

6 ENTREPRENEURSHIP

Prerequisites: Accounting, Marketing & Economics

Credits: 3

Overview

This introductory course introduces the learner to the operations of small businesses. The essentials of starting a small business from the generation of an idea through the actual operations will be examined.

Learning Outcomes

Upon successful completion of this course, the learner will:

- 1 apply the concepts and practices of business planning.
- 2 develop a financial plan for a small business.
- 3 interpret financial statements of a small business.
- 4 conduct market research/feasibility study.
- 5 prepare a business Plan for a new venture.
- 6 distinguish between Sole Trader and Partnership

Topics

1.0 Parameters and Concepts of Business Ventures

Objectives

Upon completion of the topic the student will be able to:

- 1.1 explain the differences between sole proprietorship and partnership
- 1.2 discuss Venture Capital

Content

- Sole Proprietorship
- Partnership
- Venture Capital

2.0 Feasibility Studies

Objectives

Upon completion of the topic the student will be able to:

- 2.1 identify the components of a needs analysis
- 2.2 discuss general market characteristics
- 2.3 identify the components of a site evaluation
- 2.4 explain the concept of supply and demand
- 2.5 discuss characteristics of capital investment
- 2.6 identify various financing methods

Content

- Needs analysis
- General market characteristics
- Site evaluation
- Supply and demand analysis
- Capital investment
- Financing methods

3.0 Budgeting

Objectives

Upon completion of the topic the student will be able to:

- 3.1 discuss the budget cycle
- 3.2 identify the long vs. short term budget
- 3.3 explain an operating budget
- 3.4 explain a fixed budget

Content

- Cycle
- Long term/short term
- Operating budget
- Fixed budget

4.0 Financial Statements

Objectives

Upon completion of the topic the student will be able to:

- 4.1 identify and prepare in detail:
 - the income statement
 - the balance sheet

- the statement of changes in financial position
- 4.2 differentiate between organisational costs and organisational expenses
- 4.3 interpret financial statements through the process of ratio analysis
- 4.4 illustrate and translate break-even analysis given specified criteria
- 4.5 conclude the business decision-making process given specified criteria from various financial statements
- 4.6 Grants
- 4.7 Fiscal Incentives

Content

- Financial statements

5.0 The Business Plan

Objectives

Upon completion of the topic the student will be able to:

- 5.1 discuss and identify components of a business plan
- 5.2 explain the goals and objectives of a business plan
- 5.3 explain the term “market analysis”
- 5.4 discuss product costing and pricing
- 5.5 explain the legal requirements when making a business plan

Content

- Components of a business plan
- Goals & Objectives
- Market analysis
- Product costing/pricing
- Legal requirements

Instructional Format

Lecture
Case Studies
Guest Lecturers
Projects

Assessment and Evaluation

- A minimum of Four (4) assignments related to that account for 60% of the total mark for the course.
- A project in which students are required to prepare an extensive business plan for the setting up of an enterprise – 40%
- Make a presentation to Industry/Business panel where possible

Recommended Text

Small Business Management, 3rd Edition, D Stokes; published by Letts Educational Essentials of Entrepreneurship

Small Business Management, T W Zimmerer and N M Scarborough; published by Prentice Hall.

Resources

Entrepreneurship Project Example – see attachment Journals from Small Business Association

Attendance

Students are encouraged to attend all class sessions, as all information presented may not be covered in the required text. Participation of students is an integral component of the learning process.

ENTREPRENEURSHIP PROJECT EXAMPLE

“Life is either a daring venture or nothing”,
Hellen Keller

Objectives

- 1 The project is designed to assist students in developing an appreciation of specified criteria in the business world.
- 2 To familiarize students with various aspects of record keeping and vital pre-requisites in the development and operation of small business
- 3 To provide students with the foundation necessary and to create an environment whereby the entrepreneurial skills of the student may be stimulated and brought to the fore.

Project

You are required to select a service-oriented business; e.g., a nursery school, a food service outlet, a mini-mart, tourism ancillary service, etc and establish in a location of your choice. The area will be suitable for the operation you have selected as will be indicated by your feasibility study.

You have a personal savings account of \$----- with which you desire to start operation and need a further amount, which must not exceed \$----- (an amount which you will obtain from your banker or some other financial institution), to form your initial capital base. This loan is optional and should be used only if desired. This business may be set up either as a sole business or as a partnership. Two or three students may join together to prepare a project.

Outline

The business should be looked at from the following perspectives:

- 1 Nature and background
- 2 The feasibility study
- 3 Organization and control
- 4 Other factors

1.0 Nature and Background

- 1.1 Give a detailed description of the type of business, which you are proposing.
- 1.2 Give the name of the business and the reason for the name you have chosen.
- 1.3 Give the exact location of your proposed business and your proposal for the acquisition of such business, e.g., by rental, purchase, leasing, mortgage, etc.
- 1.4 State the philosophy of the business, its mission and ethics.
- 1.5 State the factors, which will contribute to your business being more successful than similar businesses.

2.0 The Feasibility Study

- 2.1 A feasibility study is essentially an analysis of the market information, the operational concepts and the financial considerations that you will gather for your proposal in order to determine whether or not your venture will be a viable one.

The components of the feasibility study should be along the following lines:

- A The market survey
- B The site evaluation
- C The financial aspects

A *The Market Survey*

- Potential customers
- Their location, number, income levels, ages and sex
- Occupational patterns (if applicable)

Surrounding Areas

- Attractions
- Types of industries
- Type of businesses

Competition

- Number and type of service facilities
- The quality of the existing facilities
- Their market share
- Your sales volume potential
- Your turnover rates (if applicable)

Sale Generators

- The factors, which will generate business towards your facility (this will depend on the type of facility that your propose).
Examples would be as follows:
conventions, office buildings, factory

workers, residential developments, shopping areas, school population, baby boom, etc.

B Site Evaluation

Physical Characteristics

- Site and shops: a detailed floor plan drawn to scale should be provided (consideration should be given to parking areas, entrances and other exterior areas requires).
- Availability of utilities
- Positional characteristics: relationship to shopping centres, commercial areas, recreational areas, etc.
- Relationship to transportation facilities: easy access to/from site.
- Service facilities - Is the area adequately serviced? e.g., garbage and trash pickup.

C Financial Aspects

Capital Projections

- Land and construction costs (if applicable). Compile schedule to indicate.
- Furnishing and equipment costs. Include interior decorating, e.g., floor coverings, wall coverings, (if applicable), and exterior decorating, e.g., displays and electric signs (if applicable). Compile schedule to indicate.
- Operating equipment. For hotels, this would include chinaware, glassware, silverware and linen. Compile schedule to indicate.

Revenue Projections

- Operational Capital. A cash flow statement projecting cash considerations for at least the first two years of operation.
- Projected Income. A projected income statement indicating revenues and expenditures for the first two years of operation.

3.0 Organization and Control

- 3.1 Records management
- 3.2 State proposal for establishing and maintaining one or more cash accounts within the banking system.
- 3.3 Indicate types of accounts, location of bank, account numbers.

- 3.4 State the accounting system to be pursued: the sales policy; cash or credit.
- 3.5 Indicate proposals for cash disbursements and cheques, filing of purchase and sales invoices, etc.

4.0 Other Factors

- 4.1 Fiscal year
 - End of business
 - Best suited for type of business
- 4.2 Staff
 - Number of employees
 - Remuneration
 - Incentive plan
- 4.3 Advertising
 - Type of advertising
 - Kind of media
 - Estimated costs
 - Objectives
 - Markets
 - Age groups, etc
- 4.4 Further considerations
 - Outside services
 - financial
 - legal, etc
 - Policies of the business
 - Competitive pricing and service
 - Any other consideration important to your particular enterprise.