



SIXTH EDITION

SUCCESSFUL SMALL BUSINESS MANAGEMENT

MEGGINSON
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Sponsoring editor: *Karen L. Johnson*
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Artist: *Mike Benoit*
Compositor: *Arcata Graphics/Kingsport*
Typeface: *10/12 Primer*
Printer: *R. R. Donnelley & Sons Company*

Library of Congress Cataloging-in-Publication Data

Megginson, Leon C.

Successful small business management.—6th ed. / Leon C. Megginson, Charles R. Scott, William L. Megginson.

p. cm.

Rev. ed. of: Successful small business management / Leon C. Megginson . . . [et al.]. 5th ed. 1988.

ISBN 0-256-08635-4

1. Small business—Management. I. Scott, Charles R.
II. Megginson, William L. III. Successful small business
management. IV. Title.

HD62.7.S9

658.02'2—dc20

90-4566
CIP

Printed in the United States of America

2 3 4 5 6 7 8 9 0 DO 7 6 5 4 3 2 1

This sixth edition of *Successful Small Business Management* has been completely revised and updated. Many new features have been added to make it even more helpful to the student and the instructor. Yet it retains the basic structure, approach, and writing style of previous editions, which have been adopted in hundreds of schools in the United States, Canada, and other countries.

TO THE STUDENT

Most people seek a sense of meaning, identity, creativity, independence, and achievement in their work and in their lives. One of the best ways to achieve this goal is to become the owner or manager of a small business. Managing such a business, however, is a complex, challenging, rewarding, and sometimes frustrating occupation. Success requires knowledge, desire, and hard work on your part, plus a certain amount of luck.

Our goal in this edition, as in previous editions, is to explore what successful small business ownership/management entails and how you can achieve it. Thus, our specific objectives in this edition are to help you:

1. Relate personal talents and desires to the requirements for owning and managing a small business.
2. Examine the preparation you need to make in order to become successfully involved in such a venture.
3. Develop forward-looking systems and human qualities useful in conceiving,

organizing, and operating a small firm with limited resources.

To help you achieve these objectives, we have tried to (1) communicate the material in a clear, concise, conversational, and reader-oriented style; and (2) provide the means to help you to mesh basic concepts and practices through the use of cases and company examples.

Text, Examples, and Cases

Since the first edition was published in 1975, we have tried to develop a comprehensive body of material that provides you with down-to-earth, reality-oriented, basic concepts of how to start and manage a small business. Therefore, this edition continues to provide a balance of theoretical and practical material.

The book's 24 chapters are divided into 7 parts, with concepts and applications continuously intermixed. For example, the text material in the chapters presents contemporary ideas and philosophies about owning and managing a small business. Many current examples of actual business applications are also given to help you relate the concepts to actual practice. Then, three to six cases are included at the end of each part to help you see how "real-world" businesses are actually operated. These cases are based on real business situations and will help you apply what you have read in the chapters to actual business problems. Analyzing these cases allows you to make difficult decisions as business managers while still in the safety of the classroom.

Organization of the Book

Part I, *The Challenge of Owning and Managing a Small Business*, explains the important role of small business, the characteristics of small business owners, why one should own a small business, and some current opportunities and challenges in small business—including owning a franchise.

Part II, *Planning for and Organizing a Business*, discusses how to do strategic and operational planning, prepare and present a winning business plan, obtain financing, and organize the business.

Part III, *Selecting and Leading Employees*, tells how to recruit, select, train, compensate, motivate, and maintain favorable relationships with employees—and their union, when one is involved.

Part IV, *Operating the Business*, deals with such operating factors as locating and laying out facilities, purchasing and maintaining inventory, and assuring operations and quality controls.

Part V, *Marketing Goods and Services*, discusses selecting marketing strategies for developing a product, pricing it, selling and distributing it, and doing international marketing and marketing research.

Part VI, *Financial Planning and Control*, explains how to plan for profit, how to budget and control operations, and how to use the computer and management information systems to do these more effectively.

Part VII, *Providing Present and Future Security for the Business*, tells how to use insurance and crime prevention for better risk management, how to deal with laws and social responsibility and business ethics, how to compute and pay taxes, and how to plan for the future—including estate planning.

Aids to Learning

Each chapter begins with two relevant, thought-provoking quotations and Learning Objectives—which are coordinated with the chapter summary—that define what should

be learned from the chapter. An Opening Focus, which describes an actual business's or business owner's experience, is related to the subject of the chapter. The text—written for the TV generation—provides ample visuals such as photos, tables, figures, charts, checklists, and cartoons, along with real-life examples that illustrate the concepts being discussed. Most chapters include a Computer Update to show how computers can improve small business operations.

Key Terms—important words or phrases that are defined in the chapter—are bold-faced in the text for easy recognition and then listed at the end of the chapter, showing the page where the word is defined. Most of these terms are also included in the Glossary at the end of the book. Other end-of-chapter features are a summary—called “What You Should Have Learned”—which is coordinated by number with the Learning Objectives, to help you review the text material; Questions to test mastery of the chapter; and a list of Suggested Readings for further study of the topics presented.

We hope this edition will stimulate your interest in small business. We also hope you will identify with the individuals profiled in the text and cases and through them and their experiences learn to be a better owner or manager of a small firm.

TO THE INSTRUCTOR

This sixth edition of *Successful Small Business Management* takes a practical, down-to-earth approach to planning, organizing, and managing a small business. While based on current research, theory, and practice, the material is presented from a “how-to” perspective, with many examples and applications from the business world.

The material explores the role of small business and its growing importance. It also discusses the reasons for and against owning such firms and stresses up-to-date thinking

in preparing, starting, organizing, and operating a small business. It explains how to achieve optimum benefits from the limited resources available to small firms and how to plan for growth and succession.

Cases have been selected for each part, and each case can be identified with one or more chapters—as is done in the *Instructor's Manual*. Since there are 32 cases, one or more cases can be used with each chapter.

Features of This Edition

The strengths of previous editions have been retained. These include simple, clear, and concise conversational writing style, numerous visuals, and the use of applications to reinforce the basic concepts presented.

Some chapters have been rearranged to give better progression and to change emphasis. For example, franchising is presented earlier, planning has been condensed and consolidated into one chapter, legal and administrative organizing aspects have been placed in one chapter, operating the business has been reduced from three to two chapters, and separate chapters have been added to cover business laws, social responsibility and business ethics, and taxes and their treatment.

We have continued the popular Learning Objectives, an Opening Focus, and a list of Key Terms in each chapter. Most chapters also include a Computer Update, which explains how small businesses are benefiting from new computerized technology. We have moved all appendixes to the end of the text for easy reference. These include help for women, minorities, and potential entrepreneurs; checklists for choosing the type of business to enter; a sample business plan; checklists for handling union organizing; and a management self-evaluation. The Glossary of Frequently Used Business Terms has been retained, and a Glossary of Frequently Used Computer Terms has been added to this edition. These follow the Appendixes.

Each chapter begins with philosophical, thought-provoking quotations summarizing the main thought of the chapter. These are followed by Learning Objectives that prepare readers for what they should learn from the chapter and that are coordinated with the chapter summary. Next comes an Opening Focus, which is the biography of some person who is or has been involved in small business, or a case involving actual business situations and events in small firms. This focuses the tone for the chapter and gives students a reference point as they read the material.

Each chapter contains many types of visuals, including photographs, figures, tables, and—where appropriate—a limited number of cartoons. Examples, illustrations, and real-life vignettes are set off from the body of the text to help students apply the material they are learning to actual small business situations. Key Terms, which are words or phrases defined in the text, are boldfaced for easy recognition and also listed at the end of the chapter, along with the page where they can be found in the text, and many are included in the Glossary. Footnotes are used to give authority to, and cite the sources of, the material used so that readers can get further information if desired. They are grouped at the end of the chapter, however, to prevent “clutter” on the text page.

This edition has a greater variety of types of cases than the fifth edition. Eight new cases have been added and nine others deleted to update and broaden the coverage. Two cases have been divided—one case into matching parts of the text and the other into four parts. These divisions help to provide continuity when moving from the study of one subject area to the next. Also, there is one case—CleanDrum, Inc.—with seven parts that describe how the owner decided to start a business, then follows its progress for the first three years of operation—up to January 1990.

Several end-of-chapter features aid learn-

ing. Chapter summaries, called “What You Should Have Learned,” are coordinated with the Learning Objectives to provide a basis for better review of the material. Short-answer and discussion-type review questions can be used for student assignments, class discussion, or quizzes. Finally, a list of Suggested Readings guides students and instructors to current material for further exploration of key topics.

Important Current Issues Facing Small Business People

We have included topics about which small business owners and managers are currently concerned. These include a full chapter on taxes and their payment and another on business laws and ethics. Also, topics such as marketing, particularly international marketing; developing and presenting the business plan; and use of computers have been strengthened. Next, the discussions of location and purchasing have been oriented more toward retailing and services and less toward manufacturing. The expanding roles of small businesses, franchising, women, minorities, and sources of financing are discussed from a practical, applications-oriented point of view. Finally, the functional areas are covered from a small business perspective.

The retained features of previous editions, plus current changes and additions, make this an excellent, up-to-date teaching tool, relevant to today's changing environment.

ACKNOWLEDGMENTS

Our thanks go to those who contributed cases to this edition—as well as to previous editions. Our recognition is shown by the List of Case Authors. Thanks are also due for

the many contributions made through the years by teachers, entrepreneurs, managers, professional people, and members of the North American Case Research Association. Our special thanks go to Lyle R. Trueblood for his carryover contributions to this edition. And we appreciate the contributions of Charles E. Scott, Loyola College in Maryland, in the management information systems and computer areas. We also appreciate the research and writing contributions of Jay Megginson.

Comments from our reviewers and colleagues around the country—named in the List of Reviewers and Other Contributors—were most helpful.

It pleases us greatly to say thank you to our wives, Joclaire L. Megginson, Addie M. Scott, and Margaret P. Megginson, whose support and patience have lightened our task. Also, thanks go to Barbara Barefield, Juli Byrd, and Karen Tomlin for the assistance they gave us in preparing the text materials and especially the *Instructor's Manual*.

We have no adequate way of expressing our sincere appreciation to Suzanne S. Barnhill. This edition would not have been possible without her help in editing, correcting, revising, typing, and proofreading. Her contributions have been of inestimable value in improving this edition.

Finally, we would like to thank Mobile College and the J. L. Bedsole Foundation for their continued support.

If we can be of assistance to you in developing your course, please contact any one of us.

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