

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

BUS 28 - Planning and Financing the Small Business

1 Unit(s)

Prerequisite(s): NONE

Recommended Prep: BUS 27

Transfer Status: CSU

17 hours Lecture

This course introduces basic issues relating to planning and financing (and managing the risks associated with owning) a small business. Topics will include legal planning, risk management (including insurance planning), tax planning, and financial analysis and planning. Students will complete a detailed business plan, the basis for attracting both debt and equity capital for a new venture.

II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Apply basic legal principles to small business planning and management scenarios.
- B. Explain risk management and insurance considerations relevant for small businesses.
- C. Describe a business' tax obligations: self-employment, payroll, sales, income and other.
- D. Evaluate sources of small business financing including Small Business Administration(SBA)-sponsored programs.
- E. Analyze financial statements to determine a small business' liquidity position, inventory turnover, credit control, leverage, profitability and other financial and operating conditions.
- F. Prepare income and cash flow projections.
- G. Create a comprehensive business plan (including an introduction, business description, marketing plan, sales and financial projections, business risk analysis and personal resume) for financing and managing a small business.
- H. Apply business principles and think critically to: evaluate business opportunities; analyze and prepare business financial statements; compare business ratios against industry averages; and identify problems and develop solutions to deal with them.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture	
<u>Topics</u>	<u>Hours</u>
1. Legal Planning for a Small Business	2.00
2. Insurance Planning for a Small Business	1.00
3. Tax Obligations and Tax Management for a Small Business	1.00
4. Financing the Small Business	2.00
5. Analyzing Financial Statements	2.00
6. Income and Cash Flow Projections and Break-Even Projections	4.00
7. Business Plan	5.00
Total Hours	17.00

IV. METHODS OF INSTRUCTION

- A. Lecture
- B. Guest Speakers
- C. Class Activities
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Problem-Solving Sessions
- G. Reading Assignments
- H. Multimedia Presentations
- I. Independent Research for Developing a Business Plan

V. METHODS OF EVALUATION

- A. Exams/Tests
- B. Projects
- C. Homework
- D. Class participation

VI. EXAMPLES OF ASSIGNMENTS

- A. Reading Assignments
 1. Identify the purposes for which you might need to hire an experienced attorney. Research online to learn how much time – and how many dollars -- this might entail. Based on your research, would you anticipate paying for legal expertise? Why or why not? Prepare for in-class discussion on this topic.
 2. Read the text material about possible business structures. For your prospective small business, please prepare for in-class discussion of which form you are likely to choose, and why.
- B. Writing Assignments
 1. Research, then write a brief, 3- to 5-page paper describing: 1) your business' tax obligations, such as self-employment, payroll, sales and income tax; 2) your business' potential legal liabilities; and 3) your plan for insuring that your tax obligations are met and your legal risks are minimized during year one of your business operation.
 2. Finalize your detailed, comprehensive business plan (approximately 25 pages long), including an introduction, executive summary, business description, marketing plan, financial projections (including income statement, cash flow projections and break-even analysis), business risk analysis and your personal resume.
- C. Out-of-Class Assignments
 1. Conduct a break-even analysis, calculating how many units you must sell (or dollars of revenue you must generate) prior to earning a profit. On what assumptions is this break-even analysis based? Based on annual sales projections, how long would it take you to break-even? What might you do to improve your performance?
 2. Calculate your projected monthly sales (for an entire year) based on several "What-If Scenarios." Describe the impact of seasonality and economic cycles on your sales projections.

VII. RECOMMENDED MATERIALS OF INSTRUCTION

Textbooks:

- A. Adelman, P.J. and Marks, A.M.. Entrepreneurial Finance. 6th Edition. Prentice-Hall, 2013.
- B. Rogers, S.. Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur. 2nd Edition. McGraw-Hill Publishing, 2009.

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