Richards College of Business, University of West Georgia

MGNT 3618: Entrepreneurship and Small Business Management
Spring Semester 2014

Sec. # 01 – Tu/Th 11:00 am - 12:20 pm, Classroom 2202 College of Business

Instructor: Kim Green, Ph.D., CFA
Office: Business Building 2319
E-mail address: kgreen@westga.edu or through CourseDen

Office hours: Tu & Th: 8:30a–11:00a, 1:00p–3:30p, or other by appointment

PREREQUISITES: MGNT 3600 and MKTG 3803

CREDIT HOUR POLICY (3 credit hours): Each week for approximately fifteen weeks, students in this class will generally spend 150 minutes with direct faculty instruction (either face-to-face or online) and work about 360 minutes outside of the classroom. This out-of-class work may include, but is not limited to, readings, assignments, projects, group work, research, and test preparation.

COURSE DESCRIPTION: This course is intended to provide students with a solid foundation in the vital role played by entrepreneurs and entrepreneurship in the 21st century global economy. We approach entrepreneurship as a manageable process that can be applied in virtually any organizational setting. Broadly speaking, this process perspective should reveal the sustainable nature of entrepreneurship – or entrepreneurship over the life cycles of people’s careers, of organizations as they evolve from start-up enterprise to sizeable corporation, and of societies as they move from undeveloped to post-industrial. However, our principal focus will be on the ways that new ventures are created, the management of businesses when they are new or small, and factors associated with their success. This course integrates a number of different disciplines, ranging from sociology and psychology to economics, finance, marketing, and human resource management. The course also mixes theory with practice, and you will be challenged to apply principles, concepts and frameworks to real world situations.

Course content will include the identification and analysis of market opportunities, the analysis and acquisition of resources required to capture market opportunities, and the launch of a new venture. This process will be assessed from the perspectives of the entrepreneur, customers, competitors and investors. Whether this course succeeds or fails in its objectives does not depend on whether students are prepared to successfully start and run a business solely as a result of taking the course. From exposure to the fundamental aspects or basic issues of the subject, it is hoped that the students will acquire relevant knowledge, understand, and appreciate the challenges and advantages of entrepreneurship regardless of whether or not they consider practicing it.

COURSE OBJECTIVES: The course is built around the following core objectives:

1. Demonstrate in-depth understanding of new ventures and how they originate. (BBA 4)
2. Demonstrate in-depth understanding of how the integration of a number of different disciplines, including marketing, economics, finance, accounting, law, leadership, ethics, and human resource management form the foundation of a business. (BBA 4)
3. Research and evaluate new business opportunities. (BBA 1, MGT 2)

In our efforts to accomplish these objectives, this course will present you with opportunities to participate in activities geared toward developing the following skills:
• Recognize the entrepreneurial potential within yourself and others in your environment;
• Appreciate the role of entrepreneurship within society, at the level of the organization, and in your own personal life;
• Understand the process nature of entrepreneurship and ways to manage the process;
• Identify the many ways in which entrepreneurship manifests itself, including start-up contexts, corporate
contexts, social contexts, public sector contexts, and others;
• Develop an appreciation for opportunity, how to recognize it, and how to evaluate it;
• Appraise the nature of creative new business concepts that can be turned into sustainable businesses.

The course will use a combination of lectures, exercises, case studies, class discussion, team project, and examinations to accomplish these objectives.

COURSE MATERIALS:
Students have the option to purchase the textbook in several digital formats or to order a print book.

Articles and cases for in-class discussion: Cases and articles will be either posted on CourseDen, distributed in class, or accessible through the library with instructions provided in class.

CourseDen: Throughout the semester, announcements and assignments may be posted on CourseDen. Students should check CourseDen frequently.

COURSE EVALUATION

COURSE EVALUATION CRITERIA

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four Exams (20% or 200 points each)</td>
<td>800</td>
<td>80%</td>
</tr>
<tr>
<td>Business Concept Analysis Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Written Report *</td>
<td>152</td>
<td>15.0%</td>
</tr>
<tr>
<td>(* with adjustments for peer evaluation reports of participation and effort if working on a team)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation (6 points per assignment)</td>
<td>48</td>
<td>5.0%</td>
</tr>
<tr>
<td>Total Course Points</td>
<td>1000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Extra Credit Opportunities (You can do either one, both, or neither. Further details are below.)
(a) Attend a speaker event and write a 1-page paper. 10 points
(b) Read article or case provided by Dr. Green and write a 1-page paper. 10 points

DETAILS ABOUT ASSIGNMENTS

EXAMS: There will be four exams given during the semester. Each of these exams is worth 20% of the semester grade. Each exam will cover only the material introduced since the previous exam. The exam format will typically consist of objective questions (i.e., multiple choice, problems) but may include short answer and/or essay questions. The format of each exam will be announced in advance. Exam questions will cover material from the textbook, cases, lectures and in-class discussions and exercises.

Make-up exams will be given only in the event of a university-accepted documented circumstance (including, for example, illness, death in the family, required participation in University-sanctioned function, religious holiday).

BUSINESS CONCEPT ANALYSIS PROJECT: For the project, students may work alone or in groups of up to 4 people. Students may form their own teams, or the instructor will assist in forming groups. This
assignment gives you the chance to develop your skills in understanding (a) the elements of business feasibility, (b) how the operations of a business are reflected in the financial statements of the business, and (c) the scale and scope of a business.

The project report consists of three required parts. Each part will follow the same format but will explain a different business idea. The guidelines for the businesses you will describe in these three parts are:

Business 1: Explain a business that you would start with a small amount of money as your investment. Choose your investment amount from the range of about $50 - $500.
Business 2: Explain a business that you would start with an initial investment in the range of approximately $10,000 - $50,000.
Business 3: Explain a business that you would start with an initial investment of $1,000,000 or more.

Each of the three parts will follow the same format. For each part, you are to (i) write an explanation of a business idea and (ii) present a set of brief financial statements.

(i) The written explanation for each part should be 1-2 single-spaced pages in length. Explain the business, including some analysis of each element of feasibility. Those elements are market feasibility (what need it meets for customers, who the target customers are, how much will customers be willing to pay for the product or service), technical feasibility (how easy or difficult is it to build the product or deliver the service, do materials already exist that are readily available), human resources feasibility (what do you know about this type of business, how easy will it be to find enough employees with the appropriate skills), and financial feasibility (will the anticipated revenues cover the anticipated costs, how long will it be before the business is profitable).

(ii) The financial statements for each part will be an additional page. At a minimum, show the beginning balance sheet (“time 0”), and the income statement and balance sheet for the end of Year 1. In other words, you will have three financial statements: the Year 0 balance sheet, the Year 1 income statement, and the Year 1 balance sheet.

The final project will consist of approximately 3 to 6 written pages (1 to 2 pages for each part) plus 3 financial statement pages (1 for each part). The report will be graded for thoroughness and clarity of analysis, accurate use of business analysis techniques and terminology, and overall professional quality of the finished product (including attention to grammar, proofreading, structure of the written explanations, formatting of financial statements, etc.).

Some sources of ideas and tips for analysis: If you don’t have business ideas of your own in mind, you can analyze existing ideas that you might read about in magazines, newspapers, or websites. If you choose to analyze someone’s existing idea, be sure to cite the source in your paper. Your approach to the analysis will be “how would I design and operate this business if I had thought of it.” Or, these sources may prompt you to think of a new, innovative product of your own. Some general sources dealing with entrepreneurship include Inc. magazine, Entrepreneur magazine, or Fast Company magazine (all of which have websites containing much of the magazine’s content). You can also take a look at magazines or websites that focus on hobbies or contexts of interest to you, such as sports, outdoors, cooking, science/technology, toys or other products for kids, fine arts, or crafts just to name a few. At the end of the syllabus, there are lists of questions related to different elements of feasibility. Your reports do not have to include answers to all of these questions. But these questions can serve as a useful guide to prompt your thinking as you work through the analyses.

**PARTICIPATION EXERCISES:** There will be at least nine (9) opportunities to earn participation points in class during the semester. Each activity will be worth up to 6 points. The total semester points for the course grade includes 48 points for participation, or full credit for eight (8) of the 6-point exercises. Additionally, extra credit (for participation beyond the 8 exercises included in the semester point total) will be allowed. For classes during which articles or cases will be discussed, the article or case must be read prior to class in order to fully participate in the in-class discussion or activity related to that reading. Some activities will be contained entirely within a class meeting and will not require advance preparation. A student must be present in class in order to earn the points for the participation activities.

The six (6) points for the participation activities will be assigned based on the following standards:
5-6 points – Strong, thoughtful answers indicating a clear understanding and focused participation.
3-4 points – Answers demonstrating acceptable content, comprehension, and strong participation effort.
1-2 points – Answers demonstrating a weak understanding of or participation in the case or activity.
0 points – No questions answered or superficial answers indicating an unacceptably poor effort.

EXTRA CREDIT PAPERS: You can submit either one of these assignments, both, or neither. But you can submit only one from each category. They are optional and serve as extra credit.

1) Attend a speaker event and write a one-page (single-spaced) paper. There will be several opportunities during the semester to attend a guest speaker event on campus. You can attend any one that you choose (make sure you register your attendance there). Alternatively, you can listen to speakers through the TED Radio Hour available through the National Public Radio website. If you choose the TED Radio Hour, listen to an entire show (approx. 1 hour long, it will include several speakers).
http://www.npr.org/programs/ted-radio-hour/
The speaker(s) you listen to do not have to focus on entrepreneurship or business in order for you to learn a lot that is relevant to business. In your one-page paper, discuss what the speaker(s) said that had to do with entrepreneurship, innovation, innovative thinking, businesses, managing an organization, etc. Perhaps the speaker addressed a broad societal trend that will have an effect on how businesses operate. Perhaps you thought of a business opportunity based on something the speaker said. Choose some specific businesses or industries and address how the speaker’s topic will influence how they operate in the future. What have you learned that you didn’t know before hearing the speaker? How can you apply what you’ve heard to starting or managing a business?

2) Read an article or case and write a one-page (single-spaced) paper. Your instructor can provide you with an article or case that will serve for this assignment. Articles for this assignment focus on the infrastructure of industry – the workings of the energy system, our food production, transportation modes, etc. Cases focus on small business challenges or non-profit organizations engaged in social entrepreneurship. For these articles or cases, explain in your paper the main themes of what you’ve read (a summary) and what you see as the challenges or opportunities for small businesses or entrepreneurs (i.e., start-up businesses).

FINAL GRADE FOR THE COURSE
The final grade for this course will be assigned on the basis of total points earned. There is no adjustment for trends over time (either positively or negatively). Final Grades will be assigned based on the following distribution:
A  900 to 1000 points
B  800 to 899 points
C  700 to 799 points
D  600 to 699 points
F  599 points and below

COURSE POLICIES

UNIVERSITY-WIDE POLICIES: Carefully review the information at this link:
http://www.westga.edu/assetsDept/vpaa/Common_Language_for_Course_Syllabi.pdf
It contains important material pertaining to your rights and responsibilities in this class. Because these statements are updated as federal, state, university, and accreditation standards change, you should review this information each semester. Information available through this link includes policies regarding the Americans with Disabilities Act, UWG e-mail, credit hours, and the honor code.

ATTENDANCE POLICY: Classroom attendance is strongly recommended. However, roll will not be taken. Note that while there is no formal attendance requirement, you are expected to attend every class session unless classes have been officially canceled by the University or you have a University-sanctioned excuse. If you miss a class, you are responsible for the material covered and announcements
made during that class. **If the professor is more than 15 minutes late for class, the class is considered canceled and the students may leave.**

**DEADLINES:** No late assignment will be accepted unless the student notifies the professor in advance or, in the event of an unforeseen emergency, immediately after the assignment was due and provides a legitimate reason (as determined by the instructor).

**ACADEMIC INTEGRITY:** The basic principle of academic integrity is that students take credit only for ideas and efforts that are their own. Behavior outside that guideline is prohibited. Without truthfulness, honor, and responsibility we cannot earn the trust and respect of others. Furthermore, we recognize that academic dishonesty detracts from the value of the college degree. Therefore, we shall not tolerate academic dishonesty.

**Penalties for Breach of Academic Integrity:** Each incidence of academic dishonesty is subject to review and consideration by the instructor, and is subject to a range of penalties including but not limited to failing the assignment, failing the course, and referral to Office of the Vice President for Academic Affairs.

**NOTE:** Violations of the academic honesty policy may result in expulsion from the University.

**DISPUTES:** If you feel your grade on an assignment is inaccurate, you are encouraged to return the assignment or exam for re-grading. Please employ the following process: Type all comments on another sheet and turn it in to me within three days of the assignment’s return to you. Your request for re-grading must clearly indicate why you believe you deserve a higher grade. I will not discuss the problem with you until it is put into a written request. Reviews can lead to either an increase or decrease in total points.

**PERSONS WITH DISABILITIES:** The University and the instructor are committed to providing equal educational opportunities for all students. The University provides, on a flexible and individualized basis, reasonable accommodations to students who have disabilities. Students with disabilities needing academic accommodation are encouraged to:
1. Register with and provide documentation to the coordinators of Disability Services in the Student Development Center
2. Bring a letter to the instructor indicating the need for accommodation and what type. During the first or second week of class, students must present a letter to the professor stating that the disability has been documented and requesting specific accommodations. Additionally, it is the responsibility of the student to give the professor one week’s notice prior to each instance where an accommodation will be needed. It is expected that students will follow the policies and procedures of Student Disability Services. Further details regarding student disabilities can be found in the Student Handbook.

**SYLLABUS CHANGES:** This syllabus provides a general plan for the course. The instructor reserves the right to make changes to the syllabus plan as necessary. Changes will be announced in class.
# CLASS SCHEDULE: ENTREPRENEURSHIP

[NOTE: Schedule is subject to change at discretion of instructor.]

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1</td>
<td>Tu, Jan 7</td>
<td>Course introduction</td>
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<td></td>
<td>Th, Jan 9</td>
<td>Chapter 1, Foundations</td>
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<td>2</td>
<td>Tu, Jan 14</td>
<td>Ethics case</td>
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<td></td>
<td>Th, Jan 16</td>
<td>Chapter 2 (Your Business Idea); Opportunity</td>
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<td>Recognition</td>
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<td>3</td>
<td>Tu, Jan 21</td>
<td>Chapter 3, Family Business</td>
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<td></td>
<td>Th, Jan 23</td>
<td>Chapter 4, e-Business and e-Commerce</td>
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<td>4</td>
<td>Tu, Jan 28</td>
<td>Guest speaker</td>
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<td>Th, Jan 30</td>
<td><strong>Exam 1</strong></td>
<td>Chs. 1–4, cases/articles</td>
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<td>5</td>
<td>Tu, Feb 4</td>
<td>Chapter 5, Business Plan</td>
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<td></td>
<td>Th, Feb 6</td>
<td>Chapter 5, continued; Chapter 6, Marketing Basics</td>
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<tr>
<td>6</td>
<td>Tu, Feb 11</td>
<td>Chapter 6, Marketing Basics</td>
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<td></td>
<td>Th, Feb 13</td>
<td>Chapter 7, Marketing Strategy</td>
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<td>7</td>
<td>Tu, Feb 18</td>
<td>Chapter 8, Marketing Plan; <em>Case:</em> Senz umbrellas</td>
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<td>Th, Feb 20</td>
<td><strong>Exam 2</strong></td>
<td>Chs. 5–8, cases/articles</td>
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<td>8</td>
<td>Tu, Feb 25</td>
<td>Chapter 9, Accounting and Cash Flow</td>
<td><em>(Class will not meet)</em></td>
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<td></td>
<td>Th, Feb 27</td>
<td><em>Class is online today</em></td>
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<td>9</td>
<td>Tu, Mar 4</td>
<td>Chapter 10, Financial Management; <em>Article:</em> Chobani</td>
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<td></td>
<td>Th, Mar 6</td>
<td>Chapter 10 (continued)</td>
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<td>10</td>
<td>Tu, Mar 11</td>
<td>Prototypes, forecasting and supplies</td>
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<td></td>
<td>Th, Mar 13</td>
<td>Chapter 11, Supply Chain; <em>Article:</em> Corning Glass</td>
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<td>11</td>
<td>Tu, Mar 18</td>
<td>No class</td>
<td>SPRING BREAK</td>
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<td></td>
<td>Th, Mar 20</td>
<td>No class</td>
<td>SPRING BREAK</td>
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<tr>
<td>12</td>
<td>Tu, Mar 25</td>
<td>Financials review</td>
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<td>Th, Mar 27</td>
<td><strong>Exam 3</strong></td>
<td>Chs. 9–11, cases/articles</td>
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<tr>
<td>13</td>
<td>Tu, Apr 1</td>
<td>Chapter 12, People and Organization</td>
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<td></td>
<td>Th, Apr 3</td>
<td>Chapter 12, continued</td>
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<td>14</td>
<td>Tu, Apr 8</td>
<td>Chapter 13; Efficiency &amp; Effectiveness</td>
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<td></td>
<td>Th, Apr 10</td>
<td>Creativity and opportunity exercises; <em>Article:</em> What One Can Invent</td>
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<tr>
<td>15</td>
<td>Tu, Apr 15</td>
<td>Chapter 14, Icebergs &amp; Escapes</td>
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<td></td>
<td>Th, Apr 17</td>
<td>Chapter 15, Going Global</td>
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<tr>
<td>Finals</td>
<td>Apr 21 – 25</td>
<td><strong>Exam 4</strong> during final exam schedule</td>
<td>Chs. 12–15, cases/articles</td>
</tr>
</tbody>
</table>
Detailed Feasibility Analysis Questions to Aid with Semester Report

Feasibility Evaluation is based on research in four main areas: [Note you do not have to provide an answer for every one of these questions. But the list of questions can guide your analysis and identification of key issues that would need attention or further research.]

Market Feasibility
Questions to Answer from Primary Research
1. What pain or problem are customers encountering? What do customers want?
2. Where are customers getting the product now? What do customers think of their current service?
3. What would customers think about your service? What are the direct benefits to the customer?
4. Where are the customers?
5. How will you reach them?
6. Why would they purchase from you?
7. What external factors come to bear? (Government, Industry Dynamics etc.)
8. How long will this opportunity last in the market? (Window of Opportunity)
9. What keeps new competition from entering this market? (Barriers to Entry)
- Do a Competitive Grid and a Price Quality Matrix to show which niche you will attempt to fulfill.
10. How long will this product or service have market demand? (Product life -cycle)

Questions to Answer from Secondary Research
1. What is the size of the market?
2. What is the growth rate of the industry?
3. Is the market at full capacity?
4. Where are customers getting the product now?
5. Where are the customers?
6. How many would purchase from you?
7. What external factors come to bear? Government, Industry Dynamics
8. How long will this opportunity last in the market? (Window of Opportunity)
9. What keeps new competition from entering this market? (Barriers to Entry)

Technical Feasibility
Questions to Answer
NOTE: The answers come primarily from qualitative research
1. What are the options for developing the technology (customer, off the shelf, design yourself, subcontract)?
2. What are the options for producing the product or service?
   • In House
   • Subcontract
   • License
   • Joint Venture or Partnership
   • Combination
3. What are the options for Sales and Distribution?
   • In House
   • Whole Sale
   • Distributors or Sales Representatives
   • License
   • Joint Venture or Partnership
   • Combination
4. What resources are required for development and are they available to you (skills, raw materials, components, suppliers, facilities & equipment)?
5. What are the laws and regulation relating to the business?
   • Industry Standards or Regulations (Dangerous Goods, (Canadian Standards Association - CSA), ISO
   • Personal Certifications
   • Intellectual Property (Patents, trademarks, copyrights)
   • Environmental Liability
6. Has the research discovered any moral or ethical issues that you are uncomfortable with?
7. What technological changes are changing or emerging that may affect the business?

**Human Resource Feasibility**

Questions:
1. What technical and management experience is required?
2. Who are the owners and what are their roles? (Entrepreneur, Manager, Tech. Expert)
3. What is the ownership structure?
4. What are the manpower requirements?
   - How will you find the right employees?
   - How will you compensate employees (pay for time, production, knowledge, or a combination)?
   - How will you motivate employees?
   - What training will they need on an ongoing basis?
5. What is the company’s growth strategy?
   - How will quality be managed and maintained?
   - How will organizational structures change with growth?
   - What career paths will employees have available?

**Financial Feasibility**

1. What are the projected Revenues from the sale of your product or service?
   - From the Market Research, what is the projected sales volume in "units sold" and in "dollars sold"?
   - From the Market Research, what is the selling price per unit?
   - What is the total expected revenue?
2. What are the financial dynamics and opportunities?
   - Costs Structure (per unit basis)
     - Price per unit minus
     - Variable Costs (Cost of Good Sold & Controllable Costs) per Unit equal
     - Gross Margin per Unit minus
     - Fixed Costs per Unit equal
     - Net Margin per Unit
3. Is it worthwhile financially?
   - 1 Year Monthly Cash Flow Statement. (Completed in a spread sheet format so it can be built upon with new information)
   - Ensure that you clearly show all assumptions for this statement.
4. How much investment is required?
   - One Time Assets and Startup Expenses
     - Plant & Equipment
     - Leasehold Improvements
     - Initial Inventories
     - Research & Development
     - Legal
     - Experts
   - Operating expenses prior to break even
     (Appendix A Startup Expenditures & Expenses Worksheet)
5. What are the financial risks?
   - Break Even Analysis Units to break even. (Total fixed costs from Income statement divided by Gross margin per unit) Figure out on a monthly basis.
   - Payback (Investment required divided by net margin per unit - Date when units calculated above are sold & collected.)
   - Return on Investment (Yearly Net Profit divided by Total Investment required)
   - Risk vs. Reward (Personal feelings of the risks and rewards)
   - Opportunity Costs (Can you get a better return somewhere else?)
   - Personal Financial Risk (What will you have to give up. Sign over mortgage etc.)
6. What are the possible sources of financing?
   - Chances of getting the money?
   - What will you have to give up?
7. General Financial Numbers that would indicate attractiveness of Venture
• Gross Margin 20 - 30% plus
• Net Profit Margin - 10 to 15%. Plus
• Return on Investment - 15% plus
• Payback - 3 years or less.
• Break even - 2 years or less
• Note: These numbers must not be looked at in isolation over a one year period. You need to look at the numbers over a 3 year period and as a whole, not just individually. Industry averages can be quite different.

Start-up Expenditures and Expenses Worksheet

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost</th>
<th>Cash Required</th>
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</thead>
<tbody>
<tr>
<td>Land</td>
<td></td>
<td></td>
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<tr>
<td>Capital Equipment</td>
<td></td>
<td></td>
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<tr>
<td>Computer</td>
<td></td>
<td></td>
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<tr>
<td>Beginning Inventory</td>
<td></td>
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<tr>
<td>Start up Supplies</td>
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<tr>
<td>Licenses and Permits</td>
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<tr>
<td>Leasehold Improvements</td>
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<tr>
<td>Utility hookups &amp; Installation</td>
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<tr>
<td>Advertising (Preopening)</td>
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<tr>
<td>Insurance</td>
<td></td>
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<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

Total Estimated One-Time Cash Requirements

Start-up Operating Expenses

Item Monthly Expense X Estimate No. of Months Before Break even = Total Cash Required

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost</th>
<th>Cash Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners Salary</td>
<td></td>
<td></td>
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<tr>
<td>Employee’s salary, wages, benefits</td>
<td></td>
<td></td>
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<tr>
<td>Rent</td>
<td></td>
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<tr>
<td>Promotion expenses</td>
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<tr>
<td>Supplies and postage</td>
<td></td>
<td></td>
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<tr>
<td>Vehicle Expenses</td>
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<tr>
<td>Telephone</td>
<td></td>
<td></td>
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<tr>
<td>Travel</td>
<td></td>
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<tr>
<td>Interest</td>
<td></td>
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<tr>
<td>Maintenance</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
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</tbody>
</table>

Total Cash Required to Cover Operating Expenses

Plus: Total One-Time Cash Requirements (Previous Table)

Add 10% Safety Factor

Total Cash Required for Start-up
Back of the Envelope Feasibility Guide
[Adapted from: P. Robinson, D. Harding, V. Gough (copyright 1998)]
This can be completed in one group sitting. Don't worry too much if you can't answer all of the questions with certainty. Make your best guess. (HINT: A majority of business ideas can likely be screened out through an evaluation process such as this.) Determine quickly if an idea is a Go or No Go in terms of keeping this idea or moving on to the next.

   a. Market Feasibility
   Key Question: Is this a service or product that customers will buy?
   • What are the direct benefits to the customer?
   • Describe the pain or problem that the service or product will fix?
   • Approximate the best you can the size of the market?
   • Where are customers getting the product now?
   • Where are the customers?
   • How will we reach them?
   • Why would they purchase from us?
   • How many would purchase from us?
   • Is this a product or service that other products or services can be expanded from over time? (Platform product or service) What are the opportunities for growth?
   • Is the industry that the business falls within, large and growing? (Favorable)
   b. Technical Feasibility
   Key questions to answer: Can it be done and should it be done?
   • Are the core technologies available? (Have, develop or get)
   • Are there any laws or regulations against this business concept?
   • Are there moral or ethical issues that need to be considered?
   c. Human Resource Feasibility
   Key Question: Is this the right business for me?
   • What are our interests?
   • What are our values?
   • Do our skills and abilities fit the business?
   • What are the skills needed that we don't have?
   • Who would we need to hire, when and how much would it cost?
   d. Financial Feasibility
   Key Question: Will this venture be worthwhile financially?
   • Sales projection for the first year of operation?
   • Fixed and variable costs?
   • Gross and net margins? (Attractive opportunities have potential for durable profits of at least 10 -15 % net margin)
   • Assets and pre-start up expenses?
   • Can we raise the capital to start this venture?

2. Technical Development Considerations: Can You . . . ?
   _ Keep it Simple: Keep it simple to build, transport, maintain, and use.
   _ Make it Flexible: Product might be used for a number of different applications.
   _ Make it Robust and Work as Intended: Products needs to be durable, reliable, safe and easily maintainable.

3. Compare your Idea to the Ideal Business

<table>
<thead>
<tr>
<th>No investment</th>
<th>Very Good</th>
<th>Average</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognized market</td>
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<tr>
<td>Dependable supply</td>
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<tr>
<td>No labor force</td>
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<tr>
<td>100% gross margin</td>
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<tr>
<td>Frequent purchase</td>
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</tbody>
</table>
Favorable tax treatment
Established distribution
Great publicity value
Payment in advance
No liability risk
No technical Obsolescence
No physical perishability
Impervious to weather
Proprietary rights

4. Compare your Idea to Fatal Flaws

<table>
<thead>
<tr>
<th></th>
<th>Very Good</th>
<th>Average</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very small market for the product.</td>
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<tr>
<td>Overpowering competition and high cost of entry.</td>
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<td>Inability to produce a competitively priced product.</td>
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<td>Lack of influence over product development costs.</td>
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<td>Inability to go beyond a one-product company.</td>
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<tr>
<td>Overwhelming financial requirements.</td>
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<tr>
<td>Inability to achieve adequate growth.</td>
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