

# CONTENT REVIEW CHECKLIST

Course Name and Number:

Small Business Management—Business 191

Date of Content Review:

March 24, 2008

FILE COPY

\*\*\*\*\*SIGNATURES\*\*\*\*\*

Department Chair:

*Dorinda Williams*

Date:

*3/20/08*

DIC Chair:

*J. Fern Campbell*

Date:

*3/21/2008*

Division Dean:

*Ken Miller*

Date:

*4/1/08*

CIC Chair:

*John ...*

Date:

*4/15/2008*

Sr. Dean of Instruction:

*Donna Floyd*

Date:

*5/9/08*

Please check this box if there has not been any substantial change to the current course outline, and this course has gone through Content Review since Spring 2000. If you have checked this box, only submit this signature page together with an updated course outline (in approved format), the current (old) outline, and the course-level SLO.

Reviewed by:

Dept.	DIC	Step	Documentation
<i>JC</i>		1. Involvement of faculty with appropriate expertise;	List names of faculty involved in performing content review of this course.
<i>JC</i>		2. Consideration of course objectives as set by the relevant departments;	List on separate attached sheet (objectives should be on official course outline form)
<i>JC</i>		3. Review based on a detailed course syllabus and outline of record, tests, related instructional materials, method of instruction, type and number of examinations, and grading criteria;  <b>IF COURSE BEING REVIEWED DOES NOT HAVE A PRE/CO-REQUISITE, OR ADVISORY, YOU NEED ONLY DO STEPS 1 - 5.</b>	<b>Provide copies of:</b> (in this order) Content Review Audit Procedure Form (for DIC/CIC review) This Checklist (with signatures) Documentation of steps 1-5 or steps 1-9 and include: Justification Statement for offering course Dept. Justification Statement (in relationship to Dept. goals) Cultural Pluralism (if applicable) Content Review Validation Form and include: Pre/Co-requisite/Advisory documentation (if applicable) Challenge process (if applicable) New Course Outline Old Course Outline Updated Syllabus Updated sample test and sample assignment Course-level SLO Outline on disk (or sent as attachment to CIC office)
<i>JC</i>		4. Identify procedures used to verify that the necessary content and/or skills are being taught, and that they're taught consistently across sections of the same course;	Provide narrative and/or documentation as to how your department verifies this.
<i>JC</i>		5. Maintenance of documentation by the Instruction Office that all steps were taken;	Provide required documentation to Instruction Office where it will be kept on file.
<b>REMINDER: ANY MINOR CHANGES REQUIRES A SUBMISSION OF A COURSE/CATALOG CHANGE FORM ANY MAJOR CHANGES REQUIRES A SUBMISSION OF A COURSE REVISION FORM</b>			
		6. Specification of the knowledge and/or skills which are deemed necessary at entry and/or concurrently;	Provide explicit and detailed narrative description of knowledge and/or skills.
		7. Identification and review of the pre/co-requisite which develops the above-mentioned body of knowledge and/or skills.	Provide copies of course objectives, content, etc. which identifies the knowledge and/or skills.
		8. Matching of the knowledge and skills in the targeted course with those developed or measured by the pre/co-requisite (compare #6 with #7);	Show matches via chart, narrative or other explicit method.
		9. Provide process by which student may challenge a pre/co-requisite.	A challenge process is already in place, but department needs to define acceptable proof for challenging a particular pre/co-requisite: transcript from another school, audition, exam, etc.

# CONTENT REVIEW OF

## **Business 191 – Small Business Management**

1. Barbara Williams, Ron Weston, and Joseph DeTorres.
2. See Course Outline.
3. A Justification Statement for Offering Course, as well as a Department Justification Statement are written below.
4. See attached Course Outline and Syllabus. We have a department meeting at the beginning of the fall semester. This meeting includes all full-time and part-time faculty. At that meeting we discuss our common courses and share syllabi.

### **Justification Statement for Offering Course**

**Business 191: Small Business Management** is an institutionally approved course that has been offered for business students. Clear justification for this course is seen in the fact that it introduces students to the basic knowledge and skill sets needed for prospective entrepreneurs to plan and begin a small business. This course prepares students to identify characteristics of successful entrepreneurs, define the challenges encountered by small businesses, identify the skills and resources necessary to start and run a small business, evaluate the product marketing strategies for a small business, identify the financial statements necessary for a small business, evaluate the necessity of a written business plan, discuss the legal issues related to operating a small business, and apply the above objectives to a proposed or existing business.

### **Department Justification Statement**

The Contra Costa Community College Business Department has as its goal the preparation of students for careers in business. The programs prepare students by providing job training, transfer to four year institutions, and entrepreneurial training. The programs further reflect the department's awareness that the management of organizations require the training of people who are intellectually and professionally motivated and capable of comprehending the environment in which these institutions function.

### **Course-level SLO (Student Learning Outcomes)**

See attached Business Department Student Learning Outcomes for Business 191.

# CONTRA COSTA COLLEGE CONTENT REVIEW FORM VALIDATION FORM

[Use one validation form per pre/co-requisite, advisory  
except when Pre/Co-requisites are linked by "or" statements]  
*Pre/Co-requisites must have Challenge policies*

Course & number:	Business 191		
Course title:	Small Business Management		
Pre/co-requisite to be validated:	None		
Challenge Policy:	None		
Advisory:	None		
Prepared by:	Joseph L. DeTorres, Ph.D.	Date:	March 24, 2008

**Content review** is required for any prerequisite, co-requisite, or advisory to determine whether students who do not meet the specified standard are highly unlikely to receive a satisfactory grade in the course [Title 5, Section 55201 (b) (1)]. This validation is separate from course approval. Additional scrutiny may be required, depending on the type of pre/co-requisite. See the indicated page numbers of the District Model Policy for more information.

**Directions:** Circle one of the following and attach required justification AND content review documentation.

1. This course has no course pre/co-requisites or advisories.
2. The listed pre/co-requisite is advisory only.
3. This is a lab course. The primary course, \_\_\_\_\_, will have the validation evidence.
4. This pre/co-requisite is required in order to make the course acceptable for transfer by the UC or CSU systems. Attach documentation (catalog descriptions) from three or more UC/CSU campuses.
5. This course is part of a sequence of courses within and/or across disciplines. Attach a copy of the course outline that includes a list of the specific skills and knowledge that the student must possess to be ready to take the course.
6. The prerequisite is required for enrollment in a program.  
Program name: \_\_\_\_\_ Program prerequisite(s) must be approved as provided for at least one required course in the program, of which this is one. Attach copy of course outline specifying skills and/or knowledge that student must possess.
7. This prerequisite is required for the health or safety of the students in the course; students who lack this prerequisite might endanger themselves or other students. Attach a copy of the course outline that specifically lists what the student must possess before entering the course.
8. This pre/co-requisite is required by law or government regulation. Attach a copy of pertinent law or regulation.
9. This pre/co-requisite is one of recency or another measure of readiness. Attach both a copy of the course outline listing the specific skills student must possess AND data gathered as directed by the District Model Policy.
10. This prerequisite involves a limitation on enrollment. This includes auditions for performance courses, honors courses or sections, and blocks of courses or sections created to set up a cohort of students (such as PACE). Attach documentation as directed by pertinent sections of the District Model Policy.

\*\*\* **NOTE:** In addition to rigorous content review, an instructor may request a study of the empirical relationship between a prerequisite course (or placement tool) and subsequent student performance in the targeted course. The rigor of content review will be established on a college-wide basis in conjunction with District research requirements.

## Contra Costa College Course Outline

<b>Department &amp; Number</b>	Business 191
<b>Course Title</b>	Small Business Management
<b>Prerequisite</b>	None
<b>Co-requisite</b>	None
<b>Challenge Policy</b>	None
<b>Advisory</b>	None

<b>Number of Weeks</b>	18
<b>Lecture Hours</b>	54
<b>Lab Hours</b>	0
<b>Hours By Arrangement</b>	0
<b>Activity Hours</b>	0
<b>Units</b>	3

### COURSE/CATALOG DESCRIPTION

This course presents information on how to start, run, or expand a small business, and includes analysis of location, equipment, financing, cost control, credit management, merchandising, and marketing. Not repeatable.

### COURSE OBJECTIVE

At the completion of the course the student will be able to:

- |   |
|---|
| 1. Identify characteristics of successful entrepreneurs.                          |
| 2. Define the challenges encountered by small businesses.                         |
| 3. Identify the skills and resources necessary to start and run a small business. |
| 4. Evaluate the product marketing strategies for a small business.                |
| 5. Identify the financial statements necessary for a small business.              |
| 6. Evaluate the necessity of a written business plan.                             |
| 7. Discuss the legal issues related to operating a small business.                |
| 8. Apply the above objectives to a proposed or existing business.                 |

### COURSE CONTENT: (In detail; attach additional information as needed and include percentage breakdown)

20	%	Review of characteristics of small businesses success determinants.
10	%	Marketing the products and services of the business.
10	%	Accounting and employer tax reporting for the business.
10	%	The legal structure of businesses and legal issues affecting the business.
10	%	Managing the small business
10	%	Resources available to small business, financing, research sources, government.
30	%	Business plan development and use.

### METHODS OF INSTRUCTION

This course will be taught via lecture/discussion, audio-visual, and guided research.

### INSTRUCTIONAL MATERIALS

<b>Textbook Title:</b>	Small Business Management
<b>Author:</b>	Justin G. Longenecker, Carlos W. Moore, J. Williams Petty, and Leslie E. Palich
<b>Publisher:</b>	Thomson South-Western



**COURSE EXPECTATIONS** (Use applicable expectations)

**Outside of Class Weekly Assignments**

**Hours per week**

Weekly Reading Assignments	2.5
Weekly Writing Assignments	2.5
Weekly Math Problems	0
Lab or Software Application Assignments	0
Other Performance Assignments	1.0

**STUDENT EVALUATION: (Show percentage breakdown for evaluation instruments)**

20	%	Involvement and Homework
60	%	Mid-Term, Quizzes, and Final Examination
20	%	Written Business Plan
	%	

**GRADING POLICY (Choose LG, CR/NC, or SC)**

**Letter Grade**  
 90% - 100% = A  
 80% - 89% = B  
 70% - 79% = C  
 60% - 69% = D  
 Below 60% = F

**Credit / No Credit**  
 70% and above = Credit  
 Below 70% = No Credit

**Student Choice**  
 90% - 100% = A  
 80% - 89% = B  
 70% - 79% = C  
 60% - 69% = D  
 Below 60% = F  
*or*  
 70% and above = Credit  
 Below 70% = No Credit

**Prepared by:**

Joseph L. DeTorres, Ph.D.
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**Content Review Date:**

Spring 2008
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OLD  
outline

**CONTRA COSTA COLLEGE**

**COURSE OUTLINE**

**SMALL BUSINESS MANAGEMENT**

**Business 191**

**Catalog information: 3 Units, 3 hours, 3 hours lecture, 18 weeks, SC, DG**

**Prerequisites None**

**Course Description** This course presents information on how to start, run, or expand a small business. The course includes a review of the various aspects of running a business; marketing, management, planning, accounting, legal, financing, cost control and resources available to the entrepreneur. The preparation of a business plan is included in the course. This course is useful to anyone planning to own or manage a small business and persons ~~that~~ who have recently started a small business.

**Course Objectives** At the completion of the course the student will be able to:

- 1 Identify characteristics of successful entrepreneurs.
- 2 Define the challenges encountered by small businesses.
- 3 Identify the skills and resources necessary to start and run a small business.
- 4 Evaluate the product marketing strategies for a small business
- 5 Identify the financial statements necessary for a small business.
- 6 Evaluate the necessity of a written business plan.
- 7 Discuss the legal issues related to operating a small business.
- 8 Apply the above objectives to a proposed or existing business

**Course Content**

- 20% 1 Review of characteristics of small businesses success determinants.
- 10% 2 Marketing the products and services the business.
- 10% 3 Accounting and employer tax reporting for the business.
- 10% 4 The legal structure of businesses and legal issues effecting the business.
- 10% 5 Managing the small business.
- 10% 6 Resources available to small business; financing, research sources, government.
- 30% 7 Business plan development and use.

**Method of Instruction**

- 1 Lecture/discussion
- 2 Audio-visual
- 3 Guided research

### **Instructional Materials**

Textbook: Eckert, Ryan and Ray, Small Business, An Entrepreneur's Plan

Films related to entrepreneurship

Business periodicals articles and Small Business Administration data

### **Description of Course Expectations**

<b>Assignment</b>	<b>Hours per week</b>
Read text, outside reading and prepare weekly homework	4
Prepare written business plan	2
Midterm and final examinations	.25
Total	6.25

### **Student Assessment**

Midterm, quizzes and final exam will comprise 50-60% of grade.

Written business plan will comprise 20% of grade.

Homework and class participation will comprise 20-30% of grade.



# SYLLABUS

## Business 191: Small Business Management

### Spring 2008

**Instructor:** Joseph L. DeTorres, Ph.D.

**Office Location:** LA-20

**Office Hours:** MW 8:30am-10:00am; TTh 8:30am-9:30am

**Phone:** 510-235-7800, ext. 4538

**Course Description:** This course presents information on how to start, run, or expand a small business, and includes analysis of location, equipment, financing, cost control, credit management, merchandising, and marketing.

**Course Objectives:** 1. Identify characteristics of successful entrepreneurs; 2. Define the challenges encountered by small businesses; 3. Identify the skills and resources necessary to start and run a small business; 4. Evaluate the product marketing strategies for a small business; 5. Identify the financial statements necessary for a small business; 6. Evaluate the necessity of a written business plan; 7. Discuss the legal issues related to operating a small business; and 8. Apply the above objectives to a proposed or existing business.

**Pre/Co-requisite(s):** None

**Units:** 3 Units

**Method of Instruction:** This course will be taught via lecture/discussion, audio-visual, and guided research.

**Required Text:** Small Business Management, Longenecker, Moore, Petty, and Palich.  
**Grading and Tests:**

**The final grade will be based on the following:**

<b>Two exams (25% each)</b>	<b>50%</b>	<b>Letter Grade</b>
<b>Business Plan</b>	<b>25%</b>	90% - 100% = A
<b>Homework</b>	<b>25%</b>	80% - 89% = B
<b>Total</b>	<b>100%</b>	70% - 79% = C
		60% - 69% = D
		Below 60% = F

DSPS Statement (approved by the ASC 11/19/01)

*"The Rehabilitation Act of 1973, Section 504, requires Contra Costa College to make all programs accessible to qualified individuals with learning, physical, or psychological disabilities. Students who would like to receive accommodations for their learning, physical, or psychological disabilities should contact the Disabled Students Programs & Services (DSPS) office (H-19) and schedule an appointment. (510) 235-7800 ext. 7220."*

# COURSE SCHEDULE

## Spring 2008 Semester Business 191—Small Business Management

<u>Week</u>	<u>Date</u>	<u>Subject</u>	<u>Chapter</u>	<u>Homework Due</u>
1	1/15/08 1/17/08	The Entrepreneurial Life	1 p. 2	Situation 1 p. 21
2	1/22/08 1/24/08	Entrepreneurial Integrity: A Gateway to Small Business Opportunity	2 p. 24	Situation 3 p. 46
3	1/29/08 1/31/08	Getting Started	3 p. 48	Situation 1 p. 68
4	2/5/08 2/7/08	Franchises and Buyouts	4 p. 72	Situation 4 p. 92
5	2/12/08 2/14/08	The Family Business	5 p. 94	Case 5 p. 532
6	2/19/08 2/21/08	The Business Plan: Visualizing The Dream	6 p. 116	Situation 1 p. 135
7	2/26/08 2/28/08	The Marketing Plan	7 p. 140	Specialty Cheese p. 536
8	3/4/08 3/6/08	The Human Resource Plan: Managers, Owners, and Directors	8 p. 162	Situation 2 p. 183
9	3/11/08 3/13/08	The Location Plan	9 p. 186	<b>Quiz #1</b> (Chaps 1-9)
10	3/25/08 3/27/08	The Financial Plan, Part 1: Projecting Financial Requirements	10 p. 204	Situation 2 p. 230

11	4/1/08 4/3/08	The Financial Plan, Part 2, Finding Sources of Funds	11 p. 236	Situation 1 p. 261
12	4/8/08 4/10/08	The Harvest Plan	12 p. 264	Situation 2 p. 283
13	4/15/08 4/17/08	Customer Relationships: Marketing Ingredient	13 p. 286	Every Customer Counts p. 550
14	4/22/08 4/24/08	Product and Supply Chain Management	14 p. 306	Situation 1 p. 328
15	4/29/08 5/1/08	Pricing and Credit	15 p. 330	Situation 1 p. 349
16	5/6/08 5/8/08	Promotional Planning	16 p. 352	Business Plan Presentations and Submissions
17	5/13/08 5/15/08	Global Marketing	17 p. 372	Business Plan Presentations and Submissions <b>Final Quiz #2</b> (Chaps 10-17)

**BUSINESS 191—Small Business Management**

**Examination Sample**

**Assignment Sample**

**EXAMINATION**  
**Business 191--Small Business Management**  
**Spring 2008**

**You must answer all twenty questions by circling the correct answer or indicating the correct answer on the reverse or on a separate sheet of paper.**

- 1. Entrepreneurs are risk takers. Why?**
- 2. Chapter 1 identifies five motivators or awards that accrue to entrepreneurs. Name 3 of them.**
- 3. Describe what a founder entrepreneur is, and why he/she is important.**
- 4. What benefit does an entrepreneurial team provide?**
- 5. Women entrepreneurs must contend with difficulties unique to their gender. Explain what has aided them to overcome these difficulties.**
- 6. Five strategies are identified by the chapter, all of which serve to help entrepreneurs gain a competitive edge. Name one, and explain how it contributes to business success.**
- 7. What are the six characteristics of successful entrepreneurs?**
- 8. What is a “precipitating event” and what function does it serve?**
- 9. Individuals who have entered business ownership as a result of financial hardship or other severe negative conditions have been described as: a) innovators, b) opportunistic gate-keepers, c)**

reluctant entrepreneurs, or d) all of the above. Circle the correct answer.

10. Why is honesty and dependability of critical importance to the success of entrepreneurs?
11. The hallmark of business integrity includes such values as honesty, reliability, and fairness. True or False
12. "While self-interest is a legitimate force in human life, it can, when unchecked, lead to behavior that is unfair or harmful to others." What point is this statement trying to make?
13. Who and what are stakeholders, and why are they important?
14. Explain the difference between persuasion and deception.
15. The concept of social responsibility focuses on ethical obligations to customers, employees, and the: a) entrepreneur, b) government regulators, c) investors, or d) community? Circle the correct answer.
16. "Walking the straight and narrow may be more difficult and costly on Main Street than it is on Wall Street." Please explain why.
17. What impact does "ethical imperialism" have on our ability to overcome ethical issues?
18. The business practices that a firm's leaders or employees view as right or wrong reflect their underlying values. True or False
19. Entrepreneurs can use their influence to promote honesty and integrity in all operations by: a) educating their employees, b) including employees in all ethical-based decision, c) holding everyone responsible for their actions, and d) leading with integrity. Circle the correct answer.

**20. Which would have more impact on the ethical behavior of a firm's employees—a code of ethics or a supportive organizational culture? Why?**

**jldetorres:03/24/08**

# ASSIGNMENT #1

**Business 191**  
**March 2008**

Using the guidelines found in Chapter 6 of the course text **Small Business Management: An Entrepreneurial Emphasis**, prepare a **Summary Plan** of your course project—**Business Plan**.



Sample Assignment  
25-30% of grade

100% ✓

**Castalia Fitness**  
**Business Plan**

Veril Good

Josephine Manlangit  
Business 109  
December 5, 2005

# ***Castalia Fitness***

## ***Mini Business Plan***

### **Table of Contents**

***Summary of Company, Mission, and Objective***

## ***1. The Business***

***1.1 Description***

***1.2 Summary of Services***

***1.3 Target Market and Marketing Strategy***

***1.4 Description of the Industry/Competition***

***1.5 Operations Plan (Start Up Costs)***

***1.6 Personnel Plan***

## ***2. Financial Data***

***2.1 Sales Chart and Breakeven Analysis***

***2.2 Three Year Income Projections (Profits and Losses)***

***2.3 Cash Flow Statements***

***2.4 Balance Sheet***

### Summary

*Castalia Fitness is a high quality women's fitness center that combines elements of luxury and sport to offer an inspiring and pampering workout experience. Castalia Fitness will be situated in Old Town Pinole. The purpose of this plan is to illustrate all aspects of Castalia Fitness and identify the financial means by which Castalia Fitness will come to life.*

*Castalia Fitness will fill a void in the fitness center industry by providing a more luxurious workout for women. Castalia Fitness will find success by creating an inspiring and pampering workout atmosphere, by providing sincere, knowledgeable, and quality customer service, and by properly marketing our services to the target customer.*

*The fitness center business is an industry that has been experiencing increasing success with the growing popularity of health and exercise. Castalia Fitness intends to capitalize on this opportunity and expects to generate net profits within its first three years of operation.*

*The company is a sole proprietorship owned by Josephine Manlangit.*

### Objective

*Our goals and objectives are to:*

- 1. Become and remain a prominent fitness center in the Bay Area.*
- 2. Sell 400 memberships in year one. Sell 700 memberships by year two. Sell 1000 memberships by year three.*

### Mission

*Castalia Fitness is a high quality fitness center designed for the women of the Bay Area. Castalia Fitness is determined to meet the needs of our members while maintaining profitability. It is our mission to provide a workout experience that will add to the longevity and enjoyment of our members' lives.*

### Keys to Success

*Castalia Fitness will achieve success by:*

- 1. Atmosphere: The unique atmosphere of Castalia Fitness will be the main key to success. We will provide a calm, tranquil, and luxurious atmosphere through a beautiful interior design scheme, high quality workout equipment, and "high class" amenities. These features will create a fantasy like atmosphere that will attract and create loyal customers.*
- 2. Quality Customer Service: Our customer service will set us apart from the rest. Not only will we provide our customers with a knowledgeable and quality staff, but a sincere staff. Our staff members will strive to be a friend and motivator. This is a unique feature will ensure members that it is our top priority to meet their fitness needs.*
- 3. Proper Marketing: We will make Castalia Fitness a common name among women by creatively marketing our facility.*

# The Business

## 1.1 Description

Castalia Fitness is a high quality women's fitness center that combines elements of luxury and sport to offer an inspiring and pampering workout experience. Our facility will be comprised of two levels. The lower level will consist of a reception area, and an administrative area for offices and new customer registration. The locker room will also be located on the lower level. The upper level will consist of the fitness equipment area as well as an empty room for classes.

## 1.2 Summary of Services

**Fitness Equipment:** Our gym will feature high quality workout equipment designed for women. We will hold a variety of machine equipment, cardio machines and free weights. Our equipment will ~~neighbor televisions playing~~ television shows for our target customer as well as tasteful music. This area will be supervised by a fitness specialist, to ensure that our members are exercising properly and to answer any questions. Paintings, pottery and plants will be placed strategically to offer a more relaxing experience for our members.

**Classes:** We will offer a variety of different classes for our customers to stay in shape. We will offer courses in aerobics, stretching, yoga.

**Personal Training:** We will offer personal training service for our members.

**Full Service Locker Rooms:** Our locker rooms will be unique. We will eliminate the "physical education class" feeling that locker rooms usually offer. Our changing rooms will feature wooden cabinets with locks and hardwood floors to substitute the metal/tile locker room area. We will have a pampering area featuring sofas, vanities and full-length mirrors. Our shower area will feature tiled shower stalls with quality soaps, shampoos and shaving creams. We will also have a sink area with quality facial soap. We will have warm towels and hair dryers on hand for our members. Our shower area will also feature a sauna and steam room.

## 1.3 Target Market and Marketing Strategy

### Target Market

Castalia Fitness is a fitness center designed for women. Our target customer is the middle to upper class woman who enjoys maintaining and taking care of her body and image.

### Marketing Strategy

We will market to our target customer by emphasizing the ability of our facility to be a place where girlfriends work out together. We will market to our target customer by highlighting the luxury features of the gym such as specialized the locker room and the calming workout facilities.

Our marketing strategy will be implemented by the use of free temporary passes to attract customers. We will give these passes to the many hairstylists, nail stylists, massage therapists, and facialists in the Pinole/Hercules area. They will give the free passes to their clients, family and friends. We will offer promotional membership prices to establish a following in our gym. We will attend community events and visit different clubs to promote our business. The

strategy is to create a positive "word of mouth" effect to make Castalia Fitness have a "well-kept" secret appeal.

#### 1.4 Description of the Industry/Competition

##### The Industry

According to the May 2002, American Fitness issue, "The health club industry has proved hardy during tough economic times. Since 1992, when the United States emerged from its most recent remission, the number of health clubs has increased by almost 40 percent, from 12,635 to 17,531 facilities (figure 1). Membership also grew by almost 60 percent, from 20.8 million to 32.8 million (Figure 2). Bill Howland, IHRSA's director of research, offers insight as to why the fitness industry has fared so well and its prospects for this year." These statistics show that there is much room for success for Castalia Fitness.

##### The Competition

The health club market is one that is unsaturated. There are few gyms in the area and each gym offers the same type of atmosphere. Our competition consists of two major chains in the area: 24 Hour Fitness and Curves.

24 Hour Fitness offers the typical gym atmosphere. Their services do not cater to the needs of a specific niche of people. Curves caters to the needs of busy women by specializing in a "circuit workout".

##### Our Competitive Edge

Our competitive edge against these companies is that we offer a unique gym experience. Using two strengths from our competitors, we combine the "sportiness" of 24 Hour Fitness with the "girliness" of Curves to create Castalia Fitness. We add a touch of elegance to our gym through atmosphere and luxury amenities to create an experience that no other gym has yet to offer.

#### 1.5 Operations Plan (Start-Up Costs)

Our start up expenses are equal to \$721161. These costs include land, building, development costs, equipment and starting capital. These amounts are based on the costs incurred by another gym and have been adjusted to fit the size of Castalia Fitness.

<u>Start-up Expenses</u>	
Legal	\$10,000
Air Structure	\$138333
Floors	\$53333
Furniture	\$18333
Exercise Equipment and Misc.	\$50000
Stucco	\$2666
Block Fence	\$30000

Stucco	\$2666
Block Fence	\$30000
Concrete Footings and Slab	\$61666
Site Preparation	\$6666
Consultants	\$1166
Mechanical	\$8333
Offices	\$70000
Office Equipment	\$21666
Paving and Landscaping	\$37333
Management Fee	\$33333
Promotional Costs	\$13333
Design Fees	\$10000
Land	\$155000
<b>Total Start-up Expenses</b>	<b>\$721161</b>
Start-up Assets Needed	
Cash Balance on Starting Date	\$112166
Start-up Inventory	\$0
Other Current Assets	\$0
<b>Total Current Assets</b>	<b>\$112166</b>
Long-term Assets	\$0
<b>Total Assets</b>	<b>\$112166</b>
<b>Total Requirements</b>	<b>\$833327</b>
Funding	
Investment	
Investor 1	\$100,000
Investor 2	\$100,000
Investor 3	\$100,000
Investor 4	\$100,000

Investor 5	\$100,000
Investor 6	\$100,000
Investor 7	\$100,000
Investor 8	\$100,000
Other	\$33327
<b>Total Investment</b>	<b>\$833327</b>
Liabilities	\$833327
<b>Total Liabilities</b>	<b>\$833327</b>
Loss at Start-up	(\$721161)
<b>Total Capital</b>	<b>(\$913,500)</b>
<b>Total Capital and Liabilities</b>	<b>\$112166</b>

### 1.6 Personnel

The management of Castilia Fitness will be handled by the owner. Josephine Manlangit. Manlangit will use her expertise and knowledge gained with her Bachelor's Degree in Business Administration to run the business. To compensate for her lack of knowledge in other areas, such as fitness training and lessons, Manlangit will lease the gym class room space and members to independent personal trainers and teachers. Manlangit will collect a fee plus a percentage of their profits to generate revenue. General staff members will be hired to greet and help customers. A janitor will be hired to maintain the cleanliness of the fitness center. Castalia Fitness will have a staff of 8 people to begin and will add or subtract depending on business needs. Josephine Manlangit, the book keeper, and the janitor will receive a yearly raise of 5%. General Staff will receive an annual raise of \$0.50.

<b>Personnel Plan</b>			
	FY 2002	FY 2003	FY 2004
Josephine Manlangit	\$60,000	\$63,000	\$66,150

<i>Book Keeper</i>	\$21,600	\$22,680	\$23,814
<i>General Staff (5)</i>	\$83200	\$88400	\$93600
<i>Janitor</i>	\$15,000	\$15,750	\$16,538
<i>Other</i>	\$0	\$35360	\$37440
<i>Total People</i>	10	12	14
<i>Total Payroll</i>	\$179800	\$225190	\$237542



# Financial Data

## 2.1 Sales Chart and Breakeven Analysis

The following is a sales forecast for the first three years of operation followed by a chart showing the number of memberships we must sell each month to break even during the first three years of operation.

Sales Forecast			
Unit Sales	FY 2002	FY 2003	FY 2004
Membership Fees	300	500	800
Walk-in Fees	500	700	900
Personal Training	720	720	720
Classes	1400	2000	2000
Total Unit Sales	17,482	17,504	19,273

Unit Prices	FY 2002	FY 2003	FY 2004
Membership Fees	\$1080.00	\$1100.00	\$1200.00
Walk-in Fees	\$5.00	\$6.00	\$7.00
Personal Training	\$50.00	\$75.00	\$80.00
Classes	\$40.00	\$42.00	\$45.00
Total Sales	1175	1207	1327

Sales			
Membership Fees	\$324000	\$550000	\$960000
Walk-in Fees	\$2500	\$4200	\$6300
Personal Training	\$36000	\$54000	\$57600
Classes	\$56000	\$84,000	\$90000
Total Sales	\$418500	\$692200	\$113900

Monthly Revenue Break-even

\$17666

Assumptions:	
Average Per-Unit Revenue	\$1127.00
Average Per-Unit Variable Cost	\$0.00
Estimated Monthly Fixed Cost	\$17666

2.2 Three Year Income Projections (Profits and Losses)

The following is a chart showing projected profits for the first three years of operation.

Profit and Loss			
	FY 2002	FY 2003	FY 2004
Sales	\$418500	\$692200	\$1113900
Gross Margin	\$418500	\$692200	\$1113900
Gross Margin %	100.00%	100.00%	100.00%
Expenses:			
Payroll	\$179800	\$229150	\$237542
Sales and Marketing and Other Expenses	\$28464	\$29056	\$65,068
Depreciation	\$0	\$0	\$0
Leased Equipment	\$16000	\$16000	\$16000
Repairs and Maintenance	\$1600	\$1680	\$1764
Landscape Maintenance	\$1200	\$1260	\$1323
Accounting Fees	\$1600	\$1600	\$1600
Legal Fees	\$800	\$840	\$880
Telephone	\$1000	\$1050	\$1102
Utilities (Gas, Electric, Water.	\$18000	\$18900	\$19845

*asset purchase*

Sewer)

Insurance	\$4000	\$4200	\$4410
Rent	\$0	\$0	\$0
Payroll Taxes	\$26970	\$34372	\$35631
Other	\$0	\$0	\$0
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Total Operating Expenses	\$294534	\$338108	\$385165
Profit Before Interest and Taxes	\$123966	\$354092	\$728735
Interest Expense	\$41666	\$41666	\$41666
Taxes Incurred	\$7045	\$8640	\$17815
Net Profit	\$75255	\$303787	\$669254
Net Profit/Sales	17.98%	43.88%	60.00%

### 2.3 Cash Flow Statements

The following is a chart illustrating cash flow.

Cash Flow			
	FY 2002	FY 2003	FY 2004
Cash Received			
Cash from Operations:			
Cash Sales	\$418500	\$692200	\$1113900
Subtotal Cash from Operations	\$418500	\$692200	\$1113900

Expenditures	FY 2002	FY 2003	FY 2004
Expenditures from Operations:	\$343245	\$388414	\$444646

*Subtotal Cash  
Spent*

\$343245

\$388414

\$444646

<i>Net Cash Flow</i>	\$75255	\$303787	\$669254
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