

BU454

Small Business and Franchise Management [Onsite]

Course Description:

This course focuses on launching, operating and growing a small business or franchise. Principles and techniques taught in earlier courses will be applied to the small business environment.

Prerequisite(s) and/or Corequisite(s):

Prerequisites: BU151 Principles of Supervision, BU272 Professional Presentation, BU352 Principles of Management

Credit hours: 4

Contact hours: 40 (40 Theory Hours)

SYLLABUS

Instructor: _____

Office hours: _____

Class hours: _____

MAJOR INSTRUCTIONAL AREAS

1. Concepts of entrepreneurship and small business startups
2. Assessment of franchise opportunities
3. Business planning and development
4. Marketing and financial issues related to business planning
5. Developing and utilizing a business plan

COURSE OBJECTIVES

1. Compare and contrast the benefits and potential drawbacks of entrepreneurship.
2. Outline the leadership qualities essential to entrepreneurial success.
3. Compare and contrast the benefits and potential drawbacks of buying a franchised business.
4. Analyze the factors that must be considered when assessing a small business opportunity.
5. Develop a strategic plan, a mission statement, goals, and objectives for a small business.
6. Evaluate the efficacy of different forms of business ownership and franchising based on real-world models.
7. Develop marketing plans by compiling market research, evaluating target markets, and designing a market strategy.
8. Compare and contrast the different pricing needs of retailers, manufacturers, and service firms, assessing the relative impact of credit on pricing strategies and tactics.
9. Create a projected financial statement.

10. Evaluate funding methods by comparing and contrasting potential benefits and risks.
11. Design an investment portfolio to meet the financial goals of a business.
12. Using the Internet and/or the ITT Tech Virtual Library, research industry trends related to market globalization and evaluate the impact of the Internet on entrepreneurship.

Related SCANS Objectives

1. Allocate money.
2. Acquire and evaluate information.
3. Organize and maintain information.
4. Interpret and communicate information.
5. Use computers to process information.
6. Participate as a member of a team.
7. Exercise leadership.
8. Understand systems.
9. Improve or design systems.

TEACHING STRATEGIES

This course focuses on entrepreneurship and franchising by providing information about the component parts of a business and the mindset of the entrepreneur. It includes case analyses, sample business plans, research assignments, conceptual assessments, and a project that helps understand abstract concepts and provides real-world experience in entrepreneurship.

The following are some of the strategies used in the course:

- In-class group activities that help the students analyze model business plans and present their findings to the class
- Research and writing assignments that allow the students to synthesize concepts relating to entrepreneurship and franchising
- Analysis assignments that provide opportunities to evaluate conceptual and technical aspects of successful entrepreneurship

- Open-ended questions to initiate discussions in class
- A project that requires the students to create a business plan for an entrepreneurial venture or a franchise

COURSE RESOURCES

Student Textbook Package

- Textbook: Mariotti, Steve. *Entrepreneurship: Starting and Operating a Small Business*. Upper Saddle River, NJ: Pearson Prentice Hall, 2007.
- CD-ROM: Business PlanPro CD—Included with the textbook: *Entrepreneurship: Starting and Operating a Small Business*.
- Companion Website: http://wps.prenhall.com/chet_mariotti_entrepreneur_1

References and Resources

ITT Tech Virtual Library

Log on to the ITT Tech Virtual Library (<http://www.library.itt-tech.edu/>) to access online books, journals, and other reference resources selected to support ITT Tech curriculums.

- General References
 - > Reference Resources> Business>
 - Bloomberg.com
 - BPlans.com
 - State Economic Profiles
 - > Program Links> Business Administration (BBA)> Professional Organizations>
 - National Society of Hispanic MBAs
 - National Black MBA Association
 - American Management Association
 - National Association for the Self Employed

- Association for Enterprise Opportunity
- International Franchise Association
- National Association of Home-Based Businesses
- > Program Links> Business Administration (BBA)> Recommended Links>
 - Central Bank Websites
 - The Changing World of Banking
 - Findlaw for Small Businesses
 - FT.com The Financial Times online
 - U.S. Business Advisor
 - "Before you buy a franchise, make sure you're up to the task."
Article from SUN-SENTINEL.com by Marcia Heroux Pounds, 1/29/07.
 - The Franchise Lawyer newsletter
 - U.S. Franchise Law Basics
- **Books**

The following books are related to this course and are available through the ITT Tech Virtual Library:

- Bhide, Amar V. *Origin and Evolution of New Businesses. Oxford University Press, Incorporated, 2003.*
- Bjerke, Björn, and Claes Hultman. *Entrepreneurial Marketing: The Growth of Small Firms in the New Economic Era. Cheltenham, UK, Northampton, MA: Edward Elgar Publishing, Inc., 2002.*
- Bragg, Steven M., and James E. Burton. *Accounting and Finance for Your Small Business. Hoboken, NJ: John Wiley & Sons, Inc. (US), 2006.*
- Burns, Paul. *Entrepreneurship and Small Business. London and NY: Palgrave Macmillan, 2001.*
- Harper, David A. *Entrepreneurship and the Market Process: An Enquiry into the Growth of Knowledge. London and NY: Routledge, 1996.*
- Hougaard, Søren. *The Business Idea: The Early Stages of Entrepreneurship. Berlin Springer Science & Business Media, 2005.*

- Judson, Bruce. *Go It Alone: The Secret to Building a Successful Business on Your Own. USA: Collins, 2004.*
- Meaney, James A. *How to Buy a Franchise. Sphinx Publishing, 2004.*
- Parker, Simon C. *Economics of Self-Employment and Entrepreneurship. UK: Cambridge University Press, 2004.*
- Schoonhoven, Claudia Bird, ed., *Entrepreneurship Dynamic: Origins of Entrepreneurship and the Evolution of Industries. CA: Stanford University Press, 2001.*
- Simon, Julian Lincoln. *Effort, Opportunity and Wealth. NY, USA: B. Blackwell, 1987.*

■ **Other Resources**

• **Web sites**

- **Startup Journal**
<http://www.startupjournal.com/columnists/>
- **Franchise Direct**
<http://www.franchisedirect.com/>
- **Self-Employment Benefits**
<http://w-care.com/s.cgi?index-googleSET>
- **Strategic Advance**
<http://www.strategy4u.com/>
- **E-Commerce/E-Business links**
<http://depts.washington.edu/balib/busref/busweb/catlist.cgi?catid=34>
- **Government Information Links**
<http://depts.washington.edu/balib/busref/busweb/catlist.cgi?catid=9>
- **Business Resources on the Web**
<http://depts.washington.edu/balib/busref/busweb/alpha.cgi>
- **General Business Resources**
<http://depts.washington.edu/balib/busref/busweb/catlist.cgi?catid=33>
- **Business and Industry Statistics Resources**
<http://www.lib.washington.edu/subject/BusinessStats/>
- **McDonald's Case Study on High School Operations Research**
http://www.hsor.org/case_studies.cfm?name=mcdonalds

- **Domino's Pizza Case Study**
<http://www.dominos.com.au/franchising/default.asp?ID=73&snav=73>
- **Franchise Gator: Franchise and Small Business Web Resource**
<http://www.franchisegator.com/>
- **Counselors to America's Small Business: SCORE**
<http://www.score.org>
- **Franchise Opportunities**
<http://www.franchiseopportunities.com>
<http://www.franchisesolutions.com>
<http://www.franchise.com>
<http://www.franchisegator.com>
- **Optional Business Plans for Students to Evaluate**
<http://www.morebusiness.com>

- **Evaluating Content of Business Plans**
<http://www.entrepreneur.com>
<http://www.inc.com>
<http://www.businessknowhow.com>
<http://www.myownbusiness.org>
<http://www.soyouwanna.com>
<http://www.planware.org>
- **Financial Institutions with Business Support Link**
<http://www.chase.com>
<http://www.bankofamerica.com>
<http://www.wamu.com>
<http://www.citibank.com>

- **Other Books**

- Aaker, David A. *Developing Business Strategies. 6th ed. Hoboken, NJ: John Wiley & Sons, 2001.*
- Adelman, Philip J., and Alan M. Marks. *Entrepreneurial Finance - Finance for Small Business. 3rd ed. Upper Saddle River, NJ: Prentice Hall, 2004.*
- Allen, Kathleen R. *Bringing New Technology to Market. Upper Saddle River, NJ: Prentice Hall, 2003.*
- Bell, Gordon C., and John E. McNamara. *High-Tech Ventures: The Guide for Entrepreneurial Success. Addison Wesley Longman, 1991.*
- Cady, Donald F. *2003 Field Guide to Estate Planning, Business Planning, and Employee Benefits. Erlanger, KY: National Underwriter Company, 2003.*
- Collins, Jim. *Good to Great: Why Some Companies Make the Leap . . . And Others Don't. New York, NY: HarperCollins, 2001.*
- Coulter, Mary. *Entrepreneurship in Action. 2nd ed. Upper Saddle River, NJ: Prentice Hall, 2003.*
- Dollinger, Marc. *Entrepreneurship: Strategies and Resources. 3rd ed. Upper Saddle River, NJ: Prentice Hall, 2003.*
- Dugan, Ann, and Woody McCutchen. *Franchising 101: The Complete Guide to Evaluating, Buying and Growing Your Franchised Business. Ft. Atkinson, Wisconsin: Upstart Pub Company, 1998.*
- Glancey, Keith S. *Entrepreneurial Economics. Palgrave Publishers, 2000.*
- Keup, Erwin. *Franchise Bible: How to Buy a Franchise or Franchise Your Own Business. Entrepreneur Media Inc.*
- Lambing, Peggy A. *Entrepreneurship. 3rd ed. Upper Saddle River, NJ: Prentice Hall, 2003.*
- Lodish, Leonard M. *Entrepreneurial Marketing: Lessons from Wharton's Pioneering MBA Course. John Wiley & Sons, 2001.*
- Orloff, Erica, and Kathy Levinson. *The 60-Second Commute: A Guide to Your 24/7 Home Office Life. Upper Saddle River, NJ: Financial Times Prentice Hall, 2003.*
- Parker, Simon C. *The Economics of Self-Employment and Entrepreneurship. NY: Cambridge University Press, 2004.*

- Patsula, Peter J., and William Nowick. *Successful Business Planning in 30 Days: A Step-By-Step Guide for Writing a Business Plan and Starting Your Own Business*. 2nd ed. Mansfield, OH: Patsula Media, 2002.
- Pinson, Linda. *Anatomy of a Business Plan: A Step-By-Step Guide to Building a Business and Securing Your Company's Future*. 5th ed. Chicago, IL: Dearborn Trade Publishing, 2001.
- Seid, Michael, and Dave Thomas. *Franchising for Dummies*. NY: John Wiley and Sons, 2000.
- Sherman, Andrew. *Franchising & Licensing: Two Powerful Ways to Grow Your Business in Any Economy*. 3rd ed. NY: AMACOM, 2003.
- Spinelli, Stephen, Robert Rosenberg, and Sue Birley. *Franchising: Pathway to Wealth Creation*. Upper Saddle River, NJ: Financial Times Prentice Hall, 2004.
- Staton-Reinstein, Rebecca. *Success Planning: A 'How To' Guide for Strategic Planning*. Miami Beach, FL: Tobsus Press, 2003.
- Walker, Juliet E. K. *The History of Black Business in America: Capitalism, Race, and Entrepreneurship*. NY: Palgrave MacMillan, 2004.
- Zimmerer, Thomas W., and Norman M. Scarborough. *Effective Small Business Management: An Entrepreneurial Approach*. 7th ed. Upper Saddle River, NJ: Prentice Hall, 2003.

All links to Web references outside of the virtual library are always subject to change without prior notice.

EVALUATION & GRADING

COURSE REQUIREMENTS

1. Attendance and Participation

Regular attendance and participation are essential for satisfactory progress in this course.

2. Completed Assignments

Each student is responsible for completing all assignments on time.

3. Team Participation (if applicable)

Each student is responsible for participating in team assignments and for completing the delegated task. Each team member must honestly evaluate the contributions by all members of their respective teams.

Evaluation Criteria Table

The final grade will be based on the following weighted categories:

CATEGORY	WEIGHT
Participation	10%
Research Assignments	15%
Writing Assignments	15%
Analysis	30%
Project	30%
Total	100%

Grade Conversion Table

Final grades will be calculated from the percentages earned in class as follows:

Grade	Percentage	Credit
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A	90-100%	4.0
B+	85-89%	3.5
B	80-84%	3.0
C+	75-79%	2.5
C	70-74%	2.0
D+	65-69%	1.5
D	60-64%	1.0
F	<60%	0.0

COURSE OUTLINE

Notes

- **Unit 1:** All the concepts will be covered in the class; therefore, the specified readings are merely for your reference.
- **For all units, except unit 1:** It is recommended that you complete the readings before attending the class.
- In addition to general class participation and in-class activities, all discussion questions will be graded under the Participation evaluation category.

Unit #	Activities for the Unit
1–Entrepreneurship: Drawbacks and Rewards	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ Chapter 1, “Entrepreneurs Recognize Opportunities,” pp. 2–28 ○ Chapter 2, “Creating Business from Opportunity: The Economics of One Unit,” pp. 34-54 • Writing Assignments: 1 and 2 • Project Part 1: Start
2–Who Are Your Customers? Why Should They Buy from	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ Chapter 3, “What Is Marketing? Analyzing

Unit #	Activities for the Unit
You?	<p data-bbox="727 260 1260 291">Customers and Your Market,” pp. 62-81</p> <ul style="list-style-type: none"> <li data-bbox="683 323 1377 394">○ Chapter 4, “Developing the Right Marketing Mix,” pp. 86-111 <li data-bbox="586 426 781 457">• Analysis: 1
3—How to Track Costs	<ul style="list-style-type: none"> <li data-bbox="586 497 857 529">• Content Covered <ul style="list-style-type: none"> <li data-bbox="683 560 1414 632">○ Chapter 6, “Tracking Fixed and Variable Costs,” pp. 144-179 <li data-bbox="683 663 1409 735">○ Chapter 7, “Using an Income Statement to Guide a Business,” pp. 180 -199 <li data-bbox="586 766 781 798">• Analysis: 1
4—Financing a Small Business	<ul style="list-style-type: none"> <li data-bbox="586 837 857 869">• Content Covered <ul style="list-style-type: none"> <li data-bbox="683 900 1377 972">○ Chapter 8, “Financing Strategy: Debt or Equity?” pp. 201-225 <li data-bbox="683 1003 1292 1075">○ Chapter 9, “Cash Flow: The Lifeblood of a Business,” pp. 227 -245 <li data-bbox="586 1106 954 1138">• Research Assignment: 1 <li data-bbox="586 1169 781 1201">• Analysis: 1 <li data-bbox="586 1232 927 1264">• Project Part 1: Submit
5—Operating a Small Business Effectively	<ul style="list-style-type: none"> <li data-bbox="586 1310 857 1341">• Content Covered <ul style="list-style-type: none"> <li data-bbox="683 1373 1325 1444">○ Chapter 10, “Choosing Legal Structures and Distribution Channels,” pp. 249-277 <li data-bbox="683 1476 1317 1547">○ Chapter 11, “Effective Leadership: Managing Resources and Employees,” pp. 279-299 <li data-bbox="683 1579 1390 1766">○ ITT Tech Virtual Library> Program Links> ABA> Recommended Links> Small Business Administration> Tools> Library & Resources> Publications> Management And Planning Series> <i>Introduction to Strategic Planning MP-21</i> <li data-bbox="586 1797 919 1829">• Writing Assignment: 1

Unit #	Activities for the Unit
	<ul style="list-style-type: none"> • Analysis: 1 • Project Part 2: Start
6—What You Need to Know to Grow a Small Business	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ Chapter 12, “Raising Capital: Tracking Debt and Equity on the Balance Sheet,” pp. 306-317 ○ Chapter 13, “Franchising, Licensing, and Harvesting: Cashing in Your Brand,” pp. 335-340 ○ Chapter 14, “Investing for a Secure Future,” pp. 353-361 • Writing Assignment: 1
7—Franchisee Purchasing and Financing	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ ITT Tech Virtual Library> Books> Ebrary> Norman, Jan. <i>What No One Ever Tells You about Franchising : Real-Life Franchising Advice from 101 Successful Franchisors and Franchisees. United States of America: Kaplan Publishing, 2006.</i> <ul style="list-style-type: none"> ▪ Part 2, section titled “Purchasing Issues,” pp. 84-100 ▪ Part 2, section titled “Financing,” pp. 102-109 ○ ITT Tech Virtual Library> Program Links> ABA> Recommended Links> Small Business Administration> Search for <i>SBA Franchise Workbook</i>> Read the tutorial titled <i>SBA Franchise Workbook</i> • Writing Assignment: 1
8—Franchisee Management	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ ITT Tech Virtual Library> Books> Ebrary> Norman, Jan. <i>What No One Ever Tells You about Franchising : Real-Life Franchising Advice from 101 Successful Franchisors and Franchisees. United States of America: Kaplan Publishing, 2006.</i> <ul style="list-style-type: none"> ▪ Part 2, section titled “Management ,” pp. 110-126 ○ ITT Tech Virtual Library> Program Links> ABA> Recommended Links> Small Business Administration> Small Business Planner>

Unit #	Activities for the Unit
	<ul style="list-style-type: none"> ▪ Start Your Business> Buy a Franchise> <i>Franchising Strategy</i> ▪ Manage Your Business> Make Decisions> <i>Are You A Good Decision Maker?</i> ▪ Manage Your Business > Manage Employees> <i>Writing Effective Job Descriptions</i> • Research Assignment: 1 • Project Part 2: Submit • Project Part 3: Start
<p>9—Franchisee Marketing and Growth</p>	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ ITT Tech Virtual Library> Books> Ebrary> Norman, Jan. <i>What No One Ever Tells You about Franchising : Real-Life Franchising Advice from 101 Successful Franchisors and Franchisees. United States of America: Kaplan Publishing, 2006.</i> <ul style="list-style-type: none"> ▪ Part 2, section titled “Marketing,” pp. 126-142 ▪ Part 2, section titled “Growth,” pp. 142-152 • Analysis: 1
<p>10—Legal and Tax Issues in Franchising</p>	<ul style="list-style-type: none"> • Content Covered <ul style="list-style-type: none"> ○ ITT Tech Virtual Library> Program Links> ABA> Recommended Links> Small Business Administration> Search for <i>SBA Franchise Workbook</i>> Read the tutorial titled <i>SBA Franchise Workbook</i> • Research Assignment: 1
<p>11—Review and Project Presentation</p>	<ul style="list-style-type: none"> • Review and Project Presentation • Project Part 3: Submit