you know how to get customers to buy? \_\_\_\_\_
- Have you thought about the selling techniques that make customers want to buy from some salespersons while others turn them off? \_\_\_\_\_

**YOUR EMPLOYEES**

- If you need to hire someone to help you, do you know where to look? \_\_\_\_\_
- Do you know what kind of person you need? \_\_\_\_\_
- Do you know how much to pay? \_\_\_\_\_
- Do you know what benefits to provide? \_\_\_\_\_
- Do you have a plan for training your employees? \_\_\_\_\_
- Do you have a work plan for yourself and your employees? \_\_\_\_\_

**CREDIT FOR YOUR CUSTOMERS**

- Have you decided whether to let your customers buy on credit? \_\_\_\_\_
- Do you know the good and bad points about joining a credit card plan? \_\_\_\_\_
- Can you tell a "deadbeat" from a good credit customer? \_\_\_\_\_
- Have you talked with other business owners in the area about what they think of the business? \_\_\_\_\_
- Have you talked with the company's suppliers? \_\_\_\_\_
- Have you talked to a lawyer about it? \_\_\_\_\_

**ADVERTISING**

- Have you decided how you will advertise (newspapers, posters, hand-bills, radio, mail)? \_\_\_\_\_

YES      NO

- Do you know where to get help with your ads? \_\_\_\_\_
- Have you watched how other similar businesses get people to buy? \_\_\_\_\_

**THE PRICES YOU CHARGE**

- Can you determine what you should charge for each product or service you sell? \_\_\_\_\_
- Do you know what other businesses like yours charge? \_\_\_\_\_

**BUYING**

- Do you know how to find out what your customers want? \_\_\_\_\_
- Will your inventory records tell you when it is time to reorder and how much to order? \_\_\_\_\_
- Will you buy most of your stock from a few suppliers rather than a little from many, so that those you buy from will want to help you succeed? \_\_\_\_\_
- Have you made plans for protecting your business against thefts of all kinds (shoplifting, robbery, burglary, stealing by employees)? \_\_\_\_\_
- Have you talked with an insurance agent about what kinds of insurance you need? \_\_\_\_\_

**BUYING A BUSINESS FROM SOMEONE ELSE**

- Have you made a list of what you like and don't like about buying a business someone else has started? \_\_\_\_\_
- Are you sure you know the real reason why the owner wants to sell that business? \_\_\_\_\_
- Have you compared the cost of buying the business with the cost of starting a new business? \_\_\_\_\_
- Are the stock/equipment/fixtures up to date and in good condition? \_\_\_\_\_
- Is the building in good condition? \_\_\_\_\_
- Will the owner of the building transfer the lease to you? \_\_\_\_\_
- Have you talked with other business people in the area to see what they think of the business? \_\_\_\_\_

YES      NO

- Have you talked with the company's suppliers? \_\_\_\_\_
- Have you talked with a lawyer about it? \_\_\_\_\_

**YOUR RECORDS**

- Have you planned a system of records that will enable you to keep track of your income and expenses, what you owe other people, and what other people owe you? \_\_\_\_\_
- Can you keep track of your inventory so that you will always have enough on hand for your customers, but not more than you can sell? \_\_\_\_\_
- Have you figured out how to keep payroll records and take care of tax reports and payments? \_\_\_\_\_
- Do you know what financial statements you should prepare? \_\_\_\_\_
- Do you know how to use these financial statements? \_\_\_\_\_
- Do you know an accountant who will help you with your records and financial statements? \_\_\_\_\_

**YOUR BUSINESS AND THE LAW**

- Do you know what licenses and permits you need? \_\_\_\_\_
- Do you know what business laws you have to obey? \_\_\_\_\_

**EQUIPMENT AND SUPPLIERS**

- Do you know what equipment and supplies you will need and how much they will cost? \_\_\_\_\_
- Can you save some money by buying secondhand equipment? \_\_\_\_\_

**YOUR MERCHANDISE/SERVICES**

- Have you decided what products/services you will sell? \_\_\_\_\_
- Do you know how much or how many of each product you will need to buy in order to open your business? \_\_\_\_\_
- Have you found suppliers who will sell you what you need at a good price? \_\_\_\_\_
- Have you compared the prices and credit terms of different suppliers? \_\_\_\_\_

YES      NO

**HOW ABOUT A PARTNER?**

- If you need a partner who has money or know-how you need, do you know someone who will fit—someone with whom you can get along? \_\_\_\_\_
- Do you know the good and bad points about going it alone, having a partner, and incorporating your business? \_\_\_\_\_
- Do you know a lawyer to whom you can go for advice and help with legal papers? \_\_\_\_\_
- Have you talked to a lawyer about it? \_\_\_\_\_

**WHAT ABOUT YOUR CUSTOMERS?**

- Do most businesses in your community seem to be doing well? \_\_\_\_\_
- Have you tried to find out how well businesses similar to the one you want to open are doing in your community and in the rest of the country? \_\_\_\_\_
- Do you know what kind of people will want to buy what you plan to sell? \_\_\_\_\_
- Do such people live in the area where you want to open your business? \_\_\_\_\_
- Do you feel they need a business like yours? \_\_\_\_\_
- If not, have you thought about opening a different kind of business or going to another neighborhood? \_\_\_\_\_

**YOUR BUILDING**

- Have you found a good location for your business? \_\_\_\_\_
- Will you have enough room when your business “gets going”? \_\_\_\_\_
- Will you have adequate parking facilities? \_\_\_\_\_
- Can you fix the building the way you want to without spending too much money? \_\_\_\_\_
- Can potential customers get to it easily from parking spaces, bus stops, or homes? \_\_\_\_\_
- Have you had a lawyer check the lease and zoning? \_\_\_\_\_

(Adapted from SBA *Small Marketer's Aid*, No. 71, pp. 1-4.)

### TECHNICAL ASSISTANCE NEEDS ASSESSMENT

Management Responsibility	Self-Rating		Agency to Be Contacted for Assistance	Help to Be Requested
	O.K.	Needs Assistance		
I.				
1.				
2.				
3.				
4.				

## DEVELOPING THE BUSINESS PLAN

### Objectives

### Teaching Suggestions

What is this unit about?

#### 1. IDENTIFY HOW THE BUSINESS PLAN HELPS THE ENTREPRENEUR.

How does the Business Plan help you?

Help students review or learn the three major ways the Business Plan helps them as future entrepreneurs:

- a means for obtaining financing
- a guide for opening the business
- a management guide

#### 2. RECOGNIZE HOW A BUSINESS PLAN SHOULD BE ORGANIZED.

How is the Plan organized?

Use the Business Plan Outline in the student module to guide students' comprehension of the organization. Help them to see the purpose and contents of each of the major parts and the contributions made by the supplementary sections (Statement of Purpose, Summary, Financial Data).

#### 3. IDENTIFY AND USE THE MECHANICS FOR DEVELOPING A BUSINESS PLAN.

What are the mechanics for developing a Plan?

Students will need your help and support in writing their Business Plans. It is important that they understand the mechanics before beginning to develop their Plans.

Secure copies of Business Plans from businesses or agencies in the community. (Delete the names and other identification.) Have students read the sample plans and evaluate them in terms of organization and mechanics.

Discuss the MARINER'S SEAFOOD CATCH Business Plan as a good example to follow as they develop their own Plans.

Review the drafts of their Plans and evaluate them in terms of organization and mechanics. Allow students to revise as many times as necessary.

Monthly Calendar for Technical Assistance Interviews  
(Company Name)

Unit 4  
Level 3  
Handout No. 2

Jan	Feb	Mar	April
May	June	July	Aug
Sept	Oct	Nov	Dec

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**Objectives**

**Teaching Suggestions**

**What is this unit about?**

Use the case study in this unit to illustrate how accountants were used by "Walton's Wayside Motel."

**What assistance can general management consultants provide?**

Help students realize that a good accountant and a good lawyer can provide much of the help that a small entrepreneur needs. Students should also recognize that help is also available to solve specialized problems that arise.

**How should professional consultants be selected?**

If you can help your class members to use the recommended procedure to select technical assistance, you will be performing a lasting favor. This businesslike approach will help them get their "consultant money's worth."

**What criteria should you use to select consultants?**

Ask a consultant or a panel of consultants to discuss selection criteria. Ask them to relate their experiences to show the various types of problems that they can help solve. Ask them to explain the variations in fees and what reasonable annual expenditures might be for different size businesses.

**3. WORK EFFECTIVELY WITH CONSULTANTS.**

**How can you work effectively with consultants?**

Secure some sample copies of agreements between companies and consultants. Delete the identifying names and use them to illustrate the five agreements that should be reached.

**Individual Activity No. 1**

Provide students with copies of Handout No. 1, "Technical Assistance Needs Assessment" so they can summarize the results of this activity.

**Individual Activity No. 2**

Distribute copies of Handout No. 2, "Monthly Calendar for Technical Assistance Interviews" for students to use in scheduling appointments with technical assistance agencies or individuals.

Do a spot check of each student's file cards, to see if she/he has actually developed the file.

**Group Activity**

The purpose of the sharing activity is to provide the opportunity for students to compare their findings with others, and to reinforce the importance of technical experience to every small business.

## ANALYZING THE APPROPRIATE CHOICE OF OWNERSHIP

Type of Business: \_\_\_\_\_

Listed below are factors you should consider in analyzing the appropriate choice of ownership for your business. Indicate on the right side of the page the importance of the factors given on the left side of the page. Add other factors of importance to you.

Factor	Not Important	Of Moderate Importance	Very Important	Does Not Apply
Ease of formation				
Start-up costs:				
• Low				
• Moderate				
• High				
Amount of working capital required				
Ease of raising capital				
Amount of personal liability				
Amount of control:				
• Owner in direct control				
• Management assistance				
• Specialized management				
Personal tax advantage				
Freedom from regulation				
Continuous existence				
Transfer of ownership				

**THE INITIAL ESTIMATES OF START-UP  
 COSTS AND MONTHLY OPERATING EXPENSES WORKSHEET**

	Friend	Competition	Average	Yours								
<b><u>Initial Capital Requirements</u></b>												
Purchase of real estate/rent Decorading/Remodeling Fixtures and equipment Initial inventory Accounts receivable Utility deposits Initial advertising Office supplies Installation of equipment Legal and professional fees Licenses and permits												
<b>Total</b>												
<b><u>Monthly Operating Expenses</u></b>												
Salary of owner Other salaries Rent/mortgage Advertising Delivery expenses Supplies Telephone Utilities Insurance Taxes Loan repayment Travel Legal and professional fees												
<b>Total</b>												
<b><u>Projected Sales Income</u></b>												
Friend	J	F	M	A	M	J	J	A	S	O	N	D
Competition	-	-	-	-	-	-	-	-	-	-	-	-
Average												
Yours												

WORKSHEET

ESTIMATED MONTHLY EXPENSES			
ITEM	Your estimate of monthly expenses based on sales of \$ _____ per year Column 1	Your estimate of how much cash you need to start your business (See column 3.) Column 2	What to put in column 2 (These figures are typical for one kind of business you will have to decide how many months to allow for in your business.) Column 3
Salary of owner/manager	\$	\$	2 times column 1
All other salaries and wages			3 times column 1
Rent			3 times column 1
Advertising			3 times column 1
Delivery expense			3 times column 1
Supplies			3 times column 1
Telephone and telegraph			3 times column 1
Other utilities			3 times column 1
Insurance			Payment required by insurance company
Taxes, including Social Security			4 times column 1
Interest			3 times column 1
Maintenance			3 times column 1
Legal and other professional fees			3 times column 1
Miscellaneous			3 times column 1
<b>STARTING COSTS YOU ONLY HAVE TO PAY ONCE</b>			
Fixtures and equipment			Fill in worksheet 3 on page 12 and put the total here
Decorating and remodeling			Talk it over with a contractor
Installation of fixtures and equipment			Talk to suppliers from whom you buy these
Starting inventory			Suppliers will probably help you estimate this
Deposits with public utilities			Find out from utilities companies
Legal and other professional fees			Lawyer, accountant, and so on
Licenses and permits			Find out from city offices what you have to have
Advertising and promotion for opening			Estimate what you'll use
Accounts receivable			What you need to buy more stock until credit customers pay
Cash			For unexpected expenses or losses, special purchases, etc.
Other			Make separate list and enter totals
<b>TOTAL ESTIMATED CASH YOU NEED TO START WITH</b>			Add up all the numbers in Column 2

Figure 1. SBA Checklist

SOURCE: Reproduced from "Checklist for Going into Business." Small Marketers Aid no. 71. Washington, D.C.: Small Business Administration, 1975, pp. 6-7.

**PERSONAL LIVING EXPENSE WORKSHEET**

Based on average month—does not cover purchase of any new items except emergency replenishments.

**DETAILED BUDGET**

Regular Monthly Payments \_\_\_\_\_  
 Rent or House Payments  
 (including taxes) \_\_\_\_\_  
 Car Payments (including  
 insurance) \_\_\_\_\_  
 Appliances/TV  
 Payments \_\_\_\_\_  
 Home Improvements  
 Loan Payments \_\_\_\_\_  
 Personal Loan  
 Payments \_\_\_\_\_  
 Health Plan  
 Payments \_\_\_\_\_  
 Life Insurance  
 Premiums \_\_\_\_\_  
 Other Insurance  
 Premiums \_\_\_\_\_  
 Other Insurance  
 Premiums \_\_\_\_\_  
 Miscellaneous  
 Payments \_\_\_\_\_  
 TOTAL \_\_\_\_\_

Household Operating Expense \_\_\_\_\_  
 Telephone \_\_\_\_\_  
 Gas and Electricity \_\_\_\_\_  
 Water \_\_\_\_\_  
 Other Household  
 Expenses, Repairs,  
 Maintenance \_\_\_\_\_  
 TOTAL \$ \_\_\_\_\_

**Food Expense**

Food at Home \_\_\_\_\_  
 Food Away from  
 Home \_\_\_\_\_  
 TOTAL \_\_\_\_\_

**Personal Expense**

Clothing, Cleaning,  
 Laundry, Shoe Repair \_\_\_\_\_  
 Drugs \_\_\_\_\_  
 Doctors and Dentists \_\_\_\_\_  
 Education \_\_\_\_\_  
 Dues \_\_\_\_\_  
 Gifts and  
 Contributions \_\_\_\_\_  
 Travel \_\_\_\_\_  
 Newspapers, Magazines,  
 Books \_\_\_\_\_  
 Auto Upkeep, Gas  
 and Parking \_\_\_\_\_  
 Spending Money,  
 Allowances \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

### BUSINESS MANAGEMENT PLAN

Type of Business: \_\_\_\_\_

Description of Business: \_\_\_\_\_

Expected Sales (yearly): \_\_\_\_\_

I. Establish long-term and short-term plans for your chosen business for a one-year period. Write specific goals and objectives. Include such areas as sales, profit, production, etc.

Area	Long-term Goals and Objectives	Short-term Goals and Objectives

II. Locate or design any planning devices that will aid this business in achieving these goals and objectives. For example, will budget forms and schedules be needed? If so, attach copies.

In the space below, develop *standards* that you will use to determine the effectiveness of your plans.

III. How many employees will you hire? \_\_\_\_\_

List the job titles of each of your employees and briefly describe the duties and responsibilities of each.

Job Title	Job Duties
1.	
2.	
3.	
4.	
5.	
6.	

In the space below, draw an organization chart showing the formal internal organization you think would be best for this business.

IV. For each of the goals and objectives you listed in Part I, establish a control procedure. In other words, how will you determine if the goals and objectives have been reached?

## ADVERTISING PLAN

### Getting Ready to Advertise

How do you feel about advertising? Is it an investment or an expense? Do you use it to build your company? Or is it a pain in the neck? Your answers to the following ten questions should help you examine (1) your attitude toward advertising and (2) its contribution toward your sales and profits.

	<u>YES</u>	<u>NO</u>
1. Has your business been growing each year?	_____	_____
2. Can you predict, with reasonable accuracy, what next year's sales will be?	_____	_____
3. Are you aware that advertising includes the coordination of <i>all</i> promotional and selling functions (such as window and in-store display)?	_____	_____
4. Do you set aside time each month to make promotional plans?	_____	_____
5. Do you have figures at your fingertips on how much you invested in advertising each month of last year?	_____	_____
6. If you answered No. 5 with "Yes," did each month's percentage of the total year's advertising closely match each month's percentage of your total year's sales?	_____	_____
7. Do you have figures at your fingertips to show what percent of each month's sales was in each department of your store?	_____	_____
8. Did your advertising last month promote each department in relation to its contribution to your total sales?	_____	_____
9. Do you know the percentage of sales invested in advertising by businesses similar to yours?	_____	_____
10. Do you know how to prepare a strong ad and to check on the results it brings?	_____	_____

### Scoring: How Many "Yeses"?

Only three YES answers or less means that you, as the small marketer, are not aware of the fact that a planned advertising program can help to increase profits.

If you checked between four and eight YES answers, you probably have good promotional possibilities. You already have a good understanding of what advertising can do for you. But even so, you may want to check your advertising against the steps in a planned advertising program.

WEEKLY SALES PLAN

Salesperson	Week 1		Week 2		Week 3		Week 4		Total Month	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
No. 1										
No. 2										
No. 3										
Total										

Salesperson	Week 1		Week 2		Week 3		Week 4		Total Month	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
No. 1										
No. 2										
No. 3										
Total										

Salesperson	Week 1		Week 2		Week 3		Week 4		Total Month	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
No. 1										
No. 2										
No. 3										
Total										

Salesperson	Week 1		Week 2		Week 3		Week 4		Total Month	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
No. 1										
No. 2										
No. 3										
Total										

**SALES PRESENTATION RATING FORM**

NAME	PRODUCT
<b>TOTAL TIME OF PRESENTATION</b>	
<p>1. <b>Sales Characteristics</b> (25) Maximum</p> <p>Appearance (3) _____</p> <p>Manners (3) _____</p> <p>Personality (3) _____</p> <p>Tact (3) _____</p> <p>Enthusiasm (3) _____</p> <p>Positive Attitudes (10) _____</p>	
<p>2. <b>Check Off Steps of Sale Used</b> (12) Maximum</p> <p>Pre-approach (2) _____</p> <p>Approach (2) _____</p> <p>Survey (2) _____</p> <p>Proposal (2) _____</p> <p>Demonstration (2) _____</p> <p>Close (2) _____</p>	
<p>3. <b>Demonstration</b> (37) Maximum</p> <p>Creative (8) _____</p> <p>Brief (2) _____</p> <p>Needs oriented (8) _____</p> <p>Understandable (5) _____</p> <p>Asked for questions (3) _____</p> <p>Answered all objections (8) _____</p> <p>Mentioned service (3) _____</p>	
<p>4. <b>Close</b> (13) Maximum</p> <p>Asked for the sale with positive expectancy (10) _____</p> <p>More than 1 trial close (3) _____</p> <p>Would you have bought? Yes _____ No _____</p>	
<p>5. <b>Professionalism</b> (13) Maximum</p> <p>Searched for motives (4) _____</p> <p>Sold benefits (3) _____</p> <p>Was helpful (3) _____</p> <p>Showed all needed services/products (3) _____</p>	
<p><b>Total Overall Rating</b></p> <p>Check one:</p> <p>_____ Excellent</p> <p>_____ Good</p> <p>_____ Fair</p> <p>_____ Needs improvement</p>	



### CHECKLIST FOR A PROFESSIONAL

How do you measure up? Are you a practicing professional salesperson? Check your habits, knowledge, attitudes, and techniques against this list.

	Yes	No	Sometimes
1. Do you agree that today's level of sophistication in buying requires a higher degree of professionalism in selling than ever before?	—	—	—
2. Do you fully recognize the importance of time and exercise full control of it and make it work for you?	—	—	—
3. Do you feel you know all you need to know about your job and your product(s) and services?	—	—	—
4. Have you fully served your apprenticeship in learning and developing your skills to qualify as a true professional?	—	—	—
5. Do your customers regard you as an expert in your profession and as a reliable and helpful person to turn to in solving their problems with what you have to offer?	—	—	—
6. Do you take every possible opportunity to associate with and learn from your fellow professional salespersons as well as from your supervisors?	—	—	—
7. Are you honestly proud of your profession and feel you are contributing to the total scheme of life and to the general welfare?	—	—	—
8. Basic as it may seem, do your physical appearance and grooming fit your mental image of what it takes to be a professional?	—	—	—
9. Do you have a set of personal and professional ethical standards that you will not compromise at any time?	—	—	—
10. Do you have a continual attitude of "divine discontent" in the perfection of your skills, in terms of a healthy dissatisfaction or knowledge that you are not exercising the full potential of your professional skills and ability?	—	—	—

Have you made your mark as a professional salesperson? Any "No" or "Sometimes" responses are the signal to you to put on your thinking cap and do some thoughtful mental homework as to the reasons "why not." It is your professional future that's at stake.

**CREDIT AND COLLECTION POLICIES CHECKLIST**

	<u>Yes</u>	<u>No</u>	<u>Not Applicable (N/A)</u>
Is a written application required with every credit request?	—	—	—
Do you have a standard for credit applications?	—	—	—
Is the application form completed personally by the applicant?	—	—	—
Is the application form reviewed for completeness?	—	—	—
Is all information verified for accuracy and timeliness?	+	—	—
Are applicants checked via a credit bureau?	—	—	—
Does your credit evaluation procedure analyze income?	—	—	—
Does your credit evaluation procedure analyze fixed obligations?	—	—	—
Does your credit evaluation procedure analyze job stability?	—	—	—
Does your credit evaluation procedure analyze residential stability?	—	—	—
Does your credit evaluation procedure analyze credit history?	—	—	—
Does your credit evaluation procedure analyze bank balances?	—	—	—
Does your credit evaluation procedure analyze other assets?	—	—	—

	<u>Yes</u>	<u>No</u>	<u>Not Applicable (N/A)</u>
<u>Invoices</u>			
Are invoices prepared promptly?	—	—	—
Is invoice preparation always as accurate as possible?	—	—	—
Are payment terms clearly stated?	—	—	—
Are customers' special instructions followed carefully?	—	—	—
<u>Terms of Sale</u>			
Do you offer a cash discount for prompt payment?	—	—	—
Do you use a late payment penalty?	—	—	—
Is the time limit for payment clearly stated?	—	—	—
<u>Statements</u>			
Are monthly statements submitted to all open accounts?	—	—	—
Are statements prompt and accurate?	—	—	—
<u>Problems of Identification</u>			
Do you determine your average collection period on a regular basis?	—	—	—
Do you compare your collection period with your previous experience?	—	—	—
Do you compare your collection period with your payment terms?	—	—	—
Do you have a monthly "aging" of all outstanding accounts?	—	—	—
When a problem is identified, is corrective action prompt and firm?	—	—	—

	<u>Yes</u>	<u>No</u>	<u>Not Applicable (N/A)</u>
<b><u>Follow-up</u></b>			
Do you have a systematic procedure for follow-up on slow accounts?	—	—	—
Is there a standard sequence of follow-up letters?	—	—	—
Is the tone of follow-up letters progressively stronger?	—	—	—
Do you use the telephone to contact delinquent accounts?	—	—	—
Is your telephone technique effective?	—	—	—
Do you offer special arrangements for customers to pay past-due accounts?	—	—	—
Do you impose a late-payment penalty?	—	—	—
Do you put delinquent accounts on a cash-only basis?	—	—	—
<b><u>External Resources</u></b>			
Do you have a working relationship with a collection agency?	—	—	—
Are accounts automatically turned over to a collection agency after a specific time period?	—	—	—
Do you refer the most serious delinquencies to an attorney?	—	—	—

Sound policies for credit and collection can eliminate many problems before they occur and minimize those that do occur. If you apply these policies to your own business, your profit will improve and your cash position will be strengthened. Profit will improve through fewer credit losses and lower costs of credit administration. Capital will be freed so that you will be able to meet your own obligations promptly. You can then invest in those assets that offer a significant profit potential.

**BUSINESS PROTECTION PLAN**

Type of Business: \_\_\_\_\_

Description of Business: \_\_\_\_\_

Expected Sales (yearly) \_\_\_\_\_

Number of Employees: \_\_\_\_\_

Develop policies for your business that will aid it in minimizing losses due to crime. You may want to consider the questions listed at the end of the unit as guidelines.

TYPE OF CRIME	POLICIES TO DETER CRIME AND MINIMIZE LOSSES
1. Shoplifting	
2. Bad checks	
3. Employee theft	
4. Vendor theft	
5. Robbery	
6. Burglary	
7. List other crimes that may affect your business. a. _____ b. _____ c. _____	

List any mechanical equipment (such as alarms and fire extinguishers) or professional services that you will purchase to help protect your business from loss. Include an estimate of the cost of each.

PROTECTIVE DEVICES AND EQUIPMENT	COST
1.	
2.	
3.	
4.	
5.	

List any insurance policies (e.g., fire) you will purchase for your business. Describe what it will cover and the yearly cost.

TYPE OF INSURANCE POLICY	WHAT DOES IT COVER	YEARLY COST
1.		
2.		
3.		
4.		
5.		

**MODEL  
ACTIVITY RESPONSES**

**Note to Instructor:**

**This section contains suggested responses for module activities. The instructor should use judgement for those activities where there is no single response.**

## MODEL ACTIVITY RESPONSES

### Case Study

1. How did Linda Walton prepare for using technical assistance?

#### Define the problem

The specific problem was declining profits over eighteen months.  
Expenses had increased.  
Competition had increased.

#### Identify expected benefits

Linda brought in a financial consultant to review the financial operation. She wondered if her management needed improvement.

#### Analyze cost-effectiveness

Linda knew that profits had to be increased. She decided the money for a consultant would be beneficial to the company. In the end, she found that the progress during the past year more than offset the costs of technical assistance.

#### Consider personal constraints

Linda probably had some qualms about bringing in a consulting firm and later a new accountant. After all, the elderly accountant had probably been with the firm for most of Linda's life. But she made up her mind in advance that she would accept the findings of the consulting firm and take action, regardless of her personal feelings.

#### Consider options available

Linda could have received help from her banker, from her lawyer, and from her accountant. Or she could have employed an independent agency with no previous knowledge of the firm.

2. How did Linda select an accountant?

She consulted her banker, her business association, and a few competitors before selecting John Amos as her new independent accountant.

3. Did Linda and John Amos work together effectively? How do you know?

After working for a year with the new accountant, Linda reduced her company's operating expenses and hired an assistant manager. The profit picture improved and the accountant became a real asset to the business. As a result of the new accountant-manager relationship, Linda improved her understanding of accounting and management controls.

### MODEL ACTIVITY RESPONSES

#### Case Study

Based on the information provided in the DeBusko case study, the following calculations can be made:

1. The first year's sales goal = \$150,000 since 10 percent (net profit on sales) of \$150,000 is \$15,000.
2. The cost of merchandise sold during the first year = \$75,000, as the gross margin is 50 percent, cost of merchandise sold will also be 50 percent of sales—and 50 percent of \$150,000 = \$75,000.
3. The monthly overhead cost will be \$5,000. Sales for the first year = \$150,000; therefore sales per month will be \$12,500. Operating costs are 40 percent of gross sales, and 40 percent of \$12,500 = \$5,000.
4. The cost beginning inventory is \$12,500. Cost of merchandise sold during the first year is \$75,000. The average rate of inventory is six times per year. One-sixth of \$75,000 is \$12,500.

## MODEL ACTIVITY RESPONSES

### Case Study

1. Since Sandi has never used the services of a lawyer before, it would probably be a good idea for her to get a referral on a lawyer. An accountant, banker, insurance broker, judge, bar association, or legal aid society would probably be happy to give her some recommendations. She might also talk with the owner of another tennis shop. Other sources of information include members of the Service Corps of Retired Executives (SCORE) and the *Martindale-Hubbell Law Directory*.
2. Although Sandi may be able to find many attorneys through advertisements, she should probably not rely on this method. Small business owners must have confidence in the person they select for legal representation. For such confidence, they must have some idea of the lawyer's background and experience. Although many fine lawyers advertise their services, advertisements are usually not good sources of information on a lawyer's qualifications.

## MODEL ACTIVITY RESPONSES

### Case Study

#### (MARVIN NICHOLS)

Marvin is wise to visit an accountant and to seek technical assistance for his goals of increased cash flow and employee benefits. Compliance with government tax regulations is a must, but there are various ways to effect that compliance.

For example, Marvin may be able to get some tax advantage from speeding up the depreciation of his new equipment. Venture capital risked for his new prototype could also be taxed at reduced rates. Money contributed to employee retirement funds may be deducted for tax purposes. Marvin's accountant should be able to advise him on his options according to current tax legislation.

#### (JAMES WORTHMAN)

Jim should review the proposals with an awareness of antitrust laws. He should accept proposals that enable him to improve his market position without breaking these laws. Those proposals that hinder competition as defined by government legislation should be rejected.

Jim should establish a company policy relating his specific business to antitrust laws. A lawyer may be helpful in accomplishing this. Employees should be trained to comply with the policy set and to follow established procedures to implement the policy. A documentation system should also be followed regularly and reviewed yearly.

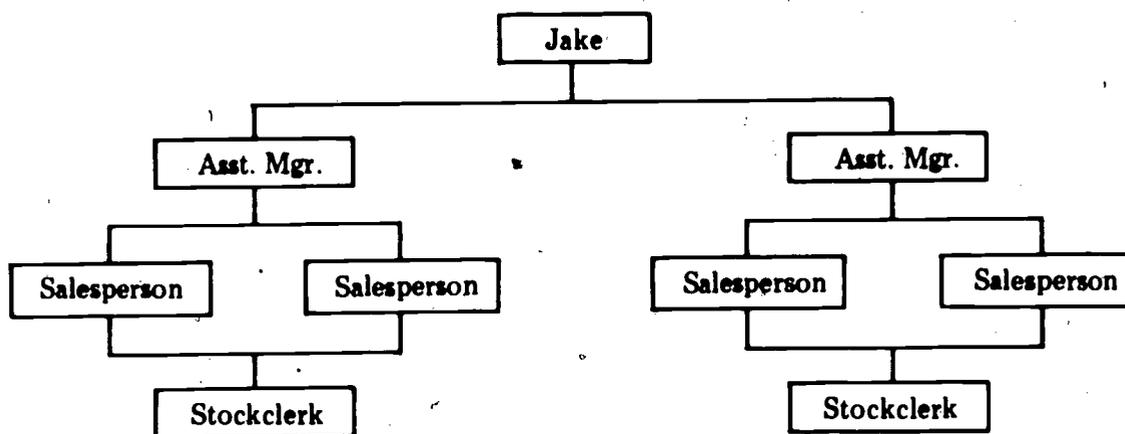
### MODEL ACTIVITY RESPONSES

#### Case Study

1. There are problems with Jake's goals and objectives. Generally, they need to be more specific. For example, several could be rewritten as follows:
  - a. Increase sales by 5 percent.
  - b. Reduce customer complaints and returns by 15 percent.
  - c. Increase the average productivity rating of the department by 10 percent.

Also, one objective is unrealistic. For example, employee absenteeism probably can't be totally eliminated.

2. Jake's organizational chart is too centralized. He needs to delegate more responsibility and authority. One possible organizational plan is as follows:



3. From Jake's original list of goals and objectives, determining whether or not he has achieved his goals and objectives would be difficult to determine. Rewritten objectives can be evaluated using the following methods:
  - a. Sales figures can be used to determine any increases or decreases. Comparisons can be made with past sales figures.
  - b. Customer complaints and customer returns could both be used to determine customer satisfaction.
  - c. Individual and department productivity rates can be used to determine the effectiveness of individual salespersons, or of the entire department.

## MODEL ACTIVITY RESPONSES

### Case Study

1. What was wrong in the case study:
  - a. Developmental feedback should be separated from salary discussion.
  - b. Specific feedback, not general, should have been given.
  - c. Job analysis should have been done, and referred to. Jane may not be doing everything she should do.
  - d. Privacy was not provided.
  - e. Dialogue was not encouraged, so Ed had no chance to learn from Jane. She might have pointed out that ancient equipment is hurting their efficiency and therefore losing money.
  - f. Specific goals were not set. Jane won't have any way to measure her progress.
  - g. Thanks were not given. The raise was deserved, but praise is important for employee satisfaction.
  - h. Notes were not made.
  - i. The amount of the raise was not mentioned.
2. In order to do a better job, each of the above steps should have been done.
3. It is reasonable to expect that the long-term results of this kind of management will be the following:
  - a. Jane will feel unappreciated. She may care less about how the office runs. She may leave.
  - b. Ed should have spent more time with Jane discussing her performance and any issues either of them cared to raise about the office and its operation. For example, the ancient office equipment situation could have been discussed, especially since the use of poorly functioning equipment often prevents efficiency and can hasten a decline in employee morale. Ed and Jane could have discussed tactics that Jane could use in helping the drivers and the office workers work together harmoniously, with more mutual respect for each other. All these questions should be tied in to helping Jane do a better job. A job review is a time for an employer to assess the employee's strengths and weaknesses, to offer praise for the strengths, and to identify strategies for improvement in the weak areas.
  - c. In order to avoid problems down the road, Ed needs to give Jane more supervision and keep a better watch on the office himself. Jane is an employee, not an owner.

### MODEL ACTIVITY RESPONSES

#### Analysis of the cost structure of the Johnson Business.

##### Individual Activity

(c) Variable cost per dollar of sales:	\$ <u>.60</u>
(d) Break-even point (units):	<u>500 units</u>
(e) Profit (or loss) at \$50,000 sales volume:	\$ <u>-0-</u>
(f) Profit at \$80,000 sales volume:	\$ <u>18,000</u>
(g) Profit at \$100,000 sales volume:	\$ <u>20,000</u>
(h) Profit at \$120,000 sales volume:	\$ <u>28,000</u>

##### Case Study

##### Answers to ratio problems numbered 1-6:

1. 2.3:1
2. 1:1
3. 8:1
4. 2.72:1
5. .5:1
6. 5

## MODEL ACTIVITY RESPONSES

### Individual Activity

1. Open-end credit
2. Closed-end credit
3. True
- 4.A. Finance  
B. Percentage
5. Spouse's
6. The credit information
7. Secured
8. Bailment lease
9. Repossess
10. Violence, obscene, times, places

### Case Study

Check your letter to ensure that—

- your introduction explains the purpose of the letter;
- your introduction is friendly, courteous, and appeals to your desired audience;
- you explain the credit policies of the store in an understandable manner;
- you tactfully explain the problems resulting from late payments and poor credit ratings;
- you conclude the letter in a positive manner.

## MODEL ACTIVITY RESPONSES

### Case Study

(1) By not accepting checks, Jake may lose sales. Some people only pay by check or credit card. (2) Another employee, usually the assistant manager, needs to be issued a key. Emergencies may arise that could prevent Jake from opening or closing the business. (3) It is a very good idea to check references of new job applicants carefully. (4) Many vendors may be unable to arrive before opening hours. Also, this may be an especially busy time for Jake.

Jake is spending too much for protection devices. This will be a drain on profits, and mirrors may intimidate customers. An alarm system and electronic price tags would be sufficient.

**MODEL  
ASSESSMENT RESPONSES**

**Note to Instructor:**

**This section contains the questions and suggested answers to be used as an assessment of student competency at the completion of each module. These questions are the same as found at the end of each module.**

## ASSESSMENT

Directions: Read the following assessment questions to check your own knowledge of the information in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. What are the advantages of owning your own business?
2. What are the disadvantages of owning your own business?
3. Why may some time lapse be advantageous during the process of deciding whether or not to go into business for yourself?
4. How would you go about maximizing your own opportunities of owning your own successful small business?
5. How would you minimize the risks?
6. Describe Schumpeter's theory of the "closed circular flow" of economic activity.
7. How are real profit and new wealth created?
8. What major economic forces and government policies are most likely to affect your operation of a small business?
9. Describe the business activity carried out in a specific segment of industry.
10. What is the best way for determining the market need for your product or service?
11. Identify your product or service by describing what customer needs it will fulfill.
12. What personal strengths and weaknesses will you bring to the business?

### MODEL ASSESSMENT RESPONSES

1. The answers should be very personally oriented and should cover personal, social, family, and career options.
2. Again the answers should be personally oriented and should cover all aspects of the student's life.
3. The lapse of time in decision making allows the subconscious mind time to consider the problem in the light of a lifetime of learning and acquiring habits, likes, dislikes, self-image, self-confidence, and so forth. The decision to go into business for yourself will affect every area of your life, including how you think about yourself and how you act. Taking time to allow the idea to sink in can make a difference in how you perceive the risk and opportunity.
4. This answer should offer concrete evidence that the student has chosen to concentrate on a specific business and that consideration and study have been given to the elements on Table 5.
5. The same response as question 4.
6. The theory of "closed circular flow" says that the buyers and sellers of goods are the same people and simply come full circle to trade bread for shoes. No real wealth is created, although some small increments of profit can be seen.
7. Real profit is created outside the closed circular flow by discovery of new resources, creation of new labor-forces, or by a new combination of the existing labor and resources.
8. The macroeconomic forces that will affect every business include inflation and taxes, but specific industry segments may be more susceptible to government controls.
9. The student should thoroughly describe the product or service produced in the industry segment; the customer group(s); and the manufacturers, producers, or wholesalers who will supply the raw material needed to conduct the business. The equipment or method of operation regarding the specific industry segment that will affect the operation of the business should be determined by the student and at least listed for future consideration.
10. The best way of determining market need should not only begin with a study of the intended customer group as a whole. Some specific individuals in the group should also be profiled.
11. This answer should list product or service "benefits" as opposed to "features." It is a value judgement in some instances (such as "convenience") and a factual perception in others (such as describing an electric drill as a "hole maker").
12. This evaluation should be fairly well documented in that the student should present examples of why a particular quality is a strength, and whether experience, schooling, or a combination of both is needed to acquire the strength. Weaknesses should be considered in the light of whether an attempt to strengthen them should occur or whether outside expertise might be called upon to fulfill the role.

## ASSESSMENT

Directions: Read the following assessment questions to check your own knowledge of the information in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. What are the three areas of skills needed to be a successful entrepreneur?
2. Describe how each of these skill areas are necessary to the business.
3. What are some of the blocks to creativity?
4. What's involved in decision making?
5. Assess your own potential and ability for being creative and making decisions. Give examples that would show that these skills could be used to effectively run a business.
6. From table 2 (single most important small business problems) select what you feel will be the top three problems for the business you would enter. Tell why they would be a problem and how you would solve the problems.
7. What does it take to run a successful business?
8. After you have answered the questions designed to help you decide what is needed to become a successful entrepreneur, evaluate your own potential in terms of whether or not you have the necessary qualifications, can get the necessary qualifications, or should let some outside expert handle that particular area. Make a summary analysis of whether or not you're ready now and when you might be ready to become an entrepreneur.
9. List some of the pitfalls that can cause small businesses to fail.
10. From your evaluation in question eight, determine which potential pitfalls you have already dealt with and tell how you will avoid them.
11. Where might you go for help in starting your own business or for solving particular problems or answering specific questions about running your own business?

### MODEL ASSESSMENT RESPONSES

1. The three areas of skills are affective, cognitive, and manipulative.
2. Affective skills are needed for maintaining links with the marketplace and will be especially needed in marketing, promotion, and growth.

Cognitive skills are needed for decision making, organizing, problem solving, and gaining technical knowledge.

Manipulative skills will be needed to perform the activity with skill and ability—traits that will also be needed to sell the product.

3. Some of the blocks to creativity are: cultural upbringing, environmental blocks, fixation, perception, habit, and problem-solving language.
4. Decision making is a cognitive process that involves: identifying, clarifying, and defining the problem or situation; collecting information on alternatives; evaluating the alternatives and selecting the best one.
5. The student's response should be concrete—with examples that show experience, knowledge, or a plan to gather experience and/or knowledge in creativity and decision making.
6. The single most important problem will vary from student to student depending on the selection of business opportunity as well as the personal qualifications of the students themselves. If the student is anticipating a high-technology industry small business, for example, the biggest single problem might be the shortage of quality labor available.
7. To run a successful business an entrepreneur must: recognize personal limitations; keep accurate, up-to-date records; do not drift into decisions; exercise caution in the amount of money taken out for personal use.
8. From the student handout, where the students personally evaluated what is needed to start a business, the students should be able to report in what areas they feel qualified right now; in what areas they believe they can pick-up the necessary knowledge or experience; and in what areas they feel they need outside expert help. It should be a specific report that could be used as an action plan for the next step in starting a business.
9. Some of the pitfalls that cause small businesses to fail are: slow sales, heavy operating expenses, inventory problems, poor location, lack of experience, lack of good recordkeeping. The student may come up with some other reasons that a business might fail, and this kind of thinking should be encouraged and accepted.
10. If the student has done a thorough job of evaluating his or her own potential for starting a business and decided what skills he or she has or can get, then the answers to this question will come in the form of a repeat of the summary given in response to question eight. The point of analyzing the areas of the business is to foresee and plan to avoid pitfalls.
11. The answers should include sources such as: Small Business Administration, trade associations, other business people; general answers like the library or statistics will not be truly helpful to the student unless he or she also knows what to look for in the library or what to do with the statistics once he or she has them.

**ASSESSMENT**

Directions: On a separate piece of paper, number from 1-20.

A. Select the best answer for each of the statements below. Write the appropriate letter beside the number on your paper.

1. The "Financial Data" located near the back of the Business Plan include—
  - a. detailed financial reports.
  - b. information describing your record keeping system.
  - c. income tax back-up materials.
2. The Business Plan should be—
  - a. written in formal business language.
  - b. written in conversational language.
  - c. developed in chart and graph form.
3. The "Summary" in a Business Plan—
  - a. includes a financial report explaining each expenditure.
  - b. provides an organization chart for the business.
  - c. contains two or three brief paragraphs.
4. A Business Plan is—
  - a. a profitable business idea.
  - b. a procedure for transferring business data into a report.
  - c. a proposal describing a business opportunity.
5. The "Statement of Purpose" in a Business Plan—
  - a. is a means of convincing lenders or investors that your business idea deserves attention.
  - b. identifies the business opportunity and the reasons why financing is needed.
  - c. tells the reader how you expect to apply the loan or investment in your business.
6. The physical appearance of your Business Plan provides—
  - a. the reader with a first impression of you.
  - b. the opportunity for you to show originality.
  - c. the opportunity to distract the reader from errors in the Plan.
7. A loose-leaf notebook is useful to the would-be entrepreneur for—
  - a. classifying topics and subtopics.
  - b. setting up a recordkeeping system for the business.
  - c. filing materials collected in preparation for entrepreneurship.

8. The "blueprint" for developing a finished Business Plan is called a—

- a. Business Plan Outline.
- b. System for analyzing data.
- c. loose-leaf notebook.

B. Complete the following statements next to numbers 9-20 on your paper.

A Business Plan helps the entrepreneur in three ways:

- 9. \_\_\_\_\_
- 10. \_\_\_\_\_
- 11. \_\_\_\_\_

The four major sections of the Business Plan are:

- 12. \_\_\_\_\_
- 13. \_\_\_\_\_
- 14. \_\_\_\_\_
- 15. \_\_\_\_\_

16. The section of the Business Plan that explains how you expect to apply the loan or investment in your business is called the \_\_\_\_\_

17. The section of the Business Plan that introduces the reader to the business and its product or service is called the \_\_\_\_\_

18. Management of the new business is discussed in the \_\_\_\_\_ section of the Business Plan.

19. Potential customers and competitors are discussed in the \_\_\_\_\_ section of the Business Plan.

20. You should recognize that you will need to \_\_\_\_\_ your Plan several times before presenting it to a prospective lender or investor.

## MODEL ASSESSMENT RESPONSES

### Multiple Choice

1. (a) The financial reports are too detailed to go in the body of the Plan. Therefore, they are included in a special section at the back.
2. (b) The Plan will be best understood if it is written in conversational language.
3. (c) The summary contains two or three short paragraphs to remind the reader of the important information contained in the four major sections.
4. (c) The definition of a Business Plan is: a proposal describing a business opportunity for prospective lenders and investors.
5. (b) The "Statement of Purpose" is the first thing in the Business Plan. It identifies the business opportunity and the reasons why financing is needed.
6. (a) The reader's first impression of you is formed by the appearance of the Business Plan.
7. (c) The materials that students have been developing in the other PACE units should have been filed in a loose-leaf notebook for use in preparing the Business Plan.
8. (a) The Business Plan Outline provides a "blueprint" for developing the finished Business Plan.

### Completion

9. to obtain financing

The Business Plan provides a description of the business opportunity for prospective lenders and/or investors to read. It serves as a means for the entrepreneur to obtain financing.

10. as a guide for opening

The detailed Business Plan includes every task that needs to be performed to open the business.

11. as a management guide

Because the Business Plan is developed for a three-year period, it will serve as a guide for the manager during the opening years.

12. I Description of the Business

13. II Marketing Plan

14. III Organization Plan

15. IV Financial Plan

**Unit 3**  
**Level 3**

**16. Financial Plan**

The application and expected effect of financing is in Section IV of the Financial Plan.

**17. Description of the Business**

The introduction to the business and its products or services is in Section I—Description of the Business.

**18. Organization Plan**

Section III—Organization Plan—discusses management duties and qualifications.

**19. Marketing Plan**

Section II—Marketing Plan—is concerned with identifying prospective customers and analyzing the competition.

**20. revise**

Developers of Business Plans—as do all report writers—should recognize that several drafts are required before the Plan is in good enough shape to be read by prospective investors.

## ASSESSMENT

Directions: Read the following assessment questions to check your own knowledge of these topics. When you feel prepared, ask your instructor to assess your competency on them.

1. Tell in your own words what you as an entrepreneur will be doing when you prepare for securing technical assistance by—
  - defining the problem,
  - identifying expected benefits,
  - analyzing cost effectiveness,
  - considering personal constraints,
  - considering options available.
2. Why are community advisers not able to devote extended periods of time to individual business problems?
3. Discuss each of the following types of professional service as a source of technical assistance for small entrepreneurs:
  - Attorneys
  - Accountants
  - General management consultants
4. Explain what steps you should take to carry out the following procedures as you select professional consultants.
  - Setting up a technical assistance file
  - Identifying requirements
  - Searching for possible consultants
  - Establishing criteria for selection
5. What agreements do you need to reach with consultants before a contract is signed? Decide what should go in the blanks and write your answers on a separate piece of paper.
  - a. Agree on the scope of \_\_\_\_\_ and the expected \_\_\_\_\_
  - b. Agree on methods of \_\_\_\_\_
  - c. Agree on schedules and guidelines for conducting \_\_\_\_\_ so that they don't interfere with business.
  - d. Agree on and schedule for \_\_\_\_\_
  - e. Agree on \_\_\_\_\_ and \_\_\_\_\_ procedure.

## MODEL ASSESSMENT RESPONSES

1. a. Define the problem.  
State specifically what the problem is before seeking help.
  - b. Identify expected benefits.  
Determine in advance how the solution of the problem will help the business.
  - c. Analyze cost-effectiveness.  
Estimate costs in terms of money and executive time. Estimate whether these costs will be offset by the possible benefits to be gained.
  - d. Consider personal constraints.  
Be sure that you can budget the time to take advantage of the advice you will get from outside sources.
  - e. Consider options available.  
Determine how much help you can secure from community advisers and how much you can get from professional services.
2. Community advisers are not always able to devote extended periods of time to individual problems because they have other responsibilities in their firms and other clients who also need the benefit of their advice.
3. a. Attorneys are necessary for small businesses. They provide assistance for all legal aspects of the business and are the most important source (with accountants) of outside assistance.
  - b. Accountants are necessary for small businesses. They provide expert advice on recordkeeping, financial management, and general administrative affairs. Along with lawyers, they are the most important source of outside assistance.
  - c. General management consultants provide technical assistance for almost all entrepreneurial problems. They may be needed from time to time even though the firm employs the services of a good lawyer and a good accountant.
4. a. Set up a technical assistance file. This should be a card file including a card for every management weakness. The card for each weakness should include the name and relevant information about a source of technical assistance to help overcome the weakness.
  - b. Identify requirements. A written statement of the problem and the scope of the task you expect a consultant to perform will prevent misunderstandings between you and the consultant. It will also help you be clear about your goals.
  - c. Search out possible consultants. Consult the "Technical Assistance File" and community advisers to find the technical assistants you need.
  - d. Establish criteria for selection. Be sure the consultant possesses the necessary overall competency and the specific expertise and is experienced in working with small businesses.

5. a. Agree on the scope of *the task* and the expected *outcome*. This statement refers to the process of defining the company's problem for the consultant.
- b. Agree on methods of *working*. This statement is a reminder that scheduling consultation interviews and analyzing company documents should be considered and settled before the contract is signed.
- c. Agree on schedules and broad patterns for conducting activities so that they don't interfere with business. The consultant and entrepreneur need to consider possible interruptions to business and agree to them before the contract is signed.
- d. Agree on *pay* and schedule for *payments*. The fee arrangement and schedule of payments should be part of the contract.
- e. Agree on *reporting* and *implementation* procedures. The consultant and the entrepreneur have their own advance ideas for each of these two phases of the project. They should be discussed and agreement should be reached before the contract is signed.

## ASSESSMENT

Directions: Read the following questions to check your own knowledge of these topics. When you feel prepared, ask your instructor to assess your competency on them.

1. List the items you would consider in an Articles of Copartnership for your business if you were seeking to start a partnership.
2. Explain the essentials of a Certificate of Incorporation.
3. List the responsibilities of the members of a cooperative.

## MODEL ASSESSMENT RESPONSES

1. In your responses you should have considered the following:

- The date of the agreement.
- The names and addresses of all the partners.
- The nature of business.
- The duration of the partnership.
- The managerial duties of each general partner.
- The specification of each type of limited partner (whether silent, dormant, secret, or nominal partner).
- The fee to be paid any nominal partner.
- The amount of investment by each partner.
- How profits and losses will be shared.
- Accounting procedures to be used.
- Salary or drawing account arrangements for each partner.
- Restraints on each partner, if any.
- How the partnership will be terminated.

2. In your response you should have indicated the following:

- The specific name of the corporation (which, in the U.S., includes the abbreviation "Inc."). The name cannot be the same as one already in use when the charter is issued.
- The specific purpose of the corporation.
- The names and addresses of the directors and incorporators. Depending on the state, one to five incorporators must reside in the state in which the application is made.
- The location of the company's main office.
- The duration of the corporation.
- The amount and kinds of capital stock issues at the outset of the operations.
- A full description of the voting rights of the stockholders.

3. Members of a cooperative must assume certain responsibilities if the cooperative is to be successful. Members have to—

- make use of the cooperative;
- work to keep other members satisfied with the cooperative;
- attend meetings and prepare corrective action needing membership consideration;
- abide by membership agreement contract.

As a member of a cooperative, you must “cooperate” with the other members to make the organization work for everyone. Like a partnership or corporation, you own a share of the business.

**ASSESSMENT**

Directions: Read the following assessment questions to check your own knowledge of the information in this PACE unit. When you feel prepared, ask you instructor to assess your competency.

1. Develop a formula for computing market value and describe its value to a business person.
2. Define each of the major goods classifications.
3. Describe each of the stages in a product life cycle.
4. List the types of information needed to evaluate the effectiveness and efficiency of a marketing strategy.

MODEL ASSESSMENT RESPONSES

1. Number of people times average value of available resources times percent of resources devoted to the identified needs. This tool helps the business person determine the total dollars invested in a specific market that must be divided among competing firms.

2. Convenience goods—products that customers find very similar to other products and of relatively low value. Thus they will invest little time and resources in shopping for the product.

Shopping goods—products with a higher relative value and important differences. Customers are more willing to shop and compare for the best purchase.

Specialty goods—products that customers view as unique and highly satisfying. They will search until they find this product.

Unsought goods—goods that customers are unaware of or don't want.

3. Introduction—A stage characterized by a new product, little direct competition, extensive investment, and low financial returns.

Growth—A stage characterized by increasing competition and product differentiation. Sales and profits increase rapidly.

Maturity—In this stage, sales may grow but profits decline because of increasing costs and intense competition.

Decline—Sales and profits decline as new products replace older, outdated products.

2  
4. Sales  
Costs  
Performance of personnel  
Attitudes of customers

## ASSESSMENT

Directions: Read the following assessment items. Answer each item to check your understanding of the topics presented in the unit. When you have completed the items, ask your instructor to check your answers.

1. List and explain at least two factors that demonstrate the importance of business location.
2. Explain the three general factors to be reviewed when initiating a feasibility study of business locations.
3. Describe the differences in evaluating locations for retail and service firms, wholesaling firms, and manufacturing firms.
4. Compare and contrast the five types of business locations.
5. Describe a six-step process for conducting a business location feasibility study.
6. Name at least five sources of information and assistance for business site evaluation.

## MODEL ASSESSMENT RESPONSES

1. Business location is important because it has been identified as a major factor contributing to the success of small business firms. The location of a business is very important in attracting customers. The proper location will also aid the business owner in efficiently serving customers.
2. Economics, population, and competition are three factors to consider when initiating a feasibility study. Economics is concerned with the number and type of industries in the area. Sources of income and employment other than industry should also be identified. Population of the area is concerned with the number and age levels of individuals. The residential areas of the town or city and income levels are additional concerns. Competition refers to businesses selling similar or substitute products. Of primary concern are the number and location of competitors. The quality of management should be studied to determine the progressiveness of the competition.
3. Evaluating sites for retail and service firms is centered on locating near customers. The specific site selected within an area is very important to the success of the business. Customers should pass by the business site in large numbers. Wholesale and manufacturing firms are primarily concerned with identifying a site within the correct general area. Access to suitable physical facilities and adequate transportation systems are of high importance.
4. Common to all business locations is a customer orientation. All business firms must locate where they can best serve their customers and potential customers. A second item common to all locations is a concern with the compatibility of neighbors. Compatible neighbors in these business clusters act to increase the drawing power of these locations.

Central shopping districts and neighborhood shopping areas are unplanned business clusters whereas shopping centers and industrial parks are planned clusters. Central shopping districts, neighborhood shopping areas, and shopping centers are most suited to retail and service firms. Industrial parks are planned for wholesalers and manufacturers.

5. The steps in conducting a feasibility study include: (1) select a general area of consideration, (2) survey several areas within a state, (3) establish site selection criteria, (4) analyze the need to build or renovate, (5) analyze the need to lease, and (6) review the analyses and decide.
6. Sources of information and assistance in locating a business include the following:
  - a. Small Business Administration
  - b. Chambers of commerce
  - c. Trade associations
  - d. Planning commissions
  - e. Other businesses
  - f. Bankers
  - g. Consultants
  - h. Colleges

**ASSESSMENT**

Directions: Read the following questions concerning financing the business. They are for you to check your knowledge about this topic. When you feel ready, ask your instructor to assess your knowledge of them.

1. Describe the sources of information available to use in estimating the financing necessary to start a new business.
2. Explain the steps involved in determining the financing needed to start a new business.
3. Explain the steps involved in preparing both a projected profit-and-loss statement and a projected cash flow statement.
4. Describe the five basic parts (and their contents) in a loan application package.

## MODEL ASSESSMENT RESPONSES

1. The sources of information available to use in estimating the financing necessary to start a new business are as follows:

Small Business Administration (SBA)  
Dun & Bradstreet  
The Bank of America  
Robert Morris Associates  
National Cash Register  
Colleges and universities  
Trade associations  
Chambers of commerce  
Minority economic and business development centers, etc.

2. The steps involved in determining the financing needed to start a new business are as follows:

Step 1—Estimating annual sales volume  
Step 2—Estimating start-up costs  
Step 3—Calculating monthly operating expenses  
Step 4—Figuring personal living expenses  
Step 5—Adding the start-up, operating, and personal living expenses

3. The steps involved in preparing a projected profit-and-loss statement are as follows:

Step 1—List your estimated gross sales on a monthly basis.  
Step 2—List the costs of the merchandise (or service) you estimate will be sold monthly.  
Step 3—Subtract the costs of the merchandise (or service) from your estimated gross sales.  
The resulting figure is your gross margin or profit.  
Step 4—Itemize the monthly operating expenses.  
Step 5—Total the monthly operating expenses.  
Step 6—Subtract the monthly operating expenses from the gross margin or profit. The resulting figure is the net profit or loss for the month.

The steps involved in preparing a projected cash flow statement are as follows:

Step 1—Add together any cash on hand and loans you have to determine the total amount of cash you have to start the business.  
Step 2—Subtract the start-up costs to project the actual amount of cash left over to start the business.  
Step 3—For each month of the first year of operation, plug in the estimated profit or loss that you have previously determined.  
Step 4—Determine other cash expenditures or disbursements and list them.  
Step 5—Total the disbursements.  
Step 6—Subtract the total disbursements from the cash received during each month. This is the net cash flow.  
Step 7—Add the net cash flow to the cumulative cash flow, which is the total amount of cash left over from the previous months. This gives you the total amount of cash you have accumulated.

4. The five basic parts (and their contents) in a loan application package are as follows:

### Loan Application Package Outline

#### I. Basic Application Information

- A. Applicant's name, address, and telephone number
- B. Business name, address, and telephone number
- C. Type of business
- D. Size of business
- E. Type of ownership
- F. Applicant's financial contribution to business

#### II. Loan Request

- A. Purpose of loan
- B. Amount
- C. Terms, including desired interest rate
- D. Debt/equity ratio
- E. Collateral
- F. Specific use of money borrowed

#### III. Applicant's Personal Information

- A. Resume, including education, work experience, and business background
- B. Credit references
- C. Personal balance sheet
- D. Past two to three years' income tax statements

#### IV. Business Information

- A. Business plan
- B. Life and casualty insurance coverage
- C. Business licenses or permits
- D. Lease/facilities agreement
- E. Other supporting information

#### V. Financial Projections

- A. Projected monthly profit-and-loss statement for at least one year
- B. Projected cash flow statement for at least one year
- C. Some lenders may also ask for a projected balance sheet for the first year

## ASSESSMENT

Directions. Read the following questions concerning dealing with legal issues. They are to help you check your knowledge about this topic. When you feel ready, ask your instructor to assess your knowledge of them.

1. Where can the small business owner find information regarding potential sources of legal problems?
2. What techniques can be used to reduce legal problems?
3. How can a small business person obtain assistance with legal problems?
4. Where can you go to find information on patents and trademarks? On copyrights? What kinds of protection do these registrations give the small business owner?

## MODEL ASSESSMENT RESPONSES

1. From trade journals with articles on major legal changes that affect the industry, and from checking with a lawyer.
2. The following techniques will reduce legal problems:
  - Manage the firm with discipline and careful decision making.
  - Gain a basic understanding of statutes and regulations that affect the firm.
  - Call upon legal council or appropriate nonlegal advisers as necessary.
3. Obtain assistance with legal problems by selecting an attorney. Also, use nonlegal advisers, such as accountants, bankers, insurance advisers, advertising or trade association staff members, real estate agents, management consultants, or business friends to obtain information that will assist you in making legal decisions.
4. For information on patents and trademarks, the small business owner/manager must contact the Commissioner of Patents at the U.S. Department of Commerce in Washington, D.C. Trademark information is also available from some state departments of commerce. Copyright information is available through the Copyright Office of the Library of Congress. Patents and trademarks protect the holder's ideas or products against duplication or unauthorized use by others. Small business owners/managers may also want to use copyrights to protect their advertisements, catalogs, brochures, and other informational material.

## ASSESSMENT

Directions: Read the following items to check your knowledge of the topics presented in the PACE unit. When you feel ready, ask your instructor to check your skills.

1. List and explain three reasons why government regulations are important to small business.
2. What specific responsibilities do the following federal agencies meet?
  - Federal Trade Commission
  - Equal Employment Opportunity Commission
  - Occupational Safety and Health Administration
  - Environmental Protection Agency
3. What steps can be taken by the owner of a small business to comply with government regulations in the four areas presented in the unit?
4. List at least three taxes at the federal, state, and local levels that will affect small business operations.
5. What specific steps can the owner of a small business take to comply with the regulations concerning business taxes?

## MODEL ASSESSMENT RESPONSES

1. **Purpose of regulations:** Regulations are passed to protect and promote a healthy society and strong business community.

**Source of regulations:** Government at all levels passes regulations. The federal government is responsible for regulating business between the states. States, counties, and cities are responsible for business activity within their respective boundaries.

**Impact on small business:** Some regulations are designed to protect the small business. However, the most evident impact is an increased cost and paperwork burden.

2. **Federal Trade Commission:** The FTC is primarily concerned with unfair competition, deceptive consumer practices, and the formation of monopolies.

**Equal Employment Opportunity Commission:** The EEOC is concerned with preventing and investigating discrimination in employment on the basis of race, color, religion, sex, and national origin.

**Occupational Safety and Health Administration:** OSHA administers programs concerning the safety and health of workers. OSHA conducts inspections and can assess penalties.

**Environmental Protection Agency:** The EPA controls the industrial use of toxic substances, solid wastes, and pesticides. It is responsible for maintaining clean air and water standards.

3. **Protection of competition:** Establish an antitrust compliance program by (1) developing a company policy concerning antitrust practices, (2) establishing a company training program, (3) establishing company procedures to implement the policies, (4) developing a documentation system, and (5) performing periodic management audits.

**Protection of employees:** Establish an affirmative action program by (1) developing a written equal employment and affirmative action policy, (2) designating an individual to direct the program, (3) publishing your policy, (4) reviewing your employment system, and (5) developing programs to enhance equal employment and affirmative action.

**Protection of consumers:** Company policies should be developed and reviewed in the areas of product safety, consumer credit, and warranties.

**Protection of the environment:** Again, the establishment of company policies and programs encourages compliance with regulations. A business owner should determine what obligations exist under these regulations for the particular business in question. This determination should then be used in deciding the extent of the program to be developed.

4. **Federal taxes:** Corporate and individual income, excise, employment, social security, and customs.

**State taxes:** Corporate and individual income, gross receipts and sales, capital stock, incorporation, and employment.

**Local taxes:** Sales, income, property, and licenses.

5. **Basic steps necessary to comply with tax regulations include** (1) know your tax liability, (2) set aside funds to pay taxes, (3) pay taxes on time, and (4) get expert advice.

**ASSESSMENT**

Directions: Read the following assessment questions to check your own knowledge of the information in this PACE unit. When you feel prepared, ask your instructor to assess your competency.

1. Explain why decision making is integral to all management functions.
2. Explain what master planning involves. Provide examples of items that are included on a master plan.
3. Discuss the difference between line organizations and line and staff organizations.
4. Identify two elements of effective directing.
5. Identify three basic activities of the control process.

### MODEL ASSESSMENT RESPONSES

1. Because decision making is an integral part of all the management functions, a business run by someone who cannot make effective, timely decisions is doomed to failure. To become expert decision makers, entrepreneurs should strengthen abilities to recognize problems and surround themselves with people/techniques to help solve problems.
2. A master plan that involves establishing the firm's major long-term goals or objectives is a comprehensive plan. All other plans are formulated to achieve goals set in master plans. A master plan includes information on such items as finance, personnel, public relations, advertising, legal issues, and sales, to name a few.
3. The basic difference between line organizations and line and staff organizations is that line and staff organizations include advisors whose purpose is to give assistance and advice. They have no authority over other employees.
4. Two elements of effective directing include communication and motivation.
5. Three basic activities of the control process include (1) establishing standards, (2) comparing performance against these standards, and (3) taking corrective action, if it's needed.

## ASSESSMENT

Directions: Read the following questions to check your own knowledge of these topics. When you feel ready, ask your instructor to test you on your knowledge of them.

1. Do a job analysis for your job, one position you supervise, or one you know well. Include the following:
  - Indicate which tasks are critical.
  - Indicate the percentage of time spent on each of the tasks.
  - Write a job description for the position.
  - List five important skills or abilities you would want to see in a person you are hiring for this position.
2. Plan a training program to teach a new employee how to perform one of the jobs you supervise.
3. Cite the reasons why written personnel policies are important. What policies would you include in your company handbook for employees?
4. Plan an employee evaluation interview for one position you supervise.
5. List the steps in a corrective interview.

**MODEL ASSESSMENT RESPONSES**

1. Answers will vary with the job chosen. Be sure that each of the items listed for inclusion is covered in the answer.
2. The plan for a training program should include the following:
  - Identification of the need; definition of the problem
  - Choice of a time, a place, and a person to do the training
  - An outline of instruction with scheduled times for specific topics
  - An evaluation method
  - A strategy for follow-up
3. Written personnel policies are important because they ensure that each employee has the same information. Written policies are easier to enforce than off-the-record policies. A handbook of policies is useful in the orientation of a new employee.

Policies to be included in such a handbook are those that cover the following:

- Working hours
- Persons responsible for personnel administration
- Statement of nondiscrimination
- Reporting to work
- Rest periods
- Absence from work
- Employment records
- Evaluation of performance
- Pay periods
- Shift premiums
- Safety and accident prevention
- Use of the telephone
- How to make suggestions/complaints

Company benefits may also be covered as well as other types of policies.

4. The plan for an employee evaluation interview should include the following:
  - A scheduled time
  - A task list review
  - Feedback on the employee's performance
  - Expectations for the future
5. The steps in a corrective interview are as follows:
  - a. Schedule a meeting.
  - b. Explain what you observed and why it concerns you.
  - c. Listen to the employee's explanation.
  - d. React to the explanation.
  - e. Discuss what needs to change.
  - f. Schedule a follow-up meeting.
  - g. Make notes.
  - h. Have a follow-up meeting.

## ASSESSMENT

Directions: Read the following assessment questions to check your own knowledge of the information in this PACE unit. When you feel prepared, ask your instructor to assess your competency.

1. Describe the relationship between a marketing plan and a promotional plan.
2. List the steps (in correct order) to be completed in developing a promotional plan.
3. Discuss the value of planning promotional activities for a long time period (six months to one year).
4. Describe the components of effective advertisements in the following media:
  - Newspapers
  - Radio
  - Outdoor advertising
  - Direct mail advertising
5. Develop three promotional objectives and describe how each objective would be evaluated.
6. Justify the value of analyzing competitors' promotional activities.
7. For each promotional method (advertising, sales promotion, and public relations), identify the type of short-term problem that could best be solved by that method.

## MODEL ASSESSMENT RESPONSES

1. A marketing plan is broad and establishes the relationship between promotion and other marketing activities. A promotional plan is very specific and outlines all promotional decisions. The marketing plan is prepared before the promotional plan.
  2. Steps in developing a promotional plan:
    - a. Develop the marketing plan (contains many specific steps)
    - b. Develop promotional objectives
    - c. Identify information to be communicated
    - d. Identify promotional methods
    - e. Select promotional media
    - f. Identify preparation requirements for each media
    - g. Develop a promotional schedule
    - h. Plan a promotional budget
    - i. Identify evaluation methods
  3. Short-term planning often misuses promotion. Long-term planning allows promotion to be planned with other marketing activities so that it supports major marketing objectives.
  4. Effective newspaper ads contain components:
    - Headlines that attract attention, arouse interest, and are directed to the reader
    - Illustrations that appeal to human interest
    - Copy that is written in easy to understand language and contains all facts about the product that are necessary (benefits, styles, sizes, colors, price, and so on)
    - A clearly defined business logotype
  5. Sample promotional objectives are included in the unit. They should contain an identified audience, action to be taken, and a standard for evaluation. Each objective should be evaluated using the standard.
  6. The analysis will identify the information that competitors want to communicate to consumers. Such an analysis is an effective way of determining the strengths, weaknesses, and marketing objectives of competitors.
  7. Advertising—this provides information to large groups of people. The information cannot be very complicated if advertising is used.
- Sales promotion—this tool should be used if consumers need a special incentive to purchase.
- Public relations—this is not an effective short-term method, but can deal with image problems of the firm.

**ASSESSMENT**

Directions: Read the following assessment questions to check your own knowledge of these topics. When you feel prepared, ask your instructor to assess your competency on them.

1. Identify factors that you should examine in sales merchandising.
2. What is merchandise planning?
3. Identify five benefits realized from a training plan.
4. Identify three basic ways in which the owner of a small business can motivate salespeople.

## MODEL ASSESSMENT RESPONSES

1. The student should examine the following factors:
  - Past sales
  - General business conditions
  - Competition
  - Current buying trends
  - Changes in operations or policies
2. Merchandise planning is a program that has definite goals for different facets of the buying and selling activity.
3. The response should have identified some of the following benefits:
  - Helps the employees develop more effective job skills
  - Aids employees in developing good work habits
  - Builds respect for the business, job, merchandise, and potential customers
  - Lessens the need for close supervision
  - Increases profits by increasing employee productivity
  - Aids in minimizing employee turnover
  - Improves service to customers
  - Increases customer satisfaction
4. There are three basic ways in which salespeople can be motivated. These are—
  - personal supervision,
  - nonfinancial incentives,
  - financial incentives.

## ASSESSMENT

Directions: Read the following questions to check your own knowledge of the information in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Describe double-entry bookkeeping.
2. Name the recordkeeping devices that you will use in your business.
3. Several types of recordkeeping needs are described below. Identify the nature of the record that will meet each need in a small business situation.
  - A system that will allow you to classify your sales transactions by department or merchandise line, salesperson, taxable versus nontaxable items, and cash versus charge sales.
  - These records are needed to document the cash taken in each day. They are a combination of a days cash sales plus payment for prior sales (charges), deposits on future sales (lay-away or special orders), and any miscellaneous income.
  - For each customer to whom you extend credit you should keep a separate record on which you post each charge and payment transaction, along with the date and a running balance due.
  - These records refer to each account that sells to you on credit.
  - These records show the weekly hours worked, gross pay, deductions for state and federal income taxes, FICA withholdings, and net pay to each employee.
  - Depending on the type of business, you will need some type of control system to keep track of your merchandise and equipment. Keep in mind that the cost of maintaining the system should not outweigh the potential for loss.
  - This record provides a monthly listing of deposits, checks cashed, and the remaining balance of your bank account. It should be compared with your records to detect errors or to record bank charges and to locate any "lost" or "misplaced" checks.
  - In most businesses, the owner will have occasional small disbursements that are simply paid in cash rather than by writing a check. This account is needed to cover these expenses.
4. A small business owner/manager has several options with regard to who can keep the business records, as well as how they are maintained. Identify the option that you plan to use in your business and explain why you choose it.

5. List the recordkeeping functions that might be performed via a microcomputer.
6. Identify the factors that you will use to evaluate your business records.

### MODEL ASSESSMENT RESPONSES

1. Double-entry is a bookkeeping system utilizing debit and credit entries for all transactions. A decrease or increase in one account must be matched by an offsetting increase or decrease in another account allowing for an absolute accuracy check.
2. (Responses to this item may vary. However, the following would be appropriate. In addition, other responses would be acceptable.)
  - a. journals or books of original entry
  - b. ledgers or books of various accounts
  - c. inventory records
  - d. budget systems
3.
  - a. sales records
  - b. cash receipt records
  - c. accounts receivable
  - d. accounts payable
  - e. payroll records or employee compensation records
  - f. inventory control records
  - g. bank account reconciliation statement
  - h. petty cash fund
4. (Responses to this item will vary.)

A small business owner/manager has several options with regard to who can keep the business records. They include: (1) keeping the records personally, (2) training an employee to maintain all or parts of the recordkeeping system, (3) hiring a freelance bookkeeper, (4) employing an accountant, (5) engaging the services of a public accounting firm, or (6) some other option.

5. The following functions can be performed via the minicomputer: inventory control, general ledger accounting, accounts payable, accounts receivable, and payroll. In addition, budgetary control, business forecasting, and financial ratio analysis can be performed via the computer. Computer programs are being developed for data file management and word processing.
6. (Responses to this item will vary.)

In evaluating your business records you will want to assure that they provide for internal control, control of sales, accounts receivable, expenses, accounts payable, plus payroll and payroll liabilities.

## ASSESSMENT

Directions: Read the following assessment questions. When you feel that you are prepared to respond to them, ask your instructor to assess your competence:

1. List four requirements for successful financial management.
2. List four ways of achieving financial control by recording cash receipts.
3. List procedures that can be used to compute cash flow patterns during the year.
4. Identify and explain four signs of cash flow problems.
5. Give three examples of long-range cash flow needs.
6. Identify what an owner's equity financial statement reports.
7. List four key ratios used to analyze financial statements.
8. What do the following financial ratios indicate?
  - a. Current ratio
  - b. Acid-test ratio
  - c. Debt-to-net-worth ratio
  - d. Net-sales-to-working-capital ratio
  - e. Net-income-to-net-sales ratio
  - f. Operating expense ratios
9. Describe the formula for computing a break-even point.
10. Identify three marketing questions that can be answered from a break-even computation.
11. Identify four applications of microcomputers for financial analysis and management.

### MODEL ASSESSMENT RESPONSES

1. The requirements for success in financial management include (a) proper balance and investment in assets, (b) accurate determination of cash flow needs, (c) sound management of short- and long-term debts, and (d) an appraisal of rates of return on investment.
2. Four ways of keeping track of cash by recording cash receipts are (a) keep personal cash separate from cash generated by the business, (b) keep a record of all incoming cash, (c) use a bank account for all business funds, and (d) deposit each day's cash on a daily basis.
3. Cash flow patterns may be computed by using a monthly and yearly cash budget. Add to the beginning monthly cash balance estimates of income expected. Subtract estimates of expenses for the month.
4. Four trouble spots indicating cash flow problems are (a) expenses are greater than gross profits, (b) inadequate cash at the start of the month, (c) overexpansion of business without new capital, and (d) excessively high accounts receivable.
5. Examples of long-range cash flow needs are (a) assets which will need replacing, (b) additional assets needed to meet competition, and (c) remodeling or expansion costs.
6. The owner's equity financial statement reports on the owner's change in net worth, funds invested, and withdrawals or salary.
7. Four key business ratios are (a) current ratio, (b) acid-test ratio, (c) debt-to-net-worth ratio, and (d) net-sales-to-working-capital ratio.
8. These financial ratios indicate the following information:
  - a. Current ratio                      Whether the firm has enough current assets to meet its debts.
  - b. Acid-test ratio                      Measures the debt payment ability of a business at any one time.
  - c. Debt-to-net-worth ratio              Indicates whether all debts can be paid by the present net worth.
  - d. Net-sales-to-working-capital ratio      Measures how many dollars of sales the business makes for every dollar in working capital.
  - e. Net-income-to-net-sales ratio              Shows how much income is derived from every dollar of sales.
  - f. Operating expense ratios              Indicate the ratio of any specific expense for the amount of net sales.
9. BREAK-EVEN POINT = 
$$\frac{\text{TOTAL FIXED COSTS}}{\text{SELLING PRICE} - \text{VARIABLE COST}}$$

(PER UNIT)                      (PER UNIT)

10. Which items are most profitable?  
Which items are least profitable?  
Have any items passed their popularity peaks?  
How many units of a new product must be sold before it begins to bring in a profit?
11. Financial analysis  
Financial management  
Productivity  
Payroll  
Investments  
Inventory control  
Ratio analysis

## ASSESSMENT

Directions: Review the following statements to check your own knowledge of these topics. When you feel prepared, ask your instructor to check your competency on them.

1. Distinguish two major differences between open-end and closed-end credit plans.
2. Identify four points of information that must be disclosed in open-end credit advertisements.
3. Identify four points of information that must be disclosed in closed-end advertisements.
4. Explain the major purpose of Regulation Z of the Truth-in-Lending Act.
5. Identify the two points that a creditor must disclose to the debtor before completing the credit transaction.
6. Identify an injustice that was intended to be remedied by the Equal Credit Opportunity Act.
7. Identify what the Fair Credit Reporting Act requires the credit reporting agency to provide to customers.
8. List three legal security devices that may be used by a seller.
9. Identify four illegal collection practices.
10. Discuss three characteristics of an effective series of collection letters.
11. Identify three examples of effective telephone collection techniques.
12. Identify four factors upon which to base credit and collection policies.
13. Identify six different possible credit promotion strategies.
14. Identify four credit information resources and systems.

### MODEL ASSESSMENT RESPONSES

1. An open-end credit plan allows a customer to keep adding to the amount owed as long as monthly payments are made. Interest is computed on the amount owed each month. Closed-end credit fixes the amount of credit allowed. The total interest owed is predetermined.
2. Open-end credit advertisements must disclose (a) the time period within which a customer must pay to avoid finance charges; (b) the method of computing the balance on which the finance charge is based; (c) the method of computing the amount of the finance charge, including any minimum charge; and (d) the annual percentage charge.
3. Closed-end credit advertisements must disclose (a) the cash price; (b) the amount of down payment required; (c) the number of payments, the amount of each payment, and due dates or period between payments; and (d) the annual percentage rate.
4. The major purpose of Regulation Z of the Truth-in-Lending Act is to let borrowers and consumers know the exact cost of obtaining credit.
5. A creditor must disclose to the debtor (a) the finance charge and (b) the annual percentage rate.
6. Under the Equal Credit Opportunity Act creditors cannot discriminate against any person on the basis of sex or marital status.
7. The Fair Credit Reporting Act requires that the credit reporting agency must inform the individual of the nature of the information on file.
8. Three legal security devices that a seller may use are (a) conditional sale, (b) chattel mortgage, and (c) bailment lease.
9. Four illegal collection practices are (a) using collection forms, letters, or questionnaires without informing the customer of their purpose; (b) threatening customers with violence; (c) using obscene language; or (d) contacting customers by telephone at inconvenient times or places.
10. A series of collection letters should be (a) positive, (b) progressively firmer in tone, and (c) sent over a sequenced period of time.
11. Telephone collection techniques should (a) avoid questions that can be answered by "yes" or "no," (b) inform the customer that you are totally aware of the situation, and (c) be flexible (based upon the individual customer).
12. Four factors upon which to base credit and collection policies are (a) the profit margin on the merchandise, (b) the line of business and its customers, (c) the policies of competitors, and (d) the phase of the business cycle.
13. Six different credit promotion prospects are (a) the firm's cash customers, (b) new residents in the community, (c) newly married couples, (d) customers who use budget accounts, (e) people who cash payroll checks, and (f) COD customers.
14. Four credit information resources and systems are (a) suppliers' credit departments, (b) banks, (c) credit bureaus, and (d) mercantile credit agencies.

**ASSESSMENT**

**Directions:** Read the following questions to check your own knowledge of the information in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Name the two major elements of any protection plan for your business.
2. Explain the purpose of establishing policies and procedures.
3. Identify the factors that determine how much insurance will cost your business.
4. List and discuss the four steps an entrepreneur should follow in designing the insurance program for his or her business.
5. Identify how often an entrepreneur should have his or her insurance program reappraised.
6. Explain when it is possible for a small business to be overinsured.

### MODEL ASSESSMENT RESPONSES

1. A business protection plan should include (1) establishing policies and procedures based on sound business management practices, supplemented by (2) purchasing adequate insurance protection.
2. Policies and procedures serve as guidelines to be used in making decisions regarding specific situations. They encourage consistent solutions to similar problems.
3. Insurance rates vary according to the type of business, store location, number of employees, maximum cash value, amount of security, equipment installed, and prior losses.
4. To develop an adequate insurance program, an entrepreneur should (1) recognize the risks the business faces, (2) plan the expectations of the insurance program, (3) compare prices and coverages, and (4) get professional advice.
5. A business's insurance program should be reappraised at least every three years.
6. While insurance protection helps to minimize risk, it is possible to overprotect a business. The entrepreneur who carries too much insurance is not using the firm's capital resources most effectively.

**SELECTED CURRICULUM  
RESOURCES**

**Note to Instructor:**  
**See extensive resource lists in the PACE (Revised) Resource Guide.**

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## SELECTED CURRICULUM RESOURCES

American Association of Community and Junior Colleges. *Four Modules in Small Business: Student Guidebook*. Washington, DC: American Association of Community and Junior Colleges.

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*Getting Down to Business: Garden Center. Module 4.*

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*Getting Down to Business: Dairy Farming. Module 6.*

*Getting Down to Business: Bicycle Store. Module 10.*

*Getting Down to Business: Flower and Plant Store. Module 11.*

*Getting Down to Business: Innkeeping. Module 13.*

*Getting Down to Business: Nursing Service. Module 14.*

*Getting Down to Business: Wheelchair Transportation Service. Module 15.*

*Getting Down to Business: Health Spa. Module 16.*

*Getting Down to Business: Housecleaning Service. Module 24.*

*Getting Down to Business: Sewing Service. Module 25.*

*Getting Down to Business: Home Attendant Service. Module 26.*

*Getting Down to Business: Guard Service. Module 27.*

*Getting Down to Business: Pest Control. Module 28.*

(Entrepreneurship Training Components continued)

*Getting Down to Business: Energy Specialist. Module 29.*

*Getting Down to Business: Auto Repair Shop. Module 31.*

*Getting Down to Business: Welder. Module 32.*

*Getting Down to Business: Construction Electrician. Module 33.*

*Getting Down to Business: Plumbing Business. Module 35.*

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- The Economics of Free Enterprise.*** Reston, VA: National Distributive Education Clubs of America (DECA), DECA Related Materials.
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