

LESSON 1

Entrepreneurs--- then and now

TIME REQUIRED:

One Class Period

CONCEPTS:

Entrepreneur
Enterprise

INSTRUCTIONAL OBJECTIVES:

Students will:

- Define entrepreneur and give examples of outstanding entrepreneurs in American economic history
- Compile a list of characteristics and traits common to successful entrepreneurs
- Identify and discuss contributions entrepreneurs make to improve the quality of life for everyone

RATIONALE::

The American free enterprise economic system encourages individuals to take the risk of starting new businesses. A recent study indicates that approximately 8,000 new businesses are started every week in the United States.

Our country's economic growth is directly linked to its entrepreneurial activity. Individuals see a need in the marketplace to introduce a new product, a service, or a technology. Based on their perception of that need, these individuals start a new business.

This economic activity benefits everyone's quality of life. New businesses introduce new products into the marketplace that make our lives easier, give us more leisure time, improve our health, offer us more choices, and usually create jobs.

By studying successful entrepreneurs, we can understand the relationship of their contributions to our country's economic growth and to our ever improving standard of living. We are also able to recognize skills and traits common to successful entrepreneurs.

MATERIALS:

- Examples of new products
- Activity 1 "Entrepreneurs---then and now"

VOCABULARY:

Entrepreneur : an individual who recognizes opportunities (wants or problems) and uses resources to implement innovative ideas for new, thoughtfully planned ventures

PROCEDURES:

1. Display on a table in the classroom approximately 10 new products with which students would probably be familiar.

Examples:

Velcro	Post-it Notes
Compact Disc	Nintendo Game System
Microwaveable Food	Disposable Camera
Car Telephone	Pizza Delivery Service
Corian Countertop	Discovery Credit Card
Sample	
Reusable Cold Compress	
(Refrigerator type)	

In cases where you cannot obtain the product, display advertisements or pictures of it.

2. Discuss these products with students.
 - a. Do they have any common characteristics?
 - b. How do they improve our lives?
 - c. How do they benefit society?
3. Encourage students to suggest other new products with which they are familiar. Introduce the concept of economic goods and services. Discuss the introduction of new service products as new businesses as well.
4. Discuss the concept of *entrepreneurship* with students. The word was introduced by the French economist J. B. Say in 1803. It means "to undertake"; someone who starts his or her own new business.

5. Ask a student to go to the chalkboard. Encourage other students to call out products and individuals associated with them.
Examples:
Car---Henry Ford
Fried chicken---Colonel Sanders
Apple computer---Steve Jobs
6. Discuss the relationship of these products to starting entire industries---automobiles, fast food, personal computers, etc.
7. Distribute to each student one of the stories provided in Activity 1 about an entrepreneur from American history. (You may wish to substitute other stories, particularly stories about entrepreneurs in your community or region.)
8. Ask each student to read the story and be prepared to:
 - a. identify and describe the product or products the entrepreneur introduced to the market-place
 - b. discuss any unique characteristics of the entrepreneur and/or the product and business
 - c. list any benefits to society contributed by the product and business
9. Divide the class into small groups. Each of the students in the group should have a story about a different entrepreneur. Have each student share with his or her group the assignment as described in procedure 8 above.
10. After each group has learned about the individuals portrayed in their assignment, ask the students to compile a list of strengths, special traits, and characteristics of the successful entrepreneurs. Request each group to appoint a group member to record their findings.
11. After the groups are finished with this activity, ask the recorders to share their conclusions with the group. The teacher or a student should assemble the class list on the board for discussion and review. Leave the list on the board if you plan to conduct Lesson 2.

ACTIVITY 1 • PART A

Entrepreneurs--then and now

Benjamin Franklin

1706-1790

Benjamin Franklin was one of 17 children of a poor but honest candlemaker in Boston. There was not enough money to allow him to go to school so he became an apprentice printer to his brother. This was an unhappy relationship because, like many brothers, they agreed on little and did not work well together. While a teenager, Franklin ran away and eventually went to England where he perfected his skills as a printer.

He returned to the United States and was recognized as one of the most skilled printers in the colonies. He moved to Philadelphia in the late 1720s. He found it was difficult to become established as a printer in Philadelphia because there was a large number of other printers already in business. The only way he could succeed was to do it better. He started a new newspaper, *The Pennsylvania Gazette*. What made his paper a success was that it included many entertaining and clever sayings, as well as being written in a light and sometimes comical fashion.

But by far Franklin's most profitable enterprise was *Poor Richard's Almanack*, which he published annually between 1732 and 1757. What made *Poor Richard's Almanack* unique was that it was "a book for every member of the family." It included recipes, poetry, historical dates, maps, and the times of the court sessions. For parents, the almanac was arranged so that they could use it to teach their children

the alphabet and how to read. The sales of *Poor Richard's Almanack* ultimately reached 10,000 copies a year---second only to the Bible in the colonies.

Franklin was also the first person to believe in newspaper advertising. He recognized that the price of newspapers to the public could be kept down if part of the cost was picked up by advertisers. But he could not convince other businesses to advertise in his newspaper. So he began by advertising an invention of his own, the Franklin stove. The stove was an ingenious device that was a superior way of heating cold and drafty colonial homes. Sales of his stove boomed due to advertising.

Other colonial merchants began to advertise, too. In addition to being a shrewd businessman, Franklin was also a great inventor. In fact, only Thomas Edison has more inventions to his credit than does Benjamin Franklin. He experimented with electricity. He invented bifocal glasses. He devised a variety of medicines.

Franklin became one of America's greatest statesmen. He was also a great philanthropist. It was said of him that his life contained the unique elements that are identified in the American business success story: ambition, creative enterprise, self-education, research and invention, community service, and philanthropy.

ACTIVITY 1 • PART B

Entrepreneurs---then and now

Milton Bradley

1836-1911

Milton Bradley Games

When Abraham Lincoln first grew a beard during the 1860 presidential campaign, it almost spelled financial ruin for a young Massachusetts lithographer named Milton Bradley.

The owner of a Springfield print shop, Bradley had been cashing in on the upcoming election by reproducing a portrait that showed the Republican candidate with a hairless chin. When Lincoln suddenly rendered the likeness obsolete, Bradley was forced to destroy several hundred thousand prints. This put the lithographer on the razor's edge of bankruptcy, until a friend suggested that he try inventing a

board game, which he could then print with his idle press.

Bradley followed his friend's advice and came up with the *Checkered Game of Life*, a contest in which players racked up points by landing on squares with words like *Truth* and *Honor*, while avoiding ones with *Ruin* and *Intemperance*. Peddling the game personally throughout New York and New England, Bradley sold 45,000 copies the first year. Shortly thereafter he became the top game manufacturer in the United States, a multimillionaire and---undoubtedly---one of the biggest fans of Abe Lincoln's beard.

*Source: Fucini, J. & S. *Entrepreneurs: The Men and Women Behind Famous Brand Names and How They Made It*. G. K. Hall & Co. @ 1985.*

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ACTIVITY 1 • PART C

Entrepreneurs---then and now

Maurice McDonald

1902-1971

Richard McDonald

1909-

McDonald's Hamburgers

Brothers Maurice and Richard McDonald left their New Hampshire village of Bedford for Hollywood in 1928 with dreams of becoming actors.

It wasn't on theater marquees, however, but under the golden arches of a San Bernardino hamburger restaurant that the two would later see their name in lights. After failing to make it as actors, the McDonalds ran several businesses, including a movie theater, before opening their hamburger stand in 1948. Unlike similar restaurants that prepared food to order, the McDonalds' stand served precooked, ready-to-go hamburgers for \$.15

In 1954 their business caught the attention of Ray Kroc (1902-1984), a former big-band pianist who was then working as a sales agent for a milkshake mixer firm. Kroc convinced the brothers to allow him to sell the McDonalds' name and concept to other restaurant operators.

There were some 300 McDonald's franchises by 1961, when Kroc bought out the brothers (who then retired) for \$2.7 million.

Although this sum would seem small compared to the company's eventual success, the brothers remained philosophical. "We didn't know if this was just a fad that would peter out," Richard McDonald recalled in 1983, "but I have no regrets."

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ACTIVITY 1 • PART D

Entrepreneurs--then and now ***Berry Gordy, Jr.*** ***1929-***

Creator of the Motown Sound

There are very few individuals in this country, and probably around the world, who have not heard of or been influenced in some way by the Motown sound. The list of great stars is seemingly endless.

Smokey Robinson, Diana Ross, Marvin Gaye, The Temptations, Lionel Richie, The Jackson Five, and Stevie Wonder are only a few of these great performers who during the 1960s and 1970s put a lot of soul into the music world and the nation. The development and significance of the music, however, did not come about by accident. It was the direct result of the ambition and entrepreneurial ability of one man.

Berry Gordy, Jr., was born the seventh of eight children in Detroit on November 26, 1929. Although he never finished high school, Berry obtained his high school equivalency diploma while he served in the Army. When he left the service, he initially worked with his father, who was a plastering contractor. Berry then took a job at a Ford Motor Company plant where he made about \$80 a week. Berry found the work not to his liking. He started, with a partner, a record

store called the 3-D Mart, which failed shortly thereafter. However, a man of Berry's ambition, energy, and perseverance was not to be kept down for very long.

In 1959, Berry Gordy, Jr., borrowed \$800 from his family and started a small record company. The company was not an instant success. It was not until 1962 that the company was in good financial shape. In that year, Motown had 11 Top Ten Rock and Blues hits and was firmly established in the recording industry. The number of hits continued to roll out of the studios and into the record stores throughout the nation. There have been a number of significant results from that initial investment of \$800 by Berry Gordy, Jr. The fact that it has made him many millions of dollars over the years is only one. There is also the tremendous social impact that Motown Records has had in America. Through music the nation has developed a greater sense of togetherness as opposed to the discrimination and conflict of the time when Berry Gordy started the business. The gains made by many black entertainers and other professionals would not have been possible without the success of Motown.

ACTIVITY 1 • PART E

Entrepreneurs--then and now ***Laura Clough Scudder*** ***1881-1959***

Although Laura Clough Scudder had already achieved a place in history in 1918 as the first female attorney in Ukiah, California, when she died in 1959 she was hailed as the "Potato Chip Queen of the West." During her lifetime, Laura Scudder earned degrees in law and nursing, and built a home-grown potato chip business into a multimillion-dollar empire that spanned the West Coast.

In the 1920s grocery stores sold potato chips by the pound from glass display cases. Grocers put the chips in paper bags when they were purchased, and by the time the consumer arrived home, the chips were often stale and broken. Scudder decided that she could make better potato chips and invented a way to package them to keep them fresh. The new method of packaging provided the added advantage of allowing customers to serve themselves.

In 1926, Scudder produced her first batch of kettle fried potato chips in the kitchen of her home. She began with 200 pounds of potatoes--washed, peeled, and sliced by hand. Later, the business was moved to a brick building that she and her husband built next to their home.

As the sales grew, Scudder hired other women to help. The employees took sheets of waxed paper home at night and hand-ironed them into bags. The next day at work, they filled the bags with fresh potato chips and sealed each bag at the top with more hot ironing.

During the early years of the business, the Scudder family delivered their bags of potato chips to stores in the family automobile. Soon, they found they needed to purchase a panel truck to deliver the growing number of bags sold. Originally delivering her Mayflower Potato Chips in southern California only, Scudder eventually branched out to include northern California, where grocers sold her chips under the name Blue Bird Potato Chip Company.

By 1953 Scudder's potato chip operation had outgrown the original plant and she opened a second manufacturing plant in Fresno, California. The business now employed 1,000 people and accounted for about 50 percent of the potato chip market in California. Annual sales climbed to \$15 million. In 1957, Scudder sold her potato chip company to Signal Oil and Gas Company for nearly \$6 million.

Source: Adapted from "From the Ground Up, The Entrepreneurs Behind Household Names," by Frances Huffman. Reprinted with permission from *Entrepreneur Magazine*, Irvine, CA, September 1989.

ACTIVITY 1 • PART F

Entrepreneurs---then and now

Mary Anne Jackson

1954-

Juggling a career and motherhood, Mary Anne Jackson, 35, found herself devoting Sunday nights to preparing tasty, nutritious meals that would be easy for a baby-sitter to serve her young daughter when she was at work. When she lost her job, Jackson turned this Sunday night routine into a business.

Her company---My Own Meals, Inc.---is the first to mass-market packaged meals for children aged two to eight. The company produces five different meals with names such as "My Turkey Meatballs" and "Chicken, Please." The meals retail for less than \$3.00 each.

The meals are pressure-cooked and vacuum-sealed in plastic pouches using a retort process, which makes them shelf-stable. The meals can be easily carried in a purse and heated at a friend's house. Because they are not frozen, they heat up in a few minutes. The retort packaging also enables Jackson to vie for shelf space in supermarkets rather than slots in the overcrowded frozen food section, which are harder to come by.

Since April 1988, the company has been selling meals through a supermarket chain in Illinois and through the mail. Company sales totaled \$500,000 for the year.

Source: "100 Ideas: Meals for Tots," *Venture Magazine*, New York, NY, November 1988. Reprinted with permission.