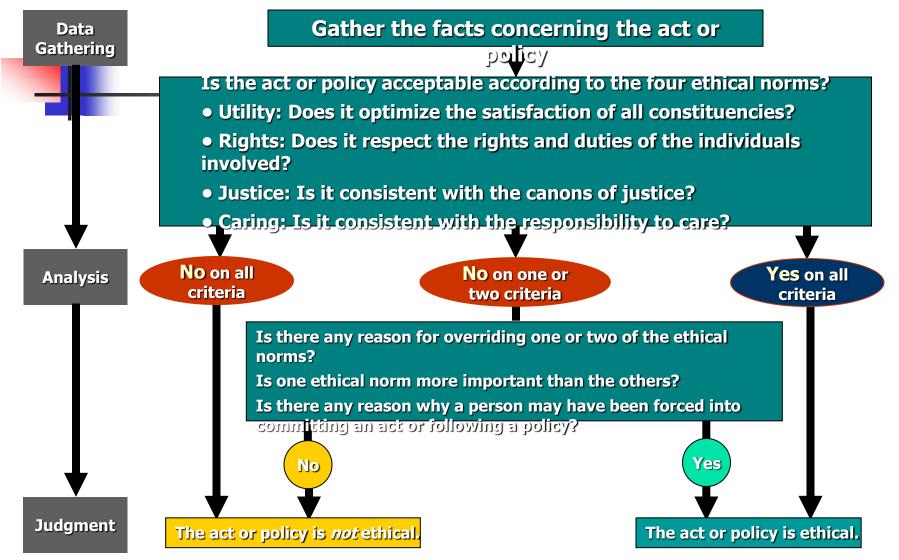


Expanded Model of Ethical Judgment Making



Approaches to Social Responsibility

Level of Social Responsibility

Obstructionist Stance Defensive Stance Stance Proactive Stance

Actively
Avoids
Responsibility

Does Legal Minimum Responds to Requests

Actively
Seeks
Opportunities
to Contribute

Climate Factors Conducive To Unethical Behavior

Emphasis on shortterm revenues Shareholders concerns No written code take precedence over of ethics other constituencies Danger Lack clear procedures Signs Desire for "quick for dealing with ethical fix" solutions problems Ethics considered Financial concerns take precedence over from legal or public

relations viewpoint

ethical considerations





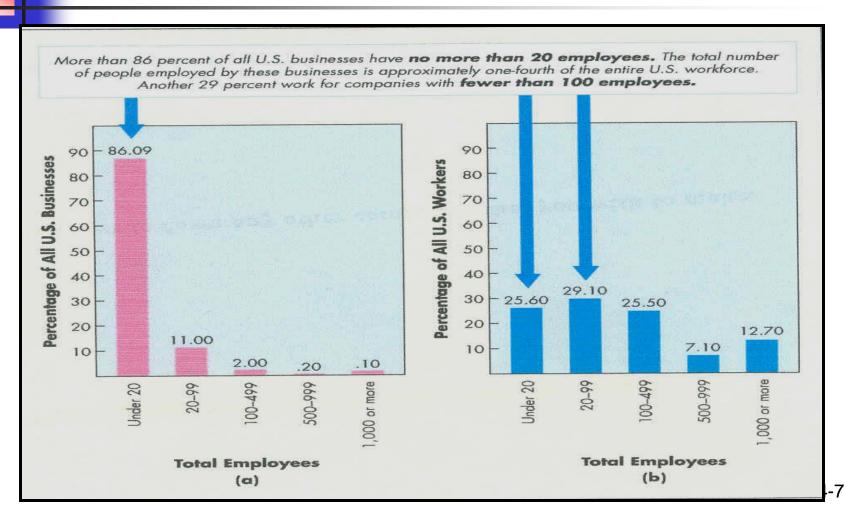
- What Is A "Small" Business?
- Entrepreneurship
- Starting/Operating A New Business
- Franchising
- Success/Failure In A Small Business
- Noncorporate Business Ownership
- Corporations



- Small Business Administration
 - Number of
 - Total Annual
- Independently Owned/M
 Dominate Its Market



Small Business Importance



Need For Small Businesses



- Job Creation
- Innovation
 - Products/Services
 - Processes



Important To Big Business

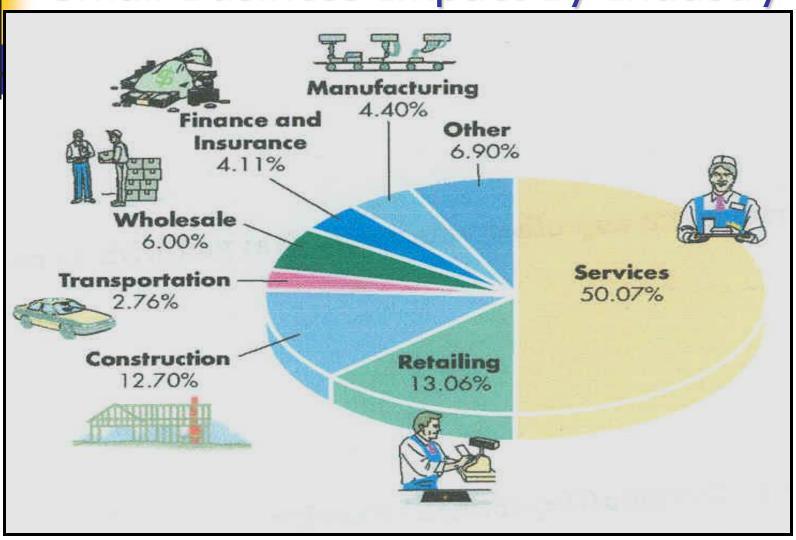




- Services
- Construction
- Finance & Insurance
- Wholesaling
- Transportation & Manufacturing



Small Business Impact By Industry

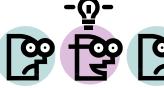




- Accepts <u>Risks & Opportunities</u> In Creating/Operating A New Business
- Characteristics
 - Resourceful
 - Good Customer Relations
 - Desire To Be Own Boss- Gain Control Of Life

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- Build For Family
- Tolerance For Uncertainty/Risk

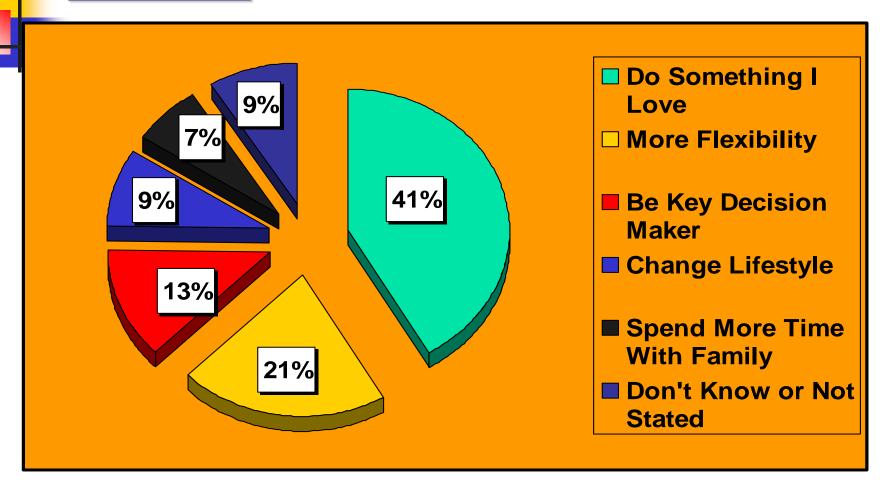




Entrepreneurs

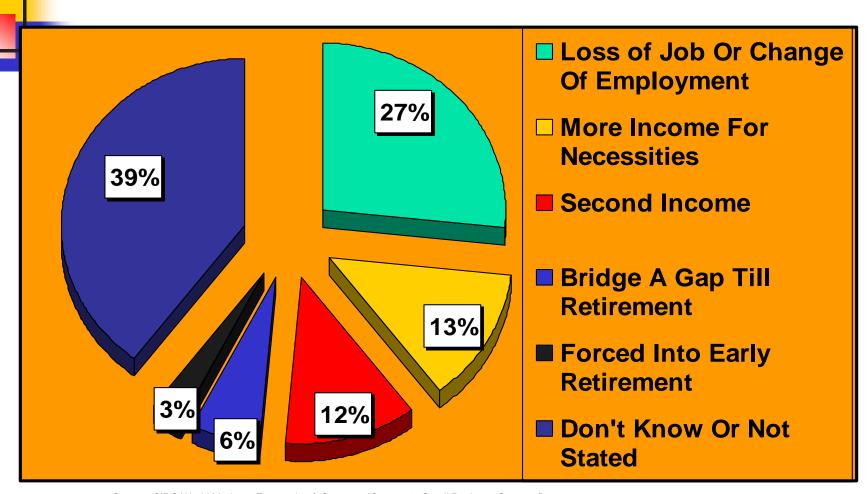
<u>Yesterday</u>	<u>Today</u>
Self-Reliant	Open-Minded
Male	Male or Female
Quick Decisions	Relies On Others

Non-Financial Reasons To Start A Business



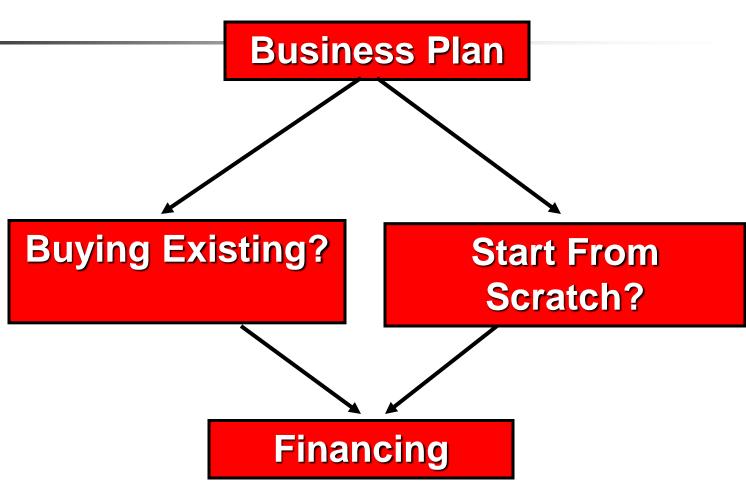
Source: CIBC World Markets, Economics & Strategy, "Secrets to Small Business Success", research.cibcwm.com/economic_public/ download/sb-ssbs-10192004.pdf

Financial Reasons To Start A Business



Source: CIBC World Markets, Economics & Strategy, "Secrets to Small Business Success", research.cibcwm.com/economic_public/ download/sb-ssbs-10192004.pdf

Start/Operate Small Business





Business Plan

- Summarizes Strategy
- Identifies Implementation
- Includes:
 - Goals and Objectives
 - Sales Forecast





- Cash Budget- Most Important
- Income
- Balance Sheets
- Breakeven







- My Customers?
- ✓ Where?
- ✓ Price?



- Competitors?
- Product Differentiation?

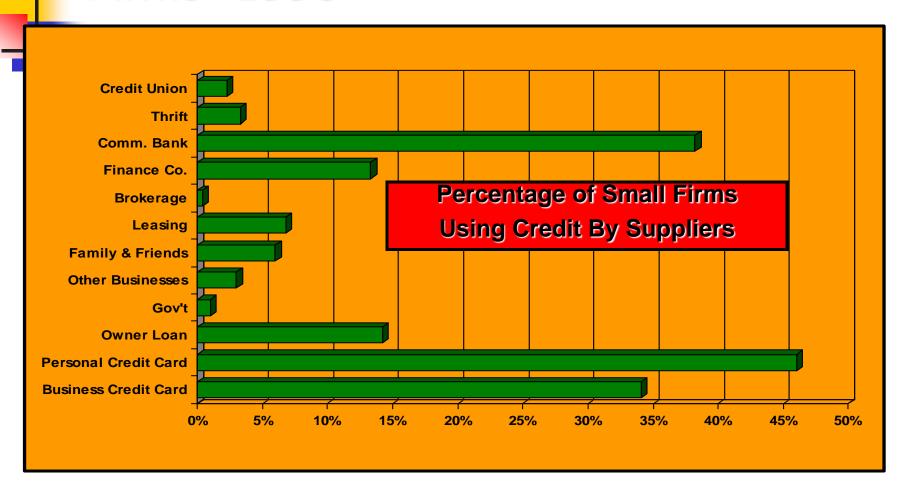




- -
- Family/Friends
- Personal
- Lenders
- Investors
- Government

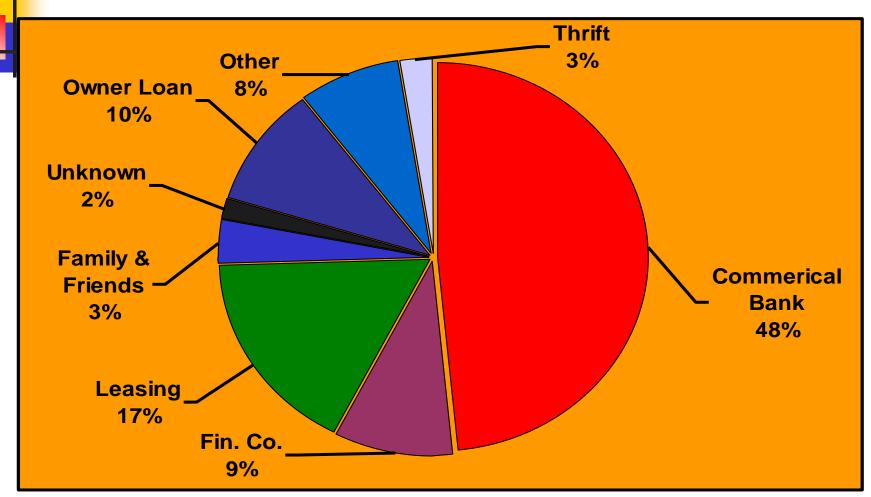


Credit Usage By Small Business Firms- 1998



Source: Small Business Administration- Office of Advocacy, "Financing Patterns of Small Firms: Findings from the 1998 Survey of Small Business Finance" Sept. 2003. www.sba.gov/advo/stats/ssbf 98.pdf

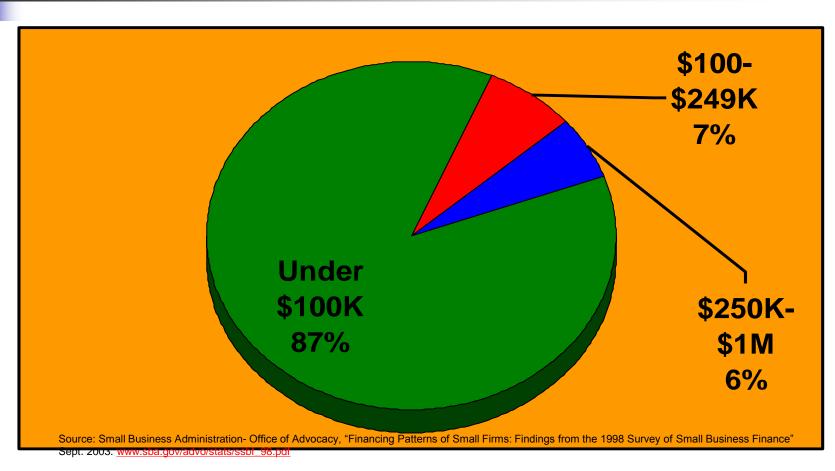
Share of Outstanding Debt for Small Firms By Supplier of Credit 1998



Source: Small Business Administration- Office of Advocacy, "Financing Patterns of Small Firms: Findings from the 1998 Survey of Small Business Finance" Sept. 2003. www.sba.gov/advo/stats/ssbf_98.pdf

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Percentage of Small Business Loans From Commercial Banks- 1998



Other Sources Of Financing

- Venture Capital Companies
- Small-Business Investment Companies
- Small Business Administration
 - Guaranteed Loans
 - Immediate Participation
 - Local Development
- Other SBA Programs
 - SCORE (Service Corps of Retired Exect
 - SBDCs (Small Business Development C



Franchise System



Franchisor



Franchisee

Franchise Contract



Branded Product/Service

Performance



Monitoring



Franchising



Disadvantages

To Franchisee

- Business Ownership
- Access To Mgmt. Skills
- + Low Failure Rate

To Franchiser

Rapid Growth Using Other People's Money

To Franchisee

- High start-up costs
- % Of Sales To Franchiser

Trends In Small Business

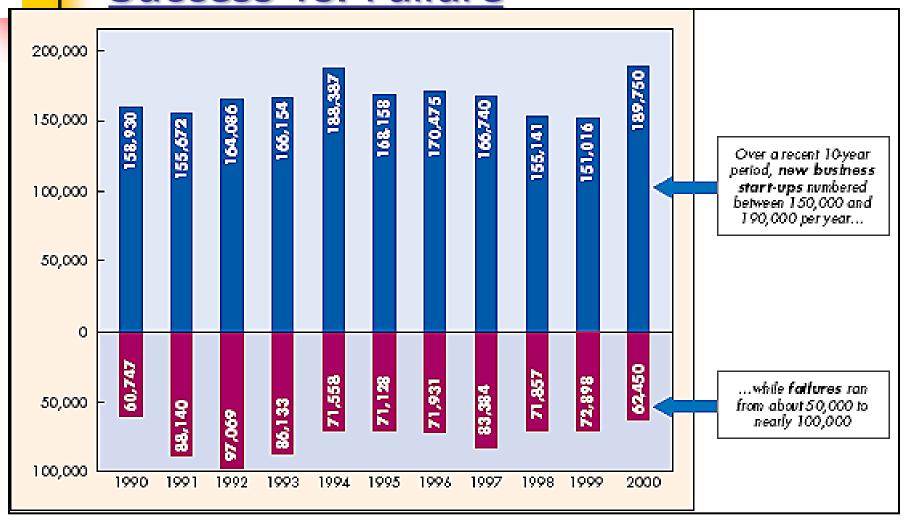


- E-Commerce
- Big Business

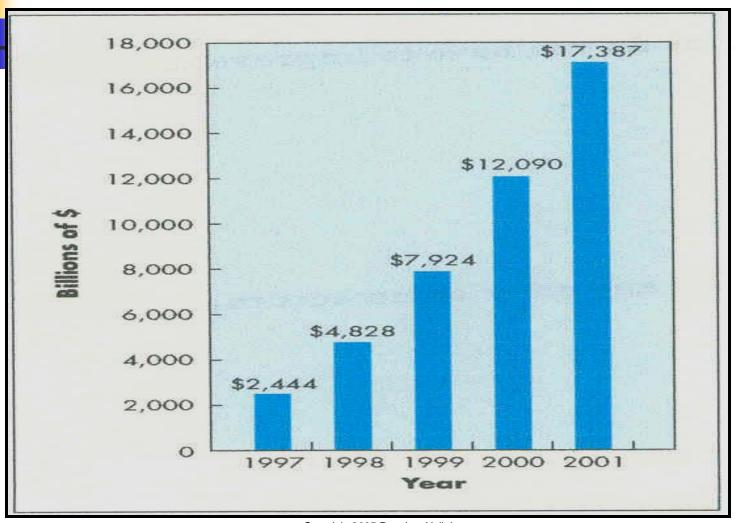
- Crossove
- Minorities & Women
- Global Trade/Suppliers
- Better Survival Rates



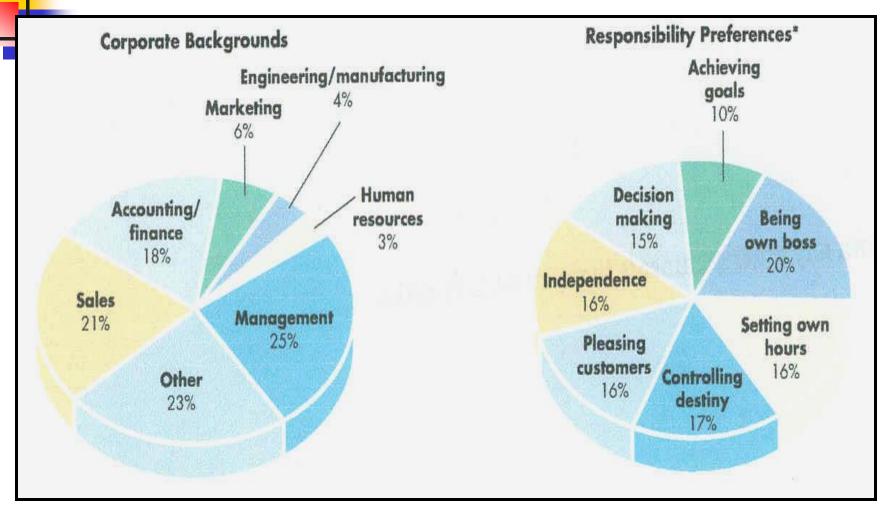
Startups: Success vs. Failure



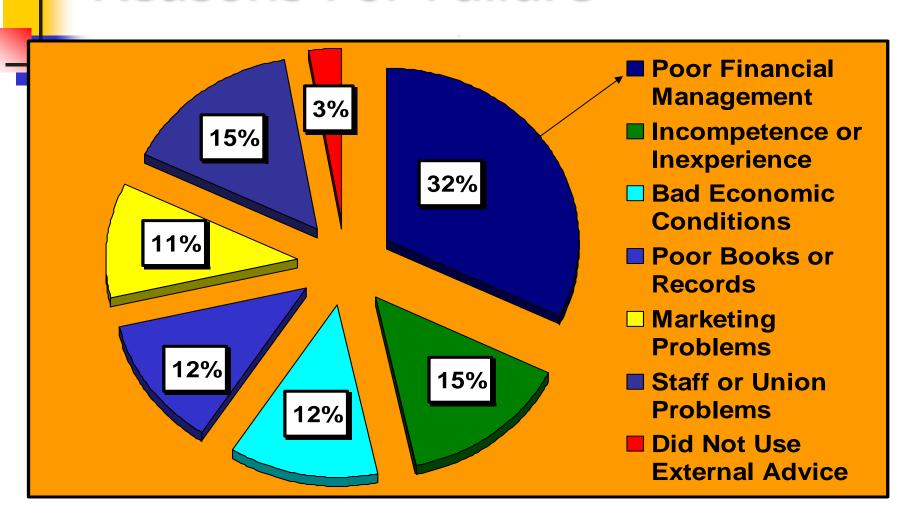
Growth of E-Commerce



Women Entrepreneurs



Reasons For Failure



Source: <u>The Coleman Chronicles</u>, Vol. 1 Issue 20, "The Most Common Reasons for Small Business Failure... http://www.coleman.bc.ca/publications/chronicles/vol1issue20.htm



Reasons For Success

Hard Work, Drive,Dedication

Demand For Produ

- Managerial Competence
- Luck





- Sole Proprietorship
- Partnerships
 - General
 - Limited
 - Master Limited
- Cooperatives

- Corporations
 - Closely-Held vs. Publicly- Held
 - S Corporation
 - Limited Liability
 - Professional
 - Multinational (Transnational)

Legal Entities of Business Ownership

Sole proprietorship

 Business <u>owned and usually operated by one person</u> who is responsible for all of its debt

General Partnership

 Business with two or more owners who share in both the operation of the firm and the financial responsibility for its debts

Cooperative

 Form of ownership in which <u>a group of sole proprietorships</u> and/or partnership agree to work together for common benefits

Corporation

 Business that is <u>legally considered by an entity separate from its</u> owners and is <u>liable for its own debts</u>; owners' liability extends to the limits of their investments

Sole Proprietorship

<u>Advantages</u>

- Freedom
- Easy To Form
- Low Start-up Costs
- Tax Benefits

Disadvantages

- Unlimited Liability
- Lack Of Continuity
- Resources of One Person

General Partnership

<u>Advantages</u>

- More Talent & Money
- Easily Created
- Partners Taxed As Individuals

<u>Disadvantages</u>

- Unlimited Liability
- Lack Of Continuity
- Difficult To TransferOwnership

Corporation

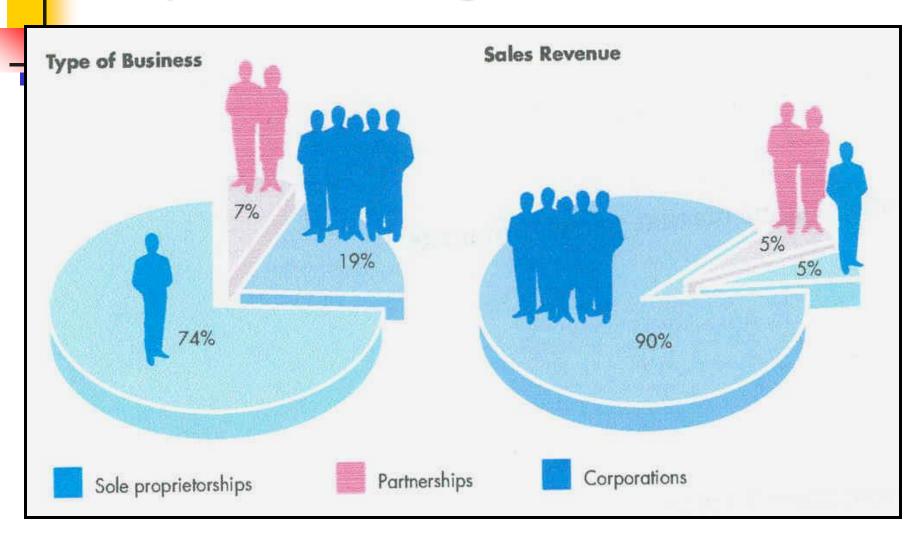
<u>Advantages</u>

- <u>Limited Liability</u>
- Continuity
- Access To More Capital
- Ease Of OwnershipTransfer

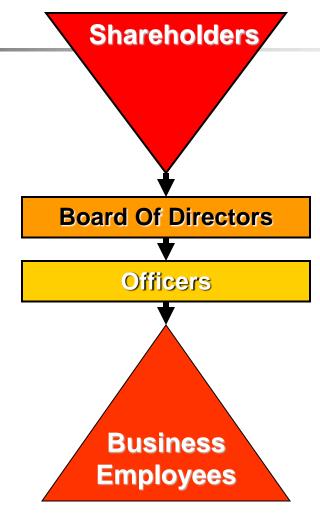
Disadvantages

- Ease Of Ownership Transfer
- Startup Cost- Legal Requirements
- Double Taxation

Proportions of Legal Business Entities



Corporate Governance



Stock Ownership

- Preferred
 - Fixed Dividend
 - Priority
- Common
 - Dividend If Profitable
 - Last Claim
 - Voting Rights





Corporate Ownership-Special Issues

- Joint Ventures & Strategic Alliances
- Employee Stock

- Owners
- Institutional Ownership
- Mergers & Acquisitions
- Divestitures & Spin-Offs



Specialized Forms of Business Organization

- 1. Cooperatives
- 2. Joint ventures
- 3. Franchises

1. Cooperatives

- Formed by people with similar interests, such as customers and suppliers
 - → <u>lower costs</u>
 - → <u>increased economic power</u>
 - → share in profits
- Members/owners <u>pay annual fees</u>
- Common in:
 - agriculture
 - hardware/lumber
 - grocery



2. Joint Ventures

Joint Venture:

Two or more companies form an alliance to pursue a specific project, usually for a specific time period



3. Franchising

Franchising:

business organization in which a franchisor supplies the product concept to the franchisee, who sells the goods or services

Growth Through Mergers & Acquisitions

Merger:

The <u>combination of 2 or more firms</u> to form a new company, which often takes a new corporate identity

Acquisition:

The <u>purchase of a corporation by another</u> <u>corporation</u> or investment group



Reduced:

- ↓ costs
- overlap in operations
- ↓ competition

Increased:

- purchasingpower
- market share



1. Horizontal mergers

same industry, same stage of production

2. Vertical mergers

same industry, different stages of production

3. Conglomerate mergers

different industries

4. Leveraged buyouts

corporate takeovers with borrowed money

Franchises

Advantages

- increased opportunity to expand (franchisor)
- recognized name, product, and operating concept (franchisee)
- management training and assistance (franchisee)
- financial assistance (franchisee)

Disadvantages

- loss of control (franchisor)
- costs of franchising
- restricted operating freedom (franchisee)

Electronic Commerce (E-Commerce)

Merupakan kegiatan bisnis yang dijalankan (misalnya transaksi bisnis) secara elektronik melalui suatu jaringan (biasanya internet) dan komputer atau kegiatan jual - beli barang atau jasa (atau mentransfer uang) melalui jalur komunikasi digital.

Tujuan aplikasi e-commerce

- Orang yang ingin membeli barang atau transaksi lewat internet hanya membutuhkan akses internet dan interface-nya menggunakan web browser
- Menjadikan portal e-commerce / e-shop tidak sekedar portal belanja, tapi menjadi tempat berkumpulnya komunitas dengan membangun basis komunitas, membangun konsep pasar bukan sekedar tempat jual beli dan sebagai pusat informasi (release, product review, konsultasi, etc)
- Pengelolaan yang berorientasi pada pelayanan, kombinasi konsepsi pelayanan konvensional dan virtual: Responsif (respon yang cepat dan ramah), Dinamis, Informatif dan komunikatif
- Informasi yang up to date, komunikasi multi-arah yang dinamis
- Model <u>pembayaran</u>: <u>kartu kredit atau transfer</u>.

Selesai