

## **BUSI 433 Real Estate Business**

### **PURPOSE AND SCOPE**

The *Real Estate Business* course BUSI 433 is intended to give the real estate practitioner student a foundation in business knowledge, including buying or starting, managing, and growing a professional real estate services business. The course is a survey of the major disciplines in business administration, including the theory and application of entrepreneurship, business strategy, finance, accounting, organizational behaviour, marketing, and information technology.

After reading the text and proceeding through the Course Workbook, the student should have a well-rounded business education to supplement his or her highly specialized real estate knowledge. BUSI 433's overall objective is for students to gain competencies in the business skills and knowledge necessary for establishing and operating a small or mid-sized real estate practice. Listed below are the specific learning objectives for what a student should learn from this course:

- Develop business strategies for a start-up business in providing real estate services, including the business concept, vision, growth strategies, and risk management.
- Describe how to manage a small to mid-sized business, including defining success, completing a SWOT analysis, evaluating business processes, and implementing quality control.
- Forecast financial requirements for a small business, identifying sources of capital and managing cash flow.
- Analyze financial statements to measure performance and budget control.
- Evaluate income tax and property tax issues as they relate to business management and real estate practice.
- Describe legal and regulatory requirements for a growing business, as well as ethical considerations for real estate professionals.
- Create a marketing and service delivery strategy to build a business in a competitive environment.
- Develop strategies for managing human resources and providing effective leadership.
- Outline technology requirements for business operations, both internal and external.
- Explore succession plans and exit strategies for a real estate business.

### **LESSON 1 – Entrepreneurship and Small Business Development**

1. Perform a self-assessment to determine whether they are in a position to start a business
2. Develop an idea into a business concept, then test the business concept to determine whether or not it is feasible
3. Explain why an enterprise needs to make a business plan
4. Identify the audience for a business plan
5. Outline the sections of a typical business plan
6. Apply the TAM-SAM-SOM model to a market segment

## LESSON 2 – Business Strategy

1. Apply models, such as PESTI, SWOT, and Porter’s Value Chain Model, to analyze the business environment
2. List, define, and provide examples of different types of business strategy
3. Explain the criteria of a competitive advantage and identify where competitive advantages exist
4. Describe how to successfully implement change to a business
5. Explain the concept of market cycle quadrants

## LESSON 3 – Organizing and Financing the Business

1. Describe the forms of business organization and analyze the strengths and weaknesses of each. This includes:
  - (a) the three primary organization types
  - (b) the three types of partnerships
  - (c) the three types of corporations
  - (d) hybrid models (e.g., partnerships based on corporations)
2. Explain the purpose and components of the financial plan
3. Demonstrate how a business develops financial forecasts (e.g., resource requirements, costs, and financial performance)
4. Define the different types of debt financing and equity financing
5. Identify risks and implement methods to manage them

## LESSON 4 – Accounting for Small Businesses

1. Describe the accounting standards (IFRS, GAAP, and ASPE)
2. Distinguish between the three types of financial reporting and how each affects the interpretation of financial statements
3. Identify the different financial statements, explain how each is developed, and describe how they are linked
4. Provide a detailed explanation of each of the accounting principles
5. Interpret and analyze financial statements using ratios
6. Provide an overview of bookkeeping practices and period end statements

## LESSON 5 – Taxation

1. Discuss tax treatment for proprietorships and partnerships
2. Describe the various tax rates for corporations (e.g., CCPC, PSC, Standard Corporation)
3. Distinguish between capital gains and income gains, and explain how each is taxed
4. Define capital cost allowance (CCA) and the associated rules
5. Determine whether a person is an employee or a contractor, and discuss the advantages and disadvantages of each

## LESSON 6 – Law in the Real Estate Context

1. List the steps to forming a valid contract
2. Discuss the circumstances under which contracts are enforceable and unenforceable
3. Explain, in detail, the remedies available for breach of contract
4. Define the torts of negligence and negligent misrepresentation, and the remedies available for each

### **LESSON 7 – Professional Ethics**

1. Define and discuss the components of corporate social responsibility
2. Discuss the ethical duties and responsibilities of a real estate professional
3. Identify situations in which there is a conflict of interest and how they should be addressed
4. Summarize how a business can implement ethics into its organizational practices

### **LESSON 8 – Marketing**

1. Describe the different ways a market can be segmented
2. Discuss the four phases of buyer behaviour and the influences on consumer decision-making
3. Apply research methods to solve a marketing problem
4. Link the 4Ps to business strategy

### **LESSON 9 – People Management: Leadership and Organizational Structures**

1. Discuss the sources of power for managers
2. Identify the leadership behaviours that are most suitable for a real estate services business
3. Outline the process for effective communication
4. Develop rules and procedures for a real estate business

### **LESSON 10 - Managing Employees: Motivation and Labour Relations**

1. Explain the purpose and steps involved in performing a job analysis
2. Discuss how performance appraisals are used to evaluate employee performance
3. List and discuss effective and ineffective job appraisal review techniques
4. Compare the advantages and disadvantages to various compensation methods

### **LESSON 11 – Technology**

1. Discuss the opportunities and challenges of the mobile office environment
2. Describe the general components of an effective professional website
3. Explain the Canadian Personal Information Protection and Electronic Document Act and its effects on a real estate services enterprise
4. Explain the Canadian Anti-Spamming Legislation and its effects on a real estate services enterprise
5. Discuss protocol for copyrighted materials and for the sharing of both licensed and unlicensed information

### **LESSON 12 – Succession Planning**

1. Identify the challenges that can arise when there is no succession plan in place
2. Describe the methods in which a business can be transferred to a new owner
3. Explain financing options for the purchase and sale of a small business
4. Outline the different techniques for valuing a business