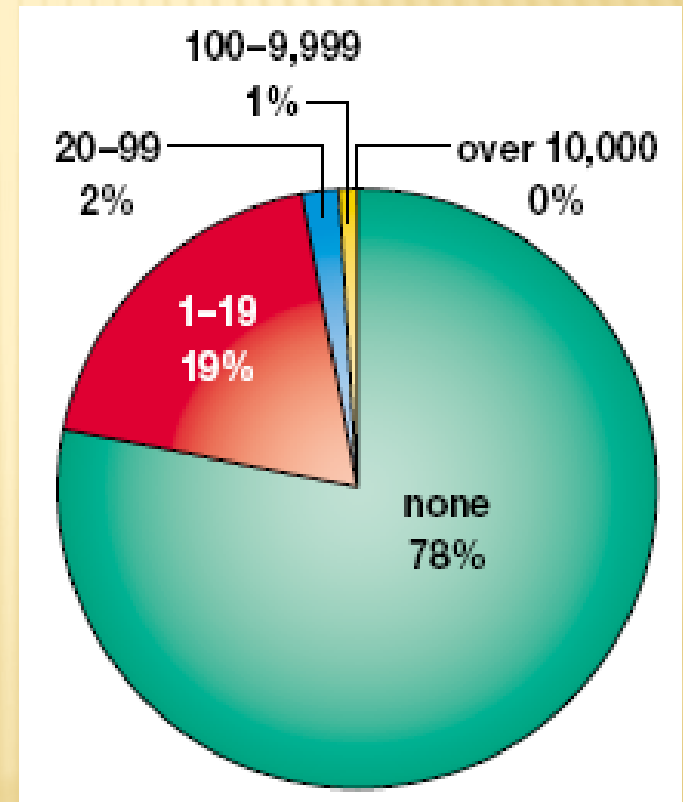


SMALL BUSINESS BASICS

- ✘ Fewer than 500 employees
- ✘ 99.7 % of all companies
- ✘ Employ nearly 50% of all workers
- ✘ 60-80% of new jobs
- ✘ 20% of owners are under 25
- ✘ 30% have some college experience



BECOMING AN ENTREPRENEUR

- ✘ **Entrepreneur:** Someone who takes a risk in starting a business to earn a profit.



ADVANTAGES OF SMALL BUSINESS

- × Personal service
 - + Sometimes can't beat large stores on price—for example, Wal-Mart
- × Specific customer needs
- × Unique products (not tailored to large groups)
- × Less bureaucracy=quicker decisions—e.g. getting products returned or issues fixed

IMPORTANCE IN THE ECONOMY

- ✘ 500,000 new businesses created annually (**nearly as many close**)
- ✘ 10% of adults involved in entrepreneurial activity—can be a side business.
- ✘ Nearly half of GDP provide by small business

ENTREPRENEURSHIP

✘ What is it?

Process of starting, organizing, managing, and assuming the responsibility for a business.

+ Examples: Page 126-127

✘ Who is an Entrepreneur?

+ Risk taker

+ Idea generator

+ Organizer

+ Manager

WHAT DOES IT TAKE?



IT TAKES . . . MONEY

- ✘ Start-up financing= money needed to open a business.
- ✘ Banks/personal savings
- ✘ Venture capital— money provide dby large investors to finance new products and new businesses that have a good chance to be very profitable.
- ✘ Family and friends--\$100 billion/yr



IT TAKES COURAGE

- ✗ Risk
- ✗ Innovation—brand new idea vs. improvement (changing an existing idea)
- ✗ Give up regular job
- ✗ Only 1/3 are profitable
- ✗ Over 10 years over 1/2 of new businesses will close

IT TAKES PLANNING

- ✘ All business activities—starts with the idea—some work, some don't.



INVENTIONS THAT DID NOT WORK (TIME MAGAZINE'S 50 WORST)



Smell O Vision

Foursquare

By KRISTI OLOFFSON Thursday, May 27, 2010



TIME MAGAZINE BEST INVENTIONS OF 2015

- ✘ “Hoverboard” scooter
- ✘ 6Sensorlabs Nima
- ✘ Microsoft HoloLens
- ✘ Nike Flyease 8



INNOVATION VS. IMPROVEMENT

Simon
Personal
Communicator



- ✘ Sometimes, products are ahead of their time, are not planned out or lack FINANCING and FAIL. Look at these statistics:
 - + Of all new businesses, 1/3 fail and 1/3 lose money but continue to operate
 - + Over a 10-year period, 1/2 of all new businesses will close



IT TAKES LOTS AND LOTS OF PLANNING . . .

- × Small Business Administration (SBA)
- × **Business plan**-written description of the business idea
- × 6 Elements of the **Business plan**
 - × Business Description (idea, structure, products)
 - × Competition (industry, economy)
 - × Customers (target market, sales)
 - × Operations (organization, resources)
 - × Marketing
 - × Financial (costs, sources of \$)



MORE ABOUT “THE PLAN”

- ✘ Developed for 1 year and then updated
- ✘ First step is to gather and review information (lots of information)
- ✘ Brainstorm ideas and choose the best
- ✘ Run the plan by experts
 - + Have someone help write it?

BUSINESS FAILURE

- ✘ Poor record keeping
- ✘ Underfunded (start-up money)
- ✘ Lack of experience
- ✘ Poor location
- ✘ Poor money management—especially using the credit they are given





EXAMPLE OF ENTREPRENEURSHIP

✘ Mr. Poncho

<http://www.youtube.com/watch?v=tGayqXjlopA>

✘ Mr. Poncho (after interview)

<http://www.youtube.com/watch?v=rJv9yhZ-Mpg>



EXAMPLE OF ENTREPRENEURSHIP

Shark Tank – Episode 5 (BBQ)

✘ <http://www.youtube.com/watch?v=LkF9txWtesk>

Shark Tank – Episode 10 (BBQ follow up)

✘ <http://www.youtube.com/watch?v=bCLt9HRQmqs>

MANAGEMENT

- ✘ The Process of accomplishing the goals of an organization through the effective use of people and other resources.



WHAT MANAGERS DO

- ✘ Does not matter the size of the business.

- ✘ 5 Main functions



PLANNING

- ✘ Analyzing information
- ✘ Setting goals
- ✘ What needs to be done



ORGANIZING

- ✘ Identifying and arranging work
- ✘ Arranging resources needed to meet goals



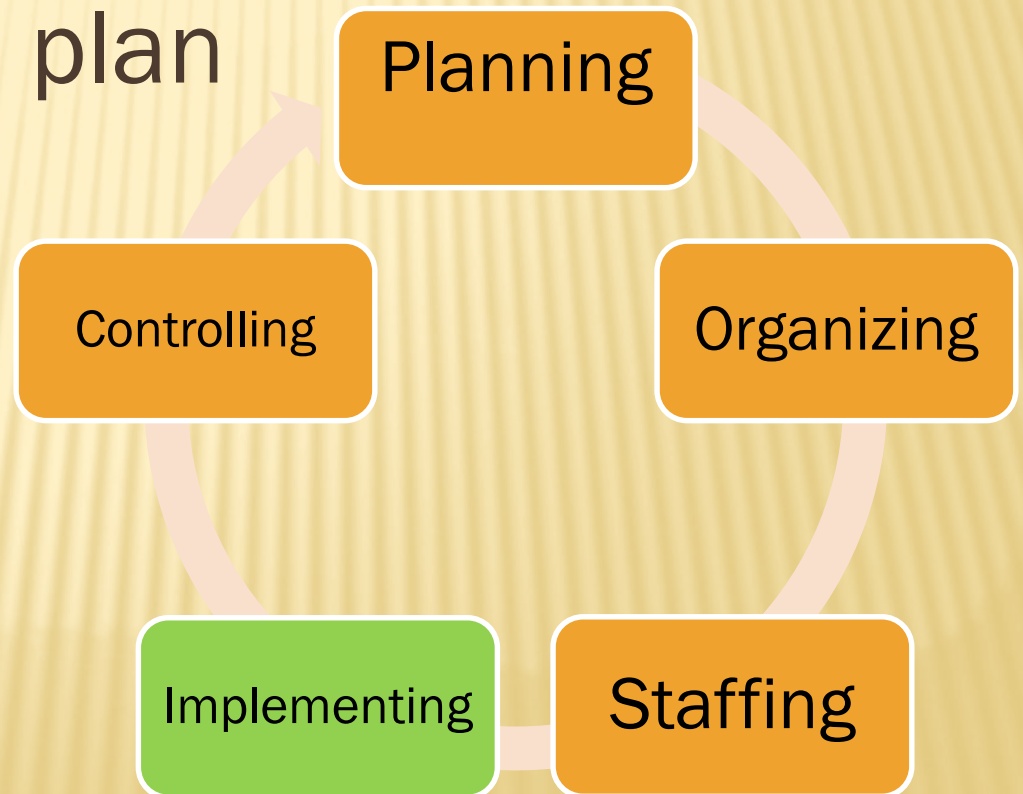
STAFFING

- ✘ Obtaining, preparing (training), and compensating the employees



IMPLEMENTING

- ✘ Direct and lead people to accomplish the planned work.
- ✘ Carrying out a plan



CONTROLLING

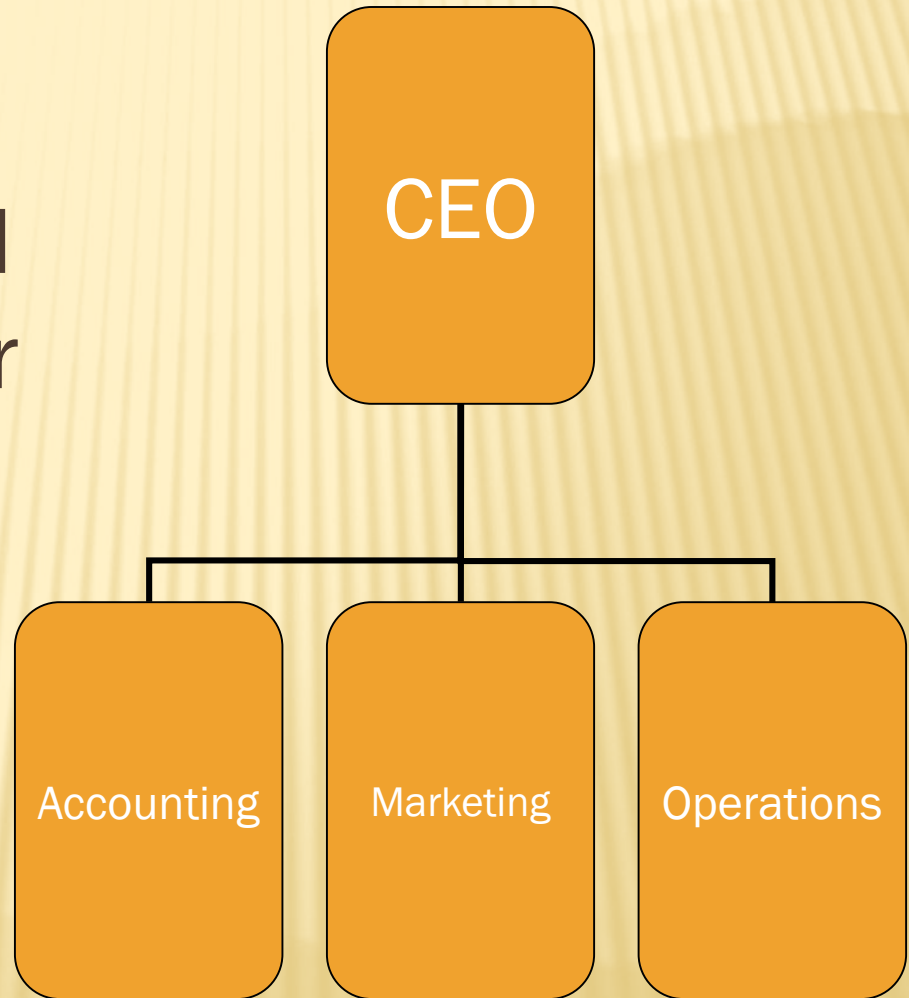


- ✘ Determines if the company is reaching its goals
- ✘ Make changes as needed.



FUNCTIONAL AREAS

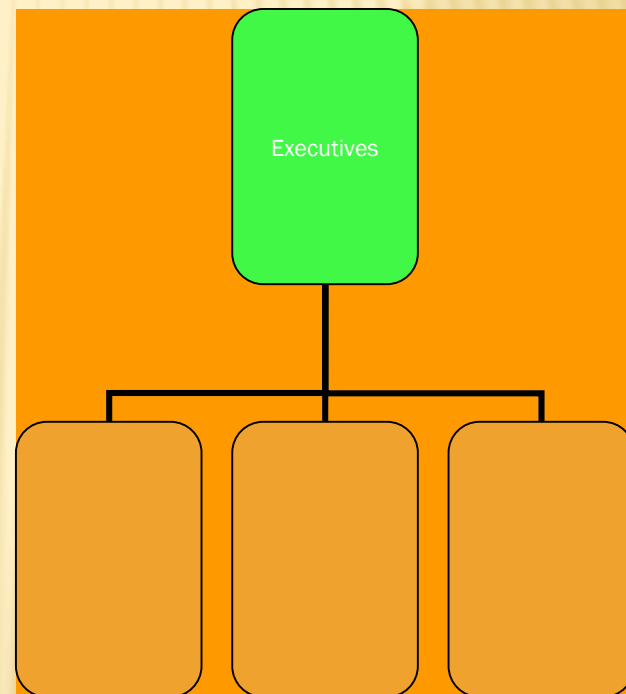
- ✘ Management functions divided among owners or functional areas for larger companies.



MANAGEMENT LEVELS

✘ Top management

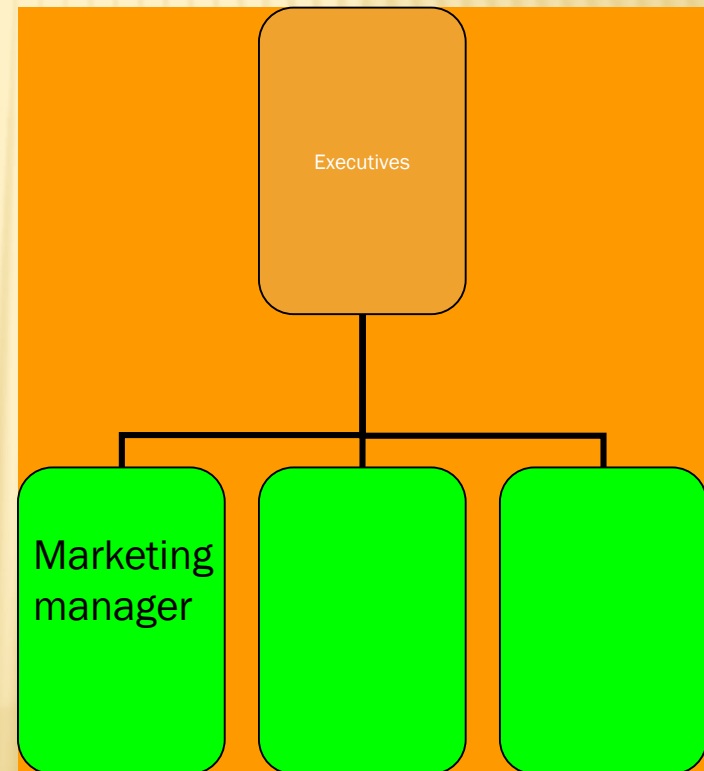
- + Direction and success of the entire business
- + Executives—e.g. CEO, President, COO
- + Set long-term plans
- + Most time Planning and controlling



MANAGEMENT LEVELS

✘ Mid-level Management

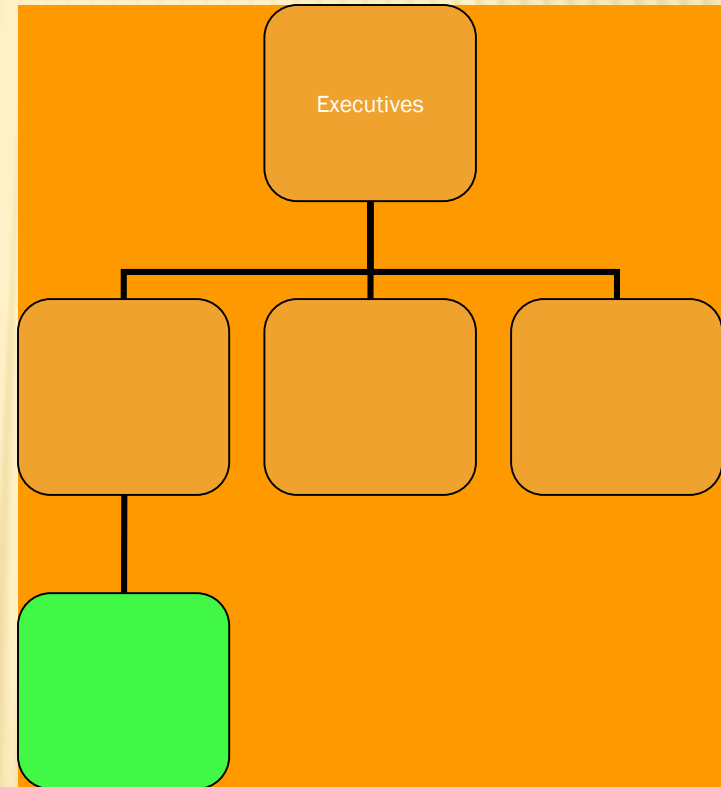
- + Responsible for specific parts of a company
- + Example—marketing manager
- + Focus on organizing, staffing and implementing aspects of their area.



MANAGEMENT LEVELS

✘ Supervisors

- + First level of management
- + Responsible for work of a group of employees
- + Plan day to day work
- + Most time spent implementing plans developed by their bosses.





MANAGEMENT STYLE

- ✘ The way a manager treats and involves employees.
- ✘ May depend on the employees being managed.
- ✘ Tactical vs. Strategic vs. Mixed management

TACTICAL STYLE

- ✘ More directive and controlling
- ✘ Little or no employee involvement in the decision
- ✘ Good for:
 - + Temporary workers
 - + Non-motivated employees
 - + Time pressure
 - + Lack of experience



STRATEGIC MANAGEMENT

- ✘ Employees are involved in decisions
- ✘ Useful for:
 - + Experienced employees
 - + Work is routine
 - + Work is enjoyed by employees
 - + Good working relationship
 - + Employees take responsibility

MIXED MANAGEMENT

- ✘ Situation or employee make-up determines the style to be used.

QUESTION ONE

- ✘ A flood has made the ground floor of your office block unusable. You have deadlines to meet and meetings to attend. You assemble all of your staff on the first floor and:
 - ✘ a) Tell them that a cramped desk is better than no desk at all.
 - ✘ b) Tell a subordinate to organize a desk-sharing system and concentrate on getting the ground floor back in use.
 - ✘ c) Pass around cookies and organize team-building activities.
 - ✘ d) Outline the available options, ask your staff for suggestions, and then hold a vote.
 - ✘ e) Find a patch of desk-space and crack on with your work. The most important thing is to set a good example.
 - ✘ f) Organize an impromptu training and development day.

QUESTION TWO

- ✘ You have been alerted to a staff member who spends office hours playing games on the internet. You call him into your office for a private chat, and he tells you that he finishes his work early and gets bored. You:
 - ✘ a) Force him to apologize to his colleagues and to work in your office, so that you can keep an eye on him.
 - ✘ b) Inform him of company policy and tell him that if he doesn't change his behavior he will face disciplinary action.
 - ✘ c) Tell him it is best if he keeps his game playing for outside office hours.
 - ✘ d) Ask him for suggestions as to how he might improve his behavior.
 - ✘ e) Get him to shadow you for a day so that he can see how much you work.
 - ✘ f) Explain that his behavior is demoralizing other staff. Offer him a recommendation to a more challenging department.

QUESTION THREE

- ✘ A staff member consistently finishes her work early, and to a higher standard than her colleagues. You ask her to help you prepare a report, but it arrives on your desk late and full of careless mistakes. You:
 - ✘ a) Tear up the report in front of her and tell her to do it again.
 - ✘ b) Tell her that if she wants to be considered for promotion then she needs to maintain her high standards. Offer her the chance to rewrite the report.
 - ✘ c) Say nothing about the mistakes, but ask her if she feels too pressured by the extra workload.
 - ✘ d) Go through the report together with her, asking her to point out any possible improvements.
 - ✘ e) Send her a copy of the corrected report.
 - ✘ f) Go through your suggested corrections with her, and offer to send her on a short business-writing course.

QUESTION FOUR

- ✘ It's 8pm and you have been in the office since six in the morning, trying to tie up the loose ends of project due the following day. It is your wife's birthday, and you haven't bought her a card yet. One of the three colleagues who have worked late with you gets up to leave. You:
 - ✘ a) Demand that he stays until the work is finished.
 - ✘ b) Demand that the work be finished by the deadline on the following day.
 - ✘ c) Offer him a lift home.
 - ✘ d) Ask all three if they think it is time to stop for the night.
 - ✘ e) Tell him to run to the shops and get a card for your wife while you finish off his work.
 - ✘ f) Go home. Book everyone on a time-management course.

QUESTION FIVE

- ✘ You discover that frequency with which kettles are boiled and re-boiled in the office contributes more to electricity costs than heating and lighting put together. You:
 - ✘ a) Throw away the kettles.
 - ✘ b) Organize a rotation for making drinks, so that kettles are used with less frequency and more efficiency.
 - ✘ c) Hold tea breaks so that staff are less inclined to boil the kettles at other times.
 - ✘ d) Ask the staff to keep records of when they boil kettles, so that they can become aware of whether their behavior is inefficient.
 - ✘ e) Display a bottle of cold water on your desk.
 - ✘ f) Spend a morning explaining the financial and environmental benefits of saving electricity.

QUESTION SIX

- ✘ A member of staff starts coming to work in jeans and trainers. This does not affect her work, as she does not meet members of the public or clients, but other staff members have begun to complain. You:
 - ✘ a) Order her to dress more smartly or resign.
 - ✘ b) Put up posters indicating the correct dress code.
 - ✘ c) Organize a casual-wear day, so that she will realize jeans are for special occasions.
 - ✘ d) Send around a dress code survey, asking staff to suggest improvements.
 - ✘ e) Pay more attention to your own smartness.
 - ✘ f) Explain the impact that a smart appearance has on colleagues, clients and employers.

RESULTS

- ✘ **Mostly A:** You go for the coercive style: you work well in crisis situations, and prefer to use the stick than the carrot. You demand immediate obedience, and do not tolerate hangers-on.
- ✘ **Mostly B:** The authoritative manager demands results with the same force as does the coercive, but instead of requiring that specific tasks be completed now, states the deadline and goal, and leaves the staff to decide their own route there.
- ✘ You are an asset in times of change, and have strong long-term vision.

RESULTS

- ✘ **Mostly C:** In contrast to the coercive and authoritative managerial types, you prefer to think more about the well-being of your people. You are an affiliative manager. You are concerned to create harmony in the workplace, and hold the principle that “people come first”.
- ✘ **Mostly D:** The democratic manager is also staff-aware, but instead of focusing on building social relationships, you involve your staff in the management of the organization. The words most commonly on your lips are: “What do you think?”

RESULTS

- ✘ **Mostly E:** You are a pace-setter. A high-achiever and a conscientious worker you demand the same from your staff. You are not afraid to work at the same level as your staff in order to demonstrate what needs to be done and how they should do it.
- ✘ **Mostly F:** You are a coaching manager. You consider it important to develop the long-term potential of each employee, rather than focusing on short-term results. You organize development plans, training days and coaching sessions.

NOVEMBER 11, 2009

- ✘ Choosing a Management Style
- ✘ Foot Locker
- ✘ Application

CHOOSING A MANAGEMENT STYLE

Tactical vs. Strategic Management

<i>A manager should use tactical management when:</i>	<i>A manager should use strategic management when:</i>
▶ Working with part-time or temporary employees	▶ Employees are skilled and experienced
▶ Working with employees who are not motivated	▶ The work is routine with few new challenges
▶ Working under tight time pressures	▶ Employees are doing work they enjoy
▶ Assigning a new task for which employees are not experienced	▶ The manager wants to improve group relationships
▶ Employees prefer not to be involved in decision-making	▶ Employees are willing to take responsibility for the results of their work

TRY IT OUT

- ✘ Imagine that you are a Floor Manager at Foot Locker...
- + List two situations that could occur for which a tactical management style would be most appropriate and two other situations when a strategic style would be most appropriate



APPLICATION

- ✘ Study the classified advertising section of a newspaper or an employment web site. Identify three management job listings.
- ✘ One of the listings should describe a top management position, another a mid-management position, and the third a supervisor position.
- ✘ List the main duties the person in each position needs to perform.
- ✘ Classify those duties within the five management functions.

TOP MANAGEMENT

DIRECTOR OF ATHLETICS

Planning × Responsible for scheduling and organizing athletic contests

Staffing × Responsible for annual assessment of coaches performances

Staffing × Responsible for the hiring and firing of coaches and individuals within the department

Organizing × Organize department meetings for effective communication

Implementing × Maintain an active program that promotes sportsmanship and fair play

Planning × Work with assistant principal in planning award ceremonies

Staffing × Issue all athletic contracts