

INTRODUCTION TO ENTREPRENEURSHIP / UNIT I

"The business of America is business" –Calvin Coolidge

Table of Contents

LESSON 1: Entrepreneurship and the Entrepreneur

HANDOUT I.1.A, "Word Cloud"

HANDOUT I.1.B, "Entrepreneurship"

HANDOUT I.1.C, "Entrepreneur"

HANDOUT I.1.D, "The Importance of Entrepreneurship"

LESSON 2: Entrepreneurship and the Entrepreneur

HANDOUT I.2.A, "Typical Entrepreneur"

HANDOUT I.2.B, "Becoming an Entrepreneur"

HANDOUT I.2.C, "Profile 1: Entrepreneur of the Year"

HANDOUT I.2.D, "Profile 2: Emerging Entrepreneur of the Year"

HANDOUT I.2.E, "Profile 3: College Entrepreneur of the Year"

LESSON 3: Characteristics of an Entrepreneur

HANDOUT I.3.A, "Characteristics"

HANDOUT I.3.B, "From Employee to Entrepreneur"

HANDOUT I.3.C, "Entrepreneurship, A-E"

HANDOUT I.3.D, "Entrepreneurship, F-J"

HANDOUT I.3.E, "Entrepreneurship, K-O"

HANDOUT I.3.F, "Entrepreneurship, P-T"

HANDOUT I.3.G, "Entrepreneurship, U-Z"

LESSON 4: The Student As Entrepreneur: A Self-Evaluation

HANDOUT I.4.A, "Magazine Cover"

HANDOUT I.4.B, "Quiz"

HANDOUT I.4.C, "Improve-Yourself"

HANDOUT I.4.D, "Starting a Business"

LESSON 5: Success Indicators for a Business

HANDOUT I.5.A, "Seven Criteria"

HANDOUT I.5.B, "Triple Bottom Line"

HANDOUT I.5.C, "Letter"

HANDOUT I.5.D, "Answer"

HANDOUT I.5.E, "Success in Business Report Card"

LESSON 6: Setting Personal Goals

HANDOUT I.6.A, "Illustration"

HANDOUT I.6.B, "Chart"

HANDOUT I.6.C, "Steps"

HANDOUT I.6.D, "Choosing Goals"

HANDOUT I.6.E, "Achieving Goals"

HANDOUT I.6.F, "Tracking Goals"

HANDOUT I.6.G, "Assignment"

LESSON 7: Opportunity or Idea: Using a Business Plan to Determine When a Business Opportunity Exists

HANDOUT I.7.A, "Q & A"

HANDOUT I.7.B, "Purposes"

HANDOUT I.7.C, "Parts"

HANDOUT I.7.D, "Outline"

UNIT I / LESSON 1

Entrepreneurship and the Entrepreneur

Time Frame
1 day

Standards
NES: Economics — Explain why people become entrepreneurs
NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports

Guiding Question

What is entrepreneurship?

Materials

Handouts I.1.A-D

Objectives

Students will be able to:

- Define and give examples of entrepreneurship.
- Explain why entrepreneurship is so important to the United States economy.
- Draw conclusions as to what they can expect to learn in a course called “Entrepreneurship and Business.”

Teacher Background

Entrepreneurs have played a vital role in the development of this country. The willingness of such people to innovate, take risks, and devote themselves to building a business has been the stuff legends and heroes are made of. This course, consisting of nine units, will discuss both the theory and reality of entrepreneurship and provide a foundation for the second year of the Virtual Enterprise program.

Handout I.1.A will employ a word cloud to allow students to examine their concept of entrepreneurs and entrepreneurship. In Handout I.1.B, the class will examine some definitions of entrepreneurship and compare it to their own. Handout I.1.C will present some traits exhibited by entrepreneurs. Finally, in Handout I.1.D, students will assess the contributions entrepreneurs have made to the U.S.

Teaching Strategies/Supporting Activities

- Distribute Handout I.1.A, “Word Cloud.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What does this illustration tell us about entrepreneurship and entrepreneurs?
 - How would you define the term “entrepreneurship” based on this illustration?
 - What did you write for the exercise related to this illustration? (Call on at least five volunteers.)

- Based on the illustration about entrepreneurship that appears on this handout, what will be some of the things you will be learning in this class?
- Distribute Handout I.1.B, "Entrepreneurship." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - How would you compare these definitions of entrepreneurship to each other?
 - What do these definitions have in common? What are some of the some of the differences between these definitions?
 - Which of these definitions comes closest to your own definition of entrepreneurship?
- Distribute Handout I.1.C, "Entrepreneur." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What title did you give to this reading?
 - Based on what you read on this handout, how would describe what an entrepreneur is to someone who never heard the term?
 - In what ways does the writer of this handout believe an entrepreneur is different from the following dictionary definition: *"one who organizes, manages, and assumes the risks of a business or enterprise"*?
 - To what extent is an entrepreneur different than an "ordinary business person"?
- Distribute: Handout I.1.D, "The Importance of Entrepreneurship." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What did conclusion did you write for this handout?
 - According to this paper, what are some of the ways entrepreneurship promotes a nation's economic health?
 - What kinds of evidence does the writer of this paper give to prove entrepreneurs make a positive contribution to a nation's economy? How convincing was this evidence?

Summary/Assessment

Ask students to explain their answer to the following question:

Why do you think this school has decided to offer a course in entrepreneurship?

Follow-Up

Based on what you heard in this lesson, what are some of the things you hope to learn from this course on entrepreneurship?

Handout I.1.B, "Entrepreneurship"

Direction: This page contains some historical and present-day definitions for the term "entrepreneurship." Place a check mark in front of the definition that comes closest to your own.

Entrepreneurship is...

___ "An economic term describing the process of bearing the risk of buying at certain prices and selling at uncertain prices." (18th century definition)

___ "The concept of bringing together the factors of production." (19th century definition)

___ "A process involving innovation: bringing market innovation, product innovation, factor innovation, and even organizational innovation to the world of business."

___ "The action of organizing a business venture and assuming the risk for it."

___ "The assumption of risk and responsibility in designing and implementing a *business strategy* or starting a business."

Handout I.1.C, “Entrepreneur”

Directions: Read the description of an entrepreneur below. Suggest a title for this reading and write it in the space provided.

(title)

Entrepreneurs are high-energy creative people, who are self-confident, have high levels of self-esteem and are futuristic in their outlook as they seek to incessantly solve problems, take risks, and learn from failures (theirs and others). They thrive on change and have a natural predisposition to show initiative and willingly accept personal responsibility for projects. They harness all available resources within their scope in order to achieve success on their own terms.

Successful entrepreneurs learn to control and discipline their gift and by combining this with a business education (both formal and from the “*school of hard knocks*”) together with a perseverance and an enjoyment of hard work. Driven by a righteous passion, they eventually craft their success in spite of the many preceding disappointments and setbacks.

Many people have tried unsuccessfully to categorize the entrepreneur, with the Webster’s dictionary describing them as “*one who organizes, manages, and assumes the risks of a business or enterprise.*” This is a typical researcher’s description, written without the privileged insight into the mind and spirit of what makes an entrepreneur tick.

The entrepreneurial skill-set would afford success in many fields of human endeavor; however, the entrepreneur is drawn to the world of business and commerce. This is because their great desire for independence, their love of a competitive environment, the business world’s reward for objectivity over subjectivity, and the fact that excelling at this core societal realm makes the greatest use of their talent.

However, sharing this “money accumulating” space in society are other players, with some like the scammers and value takers, whose view of success is so focused on just the money that they are quite prepared, if necessary, to sell both their integrity and their grandmother in order to have it. As you will see, while both this particular acumen and the entrepreneur’s methodology share the same “money accumulating” outcome, each achieves it with an entirely different mindset and approach. Entrepreneurs “make money,” meaning they create value that did not previously exist rather than just accumulating money via schemes and exploiting weaknesses that take from another’s hard-earned assets.

Handout I.1.D, “The Importance of Entrepreneurship”

Directions: Read the excerpt taken from a student’s term paper below. Then complete the exercise that follows.

Entrepreneurism has been found to be a vital part of the economy. In a Kauffman Foundation study, ten countries were analyzed to measure the activity of entrepreneurs and the affect they were having on the economy. These studies consisted of in-depth interviews of over 300 experts in each country and surveys of 1,000 adults in each country. Countries ranking high in entrepreneurial activity had higher growth rates than countries with lower entrepreneurial activity. One-third of this difference could be traced directly back to entrepreneurs.

The most important reason why entrepreneurs help the economy is due to the creation of new jobs. It has been estimated that entrepreneurs have created 34 million new jobs since 1980. Also, 70 percent of new start-ups were found to already employ at least one person, and 80 percent planned to hire within the next year. This data provides significant evidence that entrepreneurship leads to new jobs.

Another way that entrepreneurs have helped the economy is by innovation and research and development. According to one study, two-thirds of all inventions come from entrepreneurs. New inventions can improve the economy because they can provide better ways of doing tasks, and can also lead to new business.

Entrepreneurism also helps the economy by creating wealth for many individuals seeking business opportunities. Although this is not the number one reason individuals pursue entrepreneur activities, it plays a major role in our economy. Both a new business and the wealth the owner can obtain will help boost the economy by providing new products as well as the spending power created for the entrepreneur.

*Adapted from: <http://www.yeabiz.com/pdfs/Importance%20of%20Entrepreneurship%20-%20Justin%20Barker.pdf>
[Concluding paragraph]*

Exercise: The reading above does not have a conclusion. Provide one by writing a paragraph of at least 3-4 sentences, in the space below.

UNIT I / LESSON 2

Entrepreneurship and the Entrepreneur

Time Frame
1 day

Standards
NES: Economics — Explain why people become entrepreneurs
NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports

Guiding Question

Who are entrepreneurs?

Materials

Handouts I.2.A-E

Objectives

Students will be able to:

- Suggest a profile for the kind of people who become entrepreneurs.
- Contrast the profile for the kind of people who become entrepreneurs with actual portraits of suggested entrepreneurs.

Teacher Background

Entrepreneurs are the backbone of the American economy, and statistics bear that out. According to the IRS, 89% of business tax returns are filed by family and closely held businesses. Entrepreneurial enterprises employ 82 million people or 62% of the work force. Closely held companies create about 75% of the net new jobs and generate about 64% of gross domestic product. According to the Small Business Administration, 99.7% of businesses in America have fewer than 500 employees. These are precisely the types of companies created and run by entrepreneurs. This lesson attempts to define the traits of entrepreneurs and explain how these entrepreneurs came to be.

Handout I.2.A asks students to create a profile of a typical entrepreneur and then compare that profile with one created by a researcher who writes on the subject. In Handout I.2.B, the class will look at the factors that lead to a person becoming an entrepreneur. The lesson concludes with a cooperative learning exercise using Handouts I.2.C, D, and E, in which students look at three entrepreneurs who have been named Entrepreneur of the Year, Emerging Entrepreneur of the Year, and College Entrepreneur of the Year, respectively, to determine what characteristics they have in common.

Teaching Strategies/Supporting Activities

- Distribute Handout I.2.A, “Typical Entrepreneur.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - How did you answer the questions about the seven characteristics of the typical entrepreneur?
 - If you had to select the one trait of an entrepreneur that you are most sure about, which would it be?

Reveal the following answers (based on Shane Scott’s research about the typical entrepreneur)

The typical entrepreneur:

- is a married man in his forties.
- has a working spouse.
- was born in the U.S. and has lived here his whole life.
- spent much of his life in the town where he started his business.
- is just trying to make a living, not trying to build a high-growth business.
- has worked previously in the industry in which he started his company, something like construction or insurance or retail.

Then ask: “Which characteristics of a typical entrepreneur surprised you the most? The least?”

- Distribute Handout I.2.B, “Becoming an Entrepreneur.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What do we learn about how Kristina Kallur became an entrepreneur from this reading?
 - Which three factors did you identify as contributing most to her being an entrepreneur?
 - Which of these factors that you identified best explains how most people become entrepreneurs?
 - Was Kristina just lucky or did she do something special that led to her success as an entrepreneur?
- Divide the class into six groups, with about 4-5 students in each. Distribute Handout I.2.C, “Entrepreneur of the Year,” to two groups; Handout 1.2.D, “Emerging Entrepreneur of the Year,” to two groups; and Handout I.2.E, “College Entrepreneur of the Year,” to the remaining groups. Have students complete the exercise on the handout. Call on three different groups, one that worked with each of the different handouts. Have each of the three groups make a presentation about the entrepreneur they read about. Then, as part of the whole-class discussion, ask students explain their answers to the following questions:
 - What did you learn about these entrepreneurs from these presentations?
 - What do these entrepreneurs have in common?
 - Based on what you read about these people, what make entrepreneurs different from other people?

Summary/Assessment

Ask students to explain their answer to the following question:

How would you describe an entrepreneur to someone who had never heard the term?

Follow-Up

Ask students to interview an entrepreneur in their local community and write a profile of no more than one page, describing how that person got into his/her current business, his/her greatest achievement, his/her greatest challenge, and the business goal he/she would most like to achieve before retiring.

Handout I.2.B, "Becoming an Entrepreneur"

Directions: Read the description below of how Kristina Kallur became an entrepreneur and complete the exercise that follows.

Kristina Kallur was a health food counselor in Sweden with two children, ages 5 and 7. How did she end up being an entrepreneur and owning her own baby food business?

Kristina's motivation—and her inspiration—to start her own business came from the birth of her third child. When her son Lukas was born, his skin was bright red, dry, and chapped instead of the smooth, baby-soft skin that healthy babies have when they're born. The reason? Hypersensitivity to milk.

As a health food counselor and a mother trying to care for her new lactose-intolerant baby, Kristina contacted several baby food suppliers to try to find milk-free baby cereal. However, she was unsuccessful, and could not find a simple, convenient solution for feeding Lukas. She used this frustration as her inspiration to start her own business as a baby food supplier that produces exactly what she needed: milk-free baby food products.

Kristina went back to school at the same time that she started her new business. She realized that she lacked knowledge about the food production industry, so she took courses that focused on those areas to build her knowledge and expertise while building the foundation of her new company. Years later, Kristina's business, EkoGo, produces baby food products that are sold in stores throughout Sweden.

http://www.nina-project.eu/index.php?option=com_content&view=article&id=103&Itemid=119&lang=en

Exercise: List three factors that led Kristina Kallur to become an entrepreneur.

Factor 1:

Factor 2:

Factor 3:

Handout I.2.C, “Profile 1: Entrepreneur of the Year”

Directions: Read Lee Rhodes’s profile and be prepared to make a presentation explaining what made her Entrepreneur of the Year.

Adversity can spark great moments of clarity. It was during a difficult time for Lee Rhodes, founder of Seattle-based Glassybaby, that inspiration struck for what would become a flourishing business. Glassybaby specializes in hand blown glass votive candleholders produced in more than 400 rich colors. The business was born in 1998, after her then-husband brought home a colored vessel he had made in a glass-blowing class. Rhodes, who was suffering from lung cancer, dropped in a candle and became mesmerized by the chromatic light. “In my mind, like the other treatments I did, it contributed to my healing,” she recalls. “It makes you step back and relax and take a deep breath.”

Rhodes hired glass blowers and started giving away the votive holders; then, seeing their popularity, she began selling them out of her garage. In 2003, she opened her first studio and retail space; the company later moved to its flagship in Seattle's Madrona neighborhood, where 70-plus glass blowers now produce 500 candleholders per day. Rhodes has two other stores in the Seattle area, one in New York's West Village and a thriving online presence. The votives, which sell for \$40 each, are popular in restaurants, as “an individual piece of art on each table,” Rhodes says. Additionally, she rents them out in large quantities for events. Glassybaby also has a version of its product for use as drinking glasses. The business keeps growing. In 2009, sales rose 25 percent; a year later, they were up 50 percent. For 2011, sales are projected to increase another 50 percent to \$6 million.

For Rhodes, more sales mean one thing: more giving. Glassybaby's philanthropic mission--donating a percentage of revenue (not profits), mainly to programs that help cancer patients with lifestyle requirements not covered by health insurance—was built into the business plan from the start. The company currently donates 7 percent of sales and aims to bring that figure to 10 percent. In total, Glassybaby has contributed more than \$650,000 to about 100 small and large organizations. That spirit of giving has helped draw fans, including Amazon.com founder Jeff Bezos. He approached Rhodes in 2008—he must have the wrong number, she thought—and now owns 20 percent of Glassybaby.

In Seattle, Glassybaby is well-known, but in New York it's a different story. Sales in the store there, which opened in 2009, have been “disappointing,” Rhodes admits, citing location, the lack of a studio where consumers can witness the glass-blowing process and the fact that New Yorkers, traveling by foot, don't wish to carry heavy items. However, the market has been “very lucrative” in terms of online sales, and Rhodes hopes to move to a new location in the city, with better foot traffic and a factory.

Meanwhile, she has no plans to diversify her product line. “There's something to be said for sticking to what you're good at,” she says. “We make one thing really, really well.”

Handout I.2.D, "Profile 2: Emerging Entrepreneur of the Year"

Directions: Read Adam Nelson's profile and be prepared to make a presentation explaining what made him Emerging Entrepreneur of the Year.

For as long as parents have been having children, they've been trying to get their kids to sleep. This universal problem sparked an idea in Adam Nelson, creator of the Good Nite Lite. It started "selfishly," says Nelson, who lives in Alpharetta, Ga. His 4-year-old son had gotten in the habit of waking each day at 5 a.m. and rousing the rest of the family, too. The sleep-deprived Nelson happened to catch a doctor on TV suggesting that parents use a timer to shut off night lights and help kids adjust to sleeping in a dark environment. "I thought, why couldn't you turn it back on with the same timer?" recalls Nelson, who also believed it would "be neat to have one view for the child to know when it's time to rest and another view to know when it's time to get up. Really, that was the whole premise: A moon means rest time and a sun means wake-up time."

A longtime entrepreneur who has worked extensively in software, technology, and project management, Nelson turned to software developers he knew in Minsk, Belarus, to help design the product. He tested the prototype on his son, first programming the light to change from moon to sun at 5 a.m., when the child was accustomed to waking, then pushing it later by 10- or 15-minute increments each day. "It was classic conditioning," Nelson explains. "He was waiting for that sun to come on so he could come tell us it was time to get up." Soon, the boy learned to go back to sleep. "It taught him that when the moon's on, everybody's resting."

Using his own funds, Nelson began manufacturing the lights in China. Frustrated by futile attempts to place the product at retail, he hired a PR firm, which scored a write-up in Parents magazine in November 2008. This led to immediate sales from his website. "We wound up selling thousands of units," he says. "There went the whole idea of 'retail first.' It wound up being 'consumer first.'"

Now nearly 65 percent of sales are from Good Nite Lite.com, 25 percent from e-tailers such as Amazon and the rest from the 50 or so stores that have begun to carry the lights, including Learning Express. Nelson says sales, which have doubled each year since launch, were about \$460,000 in 2010; he expects to top \$1 million in 2012. He declines to disclose the cost of making his product, which retails for about \$40 (or \$34.99 plus shipping and handling from his website).

Meanwhile, Nelson continues to adapt the product, often based on customer feedback. He absorbed the cost of upgrading his packaging from a "very wasteful" throwaway box to one that can double as a travel case or a stand so the light can be used on a dresser. In addition to working on iPhone and iPad apps, he is experimenting with different sizes and styles of the physical light and is developing a series of children's books to go with it. Nelson, whose motto in business has always been "fail quick, fail cheap," is elated by Good Nite Lite's success. "It was a big gamble," he says, "but one that worked."

Handout I.2.E, “Profile 3: College Entrepreneur of the Year”

Directions: Read Gabrielle Palermo’s profile and be prepared to make a presentation explaining what made her College Entrepreneur of the Year.

Two professors at Arizona State University posed a challenge to their engineering students: Come up with a function for the numerous used shipping containers abandoned at ports around the world. For Gabrielle Palermo and three of her classmates, crafting a solution to this problem has evolved into not only a compelling model of adaptive reuse, but possibly a lifelong career.

From the roots of that classroom project, Palermo, a junior studying biomedical engineering, and her partners—mechanical engineering senior Billy Walters and mechanical engineering master’s students Susanna Young and Clay Tyler—have started G3Box, a company that aims to convert the deserted or decommissioned steel containers into medical clinics that can be deployed around the world.

Many companies use shipping containers that end up languishing at their end locations due to the high cost of returning them to their points of origin. Palermo says the team’s thinking immediately turned to ways to convert the containers into something that could help people. Young and Tyler began working with the idea of turning the 160- or 320-square-foot containers into maternity clinics for use in developing countries with high maternal mortality rates. Palermo and Walters, meanwhile, had been working with Payson, Ariz.-based disaster-relief organization Telehelp on improving container clinics that had been deployed in Haiti after the 2010 earthquake but were found to have insufficient insulation and ventilation. The four students came together to form G3Box—the name comes from “generating global good”—with the idea of designing their own clinics and selling them to nonprofits and nongovernmental organizations.

The modular, mobile medical units—outfitted with ventilation, insulation, power, potable water, and any other services a customer might request—can be used by hospitals or organizations that would like to expand existing facilities, or can be easily transported to disaster zones for use as temporary clinics. G3Box plans to function as a hybrid for-profit company and nonprofit foundation.

The students have raised \$4,000 from ASU’s Innovation Challenge and another \$10,000 in seed funding from the school’s Edson Student Entrepreneur Initiative. The team is working on a prototype maternity clinic, in a container donated by Swift Transportation, and hopes to deploy it this summer in Kenya, as part of a partnership with Boulder, Colo.-based nonprofit Sustainable Resources. With the \$5,000 in prize money from the Entrepreneur of 2011 Awards, the students hope to obtain their second container and build a prototype disaster-relief clinic.

The containers, which cost \$12,000 to \$18,000 to build, will initially be constructed in the U.S. and delivered to areas of need, but the hope is to eventually have assembly sites near international ports, particularly in Africa. For Palermo, what started as a student project has the potential to turn into a dream job.

UNIT I / LESSON 3

Characteristics of an Entrepreneur

Time Frame
1 day

Standards
*NES: Economics — Identify characteristics that successful entrepreneurship share
Identify the skills that entrepreneurs need
NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports*

Guiding Question

What skills must one have to be a successful entrepreneur?

Materials

Handouts I.3.A-G

Objectives

Students will be able to:

- Identify the characteristics of successful entrepreneurs.
- Evaluate the characteristics of successful entrepreneurs to determine which are the most essential for success in business.

Teacher Background

Many different types of people are drawn to entrepreneurship and a wide variety of talents, aptitudes, and personal traits help to contribute to an entrepreneurial spirit, personality, and vision. The attitude, mindset, passion, and character that define the successful entrepreneur are sometimes hard to pinpoint, specify, or sum up in a profile. By examining some of the more predominant qualities of the true entrepreneur, it is possible to emulate them, nurture and develop them, or acknowledge whether or not one is actually suited to an entrepreneurial career.

In Handout I.3.A, students will suggest five characteristics that are necessary for success as an entrepreneur. Next, Handout I.3.B examines five levels that take a person from being employee to a true entrepreneur. Using Handouts I.3.C-G, the class will be divided into five groups, with each group given the task of looking at five or six different characteristics that help define a successful entrepreneur.

Teaching Strategies/Supporting Activities

- Distribute Handout I.3.A, "Characteristics." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - Choose one characteristic you listed on this slide; why did you put it on your list?
 - [List about 10 characteristics on the board.] What do these characteristics listed on the board have in common with each other?
 - Of the characteristics listed, which is most essential for entrepreneurial success?
- Explain to students that many people begin their working lives as somebody else's employee and then, over time, switch careers to become entrepreneurs, running their own businesses. Distribute Handout I.3.B, "From Employee to Entrepreneur." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - In your own words, how would you describe each Level, 1-5, in the transformation process from employee to true entrepreneur?
 - What are some of the major differences between people at Level 1 and those at Level 5?
 - From which level do you believe it is most difficult to move to the level above?
- Divide the class into five groups. Distribute a different one of Handouts I.3.C-G to each of the five groups. Have students complete the exercise on the handout. Then have the students explain their answers to the following questions:
 - Based on the handout you read, how would you describe one characteristic important to being a successful entrepreneur?
 - Which was the one characteristic, of the five or six on the page you read, that you think is the most important for an entrepreneur to succeed?
 - Of the characteristics A-Z, which characteristic is the one most important for a successful entrepreneur to possess?

Summary/Assessment

Ask students to explain their answer to the following question:

Do you think anybody can be taught the skills to be a successful entrepreneur or does one have to be born with those skills?

Follow-Up

Research a successful entrepreneur. Write a one-page paper discussing that person's achievements and special skills, identifying three characteristics mentioned in this lesson in Handouts C-G.

Handout I.3.A, "Characteristics"

Directions: Below is a PowerPoint slide that is supposed to list the five essential characteristics an entrepreneur must have to guarantee his/her success. List as many of those characteristics as you can think of and write them in spaces 1-5 on the slide below.

Entrepreneur: Five Characteristics To Guarantee Success



1.

2.

3.

4.

5.

Handout Handout I.3.B, "From Employee to Entrepreneur"

Directions: According to one theory, in order to move from an employee to a true entrepreneur a person has to go through the five levels mentioned below. Read from the bottom to the top of the page, circling the level that you believe is most difficult to move into from the level below.

Level 5: The True Entrepreneur

On Level 5, the one-time employee becomes a true entrepreneur. As a true entrepreneur, he/she engages in new way of thinking, which includes: 1) Imagining gigantic, all-encompassing dreams for creating the ideal world. 2) Picturing the ideal world as a reality on a daily basis, filling in more details each day. 3) Putting words to the dream and talking of it as if it was already happening. 4) Experiencing the dream as a real and tangible fact that actually materializes and influences others while opening new doors to fresh opportunities and the birth of more dreams.

Level 4: The Entrepreneur Becomes an Investor

By the time the entrepreneur reaches Level 4, he/she has demonstrated the ability to earn money. However, Level 4 requires taking on another challenge—that is managing money so that it works to produce more money. Investing for maximum returns involves the smart use of assets, and the entrepreneurial investor will often leverage the success of the first business to create a second or third company based on the same model or system. The challenge is to avoid falling back into the role of running a business as an administrator or manager, and to meet this problem with a viable solution the entrepreneur will typically appoint someone else to take the reins of the company as the president or CEO. Then the investor becomes more of a director or silent partner.

Level 3: The Attitude of Owner/Leader

The entrepreneur who reaches Level 3 knows how to step aside and let the business – and those employees working in it – operate as a profit center, not reliant upon the owner's constant hands-on participation. This kind of entrepreneur has created an organization that is more self-sufficient and self-sustaining, and by doing so has created more wealth, personal freedom, and free time. Rather than being the only person who could get the job done the best, this leader has passed that torch of responsibility and expertise along to others who now enjoy for themselves a greater level of career achievement.

Level 2: Becoming a Manager

On Level 2, the entrepreneur looks to become a manager. This happens when he/she accepts the challenge and responsibility of ensuring that others under his/her wings also succeed and flourish. By getting the most out of employees, managers themselves are able to delegate aspects of their business to others and set higher goals. To reach Level 2 and become a good manager, an entrepreneur must avoid the following three missteps: 1) believing that if a business is not working, the solution lies in hiring more employees; 2) believing that the route to success is through growth of the enterprise itself— rather than profit growth; and 3) acting like the boss is the most important thing, even if that means sacrificing the talent or potential of employees.

Level 1: Moving from an Employee to Being Self-Employed

In moving from being an employee to a self-employed business owner, an individual enters the first level of entrepreneurship. Such a person willingly gives up some security because of the desire for greater control over his or her life, career, and destiny. Secondly, they believe that they could do their job just as well without an employer – and perhaps without the need for other employees. They want to do things their own way. And they usually begin by creating a situation where they do the same type of work they did while an employee, but they figure out how to do it by themselves and for themselves. That idea of designing a business that works for its owner – rather than the owner working for it—is vital in becoming an entrepreneur versus becoming simply the most important employee of one's own self-employed venture. Those who understand that fact can rise to Level 2.

Handout I.3.C, "Entrepreneurship, A-E"

Directions: After reading about the five characteristics of successful entrepreneurs that appear below, complete the exercise that follows.

A is for Ambiguity. Ambiguity refers to *a situation in which something can be understood in more than one way and it is not clear which meaning is intended*. While change is quite stressful for the vast majority of people, entrepreneurs become quite invigorated by ambiguity and see it as an opportunity.

B is for Beachhead strategies. Entrepreneurs have a natural understanding and appreciation of Beachhead Strategies. Beachhead strategies are the strategies that an entrepreneur uses to gain market penetration and customer acceptance for their products. Sam Walton (Wal-Mart) used a beachhead strategy of opening in small towns that were not served by the formidable rivals like the retail giants. Here are some other beachhead strategies: (1) Build momentum, not profit; (2) Be the topic of conversation; (3) Work with your champions; (4) Create memorable experiences.

C is for Commitment. Commitment is the founding drive of the entrepreneur: not just the commitment to do, but the commitment to do and then see it through, and not just the commitment to see it through, but to see it through with everything on the line. It is a commitment to the long term, the commitment to never giving up on the dream, the commitment to getting up and starting all over again if fate so decrees.

D is for Destiny. For the entrepreneur, life is not just a process of accumulating physical assets, nor experiencing physical pleasure, nor even the cyclical life of comfort and leisure. It is making a difference, it is living a life of significance, it is embarking on a never ending journey to be the best that they can be and being the greatest influence for "good" that they can be. They are driven to take control of their future, craft their destiny, and, if need be, make sacrifices in the short term for a greater long-term gain.

E is for Effectual reasoning. For the entrepreneur, effectual reasoning starts with clearly defined goals that translate into specifically defined objectives that inform strategies and then determine tactics. This basis for decision making means taking stock of the strategic resources, capabilities, and advantages within the entrepreneur's control and then selecting emerging opportunities that these capabilities make him or her uniquely positioned to exploit.

Exercise: Based on what you read on this handout, describe two important characteristics an entrepreneur must have to succeed.

1.

2.

Handout I.3.D, “Entrepreneurship, F-J”

Directions: After reading about the five characteristics of successful entrepreneurs that appear below, complete the exercise that follows.

F is for Focus Entrepreneurs define the song for their venture and in spite of the many changes and setbacks they manage to keep everyone focused on the main game. These successful entrepreneurs are single-minded with an eye constantly on the prize. They are not easily distracted, they rarely quit and stay focused on the task at hand until it is done.

G is for Global. True entrepreneurs recognize the power of the Internet to deliver a global outcome for their enterprise and so shape their model to include it in their thinking. No longer happy to be tagged the SME (Small to Medium Enterprise) these start-ups are better tagged GOS (Global Opportunity Start-up). Yes, they start small but their ambition is to change the world—literally.

H is for Health. Good health is a remarkable aspect of entrepreneurial life. For many entrepreneurs this is simply because they refuse to be sick, mostly because they can’t afford to be. The founder of the website Baby Boomer Entrepreneurs says in the article “Characteristics of Entrepreneurs” that he believes that being in business for yourself is good for health. He believes that good health is a common trait of entrepreneurs primarily because their stress can be self-managed while the work-for-the-man stress is imposed and many times unresolvable. It is this unresolved stress that the author believes leads to poor health.

I is for Innovation. Innovation sets the entrepreneur apart from all of their other commercially engaged contemporaries. Entrepreneurs know how to add value by making a product better and getting a target market to demonstrate their appreciation of it by parting with their money. An entrepreneur’s core competency is to find new ways to solve problems and to come up with clever, workable solutions. They are naturally curious, inquisitive, bright and highly flexible in their thinking.

J is for Just do it. For the entrepreneur, the decision to just do it is often to do it alone. This is what separates an entrepreneur from a highly competent corporate executive, who upon getting knocked back on a proposal will simply shelve the project. This is not the entrepreneurial way. They immediately look for an alternative even if that means putting 100% of their own resources behind the project to make it happen. They believe in the opportunity to the point of going it alone if need be. “Making it happen” is what the entrepreneur does.

Exercise: Based on what you read on this handout, describe two important characteristics an entrepreneur must have to succeed.

1.

2.

Handout I.3.E, “Entrepreneurship, K-O”

Directions: After reading about the five characteristics of successful entrepreneurs that appear below, complete the exercise that follows.

K is for Keep it real. Entrepreneurs have an objective approach, which, while empathizing with people’s needs, is more concerned with performance and accomplishment. Entrepreneurs are obsessed with the “truth.” That is what’s real. They are honest and straightforward in their dealings and expect others to do likewise. This is often an area that they lose out to other commercially engaged players whose truth is subjectively determined by the greatest personal monetary gain.

L is for Leadership. Entrepreneurs lead because, from their objective standpoint, they don’t trust another’s decisions too heavily. They lead because others follow, and others follow because they see their own needs being fulfilled in the entrepreneurial direction and outcomes. Leadership for the entrepreneur is not about status but about function. They have little need for status because they have self-confidence and are motivated by achieving their own internal measures of success and achievement.

M is for Meaning. Entrepreneurs have an inherent desire to make the world a better place. Entrepreneurs can create the meaning, which will become the driving motivational force behind their ventures, in one of three ways: (1) To change people’s lives for the better; (2) To right a terrible wrong which is most prominent in the area of social entrepreneurship; (3) To prevent the end of something good in which an innovative approach can allow something beautiful to be made sustainable again.

N is for Never give up. What others see as failure, the entrepreneur sees as either a learning experience, as a chance for character development, or simply a barren environment or improper timing. So he or she continues working with great persistence until the right time comes. Most of all, they never give up and never quit striving for their success.

O is for Opportunistic. Entrepreneurs are not opportunistic about every opportunity – just theirs. Their comprehensive awareness affords them a view of the possibilities wrapped up in every option but it does not mean they take action on every opportunity they see. However, entrepreneurs keep their eyes open for significant changes that may trigger a promotion from option to opportunity.

Exercise: Based on what you read on this handout, describe two important characteristics an entrepreneur must have to succeed.

1.

2.

Handout I.3.F, "Entrepreneurship, P-T"

Directions: After reading about the five characteristics of successful entrepreneurs that appear below, complete the exercise that follows.

P is for People. Of all the rare resources entrepreneurs can secure to build their enterprise, it is the people-resources that are the most valuable. This is why every person an entrepreneur meets is seen as a potential resource or teacher. Entrepreneurs want you to teach them what they don't know and if they perceive you know too much for them to learn relatively quickly, then they want to employ you. Right then!

Q is for Quirky. Entrepreneurs appreciate quirky or peculiar behavior. They add it to their products, you will find it in the unusual parts of their assortment, you will see it in their marketing, and it is the endearing part of their service. This quirky ingredient can only be produced by a person with self-esteem, confident in their offer and understanding of the fact that it is this very quirkiness that creates the fond and lasting memory in the mind of their customers.

R is for Risk. Entrepreneurs know that risk is unavoidable, even if that risk leads to the loss of personal assets. That's because the entrepreneur perceives that a life is lost if it is lived without significance, lived without meaning, and lived without seeking to be the best one can be. Entrepreneurs are fearful of a so-called "risk-free" life that ends in the anguished regret of what might have been, of what could have been, of what should have been.

S is for Subjective advantages. Subjective advantages are the advantages that entrepreneurs achieve because they know how to perfectly position their offer to fulfill a customer's emotional needs. The real issue for customers is the satisfaction of an emotional need and they will often willingly pay a price to satisfy that need. For example, customers will willingly pay a premium to have these emotional needs satisfied: Urgency, Self-Esteem, Pain Relief, Fear Mitigation, Scarcity, High Sentimental Value, or Indulgence.

T is for Timing. Experienced entrepreneurs know that many a successful venture happened because they launched it in the right place at the right time. There often appears to be a large element of luck in these ventures but what is unseen is the preparation time that took place prior to the launch. The gathering of market intelligence, their positioning in the emerging field, the securing of the people resource, the look-out for the environmental trigger, their trial and error a few times to get it right, the organizing of their personal life, and the thinking through of the business model all laid the ground work prior to the successful launch.

Exercise: Based on what you read on this handout, describe two important characteristics an entrepreneur must have to succeed.

1.

2.

Handout I.3.G, "Entrepreneurship, U-Z"

Directions: After reading about the five characteristics of successful entrepreneurs that appear below, complete the exercise that follows.

U is for Under the radar. Entrepreneurs quickly learn that they can best achieve their mission by flying "under the radar"—that is, securing their entry into markets with minimal notice or perceived threat, ensuring the least negative reaction from competitors, suppliers, partners, or customers. So the entrepreneur, instead of full frontal attack, will appease, cajole, and avoid ruffling feathers until it is too late for others to respond; by the time the entrepreneur's full hand is revealed, it is too late for others to mount a challenge.

V is for Value-added. Unlike their other commercially engaged counterparts, the entrepreneur's primary goal in a commercial endeavor is to add value. The entrepreneur makes money by taking a slice of the added value that they create for their customers via their innovative products and services, not by ripping people off.

W is for Work and play. It is the entrepreneurial promise "to do what you love and to love what you do" so it is nearly impossible for the entrepreneur to tell when they are working and when they are having fun. This enjoyment of what they do leads to another typical response from entrepreneurs—retire from what? Entrepreneurs have no plans to retire; in fact, they have trouble understanding how you retire from living.

X is for X Factor. The X factor is that special something that entrepreneurs have which others don't. For each entrepreneur, it is something different. Some entrepreneurs describe it in terms of attitude, passion, obsession, self-confidence, or enthusiasm. Just as in any field of human endeavor, some people have it and some don't.

Y is for You. Entrepreneurs are people so totally engaged with the outside world that they can tend to pay too little attention to their one greatest asset – themselves. It is paramount for the entrepreneur to understand and accept what makes them tick. They need to accept that to others they will often be "the black sheep." They need to understand when they should lead and when they should step back to allow others to manage the growing venture.

Z is for Zest. Zest or passion is in the life-blood of the entrepreneur. The entrepreneur's zest does not come from amassing personal wealth, but from the belief that they can create and control their future and not simply live a life at the mercy of either fate or providence.

Adapted from: <http://knol.google.com/k/characteristics-of-an-entrepreneur#>

Exercise: Based on what you read on this handout, describe two important characteristics an entrepreneur must have to succeed.

1.

2.

UNIT I / LESSON 4

The Student As Entrepreneur: A Self-Evaluation

Time Frame
1 day

Standards
*NES: Economics — Identify the skills that entrepreneurs need
Assess your suitability for entrepreneurship*
*NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports*

Guiding Question

Should you be an entrepreneur?

Materials

Handouts I.4.A-D

Objectives

Students will be able to:

- Use an evaluative tool to assess their own personalities in relationship to the characteristics possessed by many entrepreneurs.
- Determine whether they have the personal characteristics necessary for success as an entrepreneur.
- Draw conclusions as to what actions they will need to take in order to develop the characteristics of a successful entrepreneur.

Teacher Background

Many people dream of being an entrepreneur, but not everyone is cut out for this line of work. Among the traits that have been defined as necessary for succeeding as an entrepreneur are: discipline, frugality, self-confidence, communication skills, humility, organizational abilities, and flexibility. This lesson allows students to perform a self-assessment to determine if they have the traits of an entrepreneur and learn the actions they can take to develop those traits.

In the introductory activity, students will suggest the traits they believe individuals must have to succeed as entrepreneurs. Using Handout I.4.B, the class will take a self-test to determine the extent to which they possess the characteristics necessary to succeed as an entrepreneur. Handout I.4.C suggests the actions that individuals can take to develop the traits necessary to be an entrepreneur. Finally, in Handout I.4.D, the class examines the necessary steps to take in starting a business after it has been determined that one has the characteristics of an entrepreneur.

Teaching Strategies/Supporting Activities

- Distribute Handout I.4.A, "Magazine Cover." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - How did you answer the exercise on the handout? [Call on at least five volunteers.]
 - Based on what you heard so far, to what extent do *you* have what it takes to be an entrepreneur?
- Distribute Handout I.4.B, "Quiz." Have students take the quiz and score themselves according to instructions on the handout. Then have them explain their answers to the following questions:
 - How did you score on this quiz?
 - What did you learn about yourself from taking this quiz?
 - What did you learn about being on an entrepreneur from the taking this quiz? What is the most important attribute a person must have to be a successful entrepreneur?
 - To what extent would you make a decision about being an entrepreneur based on taking a quiz like this?
- Distribute Handout I.4.C, "Improve Yourself." Have students complete the exercise on the handout. Then have them explain their answers to the following questions:
 - Based on the quiz, in what areas did you need to improve before becoming an entrepreneur?
 - One area for improvement, in which the chart offered no suggestions, was the area of "Willingness to Work Long Hours and Work Hard." What suggestions for improvement could you make to help someone who was unwilling to work long hours?
 - Based on your needs, which of the suggestions found on this chart were especially helpful?
 - In general, would you rate the suggestions found on this chart: a) excellent, b) very good, c) fair, or d) poor?
- Distribute Handout I.4.D, "Starting a Business." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What did you learn from these tips about starting your own business?
 - In Tip #2, why do you think many entrepreneurs feel that most successful approach in finding the right business for you is solving a common problem (Approach #3)?
 - In Tip #5, what is meant by the phrase "It does matter what kind of money you accept"?
 - Which of these tips did you find the most helpful?
 - Which of these tips would you have not thought of on your own?

Summary/Assessment

Ask students to explain their answers to the following question:

At the present time, how well suited are you for being an entrepreneur: a) very well suited, b) somewhat suited, c) not sure how suited, d) not at all suited?

Follow-Up

Invite to class a panel of three entrepreneurs from different fields. Have them react to the Handouts I.4.B, C, and D in this lesson. Finally, ask the panel to discuss their answers to these questions: "How does one know if he or she is cut out to be an entrepreneur?" and "At what point did you know you wanted to be an entrepreneur?"

Handout I.4.A, “Magazine Cover”

Directions: Look at this magazine cover, focusing on the article titled “Think You’ve Got What It Takes.” Complete the exercise below after reading the instructions that follow.



www.entrepreneur.com/article/217837

Exercise: Using the information you gained from the previous lesson, write a paragraph from the article “Think You’ve Got What it Takes?” filling in the blank spaces below:

Think you’ve got what it takes to be an entrepreneur? Not everybody has the skills, desire, or mentality to do it. Among the three most important traits you must have to be an entrepreneur are:

1) _____

This means _____

_____.

continued

Handout I.4.A, "Magazine Cover" (continued)

A second trait important to be an entrepreneur is

2) _____

This means _____

_____.

A third trait important for success as an entrepreneur is

3) _____

This means _____

_____.

Handout I.4.B, "Quiz"

Directions: Answer the questions in the following quiz and score yourself according to the instructions provided. Then complete the exercise that follows.

How Entrepreneurial are YOU?

This entrepreneurial self-evaluation activity will help you gain a greater self-understanding as you determine if you have the traits found in successful entrepreneurs. Read each question and circle the letter of the sentence that describes you the best.

1. Are you self-motivated?
 - a. If someone gets me started on something, I can keep going and get the job done. (7 points)
 - b. I like to do things my own way and come up with my own ideas about how to accomplish things. (10 points)
 - c. I prefer not to overdo it. I really don't like putting myself out unless it is really necessary. (5 points)

2. Are you a leader?
 - a. I usually let people lead themselves. (10 points)
 - b. I can get people to do things but it's pretty difficult. (7 points)
 - c. Most people go along with my ideas without too much difficulty. (10 points)

3. How organized are you?
 - a. I like to make plans before I start something, and I stick to my plan until it's done. (10 points)
 - b. I just take things as they come. I don't like to stifle my possibilities with too many plans. (5 points)
 - c. If things don't go according to my plan, I take this as a sign... "it wasn't meant to be." (7 points)

4. How do you feel about people?
 - a. Most people drive me crazy. (5 points)
 - b. I have enough friends. I make new ones only when necessary. (7 points)
 - c. I really enjoy people and get along with them very well. (10 points)

5. Are you a good worker?
 - a. I can work hard and push through until the goal is accomplished. I don't mind working hard. (10 points)
 - b. I will work hard if I know it will pay off right away. (7 points)
 - c. I prefer not to overdo it. I am very creative about coming up with ways to avoid hard work. (5 points)

6. Can you make decisions?
 - a. I want to make up my mind. I like to check things out with my friends first. (7 points)
 - b. I like to make my own decisions good or bad, I am willing to put up with the consequences. (10 points)
 - c. I would rather have others make the decisions. What if I make a mistake? (5 points)

7. Can people trust you?
 - a. I try to avoid hurting people's feelings and say what I think they want to hear. (7 points)
 - b. I tend to say things in a straightforward way, even if other people may not agree with me. (10 points)
 - c. I really don't care if people trust me. I do and say what I want. (5 points)

Handout I.4.B, “Quiz” (continued)

8. Can you “stick” with something?
 - a. I usually finish what I start. (7 points)
 - b. If something goes wrong or I find it too difficult, I don’t fight it. (5 points)
 - c. If I set a goal and make up my mind to do something, nothing stops me. (10 points)

9. Do you take responsibility?
 - a. I like to take charge and see things through. (10 points)
 - b. I’ll take over if I have to but I prefer to let someone else be responsible. (7 points)
 - c. There’s always a bossy person around. Let them do it. (5 points)

10. Are records important to you?
 - a. I understand the importance of records but they stifle my creativity. (7 points)
 - b. Records are critical to help me measure my success. (10 points)
 - c. I keep records in my head and I can figure it out as I go. (5 points)

Now look at your answers. There should be ten answers circled. Take the number of points in parenthesis after each of your answers and add them all together. The sum of your total points should be no larger than 100 and no smaller than 50. Use the figures below to describe how entrepreneurial you may be.

(100-86) You have very strong entrepreneurial characteristics. Find out what you love to do and become the best at it. You have what it takes to become a successful entrepreneur.

(85-71) If you truly have a desire to be an entrepreneur and you scored in this range, determine your weaknesses and overcome them. Remember, learning to do something well builds confidence.

(85-71) You may want to consider working in a positions where you are more secure and comfortable. The risks and commitment level required of an entrepreneur may be difficult for you at this time. If you want to become more entrepreneurial, set some goals and go after them.

© Copyright National Council on Economic Education

<http://stavros.coedu.usf.edu/essaycontest/entrepreneur.pdf>

Exercise: Based on the quiz, list two entrepreneurial traits on the chart below in which you are very strong and two traits where require some improvement.

Traits in which you are strong	Traits in which you need improvement
1.	
2.	

Handout I.4.C, "Improve Yourself"

Directions: Read the handout below. Based on the areas for improvement you identified on the previous handout, circle two suggestions you would consider.

AREAS FOR IMPROVEMENT	SUGGESTIONS
Demonstrating Leadership	<ul style="list-style-type: none"> • Take leadership seminars. • Read books on the subject. • Practice leadership in every situation.
Exhibiting High Energy/Good Health	<ul style="list-style-type: none"> • Start a regular exercise program. • Eat right, quit smoking, drink in moderation. • Get involved in sports... Stay active!
Exhibiting Self-Confidence	<ul style="list-style-type: none"> • Join a club and run for an office. • Write an article about your hobby. • Give a speech to a group. • Read books available on the subject. • Listen to motivational cassette tapes.
Demonstrating Good Organization	<ul style="list-style-type: none"> • Read a book on organization. • Start a daily "to do" list. • Clean up your working area. • Start a "tickler" file. • Carry a notebook and pen at all times.
Exhibiting Competitiveness	<ul style="list-style-type: none"> • Get involved in a sport. • Enter a public speaking contest.
Willingness to Work Long Hours and Work Hard	<p>This one's up to you! Remember long hours WILL be required for success.</p>
Possessing Adequate Financial Resources	<ul style="list-style-type: none"> • Assess your financial situation. • Prepare a net-worth summary.
Finding a Unique Product or Service	<ul style="list-style-type: none"> • Conduct market research. • Reassess your product/service. • Talk to your competition. • Subscribe to and read trade journals.
Family Involvement	<ul style="list-style-type: none"> • Talk about your ideas. • Come to an understanding before you start the business.
Has Good Communication Skills	<ul style="list-style-type: none"> • Join Toastmasters. • Give speeches at every opportunity. • Take a course in writing and speaking. • Practice writing at every opportunity.
Experience	<ul style="list-style-type: none"> • Enroll in courses at local colleges. • Consider a business degree. • Work for your competition for a while. • Attend trade shows in your area. • Subscribe to trade magazines. • Attend SCORE meetings.

Handout I.4.D, “Starting a Business”

Directions: After taking the appropriate actions to improve yourself, you are ready to consider starting your own business. Here are eight tips to get you going with a business, even if you don't know where to start. Circle the most important tip on this page.

<p>1. Look to Yourself for the Answers. If you are dissatisfied with your current circumstances, admit that no one can fix them except for you. Don't blame the economy, your boss, your spouse, or your family.</p>	<p>5. Understand Your Finances and the Kind of Money You Need for Your Business. Have a good idea of the amount of money you will need to launch and grow your business. It does matter what kind of money you accept.</p>
<p>2. Identify the Right Business for You. Start examining different facets of yourself (your personality, social style, age) and listen to your intuition. Here are three approaches for finding the right business for you: 1) <i>Do What You Know</i>: Look at work you have done for others. Package those skills and offer them as your own services or products; 2) <i>Do What Others Do</i>: Once you have identified a business you like, copy it; 3) <i>Solve a Common Problem</i>: Find a product that solves a widespread problem or meets a need.</p>	<p>6. Build a Support Network. In addition to the personal commitment to the business you have made, you need to cultivate a network of supporters, advisors, partners, allies, and vendors. You can put together this network by joining groups with like interests, such as the local chamber of commerce; offering your help to others; and volunteering to be a leader.</p>
<p>3. Plan Each Step. Write down goals, strategies and action steps to help you gain clarity, focus and confidence. In planning, ask yourself: “What am I building?” “Who will I serve?” “What am I promising the customers, clients, and myself?”</p>	<p>7. Sell By Creating Value. “People don't want to be sold, they want to be served.” Focus on serving others. When dealing with customers, ask yourself: “What can I get them that will meet their needs and/or help them become successful?”</p>
<p>4. Know Your Target Audience Before You Spend a Penny. In other words, who, exactly, will buy your products or services other than your family or friends and how much and often will they buy it?</p>	<p>8. Get the Word Out. Be willing to say who you are and what you do with conviction. Use a variety of sources including: social networks, word-of-mouth blog posts, columns and articles, speeches, e-mail, newsletters, and the telephone.</p>

UNIT I / LESSON 5

Success Indicators for a Business

Time Frame
1 day

Standards
NES: Economics — Define and measure indicators of success for a business
NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports

Guiding Question

How do we determine success for a business?

Materials

Handouts I.5.A-E

Objectives

Students will be able to:

- Draw conclusions as to whether a business's success should be judged by the amount of profit it earns.
- List, explain, and evaluate the factors that determine the success of a business.
- Evaluate the importance of social responsibility as a factor in developing a successful business.

Teacher Background

Everyone who opens a business strives to attain success in that venture. While it is obvious that every business needs to be profitable to stay in business, what does “success” really mean? Some would say success in business is all about money. Yet others contend that beyond making money a successful business implies attaining certain social and environmental goals. This lesson examines the question: “How do we determine success in business?”

Handout I.5.A presents seven criteria some people suggest define success in business. In Handout I.5.B, students examine another definition of business success, referred to as the “triple bottom line.” In the next Handouts (C-D), the class will be asked to determine whether or not business success is a relative or objective concept. Finally, based on his or her personal standards, each student will create a business success report card including those ingredients that the student believes are critical in determining a business's success.

Teaching Strategies/Supporting Activities

- Distribute Handout I.5.A, “Seven Criteria.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What are some reasons why high levels of sales might be viewed as a measure of a business’s success?
 - What are some reasons why high levels of profits might be viewed as a measure of a business’s success?
 - What are some reasons why high levels of consumer satisfaction might be viewed as a measure of a business’s success?
 - What are some reasons why high-quality products might be viewed as a measure of a business’s success?
 - What are some reasons why a strong reputation might be viewed as a measure of a business’s success?
 - What are some reasons why sustained growth might be viewed as a measure of a business’s success?
 - What are some reasons why a strong commitment to social responsibility might be viewed as a measure of a business’s success?
 - Which of these seven criteria would you view as the most important measure of a business’s success?
- Distribute Handout I.5.B, “Triple Bottom Line.” Have students explain their answers to the following questions:
 - What did you learn about the triple bottom line from reading this handout?
 - How would you explain in your own words how each of the following would contribute to sustainable growth: 1) economic success, 2) social success, 3) environmental success?
 - To what extent do you think it is possible for a business to achieve economic, social, and environmental success?
 - If you were a business owner, which of these three measures of success would be most important to use in evaluating your business?
- Distribute Handout I.5.C, “Letter.” Have students complete the exercise on the handout. Then have them explain their answers to the following questions:
 - What is this letter about?
 - What are some arguments you could make to support the position that the existing beauty parlor is a successful business?
 - What are some arguments you could make to support the position that the existing beauty parlor is not a successful business?
 - How did you respond to this letter in the paragraph you wrote?

- Distribute Handout 1.5.D, "Answer." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - In your own words, how did "Ask the Entrepreneur" answer the question raised in the previous handout?
 - What were some the reasons "Ask the Entrepreneur" used to support the answer provided?"
 - To what extent do you agree or disagree with the answer provide by "Ask the Entrepreneur?"

Summary/Assessment

Ask students to explain their answer to the following question:

Should profit be the most important measure in determining whether or not a business is "successful"?

Follow-Up

Assign each student the task of preparing the Success in Business Report Card, found on Handout 1.5.E.

In completing this assignment, students should do the following:

- List three economic, social, and environmental criteria that should appear on this form and write them in the appropriate places on the report card.
- Determine what percentage (in multiples of ten) of total grade should be awarded specifically to Economic, Social, and Environmental Criteria.
- Select one major company to research and complete this report card for that firm, giving grades to the firm for each of the three criteria listed.

Handout I.5.A, "Seven Criteria"

Directions: Among the criteria for success include the seven below. Decide which of the seven is the most important criterion for a business's success. Then, write a paragraph in the space provided below explaining your selection.

Criteria for Judging a Business's Success

- high levels of sales
- high levels of profits
- high levels of consumer satisfaction
- high-quality products
- strong reputation
- sustained growth
- strong commitment to social responsibility

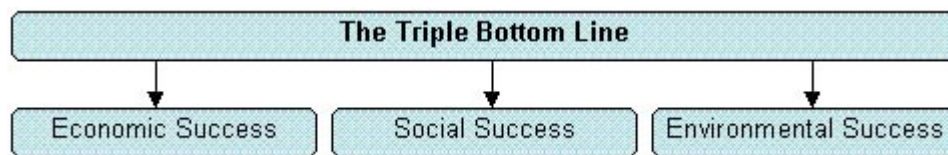
<http://businesscasestudies.co.uk/business-theory/strategy/criteria-for-judging-success.html#ixzz1tivMOIFy>

Exercise: The most important criterion for business success is:

Handout I.5.B, “Triple Bottom Line”

Directions: Read the handout below about the triple bottom line, a measure that some businesses use to evaluate their performance.

Today the success of a business is frequently judged by its ability to achieve sustainable growth. Some readers of this piece might ask: “What does sustainable growth consist of?” Many prominent companies attempt to gain sustainable growth by working towards achieving success in each of three elements of a Triple Bottom Line.



Success for these companies involves keeping their main stakeholder groupings happy—for example, by private high profits and earnings per share for shareholders, good employment prospects for employees, fair trade with suppliers, and wider community involvement.

Successful Businesses

Businesses are able to establish targets in relation to each of the aspects of the bottom line—for example, by increasing profit by x % (economic success), gaining employee satisfaction of y% (social success), and minimizing their environmental impact (environmental success). The success of businesses can then be judged in terms of their ability to meet important targets and creating a cycle of stakeholder satisfaction.

Successful businesses take a long-term rather than a short-term view of success. Attaining success involves meeting objectives for a range of desirable outcomes, which create a cycle of stakeholder satisfaction.

Handout I.5.C, “Letter”

Directions: Read the letter below sent to “Ask the Entrepreneur.” Then follow the directions in the exercise following the letter.

Dear Ask the Entrepreneur:

Is there an objective measure of success? Or, does success in business depend on who is defining it? Here’s an example to illustrate my question. I have started a small beauty salon in my neighborhood shopping center with the objective of supplementing my monthly income from my regular job. I asked my cousin, Monica, to run it for a small monthly allowance. Until recently, I have been very happy with the business because I achieved the objective of supplementing my income on a monthly basis. Also, I am pleased that Monica now has an income of her own and does not depend on me for her livelihood.

I thought I was justified in believing that my business is successful since, rather than share my relatively small monthly salary with Monica, I can keep all of it and even supplement it with income from the beauty salon. This is particularly true if that is the only measurement I use for evaluating the success of the business.

Then, one day, a financially savvy friend of mine comes along and makes the observation that my business has not succeeded so far. I was very surprised and maybe even disappointed at my friend for not appreciating my entrepreneurial streak. But my friend was talking from the point of view that a business, once started, ought to grow. My friend was thinking that had my business succeeded, I should have left my full-time employment to run the business on a full-time basis.

So my question to you is, “Does evaluating the success of a business have to be this subjective? Is there a way in which everyone in business can tell whether their business is succeeding or not?” What do you think?

Sincerely,
Beauty Parlor Owner

http://www.kekobi.or.ke/index.php?option=com_content&view=article&id=50:how-to-evaluate-a-business-venture&catid=3:newspaper-articles&Itemid=14

Exercise: Assume it was your job to write a response to letters like this one. Answer the letter in one paragraph in the space below. The first sentence has been written for you.

Dear Beauty Parlor Owner:

Here is my answer to your question about if there is an objective measure of business success and specifically, whether I believe your beauty parlor business is a success.

Handout I.5.D, "Answer"

Directions: The actual answer provided to the question asked in Handout 1.5.D appears below. Underline two reasons given to support the answer.

Dear Beauty Parlor Owner,

Yes, there is a universal way of not only measuring the success of your business, but also monitoring its progress to determine whether it is on the path to success: Develop a good business plan from the "get-go." Also, having a good business plan allows you to intervene in good time before things go too wrong in the business.

Starting a business without a sound plan is like traveling to an unspecified destination. Remember the old adage: "If you do not know where you're going, any road will get you there." The moral of the adage is that the traveler will really never arrive because he/she has no destination. The irony is that the travel can go on indefinitely. By analogy, a businessperson without a business plan will go to work (on the business) every day and may continue to do so for an entire working life, and will probably sustain the business without growing it. Whether such a business can be considered successful is open to debate. What is certain is that since there were no goals set, there are no goals to meet and so there are no milestones against which to assess the success (or failure) of the business. By reverse analogy, an entrepreneur with a business plan has, by default, set up milestones with which to measure achievements, and by extension, success. This businessperson will know when milestones are not met and can often determine why they are not met. By being able to determine why milestones are not met, corrective measures can be undertaken to put the business back on course. The milestones, goals, objectives, and strategies, laid down in the business plan, are almost always tied to growth objectives. By meeting them, a company is on the growth path.

Now back to your beauty salon. Without a sound business plan, you probably have no goals set for Monica to meet. With no growth plans Monica and you probably do not have a formal marketing strategy for attracting new customers or retaining existing ones. It might be that the only reason you have probably stayed in business for this long is because yours continues to be the only beauty salon in the neighborhood shopping center. An aggressive competitor with a sound business plan for growth might have wooed away much of your clientele. Your financially savvy friend, who thought you should by now have resigned from your nine-to-five job to run the beauty salon on a full-time basis, was right. I'm sure the idea of being the Chief Executive Officer to a chain of upper class beauty salons would appeal to you.

Handout I.5.E, "Success in Business Report Card"

Name of Business	
Type of Business	
Location of Business	
Criteria Used to Determine a Business's Success	Grades: A = Excellent / B = Good / C = Fair / D = Poor / F = Failing
<p>A. Economic (Economic criteria deal with the money taken in by the business.) List at least three Economic Criteria below:</p> <ol style="list-style-type: none"> 1. 2. 3. <p>Circle one of the following numbers to indicate what percentage of total grade should be awarded to "Economic Criteria":</p> <p>10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p>	
<p>B. Social (Social criteria involve matters concerning people with whom the business has dealings.) List at least three Economic Criteria below:</p> <ol style="list-style-type: none"> 1. 2. 3. <p>Circle one of the following numbers to indicate what percentage of total grade should be awarded to "Social Criteria":</p> <p>10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p>	
<p>C. Environmental (Environmental criteria relate to the business's concerns with promoting a healthy environment.) List at least three Environmental Criteria below:</p> <ol style="list-style-type: none"> 1. 2. 3. <p>Circle one of the following numbers to indicate what percentage of total grade should be awarded to "Environmental Criteria":</p> <p>10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p>	
<p>D. Total Grade (Criteria A + B + C)</p>	
<p>E. Other comments related to the whether or not the business is a success:</p>	

UNIT I / LESSON 6

Setting Personal Goals

Time Frame
1 day

Standards
NES: Economics — Identify indicators of success for an individual
NES: Skills — Follow directions
Apply effective listening skills
Make oral presentations
Prepare written reports

Guiding Question

Why is it important to set personal goals?

Materials

Handouts I.6.A-G

Objectives

Students will be able to:

- Define the term “personal goals.”
- Discuss the importance of goal setting for a person’s individual and professional success.
- Create a set of short- and long-term personal and professional goals.

Teacher Background

Many people work hard, but don't seem to get anywhere worthwhile. A key reason that they are in this situation is that they haven't spent enough time thinking about what they want from life, and haven't set themselves formal goals. After all, would anyone set out on a major journey with no real idea of their destination? Probably not! Goal setting is a powerful process for thinking about one’s ideal future and for motivating oneself to turn his or her vision of this future into reality.

In the first activity of this lesson, students will discuss the importance of goal setting. In Handout I.6.A, students will look at five categories of life goals and establish one personal goal for each of the five categories. The class will examine the hierarchy of personal goals in Handout I.6.B. Next, students will explore the steps necessary to setting personal goals in Handout 1.6.C. Divided into three groups, the class will explore ideas about choosing, achieving, and tracking goals in Handouts I.6.D, E, and F. In the follow-up, students will develop a tracking plan for one of the personal goals they set in Handout I.6.A.

Teaching Strategies/Supporting Activities

- Write the following quotation on the board:

"Without the vision of a goal, a person cannot manage one's own life, much less the lives of others."
— Genghis Khan.

Have students explain their answers to the following questions:

- What does this quotation mean?
- Why do many people feel that setting personal goals is so important?
- To what extent would you agree with this quotation?
- Distribute Handout I.6.A, "Illustration." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What do we learn about personal goals from this illustration?
 - Explain the meaning of the words "how," "when," "now," and "target" that appear with each of the five categories of goals. How do these terms relate to goal setting?
 - How did the personal goals that you listed relate to the five categories of goals that appear on this handout?
- Distribute Handout I.6.B, "Chart." Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What is this handout about?
 - Why is this handout titled "Hierarchy of Personal Goals"?
 - How would you explain the meaning of the term "hierarchy of personal goals"?
 - What are some of the differences between the goals at the top and those at the bottom of the chart?
 - Which of the personal goals that appear in this hierarchy is most important to you?
- Distribute Handout I.6.C, "Steps." Have students complete the exercise on the handout. Then have them explain their answers to the following questions:
 - What did you learn from this handout about the steps in setting personal goals?
 - In what ways would taking these five steps help you achieve your personal goals?
 - In setting a personal goal, why is it suggested that you list something that "when you consider the possibility of having it you feel really excited or emotional"?
 - Which of these five steps would you find easiest to accomplish? Which step would be most difficult for you to accomplish?
- Divide the class into three groups. Distribute Handout I.6.D, "Choosing Goals" to Group I; Handout I.6.E, "Achieving Goals" to Group II; and Handout I.6.F, "Tracking Goals" to Group III. Ask each group to read the handout they receive and be prepared to discuss two important pieces of

information they learned about goals from what they read. After allowing students sufficient time to read and complete the exercise, have volunteers from each group present the important pieces of information they gathered from the handout. Then, as part of the whole-class discussion, ask students the following questions:

- What did you learn from Group I about choosing goals from their presentations?
- What did you learn from Group II about achieving goals from their presentations?
- What did you learn from Group III about tracking goals from their presentations?
- Which aspect of the goal-setting process would you find most challenging: choosing, achieving, or tracking goals?

Summary/Assessment

Ask students to explain their answer to the following question:

How important, in reaching a personal goal, is it for someone to engage in the goal-setting exercise described in this lesson?

Follow-Up

Have students complete Handout I.6.G, "Assignment." In order for students to complete this assignment, each will need a copy of Handout I.6.F, "Tracking Goals."

Handout 1.6.A, “Illustration”

Directions: This handout lists five different categories of personal goals and the four tasks involved in goal setting. After studying this illustration, complete the exercise below.



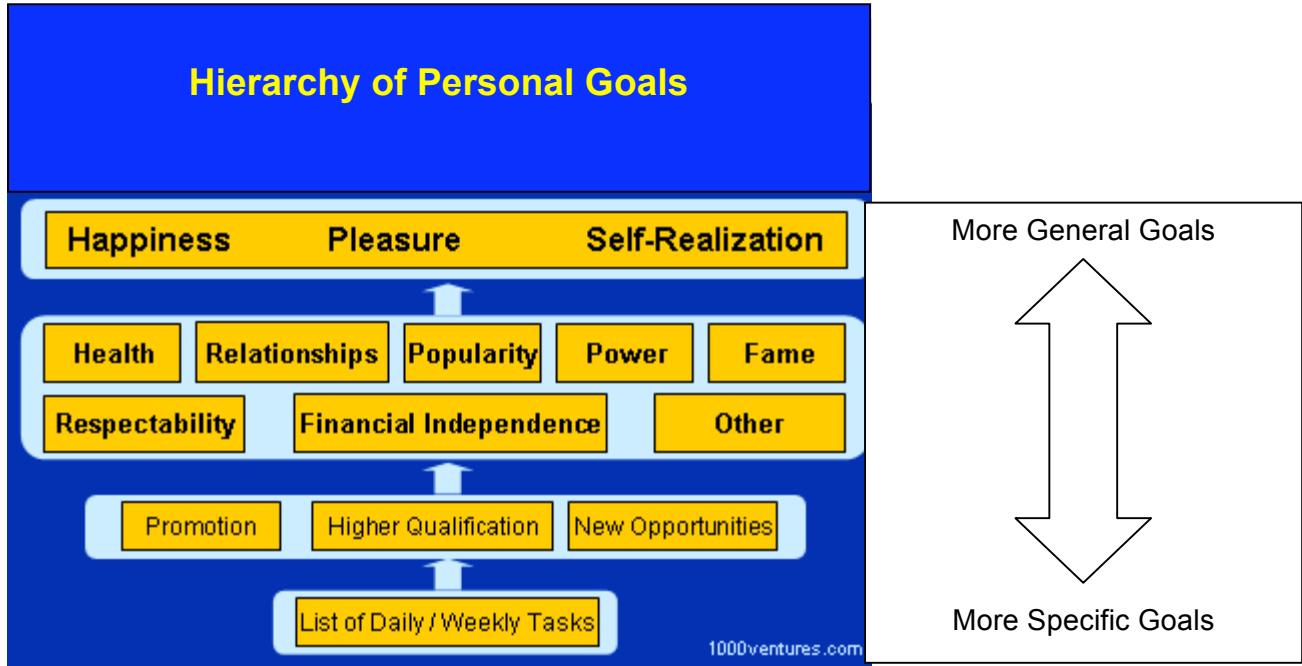
<http://woreout.files.wordpress.com/2011/12/goalsettingtemplate.gif>

Exercise: In Column 1 below, write in the five categories of personal goals that appear in the illustration above. In Column 2, write in a specific goal related to each goal category, that you would set for yourself. For example, one category of personal goal deals with health. A specific goal you might set for yourself, related to health, is to maintain healthy teeth.

COLUMN 1 - Categories of Personal Goals	COLUMN 2 - A Specific Goal You Set for Yourself
1.	
2.	
3.	
4.	
5.	

Handout 1.6.B, "Chart"

Directions: Study the chart below and complete the exercise that follows.



http://www.1000ventures.com/business_guide/crosscuttings/goals_personal_nlp.htm

Exercise: In the space below, write a paragraph summarizing what the chart on this page tells us about the hierarchy of personal goals.

Handout 1.6.C, "Steps"

Directions: Now that you have some idea of which personal goals are important, you are ready to learn how to go about setting your own goals. This handout describes five steps that one might take in setting a personal goal. After reading, complete the exercise below

Five Steps to Setting Your Goal

By: Sue Knight

1. Find a key quality or skill you need to possess in order to speed up your business or personal success right now.
2. Identify one obstacle (internal or external) that is preventing you from achieving what you want.
3. Suggest one quality or skill that would benefit you and the other key people in your life, whether at work or at home.
4. Come up with one asset you observed, heard, or sensed in others that you wish you had for yourself.
5. List something that when you consider the possibility of having it you feel really excited or emotional, i.e., something to which you already feel really attached, something that is compelling in its attraction for you.

http://www.1000ventures.com/business_guide/crosscuttings/goals_personal_nlp.htm

Exercise: Go over each of the five steps listed above and apply them to yourself. After doing so, write a response to one of those steps in the box below. (For example, as a response to Step 1, list a key quality or skill you need in order to speed up your personal success right now.)

Handout 1.6.D, "Choosing Goals"

Directions: Read the list of five steps to choosing goals that appears below and be prepared to discuss two important pieces of information you learned about choosing goals from what you read.

How to Choose Life Goals

While some people have known for a while now what they really want, others will have a more difficult time, as they have never figured out what they'd like to accomplish. For them, here are five steps to follow in choosing one's life goals. (Read from the bottom of the page to the top.)

Step 5:

Continue to explore different things until you find your dream. You don't have to come up with your life goals right now. You could just think of something you'd like to achieve over the next six months to a year.

Step 4:

Brainstorm. Make a list of all the things you'd like to do in life, things that sound fun and exciting and wonderful, and then choose the best of the list.

Step 3:

Think about what you'd like people to say about you when you die.

Step 2:

Think about what's important to you.

Step 1:

Take some time for quiet time to think things over.

Handout 1.6.E, “Achieving Goals”

Directions: Read the method for achieving goals presented below and be prepared to discuss two important pieces of information you learned about goals from what you read. If you know your goals, the next question is how to get there. A great method is called backward planning. Basically, here’s how it works:

- Have a clearly defined goal with a clearly defined outcome — you should be able to visualize what it looks like when you’ve accomplished the outcome.
- What is the *last* thing you’ll need to do to achieve that outcome? If your goal is to publish a novel, for example, the last thing you’ll need to do (before the publisher does the layout and design, printing, marketing, etc.) is edit and submit the final draft.
- What is the thing you’ll need to do just before that step? In the above example, you might want to get an outside editor to review your draft and give you criticisms and suggestions and edits.
- What is the thing you’ll need to do before that step? In the example, you’d need to do a revised draft to submit to your editor.
- And so on, until you get to the first step. The first step is what you need to focus on. In the novel example of publishing a novel, you might have “brainstorm novel ideas” as your first step.

If you follow this plan, you’ll have a step-by-step guide to achieving your goal. Now you just need a way to track your goals and achieve them.

Handout 1.6.F, “Tracking Goals”

Directions: Be prepared to discuss two important pieces of information you learned about goals from what you read below.

How to Track and Achieve Your Goals: A Simple Method

It would take a well-planned form or software to track one’s personal goals, especially if they are broken down by periods of your life (1 year, 5 years, 10 years, etc.). That can be very complicated. How can you simplify this? Of your life goals, choose *one* to accomplish within the next 12 months. If none of them can be accomplished in 12 months, choose a sub-goal of one of your life goals to accomplish in 12 months. And only choose ONE goal. Here’s an example:

Life Goal: Build My Dream House

One-Year Goal: Save \$5,000 towards a down payment for my dream house.

Once you’ve chosen your one-year goal (and remember, only choose one — not one for each area of your life, but just *one*), then choose a medium-term goal that you can accomplish in 3-6 months. It should be a big chunk of your one-year goal. For example:

Medium-Term Goal: Save \$2,500 in 6 months.

Then choose a short-term goal you can accomplish in 1-2 weeks. For example:

Short-Term Goal: Set up automatic deductions of \$200 per paycheck to go straight to savings.

The reason you should only focus on one goal at a time is that it’s hard to track a whole bunch of goals, and it’s hard to maintain focus on more than one goal at a time. If you just have to accomplish one thing this week, you can really put your energy into making it happen. But if you need to do 3-5 things in the next two weeks, it’s much more likely that you won’t do any of them.

So, focus on your short-term goal (1-2 weeks) and then when you complete it, choose the next short-term goal to get you to your medium-term goal. Once the medium-term goal is accomplished, choose a new medium-term goal to get you to your long-term goal (one year). Once your long-term goal is accomplished, set your sights on a new long-term goal. Keep this up, and you’ll achieve a lot.

Handout 1.6.G, "Assignment"

Directions: In space #1 below, marked "Life Goal," write in one of the goals you listed in Column 2 in Handout 1.6.A. Then, following the instructions found on Handout 1.6.F, complete parts 2, 3, and 4 of this form. Finally, write an explanation of the goal you selected in the space provided at the bottom of this form.

1) Life Goal: Write in one of the goals you listed in Column 2 in Handout 1.6.A of this lesson.

2) First Year Goal: Write in a sub-goal to the Life Goal, something that can be achieved over the next 12 months.

3) Medium-Term Goal: Write in a sub-goal to the First-Year Goal, something that can be achieved over the next 3-6 months.

4) Short-Term Goal: Write in a sub-goal to the Medium-Term Goal, something that can be achieved over the next 1-2 months.

Explanation: Explain why this goal is so important to you, some of the obstacles you will have to overcome to achieve this goal, and what actions you plan to take to overcome these obstacles.

UNIT I / LESSON 7

Opportunity or Idea: Using a Business Plan to Determine When a Business Opportunity Exists

Time Frame

1 day

Standards

NES: Economics — Define and measure indicators of success for a business

NES: Skills — Follow directions

Apply effective listening skills

Make oral presentations

Prepare written reports

Guiding Question

How does a business plan help an entrepreneur determine when a business opportunity exists?

Materials

Handouts I.7.A-D

Objectives

Students will be able to:

- Describe the features of a business plan.
- Discuss the purpose of a business plan.
- Explain how a business plan is helpful in determining when an idea has the potential to become a successful business.
- Examine the elements of the end-of-term business plan project that will be assigned to the class.

Teacher Background

For some entrepreneurs, the phrase "business planning" may conjure up a feeling of dread. How are you supposed to know what is going to happen to your business when you haven't even made a sale. Creating a business plan may be arduous, but neglecting to put one together can leave you uninformed about your firm's place in the market. The type of information gathered during the planning process can help you foresee potential risks and develop strategies for dealing with them before they occur. Many owners return to their business plan even after their firm is up and running to help them refocus and chart a path for the future.

In addition, a business plan is a tool of communication. Banks and investors will look to your plan for evidence that your company can succeed. Your partners and employees will look at it as a blueprint for the future, bringing together disparate elements such as marketing, sales, and operations into one document.

The first exercise asks students to give their own reasons why a business plan is important. In Handout I.7.A, the class will examine an answer provided by an expert to the following question: "What is a business plan and why do I need one?" Next, Handout I.7.B explains three purposes that a business

plan serves. The related exercise asks students to analyze the three purposes and find the main idea of each purpose. Handout I.7.C presents the major parts of business plan, asking the class to determine which part would be most crucial to a potential investor. Finally, the students will have the opportunity to look at a sample VE business plan in Handout I.7.D. Here the students will be asked to make some decisions related to creating their own business plan, which is the culminating exercise for the Entrepreneurship Course.

Teaching Strategies/Supporting Activities

- Ask the class how they would answer this question: “What is a business plan and why do you need one?”
 - What are some of the strongest reasons to have one?
 - What would be some of the reasons why some business people resist creating one?
- Distribute Handout I.7.A, “Q & A.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What do we learn about business plans from this handout?
 - In your own words, what are some of the reasons stated in the Q & A supporting the need for a business plan.
 - How do the reasons given on this handout compare to those you gave at the beginning of this lesson?
 - Which of these reasons presents the strongest argument in favor of having a business plan?
- Distribute Handout I.7.B, “Purposes.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
 - What is this handout about?
 - What does the author mean when he says, “A business plan can help to move you to action”?
 - What does the author mean when he says, “A business plan can be an invaluable tool to help keep you on track and moving in the direction you want to go”?
 - What does the author mean when he says, “A business plan is the tool you need to convince investors to come on board”?
 - Which is the most essential purpose for writing a business plan: its use as an action plan, road map, or sales tool?
- Distribute Handout I.7.C, “Parts.” Have students complete the exercise on the handout. Then have them explain their answers to the following questions:
 - What did you learn about what a business plan looks like from this handout?
 - Which parts of the business plan would create the greatest challenges for you if you were putting one together?
 - As a potential investor in a business, which part of the business plan would be most important to you?

Summary/Assessment

Ask students to explain their answer to the following question:

How does a business plan help an entrepreneur determine when a business opportunity exists?

Follow-Up

Distribute Handout I.7.D, "Outline." Divide the class into groups of about four students each and have each group complete the exercise. Then, review each group's answers as part of the whole-class discussion.

Handout I.7.A, “Q & A”

Directions: This handout gives some reasons why every entrepreneur needs a business plan. After reading the answer to the question, complete the exercise below.

Q. What is a business plan and why do I need one?

A. A business plan is an invaluable tool for any businessperson or would-be businessperson. It is a written document, which precisely defines your business. It identifies your goals and serves as your firm's resume. It helps you allocate resources properly, handle unforeseen complications, and make the right decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan package.

A business plan lays out what the business will produce and explains how it will be produced and who will be the consumers of the product/service the business is producing. Furthermore, it addresses who will operate the business and who will supply the products/services required to run the business. Such a plan also describes how the firm will attract new customers and retain previous customers. Finally, the business plan contains statements that attest to the financial health of the company.

In short, a person in business without a business plan is lost.

Adapted from: <http://www.sba.gov/content/what-business-plan-and-why-do-i-need-one>

Exercise: Indicate in the chart below which of the four statements are facts, and which are opinions:

Statement	Fact	Opinion	Not sure
1. A business plan is an invaluable tool for any businessperson or would-be businessperson.			
2. A business plan lays out what the business will produce and explains how it will be produced and who will be the consumers of the product/service the business is producing.			
3. Finally, the business plan contains statements that attest to the financial health of the company.			
4. In short, a person in business without a business plan is lost.			

Handout I.7.B, "Purposes"

Directions: A business plan has three primary purposes: 1) To serve as an Action Plan; 2) To serve as a Road Map; and 3) To serve as a Sales Tool. Each of the three paragraphs below describes one of the major purposes. Find the one sentence in each of the three paragraphs that contains the major idea of that paragraph and underline that sentence.

PURPOSE OF A BUSINESS PLAN

Action Plan. A business plan can help to move you to action. You may have been thinking for years about starting a business or engaging in some venture, but the process may seem too daunting, too large, and too complicated. A business plan will help you to pull apart the pieces of starting a business and examine each piece by itself. So instead of one large problem, you have a sequence of smaller problems. And by solving the small problems, the large problem is automatically solved. So writing a business plan can help to move you to action by breaking down a seemingly insurmountable task (starting a business) into many smaller, less intimidating tasks.

Road Map. Once you have started your business, a business plan can be an invaluable tool to help keep you on track and moving in the direction you want to go. In the rush of daily business, it is very easy to lose sight of your objectives and goals—a business plan can help to keep you focused. A business plan can also serve to help others to understand your vision, including suppliers, customers, employees, friends, and family.

Sales Tool. Finally, a business plan can serve as a sales tool. You will probably need outside financing to start your business, and a business plan is the tool you need to convince investors to come on board. You may also want and need concessions from suppliers or customers—a business plan can help you get them. Finally you may need to convince family members, or even yourself, that your ideas will bear fruit. A well written business plan can serve to sell people close to you on the benefits of proceeding with your concept.

http://web.gsm.uci.edu/depts/entrepreneurship/purpose_of_a_business_plan.htm

Handout I.7.C, "Parts"

Directions: The 12 parts of many business plans appear below. Assume you were interested in investing in a business, basing your decision primarily on the contents of the business plan. Circle one of the 12 parts below that contains the most important information that you would need to make a decision to invest or not in a specific business. Here is a brief overview of the way a typical business plan would be organized and some suggestions about each part of the plan:

- 1. Cover Sheet.** Basic business information goes here. Be sure to include contact people and phone numbers.
- 2. Table of Contents.** This section points readers in the right direction. Make sure that it is presented clearly.
- 3. Executive Summary.** Because this is often the first part that is read, it must make a statement in a hurry. The entire business plan is reduced to a few paragraphs. Be sure to focus on: selling advantages, future projections, business cash requirements, payback time table, and business mission.
- 4. Business Context.** Provides information that will give the reader an understanding of the larger market that you are in. Talk about growth potential, new products, and economic trends.
- 5. Business Profile.** Explain in detail about your business, trends, organizational structure, influential factors in the market, patterns of research and development, contracts, and operational procedures.
- 6. Marketing Analysis.** State who your customers are, your geographical range, growth potential, and customer satisfaction / customer service procedures.
- 7. Challenges and Responses.** You need to show that you have thought out what could happen with your market and how your business will respond. Focus on dealing with the competition, your weaknesses and corrections, legal issues, and staffing issues.
- 8. Marketing Plan.** Here is where the following is included: a marketing strategy, pricing scheme, timetable for growth and development, marketing budget, guarantee policies, packaging and presentation, plan to test the effectiveness of your marketing, and knowledge of what certain media marketing costs.
- 9. Financials.** Entrepreneurs tend to hate this section most. Bankers tend to look at it first. Spend some time here. You need a Profit and Loss Statement, Balance Sheet, and Cash Flow Statements (for the next three years). If you don't know what these are, talk with your accountant and learn how to read these reports. Banks often look only at this section. Make your banker happy!
- 10. Time Table.** This part talks about when you need the financing to come into the plan, lists parts of the marketing campaign (including dates), and gives the scheduled dates of production (when you actually will deliver the goods/services).
- 11. Summary of Needed Capital.** Sum up why you want their money. Banks will usually loan money for equipment and raw materials or inventory (things they can sell off if you default). Do not ask a bank for only "Operating Capital."
- 12. Appendix.** You could include footnotes, supporting documents, reports, biographies, graphs, copies of contracts, glossary of terms, and references.

Handout I.7.D, “Outline”

Directions: Our class will be expected to prepare a business plan, as the culminating project for the Entrepreneur Course. This handout provides an outline of a sample business plan prepared by Virtual Enterprises International for Gotham Hardware, a fictitious company. After reading the outline, complete the exercise below.

(Go to <http://veinternational.org/resources/reference-files/> and click on Sample Business Plan for the VEI Firm-Gotham Hardware under the heading titled, “Business Plan Materials” to see the complete business plan.)

<p>1. Company Description</p> <p>Gotham Hardware, headquartered at 122 Amsterdam Avenue, New York, New York is a start-up VE firm created for the primary purpose of selling unique hardware kits.</p>	<p>11. Product</p> <p>Our business will sell decorative hardware, tools, equipment, and paint. We offer some products similar to any standard hardware store, but have designed several products to specifically meet our customers’ needs.</p>
<p>2. Mission Statement</p> <p>Gotham Hardware’s mission is to allow our customers to add beauty, reflect their personality and express themselves through home and business improvement products.</p>	<p>12. Price</p> <p>At Gotham Hardware we plan to combine several different pricing strategies. Among them are:</p> <ul style="list-style-type: none"> – Premium/High End Pricing – Psychological Pricing
<p>3. Planning</p> <p>Any successful VE business will set short-term and long-term goals.</p> <p>Our short-term goals are: Our long-term goals are:</p>	<p>13. Placement</p> <p>We are an online retailer selling direct to customers both online and at various trade fairs. We will be at the NYC Trade Fair and plan to be at the Bakersfield (CA). Trade Fair in our first year of operations.</p>
<p>4. Organizing</p> <p>Gotham Hardware has taken the following organizational issues into account: who is in charge, how we are structured to distribute the workload and responsibilities</p>	<p>14. Promotion</p> <p>We will focus on two key strategies in our promotional plan: branding and advertising. We are projecting a promotional budget of approximately 12% of revenues.</p>
<p>5. Directing</p> <p>Gotham Hardware will start each day with a company-wide meeting to discuss the day’s agenda. After this meeting, employees will break into departments and department managers will assign daily tasks.</p>	<p>15. Positioning</p> <p>We plan to differentiate ourselves from our VE competition by offering quality, branded hardware products that are functional yet appealing to our target market.</p>

(continued)

Handout I.7.D, “Outline” (continued)

<p>6. Controlling</p> <p>End-of-day department meetings will be held to assess and monitor daily productivity and weekly meetings to assess the over-arching operational and project management goals. Monthly meetings will be an opportunity for discussing...</p>	<p>16. Break-Even Analysis</p> <p>In its first year of operations, Gotham Hardware estimates that it will not reach its break-even point. Gotham Hardware expects to have total annual fixed expenses of \$85,213. Based on a gross profit margin of 55%, an average selling price of \$100 per kit, and an average cost of \$45 per kit, Gotham Hardware would have to sell 1,550 kits to break-even</p>
<p>7. Current Economic Conditions</p> <p>We will discuss some key overall indicators and some that are relevant to the hardware industry.</p>	<p>17. Financial Data</p> <p>In this section the reader will find charts displaying the firm’s:</p> <ul style="list-style-type: none"> – Income Statement – Balance Sheet – Cash Budget
<p>8. Industry Analysis</p> <p><i>Real Industry Analysis.</i> Companies in the real-world hardware industry primarily sell a broad range of home renovation equipment and supplies.</p> <p><i>Virtual Industry Analysis.</i> While there are no direct domestic competitors in the VE network, there are many international companies that are in direct competition.</p>	<p>18. FINANCIAL Write-Up</p> <p>A summary in writing explaining the income statement, balance sheet, and cash budget charts</p>
<p>9. Target Market and Market Segmentation</p> <p>Gotham Hardware’s primary real target market includes teen consumers who are a part of the do-it-yourself home-handyperson sector. A secondary target market is all VE firms and specifically those in industries such as hospitality, electronics, etc.</p>	<p>19. SWOT Analysis</p> <p>The SWOT analysis provides us with an opportunity to evaluate our businesses Strengths, Weaknesses, Opportunities and Threats to help us identify areas for development.</p>
<p>10. Competitive Analysis</p> <p>Gotham Hardware markets products that have similarity or overlap with those that exist in the virtual marketplace. Although there are several international hardware businesses, we consider all VE businesses our direct competition.</p>	<p>20. Discussion of Business Risks</p> <p>We have identified several risks our business has and have determined ways to mitigate them. We intend to set up a consultation with Invest, a VE affiliate, to determine if there are additional risks we will need to manage.</p>

(continued)

Handout I.7.D, "Outline" (continued)

Exercise: This exercise is intended to help the class plan for the culminating activity. After studying the sample above you will be broken up into groups. Each group should provide answers to the following questions:

1. How many months does the class need to develop a complete business plan like the sample, which runs about 20 pages?
2. How many different committees will be needed to create the plan and what should be the responsibilities of these committees?
3. Who will be the chairperson of each committee?
4. Which student should be in charge of leading this project for the class? Who will assist him or her?
5. What should be the different stages of this project and by what dates should they be completed? (For example, the first stage of the project might be assigning class members to the various committees and the last stage should be completing the business plan.)
6. Who will contact a real entrepreneur to provide technical assistance to each of the groups?
7. What other decisions need to be made today and what other knowledge should we have before going forward with the business plan project?