

PREFACE

This short book has one objective: to enhance the business and financial training of law students. It introduces students to select foundational topics that usually fall outside the scope of a traditional course on business organizations or corporations. The premise of the book is that these topics can enrich such a course by expanding its relevance, broadening the business literacy of the students, and complementing the entity and doctrinal concepts covered in the course. Although structured as a supplement and designed for students who have not had any significant business training, the book will advance the professional development of any student, even the more business-savvy student, by promoting a deeper understanding of the business world and an enhanced ability to interface with business owners and executives and those who serve the business community.

The book's emphasis is on real-world relevance and promoting awareness and a basic understanding (not expertise) of select foundational business concepts. Care has been taken to be concise, not overcomplicate the discussions, and limit the scope of topics. The topics covered in the book will promote student development in six important ways:

1. Students will have a better understanding of core business differences and how businesses are classified and characterized. At the most basic level, such an understanding will help any person communicate and work with others and better comprehend the significance of business trends and developments. The importance of understanding core business differences escalates for the lawyer who wants to assist business owners or executives at any level. It is a prerequisite to developing the capacity to meaningfully assist clients in the processes of identifying and prioritizing specific business objectives.

2. Students will have a better understanding of core accounting concepts and financial statements, the scorecards of business. Financial statements routinely surface in all types of legal transactions, disputes and challenges. A lawyer need not master the art of debits and credits. But a lawyer should know how to read financial statements and understand core concepts that underlie financial statements, the components of the core financial statements, how the statements relate to one another, how key transactions impact financial statements, and the role and limits of financial statement safeguards.

3. Students will be introduced to core quantitative concepts often associated with financial literacy: performance measures and ratios; business debt leveraging concepts and techniques; time-value-of-money concepts; business valuation basics; and elementary microeconomics concepts that are often used to justify or explain a specific event, decision, or course of action. These topics are presented in a concise, understandable manner to facilitate use in a law school course on business organizations. The short discussions focus on core concepts,

avoid nonessential complexities, use illustrative examples, and incorporate problems that test student comprehension.

4. Students will be introduced to the challenges of funding a business enterprise: going public realities and processes; how stock markets work and the related lingo and common trading strategies; start-up capital funding sources; and the importance of securities law registration exemptions and related dangerous misconceptions. Capital is a key prerequisite for success in nearly all businesses. A lawyer should have an awareness of the practical and legal challenges of capital formation and how markets function.

5. Students will have a better understanding of the role of business taxes throughout the world, the challenges of transfer pricing, and rudimentary concepts of C corporations, S corporations, partnership-taxed entities, and self-employment and payroll taxes. A simple Q&A format is used to explain these basics. The hope is that professors will share my view that a study of business organizations is incomplete without an introduction to the rudimentary concepts of business entity taxation and that such concepts deserve a few days of attention in the business organizations course. The discussion in this book will not create any level of expertise, but it will provide a very useful awareness and understanding of foundational concepts.

6. Students will be introduced to the 16 business factors and collateral consequences that impact the all-important choice-of-entity decision for a business. Five example scenarios are used to illustrate and explain these factors and collateral consequences. The choice-of-entity context is an excellent vehicle to teach these core business factors.

The book includes 18 mini-case-study student problems that enable students to analyze and apply the substance of what they are reading to specific fact situations. There are a variety of different ways these student problems can be used to improve the educational process. A professor-only website includes suggestions for using the student problems and PowerPoint slides that provide answers to the student problems.

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