

From Incarceration to Entrepreneurs (Small Business Planning)

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- II. Types of Business
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Introduction

This session demonstrates:

- The teaching of entrepreneurship to incarcerated adults
- Learning basic concepts in economics and finance
- Applying concepts using computers to start a small business
- (as a practical option to seeking employment, especially when ex-offenders do not easily get employed because they have been convicted of crime).
- This session is applicable to various settings

From Incarceration to Entrepreneur

Have you ever been convicted of a crime?

The exoffender's employment dilemma:

- What if you are an ex offender?
- What if you are seeking employment?
- What would your answer be?

Yes or No

Become an Entrepreneur (start a small business)
if you do not want to work for someone

VIDEO CLIP

How others started their small business

Introduction

Getting Familiar with Business Concepts (Brainteaser or Puzzle)

Entrepreneur
Risk
Scarcity
Choice
Opportunity Cost
Product
Substitute
Corporation
Consumer
Producers
Demand
Supply
Market
Price
Proprietorship
Partnership

T	S	P	Q	S	X	K	E	P	B	S	L	P	D	V
N	C	U	R	T	N	J	C	R	M	C	P	I	F	F
L	O	U	P	O	K	B	I	O	A	A	D	H	P	K
Q	W	I	D	P	D	J	O	P	R	R	I	S	Q	T
E	R	J	T	O	L	U	H	R	K	C	Q	R	U	K
K	S	I	R	A	R	Y	C	I	E	I	S	E	E	M
R	Z	H	U	C	R	P	H	E	T	T	X	N	G	U
R	E	M	U	S	N	O	C	T	R	Y	Z	T	V	V
D	E	M	A	N	D	F	P	O	O	S	A	R	B	V
R	U	E	N	E	R	P	E	R	T	N	E	A	I	P
X	R	G	I	I	S	Q	Z	S	O	F	M	P	R	B
S	C	Z	P	H	F	O	F	H	N	C	M	I	W	D
O	P	P	O	R	T	U	N	I	T	Y	C	O	S	T
N	J	V	N	S	B	G	E	P	M	E	X	G	P	Z
G	I	S	U	B	S	T	I	T	U	T	E	O	Y	E

Getting Familiar Business Concepts Puzzle

Let's see if we can tell the meaning of these concepts

- Entrepreneur
- Risk
- Scarcity
- Choice
- Opportunity-Cost
- Product
- Substitute
- Corporation
- Consumer
- Producers
- Demand
- Supply
- Market
- Price
- Proprietorship
- Partnership

Types of Business

- Sole Proprietorship
- Partnership
- Corporation
- Three distinctions of Business Organization
(Liability, Finance Options, Tax Implications)

Sole Proprietorship

- Single Ownership
 - Owner has complete control over business operations and receives all profit.
 - The owner can choose to focus on creative activities and hire others to do the rest.
 - Easy and least expensive to organize
 - Business will not be subject to corporate taxes.
 - Sometimes, liability for debt is not a major concern since the businessperson has the money to purchase what is needed to start the business at the present time

Partnership

Shared Ownership:

- Shared ownership may make it easier to find the right people to help run the business and provide an incentive for them to help make the business successful.
- Easier and less expensive way to share ownership than a corporation.
- A partner who is good at handling day-to-day operations would give the person with the idea the time to focus on other ideas. Some of these ideas could make the business more successful.
- The business will not be subject to corporate taxes.
- Liability for debt is not a major concern since the businessperson has the money to purchase what is needed to start the business at the present time.

Corporation

Shared Ownership and Profits

- Shared ownership and profits are incentives to others to help make the business successful.
- Funds for expansion can be raised through the sale of equity (stocks) as well as debt (bank loans, corporate bonds).
- The corporation may deduct the cost of benefits it provides to officers and employees.
- If the founder dies, a structure exists to insure the business continues to operate without disruption.
- Liability for the debt that may later be needed to expand the company is limited to what the shareholders have invested in the business.

Types of Business

Three Distinctions of Business Organization

Liability

Is debts owed when a business experiences financial difficulties or fails.

If a business is not fully insured, there is also the possibility of loss due to disaster (e.g., fire, flood) or lawsuits.

Unlimited liability means that the owner's personal assets can be used to pay for any debts of the business.

Finance Options

Sole proprietorships and partnerships only source of money is often personal assets - On rare occasions, they may be able to borrow money from family members, friends or a bank.

Corporations have the option to issue more stock and easier to borrow money from the financial markets (commercial banks, credit unions, insurance companies).

Tax Implications

Tax law permits corporations to deduct the full cost of employee benefits, such as medical insurance, thus reducing corporate tax liabilities. Tax law permits corporations to deduct the full cost of employee benefits, such as medical insurance, thus reducing corporate tax liabilities.

Economics & Financial Concept

- Capital
- Scarcity
- Choice
- Opportunity-Cost
- Expenses-Cost
- Credit-Loan
- Interest-Rate
- Saving
- Interest -Yield
- Average- Cost
- Total -Cost
- Revenue
- Total- Revenue
- Average -Profit
- Minimum- Profit
- Maximum -Profit
- Total- Profit
- Investment

T S O C S E S N E P X E W U N
T I F O R P E G A R E V A L D
M O S A V I N G I X K B L R E
A J W K Q L B W N I N N O E T
X K D C R E D I T L O A N V A
I P T O T A L R E V E N U E R
M I N I M U M P R O F I T N T
U U A V E R A G E C O S T U S
M Y T I C R A C S G A T Z E E
P Z T S O C L A T O T Z O W R
R C A P I T A L Y V L K V R E
O P P O R T U N I T Y C O S T
F I N V E S T M E N T T D W N
I B T I F O R P L A T O T J I
T E C I O H C E D H H M T B T

Be your own Boss! You can do it.

Become an Entrepreneur (start a small business)

VIDEO CLIP

Identifying Economics and Financial Concepts

Basic Business Decisions, Planning and Risk

It is essential to analyze your potential business, customers, market, and competition. This is important to succeed (make profits) and avoid risk (failure).

- **The Business**
- **Customers**
- **Market Size and Trends**
- **Location**
- **Competition**

Applying Concepts using MS Excel

- Introduction to Basic Computer – Laptops
- Introduction to Basic Microsoft Excel (worksheet)
- Navigating Excel – Menu Bar, Cells, cell reference, worksheets.
- Data input, editing data, basic calculations, auto sum, formulas, and functions.
- Creating your business worksheet (spreadsheet)
(Your Product, Quantity, Average Cost, Total Cost, Selling Price/unit, Anticipated Total Revenue, Profits)
- **Goal Seek:** Profit is the ultimate goal – Profit maximization is good for business. Goal Seek allows you to make future predictions and decisions on any future goal.

Mike's Corner Store: What do we need to operate?

2. Goal Seek is a tool under Data menu. > Click on What if Analysis >

Fix Items	Fix Cost	Variable Items	Variable Cost
Rent Amount	600	Onion	5
Waffle Baker	120	mayo	7.99
Juice Maker	160	Tomato	10
Toaster	45.99	Lettuce	8
Meat Slicer	189.5	Hot Peppers	5.99
Coffee Maker	90	Salt	6.99
Refrigerator	350	Oil	3.59
Freezer	249	Ham	8.99
Skillet	50	Turkey	10.59
Tables	5	Salami	6.99
Chairs	25	Rolls	3.29
Total	1884.49		77.42

	A	B	C
1	Profit Maximization		
2			
3	Total #		288
4	Price		3
5	Total Revenue		864
6			

1. Click on Goal Seek to open the dialog box

3. Although price is 3: Note that you do not have any limit of setting prices for your product. Most retail establishments, for example tend to price merchandise twice the original cost. Restaurants often triple or quadruple food cost. Caution is however required not drive away your customers.

	A	B	C
1	Profit Maximization		
2			
3	Total #		288
4	Price		3
5	Total Revenue		864
6			
7	Total Cost		1961.91
8	Profit		-1097.91

1	Profit Maximization		
2			
3	Total #		288
4	Price		3
5	Total Revenue		864
6			
7	Total Cost		1961.91
8	Profit		-1097.91
9			

Goal Seek

Set cell: B5

To value: []

By changing cell: []

OK Cancel

UNIVERSITY OF
MARYLAND

EXTENSION

Solutions in your community

The Law is Watching

No illegal easy money

“No More Time to Serve Time in Jail”

Questions about laws: State Attorney General's Office

Local Example of a Small Business



JOE'S BIKE SHOP

M-F 10a - 8p | Sat 10a - 6p | Sun 12p - 5p



[:: Home](#) [:: E-mail Us](#)

- [About Us](#) ::
- [Our Bike Brands](#) ::
- [Rides and Events](#)
- [Mountain Bike Camp](#)

Sign-up to hear about our specials and events

LABOR PRICES

Service Pros

We will work on any brand make or model. We have seen it all, and on the off chance we have not we always enjoy a good challenge. Estimates are always free, and our work is guaranteed.

Walk-Ins are Welcome

Our job here at Joe's is to get you back on the bike as soon as possible. If we can do it on the spot we will. If not, we pride ourselves on our quick turn around time on repairs.

Appointments

Call ahead or stop in to book an appointment for the next available slot and be able to pick your bike up the same day. The bike must be dropped off the night before or between 10:00-10:30am the day of the repair, and a \$20 non-refundable deposit (to be put to wards the repair) needs to be put down. The bike will be done by 5:30pm that day.

Joe's Baltimore Bike Shops

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Joe's Baltimore Bike Shops

- **General Labor**
- Tune up \$75
- Tune up with Drive Train clean \$95
- Check Over \$45
- Complete Overhaul \$150
- Single Speed Overhaul \$100
- Bike Build (new) \$75
- Bike Build (shipped) \$75
- Bike Build from frame \$150
- **Wheels**
- Wheel Build \$40
- Wheel True \$15-\$25
- Install Tube/Tire \$5
- Install Tube/Tire (bolt on axle) \$7
- Hub Overhaul \$ 20
- Adjust Front Hub \$15
- Adjust Rear Hub \$10

REPAIR PRICES

These reflect our most common repair prices. Not everything is listed; however, feel free to give us a call at either location for more specific pricing.

General Labor

- Tune up \$75
- Tune up with Drive Train clean \$95
- Check Over \$45
- Complete Overhaul \$150
- Single Speed Overhaul \$100
- Bike Build (new) \$75
- Bike Build (shipped) \$75
- Bike Build from frame \$150

Wheels

- Wheel Build \$40
- Wheel True \$15-\$25
- Install Tube/Tire \$5
- Install Tube/Tire (bolt on axle) \$7
- Hub Overhaul \$ 20

- Adjust Front Hub \$15
- Adjust Rear Hub \$10

Drive Train

- Adjust Shifting \$15
- Adjust Cable Brakes \$10
- Adjust Disc Brakes (Mechanical) \$15
- Bleed Disc Brakes \$25
- Install Chain \$5
- Install Cassette or Freewheel \$5
- Frame Labor
- Install Headset \$20
- Install Fork \$10
- Install Bottom Bracket \$10

Help to Start a New Business

The Comptroller's Office – One Stop Information Center

- Offers Personal Assistance for New Business Owners.
 - Call and ask questions relevant to your business
 - How to set up tax accounts
 - How to obtain the right business licenses
 - Available tax credits

Excel Worksheet (Spreadsheet) Designer

- You have been improving your Excel skills since attending this class.
- You realized that Joe deals with a nonlocal IT Company for his data.
- Can you help Joe design a spreadsheet for his bike store to convince him to use your service instead?