

BASIC BUSINESS PRINCIPLES FOR LAWYERS

PROF. BROOK GOTBERG
SPRING SEMESTER 2020
HULSTON HALL ROOM 4
T/Th 2:00pm – 3:15 pm

COURSE OVERVIEW

Principles of business and law are inexorably linked, and have been from the beginnings of modern society. Not only does the law inform much of business practice, the practice of law is itself informed by business principles. A lawyer cannot adequately represent any client without a basic understanding of the time value of money, statistics, and accounting. If the client is a business, an understanding of financial statements, economic principles, and valuation may also be essential. Even lawyers who do not plan to represent business clients can expect to engage with business principles as they run their own practices. This course is designed to serve students who lack confidence in their previous business experience and wish to reinforce their understanding of the basics.

In this course, you will:

- Learn how to calculate both the present and future values of money, and practice doing so in real-life scenarios.
- Become familiar with basic principles of double-entry bookkeeping.
- Develop confidence in evaluating financial statements.
- Review basic principles of economics and market theory.
- Explore principles of valuation and investment.
- Consider the responsibilities, risks and benefits involved in running your own legal practice.

There are no prerequisites to this course, although it is anticipated that it will benefit students who go on to study other elective business-related subjects, including Antitrust Law, Bankruptcy, Basic Federal Income Tax, Business Organizations, Publicly Held Corporations, Real Estate Finance, Securities Regulation, and Secured Transactions, among others, by providing additional background. All topics will be covered at an introductory level, with the goal of promoting familiarity and confidence, rather than mastery. Students with an extensive background in business already are less likely to benefit from this course.

COURSE MATERIALS

The course will cover a range of topics, not all of which are currently covered in one textbook. Accordingly, class readings have been compiled into a packet that will be available at the Mizzou Bookstore. These readings are drawn from the following texts, which students may choose to purchase at their discretion. Readings are listed in descending order by the extent to which they are used in the course.

Howell E. Jackson et al., *ANALYTICAL METHODS FOR LAWYERS* (3d ed. 2017).

Lawrence A. Cunningham, *INTRODUCTORY ACCOUNTING, FINANCE AND AUDITING FOR LAWYERS* (7th ed. 2018).

Gary A. Munneke, *INTRODUCTION TO LAW PRACTICE: ORGANIZING AND MANAGING LEGAL WORK* (4th ed. 2013).

Robert W. Hamilton & Richard A. Booth, *BUSINESS BASICS FOR LAW STUDENTS* (4th ed. 2006).

Robert J. Rhee, *ESSENTIAL CONCEPTS OF BUSINESS FOR LAWYERS* (2d ed. 2016).

Dwight Drake, *BUSINESS FUNDAMENTALS: ESSENTIAL CONCEPTS ALL LAWYERS NEED TO KNOW* (2014).

At various times during the semester, additional reading may be assigned. Depending on length, these materials will be handed out in class or available as a course packet at the Mizzou Bookstore. You may also be expected to look up and review cases outside those found in the casebook. (You may use any reliable search engine to do so, including Westlaw or Lexis).

ATTENDANCE

Regular and punctual class attendance is required of all law students as a matter of school policy. Due to the nature of this class, which involves multiple in-class assignments and group work, students are strongly encouraged to make every effort to attend all classes. Absences are sometimes necessary; accordingly, every student will have two automatically excused absences during the semester. Upon request and petition to me, students may be granted up to two additional excused absences. Excuses will be granted at my discretion, based on the reason for the absence. More than four absences – for whatever reason – will result in the reduction of your grade, as explained below in the grading section. Consistent with the professional standards you will be expected to meet upon graduation, wherever possible you should notify me in advance of an absence. My contact information is provided below under *Office Hours*.

Unfortunately, due to conference schedules I was not aware of prior to setting the time for this class, I will be out of town on the following days:

January 23 – Make up class scheduled for 1:00 on January 28 in Room 4.

February 27 – Make up class scheduled for 1:00 on February 20 in Room 4.

March 3 – Make up class scheduled for 1:00 on February 27 in Room 4.

March 5 – Make up class schedule for 1:00 on March 12 in Room 4.

March 19 – No make up scheduled, instead we will have a final review prior to the final exam. Students may wish to attend the Bankruptcy Court hearings which will be held that morning in the Moot Courtroom.

March 31 – Midterm covering Units 1 and 2 will be proctored during class time.

CLASS PARTICIPATION

I will use the Socratic Method and group discussion as the primary means of teaching this class. In my experience, students get the most out of the classroom experience when everyone is engaged in a structured dialogue. Each student should anticipate being called on at least once every class, and to participate in small group discussions. This form of participation may be more demanding than simply sitting and listening to a lecture, but it will also provide a bigger educational payout for you and your fellow students.

If you are not prepared to participate in class discussion, (i.e., because you have not done the reading, have developed laryngitis, or intend to spend the class pretending to listen while you answer emails) you may take a “pass” for the day. You may take a pass twice without it affecting your grade, as explained below in the grading section. You will not be permitted to “pass” on group assignments or small group discussions. Towards the end of the semester, we will be pleased to host several local attorneys who will provide additional background regarding their experience in the business of law. All students will be expected to engage in discussion with these speakers.

Please note that in some classes we may not make it through all the assigned reading for that day. We will cover this information at the beginning of the next class period, accordingly, you should review the remaining material so that you are prepared to discuss it.

EXAMS

There will be two written exams during the course of the semester, a midterm and a final. The midterm will cover Units 1 and 2 and be offered during class time on March 31st. The final will be a three-hour comprehensive exam. The midterm exam will be “closed book,” and the final exam will be “open book.” For the final, you will have access to the packet and any of your own notes, as well as the internet. You may not use commercial outlines or materials prepared by other students.

GRADING

Final grades will be calculated based on the midterm (30%), the final (50%), and class participation (20%). I will adjust grades to account for the attendance policy stated above with the reduction of one grade point per absence for more than four absences, as well as any unexcused absences. I will also adjust grades with the reduction of one grade point per pass after two freebies. The class participation portion of each student's grade will be based primarily on engagement with the material in class discussion and during small group in-class exercises.

PRELIMINARY CLASS SCHEDULE

A tentative schedule for reading and discussion is below. Each listed assignment is intended to be covered in class on that date. All reading assignments listed will be found in your course packet, available from the Mizzou Bookstore. Reading assignments may change as a consequence of how far we get in the class discussion. The first priority is to understand the information in each lesson; getting through all the material is a secondary concern. If dramatic adjustments are required, a new reading schedule will be printed and distributed in class as well as posted online.

OFFICE HOURS

Because I have small children, my time in the office can be unpredictable. Accordingly, rather than assign set office hours, I will maintain an open door policy, meaning I will be generally available to visit with students while in the office. (Even if my door is shut.) On occasion, I may be tied up and unable to entertain student questions, in which case I will try to schedule an alternative time. It is always a good idea to contact me in advance if you would like to drop by with questions or thoughts. My office phone number is (573) 882-3914. My email address is gotbergb@missouri.edu.

ACADEMIC HONESTY

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

RECORDING CLASS

University of Missouri System Executive Order No. 38 lays out principles regarding the sanctity of classroom discussions at the university. The policy is described fully in Section 200.015 of the Collected Rules and Regulations. In this class, students may make audio or video recordings of course activity. However, the redistribution of audio or video recordings of statements or comments from the course to individuals who are not students in the course is prohibited without the express permission of the faculty member and of any students who are recorded. Students found to have violated this policy are subject to discipline in accordance with provisions of section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

INFORMATION REGARDING DISABILITIES

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share, or if you need to make arrangements in case the building must be evacuated, please contact Associate Dean David Mitchell as soon as possible. If disability-related accommodations are necessary (for example, a note taker, captioning), please register with the Disability Center (<http://disabilitycenter.missouri.edu>), S5 Memorial Union, 573.882.4696, and then notify Dean Mitchell or Law School Registrar Denise Boessen of your eligibility for reasonable accommodations. **(Please do not discuss examination accommodations with me. Notice of special accommodations may impair the “blind grading” policy we use at the law school.)** For other MU resources for persons with disabilities, click on “Disability Resources” on the MU homepage.

UNIVERSITY STATEMENT ON INTELLECTUAL DIVERSITY

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the departmental chair or divisional director, the director of the Office of Academic Integrity, the MU Equity Office, or equity@missouri.edu. All students will have the opportunity to submit an anonymous evaluation of the instructor at the end of the course.

Date	Class Topic	Reading Assignment
January 21	Unit 1: Future Value and Present Value	Jackson 181-183; 196-201
January 28 (1:00 make up)	Unit 1: Rule of 72s and Inflation, Annuities	Jackson 201-208
January 28	Unit 1: Statistical Evaluation	Jackson 379-390
January 30	Unit 1: Statistical Evaluation	Jackson 390-400
February 4	Unit 1: Statistical Evaluation	Jackson 400-417
February 6	Unit 1: Probability	Cunningham 309-315
February 11	Unit 1: Decision Trees	Jackson 1-27
February 13	Unit 2: Basic Accounting Formats	Jackson 93-105
February 18	Unit 2: Double-Entry Bookkeeping	Jackson 105-124
February 20	Unit 2: Income Statement	Cunningham 41-56
February 20 (1:00 make up)	Unit 2: Cash Flow Statement	TBA
February 25	Unit 2: Analysis of Financial Statements	Jackson 124-139

February 27 (1:00 make up)	Unit 2: Theory of Competitive Market	Jackson 243-255
March 10	Unit 2: Market Price and Consumer information	Jackson 255-276
March 12 (1:00 make up)	Unit 2: Monopoly and Related Market Behavior	Jackson 276-288
March 12	Unit 2: Externalities, Public Goods, & Welfare Economics	Jackson 289-305
March 17	Unit 2: Valuation Methods	Cunningham 279-307
March 31	Midterm Exam	
April 2	Unit 3: Diversification of Risk	Cunningham 315-324
April 7	Unit 3: Capital Asset Pricing Model	Cunningham 324-344
April 9	Unit 3: Capital Sources	Rhee 259-282
April 14	Unit 3: Investment Strategies	Hamilton & Booth 481-510
April 16	Unit 4: Entity Form & Law Firms	Drake 158-171; Munneke 59-67
April 21	Unit 4: Partnerships and the Practice of Law	Munneke 68-83
April 23	Unit 4: Professional Finances	Munneke 34-38; 280-291
April 28	Unit 4: Malpractice Insurance and Risk Management	Munneke 110-121
April 30	Unit 4: Firm Financial Management	Munneke 264-280