BEING MORE EFFECTIVE IN TEACHING FINANCE IN A SMALL BUSINESS MANAGEMENT COURSE

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ACADEMIC ABSTRACT

Many students enrolled in a small business management course believe that they lack the ability to understand accounting and finance. Also, given their background, some teachers of small business management find it somewhat difficult to convey effectively the intricacies of financial statements and how they can be used in making sound decisions. This workshop will provide a framework and support materials to make teaching finance more palatable, and hopefully even enjoyable, to teachers and students alike. A part of the workshop will be spent in the attendees sharing their experiences in teaching finance to small business students.

In a survey of entrepreneurs who recently started new businesses, the respondents indicated that they felt inadequate in terms of the financial skill needed for managing their new business. The authors concluded that:

“It would seem that these owner-managers, while they might have the ability to read and understand fundamental financial statements, do not have the ability to make informed judgments and to take effective decisions regarding the use and management of money… Indeed, all the elements of entrepreneurship are important, [but] leaving accounting and financial literacy on the fringes of attention may be an impediment to further business opportunity.”

Thus, understanding and interpreting the significance of a firm’s financial data is undoubtedly a skill vital to the entrepreneur, but ignored by many students and small-business owners alike at the expense of potential failure.

The workshop will provide a framework that can be used to help students gain a better understanding of the interconnections among a venture’s profits, its asset and financing requirements, and its cash flows. The attendees will be provided the following:

- A power point presentation that begins with simple concepts and then builds one block at a time until the student can see and understand the key relationships that have frequently been “hidden” from them in the financial statements.
- A student-to-student video presentation, where two students are helping each other gain a better understanding of financial statements.
• Several problems and a short case that can be used in class to help students apply what they have learned.

Throughout the session, there will be time for interaction among the attendees.