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English for Operating a Small Business

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ENGLISH FOR OPERATING A SMALL BUSINESS

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Submitted in partial fulfillment of the requirements for
the Master of Arts in Teaching degree at the School for
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This project by Joseph McBride is accepted in its present form.

Project Adviser Michael Gerald Date April 29, 1986

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This materials development project is a course program designed for owners, operators, and managers of small businesses, who are non-native English speakers. Emphasis will be on business terms and the language used in operating a "family owned" or a small business. Topics covered include typical conversations with accountants, lawyers, insurance agents, bankers, suppliers, creditors, customers, and employees.

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INTRODUCTION

Explanation of Project

To many people the American Dream is being your own boss, having your own business. In the United States this is not only possible, but also a reality for millions of people. In a country that symbolically asks the world to give us their hungry and poor, having your own business may be the easiest way through the maze of prejudice, culture-shock, or lack of language skills.

The United States of America is a nation of people from many national, cultural and linguistic backgrounds. We are not only a country of White English speakers, but a collection of White, Black, and Oriental English and non-English speaking people. Though many Americans will consider English the official language, there is actually no legal basis for this claim. Many official government documents are published in Spanish as are practice ballots for elections. Spanish then in these situations is as official as English. All of this, however, does not change reality for the millions of people who do not speak English or Spanish. They will be faced with a de facto official language. They may or may not enjoy this fact. Some will wish to retain their language and culture. Some will wish to assimilate into "mainstream" America. Whatever their personal feelings are, if they choose to go into business for themselves, they will have to attain a good

deal of acumen in the way small businesses are conducted in the United States. In order to do this they will have to improve their English language as well as their business skills.

If you take a panoramic view of this nation you will see the close knit ethnic communities, the "China Towns" and the "Little Italys." However you will also see the Korean fruit store in the Russian neighborhood of Brooklyn, the Vietnamese fishing boats in the Gulf of Mexico, the Haitians in Florida, and the Arabs, Philipinos, Poles, and Greeks opening up delicatessens, service stations, repair shops, restaurants and thousands of various kinds of businesses all across America.

It is to these people that I am directing this work. There is a niche in our society for the immigrant entrepreneur because he or she can add to our way of life. They bring with them a culture that is new to us, and a pilgrim's zeal. It is a waste indeed when someone's ambition and drive are crushed before it is fully developed. I hope to construct a platform to help these new residents and citizens stand on their own. This work is intended to be used as a tool for a business operator that will enable him or her to attain a greater satisfaction in business through understanding the language environment.

The presentation of this program as I view it should be given as a course for adult speakers of languages other than English, who are or plan to be owner-operators of a small business. It is designed to offer students opportunities in

seeing business situations in near life like conditions.

This program is not intended to be an in-depth business course which will explain the practice and theory of small businesses, for that is not my purpose as a language teacher; nor is it necessary for many immigrant entrepreneurs who may bring with them generations of merchant experience from their own countries.

The intention of this program is to help owner-operators become more aware of the terms, meanings, expressions, and uses of English that are spoken in their working environments. These business people will bring with them a varied collection of mercantile experiences with questions and answers of their own. It is hoped that the student-entrepreneurs in sharing their collective business skills and experiences will work together with their teacher to form a task-solving team. The teacher should help the students be aware of the similarities they all share, their common business sense, and assist the students in recognizing the resources within themselves.

This program is divided into four sections; 1) Organizing Your Business, 2) Operating Your Business, 3) Getting out of Your Business, 4) Forms and Facsimilies. Section 1 is an introduction to an attorney, an accountant, a banker, and an insurance agent, these people can be very helpful in organizing a new business. In section 2 there are brief sketches of six types of small businesses. These are; Manufacturing, Contract work, Wholesale, Retail, Services and Restaurants. These are to be taken as generally as possible

for there are so many types of small businesses, yet each of these have so much in common. The classroom activities, however, can be very point specific or very broad depending on what is necessary for a particular group and time. The teacher as well as the students should bring with them an element of imagination and flair along with hardwork and good business judgement. Section 3 is an explanation of the procedures necessary to terminate one's business. An attorney and an accountant are centrally important to conclude the contract of sale. Section 4 is a collection of forms and documents that a person in business will encounter.

There is a need for a course of instruction for adult students who wish to improve their business skills by improving their English. Many situations that occur only in business may never happen in everyday routines. The English necessary for operating a business is rich in its own idioms and vocabulary. The object of this program is to create a meaningful course of instruction for the business people who are learning English as a second language.

This syllabus is to be based on particular situations and recreations of business environments within the classroom. It is not primarily a beginning E.S.L. program, and some English proficiency is necessary.

How to Use This Program

This program is based on a situational-functional syllabus. It is intended to foster business like situations that the student entrepreneurs will face as they conduct themselves in their chosen fields. This program will offer examples of particular business experiences that should be expanded for the needs of each particular group.

It may be used either as a teacher-directed or student-centered approach depending on the originality and imagination of both the teacher and the students. In each of the three sections there are units describing a particular situation. There is a short explanation of the setting, the purpose of the situation, a list of appropriate vocabulary words, functional phrases, and suggestions on how to create the atmosphere of the situation being exercised.

At this point student involvement and input are most necessary. The students, through their contributions, will enliven the class with the recreation of past business experiences. The teacher may allow the students then to set the settings and describe how they responded to a situation. The teacher should offer the other students an opportunity to make suggestions on alternative responses. The teacher is now needed only to moderate, to keep the focus on the point being learned. The students should be encouraged to help correct themselves as a group and to make those corrections at appropriate times. They should learn that the teacher is a

resource, a guide to help in their learning, not a pump pouring out information. The teacher should see himself in the same role. In an adult educational experience losing the experiences of the students by over-directing them is a loss that no class can afford.

ORGANIZING YOUR BUSINESS

Unit 1 Types of Business Organizations

Objectives

The object of this unit is for the students to know the differences and purposes of the three ways to organize and operate a small business, while recognizing and understanding the terms used to describe them.

Text

In the United States there are three ways for the self-employed person to organize a business: a proprietorship, a partnership, and a corporation. They can be explained very simply. A proprietorship is a business set up by one person, who will own everything by himself or herself. The proprietor is the one and only owner. A partnership is a business that is owned by two or more proprietors. They may own equal or unequal percentages of the business. The term partner comes from the fact that each of the partners owns a part of the business. A corporation is a legal entity created to conduct business. When a corporation is formed it is almost like creating a new person to own and operate your business. In this arrangement all of the owners own shares or percentages of the business.

There are advantages and disadvantages to all of these arrangements. You must decide what is best for your particular situation. This decision will be easier to make

after you discuss it with four important people: your accountant, lawyer, banker, and insurance agent.

Vocabulary and Terms

accountant	incorporation	liabilities	proprietor
attorney	insurance agent	organization	self-employed
c.p.a.	lawyer	owner-operator	shares
corporation	legal entity	partner	stocks

Suggestions

A. After reading the unit with the students, ask them for an explanation and assess how much is understood.

B. Answer questions.

C. Offer a graphic pie and a stickman to illustrate:

1. the proprietor - the whole pie
2. the partnership - a divided pie
3. the corporation - a pie with a hundred slices, each slice is a share in the business
4. the stickman - a newly created entity or person, such as a corporation, to operate a business.

D. Offer a discussion on responsibilities. Who is liable?

1. A proprietor is liable for everything personally.
2. Partners are liable for everything personally.
3. A corporation is liable only to the amount equivalent to its assets.

E. Offer a discussion on the advantages and disadvantages of all these types of organization.

F. Assess your students. Take note of their English. Become aware of their linguistic levels, language needs, and problems. This information will be a useful tool to be used in planning your lessons.

Unit 2 It's Who You Know

Objective

The object of this unit is for the students to identify and understand the services offered by accountants, attorneys, bankers, and insurance agents. The students will be able to inquire about these services, where to locate them, discuss and decide their individual value.

Text

There are four people who can be very helpful to you in organizing your business. They are an accountant, an attorney, a banker, and an insurance agent. Their varied experiences and knowledge make these business people a good source of advice. These advisors will be very important to you, so you must take care in choosing them. Seek recommendations from others that you may know who are in business. Their experiences both good and bad will help you to make the right decision. You must feel comfortable with these people, trust is an important factor. Their opinions may differ from each other, but you should believe that they are giving you the best advise from their point of view. If you feel you are not receiving their best service then you can take your business elsewhere. There are many consultants seeking to provide their services to a new business. That is how they make their money. In this respect you are the client and are due the privileges of a valued customer. Accountants, bankers, and insurance agents

will usually give advice freely. As for lawyers, most do not charge an initial consultation fee. In the end you must make all the decisions yourself. Everyone else can only advise, you must decide!

Vocabulary and Terms

advice	opinions	service
advise	point of view	take your business elsewhere
client	privileges	trust
consultant	provide	valued customer
consultation	recommendations	

Suggestions

A. After reading the unit with the students ask them for an explanation and assess how much is understood.

B. Answer questions.

C. Have students ask each other who their accountants, bankers, lawyers, and insurance agents are. This can be done in a dialogue or in a class discussion.

D. Have the students discuss what each advisor may suggest.

E. Have students offer suggestions on who else may be helpful in organizing a business. eg. friends who own their own business; other people in the same type business.

F. Have students name several accountants, banks, insurance companies, and lawyers in the community.

G. Practice dialogues on inquiring about the services these important people. "Who is your accountant?" "Do you know a

good lawyer?" "Which bank do you use?" "Where do you get your insurance?" Suggest that the students ask for the locations and phone numbers, what their fees are, and if they can be recommended.

H. Continuously assess the student's English. Note the structures and vocabulary that is being used. Correction and practice are necessary. Plan enough time for the linguistic necessities. Be aware of your students needs. Take note of them. Students of similar linguistic or national backgrounds may have similar language problems.

Unit 3 At the Accountant's Office

Objectives

The object of this unit is for the students to use and understand common small business accounting terms. The students will understand the functions of a C.P.A. and how an accountant can help them in business. The students will use correct question and answer structures and will be able to explain their own business systems clearly.

Text

1. Your accountant can be one of your best resources in running a profitable business. The accountant will be interested in the business of your business, so it does not matter if you sell buttons or repair computers, his interest is in your profits and losses. You should find an accountant who is a Certified Public Accountant, commonly called a C.P.A. This certification assures you this accountant has completed the required studies qualifying him or her to assist the public with their business records, taxes, and financial planning.

Choose an accountant you can easily work with. You will probably work closer with your accountant than any other business advisor. If you are not at ease with his advice then seek another opinion. If your second choice agrees with your first then perhaps they are right. You do not need a "yes man" who will tell you only what you want to hear. You want someone who will give you sound advice, someone with your

interests in mind.

* * * * *

2. Initially you and the accountant should discuss what type of business you wish to set up. How many employees will there be? Who will operate and manage the business? What will the assets be? How will it be financed? These and other questions may be asked when you and the accountant first meet. When the accountant knows all of the details he will give you his advice on the best structure for this particular business. He may advise a corporation or a proprietorship depending on your needs. It is important to be honest with him in your discussions so that he can get a clear picture of your situation.

Do not confuse an accountant with a bookkeeper. Though your accountant may prepare all of your records, that is not his or her primary purpose. There are many records to keep even in the smallest business. "Doing the books" is sometimes the least interesting duty in operating a business, yet it is important. A general ledger should be kept. This is a record of all the transactions made while in business. The general ledger is divided up into various journals, each with a particular purpose and name. Accounts payable and accounts receivable are the most common journals maintained in a small business. In other words, "To whom I owe money?" and "Who owes me money?" You will also need to keep journals of your

merchandise purchased, expenses, payrolls, sales receipts, bank deposits and checks written. These are recorded in seperate journals. Each journal is again divided into subsidiary journals. In your accounts receivable journal you will list each and every customer who owes you money. The accounts payable and other journals are recorded in the same manner. Your journals and general ledger should always be kept up to date.

These records will be used to determine your profits or losses, and will be necessary to file your taxes. Your accountant will be most helpful at tax time. His or her advise will be instrumental in filling out the maze of tax forms issued by the I.R.S., state, and local tax boards. Your accountant will make sure your Employer Identification Number and your Social Security Number are not confused. This will leave more time for you to make money and not worry about forms.

Vocabulary and Terms

accounts payable	finance	payrolls
accounts receivable	financial planning	profitable
assets	general ledger	profits
book work	honest	sales receipts
business records	I.R.S.	Social Security
checks	journal	sound advice
deposits	ledgers	subsidiary journal
doing the books	manage	tax

employees	merchandise purchased	tax board
Employer ID Number	off the books	under the table
expenses	operate	yes man

Suggestions

A. Read and discuss the text, assess the students understanding.

B. Have the students discuss what kind of records they keep for their business.

C. Role play a meeting at an accountant's office. Have some students act out the roles of an accountant and his clients. Have other students observe the dialogue and make comments or suggestions.

D. Offer the students a variety of ledger sheets or different bookkeeping systems.

E. Have the students show samples of their own record keeping.

F. Ask the students to share any advice that their accountants may have given them.

G. Invite a local C.P.A. to the class to explain his services and answer any questions.

H. In any interview there are a lot of questions and answers, therefore be careful of subject and verb agreement in these Q's and A's. Stress to the students that they will leave a much better impression if their language is correct.

Unit 4 At the Attorney's Office

Objectives

A conversation with an attorney can be confusing even to a native speaker. It can be very intimidating to a non-native speaker. The object of this lesson is to take the mystery out of a formal conversation. The students will be able to question a person of authority to their satisfaction. Simple English can be as clear and significant as the most complicated "legalese." The students will be able to express their wants, needs, and questions clearly. They in turn will be able to question an explanation until their understanding is satisfied.

Text

1. Your attorney is like a safety device he may not be needed everyday, but when he is needed he is important. A lot of trouble can be saved if an attorney's advice is sought before you have a problem. When you hire the services of a lawyer, you are hiring all of his training and experience. You may be the greatest in your line of business, but if you are not in law get a professional. The accountant's main concern with you are your profits and losses. The attorney's will be your protection. He will want to save you from making mistakes. Whether you are buying or selling a business an attorney's services must be obtained.

The lawyer will point out what is best for you from a legal

standpoint. He should be able to explain to you what is fair and reasonable to you and to the people you are doing business with. He should explain every part of a contract to you to your complete satisfaction. Never sign your name to anything that you do not understand! In negotiating any contract, bill of sale, or promissory note you will have to make the business decisions, your attorney can only offer you his legal advice. If he is being overly protective of your interests tell him so. If you feel you are not getting the best of service find another attorney who will fulfill your needs. Lawyers are businessmen also, they are selling their services. If you do not like one, find another.

* * * * *

2. Discuss how you should organize your business with your attorney. Describe the business you have or want to have to him. Tell him what you think is good and what your liabilities may be. Ask his opinion on proprietorship or corporation. Attorneys tend to advise corporations because your liabilities may be less in an incorporation. In a proprietorship the owner may be held personally responsible for any action against him. With a corporation you may only be liable to the assets of the corporation. In the case of any tragic business event it may be better to hold a company responsible and not you, the owner. This can be an important point to consider. However, this point can be countered by the fact that you may pay more taxes when using a corporation than when you are only a proprietor.

If you do decide to incorporate your attorney will draw up the appropriate papers and file them with the state. He should explain to you who the corporate officers are and what their tasks may include. The corporation will be chartered by the state and stocks or shares will be issued. The owners of these stocks are the owners of the corporation. A new corporate entity will then be created.

Use your attorney for an advisor when filling out any forms that you do not understand. Your accountant may also help you with this type of paperwork. Your lawyer should give a fair amount of advice to you over the phone. When in doubt give him a call. Try not to become too pesty or he may not answer your inquiries, or even worse he may charge you for every conversation. Use your judgement. An attorney values your business, but you are not his only client. You should value his advice, but he is not the only attorney. Find someone with whom you are comfortable, it will make doing business with him so much easier.

Vocabulary and Terms

bill of sale	draw up the papers	legal standpoint
charter	file with the state	pesty
contract	get it in writing	promissory note
corporate entity	issue	safety device
corporate officers	legalese	

Suggestions

A. Read and discuss the text, assess the students' understanding.

B. Have the students break up into small groups to discuss when and why they have or should have used an attorney.

C. Role-play a visit to a lawyer's office. Stress the importance of the client understanding everything before he leaves this meeting, or signs any papers.

D. Discuss what liabilities there may be in each of the student's businesses.

E. Invite a local attorney to the class to explain his services and to answer any questions.

F. Practice listening to an explanation of something difficult. Have the students question anything they do not understand.

G. At an attorney's office the student-entrepreneurs will be expressing their own ideas as well as questioning the thoughts of others. The image created by a speaker is very important in business dealings. Proper use of English will enhance this image. A form of dialogue often used in a situation such as this is a question from the client for an opinion, followed by a question from the lawyer for more information, followed by an explanation by the client, then an opinion by the attorney. An example would be as follows.

"There is a business for sale. Is now a good time to buy?" asks a client.

"What kind of business is it, and how much are

they asking?" asks the lawyer.

"It is a button distributorship that covers all of New York City. They want \$12,000. 50% down and they will hold a two year note for the balance." replies the client.

"Well the economy will not be very good this year. There will be a lot of inflation. Perhaps people will sew a button on their old shirt before they buy a new one. That may help sales. What is the income from the business?" and so on from the attorney. There may be few direct answers to direct questions. This is not following the usual pattern of questions and answers. Have the students practice "dialogue pattern games" so that they may become more familiar with them.

H. In contrast to the previous suggestion a direct answer may also be necessary. Help students become aware of subject and verb agreements in questions and answers.

Unit 5 At Your Banker's Desk

Objective

The object of this unit is two fold. The first is for the students to be able to freely discuss money matters in a direct but polite manner. The second is for the students to correctly use the proper numbers and figures when discussing or writing about money.

Text

Banking will become a routine aspect of your business. You will eventually become an account number to their computer and a regular customer to the tellers. Before this happens, however, you will have to choose a bank. There are two points to consider when you are deciding on your bank. They are convenience and service. Remember, you will have to get to your bank while they are open to do your banking. If your branch is out of your way or your hours can not match theirs, you may end up with a problem. Find a bank that is easy to get to and which has long hours. Your business hours should not have to be your banking hours. There are very large banks that are owned by even larger holding companies. These banks are united in name only, and if your account is in one branch, you may not be able to do all of your banking in another. This can be less than convenient to you in some businesses. If your business is centrally located and there is no need to travel, then a multi-access bank may not be necessary. The next consideration is service. Most banks offer similar

services. Some banks may be friendlier or quicker. Some may even be more understanding of your particular situation. They are all businesses and should treat you as a business.

There are three types of banks: Savings and Loan Associations, Savings Banks, and Commercial Banks. Their names are almost self-explanatory. The Savings and Loans as well as the Savings Banks are in the savings and lending business. People invest their money in these banks and the banks invest the money in home mortgages and a variety of personal loans. Commercial Banks like to refer to themselves as full service banks. They claim to offer any service you will need. Most commercial banks are eager for new business customers. That is why they are known as commercial. Since the era of government de-regulation has begun the differences in the types of services offered by the various banks has become less and less.

Basically there are few services you will require to operate a small business. The most important of these will be your business checking account. You will pay most of your expenses and deposit most of your business money in this account. Your suppliers and your creditors will all be interested in "how good your checks are." It is up to you to maintain a healthy checking account. Remember you can not write checks for more than your balance. If you do, your checking account will be overdrawn and your checks will be returned due to insufficient funds. This will not only cost you more money in bank charges, and lost confidence in you by

your suppliers, but bounce too many checks and you may end up in jail! Many business people get annoyed at their banks when problems such as these occur. Problems are usually created by the people themselves. It is important to get enough money into the bank before you write your checks. Make daily deposits or get night deposit bags so you can drop off your deposits even when the bank is closed. Talk to the bank officers once in a while, they will be interested in you and your business. Treat the tellers as you would any business person, these are the people who handle your accounts. Ask your bankers for advice. There are different laws and regulations concerning proprietorships and corporations. Perhaps they can recommend an accountant, or advise you on your financial planning. Banks are in business too. They should want your business eagerly. If you are not satisfied with their services go somewhere else. There are lots of banks.

Vocabulary and Terms

account number	confidence	night deposit bags
balance	credit	overdrawn
bank account	creditors	personal loan
bank check	de-regulated	returned check
bank draft	deposit slip	rubber check
bank officers	endorse	save
borrow	fee	savings account
bounced check	holding company	S & L Assoc.

branch	insufficient funds	savings bank
business loan	invest	service charge
cancelled checks	lend	suppliers
C.D.	letter of credit	tellers
certificate of deposit	loan	uncollected funds
certified check	money market account	withdrawal
checking account	mortgage	withdrawal slip
commercial bank	night deposit	

Suggestions

A. Read, question, explain, and assess.

B. Have the students discuss their banks, their good points and bad, what they like about them, and what they do not.

C. Have the students discuss how they use their banks for business and personal matters.

D. Invite a local banker to the class to explain his bank's services and to answer any questions.

E. Getting people to discuss money matters can be difficult. It can also be offensive to some who consider it no one else's business. Perhaps a discussion covering polite financial conversation centering on the axiom "It's not what you say, but how you say it." would be appropriate.

F. The language of numbers is important in banking. Assess the students' abilities to discuss and write about money in proper figures, spelling, and order. There is a great difference between \$2,500 (two thousand five hundred dollars) and \$25,000 (twenty five thousand dollars.) Practice check writing and filling out bank forms.

Unit 6 At the Insurance Agent's Office

Objective

The students will know and understand the purposes of the various types of insurance. They will also be versed in handling aggressive situations. They will not be intimidated by strong or aggressive speakers. They will be able to say no when they want. The students will also become familiar with time adverbs.

Text

1. As your attorney offers you legal protection, your insurance agent will offer financial protection. Basically insurance is your security in the event that you experience some sort of tragic financial loss. While some types of insurance are mandated by law, such as auto insurance, others are optional. A good agent will be able to direct you to obtain the necessary and sufficient coverage. Be wary of agents who try to push you into more insurance than you need. Insurance is a necessity, but excessive insurance can be very costly. Business and common sense tell you to buy enough, but not too much. Insurance is highly competitive. Shop around for the best deal and service. Ask your friends and other business people for their advice, then make your decision based on your needs and costs.

There are generally two types of insurance agents. Company agents, who represent only one company are the first, and

independent agents who represent several insurance firms are the second. They both have their selling points. A company agent will inform you that his company is one of the largest companies and it offers the best policies for your business. An independent agent will tell you that because he represents several insurance companies he can find the very best policy for your needs. They are probably both right. You will have to decide which one will be most beneficial.

When you buy an insurance policy you are buying it from the insurance company, not the agent. The insurance agent acts only as a agent representing the insurance company to you and vice versa. He is paid by the insurance companies based on the amount of insurance he sells. If he sells more, he makes more. Beware of the pushy insurance agent!

* * * * *

2. When you choose your agent talk to him about your business. Discuss with the agent how your business is run or will be run. Ask him for his opinion on how your business should be organized. He may advise a proprietorship or a corporation. Have him explain his reasoning to your satisfaction. He may ask you to consider that with enough insurance you will have proper security against any liability. This may help you in your considerations on how to organize.

There are many types of insurance that may be necessary to operate a small business. There are commercial policies that

are very broad in their scope. They may cover workmen's compensation, disability, fire, theft, flood, window glass, cargo, and product liability insurance. Any vehicle will be required to be insured for liability insurance, however, you may also desire collision included on your policy. Everyone should carry some sort of health and medical insurance. Today's medical costs are unbelievably expensive. Blue Cross and Blue Shield are usually available to individuals and small groups. There are, however, private carriers who offer health and medical coverage. A good agent will tell you which is better for your situation.

Policies are usually for six months or one year, but they may be written for any amount of time. Premiums are paid in full at time of purchase, or they may be scheduled into semi-annually, quarterly, or monthly payments. Ask your agent about cancelation of your coverage. Your policy should never be dropped because you have filed a claim. That is why you buy insurance. It should be a lot easier for you to cancel your policy than for the company to drop your coverage. If you pay your premiums on time and are reasonably careful with your business and belongings then you should have no problems with insurance.

Vocabulary and Terms

beneficial	financial	product liability
Blue Cross	fire insurance	quarterly
Blue Shield	flood insurance	represent

broad in scope	individual	security
cancellation	life insurance	selling point
cargo	mandated	semi-annually
claim	monthly	theft insurance
collision insurance	optional	too pushy
common sense	policy	vice versa
coverage	premiums	wary
disability	private carrier	window glass
drop your coverage		workmen's comp

Suggestions

A. Read, question, explain, and assess.

B. Have the students discuss their insurance. Include talking about their agents, the companies they represent, what types of coverage they carry.

C. Have the students discuss the differences between their personal and business insurance.

D. Invite a local insurance agent to your class to explain his services and to answer any questions.

E. Polite rejection is a complicated function to master. A direct "no" is often too harsh. However, it may be your only solution for someone who will not take "no" for an answer. There are many pushy sales people in the business world, declining their offers can be difficult. Have the students role play as salesman and prospective client. The salesperson should come on hard, and the client should stand his ground.

F. Insurance is bought and paid for in time segments. Have the students familiarize themselves with time terms, eg. annually, semi-annually, monthly, bi-monthly, weekly, daily, hourly, etc.

Unit 7 Time to Decide

Objectives

The object of this unit is for the students to be able to question what they do not understand and to have their student peers explain and satisfy these questions. The students should also begin to recognize any linguistic errors and begin to remedy them through teacher moderated peer work.

Text

As a business person you will have to make decisions everyday. If you are the kind of person who has trouble deciding then you may have trouble in business. Take a stand and work it through. If it was a wrong decision do not fret over it, simply make your corrections and improvements. Before you go into business you will have to decide on how you will organize your business. If you have discussed this matter with the same four advisors that we covered in class, you should have collected enough information to make your decision. You may also wish to talk it over with friends or other people you know who are in business. Consider your liabilities, taxes, and relationships with the people with whom you will be in business. The type of business you enter will also be a factor in choosing. Remember that this is to be your business; decide on the type of organization in which you will be most comfortable. Others can advise, only you can decide.

How you begin your business may also have a bearing on your decision. Will you be starting up a business from scratch, or will you buy someone out and take the business over? Will you be managing a going business, or will you buy into one and create a new partnership? Will you be working for yourself, or for someone else?

Depending on your state you may have to register your business or business name. You may have to go to the county court house to do that. Ask your attorney. You may need these registration papers to open a business account at the bank. Ask your banker. If there is something you do not understand, ask about it. There are many people who will help you.

After you have decided what you are going to do, go out and do it! Good luck and make lots of money.

Vocabulary and Terms

a going business	registration papers
buy into	starting up from scratch
buy out	take a stand
county court house	take over
information	talk it over
register	working for yourself

Suggestions

A. This is a time to review. Assess the students' understanding of the previous units. Try to have the students explain to each what may not be understood. Now is the time to moderate, not direct. Help them keep the focus of the discussion. Keep them on the point until it is understood.

B. This is also a good time to work on any linguistic problems that need to be resolved. This can be your grammar and conversation class. By now you should have a good understanding of your students' levels and abilities give them the language coaching they may need.

II OPERATING A SMALL BUSINESS

In this section six small businesses are profiled in a very general sense. They are examples of the types of enterprises that require small capital investments and are easily operated by a single entrepreneur, or at least with a minimum of employees. These sketches are very brief and are not representative of any actual business operation, however, they are typical of all small owner operated concerns. Following these profiles are lesson units dealing with the day to day problems faced in operating a business. Basically these units are frameworks for the recreation of situations in the business environment.

Unit 8 Manufacturing

Objectives

The object of this unit is for the students to be familiar with the terms used in a small scale manufacturing company. They will be able to discuss business matters with the people they come in contact with such as salesmen, customers, and employees. The students will also be aware of the similarities in different businesses. The students should now become familiar with each other and begin to work together for their own advantage. The small groups will provide a setting for the students to develop business situations in which they can practice their new language skills.

Text

1. M & M Plasticworks Inc. is a manufacturer of small plastic components. Their specialities are plastic window handles and knobs used in automobiles, however, they also produce some parts for a local toy factory. It is a family owned company and is operated by two brothers Mark and Mike Ghalli. They have four employees. M & M leases a small section of an old industrial building in which they operate. Their production schedule requires a 5 1/2 day work week. They work in two shifts Monday through Friday and one shift on Saturday. The responsibilities are evenly divided between the brothers and they both have an equal hand in running the business. Mark handles the paperwork, personnel, and customer relations. Mike, on the other hand, watches the production and keeps all the equipment running smoothly. They have been in business for five years and are doing well. M & M Plasticworks began as a partnership but later incorporated when they took on hired help. This was done to give them added protection in case an employee had an accident with one of the presses. The Ghalli brothers also thought that it would create a better image to potential customers if there was an "Inc." at the end of their company name. Status is important to them.

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2. M & M's largest and most important customer is an automobile

company that maintains an assembly plant in the next town. They are in the second year of a three year contract to provide window handles and knobs to the assembly plant. Though the auto industry has slowed down in the past few years M & M has done well because it is a small non-union shop with a low overhead. Unlike their clients they do not have to pay union wages and benefits, this alone makes them more competitive than the larger suppliers. Their equipment is not the state of the art but it is efficiently maintained and it does the job. Since their largest customer plans its production needs well in advance there is no need to maintain a large standing inventory. Mark only orders what will be needed in the near future. That way production will not surpass sales and cause a slow down in operations. When business does slack off they are lucky enough to have a second outlet for their products. Their other account is a game and toy manufacturer which buys plastic arrows used in spinning wheels for their games. This is much more of a seasonal business than auto parts and the profit margin is higher.

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3. Mark likes to think of himself as an office manager. In theory his main obligation is to maintain customer satisfaction. To succeed in this he must be aware of his clients needs and how he can help fulfill them. In order to do this M & M Plasticworks must be operated efficiently and profitably. His days are divided between buying and selling, employee needs, and what seems to be endless paperwork that is

piled on his desk. Mark supervises the morning shift.

The day usually begins with Mark checking his inventory sheet against his supply and production order lists. By keeping a low inventory he can hold down costs. By keeping his lists up-to-date he knows what supplies he has, and what he will need to order to maintain production. Mark then places his orders with his suppliers and sets up a time for them to be delivered. It takes a good guess to order correctly. He tries not to order too much, or too little. At times Mark must meet with salespeople from various supply houses. Each of them believe that they sell the finest products and they all want M & M to buy 100% of their supplies from them. Mark, however, knows the people he wants to do business with and buys from them, but he will give everyone a chance. Once this is completed he usually calls the quality control officer at the car assembly plant to check up on M & M's products and if everything is running smoothly. Sometimes Mark will call the purchasing agent at the auto plant just to check and see if the production schedule is being met and to inquire about the present and future orders. The salesman in Mark enjoys this part of his job. It is an easy sale and he has another year left on his contract, yet he likes to make his customers feel good. The contract will have to be renewed and he wants to stay on their good side. Come mid-morning Mark leaves his phone and desk and goes into the shop. He works here for a while and gets to talk with his brother and the workers. He knows the work is not glamorous or exciting

but he and his brother take pride in the fact that it is theirs.

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4. After lunch Mark begins to work on the pile of papers on his desk. He has his own filing system that works for him, but no one else would understand. Basically anything on his desk is unfinished. Completed work is filed away in his file cabinet. The payroll is the most constant of his chores. He has to figure out the salaries of each of the employees from the time entered on their time cards. At M & M there is no clock to punch but everyone signs in and out. The pay scale is not high, but it is above minimum wage. They pay time and a half for overtime when there is some, and offer a Blue Cross - Blue Shield plan to the employees. Mike computes the deductions for withdrawal taxes. There are the federal taxes as well as the state taxes to consider. The pay is not high to begin with but after taxes the take home pay is even less. Mark and Mike had discussed hiring people off the books but decided not to because it was too risky if there was an accident and because it is illegal. The income tax on the business is paid quarterly as are the state taxes. The federal withdrawal taxes, however, are paid monthly. The Ghalli's accountant comes in once a month to look over the books and make sure that everything is okay. Next are the company ledgers.

All the money spent and all the money made must be recorded. The difference between the two is the profit or loss. Receipts of all purchases must be kept. A ledger must be kept

on merchandise needed for manufacturing as well as supplies needed to operate the business. This includes everything from postage stamps and telephone bills to the chemicals needed to work the plastics. The books must be kept current because it is too hard to catch up once you have fallen behind. These records are also used by the accountant to estimate the taxes to be paid by the company. Records must also be kept for accounts receivable as well as the accounts payable. Mark has it a little easier here because he only has two customers and few suppliers. He does have a cash flow problem at times because M & M is paid by their customers every thirty days while their suppliers and payroll are paid weekly. It is Mark's skill at juggling the books that keeps everybody paid and happy.

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5. Mike is the company engineer. He is the one who takes a work order and transforms it into actual production. Mike has a knack with machines and is able to get the most out of them. Mike's primary job is to keep everything running as planned. Once the supplies come in they are placed in the proper storage space. As the product is ready for shipment it is up to Mike to get it on its way. Though Mark meets with the customers it is Mike who keeps them satisfied by having their supplies ready when they want them. Most of Mike's time is spent in the shop with the presses and other equipment. He does deal with equipment sales and repair men, but he enjoys working with machines more than people. He says that machines

don't talk back. At the end of each day Mike tallies up the day's production and writes up any supplies that may be needed. Mike usually supervises the later shift because then he can stay and fix any machine that may be down. That way it would be ready for work in the morning and less production time is lost.

Together the Ghalli Brothers manage a successful business. They manufacture and supply products at a good price for their customers while keeping a gainful profit margin. They may not make a million, but they make a nice living.

Vocabulary and Terms

assembly plant	inventory	production time
before taxes	juggling the books	quality control
benefit	knack	risky
cash flow	look over the books	shop
customer relations	minimum wage	slack off
deal	net pay	state of the art
deductions	non union shop	storage space
down time	outlet	take home pay
entered	overhead	time and a half
figure out	overtime	time card
fix a machine that is down	payroll	union wages
gross pay	pay scale	up to date
hired help	plant	withdrawal taxes
income taxes	profit margin	work order

Suggestions

A. Read, question, explain, and assess.

B. This is a long text with many new terms. Keep the students' interest by working with individual sections. Each section explains a different aspect of this business. Have the students ask each other comprehension questions concerning the text.

C. Break the class into small groups. Then ask each group to recreate a dialogue based on the story in the text. Suggest that one of the students be Mark or Mike and that another be a salesperson, repairman, customer, or an employee. Copy or record these conversations, ask the students improve them among themselves.

D. While in small groups have the students discuss how these situations or terms would be applied to their business.

E. While listening to the students collect or record any common errors or mistakes. Present them to the students. They can then collectively work on the corrections in speech or grammar.

F. Before moving on to the next unit some time may be spent on helping the students become aware of their errors and mistakes, and how they may train themselves to make corrections before the mistake is made. Assist the students with pronunciation and grammar learning skills so that they can begin to learn the language from their combined resources. Take the time between units to help them master these skills.

Unit 9 Contract Work

Objective

The objectives of this unit are for the students to be able to negotiate a contract with a potential customer and to become familiar with the necessary terms for their particular occupation. There is also an emphasis on various uses of the perfect tenses. The students will become aware of these examples and be able to use them with confidence.

Text

1. Carlos Mendoza had been a house painter before he came to the United States. He had enjoyed this line of work so, it was quite natural that he continued to paint after he arrived in this country. He likes to work by himself and he is good at his job, because of this he has built up a profitable business. Most of his customers are homeowners who wish to have their houses painted. Mr. Mendoza does both interior and exterior work and some light carpentry. He operates his business as a proprietorship in part because there are no other employees.

Mr. Mendoza advertises in the local paper as well as putting his name in the yellow pages. This has proven to be an effective yet inexpensive way to promote new business. He also depends on word of mouth advertising for getting new leads. Over the years he has gotten to know several other contractors, and real estate agents who have also recommended

him to their clients and customers. New customers usually call Mr. Mendoza at his home, which is also his "office." Mrs. Mendoza then takes the message and tells the people that her husband will return the call as soon as possible. But she is not always at home and they often worry about how many calls they may have missed. To solve this problem they have decided to purchase a telephone answering machine.

Mr. Mendoza does not like to speak English over the telephone so he tries to schedule a face to face meeting with a potential customer right away. In this way can get a chance to look over the house and neighborhood before he talks prices with the people. This is a highly competitive business where \$3,000 jobs have been won or lost because another painter's estimate was \$50 higher or lower.

People who call usually want an estimate of the cost before they hire a painter or any kind of contractor. They want the best possible job for the least amount of money. There are customers however who only want the best, and are willing to pay for it. There are also the customers who only want the cheapest price regardless of the quality. Mr. Mendoza has always thought that he offers very good workmanship with high quality paints and supplies at fair and reasonable prices. This balance between price and quality is another reason for his continued success.

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2. Negotiating a final contract is generally an easier task than giving an estimate because the customer has already mentally agreed to hire you. There are only the fine points of a contract to discuss and agree upon. Mr. Mendoza requires a 25% down payment up front and in cash or certified check. This is so he can buy the paints and materials at no cost to himself. He has been burned in the past by people who have stuck him for everything. Now if he is not paid at the end of a job he only loses the cost of his labor and not any out of pocket money. The customers frequently specify a few things in a final contract. These may include such items as a particular task to be completed, such as putting new putty in all the windows and asking for a guarantee that all the windows will open and not be painted shut. They may also set a deadline or date for completing the job.

The next thing Mr. Mendoza does is figure out what he will need and where he will purchase his supplies. He has been dealing with a paint retailer who gives him a very good discount because he is a contractor. There are a few other items that he can buy from other sources at better prices so he does that from time to time. After he has gathered all his supplies and tools he brings them over to the jobsite. Mr. Mendoza has been working out of the same van for the last seven years. He stores all his tools of the trade inside it for safe keeping. It's his shop on wheels. Once he begins a job he likes to finish it as soon as possible so that he can get on to the next booking. However he does not let speed

interfere with the quality. If it is worth doing it is worth doing right.

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3. In Mr. Mendoza's state the final consumer pays a sales tax. That means that although Mr. Mendoza is exempt from paying sales tax on many of his supplies, he is required to collect the tax from his customers and forward it to the state. This is most annoying to Mr. Mendoza because he feels that the state is forcing him to do its work for free. He keeps good records and is faithful and honest in his payments to the state. He knows that it is the law and his duty to pay the correct taxes. Yet, it is still a thorn in his side especially when he considers that others cheat on their taxes. What others do though does not make it right.

Mr. Mendoza is a good tradesmen. His work is done well and his customers are satisfied. He has worked hard to achieve this level of success and he deserves every bit of it.

Vocabulary

advertise	fair and reasonable	sales tax
booking	final contract	signed contract
carpentry	has been burned	stuck him
cheat	hire	thorn in his side
competitive	interior	up front
contractor	job	verbal contract
deadline	jobsite	word of mouth

discount	leads	workmanship
down payment	materials	written contract
estimate	mentally	yellow pages
exempt	negotiating	
exterior	out of pocket money	

Suggestions

A. Read, question, explain, and assess.

B. Have the students role play a job negotiating session between Mr. Mendoza and a potential customer. The give and take can be very imaginative.

C. Have the students suggest different ways to win a contract. Eg., price vs. quality.

D. Have the students compare other types of contractual situations. Eg., plumber, electrician, mason, carpenter, embroidery piece work, tailor - seamstress, etc. Have them discuss the similarities and differences and how they are all related to their own businesses.

E. Ask the students to draw diagrams or pictures of houses, electrical or plumbing systems, or other examples of contract jobs and have them explain the type of work that needs to be done.

F. Begin a discussion on the question of obligation to pay the proper taxes.

G. Ask the students to find the examples of the perfect tenses used in the text and have them explain their use and meanings in the class.

Unit 10 Wholesale Distributor

Objective

There are three objectives in this unit. The first is for the students to see and recognize the difference between the "s" as used in contractions and in possessives. The second objective is that the students will be able to discuss billing procedures and set up a billing schedule. The third objective is that the students will be able to discuss business ethics.

Text

1. Stosh Wilczynski is the proprietor of Baltic Provisions a small wholesale meats distributorship. He's known as a jobber. Basically he buys his merchandise from a few manufacturers and sells them to various retail outlets. Most of his customers are butchers and delicatessens, but he also serves a few restaurants and sandwich shops.

Stosh got his start in the business a few years ago while he was working in his uncle's store. The meat and cheese man, who had been delivering to the store for 35 years, had decided to retire and was looking for someone dependable to buy his route. Stosh was interested in buying the business, but didn't have the money. However, his uncle was able to lend him enough for the down payment and so Stosh got started.

As in many small businesses Stosh's main problem is his cash flow. It is very important for him to keep his eyes on his money coming in and going out. Stosh doesn't get much

credit from his suppliers so he can't offer much to his customers. Though he would like everyone to pay him C.O.D. much of his business is done on a weekly or bill-to-bill basis. At times he has a hassle or two with some of his customers, who have a problem paying their bills. Stosh doesn't like having to ask people for money. He feels that if they get the meat he should get the money. It's that simple. When customers fall behind Stosh has to take the time out to talk to them. Most of the time there is a very good reason why a steady customer skips a payment. Perhaps some equipment needed repair or some other unexpected expense came up. If that's the case they usually catch up quickly. Stosh considers that in the cost of doing business, part of his customer service. If he didn't help his customers when they needed it, they'd find another supplier who would. Then there are the people who don't manage their businesses right. Either they waste their money or they're taking too much out of the till for their own pockets. This is a much more serious matter. Not only must Stosh get his money but he also has to point out the problem to his customers and prevent this problem from becoming bigger. This has at times led to some heated arguments between supplier and customer. Few people enjoy being told they're running their business into the ground. Stosh tries to be careful at this point because the customer may get too angry and throw Stosh out of the store and he'd lose not only the outstanding money but the business also. He tries to play his cards right. Stosh knows that at

this point he has three choices. The first is to help the customer out a little bit by extending some more credit. The second option is for Stosh to place the customer on cash only and carry the old balance for a while. The third choice is to cut off the customer and not sell him any supplies until payment is made. This is the most risky of the three.

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2. Trust is another important aspect of Stosh's business.

Trust in business is something that is difficult to earn and very easy to lose. Stosh has maintained very good relations with his customers because they can trust him. In many of his stops he has permission to bring in his products, weigh them on the scale, and write up the ticket without being checked in by the customer. This saves a lot of time and double work for him as well as the customer. This can only be accomplished by mutual respect between Stosh and his customers. If there is little respect or honesty in business, then doing business becomes far more difficult.

There are mistakes made in billing and in pricing at times, but these are true mistakes. Stosh is not in business to cheat anyone. There are plenty of opportunities to get a few extra dollars but Stosh doesn't take advantage of them. He says he is in business for the long run and is not interested in a few quick dollars. When he considers the money to be made with a customer over a five or ten year time, the money made by playing with a customer seems small.

Trust and honesty are two way streets. There are some storekeepers that Stosh trusts about as far as he can throw them. In that case he keeps a strictly business only relationship with them. At these places Stosh only wants to get in and get out right away, with his money. At some stores Stosh can give the customer the benefit of the doubt when some sort of problem arises. There are other customers that Stosh would not believe under any circumstances. It is hard to tell the two apart sometimes, but experience in business does help. As the saying goes, "Burn me once, shame on you. Burn me twice, shame on me". It also proves that in business there aren't too many second chances.

Vocabulary and Terms

benefit of the doubt	jobber	route
carry the balance	long run	run into the ground
cash only	outstanding	skip
C.O.D.	play his cards right	stops
cut off	play with a customer	ticket
distributorship	quick dollars	till
fall behind	retail	wholesale
hassle		

Suggestions

- A. Read, question, explain, and assess.
- B. Break the students into pairs or groups and have them role play a situation where a supplier and a customer arrange a

billing schedule.

C. Have a discussion on the topic, "No one likes to be cheated. But does anyone like to cheat?" You can start with, "It's OK if you don't get caught." or, "They deserve it."

D. In small groups have the students list and discuss other types of wholesales or "jobber" type businesses. Ex. fuel oil, breads / bakery goods, and soda or beer routes. Do they deal with any of these?

E. discuss why cutting off a customer is a risky alternative.

F. Role play a jobber asking for payment from a problem customer.

G. Have the students point out and give other examples of how and when contractions are used, and why they are different than possessives.

Unit 11 Retail Outlet

Objective

There are three objectives in this unit. First, the students will be able to greet, offer their assistance, and carry on small talk with their customers. Second, the students will be able to greet and confer with governmental officials who may regulate their business. Third, the students will recognize what is taxable in their area, and what items are eligible for federal food stamps.

Text

1. Orazio and Josephine Bongiovanni run a "Mom and Pop" store downtown. They have been in the store for almost 25 years. It is a little shop that seems to carry everything that everybody needs. Though it is a small shop it is very busy because the whole neighborhood shops there. It has been and still is a nice little business. They have succeeded in part because they were able to change with the changes in the community.

When the Bongiovannis opened the store few people in the neighborhood spoke English. Since everyone came from the same country and lived in the same community there was no need to learn it. How times have changed! During the last 15 years the whole city has changed. Other families moved in and they were all from another country with their own language. As the block changed so did the shop. New items were stocked and

others were left out of the inventory. Grocery houses and paper supply houses all sent their sales representatives to the store. All of these salesmen were outsiders. New suppliers sold new products. Along with these new families and salesmen came a new language into this section of town. English was learned in order to communicate with each other. It was not an easy transition. Orazio and Josephine however considered these changes an opportunity for new business.

They were quick to learn the needs and wants of the families that were moving into their part of town, and they were just as quick to learn where to purchase these new supplies. This meant dealing with people that they never had to deal with before. Each of the suppliers had different ways of doing business. Some wanted cash, others certified check while a few would allow them some credit. There seemed to be fewer friendly handshakes in business, but everything seemed more businesslike. This even affected the way Orazio dealt with the bank because he now needed to keep a tighter rein on his money. The banks also helped him develop his food stamp business by giving him some advise on how to qualify and apply for the permit to accept them. They have had to become strict on what they allow people to buy with food stamps and they have had to keep tabs on what is taxable and what is not. Josephine did not want any trouble with the federal or state governments.

The Bongiovannis have also had to develop a more professional way of keeping their credit book on customers who

owed them money. Since the neighborhood was not as close knit as it once was they have had a harder time keeping in touch of people who have charged their purchases. This usually becomes an annoying problem near the end of the month when everyone begins to run out of money. Then it seems that everyone wants some credit from the local store. After everyone gets paid it seems they all do their shopping at the supermarket and pay cash while the little store is left holding the bag. Credit can be a problem, sometimes you lose the money and the customer. Yet, they have managed to hold on to their customers because of their friendly service and warm greetings to all who enter their store. They had a way to make everyone feel good when they shopped in their store.

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2. Another trend is now developing in the downtown area. It is now being "gentrified" and newer, younger, and wealthier families are buying up the tenement buildings and changing them into condos. This is bringing in new people and money, but it is also chasing many families out of the neighborhood. The Bongiovannis were wise enough to buy their building long before the real estate prices boomed. Now as the area around them becomes more desirable their property rises in value. This neighborhood restoration however beneficial has also brought in a new set of problems. A new store-front was built and the lighting over the display area was modernized. Most

of the equipment, shelves, racks, and cases all had to change as the needs of the area changed. However, the biggest change is the way the Bongiovannis have to deal with the city.

When they first bought the shop all they had to do was register the store's new name at City Hall and pay for a milk licence. Now it seems that they are constantly at City Hall for one kind of permit or another. Their building is listed as commercial property because it is an apartment building with the store. All commercial buildings in the city are now required to get an annual "CO" or Certificate of Occupancy. In order to renew this "CO" the Bongiovannis must pass several inspections from various municipal agencies. Inspectors from the fire, health, and building departments all have to give their OK in order for the new "CO" to be issued. Along with the city, the county sends their weights and measures inspectors, and the state sends their sales tax collectors. These government officials seem to be around all the time. They all can be annoying, but it is much easier to co-operate with them than to fight them. "You can't fight City Hall!" This has greatly increased the work load for Orazio and Josephine and after 25 years in the same location they are considering selling the store and property and moving out to San Diego to be near their grandchildren.

Vocabulary and Terms

block	condos	paper house
boomed	eligible	restoration
businesslike	gentrified	stocked
charged	grocery house	store-front
close knit	holding the bag	tenement
CO	Mom & Pop	transition
community	municipal	you can't fight City Hall

Suggestions

- A. Read and discuss the text, assess the students' understanding.
- B. Have the students discuss other types of retail businesses. How are they similar and different?
- C. Break the students into pairs. Then have them alternate at being storekeeper and customer. Have the storekeeper greet and assist the customer. Practice small talk with each other.
- D. Have the class discuss how they deal with municipal or state departmental officials. Do these officials help or hinder? Discuss different ways to handle problems. Then have the group form a circle while a pair of students role play a meeting between a storekeeper and an official. Ask the group to observe the pair and then later offer their advise on how they would have worked it out.
- E. Ask the students if their businesses are ethnically based or if their clients are from the general population. Does it matter if their business is only for their own community?

What are some of the language and cultural problems when dealing with people from different ethnic and language groups?

F. Have the students break into two groups, pro and con, and discuss whether urban "gentrification" is worth the price in human terms. Include as discussion points: rising property value vs. low income housing, and urban renewal vs. traditional neighborhoods.

G. Practice percentages as used in sales taxes in your area. Example, sales tax is 6%, the item sold is \$1.50, what is the tax? (\$.09 ... total price with tax is \$1.59)

H. Discuss what items are taxable and what items are tax exempt. Also discuss what items are eligible for federal food stamps.

Unit 12 A Repair Service

Objective

There are four objectives in this unit. The first is that the students will be able to discuss, plan, and order different types of advertising in person and over the phone. Second, the students will be able to explain the specifics in their warranties and or guarantees. Third, The students will be able to explain their training that qualifies them for their business. Fourth, the students will be able to give directions to their shop or business.

Text

Kim Il Lee operates "General Lee's Fix-it Shop." It is an electronic and small appliance repair service. Most of her business comes from fixing broken TV's and VCR's, however, she has worked on everything from microwave ovens to fish tank filters. Ms. Lee has just moved to a new store-front in town. It seems to be a good location on the main street, but not in the busiest part. She learned her trade while she was in the military. When she got out of the service she opened a shop in her home. It was a very small beginning, but she soon built a reputation for being able to fix almost anything, and at a good price.

Ms. Lee has taken a few electronic courses at the community college nearby and has tried to stay in tune with the endless improvements made in electronic engineering. In her state there is no certification needed for running a electronic

repair service, but in many states their are. However, with all the training she has had in school and in the army she would be able to pass any type of qualifying exam. In addition to these courses Kim Il Lee has also completed a class at a major electronic manufacturer's school. Now she is an authorized service agent representing this company. This also enables her to use this company's name in her advertising.

Advertising has become very important to her because of her growing overhead. While she operated out of her home and her van, she had no rental costs in her business. Word of mouth advertising brought in enough business. Now, however, she has to rent and maintain a store. This all requires more money and therefore more business. To get more business Kim Il Lee now advertises in the local newspaper and in the Yellow Pages. She has also taken out ads in the church's bulletin, as well as the local high school newspaper. The latter has paid off because there are a lot of teenagers who have stereos that need repairing. She stresses that her business is "cash and carry" so that the customers bring in the appliances themselves. Ms. Lee thinks that she can save her customers some money while also saving herself some time by not getting involved with pick -ups and deliveries.

Her work is first class and she guarantees her labor for 90 days. The parts have a 60 warranty unless the manufacturer offers a longer one. She has little trouble with her customers and she has a lot of repeat callers. For a long time many

people thought that she was a clerk or the wife of the shop's owner. Even now some people have a hard time believing that a woman can fix a home computer. This prejudice against women was one reason she chose the name that she did for her business. She figured that since she got her start in the army she could use the title of general, and she knew that she could fix just about anything. Kim Il Lee also realizes that most people would not think of it as a woman's shop because of the name General Lee. It was only after she opened the shop did she learn that there were two great American generals named Lee, "Light Horse" Harry Lee from the War of independence and Robert E. Lee from the Civil War.

Vocabulary and Terms

ads	first class	reputation
appliances	guarantee	service
bulletin	location	warranty
cash & carry	military	word of mouth
community college	pick-ups	Yellow Pages

Suggestions

- A. Read, explain, question and assess the student's understanding of the text.
- B. In a general discussion have the students explain what they look for in a location for their business.
- C. There are many types of service shops: tailors, hairstylists, auto repair shops, etc. Many of these are also

retail outlets. Discuss what may be similar and what may be different between a retail outlet and a service business.

D. Break the class into small groups and have each group design an advertisement for a different medium. i.e.

newspaper, church bulletin, radio, poster Discuss what may be most effective for the money.

E. In a large group have the class discuss what types of businesses offer guarantees. Do any of the students offer a warranty on their goods or services.

F. Have each of the students prepare a short resume detailing where and how they were trained for their businesses.

G. Have a panel discussion on "Women in Business." Divide the groups into pro and con.

H. Have students practice giving directions to their businesses in writing and over the phone. Have them explain how to get there on foot, by car, and by bus or train.

I. Have the students role play at telling a customer what is wrong with a broken appliance, what will be necessary to repair it, and at what cost.

Unit 13 A Restaurant

Objectives

The objectives of this unit are speed and efficiency. The students will be able to count money and make change quickly and correctly. The students will be able to respond to questions, take orders from customers, as well as ask questions to customers quickly and accurately.

Text

Gus and George Papalopodous own and operate the Two Brothers' Coffee Shop. It is a small shop in the financial section of the city. It has only been open for a month and they are still celebrating their "Grand Opening." They have been doing very well during the week, but on the weekends business is dead. This is because no one is around on Saturday or Sunday. Yet, because they are new in the area and want to become better known they stay open for the few customers who do come in.

They specialize in quick hot dishes that are easy to fix ahead of time such as soup, sandwiches, buttered rolls, and, of course, coffee. The lunch trade is the most important part of their business. Most of that is take out so it has to be hot and ready to go. Their customers do not have a lot of time to eat so they go to places that they can get in and out of real fast. During the morning rush the business is split evenly between the take outs and their counter service. The

early bird people seem to enjoy beating the traffic downtown then take their time over coffee and breakfast near the office. Though the Two Brothers' Coffee Shop does have a small dining area with six tables they do not open it until lunch time. Gus and George like to keep it clean for the lunch time crowd. Between lunch and closing time at 6:00 PM, many customers seem to want to sit at a table and stretch out a cup of coffee for an hour or so while they do some work, read, or talk. This is OK with the brothers as long as they are not too busy.

Though it is a simple operation they do have several employees. During the busiest hours they have a short order cook, two counter men as waiters, a waitress for the dining area, and a bus boy to help clean the tables. Except for the cook who is paid a high hourly wage the others earn most of their money on tips which they split between themselves and the bus boy. George watches the cash register while Gus runs the kitchen and counter. After the business picks up they may hire a cashier so that George can help his brother, but getting someone to trust is not that easy.

Vocabulary and Terms

beating the traffic	counterman	lunch trade
bus boy	early bird	over coffee
business is dead	easy to fix	real fast
cashier	grand opening	short order cook
cash register	hot dishes	stretch out

Suggestions

A. Read, question, explain, and assess.

B. Have the students recreate all of the equipment used in a restaurant or similar type operation. Then expand it to include the type of equipment that the students need for their businesses.

C. Bring in some play money. Have the students practice adding up bills, and making change. Suggest that they work at it until they can do it quickly and confidentially.

D. Have the students act out the "Two Brothers' Coffee Shop." Two of the students role play Gus and George while the others pretend to be customers. Set up a counter, kitchen area, and perhaps a dining section. Suggest to the students to create a menu and the "Special of the Day."

E. Have the students discuss how they celebrated their "grand opening." Ask them for their opinion on which type of business operation would or should celebrate a "grand opening."

F. In most coffee shops and diners there is little time for conversation between the workers and customers. In fact speed is important to many who come in for their morning coffee or a quick lunch. If too much time is lost getting a customer's order, a customer may be lost for the shop. Speed and efficiency is what will retain the repeat customers. Quick response to questions and answers are in this situation necessary. Practice quick questions and responses to a set of limited questions that may be unique to this type of rushed customer contact.

Unit 14 Tying up the Loose Ends

Objectives

The objectives of this unit is that the students will be able to recognize the similarities in each of their businesses, while at the same time offer a chance to highlight any unique differences in each particular operation. A second objective is that the class will make a conscious assessment of the class. Both the teacher and the students will offer veedback on the progress of the course, the materials presented, and the method of presentation. This is the time to assess everyone both teacher and students.

Suggestions

A. Have the students sit in a circle. Ask them to discuss how all small businesses are similar. How are they each unique? Are there students whose businesses are not described by any of the example businesses? If so ask them to describe their operation and organization. Budget enough time for everyone to participate. Limit the dominating and prod the shy students!

B. Have the students sit in a circle. Ask them for feedback as to what was covered in the six example businesses, and how it was presented. Use this information to review the methods and techniques used during class time. Note what has worked and what can be improved. This is an excellent time for teacher reflection.

C. This time may also be appropriate for any grammar, pronunciation, or accent work.

Unit 15 The Government and the Small Business

A Brief Overview

Objective

The objective of this unit is that the students will become familiar with various federal, state, and local government taxes and agencies and how they may affect the small business.

Text

1. Right away when someone mentions the government everyone seems to think of taxes, and they probably should! It is important to pay your taxes. If you do not pay the proper amount you could be prosecuted, fined, put out of business, and perhaps sent to jail. Be careful, and be wise. Be smart and pay your required taxes, even if you do not think that it is a fair share. There are different types of taxes from all levels of government, from Town Hall right up through to Washington D.C. Basically there are three types of taxes: the first is based on income or the value of your assets, such as any property owned by you or your business, the second is based on employment, and the third is based on the sale of taxable items. Your accountant should be able to assist you through the maze of paper work required to file your various taxes. Pick a good accountant and use him well.

The Internal Revenue Service or IRS is not the most popular branch of the national government. It is merely collecting money owed to the government, much in the same way you would

collect money from your customers. There are several types of taxes paid to the federal government. These include income taxes on both personal and/or corporate income, Social Security or FICA taxes, and the federal unemployment contributions. State taxes may also include income, unemployment and disability insurance contributions, and sales tax. Some states may tax a business' assets. Your local government may also include an income tax, sales tax, along with property taxes, school tax, road use tax, fire department use tax, and so on. There are taxes on liquor, cigarettes, gasoline, video games, and many other items on which all levels of government try to collect. In addition to these direct taxes there may be charges for any and all of the various licences or permits needed to operate a business.

As the employer you will be responsible for withdrawing money from your employees salary and depositing it with the government through a bank or with the IRS which ever is appropriate for that type of tax. The second type of tax will effect you only if you have employees working for you or if you work as an employee of your own corporation. In these situations then both the employer and employee make tax payments based on the amount of salary paid. The FICA taxes are the best examples of this. In any case be sure to pay the proper amounts and work closely with your accountant. He or she will be knowledgeable on the current tax rates and how they pertain to you. Your chances at getting caught cheating on your taxes may be a million to one, but you do not want to

be the one who gets caught!

* * * * *

2. Along with the tax collectors there are several governmental agencies that may inspect or assist your operation. If you are in the sausage business you may need to be inspected by the Department of Agriculture. If you run a small charter airline you will have to deal with the Federal Aviation Administration (FAA). And if you own a small interstate trucking service you will have to check up on any Interstate Commerce Commission (ICC) regulations that will apply to your business. Along with these regulatory agencies there are also government offices that can supply you with some useful information on managing a small business. These include the Small Business Administration (SBA), the Department of Commerce, and even the Internal Revenue Service. The IRS will provide assistance in filing your taxes, though some business people think that asking the IRS to help you is like walking into a lions' den and asking, "What's for lunch?"

There are many pamphlets and publications on small business operations made available at no or minimal cost by the government. Contact your local SBA office for information on its Small Business Biographies and its Starting and Managing series of reports. The Department of Commerce publishes a series called Urban Business profiles. You can get these by writing the Superintendent of Documents, U.S. Government

Printing Office, Washington, DC 20605.

Your state and city may also have an economic development agency that can give you guidance in the planning, organizing, and managing your small business. Check into them all, someone may actually help you! All in all the government is only out to do its job, the same way you are. It is neither a greedy monster who only wants to devour your hard earned money nor is a rich and kind uncle who is always there to bail you out and guide you along the way to success.

Vocabulary and Terms

and so on maze pertain
disability minimal unemployment contributions
economic development

Suggestions

- A. Read, question, explain, and assess.
- B. Lead a discussion on the topic of government and business. Perhaps begin with the sentence, "The government is always on my back!" or "Government regulators, watchdogs or wolves?"
- C. Many of these questions may get very technical concerning taxes and the tax laws. Professional advisors may be what is necessary. Try to arrange for an accountant, a lawyer, or an IRS agent to come and answer questions and participate in the discussions.
- D. Have the students discuss how the role of the United States government toward business is different from the role of the

government in other countries.

E. The text in this unit is written using the all inclusive second person pronoun, you. Point out that general advice to everyone can be addressed to "you." Examples of this are "You can run, but you can't hide." and "There are only two things that you can be sure of, death and taxes!"

Unit 16 Day to Day Problems

Objective

The objective of this unit is that the students will know what to say and how to say it properly when facing particular business problems.

Situations

These situations have been constructed to offer a scene to role play, any variation to make them more meaningful to a particular class is encouraged. The scenes should be limited to a particular focal point and goal. The variety of scenes that can be played out, however, is limited only by the imagination. The students may be separated into actors and observers. The observers should watch the actors and later offer their suggestions and feedback in regards to what is played out.

Situation # 1 A returned check!

Mr. Joe Smith has just received a bounced check from Mr. Jones. What is Joe going to say to Mr. Jones?

Some points to consider...

- 1) Is this Mr. Jones' first or fifth rubber check?
- 2) Can Joe trust Mr. Jones?
- 3) Will Joe set a policy concerning any future checks, and how shall he explain this to Mr. Jones?

4) What will Joe accept now from Mr. Jones, full payment in cash, or a partial payment with the balance to come? Should he accept another check, or redeposit the bad one?

5) What else can Joe do to get his money? Can he go to Mr. Jones' bank and try to cash the check? Should Joe Smith bring it to his lawyer and sue Mr. Jones for the money? Should Joe take the check to the police? Should Joe threaten Mr. Jones? Should Joe take out his .38 and shoot Mr. Jones?

Situation # 2 Breakdowns and Repairs

Joe's compressor for his refrigeration on his truck is on the blink.

Points to consider...

1) Who should he call? Does Joe have a regular service man? If not how can he get a hold of one?

2) Joe may ask a friend in business if he knows of a good service man. He could look for one in the phone book or newspaper.

3) Is this the first time the compressor broke down? Does he need new equipment or a new repair man?

4) Joe is also interested in how much these repairs will cost him. Is it worth it to get fixed, or should the unit be replaced?

5) Joe should ask about his guarantees on the parts and labor. Are there any?

6) Is Joe happy with these arrangement? Should Joe shop

around? Can he get a better deal from someone else?

Situation # 3 Buying Equipment

Joe has decided that his compressor was not worth the money to repair, and so he must replace the unit with another.

Points to consider...

1) Should Joe buy a new, used, refinished, or rebuilt compressor? Perhaps he should compare the price and value of each of these options. He may discuss this with a salesman or service man.

2) Joe should ask about about any warranties on this equipment, as well as the terms of payment, and the service policy of the dealer.

Situation # 4 Poor Service

Since Joe bought the compressor last month it has broken down five times. Needless to say Joe is not very happy. What action should he take?

Points to consider...

1) Has he discussed this matter with the salesman or the dealer's service department? Has he talked to the sales or service manager? The general manager? If it is a larger company he may want to ask how he can contact a district or regional manager for his area.

2) How angry should Joe get when he talks with these people? Does getting loud and angry work? If so, when is the best

time?

3) Should Joe ask for some advice and assistance from the Better Business Bureau, state consumer protection agencies, or his lawyer?

Situation # 5 Apologies to Customers

While Joe has had these problems with his refrigeration his customers have had problems with his supplies! Now Joe has to deal with these people.

Points to consider...

- 1) Is this the first or tenth time this has happened to his customer? How apologetic does Joe have to be? Does he have to be equally sorry to each of his customers?
- 2) Should Joe explain his problem, or ignore the reasons and just accept all the responsibility?
- 3) Another type of apology is for a misunderstanding. This can happen when an order is not filled properly or on time.
- 4) What is the difference between an honest apology and making excuses?

Situation #6 Standing your Ground

As you can imagine Joe has had his share of problems the last few weeks. However, when he got to a particular customer he faced a problem that was not his fault. This customer wanted to return some merchandise. He said that Joe sold it to him when it was bad. Joe knew that it was not "bad" but

old! Joe could tell from the coded date on the package when it was manufactured. He assumed that the customer did not rotate his stock, and sold the newer products before the older. This is why the meat was bad, and not because of anything that Joe might have done.

Points to consider...

1) How important is this customer to Joe's business? How much money is involved, or is it a matter of principle?

2) When you're right, you're right! Do not be intimidated by someone else. On the other hand, do not be so rigid that you will not compromise.

3) Joe has to consider what he has to gain by sticking it out against what gain by giving in.

4) Compromise? Should Joe give his customer the credit the customer wants with the stipulation that the customer be more careful with his stock. Perhaps something can be worked out? Maybe not!

Situation # 7 A Day in Court

Joe is a pretty level headed businessman. He works hard and has had his share of luck. He usually tries to bend over backwards for his customers, yet he has also had a few customers who were not willing to pay the money owed to him. As a last resort he has had to sue them in court. In Joe's state the courts are structured into three groups. They are the District Courts, which are based in the various counties, the Superior Courts, which are higher courts, and the State

Supreme Court, which is the highest level of the state courts. All of Joe's experience in court has been in what is called the Small Claims Court, which is a division of the District Court. In his state the if the amount or value of the judgement in question is \$1,000 or less then the suit can be filed in the Small Claims Court and no lawyer is required. This is much cheaper and quicker than the filing in the District Courts.

In court the person who files the lawsuit, Joe in this case, is the plaintiff, (the person who complains). The person being sued is the defendent, the one who has to defend himself. And there is the judge, the one who will decide on the merits of both sides in the case. The judge will decide who is right or wrong, who is to keep what, and how much money is to be paid.

Points to consider...

- 1) Joe must be sure his papers are in order. He should know what he is going to say to the judge, and how he is going to say it.
- 2) The defendent has his reasons for not paying. The defendent should also be equally prepared to face the judge.
- 3) The judge should ask for important information regarding the goods or services rendered.

Situation # 8 Using the Telephone

The importance of the telephone in business can not be understated. It is used for both receiving and placing

orders, as well as for all types of communication. It is much cheaper to use than a car to talk to customers, and it is much faster than writing or walking. Having a good telephone style can make a difference in business. It's worth practicing.

Points to consider...

1) Since you do not have the advantage of visual contact while speaking on the phone you will have to speak more clearly and precisely. Practice this by having two students sit back to back and pretend they are on the phone.

2) Phones are like two way streets, business should be coming and going. Practice placing orders as well as taking them.

3) Use the telephone to get information such as estimates, time schedules, prices, and so on. Practice using the phone book, both White and Yellow Pages, and ask for assistance from the information operator.

4) The phone is a necessity especially in times of emergency. Practice calling for a doctor, the police, or fire department. Does your area have an emergency 911 number to call?

Situation # 9 Employers and Employees

Communication between business owners and their employees is vital to succeed. The small business has the advantage of greater contact between labor and management, yet there can be many misunderstandings between the worker and his boss. These can be avoided by better communication. The following are some employer - employee situations that may be acted out by the students.

Points to consider...

1) Interviewing and hiring... What information is necessary? Inquire about the qualifications of the applicant. Describe the position and its responsibilities. Explain what you are looking for in the person you want to hire.

2) Managing...ordering...telling someone what to do...polite commands these are all things that must be done with finesse and diplomacy. Teddy Roosevelt once said, "Speak softly, but carry a big stick!"

3) Explaining how a task is to be done. Take the time and effort to make yourself perfectly clear on how you want something done.

4) Praising your help when you are satisfied and telling them when you are disappointed.

5) Firing someone, explain your reasons clearly, but firmly.

III GETTING OUT OF THE BUSINESS

The focus of this section is the liquidation of a business. The business may be sold to new owners, go into bankruptcy, or simply close. Of these three alternatives the sale and transferral of a business is by far the best choice, as it is the most profitable. There are aspects in these next units that are as important to a potential buyer as they are to a seller, and should be covered with both in mind.

Unit 17 Selling Out

Objective

The objective of this unit is that the students will be familiar with the procedures, terminology and business records used in deciding the price and value of a business that is up for sale.

Text

1. Mr. and Mrs. Sullivan have owned their dry cleaning business for 25 years. It has been and still is a good and profitable business, yet they are now more interested in retiring than they are in staying. They have decided to begin planning for the sale of the business. Mr. and Mrs. Sullivan both expect a high return for their years of hardwork and have decided to set the sales price at the equivalent of four years profit. Both of them realized that in order to get a higher price sales and profits would have to rise. They were willing to

work harder than ever to get what they wanted.

Mr. Sullivan, who operated the heavy equipment and did most of the tailoring, controlled the business records. He had been skimming on his profits and taxes for years. He justified it because he said, "Everybody else does!" Now, however he understands that this cheating has cut down his profits and will now effect on his final sale price. Everything has a price. He can neither increase profits too much, because that may alert the IRS, nor can he afford not to because that will cut into his pension.

His first task was to get all his records and paperwork in order. He had always kept good records but now he will keep perfect ones. He considered hiding some of his purchases, that would increase his profits, but decided not to because he thought that any smart buyer would find him out. He wanted to sell to someone good because he did not wish to take the business back if the new owners could not meet the payments. He went and talked to his accountant about the best way to sell his business. Together they worked out a plan to draw up monthly balance sheets showing the profits from month to month. They also discussed a strategy for increasing sales and profits. Mr. Sullivan also went to his attorney for some legal advice. They discussed possible contract terms and drew up a rough draft so that Mr. Sullivan would know what to say to a potential buyer. Mr. Sullivan also asked both his accountant and attorney if they knew any people who may be interested in purchasing his business. He would like to speak

with them.

Next Mr. and Mrs. Sullivan planned a schedule for the sale of their business. They have decided already that they wish to sell within a year. In their plan they gave themselves two months to prepare. This was the time to get their records in order, and clear up their accounts payable and receivable. They did not want to owe or be owed any money when they sold out. At the end of this time, when they were ready, the business would be placed on the market. They planned on selling the business themselves without the use of a broker, thereby saving themselves the commission. However, if the Sullivans did not succeed within six months they would consider using one.

Now when they were ready the Sullivans planned to wait for the right person with the right money.

* * * * *

- 2) The Sullivans were lucky. Though they had placed ads in several newspapers, the buyer they found was introduced to them by one of their suppliers. Ricky Formosa had been managing a tailor shop for his uncle for five years and thought he was ready to go out on his own. He had saved enough money for a good sized down payment and hoped that the Sullivans would hold the paper for the balance. He offered them their asking price but only had about 40% of it to put down. The balance he suggested would be paid over five years

at 10% interest. At first the Sullivans had wanted all of their money and told Mr. Formosa to try to obtain his financing elsewhere, however, their accountant advised them that there would be certain tax advantages if they held the note.

Mr. Sullivan's counter offer stipulated that Ricky make a bigger down payment for a total of 50% of the sale price. They negotiated back and forth until they all reached a compromise of 45% down and the balance to be paid over five years at 10.5% interest. This agreement was made formal by a contract of sale between the Sullivans and Ricky Formosa. This contract was only an agreement to sell the business to Mr. Formosa and not the final business contract. This final contract would be written by Mr. Sullivan's lawyer and be approved by Mr. Formosa's before it was signed and made official. They all agreed at this time that Mr. Formosa would place \$20,000 as a good faith deposit on the business, and that this money would be held by the Sullivan's attorney in escrow until the closing.

Over the next several weeks a final contract was ironed out. Both the Sullivan's and Formosa's lawyers insisted on particular clauses in the contract relating to the sale, and payment, as well as the operation, future sale by Mr. Formosa, and collateral used to back up the note. Basically the contract stated that Mr. and Mrs. Sullivan were to sell their business, inventory, and customers' good will to Mr. Formosa at the agreed price. Mr. Formosa promised to pay in monthly

installments the balance of the note over a period of five years. That is 60 equal payments due on the 15th of each month until complete. The Sullivans required that they hold a lien on the business, its inventory, and equipment while also stipulating that neither the business nor its equipment be sold until this note was satisfied. Mr. Formosa's lawyer insisted that the deal be contingent on Mr. Formosa being able to assume the lease held by the Sullivans and was equally insistent that a no competition clause be written into the contract stating that the Sullivans would not open another cleaning or tailoring business within twenty miles of Mr. Formosa's shop. The contract also allowed for a five day grace period for late payment. If a payment was between 6 and 30 days late an interest charge would be applied, while if a payment was more than 31 days late the entire note would become due and payable.

After the closing everyone was happy, the Sullivans sold their business, Ricky Formosa had his own shop, and the lawyers earned their money. The Sullivans went out to celebrate and Ricky went to work.

Vocabulary and Terms

broker	good faith	lien
contingent	grace period	meet the payments
counter offer	ironed out	rough draft
escrow		skimming

Suggestions

A. Ask each of the students to describe what happened when they bought or sold their business. Have them explain the negotiations, and what procedures they each followed. Were they happy with the deal they each reached? Did the business prove to be what they thought it would? If they were the sellers did they tell the whole truth?

B. Ask the students to share each other's advice on how they could have improved their advantages while buying or selling their businesses.

C. Ask the students if they knew then what they know now about the business what would they do differently. Also ask them to discuss what they have learned by buying or selling a business.

D. Create a business that is now up for sale. It can be a good business, or one that is about to fail and the owners want to bail out. Next form two teams, the sellers and the buyers. Each team should include an attorney, accountant, a friend with advice, perhaps a banker, along with the seller or buyer. Have the sellers create the business records to prove the profitability, value, and asking price of the business. Have the buyers look over these records, question them, and make a counter offer if they are still interested in the business. Have the negotiations continue until a deal can be reached.

Unit 18 Closing Up and Walking Away

Objective

The objective of this unit is that the students will understand why some businesses fail, and how these failures effect the family members and other businesses associated with the failed enterprise.

Text

Mr. and Mrs. Sullivan have owned their dry cleaning business for 25 years. It has been a good and profitable business, yet they were more interested in retiring than they were in staying. They had decided to begin planning for the sale of the business. Mr. and Mrs. Sullivan both expected a high return for their years of hardwork and had decided to set the sales price at the equivalent of four years' profit. Both of them realized that in order to get a higher price sales and profits would have to rise. They were willing to work harder than ever to get what they wanted.

Mr. Sullivan, who operated the heavy equipment and did most of the tailoring, controlled the business records. Although Mrs. Sullivan helped out in the shop by taking care of the counter and by doing some light sewing, she spent most of the time taking care of the home and family. They were both excited about retiring and looked forward to traveling to Europe. They figured they would need just one more year to prepare themselves for the sale of the business. Mr. Sullivan

got started right away.

He took in new business by accepting some tailoring work from two other dry cleaners in town. This enabled him to say that he was selling a wholesale as well as a retail business. He also offered a discount to the police and fire departments in his town to build up some more sales. All of this extra work and worry took its toll and Mr. Sullivan suffered a stroke and died two months into their plan.

Mrs. Sullivan was heartbroken. She was also unprepared to take over the business. Though she understood the business and its operations, she was not up to the task of running the shop. Her children who grew up in the business now had their own successful careers and did not have the time or desire to operate a tailor shop. At first Mrs. Sullivan tried to hire someone to help her long enough so that she could sell the business. However, she found out that good help is hard to find. One fellow had trouble showing up for work everyday, and she caught the woman she hired helping herself to some money in the register. Because she had no help the work was not getting done on time and her customers began to go elsewhere. When money seemed to get tight her suppliers tightened their credit, making it even harder for her. Poor Mrs. Sullivan was grief stricken and disgusted. Only a few months before she had a husband and an operating business, now she had neither. After three months not a single offer on her business came in. She could not face the shop any longer and so one day she just locked the door and closed up the shop.

Her children were furious. They told her that by simply closing the business and not selling she would be throwing away thousands of dollars. However, they made no offers to help out in the shop.

Three weeks later Mrs. Sullivan made an arrangement with a public auctioneer to sell the equipment and inventory of the shop. This could be completed without her even being in the store. After the sale Mrs. Sullivan then sold her home and moved to South Carolina to live with her widowed brother.

Suggestions

A. What happened to Mrs. Sullivan happens to many others, the business dies with the owner. In all small businesses there is a problem with succession. Discuss, "Who will run the business when the operator is unable to run it himself?" Do the students have plans for such emergencies? Can they rely on family?

B. When a business closes up many people feel the loss. The customers loose the product or service, employees loose their jobs, suppliers loose their business and perhaps any outstanding money. While for some the same closing brings them new business. Ask the students if any of their businesses have been effected for the better or worse by another's failure.

C. Ask the students what they would have done had they been Mrs. Sullivan. What advice would they offer? Recreate the situation and solution through discussion or role play.

Unit 19 Bankruptcy

Objective

The objective of this lesson is to familiarize the students with the terminology, procedures, and consequences of filing for bankruptcy.

Text

1. A failing business can be compared to a dying person. Business failure can result from an accident, mismanagement, or deteriorating conditions beyond the control of the owners. Basically a business fails because it runs out of money. When there is no money to pay debts as they come due the business is said to be insolvent. Insolvency is not a temporary set back, such as not being able to pay a bill this week or this month, or bouncing a check or two. It is a condition that exists after all sources of credit have dried up and any more money put into the business would just be pouring more good money after bad. Some may try to save a business from such a terrible fate only to prolong the agony, others may try to sell their failure to an unsuspecting or optimistic buyer, but to many entrepreneurs the solution of last resort is to file for bankruptcy.

Bankrupt. Even the word itself is enough to send shivers up your spine. Bankrupt, to some it is the public admission of failure and worthlessness; to others it implies a legally permissible way to defraud creditors out of their money, and

to more and more people it is simply another chance to start over again with a clean sheet. In actuality the bankruptcy laws are designed to protect creditors from one another as well as from the debtor, and to protect honest but unfortunate debtors from their creditors.

In the United States the bankruptcy laws are known as the Federal Bankruptcy Act. The Act was first written in 1898 and has been revised several times, the last major revision being in 1978. The Act now contains 15 chapters. Most of these chapters deal with farmers, railroads, municipalities, maritime shipping, big businesses, and personal bankruptcies. Small businesses are covered under Chapter 11. This is why you may hear of someone, "going into chapter 11," which means someone has entered bankruptcy. There are two types of bankruptcy; 1) voluntary, in which the debtor applies for protection of the court, and 2) involuntary, in which a group of creditors form a committee and ask the court to intercede.

* * * * *

2. When a business reaches insolvency it with its attorney may voluntarily petition to the United States District Court for protection. In an involuntary petition the creditors must show that the debtor has committed an "act of bankruptcy." An act of bankruptcy may include hiding or removing all or part of a debtor's property in order to default the creditors, the favoring or paying of one creditor to the exclusion of

another, the written admission of insolvency, or by letting a receiver take charge of the property.

At this point the court will appoint a referee to gather the facts concerning the case. The debtor is required to make a full disclosure of all assets and to file reports to keep the referee informed of the situation. The debtor business or company's name changes from "My Business" to "My Business, Debtor in Possession" and in many ways the business is operated and organized as a new venture. In time the court will make its decision concerning the merits of the petition. If the court rules in favor of the creditors the referee will administer the property and business until a receiver or trustee has been named by the creditors' committee. The receiver or trustee then takes possession of the bankrupt's property, takes an inventory, and has an appraisal of the bankrupt business' worth. The receiver may recommend to the court that the business be re-organized, and recommend changes in the management and operation of the business until it can become solvent again. If re-organization is not viable or recommended then the receiver becomes the "trustee in bankruptcy" and will liquidate or sell all the assets of the bankrupt business. The trustee in bankruptcy then distributes the proceeds among those entitled to the money. The Act specifies who gets paid first. Legal fees, salaries, and unpaid taxes are paid before secured creditors, unsecured creditors, and investors. If you were in business as a corporation you may have had to personally guarantee some

business loans. This may make you personally liable and force you into personal bankruptcy. In most states you can probably keep your house and car, but you may have to refinance your home mortgage. In many states your salary may not be garnished.

Bankruptcy has very high costs both financially as well as emotionally. Assets are sold at below bargain prices because the buyers know that you are in trouble and must sell. The legal fees of trustees and lawyers are paid before the creditors, so the creditors are never happy with the results. It seems that many times the little guy, debtor or creditor is hurt the hardest. In business it's a dog-eat-dog world where many stories do not have a happy ending. It is up to you how your story ends.

Vocabulary and Terms

defraud	pick up the pieces	referee
disclosure	pouring good money after bad	secured creditor
dog-eat-dog	proceeds	trustee
insolvent	receiver	unsecured creditor

Suggestions

- A. Read, question, explain, and assess.
- B. Ask the students to discuss whether any of them have been helped or hindered by bankruptcy, either their own or someone else's.
- C. Have the students discuss their attitudes toward

bankruptcy. Is it a chance to start all over, or an excuse to get out of debt?

D. Have the students prepare a presentation titled "Beware of Insolvency." Suggest to the students that this topic may include steps to take to prevent insolvency, what signs to look for when customers are in trouble, or what to do once your headed for insolvency.

E. Role-play a bankruptcy case. Assign students to act out the various people involved in a bankruptcy hearing.

F. In small groups ask the students to discuss the consequences of bankruptcy, then report their findings.

IV Forms and Facsimilies

In this day and age we have all become paper pushers. Everyday we write bills, pay bills, pay taxes, and fill out an almost endless amount of forms. No matter how much we may not enjoy doing this, we can not get out of it. The forms and facsimilies in this section are only a small representation of the many types to be written and completed by anyone in business. Some such as checks and bank deposits are written often, tax forms and registrations may be filed annually, while business contracts and bill of sales may only be signed once or twice in a life-time.

These example forms are only samples of the real things, each bank will offer a variety of checks and slips, each state a different form for contracts, even the federal tax form, the 1040 form, will change from year to year. Use these for practice and become familiar with them. There is a big difference between \$200 and \$2,000 when your writing a check. Your accountant may advise a particular method or system for keeping your business records, while it goes without saying that your attorney should review any and all contracts that are drawn up.

BAL BROT FORD	1400	19
DEPOSITS		
TOTAL		
THIS CHECK		
BALANCE		

YOUR COMPANY NAME
15 Business Street
Hometown, Your State 12345
(012) 345-6789

1400

55-271
212

PAY TO THE ORDER OF \$

19

My Community Bank
of Your State
Hometown Office, Hometown, YS 12345

0123456 7890 112233 4455

DOLLARS

SAMPLE CHECK

BAL BROT FORD	1401	19
DEPOSITS		
TOTAL		
THIS CHECK		
BALANCE		

YOUR COMPANY NAME
15 Business Street
Hometown, Your State 12345
(012) 345-6789

1401

55-271
212

PAY TO THE ORDER OF \$

19

My Community Bank
of Your State
Hometown Office, Hometown, YS 12345

0123456 7890 112233 4455

DOLLARS

SAMPLE CHECK

BAL BROT FORD	1402	19
DEPOSITS		
TOTAL		
THIS CHECK		
BALANCE		

YOUR COMPANY NAME
15 Business Street
Hometown, Your State 12345
(012) 345-6789

1402

55-271
212

PAY TO THE ORDER OF \$

19

My Community Bank
of Your State
Hometown Office, Hometown, YS 12345

0123456 7890 112233 4455

DOLLARS

SAMPLE CHECK

YOUR COMPANY NAME
 15 Business Street
 Hometown, Your State 12345
 (012) 345-6789



55-271
 212

CURRENCY		
COIN		
TOTAL CHECKS		
TOTAL ITEMS		
TOTAL		

DEPOSIT TICKET

DATE _____ 19____
 Checks and other items are received for deposit
 subject to the provisions of the Uniform Commercial
 Code or any applicable collection agreement.

My Community Bank
 of Your State
 Hometown Office, Hometown, YS 12345

0123456 7890 112233 4455

DELUXE CHECK PRINTERS 80-38A (1)

DEPOSIT TICKET

PLEASE BE SURE THAT ALL ITEMS ARE PROPERLY
 ENDORSED. LIST EACH CHECK SEPARATELY.

CHECKS	LIST SINGLY	DOLLARS	CENTS
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
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27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
		TOTAL CHECKS	

ENTER TOTAL ON OTHER SIDE

YOUR COMPANY NAME
 15 Business Street
 Hometown, Your State 12345
 (012) 345-6789



55-271
 212

CURRENCY		
COIN		
TOTAL CHECKS		
TOTAL ITEMS		
TOTAL		

DEPOSIT TICKET

DATE _____ 19____
 Checks and other items are received for deposit
 subject to the provisions of the Uniform Commercial
 Code or any applicable collection agreement.

My Community Bank
 of Your State
 Hometown Office, Hometown, YS 12345

0123456 7890 112233 4455

DELUXE CHECK PRINTERS 80-38A (1)

ACCOUNT NUMBER _____ DATE _____

NAME (PLEASE PRINT) _____

ALL ITEMS ARE ACCEPTED SUBJECT TO THIS BANK'S RULES AND REGULATIONS PERTAINING TO SAVINGS ACCOUNTS.

PREMIUM SAVINGS

WITHDRAWAL		DEPOSIT		
\$ _____ AMOUNT	<input type="checkbox"/> CASH	<input type="checkbox"/> CHECK	BILLS	
			COIN	
			CHECKS	
SIGNATURE _____ (I CERTIFY THAT THE JOINT OWNER OF THIS ACCOUNT IS NOW LIVING)			TOTAL	

My Community Bank
of Your State

ACCOUNT NUMBER _____ DATE _____

NAME (PLEASE PRINT) _____

ALL ITEMS ARE ACCEPTED SUBJECT TO THIS BANK'S RULES AND REGULATIONS PERTAINING TO SAVINGS ACCOUNTS.

PREMIUM SAVINGS

WITHDRAWAL		DEPOSIT		
\$ _____ AMOUNT	<input type="checkbox"/> CASH	<input type="checkbox"/> CHECK	BILLS	
			COIN	
			CHECKS	
SIGNATURE _____ (I CERTIFY THAT THE JOINT OWNER OF THIS ACCOUNT IS NOW LIVING)			TOTAL	

My Community Bank
of Your State

For the year January 1-December 31, 1985, or other tax year beginning 1985, ending 19 OMB No. 1545-0074

Use IRS label. Otherwise, please print or type. Your first name and initial (if joint return, also give spouse's name and initial) Last name Your social security number Present home address (number and street, including apartment number, or rural route) Spouse's social security number City, town or post office, state, and ZIP code Your occupation Spouse's occupation

Presidential Election Campaign Do you want \$1 to go to this fund? If joint return, does your spouse want \$1 to go to this fund? Yes No Note: Checking "Yes" will not change your tax or reduce your refund.

Filing Status 1 Single 2 Married filing joint return (even if only one had income) 3 Married filing separate return. Enter spouse's social security no. above and full name here. 4 Head of household (with qualifying person). (See page 5 of instructions.) If the qualifying person is your unmarried child but not your dependent, write child's name here. 5 Qualifying widow(er) with dependent child (year spouse died 19). (See page 6 of instructions.)

Exemptions 6a Yourself 65 or over Blind Enter number of boxes checked on 6a and b 6b Spouse 65 or over Blind Enter number of children listed on 6c 6c First names of your dependent children who lived with you Enter number of children listed on 6d 6d First names of your dependent children who did not live with you (see page 6). (If pre-1985 agreement, check here) Enter number of children listed on 6d 6e Other dependents: (1) Name (2) Relationship (3) Number of months lived in your home (4) Did dependent have income of \$1,040 or more? (5) Did you provide more than one-half of dependent's support? Enter number of other dependents Add numbers entered in boxes above 6f Total number of exemptions claimed (also complete line 36).

Income 7 Wages, salaries, tips, etc. (Attach Form(s) W-2.) 8 Interest income (also attach Schedule B if over \$400) 9a Dividends (also attach Schedule B if over \$400) 9b Exclusion 9c Subtract line 9b from line 9a and enter the result. 10 Taxable refunds of state and local income taxes, if any, from the worksheet on page 9 of instructions. 11 Alimony received 12 Business income or (loss) (attach Schedule C). 13 Capital gain or (loss) (attach Schedule D). 14 40% of capital gain distributions not reported on line 13 (see page 9 of instructions) 15 Other gains or (losses) (attach Form 4797) 16 Fully taxable pensions, IRA distributions, and annuities not reported on line 17 (see page 9). 17a Other pensions and annuities, including rollovers. Total received 17b Taxable amount, if any, from the worksheet on page 10 of instructions 18 Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E) 19 Farm income or (loss) (attach Schedule F) 20a Unemployment compensation (insurance). Total received 20b Taxable amount, if any, from the worksheet on page 10 of instructions 21a Social security benefits (see page 10). Total received. 21b Taxable amount, if any, from worksheet on page 11. { Tax-exempt interest } 22 Other income (list type and amount—see page 11 of instructions) 23 Add lines 7 through 22. This is your total income.

Adjustments to Income 24 Moving expense (attach Form 3903 or 3903F) 25 Employee business expenses (attach Form 2106). 26 IRA deduction, from the worksheet on page 12 27 Keogh retirement plan deduction 28 Penalty on early withdrawal of savings 29 Alimony paid (recipient's last name and social security no.) 30 Deduction for a married couple when both work (attach Schedule W) 31 Add lines 24 through 30. These are your total adjustments

Adjusted Gross Income 32 Subtract line 31 from line 23. This is your adjusted gross income. If this line is less than \$11,000 and a child lived with you, see "Earned Income Credit" (line 59) on page 16 of instructions. If you want IRS to figure your tax, see page 13 of instructions

Tax Computation

(See Instructions on page 13.)

33	Amount from line 32 (adjusted gross income)				33
34a	If you itemize, attach Schedule A (Form 1040) and enter the amount from Schedule A, line 26. Caution: If you have unearned income and can be claimed as a dependent on your parents' return, check here <input type="checkbox"/> and see page 13 of Instructions. Also see page 13 if you are married filing a separate return and your spouse itemizes deductions, or you are a dual-status alien.				34a
b	If you do not itemize but you made charitable contributions, enter your cash contributions here. (If you gave \$3,000 or more to any one organization, see page 14.)	34b			
c	Enter your noncash contributions (you must attach Form 8283 if over \$500)	34c			
d	Add lines 34b and 34c. Enter the total	34d			
e	Divide the amount on line 34d by 2. Enter the result here				34e
35	Subtract line 34a or line 34e, whichever applies, from line 33				35
36	Multiply \$1,040 by the total number of exemptions claimed on line 6f (see page 14)				36
37	Taxable income. Subtract line 36 from line 35. Enter the result (but not less than zero)				37
38	Enter tax here. Check if from <input type="checkbox"/> Tax Table, <input type="checkbox"/> Tax Rate Schedule X, Y, or Z, or <input type="checkbox"/> Schedule G				38
39	Additional taxes. (See page 14 of Instructions.) Enter here and check if from <input type="checkbox"/> Form 4970, <input type="checkbox"/> Form 4972, or <input type="checkbox"/> Form 5544.				39
40	Add lines 38 and 39. Enter the total				40

Credits

(See Instructions on page 14.)

41	Credit for child and dependent care expenses (attach Form 2441)	41			
42	Credit for the elderly and the permanently and totally disabled (attach Schedule R)	42			
43	Residential energy credit (attach Form 5695)	43			
44	Partial credit for political contributions for which you have receipts	44			
45	Add lines 41 through 44. These are your total personal credits				45
46	Subtract line 45 from line 40. Enter the result (but not less than zero)				46
47	Foreign tax credit (attach Form 1116)	47			
48	General business credit. Check if from <input type="checkbox"/> Form 3800, <input type="checkbox"/> Form 3468, <input type="checkbox"/> Form 5884, <input type="checkbox"/> Form 6478.	48			
49	Add lines 47 and 48. These are your total business and other credits				49
50	Subtract line 49 from line 46. Enter the result (but not less than zero)				50

Other Taxes

(Including Advance EIC Payments)

51	Self-employment tax (attach Schedule SE)				51
52	Alternative minimum tax (attach Form 6251)				52
53	Tax from recapture of investment credit (attach Form 4255)				53
54	Social security tax on tip income not reported to employer (attach Form 4137)				54
55	Tax on an IRA (attach Form 5329)				55
56	Add lines 50 through 55. This is your total tax				56

Payments

Attach Forms W-2, W-2G, and W-2P to front.

57	Federal income tax withheld	57			
58	1985 estimated tax payments and amount applied from 1984 return	58			
59	Earned income credit (see page 16)	59			
60	Amount paid with Form 4868	60			
61	Excess social security tax and RRTA tax withheld (two or more employers)	61			
62	Credit for Federal tax on gasoline and special fuels (attach Form 4136)	62			
63	Regulated Investment Company credit (attach Form 2439)	63			
64	Add lines 57 through 63. These are your total payments				64

Refund or Amount You Owe

65	If line 64 is larger than line 56, enter amount OVERPAID				65
66	Amount of line 65 to be REFUNDED TO YOU				66
67	Amount of line 65 to be applied to your 1986 estimated tax	67			
68	If line 56 is larger than line 64, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number and "1985 Form 1040" on it.				68

Check if Form 2210 (2210F) is attached. See page 17. **Penalty:** \$

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

_____ Your signature	_____ Date	_____ Spouse's signature (if filing jointly, BOTH must sign)
-------------------------	---------------	---

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code	

CASH PAYMENTS FOR EXPENSES

COLUMN WRITE ®

	1	2	3	4	5	6
DATE	WHO WAS PAID AND WHY	MERCHANDISE PURCHASED	GAS/OIL	STAMPS & POSTAGE	STATIONARY SUPPLIES	MISC.
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

DAILY WORKSHEET

COLUMN WRITE

DATE	CASH SALES	CREDIT SALES	PAYMENT ON ACCOUNT	EXPENSES PAID OUT	DEPOSITS
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23		CASH SALES		CASH SALES	
24		CREDIT SALES		Pd. ON ACCT. . . .	
25		TOTAL SALES		TOTAL COLLECTION	
26					
27					
28				TOTAL COLLECTION	
29				CASH PAID OUT	
30				CASH ON HAND & DEPOSIT	
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					



STATE OF
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES
BUREAU OF CERTIFICATE OF OWNERSHIP
TITLE TRANSFERS AND DUPLICATES
CN 017

APPLICATION FOR CERTIFICATE OF OWNERSHIP

PLEASE DESCRIBE THE VEHICLE ACCURATELY

MAKE OF VEHICLE			YEAR			BODY TYPE		
COMPLETE VEHICLE IDENTIFICATION NUMBER (NOT THE MOTOR NUMBER)						COLOR		MODEL
Actual present true mileage (odometer reading)								
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	TENTHS: <input type="text"/>

PLEASE CHECK "YES" OR "NO" Does your vehicle now have a lien? (is your vehicle financed?) YES NO

If you checked "YES", print name of bank or finance company below.
If you checked "NO", print "NONE" in the box below.

LIENHOLDER

NAME OF BANK OR FINANCE COMPANY (LIENHOLDER), IF NO LIEN WRITE "NONE"

LIENHOLDER CORPCODE

STREET ADDRESS OF LIENHOLDER CITY OR TOWN STATE ZIP CODE

STATEMENT OF APPLICANT I, the undersigned, hereby certify the above information as true and correct to the best of my knowledge, and I also certify that I have compared the identification number shown on this application with that on the motor vehicle and found that they agree in every particular.

SIGN HERE X _____ **DATE** _____

PLEASE PRINT CLEARLY

YOUR NAME

LICENSE NUMBER (IF BUSINESS - CORPCODE)

DATE OF BIRTH EYE COLOR SEX

STREET

CITY, STATE, ZIP CODE

PLEASE PRINT ALL INFORMATION CLEARLY

DRIVER LICENSE NUMBER

NAME FIRST MI. LAST EYES SEX SOCIAL SECURITY NUMBER RESTR. CODE

DATE OF BIRTH YEAR DAY MO.

NEW ADDRESS CITY STATE ZIP CODE

ENTER ONLY IF CHANGED

STATE ZIP CODE

1 IS YOUR DRIVING PRIVILEGE NOW REVOKED OR SUSPENDED IN THIS OR ANY OTHER STATE? YES NO

2 DO YOU HAVE ANY MENTAL OR PHYSICAL DISABILITY? YES NO

3 DO YOU SUFFER FROM EPILEPSY, YES NO BLACKOUTS, OR CONVULSIVE DISORDERS OF ANY TYPE?

X SIGN HERE 1. THE APPLICANT, CERTIFY THE STATEMENTS ON BOTH SIDES OF THIS APPLICATION ARE CORRECT.

ANSWER ALL 3 QUESTIONS IF ANY ANSWER IS "YES" EXPLAIN ON REVERSE SIDE 85248-F

4-60 (2/85)

VEHICLE REGISTRATION APPLICATION

PLEASE ANSWER ALL QUESTIONS AND COMPLETE BOTH SIDES.

PRINT NAME/OWNER INITIAL RENEWAL DUPLICATE PLATE NUMBER

STREET ADDRESS PREFIX VEHICLE IDENTIFICATION NUMBER (VIN)

CITY STATE ZIP COUNTY

PRINT NAME/CO-OWNER CHECK HERE IF THIS ADDRESS IS CHANGED FROM PREVIOUS RECORDS.

OWNER'S N.I. DRIVER LICENSE NUMBER/CORPCODE MALE EYE COLOR FULL DATE OF BIRTH

CO-OWNER'S N.I. DRIVER LICENSE NUMBER/CORPCODE FEMALE

OWNER SIGN HERE SOCIAL SECURITY NO.

CO-OWNER SIGN HERE SOCIAL SECURITY NO.

I (WE), THE APPLICANT(S), CERTIFY THE STATEMENTS ON BOTH SIDES OF THIS APPLICATION ARE CORRECT. MISSTATEMENTS MAY RESULT IN SUSPENSION OF REGISTRATION PRIVILEGES.

85512-F

Registration of Social Security Numbers is required pursuant to... The number will serve as an internal... to prevent errors, for the advancement of... vehicle laws and to assist in the collection of... vehicle fees.

N O T E

I PROMISE to pay to the order of _____ the sum of THIRTY THOUSAND (\$30,000.00) DOLLARS in the following manner:

Five Hundred Eleven and 48/100 (\$511.48) Dollars

on May 15, 1978, and a like amount on the 15th

day of every month thereafter until April 15,

1984. Said payments include interest at seven

(7%) percent per annum.

In the event any payment shall be in default for a period of more than thirty (30) days, the holder of this Note may declare the entire unpaid principal immediately due and owing; and the holder of this Note may reacquire the delivery route which is the subject matter of the within debt.

Dated: April 15, 1978

State of New Jersey, County of Bergen } ss.: Be it Remembered,
that on April 5 19 78 , before me, the subscriber, an Attorney at
Law of New Jersey,
personally appeared

who, I am satisfied, is the person named in and who executed the within Instrument,
and thereupon he acknowledged that he signed, sealed and delivered the same as
his act and deed, for the uses and purposes therein expressed.

An Attorney at Law of New Jersey

State of New Jersey, County of } ss.: Be it Remembered,
that on 19 , before me, the subscriber,

personally appeared
who, being by me duly sworn on h oath, deposes and makes proof to my satisfaction, that
he is the Secretary of

the Corporation named in the within Instrument;
is the

that
President of said Corporation; that the execution, as well as the making of this Instrument, has
been duly authorized by a proper resolution of the Board of Directors of the said Corporation; that
deponent well knows the corporate seal of said Corporation; and that the seal affixed to said
Instrument is the proper corporate seal and was thereto affixed and said Instrument signed and
delivered by said President as and for the voluntary act and deed of said Corpora-
tion, in presence of deponent, who thereupon subscribed h name thereto as attesting witness.

Sworn to and subscribed before me,
the date aforesaid.

Bill of Sale
Goods and Chattels

TO

Dated,

, 19

COUNSELLOR AT LAW

State of New Jersey, }
County of Bergen } ss.:

being duly sworn, says:

1. He is not a minor.
2. He is the owner of and in actual possession of the business and property mentioned in this Bill of Sale.
3. He has the absolute right and authority to sell same under the conditions and terms mentioned in the Bill of Sale.
4. There are no liens, mortgages, security interests, judgments, levies, Municipal, State, Federal, Unemployment Compensation or Social Security taxes unpaid, nor any persons or corporations who have any claim of any nature whatsoever against the said business and goods and chattels and that the same are free and clear, except,
5. The following is a true and complete list of Seller's existing Creditors; their names and business addresses, the amounts owed to each and the names and addresses of all persons known to Seller to assert claims against Seller whether disputed or not.

Name	Address	Amount
------	---------	--------

N O N E

6. This affidavit is made to induce Buyer to purchase said business and goods and chattels knowing that Buyer relies upon the truth of the statements herein contained.

Sworn and subscribed to before me,
this 15 day of April 1978

An Attorney at Law of New Jersey

SCHEDULE A
DESCRIPTION AND LOCATION OF COLLATERAL

The following is a schedule of the items constituting the collateral referred to in this security agreement and the address where each item is and shall be located and if any item is or will be a fixture attached to real estate, the description of the real estate and the name and address of the owner of record thereof.

Delivery route as set forth on attached sheets.

together with all accessories, substitutions, additions, replacements, parts and accessions affixed to or used in connection with the collateral.

Security Agreement
On Goods and Chattels

TO

Dated, April

rAP

COUNSELLOR AT LAW

This Agreement,

made the _____ day of April 19 73

Between _____,

residing or located at _____ Johnson Avenue
in the Borough of Dumont in the County of
Bergen and State of New Jersey herein referred to as the Debtor;
And

residing or located at _____ Liberty Road
in the Borough of Bergenfield in the County of
Bergen and State of New Jersey herein referred to as the Secured Party:

Witnesseth, that Debtor hereby grants to Secured Party a security interest in the collateral described in Schedule A herein to secure payment of an indebtedness in the sum of (\$ 30,000.00)
THIRTY THOUSAND----- Dollars
together with interest, payable in the following manner: Negotiable, promissory note in
the amount of \$30,000.00 with interest at 7 percent per annum amortized
over six years with equal monthly payments of \$511.48 due on the 15th
day of each month, beginning May 15, 1978,

and to further secure performance by Debtor of all other terms herein.

1. **USE OF COLLATERAL.** Debtor represents that the collateral will be used
() a. In business.
() b. For personal, family or household purposes.
() c. In farming operations.

a. **FIXTURES.** If the collateral is or will be attached to real estate prior to this loan or prior to the perfection of Secured Party's security interest, Debtor will furnish Secured Party with subordinations by all persons having any interest in the real estate. The names, addresses and interests of all persons whose interests are to be subordinated, are

N O N E

b. **GOODS USED IN MORE THAN ONE STATE.** If the collateral is goods of a type which is normally used in more than one State, the chief place of business, if other than Debtor's address set forth above, is

N O N E

2. DEBTOR WARRANTS AND COVENANTS THAT:

2.1 **USE OF PROCEEDS OF LOAN.** If the loan is to be used to pay, or the debt represents a portion of the purchase price of the collateral, Debtor either will use all the proceeds of the loan to pay the purchase price and for no other purpose, or authorizes Secured Party to pay the proceeds directly to the seller of the collateral and to pay premiums for the insurance set forth in Paragraph 2.4.

2.2 **SELL, ETC.** Debtor is the owner of the collateral free of any other lien or security interest and will not sell, exchange, lease or otherwise dispose of the collateral, nor permit any person other than Secured Party to acquire a lien or security interest therein or file a financing statement covering the collateral.

2.3 **PRESERVATION.** Debtor will maintain the collateral in good condition and repair and preserve it against loss, damage or depreciation in value other than by reasonable wear.

2.4 **INSURANCE.** Debtor will carry insurance on the collateral against damage or loss by fire, theft and other casualty, including collision, if applicable, in an amount not less than \$ _____ with responsible insurers authorized to do business in this State, loss to be payable to the parties as their respective interests may then appear. In the event of any loss or damage to the collateral, Debtor forthwith shall notify Secured Party in writing and file proofs of loss with the appropriate insurers. Debtor, upon request, shall deliver to Secured Party the policies or certificates of insurance.

2.5 **TAXES.** Debtor will pay when due, taxes and assessments or license fees of any nature relating to the collateral or its use.

2.6 **AUTHORITY TO SECURED PARTY.** Debtor authorizes Secured Party, if Debtor fails so to do, to do all things required of Debtor by Paragraphs 2.3, 2.4 and 2.5 herein and charge all reasonable expenses incurred by Secured Party to Debtor with interest at _____ %.

2.7 **REMOVAL AND INSPECTION.** Debtor will not remove the collateral from the specified location, except in the normal course of business for temporary periods, without the prior written consent of Secured Party and will permit Secured Party to inspect the collateral at any reasonable time.

2.8 **PERFECTION OF SECURITY INTEREST.** Debtor will join with Secured Party in executing, filing and doing whatever may be necessary under applicable law, to perfect, continue and terminate Secured Party's security interest in the collateral, at Debtor's expense.

2.9 **EXTENSIONS AND RELEASES.** Debtor consents to any extension of time of payment. If this agreement secures a note, the note is a separate instrument and may be negotiated by Secured Party without releasing Debtor, the collateral or any guarantor or co-maker.

3. GENERAL.

3.1 **GUARANTOR OR CO-MAKER.** If there be more than one Debtor, guarantor or co-maker of a note or of this agreement the obligation of all shall be primary, joint and several.

3.2 **NON-WAIVER BY SECURED PARTY.** Failure of Secured Party to insist upon strict performance of any of the warranties and covenants of this agreement or to exercise any option herein conferred in any one or more instances shall not be construed as a waiver or relinquishment for the future of any such warranties, covenants or options, but the same shall be and remain in full force and effect.

3.3 **NOTICES.** All notices to either party shall be by mail or telegraph addressed to such party at the address set forth herein or previously changed in writing or by personal service upon such party or its proper corporate officer. Reasonable notice, when notice is required, shall be not less than _____ days.

3.4 **SEVERABILITY.** Any part of this agreement contrary to the laws of this State or any State having jurisdiction shall not invalidate other parts of this agreement.

3.5 **LAW GOVERNING.** All the terms herein and the rights, duties and remedies of the parties shall be governed by the Uniform Commercial Code. (N.J.S. 12A)

4. **DEFAULT.** Debtor shall be in default under this agreement upon the occurrence of any of the following:

4.1 **NONPAYMENT OF PRINCIPAL AND INTEREST.** Failure to pay the principal or any installment thereof or interest on the debt or note within _____ days after the due date.

4.2 **BREACH OF AGREEMENT BY DEBTOR.** Failure by Debtor to keep, observe or perform any provision of this agreement.

5. **ACCELERATION.** The unpaid balance of the principal sum due and interest thereon shall immediately become due and payable at the election of Secured Party in the event of any of the following:

5.1 **DEFAULT.** As defined herein.

5.2 **MISREPRESENTATION.** Misrepresentation or material falsity of any certificate or statement made or furnished by Debtor to Secured Party in connection with this agreement.

5.3 **INSOLVENCY OR TERMINATION.** Termination or sale of business, insolvency or death of Debtor or commencement of any insolvency proceedings by or against Debtor.

5.4 **INSECURITY.** Depreciation or impairment of the value of the collateral, or a change in the financial status of Debtor, which jeopardizes the prospect of payment of the debt or performance of any of the covenants and conditions herein.

6. **REMEDIES ON DEFAULT.** In addition to all the rights and remedies herein for default, Secured Party shall have such other rights and remedies as contained in the Uniform Commercial Code.

6.1 **ASSEMBLING COLLATERAL.** Upon any default and upon demand, Debtor agrees to immediately assemble the collateral and make it available to Secured Party at the place and at the time designated in the said demand.

6.2 **COUNSEL FEES AND LEGAL EXPENSES.** Upon any default Secured Party may charge Debtor such reasonable counsel fees, legal expenses and other charges incurred by Secured Party in taking and selling the collateral, rendering the surplus if any, according to the Uniform Commercial Code.

All the terms, covenants and conditions herein contained shall be for and shall inure to the benefit of and shall bind the respective parties hereto, and their legal representatives, successors and assigns, respectively.

In all references herein to any parties, persons, entities or corporations the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

In Witness Whereof, Debtor and Secured Party have hereunto set their hands and seals, or caused these presents to be signed by their proper corporate officers and caused their proper corporate seal to be hereto affixed, the day and year first above mentioned.

In the Presence of

(L.S.)