THE PATH NOT TAKEN

INTRODUCTION

Throughout history, entrepreneurs have assumed the risk of organizing natural, human, and capital resources to produce goods and services. In doing so, entrepreneurs make choices and incur opportunity costs. Opportunity cost is the highest valued alternative that must be forgone because another option is chosen.

ECONOMIC CONCEPTS

Choices
Alternatives
Entrepreneur
Opportunity cost

RELATED CONTENT AREAS

Language arts (flowcharts)

OBJECTIVES

- ◆ Identify choices.
- ◆ Define opportunity cost.
- ◆ Define entrepreneur.

LESSON DESCRIPTION

Students create a decision/opportunity cost flowchart for *Madam C. J. Walker*.

TIME REQUIRED

- ◆ Two class periods

MATERIALS

Transparency Visual 1, *Joe's Flowchart*
Dictionary
★ Activity 1, *Madam C. J. Walker: The Path Not Taken* for each student
Transparency of Visual 2, *Madam C. J. Walker Flowchart*
Literature or social studies books
Highlight markers or ink pens

PROCEDURE

1. Discuss a choice made in the past week. Ask students to talk about choices they have made during that week. Record these choices on one side of an overhead transparency or on the chalkboard.

2. Ask students to identify the alternative they passed up. For example, if someone chose to attend a soccer game after school, what did he or she give up the opportunity to do in that same period of time? (Answers will vary.)

3. Explain that this forgone option is called an **opportunity cost**. Opportunity cost is the highest valued alternative that must be given up when another option is chosen.

4. Discuss other choices made by individuals, groups, schools, and governments using local examples wherever possible. Identify the opportunity cost associated with each of these choices. Remember to emphasize that opportunity cost is not all other possible alternatives but rather the single highest valued alternative not taken.

5. Display Visual 1, "*Joe's Flowchart,*" and explain that people make many choices each day. The flowchart shows examples of two choices Joe made this morning and the opportunity cost of each of those choices.
   - Joe had to choose between sleeping longer or getting up when his alarm went off. He chose to get up. What was his opportunity cost? (sleeping longer) Shade "sleeping longer" with the overhead pen.
   - Joe got up on time so he had time to eat breakfast. He chose to eat a bagel. What was his opportunity cost? (cereal) Shade "cereal" with overhead pen.
   - Joe had to choose between a sweatshirt or a T-shirt this morning. He chose the T-shirt. What was his opportunity cost? (sweatshirt) Shade "sweatshirt" with the overhead pen.

6. Explain that a flowchart uses geometric figures and arrows to depict graphically possible and actual events. Flowcharts are often used to simplify complex ideas. Tell students they will use flowcharts to illustrate decision making and opportunity cost.

7. Instruct students to list several decisions they made yesterday after getting home from school. (What to eat, whether to do homework or watch television, and so on.)

8. Allow students time to create their own decision flowcharts using their lists of after-school decisions. Have them underline the opportunity cost of each decision.

9. Write the word entrepreneur on the board. Ask students to use the dictionary to find the origin of the word. (Entrepreneur, from the French word entreprendre, meaning to undertake.)

10. Explain that entrepreneurs "undertake" or assume the risk of organizing natural, human, and capital resources to produce goods and services. Entrepreneurship involves more than being in business or owning a business. Entrepreneurs are creative, resourceful, and innovative.

11. Ask students for examples of times they have been creative, resourceful, innovative, or of a time they have undertaken risk.

12. Provide examples and ask students to provide examples of entrepreneurs. (Andrew Carnegie, steel; James S. McDonnell, aircraft, space; Joseph Pulitzer, newspapers; Milton Bradley, games; Jan Matzlinger, shoes; Ray Kroc, McDonald's; Berry Gordy, Jr., Motown; Mrs. Fields, cookies; Dave Thomas, Wendy's.)

13. Explain that entrepreneurs make decisions and incur opportunity costs. When entrepreneurs use their time to develop and operate their own ventures (businesses), they give up alternative uses for their time. When they decide to use their money for one project, they give up being able to use it for another project.

14. Distribute a highlight marker or pen and a copy of Activity 1 to each student.

15. Have students read the biographical sketch and highlight or underline the choices Madam C. J. Walker made during her life. After highlighting these choices, students make lists of these choices and next to each choice write what they think her opportunity cost was. Emphasize that answers will vary and that there are many possibilities.

16. Discuss some of the choices and opportunity costs students noted.

    Choice
    - married a carpenter
    - worked as a washerwoman
    - moved to St. Louis
    - saved money

    Opportunity Cost
    - gave up being single
    - gave up staying at home
    - gave up home and job in Vicksburg
    - gave up spending money

17. Display Visual 2, illustrating a flowchart of Madam C. J.'s life up through her move to St. Louis.

18. Have students complete a flowchart of Madam C. J. Walker's life using whatever symbols they wish. For each of her choices, students shade or color in her opportunity cost.

19. After students complete their flowchart discuss:
    - Why was Madam C. J. Walker an example of an entrepreneur? (She organized resources to produce a

good. She was creative, resourceful, and innovative. She undertook risk.)

- What problem was she attempting to solve? (How to restore hair growth.)
- What risks did she take in starting and operating her business? (Moving to Denver without a certain job; trying to find work in Denver; attempting to perfect her products.)
- In what ways was she creative? (Adding sulfur to her tonics, developing several tonics, using door-to-door sales.)
- In what ways was she resourceful? (Working and saving money while perfecting her product; listening to and learning from others; recognizing and taking advantage of new opportunities.)
- In what ways was she innovative? (Placing her products on the market, organizing and training a door-to-door sales force.)
- How might Madam Walker's life been different if she had made different choices? (Answers will vary.)

CLOSURE

1. Review the following.
   - People make choices every day.
   - When choices are made, something is given up.
   - The highest forgone alternative is the opportunity cost.
   - Entrepreneurs undertake or assume the risk of organizing natural, human, and capital resources to produce goods and services.
   - Entrepreneurs make decisions and face opportunity costs.
   - Entrepreneurs are innovative, creative, and resourceful.

EVALUATION

1. Select short biographies from the class literature or social studies books or ask students to do some research about entrepreneurs. Instruct students to prepare a flowchart of the person's life, portraying choices made and identifying opportunity costs. Students should also identify examples of innovative, resourceful, or creative behaviors.

2. Ask students to select well-known athletes, musicians, or other public figures and identify choices and opportunity costs in their lives.

3. Have students ask adults to identify choices and opportunity costs in their lives.

EXTENSION

1. Use Lessons 1, 2, 3, and 4 from Unit 1, *Entrepreneurship in the U.S. Economy*, (New York: National Council on Economic Education, 1994).

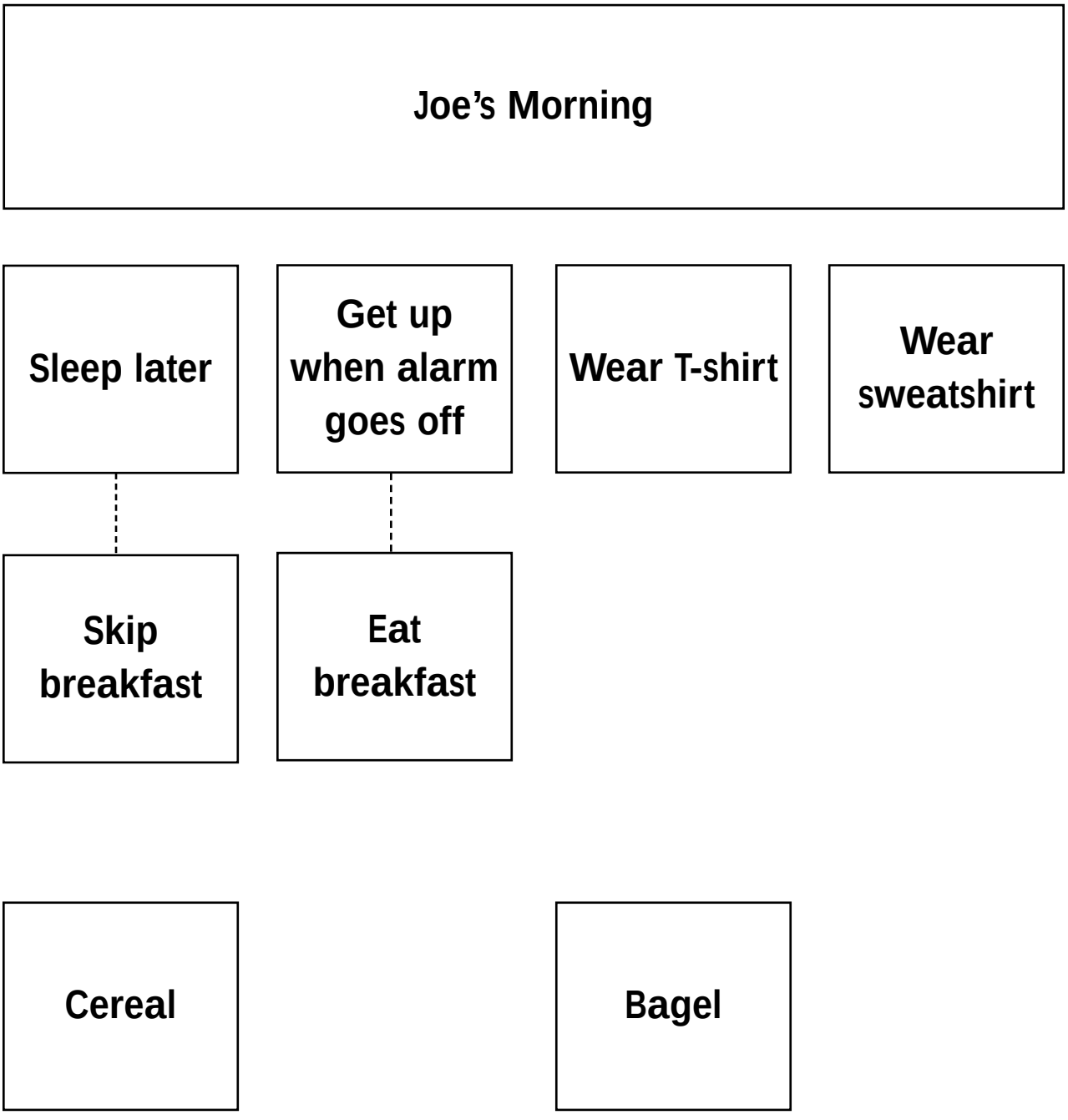
2. Invite local entrepreneurs to speak to the class. Ask them to describe some of the choices they made and the alternatives forgone.

3. Instruct pairs of students to interview the principal, teachers, and staff members regarding choices they have made and alternatives forgone. Using the interview information, instruct students to develop headlines and articles for an "opportunity cost" newspaper.

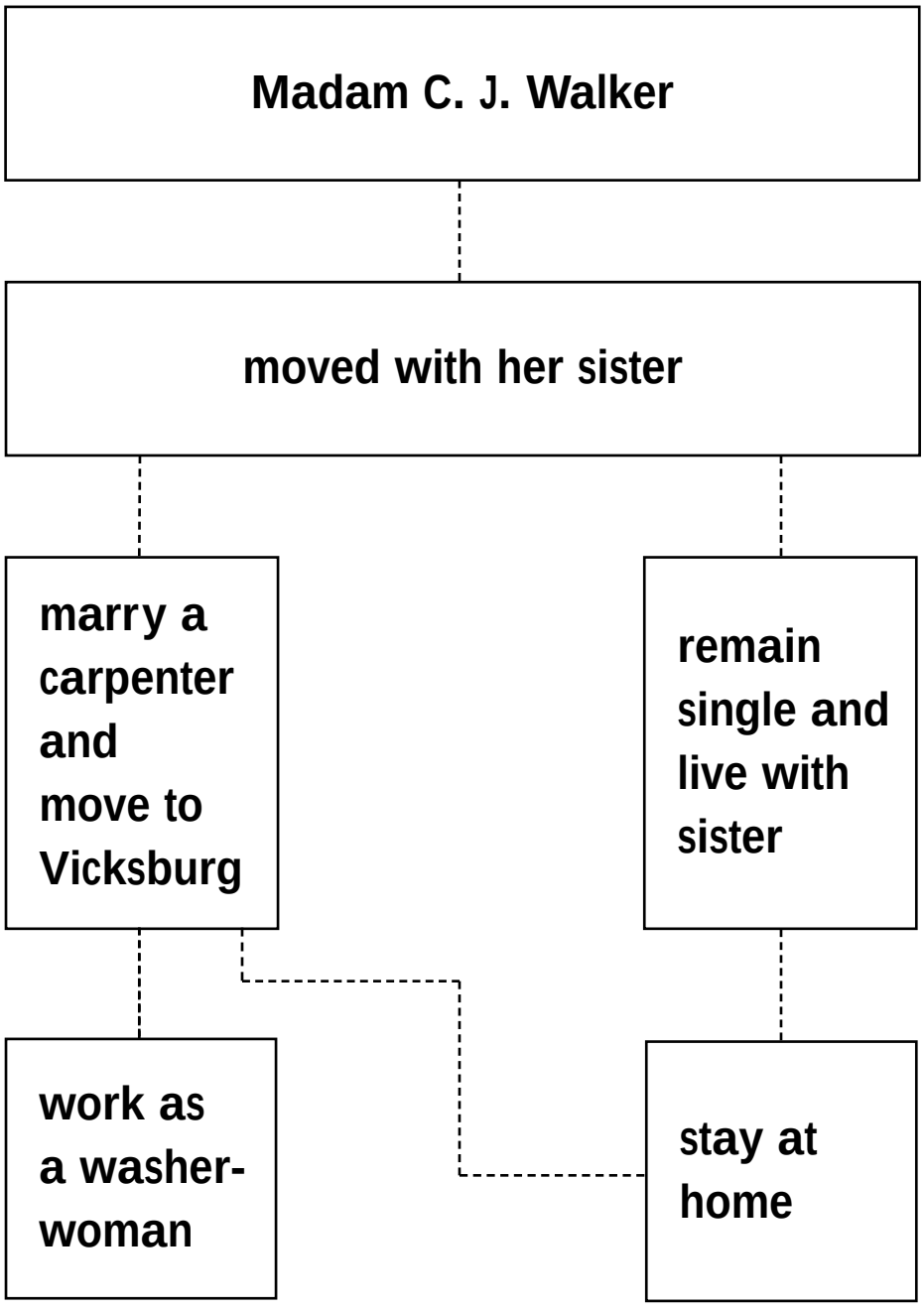
4. As a class, read *The Store That Mama Built* by Robert Lehrman (New York: Macmillan, 1992), or the biography of an entrepreneur. Ask students to keep a journal. Journal entries could include:
   - In what ways did the character(s) demonstrate creativity? Resourcefulness? The ability to be innovative?
   - What education, training, skills, and abilities did the character(s) possess?
   - What problem was the character(s) attempting to solve or what want was he or she attempting to satisfy?

- What risks did the character(s) take in attempting to solve a problem or satisfy a want?
- What choices did the character(s) make? What were the opportunity costs of these choices?
- Did the character(s) undertake endeavors that failed? If so, how did he or she handle failure?
- Did the character(s) recognize and take advantage of new opportunities?

VISUAL 1
JOE'S FLOWCHART



VISUAL 2
MADAM C. J. WALKER FLOWCHART SAMPLE



Name _____

ACTIVITY 1
THE PATH NOT TAKEN: MADAM C. J. WALKER

Sarah Breedlove was born in 1867, two years after the end of the Civil War. Her parents were freed slaves who worked the land in Mississippi as sharecroppers. They paid their rent to the landowner in crops, leaving little extra for the family. At a very early age Sarah and her older sister took in laundry to supplement the family income. When she was seven, her parents died of yellow fever, leaving the two sisters orphans. When her sister married, Sarah went along, but her brother-in-law was not kind to her. At the age of 14 she married a carpenter and moved to Vicksburg to escape the bad situation.

She helped her husband, Moses McWilliams support the family by working as a washerwoman. At age 17, she had a daughter, A'Lelia. Soon after that her husband was killed in an accident. Sarah learned that opportunities existed in the West and decided to move with her daughter to St. Louis to start a new life. She was able to get work as a laundress and was determined to make a better life for her daughter.

Sarah was a very hard worker and saved enough money for an apartment and for A'Lelia to attend school. She even saved enough to send A'Lelia to a small African-American college in Tennessee.

Sarah attended a lecture at the 1904 World's Fair given by Mrs. Booker T. Washington. Sarah took Mrs. Washington's lecture to heart. After years of concentrating her energies on raising a daughter, Sarah was inspired to begin improving her own life. First she had to solve a personal problem that stood in her way. Either from poor diet or very hard work, Sarah had lost most of her hair. She began experimenting with various tonics and creams to restore hair. She had a dream in which she was told to order a compound (sulfur) to add to her mixture. Amazingly the tonic with sulfur worked and she began to sell the mixture to friends. One of her friends was Charles Joseph Walker, a newspaper salesman. Mr. Walker gave her some excellent advice about selling her product.

Sarah decided it would be good to sell her product in an area where she had less competition and a stronger market. With $1.50 in savings, she moved to Denver to make her fortune. She worked as a cook for a wealthy pharmacist and saved her money while perfecting her three main products, Wonderful Hair Grower, Glossine, and Vegetable Shampoo. These products became extremely popular within Denver's African-American community. While living in Denver, Sarah had kept up her friendship with Mr. Walker by mail. Finally, they were married and Sarah renamed her product line "Madam C. J. Walker" to add an air of mystery. Her products were the talk of Denver.

Charles thought she should concentrate her sales in Denver but Madam Walker had a different idea. She embarked on a year and a half sales trip across the country training a sales force of African-American women to distribute her product. Sales boomed. Because so many of her sales were by mail, she decided to move her headquarters to a more central city. She selected Pittsburgh. In Pittsburgh, her daughter joined her to help run the company. They opened a school for training Walker sales women called Lelia College. This was a revolutionary concept for training and is still widely copied today. The women all dressed in black skirts and starched white blouses and were very well groomed. They learned about the products and sales techniques for door-to-door sales.

In 1911, the sales force had grown to 950 women. The business grew so fast that it outgrew the Pittsburgh headquarters, so she decided to build a new factory in Indianapolis. Charles was opposed to this expansion and the couple divorced. Madam C. J. Walker expanded the sales force to the Caribbean and Central American markets. A'Lelia urged her mother to move the headquarters to Harlem, the center of African-American culture. Madam C. J. Walker became a celebrity and was invited by President Wilson to come to the White House. In 1918, Madam C. J. Walker officially became the country's first female black millionaire. After her death, her daughter continued the successful family tradition.