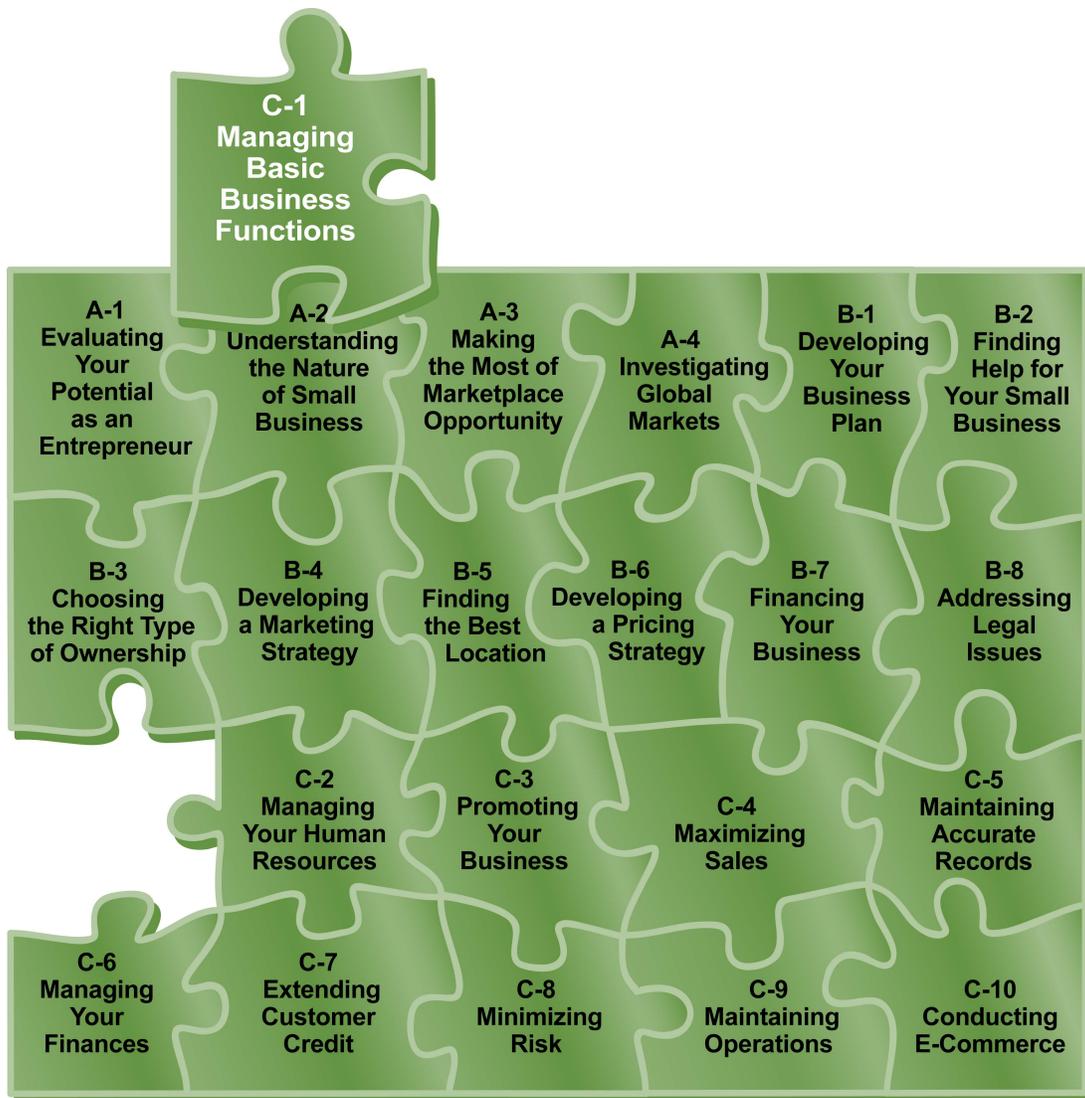


PACE

Fourth Edition

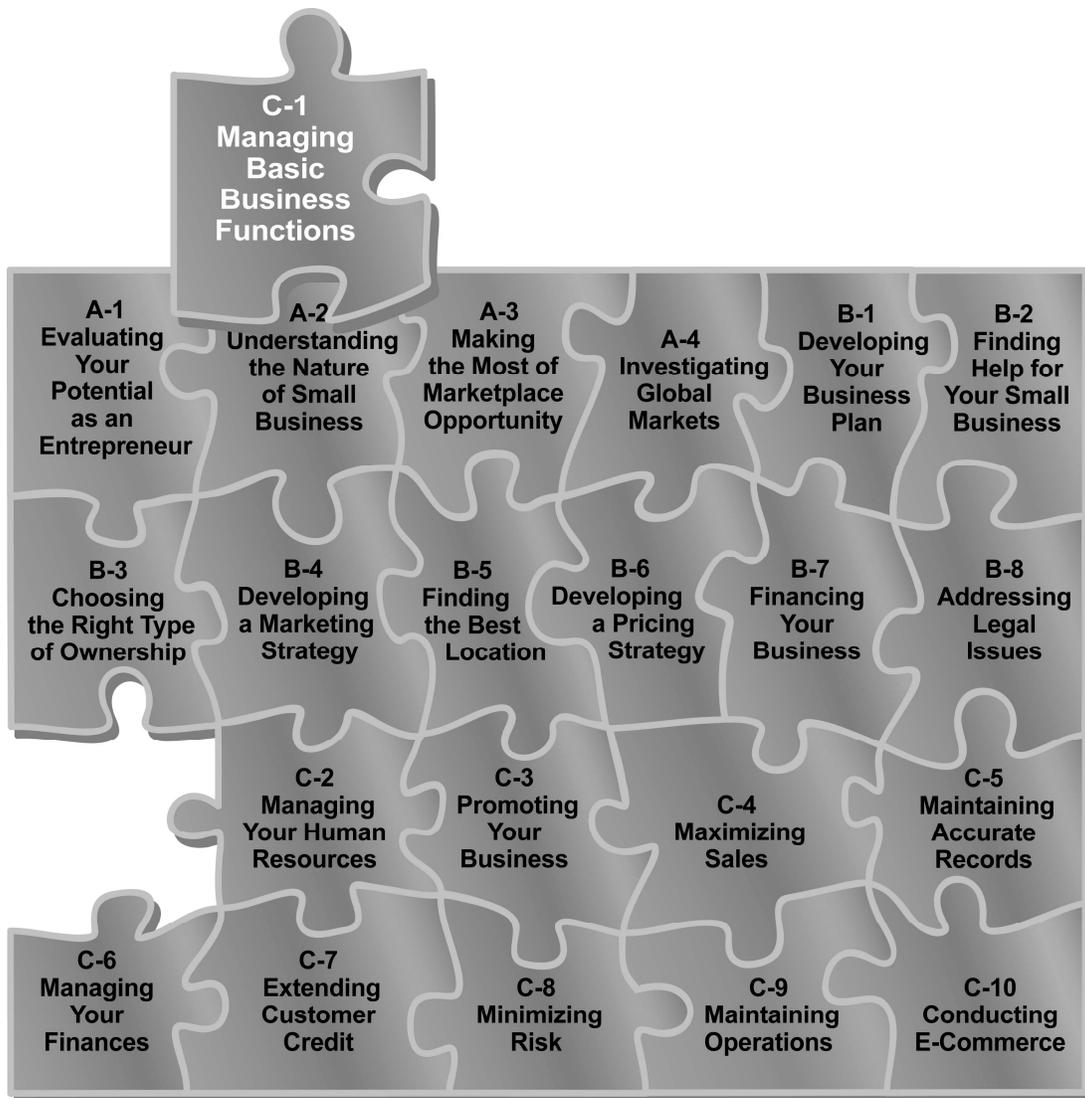
Program for Acquiring Competence in Entrepreneurship



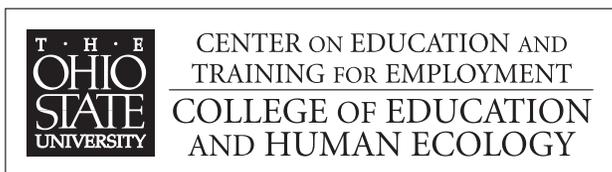
PACE

Fourth Edition

Program for Acquiring Competence in Entrepreneurship



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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.

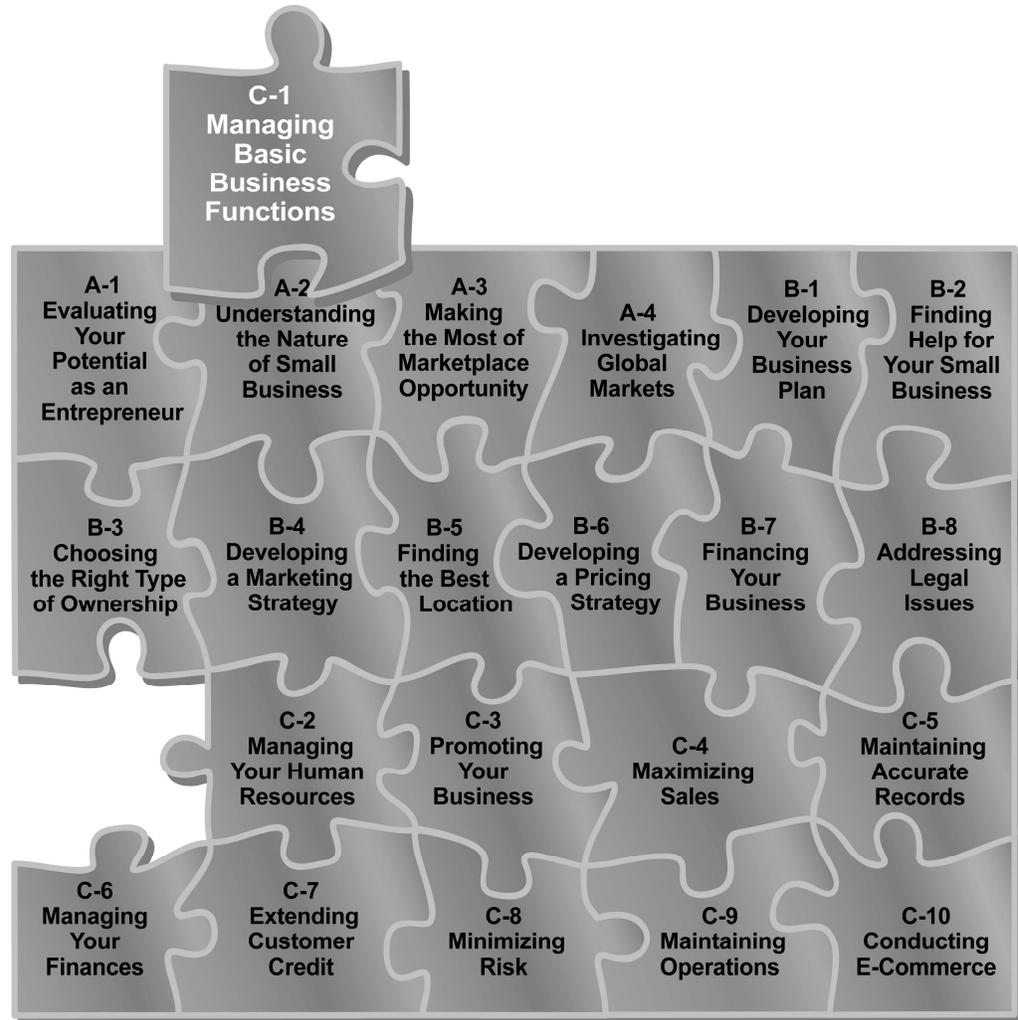
This edition was supported in part by a grant from OSU Extension and in partnership with OSU South Centers – Piketon. We hope that PACE will provide you with the understandings necessary to help you to achieve your entrepreneurship goals.

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
NCESS
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.

More information on the NCSEE is available at http://www.entre-ed.org/Standards_Toolkit/.

Topics

The topics in this module are:

Topic	See Page
The Management Role	5
Planning Business Operations	6
Creating a Staffing Plan	10
Directing Staff	17
Evaluating Performance	20
Making Decisions	22
Observing Business Ethics	27

Exhibits

The exhibits in this module are:

Exhibit	See Page
Position Description Form	13
Sample Staffing Plan	16
SWOT Analysis Form	26

Continued on next page

Overview, Continued

**Before you
begin**

After reviewing the above objectives for this module, determine whether you can already meet those objectives and consult your instructor if you can.

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

Planning Business Operations, Continued

Business plan (continued)

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

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.
-

Continued on next page

Planning Business Operations, Continued

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.

Continued on next page

Planning Business Operations, Continued

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

Tool	Description
Budgets	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.
Schedules	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.
Standards	Standards measure how well you've performed a task. Use them to judge when the quality of work reaches the required level.
Policy	Policy shapes the organization's outcomes. Each policy has related procedures that reduce misunderstandings and promote fair and consistent practices.
Procedures	Procedures determine the steps of a task. Use them to improve efficiency and ensure consistency.

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.
-

Creating a Staffing Plan

Introduction

A staffing plan coordinates efforts among employees in order to ensure maximum efficiency. It involves everything from the individuals who carry out tasks to the tools, equipment, and supplies that they need to do so.

Elements

The table below describes the three elements of staff organization.

Element	Description
Division of work	<ul style="list-style-type: none">• Assign specific units of work in the various functional units (departments).• Small companies may only need a couple departments (buying and selling), whereas large corporations need a wide range of departments assigned to perform specific functions.
Facilities	<ul style="list-style-type: none">• Identify the physical aspects of operating your business such as workspace, tools, equipment, and supplies.• Assign the duty of acquiring the identified resources needed to accomplish every task.• Arrange the layout in a way that ensures a smooth workflow.
Employees	<ul style="list-style-type: none">• Evaluate each employee's qualifications.• Assign job duties that realistically match the skill set of each employee.• Make assignments in manageable units.

Delegation

To maximize your own efficiency, you may find it necessary to delegate some of your authority to supervisors. Decide how much authority to delegate and to whom.

Key point: Make sure that the person under consideration as supervisor is capable of handling the responsibility.

Continued on next page

Creating a Staffing Plan, Continued

Span of control This term refers to the number of employees directly supervised by one person. Establish a reasonable span of control that limits the number of people supervised and maintains a manageable workload. The most effective span of control varies with factors such as:

- organizational level (larger span at lower levels)
 - nature of the work
 - supervisor's knowledge and skills
 - supervisor's energy level, personality, and temperament.
-

Internal structures

The two principal types of internal organization structures are:

- **Line organization** – All authority and responsibility can be traced in a direct line from the owner down to the person in the most basic position in the company. Each employee is responsible to only one supervisor and this supervisor is, in turn, responsible to somebody else.
 - **Line and staff organization** – Large volumes of work or complex work is handled by two types of personnel. Line personnel may not be skilled in all the specialties of those they supervise. In order to address this deficiency, staff specialists (advisors) are added to assist in these areas.
-

Continued on next page

Creating a Staffing Plan, Continued

Organizing tools

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

Tool	Description
Position description	Lists the duties assigned to each job. Use them to clearly define your expectations for each employee and ensure that work is divided into manageable units.
Organizational chart	Illustrates the structure of the business and the relationship among employees as well as how the work is divided. Use it to identify each person's area of responsibility and to whom they report.
Staffing plan	Organizes available staff for completing required work. The plan includes: <ul style="list-style-type: none">• identifying available human resources• matching the skills needed to employees available• aligning staffing with the project schedule• defining roles and responsibilities for the project• identifying non-labor resources to support the effort (such as facility, tools, equipment, software, etc.).

Exhibits

The following pages present a position description form and a sample staffing plan.

Continued on next page

Creating a Staffing Plan, Continued

Position Description Form

Job Title: _____ Incumbent: _____ Department: _____ Supervisor's Name/Title: _____	Date: _____ Employment Status: Regular <input type="checkbox"/> Temporary <input type="checkbox"/> Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> Intern <input type="checkbox"/> Reg. hours worked: _____/wk Exempt <input type="checkbox"/> Non-exempt <input type="checkbox"/>
A position description is written to describe work currently organized and performed by a fully qualified employee (who possesses knowledge, skills, and experience required by the position). One should be on file for each regular full- and part-time position. Attach a copy of the last position description prepared for this position.	
When was the last time this position description was updated? Date: _____	
What is the overall purpose and objective of this position (why does the position exist)? _____ _____ _____	
List in order of importance the major responsibilities of the job and estimate the percentage of time spent on each responsibility (the main function of the job may or may not be the one where the most time is spent).	
1.	_____ %
2.	_____ %
3.	_____ %
4.	_____ %
5.	_____ %
6.	_____ %
7.	Able to react to change productively and handle other essential tasks as assigned. _____ %
Total: 100 %	
Is this position closely, moderately, or minimally supervised? _____	
Please explain: _____	

Continued on next page

Creating a Staffing Plan, Continued

Position Description Form, Continued

Does this position have supervisory responsibility (i.e., responsible for hiring, firing, performance appraisals, etc.)? Yes ____ No ____ If yes, list the number and title for positions that directly or indirectly report to this position (i.e., three secretaries, four programmers, etc.): _____

Does this position have access to confidential information? Yes ____ No ____ If yes, please explain: _____

Does this position have access to or handle company funds? Yes ____ No ____ If yes, please explain: _____

Is it important to this position that the incumbent be able to communicate fluently in English?

Yes ____ No ____ If yes, please explain: _____

What kind of work experience (including length of time), training, and/or level of education is necessary for this position? _____

List any required technical skills (typing, computer skills, etc.): _____

What other special training and/or abilities are necessary to qualify for this position?

Check any of the following factors that are important to successful performance in this position:

Problem Solving	<input type="checkbox"/>	Bilingual	<input type="checkbox"/>
Analytical Ability	<input type="checkbox"/>	Interpersonal Skills	<input type="checkbox"/>
Communication Skills	<input type="checkbox"/>	Dexterity	<input type="checkbox"/>

Describe the requirements of this position that make these factors important: _____

Continued on next page

Creating a Staffing Plan, Continued

Position Description Form, Continued

Working Conditions

Are there particular working conditions associated with this position that should be noted (e.g., working environment, hours of work, travel, work space)? Yes _____ No _____ If yes, please explain: _____

Analysis of Physical Demands of Position

Check physical demands that apply.

Describe job responsibilities that require physical demands checked.

1. Strength		
a. Standing	<input type="checkbox"/> _____ % of time	_____
Walking	<input type="checkbox"/> _____ % of time	_____
Sitting	<input type="checkbox"/> _____ % of time	_____
b. Lifting		
Carrying	<input type="checkbox"/> _____ pounds	_____
Pushing	<input type="checkbox"/> _____ pounds	_____
Pulling	<input type="checkbox"/> _____ pounds	_____
	<input type="checkbox"/> _____ pounds	_____
2. Climbing	<input type="checkbox"/>	_____
Balancing	<input type="checkbox"/>	_____
3. Stooping	<input type="checkbox"/>	_____
Kneeling	<input type="checkbox"/>	_____
Crouching	<input type="checkbox"/>	_____
Crawling	<input type="checkbox"/>	_____
4. Reaching	<input type="checkbox"/>	_____
Handling	<input type="checkbox"/>	_____
5. Speaking	<input type="checkbox"/>	_____
Hearing	<input type="checkbox"/>	_____
6. Seeing	<input type="checkbox"/>	_____
Depth perception	<input type="checkbox"/>	_____
Color vision	<input type="checkbox"/>	_____

Continued on next page

Creating a Staffing Plan, Continued

Sample Staffing Plan

Project Name	_____		
Project Manager	_____		
Start Date	_____		
Finish Date	_____		
Skills Assessment. Provide the details of skills needed to meet project objectives.			
Task/Objective	Required Skills	Potential Source	Staff Needed
1.	a. b. c. d.		
2.	a. b. c. d.		
3.	a. b. c. d.		
Staffing Profile			
Staff	Major Role	When Needed	For How Long
Other Required Resources			

Directing Staff

Introduction Once you've organized your staff, you have to direct them to get the job done. Accomplish this by communicating with employees and motivating them to want to do their jobs well.

Motivation When employees feel like they're an important part of the organization, it's a motivation condition. Loyalty evolves when they see themselves as needed for the contribution they make to the business.

Key point: Recognize each employee's contribution to your overall business success. Not only will it motivate that individual to sustain a high level of job performance, it'll also increase employee morale in general.

Leadership styles This term refers to the different ways that you carry out your decisions in relation to directing employees. Your style may differ depending on the circumstances, but it's advisable to develop an overall leadership style that matches your personality and business philosophy. The table below describes the most common leadership styles.

Style	Description
Hands-off	Focuses on the manager's responsibility for the initial stage of the decision-making process and then gives employees the freedom to work uninhibited.
Autocratic/directive	Provides ample opportunity to adjust and correct behaviors. Emphasizes rational control of all aspects of the decision-making process. Allows for little employee involvement to take place.
Employee involvement	Seeks two-way communication between manager and employee. The manager controls only key variables and leaves most tasks for the employee to perform independently. The manager asks for employee input at each stage of the decision-making process.

Continued on next page

Directing Staff, Continued

Leadership attributes and skills

Leadership is a combination of attributes and skills. Research has shown the following characteristics to be common among effective leaders:

Positive attitude	Good listener
Good interpersonal skills	Willing to learn from others
Assertive	Sense of humor
Ability to manage stress and conflict	Responsible
Good work skills	Empathetic
Good work habits	Risk taker
Ability to motivate others	Personal and professional integrity
Ability to delegate work	Dependable, reliable, and trustworthy
Sense of fairness	Confident
Consistent decisions	Creative, original, and visionary

Communication relationships

Communication is the process by which you express your ideas and needs to employees, giving them effective direction. In the business environment, communication commonly occurs between the following individuals and groups:

- owner and manager
 - manager and employee
 - employee and customer
 - manager and supplier
 - manager and banker or investor
 - manager and government representative
 - manager and community contacts.
-

Elements of communicating

Any human communication, personal or professional, shares the following elements:

- A fact has been observed or an idea has been developed by a speaker or writer.
 - The fact or idea is transformed into a message.
 - The message is transmitted through a medium.
 - The message is received and interpreted by a listener.
 - The listener provides feedback to the speaker or writer.
-

Continued on next page

Directing Staff, Continued

Communication skills

The table below describes the range of communication skills that you need to develop in order to communicate effectively.

Skill	Description
Listening	Understanding what you hear.
Verbal	Using the most appropriate words and phrases in order to send a clear message to the listener.
Written	Using the written word to communicate through memos, reports, email, etc.
Feedback	Responding to a message that has been sent and received. Feedback helps ensure that the message was understood.
Non-verbal	Communicating through gestures and body language without using words.

Media for communicating

Your business will benefit by taking advantage of the most current media for transmitting your facts and ideas to consumers in the marketplace. From the Internet to digital technology, you have a treasure chest of devices for getting your information into the market and responding to feedback from consumers.

Barriers to communicating

Communication breaks down when barriers exist. Common barriers include:

- differences in opinion
 - missed meanings
 - physical problems
 - shyness
 - selective listening.
-

Evaluating Performance

Introduction

Evaluating performance involves judging how well each employee has met his or her assigned objectives and then taking corrective action when objectives have not been met.

Evaluation process

The evaluation process involves these three stages:

Stage	Description
I	Establish performance standards.
II	Compare actual performance against those standards.
III	Take corrective action if necessary.

Types of standards

The table below describes the types of standards to consider when evaluating performance.

Standard	Description
Quality	Establish a total quality management program to continually monitor the processes and outcomes of your business. Each employee is responsible for ensuring that his or her work is acceptable.
Quantity	Evaluate employee performance in terms of meeting service or production standards. Provide reinforcements and incentives as needed to meet objectives for sales, production, etc.
Time	One type of time control is scheduling. Compare planned activities to actual activities in order to determine whether performance is acceptable and, if not, how to improve it.
Cost	The most widely used cost control is the budget. Compare planned costs to actual costs in order to determine whether costs are under control or need to be reassessed and adjusted.

Continued on next page

Evaluating Performance, Continued

Guidelines for evaluation performance

Follow these guidelines to evaluate performance:

- Focus on the behavior that you need to change or develop. Immediately correct the undesirable behavior, and provide immediate positive feedback when you observe desirable behavior.
- Conduct regular performance evaluations, both written and face-to-face. First, ask the employee to do a self-assessment, and then compare your evaluation with his or hers. Include the employee in objective setting, and follow up with appropriate reinforcement for both positive and negative behavior.
- Gather only reports and related information directly used in the evaluation process.
- Seek feedback from your customers on how well your employees are providing the goods and services they want and need.

Note: This technique works well when you involve employees in developing and administering the assessments.

- Set a regular time to review financial and operations record systems in order to evaluate your progress in reaching your objectives.
-

Making Decisions

Introduction

Decision making is one of the most important skills a manager can have. Your business succeeds or fails based on the decisions that you personally make. Consider the following example:

Example: Connie Cook wants to open a day care center large enough for 30 children. She plans to operate the center from 7:15 a.m. until 6:15 p.m., five days a week. The problem is obtaining a facility. She has recently discovered that her own home does not meet licensing requirements for such a business. What can Connie do? She has come up with two potential solutions:

- Abandon the idea.
- Risk her savings to purchase a building.

Which is the best solution for Connie's dilemma?

Decision making process

The five stages of the decision making process are:

Stage	Description
I	Identify the problem.
II	Define the alternative solutions.
III	Gather information about the alternatives.
IV	Evaluate the alternatives.
V	Formulate an action plan.

Stage I – Identifying the problem

By correctly identifying the problem in your situation, you can find the right solution. If you don't address the real issue, you'll arrive at a solution that's useless and counterproductive to running a successful business.

Example: Connie has incorrectly identified her problem as finding enough money to purchase a building. She's looking for funding to buy a facility large enough for 30 children for five days a week that meets day care licensing standards.

Continued on next page

Making Decisions, Continued

Stage II – Defining the alternative solutions

Successful managers define several alternative solutions to the problem. The more choices you have from which to choose, the more likely you are to find the best solution.

Example: Connie has identified only two possible solutions to her problem – not open a day care or use her personal savings and risk losing them. But after thinking about it, she realizes that there are other things to do that don't require as much money as purchasing a building such as:

- rent space and adapt it to meet requirements
 - find a business partner with access to a suitable building
 - build an addition onto her home to use as the day care center
 - accommodate 60 children instead of 30 in order to generate more income.
-

Stage III – Gathering information about the alternatives

Gather as much information as possible about your options in order to make an informed decision. Use the resources that most closely relate to the problem you've identified, and turn over every stone until you have as much data as you can possibly collect.

Example: Connie spends several weeks investigating the possibilities and decides that she has enough information to make a sound decision. She has interviewed local realtors, bankers, and day care regulators; inspected empty spaces for rent; and reviewed local census data at the library. Connie feels confident that she can choose the right alternative to resolve the issue.

Stage IV – Evaluating the alternatives

Before making a final decision, carefully look at the facts. From the information you've gathered, assess the advantages and disadvantages of each option and identify which one would be the best way to solve your problem.

Example: Connie makes a list of pros and cons for each alternative. She scrutinizes this inventory of possible solutions and finally decides to rent the Sunday school facility at a nearby church for her day care center at much less of a cost than buying a building outright.

Continued on next page

Making Decisions, Continued

Stage V – Formulating an action plan

Once you've chosen the best option, you have to decide how to most efficiently realize your idea. Determine what has to be done and how to do it within the bounds of your resources. Plan each step along the way from acquiring tools and equipment to training qualified staff and scheduling required inspections.

Example: Connie develops a plan of action with several substantial steps. She has to contract with the church to use the space, employ a contractor to modify it to meet licensing standards, buy books and toys for the children, and advertise the day care center's grand opening. By implementing this detailed step-by-step plan, Connie can realize her objective of operating a day care center without risking her own personal savings to buy a facility.

Summary of decision making skills

To make sound decisions, you have to be able to perform the following tasks involved in decision making:

- Recognize problems and identify their root cause
 - Analyze cause and effect relationships
 - Identify creative alternatives
 - Research potential solutions
 - Determine the costs of each alternative
 - Develop a step-by-step approach to resolving issues.
-

SWOT analysis

You can use the SWOT analysis of Strengths, Weaknesses, Opportunities, and Threats to help plan and make decisions that affect your business.

- | | | |
|----------|-----------------|---|
| S | = Strengths | Parts of your organization that will support your achievement of the objective. |
| W | = Weaknesses | Parts of your organization that will interfere with achieving the objective. |
| O | = Opportunities | External conditions that will be helpful to achieving the objective. |
| T | = Threats | External conditions that will be harmful to achieving the objective. |
-

Continued on next page

Making Decisions, Continued

SWOT analysis (continued) You can use the SWOT analysis of Strengths, Weaknesses, Opportunities, and Threats to help plan and make decisions that affect your business.

Purpose – This assessment tool serves these purposes:

- identifies the things you do well
- determines the areas in which you need to improve
- recognizes any threats in the marketplace
- suggests how you can turn these threats into opportunities for growth.

Starting point – SWOT analysis is only useful if you start by identifying the desired objective. With a clear objective identified, you can use SWOT analysis to help achieve that objective.

Exhibit: The next page is a SWOT analysis form.

Continued on next page

Making Decisions, Continued

SWOT Analysis Form

Objective	
Decision Involved	
Desired Outcome	
<p style="text-align: center;">STRENGTHS</p> <p>List the parts of your organization that will support your achievement of the objective.</p>	<p style="text-align: center;">WEAKNESSES</p> <p>List the parts of your organization that will interfere with achieving the objective.</p>
<p style="text-align: center;">OPPORTUNITIES</p> <p>List the external conditions that will be helpful to achieving the objective.</p>	<p style="text-align: center;">THREATS</p> <p>List the external conditions that will be harmful to achieving the objective.</p>

Observing Business Ethics

Introduction Besides your role as manager, you have another responsibility as the business owner to a number of groups within your community. Ethical business practices include observing the highest legal and moral standards in your relationships with community members such as:

- competition
 - customers
 - suppliers
 - employees
 - neighbors.
-

Rationale Fair and consistent interaction with people in your realm is not only good business, but it also ensures that you and your employees will make a positive contribution to the community that is sustainable through the years.

Challenges Be especially careful to avoid the following unethical business practices:

- false or misleading advertising
 - unfair treatment of suppliers
 - giving or receiving gifts among sales or purchasing staff
 - inaccurate income and expense account reporting
 - poor image projected by employees to customers and the general public.
-

Basic codes of conduct The table below describes the three basic codes of conduct when doing business.

Code of Conduct	Description
Company code	General guidelines highlighting the important points in employee behavior. It communicates your specific expectations to employees.
Company operating policy	Detailed ethical rules to which you expect employees to unequivocally comply.
Professional codes of ethics	Codes developed by professional organizations (attorneys, suppliers, etc.) emphasizing the community's involvement in ethical issues that businesses face.

Continued on next page

Observing Business Ethics, Continued

Your own code of ethics

State your expectations to staff clearly by developing a formal code of ethics in writing. Address the above challenges and include any concerns specific to your business and industry.

Employee input – Include your employees in the creation of this document as much as possible. Their input will promote buy-in and adherence to the rules.

Illustrating standards – Illustrate your ethical standards by including specific examples of what you mean.

Example: When the policy states that an employee with purchasing power may not accept gifts of material value from suppliers, show them what you mean by including specific examples of items with material value.

Common pitfalls

Here are some of the common pitfalls that you and your employees may face in terms of ethical issues:

- Key suppliers may offer you free lunches and holiday gifts
 - Customers may receive products with known quality defects
 - Paying employees for overtime in cash may be convenient
 - Somebody may offer you private information about a competitor
 - Sharing of financial information with business associates may be tempting
 - Inflating accounting numbers to make your profits look better may be enticing.
-

Common sense solutions

Ethical issues may be difficult to define, but they do have a proper resolution. As manager, you must use reason and common sense when establishing and modeling high standards of ethical behavior for your company. It's a small step between ethical and unethical behavior.

Key point: The future of your business is highly dependent on your company's position within the community.

PACE

Program for Acquiring Competence in Entrepreneurship Fourth Edition

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