

# ABF Detailed Course Outline

## Unit 1 The Start-Up

### Lesson 1.1 Organizing a Business

1. Products and services are developed to meet consumer needs and wants.
  - List consumed need and want items and identify source(s) for each. (Activity 1.1.1)
2. Organization and recordkeeping are important to the success of an agricultural business.
  - Implement a recordkeeping system to file course documents. (Activity 1.1.2)
  - Implement an E-accounting Record system (Activity 1.1.2)
3. Agribusinesses are managed in a legal organizational structure.
  - Classify businesses according to five common legal business structures used in agriculture. (Activity 1.1.3)
4. Agribusinesses provide products and services from planning to production to retail.
  - Find evidence of steps in the value chain for a food item. (Activity 1.1.4)

### Lesson 1.2 Starting a Business

1. Entrepreneurs anticipate the interests of consumers by researching trends.
  - Identify the types of AFNR industries in a community. (Activity 1.2.1)
  - Draft a market research survey to identify local trends. (Project 1.2.2)
2. Business managers make spreadsheets and graphs to organize and visualize data.
  - Make a graph using spreadsheet software illustrating and comparing data. (Activity 1.2.3)
3. Business managers analyze data to make decisions.
  - Analyze data collected from a survey (Project 1.2.4)
4. Starting an entrepreneurial enterprise requires a business plan.
  - Start a business plan by describing a planned business. (Project 1.2.5)

## Unit 2 Managing Finances

### Lesson 2.1 Categorizing Transactions

1. Agribusinesses calculate net income by subtracting expenses from income.
  - Identify income and expenses and record them in a ledger. (Activity 2.1.1)
2. Business managers use graphs and calculators developed in spreadsheet software to make management decisions.
  - Graph the proportion of income compared to expenses for an enterprise. (Activity 2.1.1)
  - Build common financial calculators in spreadsheet software for use throughout the course. (Activity 2.1.1)
3. Enterprises incur expenses, such as inputs and noncurrent asset purchases, to generate income for a business.
  - Classify typical business expenses as fixed, variable, or noncurrent asset purchases. (Activity 2.1.2)
  - Identify potential sources of income and expenses for a business. (Project 2.1.3)

## **Lesson 2.2 The Cost of Doing Business**

1. The decrease in asset value due to depreciation is a business expense.
  - Calculate depreciation using straight-line method. (Activity 2.2.1)
2. Interest paid on loan principal is a business expense.
  - Calculate interest for business scenarios. (Activity 2.2.2)
3. Businesses measure profitability in two ways, net income and return on assets (ROA).
  - Calculate and analyze net income and return on assets for business scenarios. (Activity 2.2.3)
4. An entrepreneur's time is valuable.
  - Determine how much money a business owner's time is worth. (Activity 2.2.4)
5. The breakeven point of an enterprise occurs when the expenses match the income.
  - Calculate breakeven and use it to analyze the feasibility of an enterprise. (Activity 2.2.5)

## **Lesson 2.3 Measuring Success**

1. A balance sheet shows the financial position of a business at a point in time.
  - Categorize sample balance sheet entries as current or noncurrent assets or liabilities. (Activity 2.3.1)
  - Compare the net worth of two businesses. (Activity 2.3.1)
2. Business managers measure the health of an enterprise by analyzing the balance sheet.
  - Calculate liquidity for two SAE projects. (Activity 2.3.2)
  - Calculate solvency for two SAE projects. (Activity 2.3.3)
  - Analyze the financial health of two business projects and summarize their position. (Activity 2.3.2, Activity 2.3.3)
3. Decision-makers use financial documents to plan and manage a business.
  - Develop a balance sheet for the business plan. (Project 2.3.4)

## **Lesson 2.4 Business Decisions**

1. An income statement summarizes income and expenses over a specific period to calculate net income.
  - Complete an income statement for the business example. (Activity 2.4.1)
2. Business managers determine the economic advisability of an enterprise by using enterprise budgets.
  - Construct enterprise budgets using financial records. (Activity 2.4.2)
3. Decision-makers use financial documents to plan and manage a business.
  - Make business decisions using financial documents in a gameboard simulation. (Activity 2.4.3)
  - Develop a budget for the business plan. (Project 2.4.4)

## **Unit 3 Covering the Bases**

### **Lesson 3.1 Taking Risk Seriously**

1. Agricultural businesses manage operating risks, including production, market, financial, institutional, and personal.
  - Introduce one type of risk with historical examples and risk mitigation strategies to classmates. (Project 3.1.1)

2. Cash flow statements are used to anticipate and plan for seasonal fluctuations in income and expenses.
  - Identify seasonal income and expense fluctuations using a cash flow statement. (Activity 3.1.2)
  - Complete a projected cash flow statement for an assigned scenario. (Activity 3.1.3)
  - Make current borrowing and repayment recommendations to avoid financial risk for an assigned scenario. (Activity 3.1.3)
  - Develop cash flow for a business plan. (Project 3.1.4)
3. Businesses utilize strategies, such as diversification, insurance, borrowing money, and value-added products, to mitigate risk.
  - Investigate loan and grant opportunities for a business plan. (Project 3.1.4)
  - Research common risk management strategies and make recommendations for a business. (Activity 3.1.5)
  - Develop a risk management plan. (Project 3.1.6)

### **Lesson 3.2 Employment Opportunity**

1. Entrepreneurs use resumes to communicate their experience and skills when planning a business.
  - Catalog skills and experience in a professional resume format. (Project 3.2.1)
2. Time invested in starting a business reduces potential income from outside employment.
  - Calculate the value of student time spent on a job. (Activity 3.2.2)
3. Entrepreneurs determine whether the opportunity costs of starting and owning a business outweigh the risks.
  - Determine whether various scenarios provide adequate income to meet average living expenses in their home county. (Activity 3.2.3)
4. Entrepreneurs compare opportunities by calculating returns to investments such as labor, management, assets, and equity.
  - Compare labor expenses paid to an entrepreneur to the business's return to labor and management. (Activity 3.2.3)
5. Agriculturalists prefer employees with strong interpersonal skills.
  - Observe the employability skills of agricultural lenders and human resource professionals. (Activity 3.2.4)
6. Lenders review financial statements to determine the viability of a business when reviewing a loan application.
  - Observe lender objectives for determining loan qualifications and how they are assessed. (Activity 3.2.4)
  - Develop a process to analyze the financial position of a business for lender approval of a loan. (Problem 3.2.5)

### **Lesson 3.3 Risk and Opportunity**

1. Opportunity costs are associated with risk.
  - Simulate investment scenarios in various risk environments. (Activity 3.3.1)
2. Entrepreneurs compare opportunities by calculating returns to investments such as labor, management, assets, and equity.
  - Compare labor expenses paid to an entrepreneur to the business's return to labor and management. (Activity 3.3.2)

3. Labor and management inputs in a business have opportunity costs.
  - Describe and assign financial values and analyze capital, labor, and management opportunities for the business plan. (Project 3.3.3)

## Unit 4 Planning

### Lesson 4.1 Finalizing the Plan

1. Agribusinesses review internal and external factors with a SWOT analysis.
  - Draft a SWOT analysis for a business start-up. (Project 4.1.1)
2. Competition and marketing influence consumers to choose similar goods and services.
  - Determine the competitive products or services that pose a risk for a business. (Activity 4.1.2)
  - Develop a competitor analysis for the business plan. (Project 4.1.3)
3. A business plan includes information an investor, banker, or other stakeholder would need to promote, endorse, or support a new business.
  - Develop SMART goals and a timeline for the business plan. (Project 4.1.4)
  - Compile all artifacts for all sections of the course-long business plan. (Project 4.1.5)
4. Entrepreneurs promote their business plans to gain support.
  - Pitch the business plan to stakeholders including potential investors and advisors. (Project 4.1.6)