

Centre for International Economics

COURSE TITLE

Small Family Business Management & Entrepreneurship

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A CONTENT AND OBJECTIVES

A systematic examination of the ‘functional role’ of the entrepreneur in the generation of wealth in a free market economy.

This includes:

- All the principal aspects of small business creation, development and sale.
- The preparation by each student and negotiation of a detailed business and financial plan.

Learning Outcomes

1. At the end of the module students will have obtained a firm grasp of all the main ingredients in creating, launching, managing and developing a business.
2. The experience is designed also to help them in deciding whether or not they have the skills, aptitudes and psychological ‘make-up’ to successfully create and develop a business of their own.
3. Alternatively the module will help students to understand how their entrepreneurial talents can be used effectively in larger organisations.
4. For some students the module will also provide an opportunity to progress from elaborating a business and financial plan to raising capital and launching his/her own business.

Main elements

1. The importance of wealth creation and how it happens in free societies. The role of the entrepreneur in that process. Identifying and exploiting 'effective' demand and satisfying it in the market place. The significance of the introduction of the law of limited liability.
2. The particular role of the entrepreneur in the process of 'innovation'. Entrepreneurs and the creation of small and medium sized firms sector (SMEs). The importance of the small firm sector in the composition of the economy as a whole. The SME sector, employment and GDP.
3. Do people determine through practical experience their own destinies in the real world? Or are we conditioned by education and experience to perform particular functions. The real difference between those who work to realise their own ideas and those who work to realise the objectives of others. The impact of education and training in modern societies on business attitudes, the prevailing value system and the attitudes of people.
4. The obsession with entrepreneurship in 20th Century and today. How the economic system depends upon it. The creative role of the entrepreneur and the small firm as a driver of change and a creator of wealth and jobs. The rise of managerial capitalism and its embodiment in the Sloan Philosophy of *business administration*. The paradox of these developments.
5. The problems of 'invention', 'innovation' and 'renewal' in the large corporation; hiving-off and selling off; management 'buy-outs' or 'buy-backs'. The attempt to replicate the 'small firm' by 'unbundling' different businesses within a group; the philosophy of the *de-merger*. The reality of downsizing (scaling down) and outsourcing (scaling out). The emergence of corporate 'cultures' and corporate 'bureaucracies' preoccupied with stability and continuity, often at the expense of profits.
6. The culture of *enterprise* in the small company versus the culture of *administration* in larger businesses. The difference between 'enterprise' and 'business administration'. How larger businesses try to become more 'entrepreneurial'. The *intrapreneurs* who are expected to act 'entrepreneurially' within an existing business. The difference is between the chief executive in a very large corporation and a highly successful entrepreneur who has 'built' a business and then controls it? Can entrepreneurs be taught to succeed? What do we know about successful entrepreneurs - what makes them tick? What about unsuccessful entrepreneurs who try again and succeed.
7. The problem of risk and how businesses evaluate and manage risk on an everyday basis. How 'managers' and entrepreneurs assess and evaluate risk. How are decisions about

risk taken? Why do we tend to think that entrepreneurs handle risk differently to managers in larger businesses? Why are entrepreneurs risk-averse when mythology suggests that they are risk seekers? Are all large businesses doomed to become unresponsive dinosaurs? How can they be revitalised from within? What are the legal/institutional opportunities/constraints for larger companies to become 'venture capitalists' by 'spinning off' parts of their own activities through management buy-ins and buy-outs?

8. Review of planning documentation. Discussion of 'nuts and bolts' on how to proceed –“directions and destinations”.

9. The politics of employment. The end of lifetime employment and a single company career. How will this impact upon lifestyles and behaviour. How will this impact upon education, training and risk taking? Technological change and its impact upon adaptability and opportunities. Knowing others - knowing yourself. How do you rate yourself as an entrepreneur in the struggle to survive and prosper?

10. Handling a start-up business - what's involved? Deciding what you want to be - a 'self employed' 'trading as xyz' company or an 'incorporated' company - a company with limited liability. What limited liability by shares means. What will the business do? What do you expect from it in terms of income? Have you fully understood what's going to be involved? Do you know what the level of commitment is going to be for you and other family members? Have you considered carefully the implications of default and bankruptcy? The end of 'Nine to Five' and 'maternity leave' for men at least! Entrepreneur - know thyself!

11. Planning your start - where to begin. What's the point of the plan? Will you need the capital of other parties? If you need external capital - who will provide it? On what basis will they provide it? What are your underlying business objectives?

12. Getting the business and financial plan ready to 'test'? What are the responses to changes in the key variables? What happens if you have overstated market off-take? Could you still survive? What are the best and worst cases? What case will you go for? What are the financing implications? If you need capital who and how will you approach the funder? What will he be looking for? Is your case clear and credible?

13 Presenting your case.

B TEACHING AND LEARNING

Teaching will consist of a limited number of formal classes and supervised individual and group research and problem solving.

There will be **extensive work required of participating students outside class**. This will involve preparing and presenting a comprehensive business and financial plan.

Participating students will need to have a thorough understanding of:

- **cash flow statements**

- **income statements**
- **balance sheets**
- **the concepts of DCF and NPV**
- **marketing theory and practice**

A basic working knowledge of Excel spreadsheet routines is also needed.

C METHOD AND WEIGHTING OF ASSESSMENT

Grades will be based on:

- Continuous assessment of the contribution of each individual student - both as an individual seeking to advance his/her own understanding - and his/her capacity to contribute to wider group activities where this arises.
- The assessment of a fully developed business and financial development plan.

Grading will be allocated on the following basis:

	Percent of total mark
1. Preparation and negotiation of a business and financial plan	75
2. Participation in class debate and discussions and the maintenance of a research log	25

D ASSESSMENT EXPECTATIONS

Registrar's scale of grade points is as follows:

<u>Grade</u>	<u>Honour Points</u>	<u>%</u>
A	4.0	93-100
A-	3.7	89-92
B+	3.3	85-88
B	3.0	81-84
B-	2.7	77-80
C+	2.3	73-76
C	2.0	69-72
C-	1.7	65-68
D	1.0	60-64

In descriptive terms, each grade classification signifies the following, for all types of assessments—exams, essays or projects of different sorts.

- A straight 'A' is very difficult to earn and requires substantial achievement above the norm. To be considered for an 'A', work must be polished, well presented, complete, on topic, and submitted on time. More importantly, beyond these base requirements, an 'A' signifies a degree of mastery of the topic or field being discussed, sophisticated analysis of materials, outstanding writing or presentation abilities, and a strong element of original thinking. Where applicable, sources will be used and documented with complete accuracy. The A- grade reflects a similar, though lesser level of achievement.
- A 'B' signifies good, solid work, above the norm. The work will show solid understanding of the assignment, good critical thinking, a sound grasp of the field or topic, and the promise of originality. The work must be polished, complete, and well presented and structured. Where applicable, sources will be well used and documented.
- Work earning a 'C' may show a superficial response to the assignment, have a weak structure, omit important ideas or sources, be unclear in places, or lack a central idea to guide the work. It will still show occasional insight and some understanding of the field or topic, and will meet minimum standards for the assignment.
- A 'D' will be awarded to work that does not demonstrate understanding of the assignment or of course materials, shows little evidence that the student has done the reading or necessary research, or struggles to communicate ideas effectively and clearly. The work is poorly presented and organised and lacks coherence.
- An 'F' indicates that a student's work does not demonstrate understanding of course materials, shows no evidence of having done the reading, and is extremely poorly written. The work is incomplete and/or incoherent, lacking any discernible plan or argument. Where applicable, sources will be used and documented with no awareness at all of proper procedure. Plagiarized work will automatically receive an F grade.

E INTENDED LEARNING OUTCOMES

Principal Aims

There are eight principal aims of the module:

- (i) to provide students with an understanding of the importance of 'enterprise' and the 'entrepreneur' in the functioning of free market economies and the choices to be made between unlimited and limited liability.
- (ii) to enable students to better understand their own psychological 'make-up' in the context of everyday social intercourse but particularly in the context of start-up and business development skills.
- (iii) to enable students to understand the significance of having clearly defined and commercially realisable goals in business.
- (iv) to provide students with a framework for understanding and interpreting the role of the entrepreneur in the process of wealth creation.

(v) to enable students to better understand what qualities are important in successful entrepreneurship and the cultural considerations in the particular 'environment' in which he/she operates.

(vi) to enable students to understand how the qualities of the entrepreneur can be best used in the context of an established family businesses and the challenge of succession

(vii) to enable students to understand how to address the challenge of insolvency and bankruptcy which face all businesses at some stage in their development.

(viii) to enable students to put together a detailed business and financial plan using Excel and successfully negotiate their funding requirements.

E CONCISE READING MATERIAL

Required reading

During the module students will be issued with written material in the form of course notes. Course notes will be supplemented by additional reading as directed. Students will be required to consult the required reading. They should also aim to read The Economist and the Financial Times to keep abreast of developments in the world of business.

The required reading is set out below:

Small Business and Entrepreneurship - Paul Burns and Jim Dewhurst (1996)
Mastering Enterprise - Sue Birley, D Muzyka, Financial Times (1997)
Excel 2002 for Dummies Greg Harvey

F ATTENDANCE, PARTICIPATION AND STUDENT RESPONSIBILITIES

Attendance

Classroom attendance is a vital ingredient in the School's mission to foster an effective learning environment for its students. Any time a student is absent from class, for whatever reason, the lecturer is required to record the absence, both for Immigration purposes and for School regulations. Here are the rules regarding attendance.

- The 85% Rule: A student must attend at least 85% of all scheduled class sessions. If attendance drops below this mark because of unexcused absences, the student will be withdrawn from the course.
- In practice, the 85% rule translates as follows. If a class meets 28 times in a semester or term, a student will be withdrawn as soon as she or he has 5 unexcused absences. If a class meets 14 times in a semester or term, a student will be withdrawn as soon as she or he has 3 unexcused absences. If a class meets 7 times in a semester or term, a student will be withdrawn as soon as she or he has 2 unexcused absences.

- Definition of Excused Absence: An absence is considered an excused absence only when the following 3 criteria are met: 1) a student is seriously ill, 2) the student, or someone that the student designates, emails the lecturer and phones the School before the end of the day to inform the lecturer of the illness and makes necessary arrangements for submitting any work that is due, and 3) when the student provides authentic medical documentation of the illness.
- The Add/Drop Rule: The only other excused absence occurs when a student is pre-registered at the School for the term and adds this particular class before the end of the add/drop period. The class sessions missed during the first part of the term, before the student adds into the course, are counted as excused absences.
- The 70% Rule: Excused absences will not count against a student's 85% attendance requirement, but if all absences combined—excused and unexcused—mean that a student does not attend at least 70% of all class sessions, then the student must be withdrawn from the course. In practice, this means a student must be withdrawn as soon as the total number of absences reaches 9/28 sessions, 5/14 sessions, 3/7 sessions during a semester.
- The No Extension Rule: If a student has an unexcused absence, he or she must still meet deadlines for any work that is due.
- The 3 Consecutive Absences Rule: If a student has three (3) consecutive unexcused absences, he or she will be withdrawn from the course, regardless of the 85% rule or the 70% rule.
- The Lecturer Decides: The lecturer has the authority to determine if the criteria for an excused absence, defined above, have been met.

G SPECIAL POLICIES

In order to ensure fairness and consistency of treatment students should bear in mind the following conditions which will be strictly adhered to.

1. Students are expected to attend each class, or other meeting arranged by mutual agreement, punctually.
2. All work issued will be returned within the stipulated time period. Failure to do so, except for reasons of sickness or injury - or other exceptional circumstances - will attract penalisation.
3. Any case of plagiarism or any other abuse associated with obtaining work undertaken by parties other than those declared will automatically be referred to the appropriate academic standards authority.
4. All material not originated by the party using the material must in all instances be cited in all written material presented for assessment. For clarity – if material originated by any other party is used in an essay this must be formally identified using quotation marks with a note at the bottom of the page or within brackets in the text, naming the originator in full and the work cited.

The Compact

The course is organised and delivered on the basis of a mutual compact between tutor and tutored. The tutor commits to provide to all those tutored the best possible educational support.

Those being tutored for their part commit also to match that effort by ensuring that they participate fully in the education experience.

By working together the tutor and the tutored aim to realise the objectives set out above.

All students will maintain a course log to be handed in for inspection as required

H SCHEDULE OF MEETINGS

The course will take place over 7 meetings and others by appointment as follows:

Meetings: Mondays 3.00 – 6.00

END