SECTION I. THE CHALLENGE OF ENTREPRENEURSHIP

Chapter 1 The Foundations of Entrepreneurship

Part One: Learning Objectives

1. Define the role of the entrepreneur in business in the United States and around the world.
2. Describe the entrepreneurial profile and evaluate your potential as an entrepreneur.
3. Describe the benefits and drawbacks of entrepreneurship.
4. Explain the forces that drive the growth in entrepreneurship.
5. Explain the cultural diversity of entrepreneurship.
6. Describe the important role small business plays in our nation’s economy.
7. Describe the ten deadly mistakes of entrepreneurship and how to avoid them.
8. Put failure into the proper perspective.
9. Explain how entrepreneurs can avoid becoming another failure statistic.

Part Two: Chapter Outline - At a glance

PowerPoint Slides: 1.1 – 1.28

The PowerPoint slides that accompany the text correspond with key presentation points. For example, Chapter 1 as PPT 1.1, 1.2 … and Chapter 2 as PPT, 2.1, 2.2, etc.

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Part Three: Lesson Plan

Introduction
This is the era of the entrepreneur! Through the world, growing numbers of people are realizing their dreams of owning and operating their own business. Entrepreneurship is thriving. The past two decades have seen record numbers of entrepreneurs launching new businesses and each year. American entrepreneurs alone start 3 to 4.3 million businesses each year and 84 percent are doing that for the first time.  

I. The World of the Entrepreneur

A study by the Global Entrepreneurship Monitor (GEM) found 11.3 percent of the adult population in the United States is working to start a business. North America, South America and Latin America lead the world in entrepreneurial activity.  

II. What is an Entrepreneur?

An entrepreneur is one who creates a new business in the face of risk and uncertainty for achieving profit and growth opportunities and assembles the necessary resources to capitalize on those opportunities.  

While we may not be able to teach entrepreneurship, we can teach the skills of small business management. This is an important distinction to make to students. Noted psychologist David McClelland characterized high achievers/entrepreneurs as possessing these traits:  

- Desire for responsibility
- Preference for moderate risk (risk eliminators)
- Confidence in their ability to succeed
- Desire for immediate feedback
- High level of energy
- Future orientation (serial entrepreneurs)
- Skill in organization
- Value of achievement over money

Other characteristics of entrepreneurs include:

- High degree of commitment
- Willingness to accept risk, work hard and take action
- Flexibility
Discussion Opportunity: Emphasize to your students that these represent traits of entrepreneurs. Entrepreneurs are not cut from the same mold, and no one set of characteristics can predict entrepreneurial tendencies or success. Ask students to share their observations about entrepreneurial characteristics.

In addition to the text

YOU BE THE CONSULTANT SUMMARY – A Pigskin Revolution

Ed Sabol, a once unhappy coat salesman, had a passion for filming his son’s high school football games and other activities. Word of Ed’s filming abilities soon got around and he found himself working a number of local high school games. This led to Ed’s successful bid ($3,000) to film the 1962 NFL championship game. Then Commissioner Pete Rozelle was so impressed with the work that he agreed to Ed’s proposal to create a new entity known as NFL Films that would both preserve the history of the game and promote it to the nation’s sports fans. NFL Films’ creative approach to the game has resulted in 82 Emmy Awards to date.

Ed retired in 1987, turning the reins over to his son Steve who has taken the company to new heights thanks in part to his empowering leadership style and product innovation. The company now has a 200,000 square foot state-of-the-art facility.

Q1. Identify the entrepreneurial traits that Ed Sabol and his son Steve exhibit?

Q2. How would you characterize the Sabol’s philosophy, beliefs, and values to a small business as it grows?

Q3. What factors have led to NFL Films’ success?

A1. Ed and Steve exhibit great confidence in their own abilities, a vision for current and future markets, high energy and commitment.

A2. The Sabol’s put their philosophy and values to work by delegating responsibilities and empowering employees, which has resulted in the growth of the business that is also their passion and joy.

A3. Those factors include creativity and innovation, resulting in a product that has distinguished itself in the marketplace.
III. The Benefits of Entrepreneurship

The primary benefits entrepreneurs enjoy include the opportunity to:

- Create their own destiny
- Make a difference
- Reach their full potential
- Generate impressive profits
- Contribute to society and be recognized for their efforts
- Do what they enjoy and have fun at it!

IV. The Potential Drawbacks of Entrepreneurship

With these potential rewards, Entrepreneurship also presents risk and uncertainty. Entrepreneurs may experience:

- Uncertainty of income – “The entrepreneur is the last one to be paid.”
- Risk of losing their entire investment
- Long hours and hard work
- Lower quality of life until the business gets established
- High levels of stress
- Complete responsibility
- Discouragement

V. Behind the Boom: What’s Feeding the Entrepreneurial Fire?

The rapid increase in entrepreneurs has been a result of:

- Considering entrepreneurs as heroes
- Entrepreneurial education
- Demographic and economic factors
- Shift to a service economy
- Technological advancements
- Independent lifestyles
- Commerce and the Internet
- Additional international opportunities

Discussion Opportunity: What is your perception of entrepreneurs in our community and in our society? Why do you believe entrepreneurs have that reputation?
In addition to the text

YOU BE THE CONSULTANT SUMMARY – Never Too Young

Erica Gluck had a desire to earn her own money at the age of seven. She convinced a local pasta shop to allow her to sell their products off site on weekends. Erica never looked back as she went on to start her own pasta company, expand its product lines, hire her parents and give a portion of her profits back to the community.

Adam Witty, a college student, observed his father repeatedly giving up (season) tickets to Orlando Magic games that often went unused because of last minute business commitments. That sparked the idea for a Web-based company that allows buyers to securely purchase tickets to events that normally would not be available. Adam started the company from his dorm room, was able to utilize the facilities of his school and expanded his product lines to include a wide variety of sporting events.

The University of Maryland created a forum that allows about 100 student entrepreneurs to live and work together. That environment has inspired about twenty of those students to start their own business.

Q1. In addition to the normal obstacles of starting a business, what other barriers do young entrepreneurs face?

Q2. What advantages do young entrepreneurs have when launching a business?

Q3. What advice would you offer a fellow college student about to start a business?

Q4. Work with a team of your classmates to develop ideas about what your college or university could do to create a culture of entrepreneurship on your campus or in your community.

A1. Young entrepreneurs may not be taken seriously, may have a more difficult time raising capital and have far less practical experience.

A2. Young entrepreneurs have no fear, may have little or nothing to lose and a high level of energy.

A3. College students should take advantage of the facilities, professors, programs and opportunities that their school offers (all of which they pay for).

Discussion Opportunity: If you were to begin a business immediately after your academic career concluded, what challenges would you face? Would you consider that an ideal time in your life to launch your first venture? If not, at what point in your life might be a better time and why? What experiences might you find beneficial before you started your own business.
VI. The Cultural Diversity in Entrepreneurship

Entrepreneurs are found in virtually every walk of life including:

- Young Entrepreneurs
- Women Entrepreneurs
- Minority Enterprises
- Immigrant Entrepreneurs
- Part-time Entrepreneurs
- Home-Based Businesses
- Family Businesses
- Copreneurs
- Corporate Castoffs
- Corporate Dropouts

VII. The Power of “Small” Business

Because big business is more visible than small business, most people underestimate the role of the small firm in the U.S. economy.

The definition of a “Small Business” is:

1. One which is independently owned and operated and not dominant in its field.
2. Eligibility requirements are based on the specific industry.
   - Retailing – annual sales/receipts not exceeding $3.5 to $13.5 million.
   - Services – annual receipts not exceeding $2.5 to $14.5 million.
   - Wholesaling – yearly sales must not be over $9.5 to $22 million.
   - Agriculture – annual receipts not exceeding $1.0 to $3.5 million.
   - Construction – General construction with annual receipts not exceeding $17 million.
   - Special Trade Construction – annual receipts not exceeding $7 million.
   - Manufacturing – maximum number of employees may range from 500 to 1,500 depending on the industry.

The most commonly used measure of small business is the number of employees on a firm’s payroll. The White House Conference on Small Business definition is: A firm employing 500 people or fewer.
The Committee for Economic Development states that a small business must meet two of four stated criteria:

1. Management is independent.
2. Capital is supplied and ownership is held by an individual or a small group.
3. Area of operation is mainly local; markets need not be local.
4. Size is small when compared to the biggest unit in the field.

**Discussion Opportunity:** Invite students to describe businesses with which they are familiar. Determine if those examples are small businesses or if they fall into another category based upon the four criteria of the Committee for Economic Development.

**In addition to the text**

**YOU BE THE CONSULTANT – A Chilly Idea**

Willis Carrier invented the air conditioner in 1902 to solve a variety of problems that manufacturers were experiencing with their raw materials. The Carrier Engineering Company, formed in 1915, went on to develop products that would air condition large spaces including those outside of the manufacturing area. That feature became an effective marketing tool for retailers and eventually spread to practically every form of space occupied by humans in every country of the world.

Willis Carrier may not have ever imagined the impact that his entrepreneurial and small business spirit and actions would have on the way that we all work and live.

Q1. Was launching a business any easier in Willis Carrier’s day than it is today? Explain.

Q2. Explain how Willis Carrier exhibits the entrepreneurial spirit?

Q3. Develop a list of other entrepreneurs whose products, services, or businesses changed the world. Select one that interests you and prepare a short report on him or her.

A1. While none of us are in position to know what it was really like 100 years ago, we clearly live today in a world of unlimited business opportunity.

A2. Willis Carrier had the imagination and skill of an inventor, the desire and commitment of an entrepreneur, and the willingness to work with people from all walks of life.
VIII. The Ten Deadly Mistakes of Entrepreneurship

Studies have indicated that there are common reasons for new business ventures to fail. These causes of small business failure may include:

1. Management mistakes
2. Lack of experience
3. Poor financial control
4. Weak marketing efforts
5. Failure to develop a strategic plan
6. Uncontrolled growth
7. Poor location
8. Improper inventory control
9. Incorrect pricing
10. Inability to make the “entrepreneurial transition”

Discussion Opportunity: Invite students to discuss their knowledge about businesses that have failed. Were there failures due to one or more of these causes or were other factors involved?

IX. Putting Failure into Perspective

Entrepreneurs don’t fail—the venture fails.

- There are no such things as failures, only results.
- Always look to turn a negative situation into a positive opportunity.
- Have no fear of failure and be sure to have a contingency plan.
- The only people who never fail are those who never do anything or never attempt anything new.

The successful entrepreneur understands the meaning of these clichés and knows how to deal with adversity in a proactive and positive manner.
YOU BE THE CONSULTANT SUMMARY –  
If At First You Don’t Succeed, So What?

The textbook case and the world are full of stories of now famous and successful business people that experienced bankruptcy and/or business failure a number of times prior to achieving the success that we are all familiar with. While the business may have failed, the entrepreneur often learns from these errors and thinks of launching the next venture based on their newfound understanding and insight.

Q1. Do those entrepreneurs exhibit the entrepreneurial spirit? If so, how?
Q2. How do these entrepreneurs view failure? Is their view typical of most entrepreneurs?

A1. Those entrepreneurs all had the proper perspective, a contingency plan and the desire to succeed.
A2. Failure is simply the unacceptable result of an action. Failure is a lesson and an experience that can lead to success. This is clearly the perspective of most entrepreneurs.

X. How to Avoid the Pitfalls

These same studies have indicated that entrepreneurs can increase their chances for success if they:

1. Know their business in depth.
2. Develop a solid business plan in writing.
3. Manage financial resources.
4. Understand financial statements.
5. Learn to manage people effectively.
6. Keep in tune with who they are.
Part Four: Suggested Answers to Chapter Discussion Questions

1. What forces have led to the boom in entrepreneurship in the U.S. and across the globe?

   Forces that have influenced the U.S. entrepreneurial boom include:
   - The dream of owning and operating a business
   - The effect of downsizing
   - The belief that small is beautiful
   - The opportunity to enter profitable niche markets
   - The growing international and e-commerce markets

2. What is an entrepreneur? Give a brief description of the entrepreneurial profile.

   An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profits and growth by identifying opportunities and assembling the necessary resources to capitalize on them.

3. Inc. Magazine claims, “Entrepreneurship is more mundane than it’s sometimes portrayed ... you don’t need to be a person of mythical proportions to be very, very successful in building a company.” Do you agree? Explain.

   Anyone can become an entrepreneur. There are no limitations on this form of economic expression. The skills of entrepreneurship and innovation can be learned.

4. What are the major benefits of business ownership?

   Major benefits of business ownership include the:
   - Opportunity to gain control over your own destiny
   - Opportunity to make a difference
   - Opportunity to reach your full potential
   - Opportunity to reap unlimited profits
   - Opportunity to contribute to society and be recognized for your efforts
   - Opportunity to do what you enjoy
5. Which of the potential drawbacks to business ownership are most crucial?

The most crucial drawbacks to business ownership are the:

- Uncertainty of income
- Risk of losing invested capital
- Long hours and hard work
- Quality of life until the business gets established
- High levels of stress
- Complete responsibility

6. Briefly describe the role of the following groups in entrepreneurship: women, minorities, immigrants, part-timers, home-based business owners, family business owners, copreneurs, corporate castoffs and corporate dropouts.

Women often face discrimination in the workplace. Entrepreneurship offers women opportunities for economic growth.

Minorities also face discrimination in the workplace and can benefit from entrepreneurship.

Immigrant entrepreneurs arrive with more education and experience. Their dedication and desire to succeed enables them to achieve their dreams.

Part-timers have the best of both worlds and can ease into a business without sacrificing a steady paycheck and benefits.

Home-based businesses are booming. Technology and this “Homecoming” support nearly 44 percent of US households with some form of home office activity.

Family businesses are an integral part of our economy. 90 percent of U.S businesses are family owned.

Copreneurs are entrepreneurial couples that work together. They represent the fastest growing business sector.

Corporate Castoffs have extensive on-the-job experience and are dislocated workers due primarily to corporate downsizing.

Corporate Dropouts leave organizations to pursue a better way of life spearheaded by the “trust gap” over job security.
7. What is a small business? What contributions do they make to our economy?

A small business is “One which is independently owned and operated and not dominant in its field of operation.”

Small business economic contributions include:
- Employing of more than 50% of the nation’s private sector workforce — almost 90% of all businesses employ fewer than 20 workers.
- Creating 66% of all new jobs since the early 1970s.
- Producing 48% of the nation’s GDP and account for 53% of all sales.
- Growing by 800,000 to 900,000 new ventures each year.

8. Describe the small business failure rate.

Inexperienced management and lack of financial stability, small businesses suffer a mortality rate significantly higher than that of larger, more established businesses primarily because of limited resources.

9. Outline the causes of small business failure. Which issues cause most business failures?

- Poor operations management – The manager lacks the ability to operate a small business.
- Lack of experience – Many owners start businesses in industries in which they have no experience.
- Poor financial management – Many owners start with too little money and with little or no understanding of financial spreadsheet applications.
- Over-investing in fixed assets – Owners who over-invest in fixed assets may find themselves with no access to funds for working capital or expansion.
- Poor credit practices – Owners often sell on credit to meet (or beat) the competition and find that they lack the additional working capital required or the ability to collect on accounts.
- Failure to plan – The lack of a strategic plan to guide the business in the long run.
- Unplanned and uncontrolled growth – Growth is natural and healthy, but unplanned growth can be fatal to a business.
- Inappropriate location – Owners who choose a business location without proper analysis, investigation, and planning often fail. Too often, owners seek “cheap” sites and locate themselves straight into failure.
- Lack of inventory control – Although inventory is typically the largest investment for the owner, inventory control is one of the most neglected duties.
- Inability to make the “Entrepreneurial Transition” – Can we learn to empower others to make decisions and act independently?
10. How does the typical entrepreneur view the possibility of business failure?

Although failure is a possibility, it is never a deterrent. Failures are the unacceptable results of actions taken that provide a valuable lesson for the future.

11. How can the small business owner avoid the common pitfalls that lead to business failure?

A small business owner can avoid common pitfalls by:

- Knowing your business in depth
- Developing a solid business plan
- Managing financial resources
- Understanding financial statements
- Learning to manage people effectively

12. Why is it important to study the small business failure rate and the causes of small business failures?

It is important to know what the major causes of small business failures are so that the prospective entrepreneur can avoid those pitfalls.

13. Explain the typical entrepreneur’s attitude toward risk.

Risk is inherent to all future actions. Entrepreneurs are not necessarily high-risk takers; they prefer and willingly accept and manage low-to-moderate risk situations.

14. Are you interested in launching a small business? If so, when? What kind of business? Describe it. What can you do to ensure its success?

This set of questions may provide an opportunity for general discussion with students in your class. Many may bring family business experiences to this discussion.
Part Five: Lecture or Critical Thinking Case Studies

Text Cases
The following cases presented in the text may be used for lecture and further consideration for topics presented in this chapter.

**Case #4: WindVest Motorcycle Products**
www.windvest.com
This family of entrepreneurs struggles with their roles in the business as they strive to expand into new markets. Their unique product has an identified target market with high appeal and they work to avoid potential pitfalls that can come with growth. The company’s Web site adds current information and insight to the case.

**Case #5: Danielson Design**
www.danielsondesigns.com
The extended family venture begins a business in an unlikely location to experience the entrepreneurial lifestyle. The entrepreneurs work to recover from poor business decisions and face the challenges of aggressive international competition. The case illustrates the difficulties of an entrepreneurial venture as the owners seek a family centered entrepreneurial lifestyle. The Web site enables students to further understand the product line and their market.

**Case #7: Eminence Style**
With her mother at her side, Heather finds that rapid growth of her furniture business was the beginning of the end. The use of an international manufacturer, a large order from a key customer, and shifts in the world economy result in bankruptcy for the young entrepreneur’s first venture. The case illustrates several of the “ten deadly mistakes” and depicts attributes of the entrepreneur that magnified the financial problems within the business itself.

**Case #9: TerraCycle**
www.terracycle.net
This case, referred to in Chapter 1 on page 36, tells Tom Szaky’s story as he launches his business internationally and secures contracts with major retailers. The unique product and the entrepreneur’s organic approach to the business itself is an interesting example of the tenacity of the entrepreneurial spirit.

Additional Cases
The following three cases are not included in the student text:

- Three Women Who Made It
- Sometimes You Win – Sometimes You Lose
- Entrepreneurial Collage
Three Women Who Made It

When Janet Jones picks up passengers in her taxi, they are not the usual type; in fact, they are furry and four-legged. Jones’s cab service, Pet-Mobile, is reserved for pets—dogs, cats, rabbits, small livestock, and birds. Her cab service shuttles animals to grooming appointments, veterinary checkups, boarding, and other destinations. “My service is designed to help people who don’t have transportation, folks with busy work schedules, and those who would rather stay in bed on a Saturday morning,” she says.

Jones typically charges $20 to $30 for a round-trip, although rates vary depending on the number of pets, their size, and the distance traveled. Her truck, distinctively painted with the name of her business, is fully equipped with leashes, carrying crates and harnesses to ensure pet safety in transit.

Joanne Marlowe began her entrepreneurial career at age thirteen. In the ten years that followed, she launched several companies in the garment industry. Marlowe discovered that a co-founder had embezzled thousands of dollars from her company, Double Sharp Garments. “I was pretty depressed, and one of my friends pointed out that I lived across the street from the beach but had never gone. Never had time,” she recalls. “It was a beautiful Lake Michigan day,” Marlowe says. “I laid out my towel. To pamper myself, I spent a lot of time putting on suntan oil. Just as I stretched out, a gust of wind picked up the towel and covered me in sand. I hit the roof. My friend said, `Joanne, instead of getting angry, why don’t you figure out a fix?’” Marlowe figured that a weighted beach towel would be relatively inexpensive to produce, and that it could be telemarketed. “So instead of relaxing at the beach, I spent the day coming up with a prototype and had the product developed within five weeks. I had it to market within eight weeks,” she remembers. The workload was terrific. “I was sleeping about three hours a day from July to October. I wasn’t very healthy, but it worked,” remembers Marlowe. The company that Marlowe started with just $750 now sells more than $8 million worth of the towels each year.

Celia Tejada always dreamed of becoming a clothing designer so she could translate the secret vision of her Spanish homeland into fashionable clothing. Born in a tiny village in northern Spain, Tejada studied at an internationally known design school in Bilbao before coming to the United States. While working for an interior designer, Tejada came up with a sweatshirt combining a tic-tac-toe design and the Italian phrase for “kiss me.” The department store I. Magnin purchased the design for a Valentine’s Day promotion.

Tejada decided that “I knew enough to start my own business, and I took the plunge.” She spent the next six months working feverishly on market research, determining costs and prices, forecasting cash flow, and designing her logo. She based her product line on the Spanish attitude toward leisure time. “In Spain, we have a saying: ‘The mornings are for sport, the afternoons are for relaxation, and the nights are for parties,’” she jokes. She first introduced a line of sportswear called Tejada Deporte. She added a line of dressier, higher-priced clothing with heavier Spanish design elements called Signature Sportswear. “When starting a company from scratch,” she says, it’s not easy to find people willing to wear many hats. In the beginning, I
handled all the marketing, design, and production and a customer-service person doubled as secretary.” Today, more than three hundred specialty shops nationwide and three upscale California department stores carry her lines.

**Questions**

1. What particular barriers do women face in launching businesses?
2. What advantages does entrepreneurship offer women over working for someone else?
3. What disadvantages do women face as entrepreneurs?


______________________________

**Sometimes You Win – Sometimes You Lose**

The greatest glory is not in never failing but in rising up every time we fall.

– Confucius

Philip J. Romano, founder of Fuddruckers, a nationwide gourmet hamburger chain, truly is a restaurant entrepreneur. Romano has experienced the taste of failure on more than one occasion. Yet he realizes that success in the volatile restaurant business requires trying creative new concepts that may fail. Failure is common in the restaurant industry; eating and drinking establishments top the list of businesses with the greatest failure rates.

Much of Romano’s success is attributable to his ability to anticipate dining trends and to develop effective restaurant promotions. He caught on to the salad-bar trend early in his first restaurant, the Nag’s Head Bar in West Palm Beach. He captured customers’ interest with another venture after his grand-opening; he padlocked the door and sent keys to select customers. The gimmick created an informal cadre of salespeople touting the restaurant by word of mouth. When meat prices pushed up prices 30 percent at his Friends of Edinburgh Scottish Pub, Romano had new menus printed. Nevertheless, he issued the old menus to regular customers, who continued to pay the old prices as long as they brought their old menus. The gimmick at his lunch-oriented First National Bar & Grill was for customers to punch time clocks and pay by the minute.

The gimmicks didn’t always work, and Romano’s instincts about diners’ preferences weren’t always correct. His Pasta Palace, a combination art-deco movie house and pasta restaurant opened well before art deco or pasta became chic in Florida. It closed quickly thereafter.
Romano thought he was catching the wave for lighter fare with his health-oriented Stix Eating Spa in San Antonio. However, the upscale restaurant appealed to only a very small customer base, and sales fell well below expectations. “It was the right restaurant in the wrong place,” he claimed after the restaurant closed.

Even Fuddruckers, which for a time was one of the hottest food chains around, began to slide. Romano overestimated the public’s willingness to pay $5 for a burger. The restaurant failed to adapt its menu and its prices in time and incurred a huge loss. Romano sold Fuddruckers the next year.

His current venture, Romano’s Macaroni Grill, is highly successful. Modeled after his memories of his grandfather’s warm Italian kitchen, the restaurant draws crowds on traditionally slow nights. Romano offers free meals on Monday or Tuesday each month. The catch: customers never know which Monday or Tuesday!

Romano’s newest restaurant idea presents yet another challenge for him: convincing New Yorkers to indulge their palates with hearty Tex-Mex fare. The competition will be stiff; there are some twelve thousand competing restaurants in Manhattan, and overhead expenses are outrageously high.

The real test of success or failure will be told on the tables of the Texas Tortilla Bakery.

Questions

1. Describe the small business failure rate.
2. What factors cause most small business failures?
3. Is failure among entrepreneurs necessarily bad? Why or why not?


Entrepreneurial Collage

Entrepreneurs are as varied and unique as their business ideas. They come in all shapes, sizes, ages, and colors. Consider the following collage of entrepreneurs:

- Ten-year-old Brandon Bozek started his business, Bloomin’ Express, when he noticed that the flowers customers bought from the local supermarket wilted after just a day or two. Brandon’s fresh-flower subscription service rings up sales of $150 per month, and most of the $75 in profit goes into savings. He telephones his order to a local flower market every Tuesday morning. On Thursdays, with the help of his “steering wheel consultants” (his parents), Brandon delivers the floral orders to his customers.

- Gerald Levinson’s radio was stolen from his car three times despite the car alarm and stereo lock he used. Therefore, Levinson found a better way: He designed a
“stolen radio facade” that fits over a radio to make it look as if it has already been stolen. The unit is very convincing—complete with loose wires and cracked plastic.

- Mary Anne Jackson, a former executive at Beatrice Foods, went out on her own to start the first prepackaged food company aiming its products at kids. Her company, My Own Meals, generates more than $5 million in sales. “All I had when I started was an idea for a product and a prayer,” she says.

- Michael Williams saw an opportunity in an unexploited ethnic niche, a black comedy club. With $1,000 of his savings, Williams rented a hall and placed an ad in a magazine for black stand-up comedians. Eight local comics performed. The show was a hit and the Comedy Act Theater was born. Today, the club grosses $600,000 annually, and Williams has opened a second club with plans to open twenty-four more.

- If you are around kids, chances are that you have heard about the Teenage Mutant Ninja Turtles. The Turtles’ creators, Kevin Eastman and Peter Laird, were struggling artists swapping drawings in their living room in 1983. Eastman sketched a masked upright turtle armed with an oriental weapon. “It was a spontaneous thing. I did it to make Peter laugh,” Eastman says. Within minutes, the two had created one of the most recognizable sets of heroes in kid-dom. Eastman and Laird launched their own comic book publishing company, and their first black-and-white comics sold rapidly. Soon after, the artists signed a licensing agreement with Playmate Toys for a variety of children’s products. The reptilian heroes Leonardo, Donatello, Raphael, and Michelangelo were once the hottest non-electronic toys on the market since Cabbage Patch dolls. Their action toys, movies, cartoons, comic books, and other products generate between $5 million and $15 million in revenues for the two creators. “I’m now a businessman instead of an artist,” observes Eastman. Cowabunga!

**Questions**

1. What common factors do you see in these entrepreneurs’ stories?

2. What contributions do small businesses like these make to the U.S. economy?

Part Six: The Business Disc

*The Business Disc* may have also been included with this book. Each chapter within the Instructors Manual will contain a reference to integrate *The Business Disc* into the material presented with instructions.

*The Business Disc* steps through a one-year process of decisions facing your business. The DVD will “interview” you about your business concept and lead you through the process of estimating your revenues and expenses. It will also address common decisions that businesses often face in their first months of operation. Although the simulation is primarily designed for a start-up venture, you may gain some valuable insight from the experience and resources even if you currently have a business in operation.

Launch *The Business Disc* CD and review the main menu. Select “Preview” and view the 10-minute video that provides a glimpse of what *The Business Disc* contains.

Go back to the main menu and click on “*The Business Disc*.” You will notice a menu at the top of the screen titled “File,” “Video,” “Forms,” “Go To,” “Print,” “Reference,” “Tools,” “Configuration” and “Help”. Move your mouse over each of the non-shaded terms to view the drop down menus for each. This process offers a helpful way for you to navigate through the software and locate resources when you find they may be beneficial.

Part Seven: Supplemental Readings


Additional online supplemental readings and reference materials are available at [www.prenhall.com/scarborough](http://www.prenhall.com/scarborough) under the “Chapter 1” tab.