PACE
Fourth Edition
Program for Acquiring Competence in Entrepreneurship

C-1
Managing Basic Business Functions

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Evaluating Your Potential as an Entrepreneur
A-2
Understanding the Nature of Small Business
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Making the Most of Marketplace Opportunity
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Foreword

I am pleased to introduce you to the Fourth Edition of the Program for Acquiring Competence in Entrepreneurship (PACE). PACE represents our continuing effort to respond to the needs of the education and business communities. At no other time in history has understanding entrepreneurship been as important. For one thing, promoting entrepreneurship carries the societal imperative as small businesses as a whole contribute much to the growth and renewal of regional and national economies.

When first published in the late 1980s, PACE properly emphasized that entrepreneurship was based as much on sound planning as having products and services that were responsive to the marketplace. Through its various revisions, PACE continued to focus on the general importance of planning and managing the startup of a small business.

The current PACE edition represents a necessary break from past versions in both its format and some content. For one thing, the text format has been substantially changed from paragraphs to a series of related sections with subheadings. This change allows readers to have greater accessibility to the information, whether it is delivered via a printed booklet or a technology-based approach. And the format allows the instructor/facilitator to have greater flexibility in selecting content to accommodate the needs of various audiences and settings.

In terms of the content, PACE continues to emphasize the importance of planning and managing of a small business. But it now includes a renewed emphasis on meeting customer expectations. Any business cannot exist without a comprehensive understanding of who receives its products or services. In this sense, PACE introduces the topic of conducting e-commerce. Until recently, the entrepreneurial horizon may have been limited to serving local customers only. The advent of the Internet offers the promise of serving many more customers, but not without the accompanying challenges.

This edition was supported in part by a grant from OSU Extension and in partnership with OSU South Centers – Piketon. We hope that PACE will provide you with the understandings necessary to help you to achieve your entrepreneurship goals.

Ronald L. Jacobs
Director
Center on Education and Training for Employment
Overview

Introduction

As the owner of a small business, you are the team leader, key communicator, and major decision-maker. The managerial skills that you may already possess will be tested, and the wide range of responsibilities charged to you will challenge you to expand your management competencies even more.

Continued on next page
Overview, Continued

Rationale
The way you manage basic business functions will make or break your enterprise. Success depends on your commitment to managing your staff well and making sound business decisions.

Objectives
By the conclusion of this module, you will be able to:

• Define the role of the manager in a small business environment including:
  • identifying the rewards associated with managing a company
  • naming the major functions that managers perform.
• Describe the planning function including:
  • the types of plans involved in running a business
  • the tools available for planning.
• Describe the staff organizing function including:
  • delegation
  • span of control
  • the tools available for organizing
  • internal organizational structures.
• Describe the staff directing function including:
  • leadership
  • communication.
• Describe the performance evaluation function including:
  • standards
  • evaluation methods.
• Identify the stages of the decision making process.
• Explain business ethics including:
  • challenges and pitfalls
  • involved parties
  • codes of conduct.

Continued on next page
Overview, Continued

**Relevant NCSE standards**

This module aligns with the following National Content Standards for Entrepreneurship Education (NCSEE):

C.13 Explain the concept of management.
J.01 Develop a personnel organizational plan.
J.02 Develop job descriptions.
J.04 Organize work/projects for others.
J.06 Determine hiring needs.
J.24 Assess employee performance.
M.21 Schedule staff.
O.01 Conduct SWOT analysis.
O.04 Develop company objectives/objectives.


**Topics**

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**Exhibits**

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<td>Sample Staffing Plan</td>
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<td>SWOT Analysis Form</td>
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**Overview, Continued**

<table>
<thead>
<tr>
<th>Before you begin</th>
<th>After reviewing the above objectives for this module, determine whether you can already meet those objectives and consult your instructor if you can.</th>
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</table>
The Management Role

Introduction

To be a successful entrepreneur, you need to develop sharp skills in key areas as well as observe proper ethics when implementing policies and procedures. Effective business practices and strong ethics are the foundation of a business that runs smoothly, serves the public, and remains an asset to the community.

Rewards

The greatest reward of owning a small business may be the personal satisfaction derived from owning and operating your own company. You know that the success of your business is directly related to the decisions you make and how well you implement those decisions. Other rewards include:

- As manager, you can exercise all of your business skills, not just the ones required for a single job. This fact strengthens your self-respect and confidence.
- Dealing with a wide variety of people can also be rewarding. You deal with customers, employees, suppliers, community leaders, and many other people in your role as manager.
- You may find another major aspect of business ownership rewarding or not. The potential for monetary rewards is present, but so is the risk of failing and losing money.

Key point: Determine whether your investment of time, money and personal effort is likely to be sufficiently rewarded by a combination of monetary and non-monetary factors.

Management functions

Although each small business is unique, entrepreneurs are accountable for certain basic functions that are integral to every small business operation. These activities are:

- planning business operations
- creating a staffing plan
- directing staff
- evaluating performance
- making decisions
- observing business ethics.
### Planning Business Operations

**Introduction**
Planning is the process of setting objectives and then determining the steps required to meet these objectives. It is how you can look ahead to your ultimate objective with confidence that you know how to reach it.

**Types of planning**
Planning for business operations ranges from long-term to planning for specific events. The types of planning include:

- business plan
- short-term plans
- daily plans
- special event planning.

**Objectives**
Whether your business is new or established, the objectives that you set determine your course of action. They clearly communicate your intentions and the resources that you’re willing to dedicate in order to realize your objectives.

**Writing objectives** – When you write objectives, make statements specific and meaningful in order to support desired job performance.

Example: Increase service appointments by 10 percent within six months.

Non-example: Increase service appointments significantly.

**Business plan**
A business plan serves as your company’s blueprint. It helps you make decisions, allocate resources, and communicate with employees, consumers, and others. Your business plan results in:

- business objectives
- company policy and procedures
- operating methods.

*Continued on next page*
Areas to address – When developing your business plan, define expectations and set timetables for each operation area such as:

**Product development**
- market survey
- test of market
- product generation
- product improvement

**Finance**
- profit
- budget
- financial analysis
- accounting

**Market development**
- sales/promotion
- distribution
- pricing
- credit policy

**Human resources**
- recruiting
- training
- retention
- compensation

**Operations**
- process design/facilities
- capacity planning/scheduling
- inventory acquisition/control
- quality management
- technology strategy

Short-term plans complement the business plan because they establish the objectives to be accomplished at shorter intervals in order to achieve the business plan. The short-term plan is characterized by these features:

- Short-term plan usually addresses days, weeks, or months whereas the business plan sets the course for one year or longer.
- With short-term plans, you can solve problems that couldn’t be anticipated when the business plan was developed. Address these unexpected issues by interjecting new ideas and solutions into the plan.
- Post your short-term plan where employees can see it and track their success in achieving objectives. This involvement leads to increased employee morale.

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Daily plans

By making daily plans, you can organize your activity according to importance and even urgency. A daily plan allows you to manage your time most efficiently and allows you the flexibility to address unexpected issues as they arise. A daily plan includes a prioritized list of:

- appointments and meetings
- action items to follow through
- email to send and respond to.

Modifications – You can modify your daily plan throughout the day in order to adjust to changing demands.

- When an urgent situation arises, drop the least important task on your list to make the time to put out the fire.

- As you think of less urgent but important things to do, record them right away. Whether it’s a scrap of paper or the latest version of a handheld data organization tool, make sure you have a way to record your ideas.

Special event planning

Special event planning is similar to other types, but it addresses an event apart from the everyday routine. Strive to integrate special events into the existing workload without interrupting regular business activity.
Planning Business Operations, Continued

Planning tools

The table below describes some of the tools proven to be helpful with the planning process.

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<tr>
<th>Tool</th>
<th>Description</th>
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<tbody>
<tr>
<td>Budgets</td>
<td>Financial budgets estimate future expenses to keep them aligned with revenue. Use them as a basis for making decisions, setting objectives, assigning resources, estimating costs, etc.</td>
</tr>
<tr>
<td>Schedules</td>
<td>Schedules allow you to use your time most effectively. They list the task at hand and the amount of time spent performing it. Use them to budget your time.</td>
</tr>
<tr>
<td>Standards</td>
<td>Standards measure how well you’ve performed a task. Use them to judge when the quality of work reaches the required level.</td>
</tr>
<tr>
<td>Policy</td>
<td>Policy shapes the organization’s outcomes. Each policy has related procedures that reduce misunderstandings and promote fair and consistent practices.</td>
</tr>
<tr>
<td>Procedures</td>
<td>Procedures determine the steps of a task. Use them to improve efficiency and ensure consistency.</td>
</tr>
</tbody>
</table>

Crisis intervention

Even good planning cannot prevent crises from arising. The following guidelines apply to making a decision to address a crisis:

- Get into a relaxed state of mind.
- Focus on logical outcomes of different solutions.
- Act decisively once you reach a decision.
- Don’t be afraid of failure.
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Module A-1 Evaluating Your Potential as an Entrepreneur
Module A-2 Understanding the Nature of Small Business
Module A-3 Making the Most of Marketplace Opportunity
Module A-4 Investigating Global Markets

Cluster B – Planning for Business Success

Module B-1 Developing Your Business Plan
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Cluster C – Business Management for the Entrepreneur

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