

ENTREPRENEURSHIP

IDEAS IN ACTION

Cynthia L. Greene

THIS BOOK IS THE PROPERTY OF:

STATE _____ PROVINCE _____ COUNTY _____ PARISH _____ SCHOOL DISTRICT _____ OTHER _____	Book No. _____ Enter information in spaces to the left as instructed
---	--

<i>ISSUED TO</i>	<i>Year Used</i>	<i>CONDITION</i>	
		<i>ISSUED</i>	<i>RETURNED</i>
.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		

PUPILS to whom this textbook is issued must not write on any page or mark any part of it in any way, consumable textbooks excepted.

1. Teachers should see that the pupil's name is clearly written in ink in the spaces above in every book issued.
2. The following terms should be used in recording the condition of the book: New; Good; Fair; Poor; Bad.

ENTREPRENEURSHIP

IDEAS IN ACTION | Cynthia L. Greene

6e

This is an electronic version of the print textbook. Due to electronic rights restrictions, some third party content may be suppressed. Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. The publisher reserves the right to remove content from this title at any time if subsequent rights restrictions require it. For valuable information on pricing, previous editions, changes to current editions, and alternate formats, please visit www.cengage.com/highered to search by ISBN#, author, title, or keyword for materials in your areas of interest.

Important Notice: Media content referenced within the product description or the product text may not be available in the eBook version.

**Entrepreneurship: Ideas in Action,
Sixth Edition**

Cynthia L. Greene

SVP, GM Skills & Global Product Management:
Dawn Gerrain

Product Director: Matthew Seeley

Product Manager: Nicole Robinson

Product Development Manager: Juliet Steiner

Sr. Content Developer: Diane Bowdler

Consulting Editor: Peggy Shelton, LEAP Publish-
ing Services, Inc.

Product Marketing Manager: Kelsey Hagan

Manufacturing Planner: Kevin Kluck

Art and Cover Direction, Production,
Management, and Composition:
Lumina Datamatics, Inc.

Cover Image: © Piccia Neri | Dreamstime.com

Intellectual Property

Analyst: Kyle Cooper

Project Manager: Lisa Brown

Two Students With Folder And Backpack
Isolated Over White Background
Credit: Andrey_Popov/Shutterstock.com

Casual group of college students smiling -
isolated over a white background
Credit: Andresr/Shutterstock.Com

Black abstract tablet computer (tablet pc)
on white background, 3D render. Modern
portable touch pad device with white
screen. Credit: mkabakov/Shutterstock.com

Abstract background
Credit: StudioADFX/Shutterstock.com

© 2017, 2012 Cengage Learning®

WCN: 02-200-203

ALL RIGHTS RESERVED. No part of this work covered by the copyright herein may be reproduced or distributed in any form or by any means, except as permitted by U.S. copyright law, without the prior written permission of the copyright owner.

For product information and technology assistance, contact us at
Cengage Learning Customer & Sales Support, 1-800-354-9706

For permission to use material from this text or product,
submit all requests online at **www.cengage.com/permissions**

Further permissions questions can be emailed to

permissionrequest@cengage.com

The Career Clusters icons are being used with permission of the States' Career Cluster Initiative, 2011, **www.careerclusters.org**



Student Edition ISBN: 978-1-305-65306-1

Cengage Learning

20 Channel Center Street
Boston, MA 02210
USA

Cengage Learning is a leading provider of customized learning solutions with employees residing in nearly 40 different countries and sales in more than 125 countries around the world. Find your local representative at **www.cengage.com**.

Cengage Learning products are represented in Canada by Nelson Education, Ltd.

For your course and learning solutions, visit **www.cengage.com/school**

Chapter 1

Should You Become an Entrepreneur?

IDEAS IN ACTION

Gaming and Financial Literacy
Equal Success

1.1	ALL ABOUT ENTREPRENEURSHIP	4
1.2	ENTREPRENEURSHIP AND YOU	12
1.3	EXPLORE IDEAS AND OPPORTUNITIES	18
1.4	PROBLEM SOLVING FOR ENTREPRENEURS	23

Be Your Own Boss	20
Develop Your Reading Skills	5
Did You Know?	13
Famous Entrepreneur	8
Teamwork	11, 17, 22, 27
What Went Wrong?	16
What Would You Do?	32

Checkpoint	7, 10, 11, 14, 17, 19, 20, 22, 26, 27
Lesson Assessment	11, 17, 22, 27
Chapter Assessment	30
Build Your Business Plan Project	33
Sharpen Your 21st Century Entrepreneurial Skills	
<i>Effective Business Letters</i>	28
Planning a Career in	
<i>Fitness Training</i>	34
Winning Edge	
<i>FBLA Impromptu Speaking</i>	35

Chapter 2

Entrepreneurs in a Market Economy 36

IDEAS IN ACTION

Providing Information Systems Solutions 37

2.1	ENTREPRENEURS SATISFY NEEDS AND WANTS	38
2.2	HOW ECONOMIC DECISIONS ARE MADE	44
2.3	WHAT AFFECTS PRICE?	51

Be Your Own Boss	49
Develop Your Reading Skills	39
Did You Know?	40
Famous Entrepreneur	48
Teamwork	43, 50, 56
What Went Wrong?	54
What Would You Do?	61

Checkpoint	40, 42, 43, 46, 47, 49, 50, 53, 55, 56
Lesson Assessment	43, 50, 56
Chapter Assessment	58
Build Your Business Plan Project	61
Sharpen Your 21st Century Entrepreneurial Skills	
<i>Effective Presentation Skills</i>	57
Planning a Career in	
<i>Property Management</i>	62
Winning Edge	
<i>BPA Economic Research</i>	63

Chapter 3

Develop a Business Plan 64

IDEAS IN ACTION

An Online Community for College Women 65

3.1 WHY A BUSINESS PLAN IS IMPORTANT 66

3.2 WHAT GOES INTO A BUSINESS PLAN 71

3.3 HOW TO CREATE AN EFFECTIVE BUSINESS PLAN 81

Be Your Own Boss	82
Develop Your Reading Skills	67
Did You Know?	83
Famous Entrepreneur	69
Teamwork	70, 80, 85
What Went Wrong?	84
What Would You Do?	91

Checkpoint 68, 70, 76, 80, 83, 85

Lesson Assessment 70, 80, 85

Chapter Assessment 88

Build Your Business Plan Project 91

Sharpen Your 21st Century Entrepreneurial Skills

Prepare a Resume 86

Planning a Career in *Landscape Architecture* 92

Winning Edge *FBLA Business Presentation* 93

Chapter 4

Identify and Meet a Market Need 94

IDEAS IN ACTION

The Art of Targeting Your Market 95

4.1 IDENTIFY YOUR MARKET 96

4.2 RESEARCH THE MARKET 101

4.3 KNOW YOUR COMPETITION 110

Be Your Own Boss	115
Develop Your Reading Skills	97
Did You Know?	102
Famous Entrepreneur	108
Teamwork	100, 109, 116
What Went Wrong?	112
What Would You Do?	121

Checkpoint 98, 99, 103, 106, 109, 113, 114, 116

Lesson Assessment 100, 109, 116

Chapter Assessment 118

Build Your Business Plan Project 121

Sharpen Your 21st Century Entrepreneurial Skills

Use Spreadsheets to Analyze Data 117

Planning a Career in *Market Research* 122

Winning Edge *DECA Professional Selling* 123

Chapter 5

Market Your Business 124

IDEAS IN ACTION

Marketing to an Engaged Audience 125

5.1 DEVELOP THE MARKETING PLAN	126
5.2 THE MARKETING MIX—PRODUCT	132
5.3 THE MARKETING MIX—PRICE	137

Be Your Own Boss	143
Develop Your Reading Skills	127
Did You Know?	133
Famous Entrepreneur	128
Teamwork	131, 136, 144
What Went Wrong?	135
What Would You Do?	149

Checkpoint	127, 129, 131, 134, 136, 139, 141, 142, 144
------------	---

Lesson Assessment	131, 136, 144
-------------------	---------------

Chapter Assessment	146
--------------------	-----

Build Your Business Plan Project	149
----------------------------------	-----

Sharpen Your 21st Century Entrepreneurial Skills	
<i>Breakeven Point</i>	145

Planning a Career in	
<i>E-Marketing</i>	150

Winning Edge	
<i>FBLA Website Design</i>	151

Chapter 6

Distribution, Promotion, and Selling 152

IDEAS IN ACTION

Giving Young Entrepreneurs a Leg Up 153

6.1 THE MARKETING MIX—DISTRIBUTION	154
6.2 THE MARKETING MIX—PROMOTION	160
6.3 SELLING AND PROMOTING	171

Be Your Own Boss	156
Develop Your Reading Skills	155
Did You Know?	161
Famous Entrepreneur	174
Teamwork	159, 170, 176
What Went Wrong?	167
What Would You Do?	181

Checkpoint	156, 157, 159, 166, 170, 172, 173, 175, 176
------------	---

Lesson Assessment	159, 170, 176
-------------------	---------------

Chapter Assessment	178
--------------------	-----

Build Your Business Plan Project	181
----------------------------------	-----

Sharpen Your 21st Century Entrepreneurial Skills	
<i>Marketing and Technology</i>	177

Planning a Career in	
<i>Private Investigation</i>	182

Winning Edge	
<i>DECA Marketing Communications</i>	
<i>Team Decision Making</i>	183

Chapter 7

Select a Type of Ownership

184

IDEAS IN ACTION

Generate a Buzz with Target Marketing

185

7.1 DECIDE TO PURCHASE, JOIN, OR START A BUSINESS

186

7.2 CHOOSE A LEGAL FORM OF BUSINESS

196

7.3 LEGAL ISSUES AND BUSINESS OWNERSHIP

203

Be Your Own Boss	201
Develop Your Reading Skills	187
Did You Know?	189
Famous Entrepreneur	206
Teamwork	195, 202, 210
What Went Wrong?	199
What Would You Do?	215

Checkpoint	188, 192, 194, 195, 197, 199, 202, 205, 207, 208, 210
Lesson Assessment	195, 202, 210
Chapter Assessment	212
Build Your Business Plan Project	215
Sharpen Your 21st Century Entrepreneurial Skills	
<i>Using the Telephone for Business</i>	211
Planning a Career in	
<i>Franchising</i>	216
Winning Edge	
<i>DECA International Business Plan</i>	217

Chapter 8

Locate and Set Up Your Business

218

IDEAS IN ACTION

Creativity Knows No Boundaries

219

8.1 CHOOSE A LOCATION

220

8.2 OBTAIN SPACE AND DESIGN THE PHYSICAL LAYOUT

230

8.3 PURCHASE EQUIPMENT, SUPPLIES, AND INVENTORY

236

Be Your Own Boss	239
Develop Your Reading Skills	221
Did You Know?	223
Famous Entrepreneur	233
Teamwork	229, 235, 240
What Went Wrong?	228
What Would You Do?	245

Checkpoint	223, 225, 227, 229, 232, 235, 238, 239
Lesson Assessment	229, 235, 240
Chapter Assessment	242
Build Your Business Plan Project	245
Sharpen Your 21st Century Entrepreneurial Skills	
<i>Email Etiquette</i>	241
Planning a Career in	
<i>Solar Energy</i>	246
Winning Edge	
<i>BPA Digital Media Production</i>	247

Chapter 9

Plan and Track Your Finances 248

IDEAS IN ACTION

Determination Leads to Success 249

9.1 FINANCING YOUR BUSINESS 250

9.2 PRO FORMA FINANCIAL STATEMENTS 258

9.3 RECORDKEEPING FOR BUSINESSES 265

Be Your Own Boss 271
Develop Your Reading Skills 251
Did You Know? 256
Famous Entrepreneur 253
Teamwork 257, 264, 272
What Went Wrong? 269
What Would You Do? 277

Checkpoint 252, 254, 257, 261, 262, 264, 266, 268, 272

Lesson Assessment 257, 264, 272

Chapter Assessment 274

Build Your Business Plan Project 277

Sharpen Your 21st Century Entrepreneurial Skills

Online and Mobile Banking 273

Planning a Career in *Accounting* 278

Winning Edge *FBLA Business Financial Plan* 279

Chapter 10

Operations Management 280

IDEAS IN ACTION

A Lack of Diversity in the Workplace 281

10.1 OPERATING PROCEDURES 282

10.2 INVENTORY CONTROL 288

10.3 FINANCIAL MANAGEMENT 295

Be Your Own Boss 292
Develop Your Reading Skills 283
Did You Know? 296
Famous Entrepreneur 293
Teamwork 287, 294, 304
What Went Wrong? 297
What Would You Do? 309

Checkpoint 285, 287, 290, 291, 294, 298, 304

Lesson Assessment 287, 294, 304

Chapter Assessment 306

Build Your Business Plan Project 309

Sharpen Your 21st Century Entrepreneurial Skills
Internal Accounting Controls 305

Planning a Career in *Computer Repair* 310

Winning Edge *DECA Personal Financial Literacy* 311

Chapter 11

Human Resource Management 312

IDEAS IN ACTION

Working for a Worthy Cause 313

11.1 IDENTIFY YOUR STAFFING NEEDS 314

11.2 STAFF YOUR BUSINESS 321

11.3 DIRECT AND CONTROL HUMAN RESOURCES 331

Be Your Own Boss 332
Develop Your Reading Skills 315
Did You Know? 325
Famous Entrepreneur 328
Teamwork 320, 330, 338
What Went Wrong? 334
What Would You Do? 343

Checkpoint 317, 319, 320, 324, 327, 330, 333, 335, 338

Lesson Assessment 320, 330, 338

Chapter Assessment 340

Build Your Business Plan Project 343

Sharpen Your 21st Century Entrepreneurial Skills 339
Leadership Skills

Planning a Career in 344
Photography

Winning Edge 345
BPA Interview Skills

Chapter 12

Risk Management 346

IDEAS IN ACTION

Making Friends Is Her Business 347

12.1 BUSINESS RISKS 348

12.2 INSURE AGAINST RISKS 354

12.3 OTHER RISKS 361

Be Your Own Boss 352
Develop Your Reading Skills 349
Did You Know? 355
Famous Entrepreneur 368
Teamwork 353, 360, 370
What Went Wrong? 359
What Would You Do? 375

Checkpoint 351, 353, 356, 357, 358, 360, 364, 367, 370

Lesson Assessment 353, 360, 370

Chapter Assessment 372

Build Your Business Plan Project 375

Sharpen Your 21st Century Entrepreneurial Skills 371
Respect Cultural Diversity

Planning a Career in 376
Insurance

Winning Edge 377
BPA Global Marketing Team

Chapter 13

Management for the Future **378**

IDEAS IN ACTION

Finding Success by Helping Others **379**

13.1 GROWTH STRATEGIES 380

13.2 ETHICAL AND SOCIAL ISSUES 388

13.3 GLOBAL TRENDS AND OPPORTUNITIES 396

Be Your Own Boss	399
Develop Your Reading Skills	381
Did You Know?	393
Famous Entrepreneur	401
Teamwork	387, 395, 402
What Went Wrong?	382
What Would You Do?	407

Checkpoint 383, 387, 390, 391, 394, 398, 399, 402

Lesson Assessment 387, 395, 402

Chapter Assessment 404

Build Your Business Plan Project 407

Sharpen Your 21st Century Entrepreneurial Skills
Time Management 403

Planning a Career in
Transportation 408

Winning Edge
FBLA Business Ethics 409

Glossary 410

Index 417

About the Author

Cynthia L. Greene is an educational consultant and teacher educator. Currently she is the business manager for the Georgia Association for Career and Technical Education. She has developed entrepreneurship and small business development curriculum for the Small Business Incubator for the Newton College and Career Academy in Covington, Georgia, and the Nicholas County School System in Kentucky. Greene taught business education at the high school level for 25 years in the Fulton County School System in Atlanta. She was the program specialist for Business and Information Technology for the Georgia Department of Education for six years. An active member of the National Business Education Association, Greene served as president and has chaired the Entrepreneurship Standards Committee.



Photo courtesy of Cynthia L. Greene

Comprehensive Teaching and Learning Tools

cognēro® Cengage Learning Testing by Cognero is a flexible, online system that allows instructors to author, edit, and manage test bank content from multiple Cengage Learning solutions, create multiple test versions in an instant, and deliver tests from wherever they want. ISBN: 978-1-305-65411-2

MindTap® MindTap is a personalized teaching experience with relevant assignments that guide you to analyze, apply, and improve thinking. The Build Your Business Plan feature is integrated into the Learning Path so that students have a complete business plan by the end of the course. ISBN: 978-1-305-65420-4

Student Workbook ISBN: 978-1-305-65310-8

Instructor's Resource CD ISBN: 978-1-305-65319-1

Inside the Student Edition

Transforming Innovations!

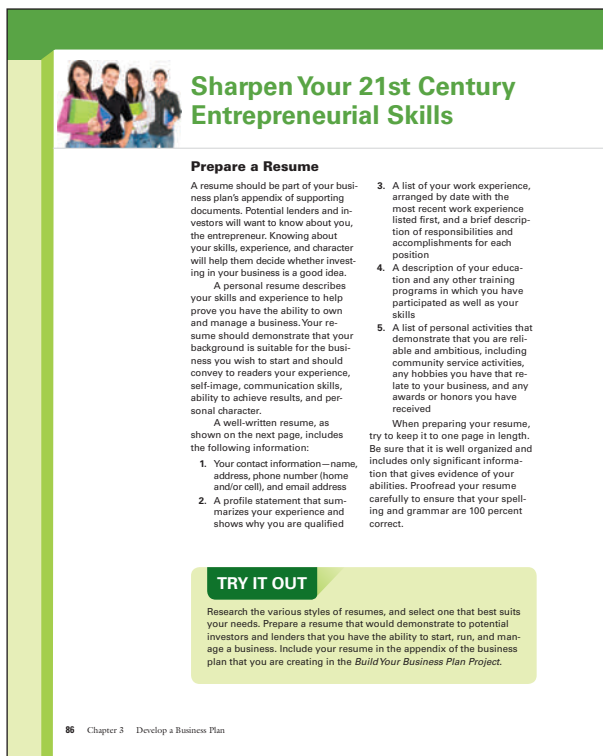
Have You Ever Wanted to Start Your Own Business? An entrepreneur is someone who organizes, manages, and assumes the risks of a business or enterprise. *Entrepreneurship: Ideas in Action, 6e* helps you prepare to become an entrepreneur, provides you with the skills needed to realistically evaluate your potential as a business owner, and guides you in building a business plan.

Each lesson begins with a list of terms and objectives to help you focus your reading.

Learning Objectives outline the main objectives of the lesson to help keep you on track.

Key Terms are the new terms defined in the lesson.

Focus on Small Business introduces concepts and provides a thought-provoking introduction to each lesson.



Sharpen Your 21st Century Entrepreneurial Skills

Prepare a Resume

A resume should be part of your business plan's appendix of supporting documents. Potential lenders and investors will want to know about you, the entrepreneur. Knowing about your skills, experience, and character will help them decide whether investing in your business is a good idea.

A personal resume describes your skills and experience to help prove you have the ability to own and manage a business. Your resume should demonstrate that your background is suitable for the business you wish to start and should convey to readers your experience, self-image, communication skills, ability to achieve results, and personal character.

A well-written resume, as shown on the next page, includes the following information:

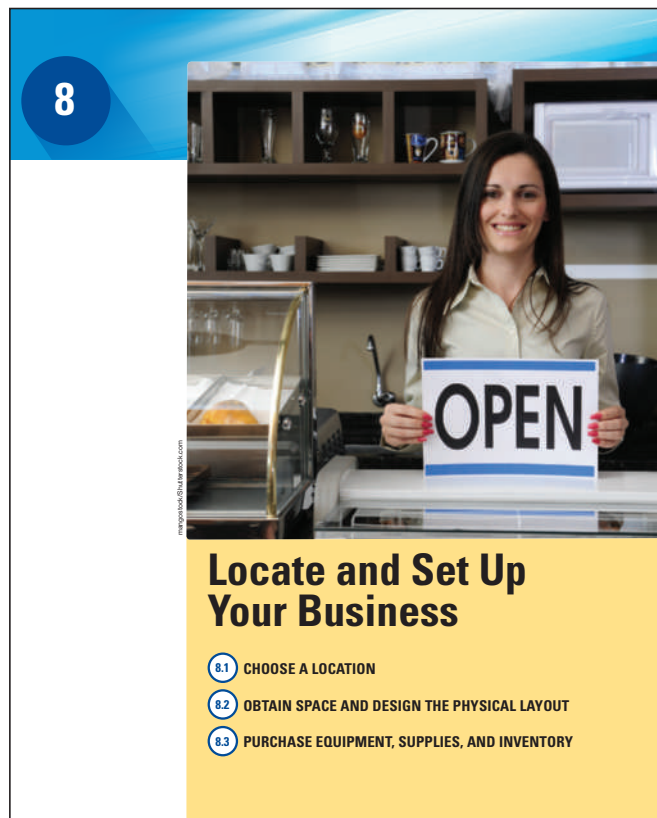
1. Your contact information—name, address, phone number (home and/or cell), and email address
2. A profile statement that summarizes your experience and shows why you are qualified
3. A list of your work experience, arranged by date with the most recent work experience listed first, and a brief description of responsibilities and accomplishments for each position
4. A description of your education and any other training programs in which you have participated as well as your skills
5. A list of personal activities that demonstrate that you are reliable and ambitious, including community service activities, any hobbies you have that relate to your business, and any awards or honors you have received

When preparing your resume, try to keep it to one page in length. Be sure that it is well organized and includes only significant information that gives evidence of your abilities. Proofread your resume carefully to ensure that your spelling and grammar are 100 percent correct.


TRY IT OUT

Research the various styles of resumes, and select one that best suits your needs. Prepare a resume that would demonstrate to potential investors and lenders that you have the ability to start, run, and manage a business. Include your resume in the appendix of the business plan that you are creating in the *Build Your Business Plan Project*.

86 Chapter 3 Develop a Business Plan



8



Locate and Set Up Your Business

- 8.1 CHOOSE A LOCATION
- 8.2 OBTAIN SPACE AND DESIGN THE PHYSICAL LAYOUT
- 8.3 PURCHASE EQUIPMENT, SUPPLIES, AND INVENTORY

One key competency employers value is the ability to think creatively in order to solve problems.

Sharpen Your 21st Century Entrepreneurial Skills offers 21st Century skill-building information and poses critical-thinking questions.

Effective Business Letters, 28
Effective Presentation Skills, 57
Prepare a Resume, 86
Use Spreadsheets to Analyze Data, 117
Breakeven Point, 145
Marketing and Technology, 177
Using the Telephone for Business, 211
Email Etiquette, 241
Online and Mobile Banking, 273
Internal Accounting Controls, 305
Leadership Skills, 339
Respect Cultural Diversity, 371
Time Management, 403

Abundant Real-Life Examples!

IDEAS IN ACTION

An Online Community for College Women



Stephanie Kaplan Lewis, Annie Wang, and Windsor Hanger Western, of Her Campus.

Ambitious entrepreneurs seize an opportunity when they see one. Stephanie Kaplan Lewis, Windsor Hanger Western, and Annie Wang, three students at Harvard University, did just that. The three met while working on a student magazine that focused on campus lifestyle and fashion. They worked together to convert an annual print publication to an online weekly magazine. Their efforts boosted readership significantly, and as a result, the women saw the potential for a new business.

While still students, the trio developed a business plan for their online enterprise, HerCampus.com, and then spent the summer putting it into action. The site launched in September of that year and soon became the number one online community for college women. Written by college journalists for college readers, the website now has more than 6,000 contributors and features content on style, beauty, health, love, life, career, and more. Her Campus also offers conferences, events, a blogger network, job listings, e-commerce, giveaways, and scholarships.

After Harvard launched Her Campus's first campus chapter, other colleges soon became interested in launching their own school-specific chapters. By the time Stephanie and Windsor (who were a year ahead of Annie) graduated, Her Campus had established campus chapters at nearly 30 schools, including Penn State, Syracuse University, and the University of Texas at Austin.

Journalists at each school create and maintain the local content on the website. Schools receive editorial and publicity templates for publishing content directly to Her Campus. The site earns revenue through digital, on-campus, and event-based marketing programs for companies that want to target the college market.

The three women, who won a Harvard business plan competition, have been hailed as successful innovators and businesspeople. They have been recognized in *BusinessWeek's* "25 Under 25 Best Young Entrepreneurs" and *Inc. magazine's* "30 Under 30 Coolest Young Entrepreneurs."

WHAT DO YOU KNOW?

1. What started the students on their course to professional success?
2. What strategic planning did the trio do that helped them launch Her Campus? Why is this important?
3. Besides planning, why do you think Her Campus has been so successful?

65

Ideas in Action presents stories of successful young entrepreneurs. "What Do You Know?" critical-thinking questions are followed up with "What Do You Know Now?" at the end of the chapter.

- Gaming and Financial Literacy Equal Success, 3
- Providing Information Systems Solutions, 37
- An Online Community for College Women, 65
- The Art of Targeting Your Market, 95
- Marketing to an Engaged Audience, 125
- Giving Young Entrepreneurs a Leg Up, 153
- Generate a Buzz with Target Marketing, 185
- Creativity Knows No Boundaries, 219
- Determination Leads to Success, 249
- A Lack of Diversity in the Workplace, 281
- Working for a Worthy Cause, 313
- Making Friends Is Her Business, 347
- Finding Success by Helping Others, 379

What Went Wrong? highlights the pitfalls of real entrepreneurs and includes critical-thinking questions to help students analyze the situations.

What Went Wrong?

Partnership Woes

Stan and Peter met while working at a video production company. Stan was in charge of editorial and production. Peter ran the sales force. Stan decided to begin his own company and invited Peter to join him. SP Communications seemed like a perfect partnership. Peter would handle sales and administration, while Stan managed clients and directed production.

Things seemed to be going well until Peter decided he wanted to be a part of the creative process. He spent most

of his time producing videos rather than looking for new business. As it turned out, Peter wasn't very good at the creative tasks he attempted. He made mistakes that reduced expected profits. In addition, he wasn't making new sales contacts, which was supposed to be his main job.

By the time Stan realized what was happening to the business, it was too late. What Stan thought were profits were the result of Peter not paying their bills. Peter left the business, and Stan was left with more than \$150,000 in unpaid bills and other debts.

THINK CRITICALLY

1. How might Stan and Peter have avoided the problems that led to the end of their partnership?
2. Why is this a good example of the difficulty in maintaining partnerships between friends?
3. What types of things should be spelled out completely between partners at the beginning of the partnership?



Choose your partners wisely.

Lesson 7.2 Choose

FAMOUS ENTREPRENEUR

JAMES W. BAKER In 1902, James W. Baker, a 28-year-old business teacher at Knoxville Business College, decided to write his own textbook based on his innovative approach to teaching bookkeeping. In just one year, *20th Century Bookkeeping and Office Practice* became an overwhelming success, which prompted Baker to form South-Western Educational Publishing. Soon South-Western became the leading publisher of business education textbooks for high school and college students. The company's success was attributed to Baker's customer service philosophy. He focused on helping teachers by offering them a strong curriculum, innovative instructional ideas, and real-world examples of business



What led to James W. Baker's success as an entrepreneur?

concepts—strategies still used by South-Western (which is now part of Cengage Learning).

Baker's book, which was re-introduced in 1972 as *Century 21 Accounting Multicolumn Journal*, is the leading accounting high school textbook still today. The influence of this young entrepreneur has lasted for over 100 years, enriching the lives of business educators and students by exemplifying sound business practices, quality service, and a commitment to education.

THINK CRITICALLY

How did James W. Baker's entrepreneurial ideas help build a company that could last for over 100 years?

206 Chapter 7 Select a Type of Ownership

Famous Entrepreneurs profiles contributions of successful entrepreneurs throughout history.

- Madam C. J. Walker, 8
- Paul Revere, 48
- Walter Elias Disney, 69
- Mark Zuckerberg, 108
- Sergey Brin and Larry Page, 128
- Jeff Bezos, 174
- James W. Baker, 206
- Rachael Ray, 233
- Mark Cuban, 253
- Daymond John, 293
- J. K. Rowling, 328
- Mary J. Blige, 368
- Michelle Phan, 401

Business Plan and Career Coverage!

Build Your Business Plan Project

concludes each chapter and is designed to help you prepare a complete business plan by the end of the course.



BUILD YOUR BUSINESS PLAN PROJECT

This activity will help you plan the operations management of your business.

1. Describe the management style you will use for managing your business. Will you always use the same style? How will you determine when to use a different style?
2. Locate and contact two professionals in your area who specialize in strategic planning. What are their credentials? What are their fees? Do you think it would be helpful to utilize the services of a strategic planner? Why or why not?
3. Develop an operating procedures manual for your business. Include the rules, policies, and procedures that your business will follow to run effectively.
4. If your business has an inventory, list all of the items you will have in inventory and your cost for each. Create a purchasing plan for your inventory.
5. Set up inventory records for your business using either a paper system or an electronic system. Be sure to list all of the items discussed in Lesson 10.2. How did you determine your reorder point? What inventory carrying costs are relevant to your business? How can you reduce your carrying costs?
6. Analyze your sales by creating a table that lists each of your products and the total sales (or estimated sales) for each. What is the percentage of total sales for each product? Based on this information, will you make any changes to your inventory?
7. Develop internal accounting controls for your business. Explain why you chose the controls you did.

PLANNING A CAREER IN COMPUTER REPAIR



“My stepsister, who is a high school senior this year, has become our household computer expert. She recently attended a summer technology camp sponsored by a national computer retailer that provides a variety of computer support services. The camp was established as a way to help fulfill future labor needs. After completing camp, she’s become the ‘go to’ person in our house for any high-tech gadget issues.”

Computer service specialists help resolve a variety of complex technological issues that affect computer efficiency and reliability. This ranges from repairing computer parts, such as a hard drive or monitor, to removing spyware and viruses. They must be familiar with various operating systems and software packages. Some computer service specialists work from repair shops, while others travel to customers’ locations.

Employment Outlook

- A faster-than-average rate of employment growth is anticipated.
- The use of the newest forms of technology, which are often complex, will help fuel demand.
- Growing demand will be somewhat offset by the trend to outsource tech support jobs to foreign countries with lower wage rates.

Job Titles

- Software Support Specialist
- Help Desk Analyst
- Application Specialist
- Technical Support Associate
- MIS Support Technician

Needed Education/Skills

- Education requirements vary. A bachelor’s degree is

required for some computer service specialist positions, while an associate’s degree is adequate for some jobs.

- To keep up with changes in technology, many computer support specialists continue their education throughout their careers.
- Strong customer-service, problem-solving, and troubleshooting skills are needed.

What’s it like to work in

Computer Repair? Milo is a computer service specialist. He has his own business and provides on-site repair services.

Today, Milo is updating the rates on his company website. These rates include the trip charge to arrive at a client’s home or place of business, the one-hour minimum labor charge, and the additional fees for a partial hour beyond the one-hour minimum.

After receiving a call from a frantic client, Milo dashes off to the client’s home. The client, who has a home-based consulting business, has a hard drive that is failing. The client accidentally dropped his flash drive into a cup of coffee, and he has no backup for his files. Consequently, he needs help retrieving critical files from his hard drive.

After saving the files to a new flash drive, Milo suggests to his client that he consider investing in an automated data backup service. For a monthly fee, designated data can be automatically saved to a personalized website that would be password accessible for security purposes.

What about you? Would you like to help a variety of individuals and businesses solve their computer technology problems? What would you find appealing (or not appealing) about this job?

Planning a Career in... incorporates Career Clusters for a variety of careers as an entrepreneur.

Fitness Training, 34
Property Management, 62
Landscape Architecture, 92
Market Research, 122
E-Marketing, 150
Private Investigation, 182
Franchising, 216
Solar Energy, 246
Accounting, 278
Computer Repair, 310
Photography, 344
Insurance, 376
Transportation, 408

Special Features Enhance Learning!

Winning Edge helps you prepare for competitive events.

- FBLA Impromptu Speaking, 35
- BPA Economic Research, 63
- FBLA Business Presentation, 93
- DECA Professional Selling, 123
- FBLA Website Design, 151
- DECA Marketing Communications Team Decision Making, 183
- DECA International Business Plan, 217
- BPA Digital Media Production, 247
- FBLA Business Financial Plan, 279
- DECA Personal Financial Literacy, 311
- BPA Interview Skills, 345
- BPA Global Marketing Team, 377
- FBLA Business Ethics, 409

DID YOU KNOW?

According to a report by IGD, a consumer and shopper research company, location is the single most important aspect in a shopper's choice of store, with over eight in ten (82 percent) rating it as extremely or very important.

Did You Know? offers additional information that relates to chapter topics.

Develop Your Reading Skills provides exercises to reinforce reading skills.

DEVELOP YOUR READING SKILLS

As you read, make a chart showing the advantages and disadvantages of each type of location for retail, service, home-based, industrial, and online businesses.




BE YOUR OWN BOSS

You own a toy store. Some of the stuffed animals that you carry have become very popular with children, and you cannot keep them in stock. In the past, your reorder point was three and you never ran out of the animals, but now you are losing sales because of empty shelves. You know you could sell more stuffed animals if you had them. Outline a plan that will meet your business's inventory needs as well as your customers' needs.

Be Your Own Boss gives you the opportunity to complete the same types of activities that a real entrepreneur might do.

Business Financial Plan



All entrepreneurs must have a solid financial plan for their business. Without one, it will be difficult to secure investors or bank loans to help cover startup expenses or expansions.

The FBLA Business Financial Plan is an event for either an individual member or teams of two or three members. For this event, members will use a case study to create a report that will establish and develop a complete financial plan for a business venture.

You are planning to open a one-stop-shop kitchen and cooking store where customers will be able to purchase a variety of items, including kitchen cabinets, cookware, cutlery, food storage containers, and virtually anything relating to kitchen and food preparation. Competition includes hardware stores, furniture stores, discount retailers, department stores, and other smaller kitchen-related stores.

Your niche concept is that everything available in these stores can be purchased in one location where customers can bundle deals on multiple products to save money. You plan to open your facility in a 15,000 square foot, stand-alone store and warehouse. You will need to purchase inventory for the store and stock the warehouse, as well as hire contractors, installers, and truck drivers to assist with the delivery and setup of the building and inventory.

Performance Competencies

- Explain the need for a business loan
- Evaluate the type of loan needed
- Explain the process for obtaining a business loan
- Arrange a report in a logical order in proper business format
- Demonstrate good written communication skills

Go to the FBLA website for more detailed information.

GIVE IT A TRY

Partner up with a classmate. Create a one- to three-page report that addresses the following topics for a financial business plan:

- Company description (overview of the business including type of business, form of ownership, location, goals, etc.)
- Target market
- Competitive analysis
- Financials including projected startup costs and future financial results

When you are finished, present your findings to your classmates for discussion.

www.fbla-pbl.org

279

Abundant Review and Assessment!

An abundance of ongoing lesson and chapter assessments ensure you understand and can apply what you've learned.

Think About It contains activities to help you apply what you have learned in the lesson.

Make Academic Connections provides the integrated curriculum activities that show you how entrepreneurial concepts relate to other courses of study.

Teamwork provides you with opportunities to work with classmates on cooperative learning projects.

7.1 ASSESSMENT

THINK ABOUT IT

- When you purchase an existing business, why is it important to know the owner's reason for selling?
- What extra expenses could you expect to pay when operating a franchise as compared to operating a nonfranchised company? Could you save money in expenses by operating a franchise? If so, how?
- Your family owns a successful business that distributes flowers from around the world to local florists. Both of your parents work full time in the business. They have offered you a position in the company after you graduate from college. Will you accept their offer? Explain.
- Do you think the advantages of starting a business from scratch outweigh the disadvantages? Why or why not?

MAKE ACADEMIC CONNECTIONS

- RESEARCH** Using local newspapers, periodicals, and the Internet, find advertisements for franchises. Make a list of the type of information that is included in the advertisements.
- COMMUNICATION** Locate a locally owned family business. Interview one of the family owners or employees to learn about the history of the business, the number of family members employed, and the pros and cons of working in a family business. Write a one-page report on what you learn.

Teamwork

Form teams. Brainstorm a list of reasons that business owners may decide to sell their businesses. Put a check mark next to the reasons that could negatively affect the buyer's chance for success.

The Essential Question Refer to The Essential Question on p. 186. A person can become a business owner by purchasing an existing business, purchasing a franchise, entering a family business, or starting their own new business venture.

Chapter Assessment provides a summary of the main points and contains questions and activities to test your knowledge.

7
ASSESSMENT

SUMMARY

7.1 Decide to Purchase, Join, or Start a Business

- An existing business has an established customer base and relationships with suppliers. The seller may train you, and prior records can make financial planning easier.
- When evaluating a franchise opportunity, study the disclosure document, interview current owners, investigate the franchise's history, investigate potential earnings claims, compare opportunities, get promises in writing, learn the risks of canceling the franchise, and seek advice from professionals.
- Family businesses have stable leadership and high levels of employee commitment and loyalty. However, some family members may be unqualified, and family politics can negatively affect the business.

KEY TERMS REVIEW

Match each statement with the term that best defines it. Some terms may not be used.

- A group of people who make decisions affecting a company
- Faith to the franchise company to support television, magazine, or other advertising of the franchise as a whole
- The grant of a property right to an inventor to exclude others from making, using, or selling his or her invention
- A business that has the legal rights of a person but is independent of its owners
- Distributions of corporate profits to shareholders
- A legal agreement that gives an individual the right to market a company's products or services in a particular area
- A regulatory document describing a franchise opportunity that prospective franchisees must receive
- A unit of ownership in a corporation
- Weekly or monthly payments made by the local owner to the franchise company
- A form of intellectual property law that protects original works of authorship, including literary, dramatic, musical, and artistic works
- A business that is owned exclusively by one person
- A business owned by two or more people
- A name, symbol, or special mark used to identify a business or brand of product
- The costs associated with beginning a business
- A legally binding agreement between two or more persons

REVIEW YOUR KNOWLEDGE

- Which of the following is *not* an advantage of buying an existing business?
 - existing customer base
 - seller can provide training
 - seller may work out financing agreement
 - capital is required
- True or False** A franchise is an inexpensive way to get into business quickly.
- The legal form of business that is the simplest to establish is the
 - sole proprietorship
 - partnership
 - corporation
 - limited liability company
- True or False** The board of directors of a corporation is responsible for the day-to-day management of the corporation.
- You and several other business owners agree to raise the price of the paint you sell by \$1.50 per gallon. You are in violation of the
 - Sherman Act
 - Robinson-Patman Act
 - Clayton Act
 - Wheeler-Lea Act
- True or False** A patent grants property rights to an inventor for 70 years.

a. advertising fees
b. board of directors
c. contract
d. copyright
e. corporation
f. dividends
g. franchise
h. Franchise Disclosure Document
i. initial franchise fee
j. partnership
k. patent
l. royalty fees
m. share of stock
n. sole proprietorship
o. startup costs
p. trademark

Summary presents key chapter concepts for quick review.

Key Terms Review matches terms with definitions to confirm understanding of key terms.

Review Your Knowledge provides questions with multiple choice answers that summarize key concepts to reinforce learning.

Apply What You Learned provides activities to reinforce, review, and apply concepts you've learned.

Make Academic Connections provides exercises that connect to other disciplines.

22. You want to advertise a special price on a product that you do not have in stock just to get customer traffic into your store. If you do so, you will be in violation of the

- Sherman Act
- Clayton Act
- Robinson-Patman Act
- Wheeler-Lea Act

23. For a contract to be legally binding, it must have which of the following elements when it is created?

- offer and acceptance, cooperation, capacity, legality
- offer and acceptance, consideration, capacity, legality
- genuine assent, consideration, cooperation, and legality
- amendment, consideration, capacity, and legality

APPLY WHAT YOU LEARNED

24. You are meeting with the owner of an ice-cream shop you would like to purchase. What specific questions are you going to ask her? What documents do you want to see? How will you evaluate whether or not to purchase this existing business? (LO 7.1-1)

25. You decide to start a business selling a new video game that you have developed. You plan to sell the game over the Internet. What intellectual property right issues should you consider? (LO 7.2-2)

26. You want to purchase a cleaning service franchise. The initial franchise fee is \$19,500 and startup costs are \$15,200. Advertising fees are \$1,500. The royalty fee is 8 percent. If your estimated sales for the first year of operation are \$56,500, how much is your profit after paying all costs and the royalty fee? (LO 7.1-2)

MAKE ACADEMIC CONNECTIONS

27. **MATH** Marta Yaquez is one of three partners in a car dealership. The division of profits and losses as specified in the partnership agreement is 60 percent for Marta, 25 percent for the second partner, and 15 percent for the third partner. The dealership recently lost a lawsuit and must pay damages of \$1,200,000. What is Marta's liability? What is the liability of each of the other two partners? (LO 7.2-2)

28. **RESEARCH** Use the Internet, newspaper, magazines, and other materials to research business opportunities. Find two businesses for sale that interest you. Write a brief summary that describes each business. Which business do you think would be the better investment? Why? (LO 7.1-1)

29. **BUSINESS LAW** Conduct online research and find out the Federal Trade Commission (FTC) requirements and your state's requirements for disclosure documents prior to the purchase of a franchise. Write a paragraph outlining the requirements. (LO 7.1-2)

30. **GEOGRAPHY** China is a major source of intellectual property theft. Many counterfeit products are produced in China. Research this problem and learn how U.S. businesses can better protect themselves. Prepare a short presentation on your findings. (LO 7.2-2)

Chapter Assessment 212



Should You Become an Entrepreneur?

- 1.1 ALL ABOUT ENTREPRENEURSHIP
- 1.2 ENTREPRENEURSHIP AND YOU
- 1.3 EXPLORE IDEAS AND OPPORTUNITIES
- 1.4 PROBLEM SOLVING FOR ENTREPRENEURS

Gaming and Financial Literacy Equal Success



Photo by Jason Young

Jason Young, CEO,
MindBlown Labs

MindBlown Labs has a mission. It aims to create interactive, experience-based tools that help young people learn about finances. The company plans to reach 20 million teens and young adults by the year 2020. It is well on its way with Thrive 'n' Shine, a mobile app/game that explains personal finance. It all began with a young entrepreneur from Inglewood, California.

Jason Young was 9 years old when he started his first business, a one-man candy shop. By age 13, he was selling travel agency services. At age 17, he was running an e-commerce business selling vitamins. However, despite his success as a young entrepreneur, Jason was no stranger to hardship. His family was evicted from their home the day after Christmas during his sophomore year at Harvard. That experience set Jason on a course to meet his personal and professional mission—to help young people become financially literate. He and his college friend Tracy Moore co-founded MindBlown Labs to help young people develop money-management skills.

MindBlown Labs' game, Thrive 'n' Shine, provides an interactive experience for students. The game combines fun with financial concepts. Topics include auto loans, budgeting, credit cards, credit scores, savings, college loans, and taxes, among others.

MindBlown Labs has attracted attention along the way. It won a \$610,000 research contract from the U.S. Department of the Treasury. President Barack Obama appointed Jason to the President's Advisory Council on Financial Capability for Young Americans. The Council advises the President and the Secretary of the Treasury on how to use technology to promote financial capability among young people in schools, families, communities, and the workplace. The magazine *Black Enterprise* wrote a story about Jason and his company. *Entrepreneur* magazine recognized MindBlown Labs as one of 100 Brilliant Companies. Co-founders Jason and Tracy and their team believe an award-winning gaming mobile app is the best way for America's youth to learn about financial responsibility.

WHAT DO YOU KNOW?

1. What event set Jason on course to his personal and professional mission?
2. Would you use a mobile app such as Thrive 'n' Shine to play a game that teaches you financial literacy? Why or why not?
3. Do you think an entrepreneur needs to keep up with changing technology? Explain your answer.

1.1

ALL ABOUT ENTREPRENEURSHIP

The Essential Question What role has entrepreneurship played in the U.S. economy?

LEARNING OBJECTIVES

- LO 1.1-1** Define entrepreneurship.
- LO 1.1-2** Recognize the role entrepreneurs play in the U.S. economy.
- LO 1.1-3** Determine the reasons businesses succeed or fail.

KEY TERMS

- entrepreneurs
- entrepreneurship
- employees

FOCUS ON SMALL BUSINESS

Should you be your own boss?

“I’m so tired of someone telling me what to do all the time. It seems like there should be some way we could be in charge,” Delia said to her friend Gloria.

“I know what you mean, because I feel the same way,” Gloria answered. “But I’ve got an idea—let’s be entrepreneurs. Mr. Rivera talked about them in my business class last week. They are people who start and run their own businesses. We could do that!”

“What would we have to do? Would we make a lot of money? Would it be fun?” Delia’s mind was overflowing with questions.

Gloria was getting very excited as she replied, “We could be our own bosses! If we were the owners, we would be in charge!”

“This sounds pretty good,” said Delia. “We could decide when we work, what we do, and how we do it. And we can make lots of money! I can’t wait. When do we start?”

WORK AS A TEAM Many people go into business just so they can be in charge and make lots of money. Do you think this is the most important reason to start your own business?



Entrepreneurs can be of any age.

LO 1.1-1 Entrepreneurship

The U.S. economy includes thousands of small businesses. Many of these small businesses are owned and operated by men and women who created their own companies. Some of these individuals have become legends as you hear stories about their path to success. But what makes someone an entrepreneur? What impact have entrepreneurs had in history? What impact do they have today?



Would you like to own your own business? Why or why not?

DEVELOP YOUR READING SKILLS

As you read this chapter, write down questions related to headings and photos. Share your questions with the class.

What Is an Entrepreneur?

People who own, operate, and take the risk of a business venture are called **entrepreneurs**. They are engaged in **entrepreneurship**, the process of running a business of one's own. Entrepreneurs of all ages and from all types of backgrounds create all kinds of businesses. Entrepreneurs try to identify unmet needs in the marketplace. Then they provide a service or product to meet those needs. When they succeed, their business flourishes and profits are earned. But if their business idea is unsuccessful, they may lose the money they invested.

EMPLOYEES VS. ENTREPRENEURS Entrepreneurs assume risk. This makes them different from **employees**, who are people hired to work for someone else. Both may make decisions, but only the entrepreneur is directly affected by the consequences of those decisions.

Sara Jones manages a record store owned by Felipe Santiago. Sara decides to keep the store open later during the week. If the additional hours increase profits, Sara may be praised or even get a raise. However, Sara won't directly receive any of the profits because she is an employee. The additional earnings will flow to Felipe, the owner.

WHY DO PEOPLE BECOME ENTREPRENEURS? People go into business for themselves for many reasons. Some want to leave the fast-paced corporate environment and set their own schedules. Others want to be at home but still earn an income. Still others want to pursue a personal dream. You might choose to become an entrepreneur for completely different reasons.

INTEGRITY AND ETHICAL BEHAVIOR An important part of being an entrepreneur involves operating with integrity and exhibiting ethical behavior in all areas of business. Ethical business practices by entrepreneurs ensure that the highest standards of conduct are observed in their relationships with everyone affected by the business's activities.

When operating with integrity, entrepreneurs behave consistently in actions, values, methods, measures, principles, expectations, and outcomes. When considering whether behavior is ethical, both the actions taken by the entrepreneur and the results of those actions should matter.

Types of Entrepreneurial Businesses

There are generally four types of businesses, as shown in the chart below, and there are many opportunities for entrepreneurs in each category. *Manufacturing businesses* actually produce the products they sell. Using resources and supplies, they create everything from automobiles to paper. *Wholesaling businesses* sell products to other businesses rather than the final consumer. For example, a wholesaler supplies your local greeting card store with items such as cards and wrapping paper. *Retailing businesses*, such as the greeting card store, sell products directly to the people who use or consume them. *Service businesses* sell services rather than products. They include hotels, hairdressers, and repair shops, to name a few.

OTHER BUSINESS AREAS Two other categories of businesses are (1) agricultural and (2) mining and extracting businesses. *Agricultural businesses* generate fresh produce and other farm products, such as wheat. *Mining and extracting businesses* take resources like coal out of the ground so that they can be consumed.

TYPES OF BUSINESSES			
Manufacturing	Wholesaling	Retailing	Service
Apparel and other textile products	Apparel	Auto and home supply stores	Appliance repair
Chemicals and related products	Electrical goods	Building materials and supply stores	Automotive repair
Electronics and other electrical equipment	Groceries and related products	Clothing stores	Babysitting
Fabricated metal products	Hardware, plumbing, and heating equipment	Florists	Bookkeeping
Food products	Lumber and construction materials	Furniture stores	Consulting
Industrial machinery and equipment	Machinery, equipment, and supplies	Gift, novelty, and souvenir stores	Dance instruction
Printing and publishing	Motor vehicles and automotive equipment	Grocery stores	Electrical services
Rubber and miscellaneous plastic products	Paper and paper products	Hardware stores	Exterminators
Stone, clay, and glass products	Petroleum and petroleum products	Jewelry stores	Florists
		Retail bakeries	House cleaning
		Shoe stores	Lawn care
		Sporting goods and bicycle stores	Painting
			Plumbing
			Translating
			Travel agency
			Tutoring
			Web design and maintenance

Source: Small Business Administration

GREEN ENTREPRENEURSHIP Many types of businesses focus on being organic or “green.” Because of the growing movement toward environmentally friendly products, entrepreneurs who have a passion about being green have an advantage when introducing their product or service in the market. It is important for green entrepreneurs to educate their customers about how their products or services benefit the earth or conserve resources. In addition to offering green products, entrepreneurs who use green business practices, such as recycling and working with other green-minded companies, are often favored by customers.

SOCIAL ENTREPRENEURSHIP Some entrepreneurs have a strong desire to help others who are in need. Social entrepreneurship uses business techniques to find innovative solutions to society’s most pressing social problems. Social entrepreneurs find societal needs that are not being met by the government or other business sector. Then they work to change the system, implement practical solutions, and persuade others to support their efforts. Social entrepreneurs often commit their lives to making a positive impact on society.



CHECKPOINT

Describe different types of entrepreneurial businesses.

LO 1.1-2 Recognizing Opportunity

Many of America’s most successful companies started with one person who recognized an opportunity and came up with an idea for a business in response to that opportunity. Entrepreneurs have played an important role in the history of America’s economy and will continue to shape our economy in the future.

The Small Business Administration’s Office of Advocacy defines a small business as an independent company having fewer than 500 employees. In 2012, the U.S. Census Bureau reported that there were over 22 million companies in the United States. Small businesses with fewer than 500 employees make up 99.9 percent of these companies. Just over 18,000 U.S. companies are considered large.

Small businesses contribute billions of dollars to the U.S. economy every year and generate jobs that drive economic growth. According to the National Small Business Association, small businesses created 14.3 million jobs over the past 20 years compared with 8.6 million jobs created by large businesses. Since the end of the recession in 2009, small businesses have generated the majority of new jobs. These small businesses are found in virtually every sector of the economy.

Entrepreneurs Who Changed America

Entrepreneurs change American business decade after decade. They establish new companies and fill unmet needs. They continuously

change how things are done and contribute to the overall good of the nation. There are many businesses today that started small and have grown into large companies that are making a major impact in our economic system.

STARBUCKS COFFEE COMPANY Founded in 1971, Starbucks Coffee Company opened its first location in Seattle’s Pike Place Market. Starbucks is named after the first mate in Herman Melville’s novel *Moby Dick*. It is the world’s leading brand of specialty coffee. In 2014, Starbucks had more than 21,000 stores in over 65 countries. When Howard Schultz first joined the company in the early 1980s, Starbucks was already a highly respected local roaster and retailer of whole bean and ground coffees. A business trip to Italy, where he was impressed with the popularity of espresso bars in Milan, helped Schultz recognize an opportunity to develop a similar coffeehouse culture in Seattle. Espresso drinks became an essential element of Schultz’s vision. He purchased Starbucks with the support of local investors in 1987. In addition to its well-situated coffeehouses, Starbucks markets its coffee and tea products through its website and through many national retail supermarkets. Today Starbucks strives to make a positive impact on the businesses it works with and the customers it serves.

FAMOUS ENTREPRENEUR

MADAM C. J. WALKER You may have heard it said that “necessity is the mother of invention.”

Many entrepreneurs got their start by creating something that they themselves needed and then sharing their product with others. That’s exactly what made Madam C. J. Walker a millionaire. Walker, originally known as Sarah Breedlove, suffered from a scalp ailment during the 1890s and began experimenting with homemade remedies. Her remedies worked well, so she began offering them to other African-American women. In 1905, she moved to Denver, married newspaperman Charles Joseph Walker, and started her own company. She sold her products door to door and bought ad space in

newspapers. Walker later opened Lelia College, where she and her daughter trained other women to use and sell the product line, which had expanded to include items such as complexion soap and dental cream. At least 20 women completed the program every six weeks. Besides becoming a millionaire from the sales of her products, Walker made a huge contribution to the African-American community by empowering women to make their own mark in the business world.



© A'Lelia Bundles/Walker Family Collection/madamcjwalker.com

Why do you think Madam C. J. Walker became such a successful entrepreneur?

THINK CRITICALLY

Why is it important for entrepreneurs to make contributions to their community in addition to offering a product or service?

MICROSOFT Bill Gates and Paul Allen founded Microsoft, a multinational computer technology corporation, in 1975. Current best-selling products include the Microsoft Windows operating system, Microsoft Office software, Xbox, and the Internet search engine Bing. The name “Microsoft” was formed by combining the words “micro-computer” and “software.” Paul Allen retired in 1983, and Bill Gates went on to head the growing company.

Bill Gates became interested in computers at the age of 13, when he wrote a tic-tac-toe program that allowed users to play against the computer. While still in high school, Gates and his childhood friend Paul Allen wrote a computer program to monitor the traffic patterns in Seattle, Washington, giving them their first early experience with microprocessors. Gates pursued his interest when he attended Harvard University, but remained in contact with Paul Allen. In 1975, they collaborated on the development of a software program to run the Altair, an early personal computer, and soon after they started Microsoft.

In 1980, Microsoft formed a partnership with IBM and provided the operating system for IBM computers. In 1985, Microsoft launched its own operating system. By the 1990s, Microsoft Windows was the dominant operating system, and Microsoft had captured over 90 percent market share of the world’s personal computers. As of 2014, Microsoft had a global annual revenue of more than \$86 billion and employed over 128,000 people worldwide.

HARPO PRODUCTIONS, INC. While attending Tennessee State University, Oprah Winfrey worked at a local radio station. She got her start in TV as a news anchor on a Nashville TV station. In 1986, she began hosting *The Oprah Winfrey Show*, which went on to become the highest-ranked talk show in television history. It remained on the air until 2011. Winfrey’s love of acting and her desire to bring quality entertainment projects into production prompted her to form her own production company, HARPO Productions, Inc., in 1986. Today, HARPO is a formidable force in film and television production. The company also is a partial owner of the Oprah Winfrey Network (OWN), a cable network joint venture with Discovery Communications. Harpo Print LLC publishes the popular *O, The Oprah Magazine*. In addition, Oprah has won praise for her humanitarian work, such as the formation of the Leadership Academy for Girls in South Africa. Oprah’s immense influence has far-reaching effects in many aspects outside of media.

Entrepreneurial Opportunities in Our Economy

Small businesses drive innovation and job creation in industries across the country. Even during downturns in the economy, entrepreneurial opportunities still exist. While big businesses tend to be more conservative in their approach to economic slowdowns by scaling back production, conserving cash, and laying off workers, small businesses that have less to lose are more willing and able to make changes quickly. They can be more creative and take more risks than large companies. Their experimentation and innovation lead to technological change