Management & Organization Planning

STARTUP YOUR IDEA

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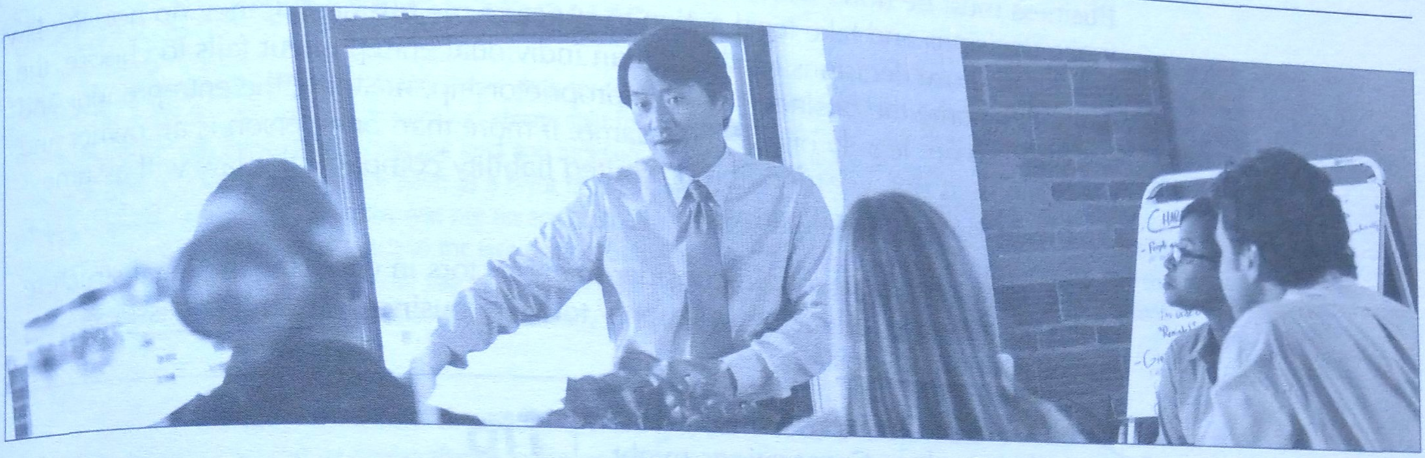

Overview

In the management and organization section of the plan you will describe the structure of your business both legally and organizationally. This chapter will help you accomplish the following:

- Describe your legal structure.
- Develop your management team.
- Determine your plans for recruiting employees and hiring outside services.

Your business can be structured in many different ways. In this chapter, you will learn to distinguish among the various types of legal structures that are available. Then, you will begin to assess which structure is best for your business.

Another important topic discussed in this chapter is planning a strong management team. A strong team is essential to the success of your business. Even though many challenges and potential problems can arise with the creation of a management team, most can be solved through careful planning.

This chapter will also help you plan for recruiting and retaining good employees. Furthermore, you will evaluate plans to outsource work by using other companies, contractors, or professionals to supplement your management team and employees. The right people will be a key predictor of your business' eventual success or failure.

Objectives

In this chapter, you will learn to:

- Evaluate different legal structures.
- Define the roles of the management team.
- Build an entrepreneurial management team.
- Develop a plan to recruit and retain employees.
- Identify when outsourcing infrastructure is the best course of action.

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6.1 Selecting a Legal Form of Organization

6.1.1 Introduction to Legal structures

Business must be done within some kind of legal framework. Entrepreneurs must make decisions and take legal action to structure the business. If they do not, the law will make those decisions for them. If an individual entrepreneur fails to choose, the law will assume the business is a sole proprietorship, meaning the entrepreneur and the business are legally one and the same. If more than one person is an owner and the business is not a corporation or limited liability company, the law will assume the business is a general partnership.

While an entrepreneur should consider many factors in choosing the legal structure of the business, not all factors will apply to every business. Several key issues, however, apply to most:

- **Number of Owners**—While entities such as Corporations might have many owners, most entities, including Corporations, can have as few as one owner.
- **Control**—Those in control may get to make all the decisions but they are solely responsible for financial losses as well.
- **Liability**—Unless entrepreneurs are willing to be personally liable for the debts of the business, liability protection should be sought. Choice of legal entity can contribute to this protection.
- **Ease of Set-up**—Some entities require an investment of time and money to fulfill legal requirements.

Tip

Take an active role in choosing your legal structure. Don't let someone else decide for you. Many businesses put off making a decision as to which legal structure is best until it is too complex or expensive to change. Select the legal structure that is best for your business after consulting with your attorney and accountant.

Reality ☑

In an ideal world, entrepreneurs would select a legal form of business understanding every legal and tax implication. The reality is that most entrepreneurs must rely on the advice of their attorneys and accountants to make this decision. Attorneys and accountants can anticipate many situations based on their experience and on information provided by the entrepreneur. Still, the legal structure of the business is the entrepreneur's decision to make and live with.

Tip

Not all business forms are perpetual. Some forms of business cease when the entrepreneur exits the business.

- **Raising Capital**—Simple entities such as sole proprietorships and general partnerships are restricted in their ability to raise capital.
- **Taxation**—Tax liability is a major concern for business owners. The various legal entities treat income and losses differently and they tax profits differently.

Entrepreneurs are usually concerned with all of these factors. The key is to identify the legal structure that best meets the entrepreneur's needs and the needs of the business. An experienced attorney should help the entrepreneur make this decision.

from real entrepreneurs

James and Tyrone owned a highly profitable repair shop for firefighting equipment. The business had never adopted any form of doing business, but the two owners had always split the profits 50/50 even though Tyrone had contributed nearly all of the assets to the business including the land and building. One day, James' teenage son was returning to the shop with parts he had picked up in another town as a favor to his father. On the way, he was involved in an automobile accident that killed two people. The boy was not an employee of the business and was not to receive any compensation for the favor. In a law suit against the boy and the two owners of the business, the business was declared to be a partnership, and they were all found liable. In order to pay the judgment after the insurance limits were exhausted, all of the assets of the business were sold. Tyrone, who had contributed nearly all of the assets, was left with nothing.

Once investors, lenders, or stockholders get involved, entrepreneurs need to protect their own interests from those who might seek to take control, ownership, or profits. Even though entrepreneurs start corporations, nothing guarantees they can continue as directors, officers, employees, stockholders, or even recipients of dividends. Nothing guarantees they will continue to be included in the inner workings of the business. An entrepreneur can be squeezed out in many ways, some direct and others very subtle. To understand the various squeeze-out methods and how to protect against them, entrepreneurs rely on experienced business attorneys. These professionals make sure the entrepreneur's interests are protected before that entrepreneur commits to take on other owners or investors. Successful entrepreneurs continue to consult an attorney as time passes and the venture changes; especially if it becomes more valuable.

Tip

While the professional advice you need may be costly, do not select your attorney or accountant based upon costs alone. You should also consider the attorney's experience, area of expertise, work ethic, and compatibility with your company.

More Info

Martindale-Hubbell Law Directory—Free online listing of individual lawyers and law firms by specialty and geographic location. **martindale.com**

Business Entity Comparison Table—Chart of the different legal organizational forms. **bizfilings.com/Libraries/pdfs/business-type-comparison-table.sflb.ashx**

Most Common Way to Structure a Business—Outlines the common legal entities and links to tax forms needed for each. **sba.gov/content/incorporating-your-business**

Choosing a Form of Organization—Covers the advantages and disadvantages of different legal structures. **toolkit.cch.com/text/P01_4710.asp**

6.1.2 Sole Proprietorship

A sole proprietorship is a business owned and controlled by one person and operated for the owner's profit. It is the easiest entity to form and maintain, requiring no paperwork or approvals.

In a sole proprietorship, the owner alone controls the entire business. The owner can either manage it or hire managers. All the profits and losses belong to the owner.

Taxes for a sole proprietorship are relatively easy to file using Schedule C of the 1040 form. The sole proprietor does not worry about double taxation, excessive compensation or excessive retained earnings. On the other hand, the proprietor is not allowed to take a tax deduction for many items a corporation may deduct, such as defined-benefit pension plans, insurance expenses, and health benefits.

In a sole proprietorship, the owner is liable for any debts of the business. In essence, the business and the business owner are the same. In other words, the personal assets of the owner can be used to pay the debts of the business and business assets can be used for personal obligations.

A sole proprietorship can be sold as a business or it can close its doors and sell its assets. Fractional sales to allow new owners or investors are not allowed.

The business ends upon the death of the owner and may end upon the owner's permanent disability or prolonged absence.

The ability of a sole proprietorship to raise capital is limited. Shares of the business cannot be sold. To borrow money, sole proprietors are usually asked to pledge collateral and to personally guarantee that the loans will be repaid before a bank will even consider the loan.

from real entrepreneurs

After learning the disadvantages of doing business as a sole proprietorship, a very successful business consultant made the decision to do business in that form. She knew that the nature of her business created only a very small risk of liability, which was covered through an insurance policy. She worked alone or with others, all as independent contractors on specific projects, and she had no employees. She enjoyed the absolute freedom to control every aspect of her business.

More Info

Sole Proprietorships - Information to help determine the IRS forms that a sole proprietorship may be required to file.
irs.gov/businesses/small/article/0

6.1.3 Partnership

A partnership forms when two or more entities join together for a common business purpose. Two or more people, a person and a corporation, two corporations or even two partnerships may form a partnership. A partnership can be general or limited. Although no written document is required to form a partnership, a partnership agreement should be developed for the sake of all partners. This document should spell out such matters as division of profits or dissolution of the partnership.

The partners control a partnership according to their agreement. A great deal of flexibility is available. If those involved in a general partnership have no agreement, the law assumes that partners share control equally. In a limited partnership, the general partner controls the operations and the limited partner is simply an investor.

Tip

Never split the ownership of a business 50-50. If the owners are not in agreement, nothing will be accomplished. Instead, choose a third party in whom the owners have complete trust. Give that person a very small percentage of ownership or have a written agreement that the third person resolves tie votes.

The partnership has a fairly simple tax structure. The income and loss earned by the partnership is passed through to the partners and reported on their respective tax returns. The partners then pay the tax on their share of the profits. The partnership itself does not pay any tax on profits.

Most authorities strongly advise against using the general partnership form of organization because liabilities are personal and unlimited. Moreover, each partner is fully personally liable for the actions of any other partner. In a limited partnership, only the general partner is personally liable. The limited partner's liability is limited to the amount invested in the business.

Since a partnership is a voluntary association, it can be ended at any time by any partner. Partners can simply say that they no longer wish to be a partner. The death of a partner also automatically ends a partnership. Therefore, a partnership agreement should include provisions for matters such as dissolution, the payment or performance of partnership obligations, division of assets, continued use of the name, and ownership of intellectual property.

Reality

A creditor will usually seek to collect from the partner with the most easily reached assets. Seeking reimbursement from the partners who did not pay can be a long and sometimes futile process for the partner who paid the debt.

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from real entrepreneurs

Three partners purchased land near a proposed horse breeding, training, and racing facility. The partners planned to develop buildings on the land and sell the development to a hotel management company. The investment was primed to reap huge profits for the partners. When costs exceeded the initial estimates, however, only one partner had the funds necessary to meet the terms of the contract. This partner purchased the interests of the other two partners for far less than their initial investment and made all the profit himself when the land was eventually sold.

Technically, ownership in a partnership cannot be transferred since the addition of a different owner constitutes a new partnership. Provisions can be made in the partnership agreement, however, for the addition of new partners, the retirement or resignation of old partners, and the continuation of the old partnership, at least in name.

A partnership is primarily dependent upon the individual assets of the partners to raise additional capital. The addition of investors would require the conversion from a general to a limited partnership. It would be a new entity. Lenders will look for a fully collateralized loan to be personally guaranteed by the partners. Since limited partners generally are simply investors whose liability is limited to their investment, it is unlikely that they would be willing to personally guarantee a loan.

from real entrepreneurs

In the partnership agreement, in addition to including how partners can exit the partnership, also include a method for determining the value of a partner's share. The lack of such a method resulted in considerable confusion when one of five partners in a small manufacturing business decided to exit and sell her share of the business to the remaining partners. Her share was worth more money than her initial investment, but how much more? Luckily the team was amiable and a satisfactory solution was finally reached, but it could have turned ugly.

More Info

Partnerships—Information to help determine the IRS forms that a partnership may be required to file. **irs.gov/businesses/small/article/0,,id=98214,00.html**

Husband Wife Partnerships—Discussion regarding employment of a spouse compared to a husband/wife partnership. **irs.gov/businesses/small/article/0,,id=97732,00.html**

Partnership Agreements—Questions for business partners to answer before entering into a partnership. **sbdc.umb.edu/pdfs/Partnership%20agreements.pdf**

Avoid These 7 Partnership Killers—Setting up guidelines for a partnership. **entrepreneur.com/startingabusiness/startupbasics/startupbasicscolumnistbradsugars/article196912.html**

6.1.4 Corporation and S Corporation

A corporation is a legal entity created under state law. A corporation can manage its own affairs, hold property, borrow money, and legally do nearly anything an individual can do. Stockholders may be, but don't necessarily need to be, employees, officers, and or directors of the corporation.

An advantage of corporations is the insulation of liability afforded its owners and operators. If the corporation is operated in accordance with laws and regulations, only the corporate assets may be reached by creditors for business debts. The owners' personal assets are not at risk. The law requires corporations to operate separate from the owner, to file all governmentally required reports and to pay taxes. All too often, a one- or two-person corporation keeps inadequate records and the owners fail to strictly separate corporate and personal assets and liabilities. The consequence of failing to operate the business as a corporation is the loss of insulation from liability. In other words, if a creditor can show that the business has not been properly operated as a corporation, the creditor can then reach both corporate and personal assets of those responsible for operations.

from real entrepreneurs

An S corporation was sued because of one employee's involvement in an automobile accident while driving the corporate minivan. Upon investigation, the plaintiff's attorney was able to prove that the minivan, although owned by the corporation, was used frequently by the owner's wife to transport their children to little league and soccer games. In addition, this attorney proved that no vehicle log was maintained as is required. The court ruled that the corporate veil, or liability shield, had been pierced and that the owner's assets were available to satisfy any judgment.

The insulation from liability afforded by a corporation does not shield the individual from liability for harming others through their own negligence. That person may be liable along with the corporation. Nor does it prevent the corporate owners and officers from being sued. Even if they are ultimately determined not to be individually legally liable, defending the action filed against them can cost them thousands of dollars. For these reasons, many corporate owners and officers obtain individual liability insurance coverage.

All states permit corporations, but their laws and regulations differ somewhat. Some states permit corporations in which one person fills the roles of stockholder, director, and officer. Others permit one owner corporations but require two officers as a minimum. All states' requirements are based on the concept that the corporation is a separate legal entity from those individuals who own and operate it.

Corporations have a three-tiered control system. Stockholders elect the directors of the corporation. In turn, directors elect the officers. Other than electing directors and expecting dividends, stockholders generally have no other function. The directors make primary decisions for the corporation, and the officers direct the day-to-day operations.

All corporations start the same. They obtain a charter from the state, generally the state in which they intend to do the most business. Unless the corporation elects to be treated as a partnership for tax purposes (the subchapter S election), it files a corporate tax return. After paying taxes, most corporations distribute money to their stockholders in the form of dividends. The stockholders must pay taxes on the income received. This practice results in double taxation.

Tip

Double taxation refers to a situation that occurs when the earnings of a corporation are taxed twice, both as the net income of the corporation and again as the dividends distributed to the stockholders. Your accountant can advise you on ways to avoid double taxation.

To avoid double taxation, a special tax election can be made called a 'subchapter S election'. Such businesses are called an S Corp or S Corporation. To qualify for this status the business must make the election and meet the following requirements:

- Be a domestic corporation
- The number of stockholders cannot exceed 100.
- Have one class of stock.
- Have only allowable shareholders (may not include partnerships, corporations or non-resident alien shareholders)
- Not be an ineligible corporation i.e. certain financial institutions, insurance companies, and domestic international sales corporations.

If these requirements are met, the corporation is treated as a partnership for tax purposes. In this case, the corporation pays no tax and the profits pass through to the stockholders who pay income tax on their share of the profits.

Shares of a corporation represent ownership of the corporation. While shares may be restricted through the by-laws of the corporation, transfer of ownership of all or part of the corporation is relatively easy. Transfer of ownership, if necessary for any reason (raising capital, exit strategy, investors, etc.), can be done. When entrepreneurs want to sell their businesses, the corporation provides a much more salable package than a sole proprietorship or partnership. The corporation may exist forever as evidenced by its charter, granted by a state.

The corporation is the only entity that can deduct as business expenses many benefits such as health care and retirement plans. These expenses reduce the taxable profits of the corporation and give employees valuable benefits which are not taxed as income.

Reality

Persons who buy a company's stock have the right to receive dividends, (assuming there are profits), vote for directors, sell the stock to other people, and, under some circumstances, sue the officers or directors for any misuse of corporate assets or malfeasance.

from real entrepreneurs

Software Solutions, Inc. began as an S corporation. Within five years of starting the business, founders Alexei and Nina Vladimir wanted to go public—that is, issue and sell shares of stock to the general public. To do this they had to give up their S status and become a C corporation. They will have far more than the 100 stockholders permitted by S regulations.

Tip

Not all companies are eligible to be every type of corporation. Specific businesses such as banks, railroads, public utilities, health care, law and others are required by states to be specific types of corporations. S corporations also have a number of regulations to consider. Consult an attorney and accountant before making a decision as to which type of corporation is permitted and right for your business.

6.1.6 Nonprofit

Some of the most profitable corporations in this country are nonprofits. The classification as a nonprofit does not mean that the business does not make a profit nor does it mean that it tried but failed to make a profit. It simply means that the Internal Revenue Service has determined that it has filed for and meets the requirements as an organization that provides a service to the community for certain purposes. These purposes may be religious, charitable, scientific, testing for public safety, literacy, educational, fostering a national or international amateur sports competition, or the prevention of cruelty to children or animals. Nonprofits are prohibited from distributing net income to owners, members, directors or officers but they may pay fair compensation to their employees. Contributions to nonprofits are tax deductible by the donor, which is a great advantage in raising funds.

Nonprofits are formed in compliance with appropriate state laws, and then they seek IRS classification.

Nonprofits are controlled just as other corporations by a board of directors, but they have no stockholders. A nonprofit does not pay income tax, but it does file informational returns. Just as with for-profit corporations, the nonprofit offers insulation from liability to its board, officers and employees. Recently, many law

> **Tip**
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> Since it is not always easy to determine whether a business concept will be eligible under state and federal regulations for nonprofit status, you should contact a lawyer to learn more about nonprofit organizations. The approval process is long and complex and should not be attempted without the assistance of a knowledgeable professional, generally a certified public accountant or an attorney.

suits have been filed against corporate directors of both for-profit and nonprofit corporations claiming they have not acted in the best interests of their corporations. Because defense costs can be enormous and the potential for liability, which would not be insulated, is a reality, almost all boards of directors obtain liability insurance coverage.

More Info

FirstGov Federal Government — Links to government-sponsored programs and information for nonprofits. **usa.gov/Business/Nonprofit.shtml** and **sba.gov/content/nonprofit-organizations**

Exercise 6.1.6
Choose a Legal Structure

Learning Objective

- Evaluate the advantages and disadvantages of the available legal structures and begin to make an informed decision about the legal structure of your business.

Overview

Business must be done within some kind of legal framework. Entrepreneurs must make decisions and take legal actions to structure the business. If they do not, the law will make those decisions for them.

Introduction

Every business must exist in some legal form such as a sole proprietorship, partnership, corporation or limited liability company. Each form has its advantages and disadvantages. This exercise will assist you in understanding each form. The final decision should be made only after consulting a lawyer and accountant.

The formation and operation of business entities are matters of state law. The state in which you will have your principal place of business will have the greatest impact upon your business. While states may differ, generally the following types of entities are available:

1. Sole Proprietorship
2. General Partnership
3. Limited Partnership
4. Corporation
5. S Corporation
6. Limited Liability Company
7. Nonprofit Corporation

Generally, every business owner will be concerned about certain basic consequences and considerations when selecting a legal structure. Some of these issues are:

- The number of owners
- The degree of control retained by the founder
- The liability of the business and the founder
- The ease of set up
- The ease of raising additional capital
- How the business will be taxed

Selecting Your Legal Form

The chart below outlines the attributes of each legal entity for the issues listed at the left. At the bottom of the page, rank the entities from first choice (#1) to last choice (#5) based on suitability for your business. Then, indicate why you chose the form you chose as #1.

Issue	Sole Proprietorship	Partnership	Corporation	LLC	Non-Profit
Number of owners	One	At least two, and may be thousands, but normally limited to a small number.	As few as one, but may be millions.	As few as one but may be many. Normally a small group actively engaged in the business.	There are no owners of a non-profit corporation. An individual may found and control a non-profit, but no one owns it.
Management Control	Sole Proprietor has full control.	Control shared by partners based on partnership agreement.	In a closely held corporation, control normally comes from ownership of more than 50% of the shares.	A membership interest of more than 50% normally results in control of the LLC.	Controlled by the officers as directed by the board of directors.
Owner's liability	Unlimited	Unlimited	Limited to investment	Limited to investment	Liability is generally limited to corporate assets. However, under some circumstances officers can be held personally liable.
Ease of Set-up	Minimal requirements, if any.	Minimal requirements. A partnership agreement between the partners should be prepared by an attorney.	Must comply with requirements including filing articles of incorporation, obtaining an EIN, maintaining stock and minute books, and holding shareholder and board meetings. Requires investment of time and money to fulfill legal obligations.	Must comply with requirements including filing articles of organization with the state. Should have a written operating agreement. Requires investment of time and money to fulfill legal obligations.	The federal government offers numerous classifications for non-profits. Each has its own specific requirements. The IRS approval process is complex.
Raising capital	Limited to owner's capital and ability to borrow.	Limited to partners' capital and ability to borrow.	Capital may be raised through borrowing or by selling shares. Allows for passive investors.	Limited to the capital contributions of the members and ability of members to borrow.	If approved, non-profits can receive tax deductible donations. They also may be eligible for public and private grants.
Taxation	Profits and losses of business flow through to the sole proprietor's taxes. Taxed at individual level.	Profits and losses of business flow through to the partners' taxes based on partnership agreement. Taxed at individual level.	Corporation pays taxes on earnings and deducts losses. Shareholders pay taxes on all dividends. Double taxation.	LLC members may elect to be treated for tax purposes as a partnership or a corporation.	There are no taxes but an informational return must be filed.
		Limited Partnership	**Limited Partnership**		
		Partnership in which the limited partner invests funds but is not active in the management of the business. Limited partner's liability is limited to their investment.	Same as above except an S status is filed with the IRS resulting in no taxation at corporate level - earnings passed to shareholders as dividends which are taxed. Requirements: no more than 100 stockholders; one class of stock; only allowable shareholders. See IRS.com for details.		
Rank (1-5)					

Indicate why you chose the form ranked #1:

6.2 Defining the Management Team

6.2.1 Introduction

Early in the planning process, entrepreneurs should give thought to the management team they will need for their enterprise and the roles those individuals will play. Having the right management team is key. Professional investors in new ventures consider the management team to be one of the most important factors in determining the attractiveness of the investment. The management team directs the company by making decisions about how to sell products/services, improve profitability, and expand into new markets.

Reality

Venture capitalists would prefer to back a second-rate concept headed by a first-rate management team than a first-rate concept with a second-rate team. The three things they evaluate when financing a new venture are management team, management team, management team.

Not everyone wants to be the leader of a management team. Many choose solo-entrepreneurship. For varied reasons, these entrepreneurs choose to build a company that can be managed by the entrepreneur alone. This decision is fine unless the entrepreneur is seeking to build a sizable business. Then a management team will be needed.

from real entrepreneurs

Sandy was researching and planning her catering business when she began to think about the management team. At first, she had intended to manage the company herself. After a close look at her business strategy—to expand the company into several additional markets including new geographic regions within the fourth year of business—she knew she needed to work toward building a management team. Her specialty was in food preparation, not in sales, marketing, or administrative duties. In her business plan, she included the need to recruit individuals to fill the management roles. She hired team members during the third year, and her strategy was carried out as planned.

More Info

ABI/Inform—Subscription database of articles on business and management topics from thousands of business periodicals and magazines. Usually available at business libraries.

Institute of Management Consultants—Free online referrals for consulting professionals who have pledged to abide by IMC USA's code of ethics. **imcusa.org/**

6.2.2 Understanding Management Team Roles

The management team includes a combination of critical roles. Often played by a single entrepreneur at start-up, these roles become the basis for establishing an on-going management team as the business grows. Depending on the nature of the business, common roles essential to most ventures include the Research and Development Director, Chief Executive Officer, Marketing Director, Sales Manager, Production Manager, Chief Financial Officer and Chief Operating Officer.

- **Research and Development (R&D) Director**—Someone must create the product/service sold to the customer. Inventors, researchers, and often times production engineers are the creators. Creators should be allowed to do precisely what they do best, which is to create.
- **Chief Executive Officer (CEO)**—The CEO is the driving force that makes everything happen. This person puts together the resources to support the product/service and takes it to market.
- **Marketing Director**—The marketing director uses knowledge of the industry and marketing to develop the right plan to reach the right people.
- **Sales Manager**—The sales manager organizes the sales team or manufacturer's representatives so they can sell to the target market.
- **Production Manager**—The role of the production manager is to oversee manufacturing of the product/service.
- **Chief Financial Officer (CFO)**—The CFO is in charge of financial planning and recordkeeping.
- **Chief Operating Officer (COO)**—The COO is the organizer who makes operations flow smoothly and economically.

Reality

Experience has shown that most successful entrepreneurs are driving forces, not creators. Which one are you?

More Info

Build Your Management Team—A guide to help you figure out who you need on your management team. **entrepreneur.com/article/83618-1**

Tip

Someone with the necessary skill must make certain that the financial records accurately reflect what is happening in the business and meet IRS requirements. Someone will also need to prepare reports that assist the management team in planning.

from real entrepreneurs

Steve Jobs, cofounder of Apple Computer, attributes the company's initial success to his fortunate hiring of an experienced organizer or chief operating officer—Mike Markula. Mike was one of the early employees of Intel and was heavily involved in building Intel into a large computer company. His understanding of the computer chip was important to enhance the technology that led to the development of Apple's personal computer.

Exercise 6.2.2
Identifying Management's Strengths

Learning Objective

- To identify the strengths of the management team and their responsibilities within the business.

Overview

Having the right management team is key. The management team directs the company by making decisions about how to sell products/services, improve profitability, and expand into new markets. For many start-up businesses, the entrepreneur is the management. For others, a team of individuals is brought together to provide direction for the company. In either situation, it is important to look at the skills and experience each member of the management team brings to the business and determine if they have what it takes, individually and collectively, to lead the company.

Step 1

In the space below, describe the duties YOU will be assuming within the business. Identify the position(s) you will fill within the organization and responsibilities associated with the position(s).

Position(s):

____

Responsibilities:

____

____

____

Step 2

Complete the Entrepreneurial Start-up Employment Application. Answer all questions thoroughly – especially the sections which ask you to describe responsibilities and skills used/gained.

Step 3

Exchange applications with another person. Each person should review the application they have received and then relate back to the "applicant" what they see as that person's strengths related to the business they want to start and the industry in which it falls.

Step 4

Based on the information on the application, the person conducting the application review should now relate back to the applicant what they see as that person's transferable skills. Transferable skills are "the skills and abilities you have acquired during any activity in your life that are applicable to what you want to do in your next job." For example, an individual who has worked in a clothing boutique would have customer service skills. These skills transfer to many different job situations. Now have each person who will be part of the Management Team for your business complete the application and use it to identify their skills.

Step 5

This activity has prepared you to write the Management Team section within the Management and Organization section of the plan. In this section, describe who will manage the business, their specific responsibilities and their qualifications. Use the strengths and transferable skills you have identified in this exercise. Also include plans for adding key management positions in the future.