
PRESCRIPTION: 115 SMALL BUSINESS MANAGEMENT

Last date for assessing this prescription is 31 December 2008

INTRODUCED 1995
REVISED 2004 (Implemented Semester One 2005)
VERSION 2

AIM OF SUBJECT

To develop

- 1 Knowledge of small business opportunities and operations, including ownership options and business structures.
- 2 Knowledge of control techniques, accounting and financial processes, evaluation processes and marketing options for small business operations.
- 3 Skills in analysing information and identifying appropriate solutions for the management of small business operations.

COURSE LENGTH

The equivalent of 20 National Qualifications Framework credits, with a minimum of 60 class contact hours or the equivalent for open learning/distance tuition.

RESOURCES

Suggested student references

Buss, Day. Marketing: small business success.

Hamilton, English. The small business book: a New Zealand guide.

Higham, Richard and Sara Williams. 1999. New Zealand Small Business Guide. Auckland: Penguin Books.

Oliver, Leith and John English. 2002. The Small Business Book - a NZ Guide for the 21st Century. Nelson: Bridget Williams Books. Distributed by Craig Potton Publishing, PO Box 555, Nelson Ph 03 5489009 Fax 03 5489456, email info@cpp.co.nz

Additional References - Journals

Dynamic Small Business (Australia)

Small Business New Zealand (Christchurch)

Small Business Success (Australia)

Additional References - Magazines

Management

Her Business

North and South

Bright – reflecting business brilliance. Published by NZ Trade and Enterprise. Bimonthly. Focus on success stories of NZ exporters, some of which are small companies.

Any relevant articles from newspapers

Suggested Internet Resources

www.biz.org.nz

www.homebizbuzz.co.nz

www.nzte.govt.nz

[www.small business portal.co.uk](http://www.smallbusinessportal.co.uk)

www.bstar.com.au

CDROM

Business Plan Pro - 7 steps to creating a winning business plan - Prentice -Hall
ISBN 0-13-090986-6 Focuses on the USA market.

Books

Megginson, W.L., Byrd, M. and Megginson L. (2000) Small Business Management - An Entrepreneur's Guidebook, Irwin McGraw Hill
ISBN0-07-117907-0 includes CDROM

Lambing, P. and Kuehl, C. Entrepreneurship (3 rd edition) Prentice Hall ISBN
0-13-097116-2

Books relating to Australia

Williams, A

- 1 So you want to start your own business ISBN 0-074-71064-8
- 2 Small business planning 0 -074-71182-2
- 3 Keeping the score - record keeping, financial planning and management for small business 0-074-71074-5

Rossignol, K. (2003) Managing operations for small business success, Tertiary Press isbn 0-86458-303-6

Hope, J. Planning for small business success, Tertiary Press ISBN 0-86458-198 x

Rossignol, K. Financial planning and management for small business, Tertiary Press isbn 0-86458-302-8

Nitchov, A, Marketing for small business success, Tertiary Press, ISBN 0-86458-193-9

Video

Part of the TAFE video Series from Australia "Starting out in small business" Training Publications of Western Australia" Eastern House. plus text and guide book by June Hope. ISBN 086458009-6 nine half hour video programmes

ASSESSMENT AND SUGGESTED WEIGHTINGS

All students will be informed of the assessment weightings prior to the commencement of the course.

TOPICS

1 SMALL BUSINESS OPPORTUNITIES

Learning Outcomes

At the completion of this topic, students should be able to:

- 1.1 Analyse options for self employment.

Assessment Criteria

Students will be expected to:

- 1.1.1 Identify realistic self employment options.
- 1.1.2 Define clearly the business purpose and industry sector.
- 1.1.3 Examine reasons for founding small business ventures.
- 1.1.4 Analyse and contrast personal business and other skills, and experiences with identified self employment options.

- 1.2 Identify characteristics of successful small business enterprises.

Assessment Criteria

Students will be expected to:

- 1.2.1 Identify commitments and responsibilities of owner/managers.

- 1.2.2 Appraise the characteristics of successful small business managers.
- 1.2.3 Identify essential features of small businesses in number, market share, sales volume, asset value, and extent of independence from outside control.
- 1.2.4 Identify and analyse factors related to success or risk of failure.
- 1.2.5 Examine criteria for evaluating success of small business operations.
- 1.2.6 Analyse and compare advantages and disadvantage of working from home and from an office or other workplace.

1.3 Identify and assess new business opportunities.

Assessment Criteria

Students will be expected to:

- 1.3.1 Produce a preliminary evaluation of one proposed business operation.
- 1.3.2 Identify and analyse opportunities for developing competitive advantage.
- 1.3.3 Assess the nature and scale of initial risk factors.

1.4 Evaluate assistance programmes and identify specialist services available for small business development.

Assessment Criteria

Students will be expected to:

- 1.4.1 Identify and evaluate availability and types of government funded programmes.
- 1.4.2 Identify and assess conditions and benefits of employment assisted programmes.
- 1.4.3 Examine services provided through trade, professional and business associations.
- 1.4.4 Identify specialist services used by small business managers.
- 1.4.5 Identify sources and methods of access to general business information.
- 1.4.6 Consider commercial sources of business information.

- 1.4.7 Identify education and training programmes relevant to small business operations.

2 STARTING A BUSINESS

Learning Outcomes

At the completion of this topic, students should be able to:

- 2.1 Analyse ownership options and business structures.

Assessment Criteria

Students will be expected to:

- 2.1.1 Analyse ownership options and business structures (sole trader, partnership, company)
- 2.1.2 Assess the strengths and weaknesses of each ownership option relative to specific business proposals.

- 2.2 Assess options for acquiring a small business.

Assessment Criteria

Students will be expected to:

- 2.2.1 Investigate alternative options for acquiring ownership of a small business, and identify key factors of each option: starting your own business, purchasing a franchise, purchasing an existing business.
- 2.2.2 Investigate ownership options and make recommendations for specific small business proposals.
- 2.2.3 Understand the concept of goodwill and interpret the accounts associated with the purchase of a business.
- 2.2.4 Evaluate the opportunity cost of the owner's labour and the capital involved in making a self-employment decision.

- 2.3 Evaluate small business financing options.

Assessment Criteria

Students will be expected to:

- 2.3.1 Determine and evaluate short term and long term funding requirements and the relationship between risk and capital structure of the small business operation.

- 2.3.2 Identify sources of finance.
- 2.3.3 Assess the financial viability of proposed small business operation, and estimate break even point.
- 2.3.4 Determine start-up costs and initial operational requirements for a small business.

2.4 Interpret legal requirements for small business operations.

Assessment Criteria

Students will be expected to:

- 2.4.1 Interpret and action requirements for registration of a business name.
- 2.4.2 Interpret and action requirements for regulations, licences, and permits.
- 2.4.3 Identify taxation requirements, and meet registration and administration requirements.
- 2.4.4 Establish insurance needs and identify special considerations.
- 2.4.5 Assess requirements for royalties, copyright, patents, trademarks, registered design, franchising, and how to complete an application for an identified need.
- 2.4.6 Identify employment requirements and health and safety issues.
- 2.4.7 Understand legal responsibilities associated with leases.

2.5 Evaluate operational requirements for small business operations

Assessment Criteria

Students will be expected to:

- 2.5.1 Establish the production capacity to achieve production targets.
- 2.5.2 Establish appropriate location of the small business.
- 2.5.3 Identify the production and other facilities and equipment required by the small business.

3 SMALL BUSINESS ACCOUNTING REQUIREMENTS

Learning Outcomes

At the completion of this topic, students should be able to:

- 3.1 Manage the day to day accounting function.

Assessment Criteria

Students will be expected to:

- 3.1.1 Understand legal obligations for keeping financial documents and develop a suitable system for doing so.
 - 3.1.2 Understand legal requirements for making GST and Annual returns to IRD.
 - 3.1.3 Evaluate the choices available for recording day to day transactions: cashbooks and preparing own GST return; using an accounting professional and Banklink or the equivalent; using a debtors package or a fully integrated accounting system.
 - 3.1.4 Understand the impact on cash flow of giving credit and the collection of money due.
 - 3.1.5 Identify the role of accounting and finance industry professionals in providing assistance and guidance.
- 3.2 Interpret financial and accounting information.

Assessment Criteria

Students will be expected to:

- 3.2.1 Identify components of the accounting equation.
 - 3.2.2 Analyse financial information from the Statement of Financial Performance and Statement of Financial Position.
 - 3.2.3 Use ratio analysis to assess financial stability and profitability, and to compare financial information from similar business operations.
- 3.3 Develop profitability and cash flow budgets and compare operating results to these budgets.

Assessment Criteria

Students will be expected to:

- 3.3.1 Understand the importance of both cash flow and profitability.
 - 3.3.2 Develop budgeted cash flow and profit and loss budgets.
 - 3.3.3 Compare operating results against these budgets and assess the extent of achievement of objectives.
 - 3.3.4 Evaluate the extent of achievement against all criteria established for evaluating success for the specific business venture.
- 3.4 Using basic costing tools to ensure the business is running profitably

Assessment Criteria

Students will be expected to:

- 3.4.1 Understand what is meant by direct materials, labour and overheads.
- 3.4.2 Calculate the charge-out rate for a service given the chargeable hours, desired earnings and estimated overheads.
- 3.4.3 Understand the relationship between mark-up pricing and gross margin and calculate the mark-up required to cover desired earnings and estimated overheads.
- 3.4.4 Use breakeven analysis to identify sales level required to breakeven or achieve desired earnings.

4 MANAGING AND CONTROLLING BUSINESS OPERATIONS

Learning Outcomes

At the completion of this topic, students should be able to:

- 4.1 Select and implement control systems and techniques, and evaluate results against business plans.

Assessment Criteria

Students will be expected to:

- 4.1.1 Analyse the purpose and nature of control systems.
- 4.1.2 Analyse plans and identify key resource areas requiring control measures.

- 4.1.3 Assess, select and implement control systems that are compatible with plans.
- 4.1.4 Establish standards for key business activities.
- 4.1.5 Evaluate the extent of achievement against the criteria established for evaluating success.
- 4.1.6 Identify needs for, and implement, corrective action or adjustments.
- 4.1.7 Minimise inaccurate or arbitrary controls.

5 DEVELOP MARKETING OPTIONS FOR SMALL BUSINESS OPERATIONS

Learning Outcomes

At the completion of this topic, students should be able to:

- 5.1 Analyse the potential market for products/services and confirm market demand.

Assessment Criteria

Students will be expected to:

- 5.1.1 Identify sources of market information relevant to the small business operation.
- 5.1.2 Identify marketing research methods and select methods appropriate to the small business operation.
- 5.1.3 Analyse external environmental factors in terms of their impact upon marketing activities.
- 5.1.4 Review and evaluate market information, and estimate the potential market for products/services.
- 5.1.5 Use market information to develop and differentiate customer profiles for products/services and to establish customer needs and wants in relation to products/services.
- 5.1.6 Define benefits offered to satisfy customer needs and wants, and assess the extent to which they meet customer requirements.
- 5.1.8 Confirm, from market data gathered, perceived competitive advantage for proposed products/services.

5.1.9 Confirm, from market data gathered, the extent of current and potential market demand for proposed range of products/services.

5.2 Determine the mix of products/services to be provided.

Assessment Criteria

Students will be expected to:

5.2.1 Use market information to tailor products/services to meet customer needs and expectations.

5.2.2 Use market and costing information to establish products/service prices and to assess preferences for distribution of products/services.

5.3 Develop options for effective marketing of the business.

Assessment Criteria

Students will be expected to:

5.3.1 Confirm the potential market demand for products/services, and establish realistic marketing objectives.

5.3.2 Develop competitive strategies appropriate to the small business venture.

5.3.3 Use market information to determine effective sales promotion methods for target customers, and specify and accurately cost promotional activity.

5.3.4 Balance components of the marketing mix to meet customer needs and marketing objectives.

5.3.5 Assess the relevance and value of e-commerce to the business.

5.3.6 Develop options that focus on customer needs that identify the market from the customer perspective, provide for customer support services, and ensure that all aspects of the small business venture are customer oriented.

5.3.7 Develop options which address cultural values and special needs where customer base comprises a significant component of diverse cultures and needs.