

Foreword

Entrepreneurship is one of the most important “engines” that drive our country’s economy. Through entrepreneurship, new ideas are turned into new business products, new ways are discovered to provide services to people, and entire new industries are created. In recent years, the businesses of successful entrepreneurs have not only contributed to economic vitality, but also have created most of the new jobs that employ the people of our country.

As you earn the Entrepreneurship merit badge you will examine what entrepreneurs do, their characteristics and skills, and the different ways they contribute to our society. You will learn about identifying market opportunities, creating and evaluating business ideas, and exploring the feasibility of a business idea as you develop a basic business plan. You will also have the opportunity to see how everything fits together as you start and operate your own business venture.

As you read the concepts, information, and activities in this manual, keep in mind that many Scouts who start a business to earn the Entrepreneurship merit badge will probably operate that business for only one to three months. Some of the areas covered—especially the financial areas—may appear a little complicated when you first read about them. However, you will find that these are really not difficult to handle (and, in fact, can be fun) when starting up and running a small business for a short time.

Entrepreneurship is important for continued economic growth and community development. As entrepreneurs improve the quality of the lives of others and of their communities, they improve the quality of their own lives. We hope you will enjoy your introduction to entrepreneurship and will come to understand and appreciate its potential for developing self-sufficiency and personal fulfillment.

Entrepreneurs: What Do They Do?

Think about the following occupations and what these people do:

- Teacher
- Doctor
- Police officer
- Bank teller
- Taxi driver
- Engineer
- Psychologist
- Computer analyst

Even though you might have a pretty clear idea of what some of these occupations involve, your definitions might still be somewhat different from those given by other Scouts. Guess what? You might all be correct. The same is true for defining an *entrepreneur*.



Every Problem Is an Opportunity

People often feel confused about what an entrepreneur is and does. To understand the entrepreneur, think first about the word "problem."

Everyone encounters problems every day. Problems frustrate, confuse, and annoy most people, unless those people happen to be entrepreneurs. Entrepreneurs view problems as *opportunities*. When they encounter problems, they start looking for solutions. **Entrepreneurs are problem solvers.** If you see problems as opportunities to find solutions, then you may be an entrepreneur at heart.

Think of some things people might want that are not readily available, such as

- *A do-it-yourself cleaning kit for a home computer*
- *An umbrella that does not bend or break in a strong wind*
- *A way to eat chocolate on a hot day without it melting and making a mess*
- *A way to watch videos in the car on a long road trip*

Look again at that last one. Did you know that companies have begun producing cars with video screens and VCRs built into the front-seat headrests so that passengers in the back seat can watch videos? That sounds like an idea first developed by an entrepreneur!

There will always be new wants and desires in our advancing society, and resourceful entrepreneurs will always be seeking solutions for them because that is what entrepreneurs do. They *recognize* opportunities and take *action*.

What Is the Marketplace?

The "supermarket" is the name we give the place where we buy our food. The *marketplace* is the name we give to the entire "arena" of places where we can buy all sorts of goods and services. If you can identify a group of people who want to buy a particular good or service, you have identified a potential *market*. Whenever there is a potential market for a good or service, there is an opportunity to start a business.

Goods are something physical that you can touch. Sometimes goods go by other names, such as "merchandise" or "items." Some examples of goods include cars, clocks, clothes, food, jewelry, and baseball cards.



A **service** is something that you cannot touch—it is something you provide. A haircut is an example of a service. Yes, you can touch hair, but you are paying for the service of having your hair cut. Some other examples of services include tutoring, lawn mowing, dog walking, Web page design, snow removal, and pool cleaning. In this pamphlet, you will sometimes see the words "business product" or "product" used to refer either to a good or to a service produced by a business.

The Entrepreneur's NEWS— Read All About It!

One way to think about what motivates entrepreneurs is to consider the "NEWS." The "N" stands for **needs**, and the "W" for **wants**. (Note: Although economists are usually careful to talk only about the *wants* of the marketplace, the average customer is more likely to think in terms of both needs and wants. For more about the differences between needs and wants, see the *Personal Management* merit badge pamphlet.)

Entrepreneurs are also motivated by **events**—and that's the "E." Sometimes entrepreneurs find opportunities when special events happen. If aliens were to land on Earth, you can be sure some enterprising entrepreneurs would see opportunities to create business ventures. Just think of the possibilities in arranging everything from Super Bowl appearances to parades and interviews—or in creating and marketing space-alien action figures.

Entrepreneurs are also motivated by the element of **surprise**—and that's the "S" in the NEWS. Entrepreneurs love to surprise people with things they would not have imagined on their own, and which they did not previously think of as a need or want. If you look at "infomercials" on television, you will see occasional examples of goods and services dreamed up by entrepreneurs—who then figure out how to create a demand for them.

On the Lookout for Opportunities

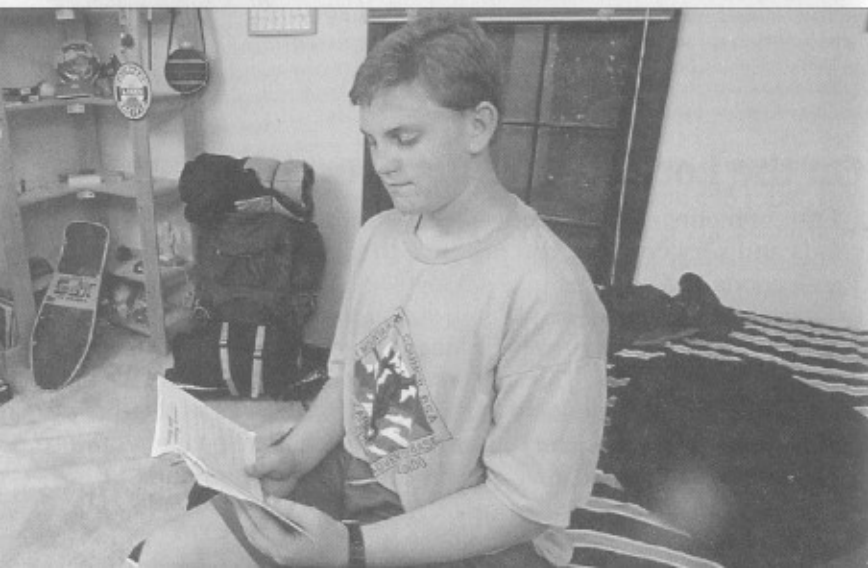
Entrepreneurs are constantly looking for problems to solve and for goods and services they can produce that people will want to buy. These goods and services may satisfy needs, fulfill wants, contribute to an event, or surprise people with something new that is of interest.

When entrepreneurs turn their ideas into businesses, they help the national economy grow. Through entrepreneurship, many Scouts may be able to improve the quality of their own lives as well as the quality of other people's lives. The United States has a history of encouraging individuals to realize their dreams through entrepreneurship.

Everything Has an "Opportunity Cost"

Entrepreneurs, like all successful people, carefully consider their *opportunity cost*. For example, when they commit time and money to one entrepreneurial venture, they cannot commit that same time and money to another. They must determine where it is wisest to invest their time and money, based on what their return or *profit* will be. Taking opportunity cost into consideration not only helps them make better decisions, but also gives them greater confidence in their decisions, particularly when the decisions involve risk.

Opportunity cost is a very important consideration for entrepreneurs, just as it is for anyone doing anything. Consider, for example, that while you have been reading this, you could have been doing other things with your time: hanging out with friends, fixing a snack, playing sports, or getting ready for a camping trip. By choosing to read this pamphlet, you made a decision about what you believed to be the best use of your time. The next best thing you could have done with your time (that is, your next best alternative, which you gave up—perhaps getting ready for a camping trip) is your *opportunity cost* of reading this pamphlet.



Giving People What They Want

Entrepreneurs are excited by the challenge of finding solutions for what people want. They evaluate those wants carefully in their search for solutions. Sometimes people want a thing that does not yet exist, such as an unbreakable umbrella. Sometimes they want a better-quality product than one already available, or they want something available elsewhere, not just locally. Alternatively, they might want a less-expensive version of a product already available.

If people want something that does not exist, an entrepreneur may actually invent a new product and create a business to sell it. However, most entrepreneurs are not inventors. Instead, they are usually the ones who figure out how to turn other people's inventions into goods and services that customers are willing to buy.

Entrepreneurial talents can be useful in many areas in addition to starting new business ventures. For example, some entrepreneurial thinkers start community programs, help corporations move in new directions, or advise government agencies on how to solve specific problems. Entrepreneurs contribute to every aspect of society.

Some of the United States' best-known entrepreneurs are in the business world. Some started small businesses to produce a good or service, and their businesses then grew into major corporations. Can you name some famous United States entrepreneurs from the past one hundred years? You'll see a list of several well-known ones on page 14. Why are these people famous? What have they done that's noteworthy?

Activity: Identifying Entrepreneurs

Identify five people you think are entrepreneurs. What do they do? Why do you think they are entrepreneurs? How do they affect the lives of other people? What would not exist if it were not for their efforts?

Some Famous U.S. Entrepreneurs

Entrepreneur

Wally Amos

Mary Kay Ash
Henry W. Bloch
Emilio Estefan
Debra Fields
Henry Ford
Bill Gates
Berry Gordy
Leon Gorman
Steven Jobs

Ewing M. Kauffman
Ray A. Kroc
J. Willard Marriott
John Rodriguez
Gary Yang
Henry Yuen

Entrepreneurial Business Venture Grew Into:

Famous Amos Chocolate Chip
Cookie Corporation
Mary Kay Cosmetics
H & R Block
Crescent Moon Recordings
Mrs. Fields Inc.
Ford Motor Company
Microsoft Corporation
Motown Record Corporation
L. L. Bean
Apple Computer and Next
Computer
Marion Merrell Dow Corporation
McDonald's Corporation
Marriott Corporation
AD One
YAHOO! Incorporated
Gemstar International Group Ltd.

Activity: What Is an Entrepreneur? "If You Asked Me, I'd Say ..."

It's no easy task to state exactly what an entrepreneur is, but give it a try. You might be the person who comes up with the best definition. Entrepreneurs are creative and try to solve problems, so use this activity as an opportunity to be entrepreneurial; create a definition that works for you. Write your response.

Entrepreneurs: Their Roles and Contributions

The list of famous U.S. entrepreneurs on page 14 includes the name of the man behind Famous Amos cookies. Think about what it took for him to achieve this distinction. Lots of people know how to make delicious cookies, but very few have the initiative to set up businesses to produce and market them.

Many people also have the equipment at home to bake cookies. To turn cookie-making into a commercial venture, however, requires many things, including professional equipment, huge quantities of ingredients, workers, package designers, delivery services, and retail sellers. All of these things are examples of *resources*—different elements that must be found and combined to produce a business product. Bringing resources together and then managing them is not easy. It takes time, skill, commitment, effort, and money.



The Risk Is Real

When entrepreneurs begin a new venture, they risk losing their own money or money from investors. They risk losing the time and effort they've invested. They risk a loss of pride if their idea does not work. They risk losing their livelihood—their means of supporting themselves. If they have employees, their employees' jobs are also at risk.

Fear of risk keeps many people from becoming entrepreneurs. They prefer to take the safer route of being employed by someone else—even though few jobs are completely secure. Entrepreneurs readily take risks other people avoid. These are rarely foolish or reckless risks; rather, entrepreneurs carefully consider potential risks, then weigh them against potential benefits and determine if a risk is worth taking.

Smart entrepreneurs also compare the potential benefits with other available opportunities. They make decisions based on the best information and expertise they can find. Entrepreneurs who decide to proceed with an opportunity enjoy the challenge of seeing if they can make it succeed. They thrive on challenge—on making a difference for themselves and others. The willingness to make decisions and take actions that involve risk is one of the key factors that distinguish entrepreneurs from nonentrepreneurs.

Are you this type of person? Would you be willing to take risks in order to achieve a personal goal in starting a business? What might lead you to be willing to take such risks?

Crazy—or Visionary?

Sometimes entrepreneurs pursue ideas that others think are crazy. It's true that entrepreneurs occasionally try business ideas so strange that they cannot succeed. It's also true, however, that entrepreneurs become highly successful by pursuing unusual opportunities that have been dismissed or overlooked by others. If and when these entrepreneurs succeed, the same people who predicted failure will view them as visionaries—pioneers who had great insight about the future. Such judgments by others—whether for or against, admiring or critical—go with the entrepreneurial territory.

People respect successful entrepreneurs. They respect the fact that entrepreneurs accept risks and produce goods and services others

want and will buy. They respect the fact that entrepreneurs always are thinking about the possibilities of how things *could be* instead of being satisfied with the way things *are*.

Job Generators

People also respect entrepreneurs because they create jobs for others. Entrepreneurs typically gather around them teams of people who help make their visions reality. A successful entrepreneur creates even more jobs. Entrepreneurship is an important “growth engine” for our economy, and businesses founded by entrepreneurs are a major source of employment in the United States. Many are small businesses, employing one to 20 people. Some have grown into huge corporations employing tens of thousands of workers. Thus, entrepreneurs are responsible for creating significant numbers of jobs in this country as well as providing goods and services that people want.

Entrepreneurs deserve the respect they receive. They see opportunities rather than problems. They seek solutions. They take risks, investing their time, energy, and financial resources to produce goods and services that better people's lives. In the process, they create jobs for others. For all of these reasons, entrepreneurs are important contributors to society.

Activity: The Role of Entrepreneurs and What They Contribute to Society

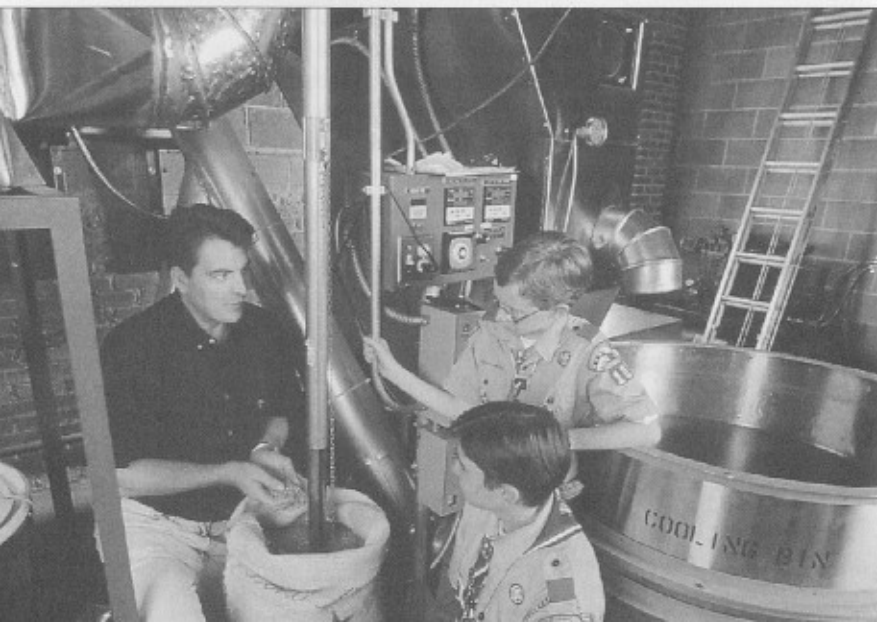
Think about the qualities it takes to be a successful entrepreneur. Now, describe what entrepreneurs contribute to society. While you may write out your thoughts, you might also enjoy expressing your creativity in a different manner such as drawing a picture, writing a poem, or composing a song that reveals your answer.



Entrepreneurs: Key Characteristics and Skills

While entrepreneurs have in common certain characteristics and skills, there is a wide range of individuality among them. In sports, some athletes do well because they love their sport and are trained to play it. They have developed their skills. Others exhibit natural talent and require less special training. Still others simply find their own successful approach to playing the game even though they might not have been trained.

In much the same way, some entrepreneurs receive formal training and skills development. Others have a natural flair for entrepreneurship. Still others break every rule or devise highly unusual approaches, but still succeed. Which do you think would be your style?



What Makes a Successful Entrepreneur?

While there is no recipe for becoming a successful entrepreneur, certain characteristics and skills are associated with entrepreneurial success. Here are several important personal characteristics and attitudes.

Do What You Love

Research shows that one of the most important qualities associated with successful entrepreneurship is **passion**. People who feel committed to what they do and who care deeply about it stand the best chance of being successful at it. The heart must become an ally of the mind. Think about this popular business saying:

*If your mind can conceive it,
and your heart can believe it,
then you can achieve it!*

Entrepreneurs typically care more about *what* they do than how much money they might make. They must earn an income, of course, or they cannot continue to be entrepreneurs; however, the amount they earn often is secondary to achieving their goals.

Believe in Yourself

Another key quality of the successful entrepreneur is **self-confidence**. Do you have confidence in your ability to succeed? Every entrepreneur encounters problems, and you must believe that you can overcome them. Other qualities you will need are persistence and the ability to complete tasks.

If you feel you lack self-confidence, perhaps you don't fully appreciate your past accomplishments. Think about all the things you've done. Have you participated in activities at school like music, art, and sports? Have you advanced in rank and earned merit badges in Scouting, and held positions of responsibility in your troop? Have you held part-time jobs? Do you regularly do chores at home? When you think about all of the things you have accomplished, you will find that you have every right to be self-confident. Successful entrepreneurs not only believe they are capable of success, but also believe they are *worthy* of success.

Look to the Future

Entrepreneurs create a vision of what they want their future to be, and then they work to achieve it. To accomplish their goals and make their vision a reality, successful entrepreneurs must have **drive** and be willing to work hard. Additionally, they are **opportunity focused** and **forward looking**. They are able to set both short- and long-term goals. These are some of the qualities that help them see problems as opportunities.

Accept the Challenges

Entrepreneurs are **willing to take risks**. They understand that risk is a natural part of trying to achieve goals. Their self-confidence helps them accept the challenges of the risks they take.

Entrepreneurs tend to **thrive on competition**. While they may actively compete with others, they are more likely to compete *against themselves*. They are constantly trying to improve their own performance.

Be Innovative

Although they might not realize it, most entrepreneurs are **creative**. This does not mean that they paint pictures or write poetry (although it can); rather, it means that they find innovative ways to solve problems. They always look for new and better ways to do things—ways that have not occurred to others. Believe in your ability to be creative. Experts say that the biggest block to creativity is *thinking* that you are not creative.

Keep Learning

Finally, entrepreneurs are **willing to learn**. They might already know a great deal, yet they recognize that no one knows everything and that they can learn valuable information from others. Frequently, entrepreneurs who are not open to learning will compromise their own ability to achieve success.



Is Entrepreneurship for Everybody?

Not everyone has the qualities to be an entrepreneur, or even wants to be an entrepreneur. Even a person who possesses the necessary qualities is not necessarily made happy by being an entrepreneur. People who have entrepreneurial characteristics are often happier working for someone else.

If you recognize that you have some of the characteristics discussed here but you do not feel drawn to becoming an entrepreneur, you can find ways to further your goals or your chosen career by putting your entrepreneurial characteristics to work for you. It may surprise you how much recognition you'll get for the good work you do.

Activity: Are You a Potential Entrepreneur?

Part 1: Entrepreneurial Characteristics— A Personal Review and Assessment

In the chart below, select the number that best indicates what you believe about each of the following. At the extremes, a "1" means "strongly disagree," while a "10" means "strongly agree."

I am a person who

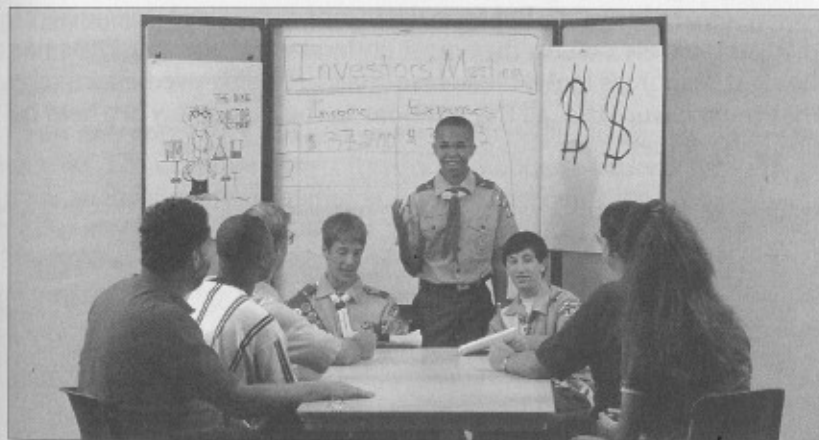
Is passionate, with strong feelings about things personally important to me	1	2	3	4	5	6	7	8	9	10
Is self-confident	1	2	3	4	5	6	7	8	9	10
Has high self-esteem	1	2	3	4	5	6	7	8	9	10
Is capable of accomplishing whatever I set out to do	1	2	3	4	5	6	7	8	9	10
Is self-reliant	1	2	3	4	5	6	7	8	9	10
Is opportunity oriented	1	2	3	4	5	6	7	8	9	10
Is forward thinking	1	2	3	4	5	6	7	8	9	10
Has vision and goals	1	2	3	4	5	6	7	8	9	10
Has drive and ambition	1	2	3	4	5	6	7	8	9	10
Is willing to work hard	1	2	3	4	5	6	7	8	9	10
Is willing to take a risk	1	2	3	4	5	6	7	8	9	10
Is competitive, especially against myself	1	2	3	4	5	6	7	8	9	10
Is creative	1	2	3	4	5	6	7	8	9	10
Is willing to learn	1	2	3	4	5	6	7	8	9	10

Add up your score. If it is over 100, you are a good candidate for entrepreneurship. But here's the surprise: If you scored less than 100, *you may also be a good candidate for entrepreneurship*. Remember, there is no set formula for who can or cannot be a successful entrepreneur. The purpose of this activity is to help you explore your interest in and abilities for entrepreneurship.

Some Entrepreneurial Skills for Success

As with any sport, having the right attitudes and characteristics can carry you only so far. You also need the *skills* that will help you succeed. However, unlike personal characteristics and attitudes—which often can be hard or impossible to change—entrepreneurs *can acquire* skills if they are willing to learn them. Additionally, they can hire people to work for them who have the needed skills. Either way, the following skills are important if the entrepreneur's business is to succeed.

Ability to Plan. The ability to plan is a key skill for entrepreneurs. They must be able to develop plans to meet goals in a variety of areas including finance, marketing, production, sales, and personnel (hiring and maintaining productive and satisfied employees).



Communication Skills. Entrepreneurs should be able to explain, discuss, sell, and market their good or service. It is important to be able to interact effectively with your business team. Additionally, entrepreneurs need to be able to express themselves clearly both verbally and in writing. They also should have strong reading comprehension skills to understand contracts and other forms of written business communication.

Marketing Skills. The success or failure of a business depends very much on whether the business reaches the market (its potential customers), interests the market, and *convinces those in the market to buy*. Many entrepreneurs who failed started with an innovative good or service that, with proper marketing, could have been highly successful. Good marketing skills—that result in people wanting to buy your product—are critical for entrepreneurial success.

Interpersonal Skills. Entrepreneurs constantly interact with people, including customers and clients, employees, financial lenders, investors, lawyers, and accountants, to name a few. The ability to establish and maintain positive relationships is crucial to the success of the entrepreneur's business venture.

Basic Management Skills. Many entrepreneurs are able to manage every part of a business. But even when entrepreneurs hire managers to attend to daily details, they must understand if their business has the right resources and if those resources are being used effectively. They must ensure that all the positions in their company are held by effective people.



Personal Effectiveness. To handle the pressures of their busy lifestyles, entrepreneurs must be able to manage time well and to take care of personal business efficiently. Because first impressions are so important, entrepreneurs must also pay attention to such things as personal grooming and telephone skills. For example, think of the difference in the impression made by someone who answers the phone with "Yeah?" versus someone who says, "Acme Company, this is Alex. How may I help you?"

Team-Building Skills. Because entrepreneurs usually assemble a team of skilled people who help them achieve business success, they must be able to effectively develop and manage the team.

Leadership Skills. One of the most important leadership skills an entrepreneur must have is the ability to develop a vision for the company and inspire the company associates to pursue that vision as a team. The expression "People would rather be led than managed" applies especially well to an entrepreneurial venture.

Few entrepreneurs possess every skill needed to ensure business success. For example, they often look to outside experts for help in areas such as strategic planning, accounting, contracts, legal issues, and specialized marketing.

Think about the skills necessary to be a successful entrepreneur. What are your personal areas of strength? In what areas would you most likely need help from other experts? Entrepreneurs must have the ability to realistically evaluate their own skills and to know when to draw on the skills of others.

Activity: Are You a Potential Entrepreneur?

Part 2: Entrepreneurial Skills— A Personal Review and Assessment

In the chart below, select the number that most closely corresponds to your skill in each area, with a “1” meaning the least amount of skill and a “10” meaning highly skilled.

Ability to plan effectively	1	2	3	4	5	6	7	8	9	10
Communication skills— speaking	1	2	3	4	5	6	7	8	9	10
Communication skills— writing	1	2	3	4	5	6	7	8	9	10
Communication skills— reading	1	2	3	4	5	6	7	8	9	10
Marketing ability	1	2	3	4	5	6	7	8	9	10
Interpersonal skills	1	2	3	4	5	6	7	8	9	10
Basic management ability	1	2	3	4	5	6	7	8	9	10
Personal effectiveness	1	2	3	4	5	6	7	8	9	10
Team-building skills	1	2	3	4	5	6	7	8	9	10
Leadership ability	1	2	3	4	5	6	7	8	9	10

Add up your score. If your score is 70 or above, you already have many of the key skills necessary to be a successful entrepreneur. If you gave yourself a score of 6 or less on any of these items, you might want to work to improve that skill. If you are determined, you can improve any skill you believe you will need to become a successful entrepreneur.

Identifying Entrepreneurial Opportunities

Now that you understand the qualities and skills successful entrepreneurs must have, consider entrepreneurial possibilities that might be right for you.

Find the Right Starting Place

Sometimes a great idea for a business will pop into an entrepreneur's head and the entrepreneur will “run” with it. The old saying that “ideas are a dime a dozen” is somewhat true. However, entrepreneurs do not want a “dime-sized” idea with little value. They want an idea that will carry forward their hopes, dreams, and business aspirations. Therefore, rather than simply trying to come up with a good idea, a better place to focus is on an *opportunity*. As noted earlier, opportunities are all around, and all are waiting for someone to do something about them—perhaps you.



Be Picky About Your Opportunities

Finding an opportunity does not mean you should automatically pursue it. It means you should evaluate it to determine if it is the right opportunity for you. Is there a large enough market for this opportunity? Can you pursue it in your own community so you do not have to travel far? Will it be an ongoing opportunity, or is it short-term? How much are the start-up costs? How much risk is involved?

While opportunities are all around you, not all are worth pursuing. Before you decide that a particular opportunity is right for you, compile a list of possible opportunities. Think of every problem, need, want, event, and new possibility that you can. Do not worry at this point about whether something seems too hard, too easy, too large, or too small.

Look for opportunities everywhere—at the mall, on your block, next door, at home, in your basement or backyard, on the Internet, on television, or in magazines or newspapers. If you let your creativity and energy flow freely, you may be surprised by how many opportunities you are able to find. Again, do not evaluate them. Just find them. To help you spot opportunities, complete the following statements:

I wish there was a . . .

I've always been bothered by . . .

This would be much better if . . .

This would be more fun if . . .

This would not hurt so much if . . .

Think of other statements or questions that can help you find opportunities. If you make a game of it, you'll have fun!

In the following activity, identify five opportunities. Then evaluate how much potential each opportunity has for you personally by giving it a rating of one to ten, with ten indicating the strongest potential.

Activity: Hunting for Opportunities

Opportunity No. 1: Problem, Event, or Surprise:

Where did you find this opportunity?

On a scale of 1 to 10, rank this opportunity. _____

Opportunity No. 2: Problem, Event, or Surprise:

Where did you find this opportunity?

On a scale of 1 to 10, rank this opportunity. _____

Opportunity No. 3: Problem, Event, or Surprise:

Where did you find this opportunity?

On a scale of 1 to 10, rank this opportunity. _____

Opportunity No. 4: Problem, Event, or Surprise:

Where did you find this opportunity?

On a scale of 1 to 10, rank this opportunity. _____

Opportunity No. 5: Problem, Event, or Surprise:

Where did you find this opportunity?

On a scale of 1 to 10, rank this opportunity. _____

Of the five opportunities you listed, select the three you believe are the best. Think carefully about the criteria or reasons you use to rank one above another.

Evaluating Entrepreneurial Opportunities

When you go to the store to shop for fresh fruits and vegetables, you use your senses of touch, smell, and sight to judge how good the individual fruits and vegetables are, to compare them, and to help you decide which pieces are best. You do the same when you shop for fresh bread. But how do you *evaluate* opportunities to judge how good they are and to compare them so that you can decide which opportunities are best for you?

Get the Knowledge

Occasionally, entrepreneurs successfully develop an opportunity they know nothing about. However, the more they know, the greater their chances of success. If you do not know much about an opportunity but still want to pursue it, begin by learning all you can about it.



Have the Interest

Along with knowledge, entrepreneurs must have a strong interest in the business area they choose. If you are not interested in what you're doing, you will limit how well or how long you'll be willing to do it.

Question Yourself

Questions to ask yourself include:

1. Do I think I have a good chance of coming up with a potentially successful product idea (either a good or a service) for this opportunity?
2. Do I think there are enough people who would actually be willing to purchase a good or a service to satisfy the problem, event, or surprise that I see as an opportunity?
3. What risk do I run that other entrepreneurs will also think so and will become my competitors?
4. How strong are the existing competitors (if any) who are already trying to meet the problem, event, or surprise?
5. Do I think I can effectively market a good or service for this opportunity?
6. Will it be expensive to pursue this opportunity? Do I have a good chance of making enough sales to cover my costs and keep a business running successfully?
7. If I establish a business around this opportunity, do I have a good chance that there will be a market for my product for a long time—or am I addressing a temporary problem, event, or surprise?
8. Do I believe I have enough information to determine whether this is an opportunity worth pursuing, and is my information accurate?

Activity: Selecting Opportunities by Different Criteria

Now, using the ways of evaluating opportunities that are discussed on page 31, decide *again* what you think are the three best opportunities from your list of five. Fill in the spaces below and compare the three you selected in this section with the three you selected at the end of the last section.

Current Top Three Opportunities

Previous Top Three Opportunities

If the top three opportunities you selected in this section are different from the top three you selected in the previous section, what made you change your mind?

Interview an Entrepreneur

By now you've realized that entrepreneurs are all around you in your community. Find one who is willing to be interviewed. Typically, entrepreneurs are generous about sharing what they know with interested young people. By finding out how the entrepreneur selected an opportunity, identified the best idea to meet the opportunity, and converted the idea into a business, you will develop insights into how to select your own best opportunity. You may even be able to question the entrepreneur directly about some of the opportunities (and ideas) you are considering.

The following are some sample questions you may want to ask the entrepreneur you select. You may also ask the entrepreneur general questions about anything covered so far. Try to develop some of your own questions—that would be the entrepreneurial thing to do.

Sample Questions for Your Selected Entrepreneur

1. When did you start thinking about becoming an entrepreneur?
2. Why did you want to be an entrepreneur?
3. What factors or what people influenced you to want to become an entrepreneur?
4. What are the most important entrepreneurial characteristics you think you possess?
5. What are the most important entrepreneurial skills you think you possess?
6. What were the biggest obstacles you had to overcome in becoming an entrepreneur?
7. What problem, event, or surprise did you identify as an opportunity?
8. What made you believe it was a good opportunity?
9. What business idea (good or service) did you come up with to address this opportunity?
10. How did you come up with your idea?
11. How did you know it was a good idea?



12. How did you identify and research your target market?
13. How did you identify and research your competition?
14. What problems did you have getting started and how did you overcome them?
15. Was it expensive to start your business? What, if any, problems did you have raising enough capital (money) for your business?
16. Where did you get the money to start your business?
17. What surprises did you encounter in starting your business?
18. How did you find the best people to be part of your business team?
19. What ideas and approaches did you use to market your good or service?
20. What marketing approaches did you think worked best and why?
21. Did you try any marketing approaches that did not work well? Why did they not work?
22. How well has your business performed in the past?
23. How well is your business doing now?
24. Why do you think enough people are going to continue to want to buy your good or service?
25. What advice would you offer to a young, potential entrepreneur like me?
26. What is your opinion of the three entrepreneurial opportunities I have identified?
27. Which opportunity do you think is the best and why?
28. What advice can you offer me if I decide to pursue this opportunity?

Activity: Interview Your Selected Entrepreneur

Using the suggested questions as a guide, develop your own questionnaire with at least 12 questions to ask a local entrepreneur. Be sure to include questions that will help you evaluate your three best opportunities. You may use any of the questions on pages 33 and 34 that you think will be helpful; you may also create your own questions. When you have finished interviewing your selected entrepreneur, write a short report on what you learned about the entrepreneur and about your three best opportunities.

Question No. 1: _____

Question No. 2: _____

Question No. 3: _____

Question No. 4: _____

Question No. 5: _____

Question No. 6: _____

Question No. 7: _____

Question No. 8: _____

Question No. 9: _____

Question No. 10: _____

Question No. 11: _____

Question No. 12: _____

Generating and Evaluating Ideas

The best opportunity in the world will pass you by if you cannot come up with a viable product idea for a good or service to take advantage of the opportunity. Remember that, to the entrepreneur, every problem is a disguised opportunity. Your challenge now is to generate specific and *marketable* product ideas to meet the opportunities you have selected.

Opportunities and Ideas Go Together

Assume for the moment that your grandparents, who live nearby, love to garden and have many flowers, shrubs, fruits, and vegetables in their yard. They tell you that they would like to take a long summer vacation—three weeks or more. However, they are not comfortable asking their neighbors to water and weed for them, nor do they want to lose all the hard work they have put into their yard. You are glad to care for their shrubs and plants, and you also realize that other people in their neighborhood and nearby areas have the same problem and do not have anyone to help them.

Voila! You see a problem. Is this problem a disguised opportunity? Can you come up with a business idea that will turn this problem into a profitable entrepreneurial venture for you? The answer is probably “yes” if you think carefully about the opportunity.

Always think carefully about any opportunity you are considering and what is *really* needed to satisfy it. Sometimes people generate ideas that miss important parts of the opportunities they have identified. For example, if you decide to specialize in the plant watering business but do not include weeding as part of your service, your business idea will not solve your grandparents’ problem or the potentially similar problems of other people in their neighborhood and nearby areas. Your business idea would probably *not* be able to take good advantage of the opportunity you identified because it missed an important part of the opportunity—the need for weeding.

Generating Ideas: How to Turn on the Ignition

Here are some suggestions that may stimulate your creativity in coming up with good business ideas.

1. Seek out creative people and talk to them about your business ideas. Through their feedback, you'll hear different points of view that may help you explore possibilities new to you.
2. Just as other people can offer you a different perspective, try to view your opportunity in out-of-the-ordinary ways. New solutions and good business ideas often come from finding *new ways* of thinking about a problem.



3. Spend some time daydreaming. Letting your mind wander can produce interesting solutions. Research has shown that people are more creative when they're having fun. An afternoon in-line skating or a trip down a waterslide might free your creative side.
4. Try linking one opportunity to others. If you are going to take care of gardens and shrubs, are there other services you can offer homeowners who will be away? Picking up the newspaper and mail, caring for pets, watering and/or mowing the lawn, watering indoor plants, and checking house security daily are other services for which homeowners might be willing to pay. You might try this creative-thinking exercise: Consider two seemingly unrelated things (a military tank and a swimming pool, for example) and think of a way they could be brought together and linked.

Go to the Source

Now that you have some techniques for generating ideas, select the three best potential business ideas (goods or services) that you can think of for your three best opportunities.

As with the opportunities you identified, you also must evaluate your potential ideas. In the end, you want to find the best "partnership" between opportunity and business idea that you can. A key step is to go right to your *target markets*—that is, the potential customers who are most likely to buy or use the goods or services associated with your ideas.

The following are some questions to think about as you evaluate your different ideas for goods and services. Some are questions you should ask yourself; others are questions you may want to ask potential customers (or other entrepreneurs). This is only a starter list. You will think of many more questions to ask that can help you home in on your best idea.

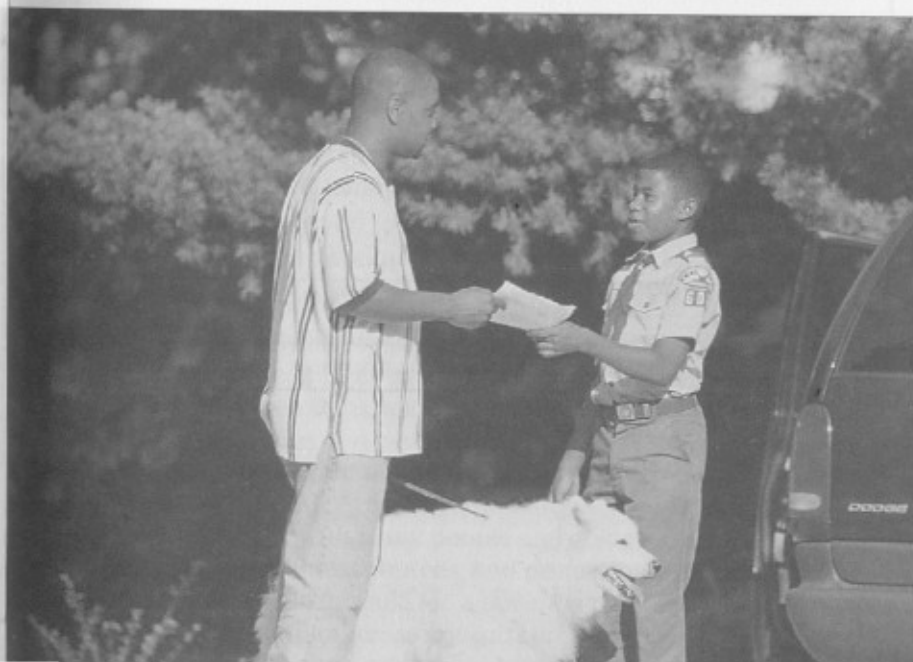
Questions to ask yourself:

1. Has this idea been tried before? If not, why not? If this idea has been tried, was it successful? Can I improve on this idea?
2. Will my idea allow me to compete successfully? Why would people buy my product instead of my competitor's product?
3. What information helped me come up with this idea? How confident am I of the accuracy and reliability of that information?
4. Do I have a good chance of finding enough money to start a business based on this idea?
5. Do I have enough personal time to create and run a business based on this idea? If not, can I find enough help?

Questions to ask potential customers or other entrepreneurs:

1. Do you *like* my business idea? Why or why not? (If you have a prototype, show it to your potential customer or to the entrepreneur.)
2. Would you be willing to *buy* my business product? Why or why not?

3. At what *price* would you be willing to buy one unit of my business product?
4. *How many units* would you be willing to buy at alternative (different) prices? (Give a list of possible prices you might charge, from high to low.)
5. Do you think my business product is better than that of my *competitors*? Why or why not?
6. Do you think this good (or service) will be too *expensive* to produce (or provide)? Do you think I will be able to make enough sales of this product to keep a business running successfully?
7. Can you think of anything I could do to *improve* my business product that would encourage you to buy more or pay a higher price for the same good or service?
8. Do you think the market for my business product will last long enough for it to be *worth* my starting a business?



Activity: Customer Interview and Business Idea Evaluation

Interview potential customers about your three best ideas (see requirement 3d). Report what you learn. Based on all of your information so far, identify the *best idea* you have found (see requirement 3e).

My Three Best Ideas:

No. 1: _____

No. 2: _____

No. 3: _____

My Best Idea:

Getting Down to Business

Having an idea for a business and starting a business are two very different experiences. Once you have what you believe is a good idea, the next step is to explore the *feasibility* of the idea as an actual business venture—not only to convince yourself that your idea will work, but also to convince others. For example, if you will need money from other people to start your business, they will want to see evidence that the business has a good likelihood of succeeding. In most cases, they will want to see a *business plan*.

The Business Plan

A business plan organizes your business idea on paper. It helps other people *and you* to understand the resources and steps needed to create your business, and its chances for success once it is started.

Why is a business plan useful?

- The plan will be helpful in securing funding from most financial sources, including family and friends.
- The plan will help you to think through all of the various aspects of the business and develop confidence that your idea is a good one.
- The plan will serve as a guide once the business is up and operating.

If done correctly, the task of developing a business plan should be fun and enjoyable. It is, after all, the plan for how you will accomplish something that you think is important and beneficial to others as well as to yourself.

That's not to say that a business plan is easy to develop. It usually requires a great deal of research, thinking, and writing. You probably will end up talking with many people and going to many places, such as libraries, government sources, and professional associations.

There is no magic formula for a business plan. Businesses are very different from one another, as are entrepreneurs. As a result, plans will

vary. However, the following describes some of the key information that you should try to include. Later in this pamphlet, you'll find a simplified outline that you can use to complete your plan. Use the outline if you find it helpful, but do not think that you *must* follow the outline. Change it. Improve on it. Make your plan work for *your* business idea; you will know best how to do that.

The following are some of the key points that you should cover in your basic business plan.

- **Cover page:** indicating the company name, address, and contact numbers—including phone, fax, and e-mail information, as applicable—and your name.
- **Table of contents:** listing the sections of your plan.
- **Executive summary:** a miniversion of the plan, presenting in summarized form all of the key information about the business so that the reader can get a quick overview without reading the entire plan.
- **Description of the nature of the business:** describing the business concept, the good or service to be sold, the competitive advantages of the company, its operating location, and its hours of operation.
- **Description of the business personnel** (those who will be running, and involved in, the business): describing all of the different functions and tasks that will need to be accomplished to run the business, naming the people who will perform each of those tasks and functions, and describing the previous experiences and skills of those people.
- **Description of the market and competition:** presenting the results of your market research, identifying the target market for what your business will produce, and describing the other businesses that will be competing for customers in the same target market.
- **Description of your marketing plan:** highlighting the most important benefits of the good or service that the company will produce (which will be the focus for the marketing plan); identifying the types of advertising and promotional appeals and tools that will be used; and indicating how advertising and promotion will make customers aware of the good or service, help customers understand

how the good or service differs from that of your competitors, and convince customers to buy your good or service.

- **Basic financial information for the business:** including predicted expenses for starting the company; pricing and break-even analyses; a cash flow forecast; and forecasted revenues, expenses, and profit.
- **Additional supporting information:** including documents or illustrations that you think will help the reader understand and have more confidence in the information and forecasts of your plan and in the chances of your business for success. In this section, provide what you think is needed: product endorsement letters, convincing product-cost and market-research data, and examples of promotional tools, for instance. Do not provide too much information, or unimportant information. Your plan should not be so long that people might not read it.

Be Prepared!

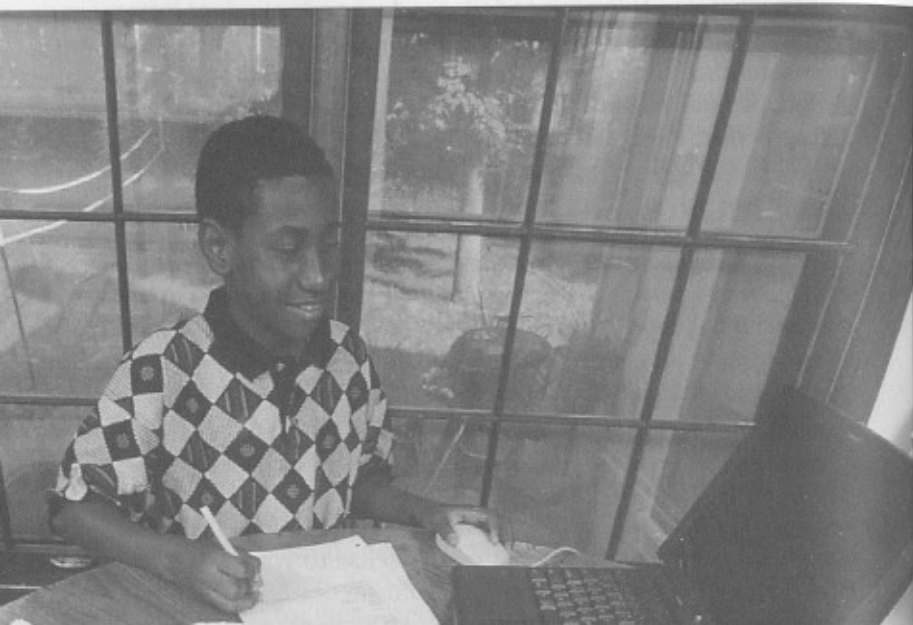
As you work to put together a business plan, you will explore the feasibility of your idea—that is, whether it really can be turned into a successful business. You will find that, if you have a plan, you will have a greater sense of control and direction over your future and the future of your business. The Scout motto, Be Prepared, applies particularly well to the entrepreneur. Even if you discover later that you must change direction, you will adjust more effectively to the change if you have a plan that is helping to guide you.

Once you complete your work on the plan, carefully review it before showing it to others, to see if it makes sense to you and to determine whether *you* believe the business would succeed.

Your business plan doesn't have to be long. Many plans have fewer than 25 pages. The length of the plan will vary with the type of business and how complicated the business is. You might decide to start with a very simple business idea, for which you might write a plan only five to 10 pages long. That's fine. Do not make the plan any longer than it has to be. Just make sure that it contains all of the information needed to convince you that the business will succeed, and to convince others of the same.

Love It? You Might Have to Leave It

Be prepared to be completely honest with yourself. Perhaps you've come up with a great idea. Maybe you love the prospect of running the business you are trying to create. However, if your research and plan indicate that the business will not work, you must recognize the need to change course.



Changing course does not necessarily mean abandoning your idea. It might mean only that you must change the idea or approach it from a different direction. On the other hand, your research might show that your idea simply will not work. If that is the case, do not proceed with "launch." Many entrepreneurs fail because they refuse to accept that an interesting idea might not work as a profitable business.

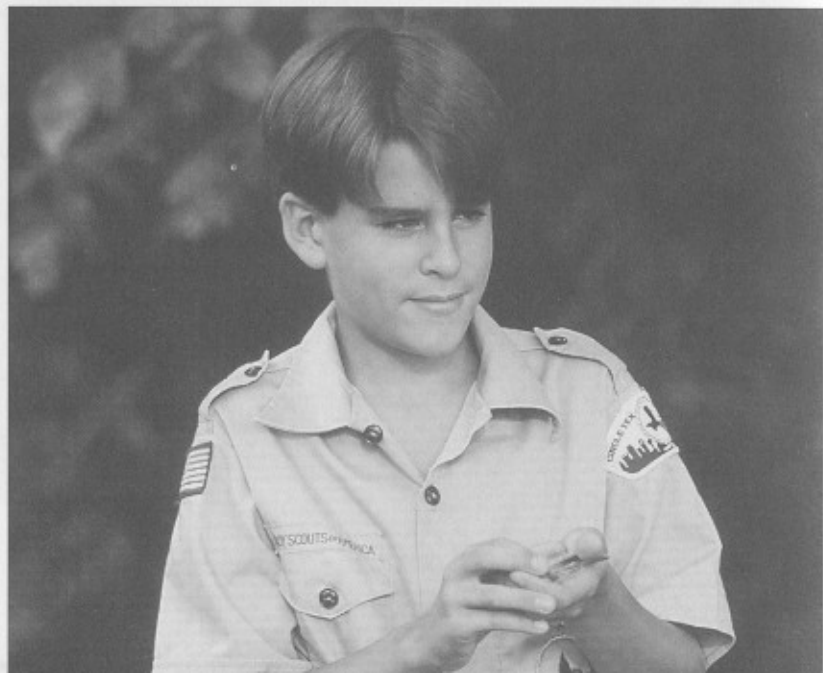
If your review of the plan leads you to believe that your idea *will* work, test it with people whom you respect or who have experience in similar business areas. They can help to confirm that the idea will work, and they may offer good suggestions or a new way of looking at some aspect of the business. Their views will be particularly valuable if you will be seeking money from others to help start and initially operate your business. These "friendly" reviewers can give you an idea of how others will likely react to your plan. Ask them to be brutally honest, not just polite. Tell them that if they foresee a problem, you want to know about it, without sugarcoating, so that you can try to fix it.

Business Basics

Before you further explore the feasibility of your idea and create a basic business plan, consider a few more aspects of entrepreneurship.

Check Your Compass: Be SMART!

Having goals is important for you personally, and important for a business. There is an old saying: "If you don't know where you are going, you are sure to get there." In other words, you might end up nowhere if you do not decide *where* you want to go and focus your attention on trying to reach that specific goal.



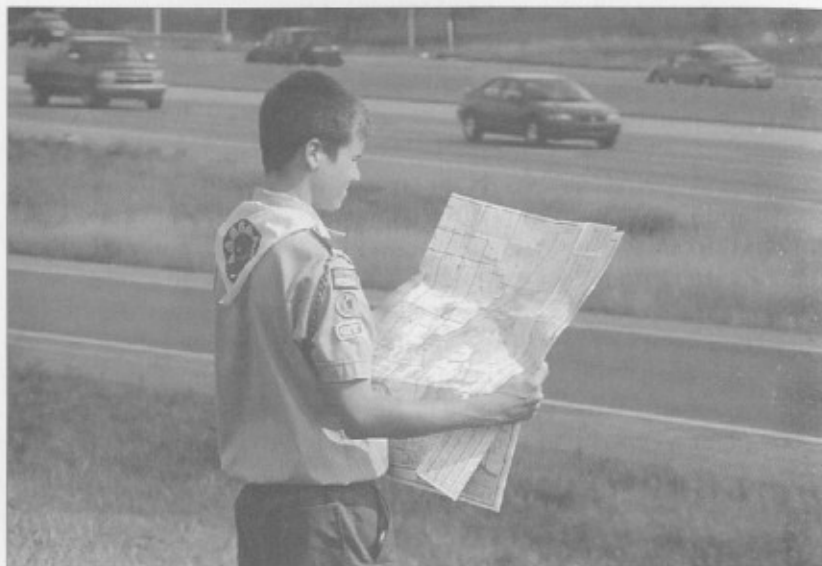
In setting goals, consider these things:

Specific: When you set your goals, be as specific as you can. For example, if you plan to take a trip and someone asks you, "Where to?" and you reply, "Out West," you've named a general goal, but not a specific destination. "Out West" could mean Seattle, Los Angeles, Las Vegas, the Grand Canyon, or many other places. The possibilities are quite different from one another. Your experience at one place would be quite different from your experience at another.

The same is true of a business. If you have only a general goal, you could end up at any one of several different "places" or business situations. It is hard to make decisions about how to reach your goal when you are not sure what your goal is. Returning to the trip example: At some point as you headed West, you would have to decide whether to turn north, go south, or continue westward. If you did not know whether you were going to Seattle, the Grand Canyon, or Los Angeles, it would be difficult to make an intelligent decision. You might end up simply flipping a coin.

Entrepreneurs often must make quick decisions, in the middle of confusion, and based on vague or even contradictory information. If they did not have a clear idea of their goals, their decision-making would be slowed and would be even more difficult. Understanding your goals clearly and precisely can help you ensure that your business objectives benefit from your actions and decisions.

Measurable: As much as you can, make your goals something that you can measure. That will help you to know how far along you are and when you have achieved your goals. On a trip, it helps you to know, for example, that your destination is 1,400 miles away and there are certain cities and landmarks through which you should expect to pass in a particular order. Similarly, for your business goals, it helps to know how far you have to go, what to look for on your way there, and how to tell when you have arrived.



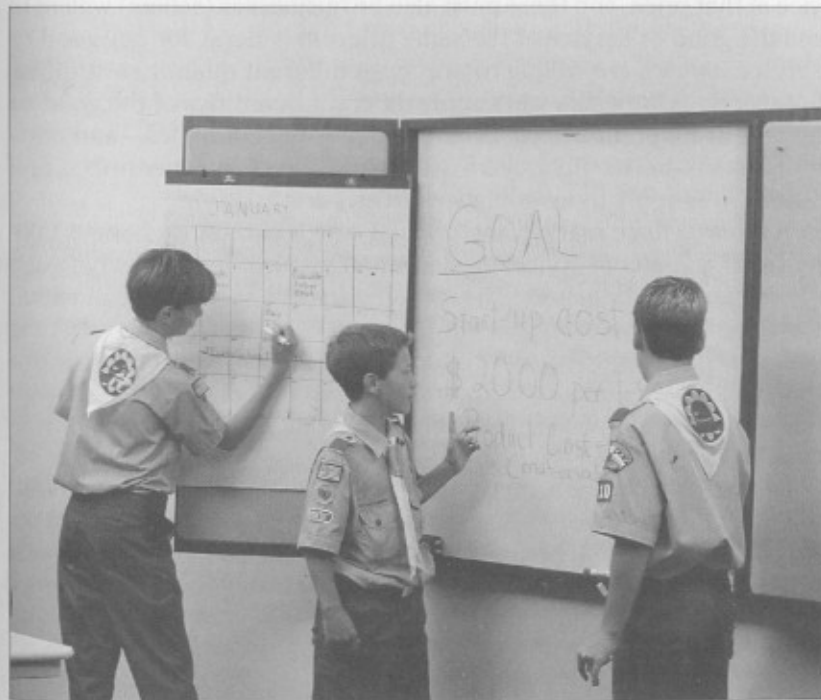
At the same time, remember that you don't have to attach numbers to all of your goals. For example, if one of your goals is to have fun, you may find that fun is hard to measure. If one of your goals is to enjoy working with the people on your team and helping them to feel a sense of accomplishment, that also is hard to measure. Do not feel that all of your goals must be measurable. Again, think of a trip: You might have a map, you may know distances, and you may know where you are going, but you also want to have fun and take some time simply to enjoy the sights and the experiences as you go. Take the same approach as you develop your business.

Appropriate: Make sure your goals *fit*. Have goals that fit your personality, your values, your priorities, and your dreams and aspirations. Do not set goals that, once achieved, will not satisfy you or give you a sense that you accomplished something important. Understand what you can expect to achieve from starting and running your business. Then make sure the expected results are consistent with your hopes and preferences.

Realistic: Make sure your goals are realistic and not too simple or too difficult to achieve. If you set goals that are too easy, you might not get a great sense of satisfaction from achieving them. Overly simple goals also are less likely to inspire and motivate you and may lead you to "underachieve," or accomplish less than you could if you were making full use of your talents and skills.

At the same time, do not set goals that are too difficult or that can be achieved only in the distant future. This can lead to unnecessary frustration, and you might also miss out on the sense of accomplishment you should enjoy from the day-to-day progress of your business.

Try to ensure that your goals are reasonable targets—not too easy, not too hard, but difficult enough to motivate you, inspire you, and provide a real sense of satisfaction once you have achieved them.



Time: Set goals for various "time horizons"—short-term, medium-term, and long-term—that are interesting enough to motivate and inspire you and spaced so that you can experience ongoing satisfaction as you achieve them. Set realistic time lines for your goals. These do not have to be precise, but you should identify what goals you hope to achieve in (for example) three months, six months, one year, five years, or 10 years from when you start. Timelines will help you chart your course, check your progress, and make decisions.

As you can see, we have covered the letters *SMART*—a handy way to remember the main points just discussed.

The Market Price

For *market exchanges* to take place for a good or service at a particular price, there must be customers willing to buy the good or service at that price, and there must also be businesses (sellers) willing to sell the good or service at the same price. In general, for *any* good or service, buyers are willing to purchase different quantities at different prices. Sellers also will supply different quantities of the good or service at different prices. (The principles of economics—and common sense—tell us that buyers will purchase less at higher prices, and sellers will supply more at higher prices.)

In a *competitive* market, the price at which market exchanges take place for a good or service is determined by the interactions between the buyers and the sellers. The *market price* will be that price at which the quantity buyers are willing to buy is equal to the quantity that sellers are willing to supply. If buyers are willing to purchase more than sellers are willing to supply, then the market price will tend to rise. If buyers are willing to purchase less than sellers are willing to supply, the price will tend to fall.

Competitive markets are dynamic. Many factors can affect *demand* (the quantity buyers are willing to purchase at various prices) and *supply* (the quantity sellers are willing to supply at various prices). As a result, the market price for a good or service changes over time as conditions in the marketplace change.

Going to the Market? Which One?

When you come up with an idea for a good or service, based on an opportunity that you have identified, you will have to consider the nature of the market to which your business will be trying to sell.

In some cases, an entrepreneur might try to develop a new market for a brand-new good or service. In many cases, there are existing markets with opportunities for entrepreneurs to enter because there is not enough of a particular good or service produced, or there is need for an improved, a less expensive, or a more convenient or accessible version of an existing good or service. Because business markets vary so much, a key challenge for new entrepreneurs is to select the best market for them to enter, and to avoid markets with too many obstacles to their businesses' success.



Consider the car market, for example. Why do so few entrepreneurs enter the car market today? In the late 1970s, a carmaker named John DeLorean tried to produce a new line of cars. If you saw the movie *Back to the Future*, maybe you noticed that a technologically souped-up DeLorean car was used as a special-effects automobile for "time travel." Despite that moment of fame in the movies, the DeLorean car was not successful in the automobile market.

Entering the car market today is extremely expensive. It requires a massive amount of financial investment in a variety of areas including design, production facilities, sales networking, and major advertising and promotion campaigns. A brand-new car manufacturer would also face stiff competition and have a big challenge getting consumers to develop confidence in and willingness to purchase its product—as DeLorean discovered.

This example shows that some markets are difficult to enter because of the high start-up costs required. It also illustrates how difficult it is to compete with the strength of existing producers. Markets may be difficult to enter simply because they are already crowded with strong sellers. Consider the fast-food market. Many types of fast food are sold today by major companies like McDonald's, Burger King, Wendy's, KFC, Subway, and Taco Bell. To enter the current fast-food market would be a major challenge, and would probably require an unusually special opportunity to make the effort and risk worthwhile.

On the other hand, markets can be too small for entrepreneurs to enter successfully. For example, an entrepreneur might try to start a computer cleaning service in a small town, only to discover that there are not enough people with computers, or who want their computers cleaned, to support the business.

The amount of competition, the quality of the competition, and start-up costs are just some of the ways in which markets can vary. Therefore, as you consider your business idea, make sure you give close attention to the nature of the market that your business will enter. Some markets may be more suited to you than others. Some markets may offer a better chance of success than others. Try to identify a target market in which you believe you will have your best competitive opportunity for generating sales, based on your knowledge, observations, experiences, and market research.

Fun with Financials

The last area to cover before you move on to the outline for a business plan relates to money, or finances. Financial considerations are essential to a business. It takes money to start a business. A business will face different kinds of costs. A company will earn profits (or so its owners hope). The business will always need enough cash available to pay its bills and meet its other financial obligations.

You, the entrepreneur—as well as your partners, lenders, and investors—will want to have financial information about your company that will help you understand the costs of starting the business and its prospects for profitable operation. The following describes some basic financial information that a new business typically provides in its business plan and (where appropriate) continues to maintain as the company moves into operation.



Start-up Costs

To figure your start-up costs, you add up the total amount of money you will need to get your business up and running. These costs are for only the initial start-up period of your business. They might include starting expenses for items such as deposit and rent for office space, professional fees, licenses, telephone, utilities, transportation, equipment, bookkeeping supplies, advertising and marketing, opening a bank account, supplies and labor for the first units you will produce, and insurance.

As an entrepreneur, you estimate your start-up costs to help assess whether it makes financial sense to start your business. Your estimate will also be important to help you predict how much money, if any, you will need from others to start the business. Many entrepreneurs try to keep start-up costs as low as they can. This practice is sometimes referred to as "bootstrapping" a business. (Launching a full-fledged business with tiny start-up costs can be like pulling on heavy boots using small loops, or "bootstraps"—hence the idea of "bootstrapping" a business.)

Cash Flow Forecast

Even if a business is potentially successful, it can encounter major difficulties or fail if it runs out of money to pay its bills and salaries on time. A good *cash flow forecast* helps to avoid this common but serious business problem. A cash flow forecast estimates the cash that will be coming into the company and the cash that will be flowing out of the company during a given time period. (It is called a forecast because it makes *predictions* about the cash flow for a business. Think of it like a weather forecast, which makes predictions about aspects of the weather such as rainfall and temperature.)

A main purpose of a cash flow forecast is to predict whether the cash coming into the business over a number of consecutive time periods will be enough to provide the cash the company must pay out during the same periods. For example, a cash flow forecast might show that sales will bring in a lot of cash in the month of December, but during the months of September and October the company can expect cash shortages. Knowing this, the entrepreneur can prepare for the predicted cash problems. For example, the entrepreneur might



arrange for temporary financing (a loan for a short period of time) to help the business through the shortages. The company could then pay off the short-term loan with the strong cash flow expected in December.

For larger entrepreneurial ventures, potential lenders and investors, as well as the entrepreneur, usually want to see month-by-month cash flow forecasts that cover at least the first year of operation. Week-by-week cash flow forecasts can be more practical for smaller entrepreneurial ventures. You should try to include in your business plan a basic cash flow forecast for your company covering at least the first eight to 12 weeks of operation. For any cash shortages your forecast may predict, you should indicate your plans for covering the shortages.

Revenue

As an entrepreneur, you will like the word "revenue." Business people use that word to refer to the money that comes into their company. *Revenue* (or sales revenue) is the total dollar amount a company receives from the sales of its goods or services over a particular time period, such as a week, month, or year.

Expenses

After start-up, a typical business must face two main categories of ongoing expenses: product costs and operating expenses.

Product costs (sometimes called "cost of goods sold") usually refer to the cost of the actual materials and labor used to produce the goods that are sold to customers. Product costs vary directly with the quantity of good that is produced. For example, if you were producing wool sweaters, the amount of money you would have to spend on the wool and labor to make the sweaters would be your product costs; your total product costs for a particular time period—say, one month—would vary depending on whether you produced 10 sweaters or 500 sweaters that month.

The additional costs that are required to cover the basic operation of the rest of the business are called *operating expenses*. (In casual conversation, you may hear people refer to these types of expenses as "overhead.") Salaries, advertising, rent, utilities, and office supplies are typical operating expense categories, and these expenses do not vary directly with the quantity of the good produced.

For example, if you were to rent a small shop in which to make wool sweaters, you would have to pay the same amount of money for rent every month regardless of whether you produced 10 sweaters or 500 sweaters in any particular month. (That is why businesspeople sometimes refer to operating expenses as *fixed costs* and product costs as *variable costs*. However, if you take a class in economics, you will find that economists do not use the terms "fixed costs" and "variable costs" in quite the same way as do businesspeople; the differences can cause confusion, even for someone who is experienced in both areas.)

For a small service business that does not produce a physical good, it is not unusual to ignore the concept of product costs and include all business expenses in the category of operating expenses. For simplicity, you may want to take the same approach if you decide to start a service business. (From an economist's point of view, it can be argued that service businesses also have variable material and labor costs associated with their product—the service they provide. For example, a dry cleaner uses up some fraction of dry cleaning fluid and a small amount of worker time for each piece of clothing it dry cleans

and presses. This point of view leads to an interesting discussion about accounting for expenses in service businesses—but that discussion is well beyond the scope of this pamphlet.)

Profit

If, over a period of time such as a year, the total revenue earned by a business is *greater* than the total expenses (product costs plus operating expenses) paid out by the business, the difference (revenue minus expenses) is called *profit*. Profit is the net income (before taxes) that a business earns after covering all expenses. Profits can be reinvested in the business to help it grow, distributed to the people who share ownership in the business (the entrepreneur, and other equity investors), or divided between reinvestment and distribution.

Loss

If the total revenue earned by a business is *less* than the total expenses (product costs plus operating expenses) paid out by the business, then the difference (expenses minus revenue) is called a *loss*. To stay in business, the business would have to have enough money available to cover the loss.

In your business plan, you will want to forecast the potential profit or loss you expect for the company over the initial period of operation. It is common for a business to show a loss during its early stages as the company establishes itself in the marketplace and begins to win customers. Over time, however, the entrepreneur, along with any lenders or investors, will want to see that the company is on the road to earning satisfactory profits in the future.

Pricing Your Product

You will have to decide on a price for the good or service you are going to sell. There are a number of approaches you can take to pricing. The following example illustrates one method that you can use to establish a possible price after you have researched market demand, the prices competitors are charging, costs of materials and labor, operating expenses, forecasted sales, and desired profits.



Ray, a young entrepreneur, plans to sell T-shirts. Ray has calculated that his product costs (materials and labor) will be \$10 per T-shirt (that is, per unit of production). Ray has also estimated that the total operating costs for his business will be \$50 a week (covering rent, utilities, telephone, advertising, loan payments, and license fees).

Suppose that Ray's market research has led him to believe that he can sell eight T-shirts over a particular period (one week, in this case). To calculate his total product costs for one week, he multiplies the number of units (T-shirts) per week by the unit product cost: $8 \times \$10 = \80 .

Next, he has to select a target profit that he wants the business to earn over the same period (one week). Assume that Ray decides he would like to earn a profit of \$30 per week in order for the business to be worth the investment of resources that he will be making.

Finally, Ray adds up the product costs, operating expenses, and profit forecasted for the week to calculate the total sales revenue needed to cover these three items. He then divides by the number of units he expects to sell to obtain the corresponding price per unit. In this example, Ray's business sales over the course of a week have to generate \$80 to cover the product costs, \$50 to cover the operating

expenses, and \$30 to cover the profit that Ray would like to earn. That adds up to \$160 of sales revenue that he needs to generate in one week. Dividing the weekly sales revenue needed (\$160) by the number of units that he believes he can sell in a week (8), Ray calculates \$20 as the possible price for each T-shirt.

$$\text{\$160 (Total sales revenue)} \div 8 \text{ (Units sold)} = \text{\$20 (Price per unit)}$$

Following these steps is one way to establish a price that you might charge for your good or service. (There are many other possible approaches to pricing. Some are quite sophisticated, such as the economist's model of marginal cost pricing. Others can be as simple as doubling your product's cost of materials or cost of materials and labor—sometimes called *keystoning*—or checking out your competitors' prices and trying to charge a little less.) You can see that there is a close relationship between price, costs and expenses, and the amount of profit. The entrepreneur must consider if the profit desired is realistic, based on the market prices that can be charged, the business costs and expenses, and the sales that potentially can be achieved at those prices. For example, it is not unusual for an entrepreneur to increase price hoping to increase profits, not realizing that total profits may actually go down depending on how much less customers will buy at the higher price.

In general, no matter how they first establish a price, most entrepreneurs find that they must adjust their initial pricing several times as they try to take into account the tug-of-war between such factors as the low prices competitors charge, the profit entrepreneurs want to make, and the quantities people are willing to buy at various prices. Keep in mind that as you test the potential results of different prices, you are really looking for the price that will allow you to earn the most profit, based on the actual sales you can make in your market at that price and on the difference between revenue and total expenses at that price.

If you plan to provide a service rather than a good, the price of your service often is expressed as an *hourly rate*—the amount of money you

charge for one hour of your service. You can use a similar approach to establish an initial price—or hourly rate—for your service. Add up your operating expenses and desired profit to find the total revenue needed from your service business during a period (such as one week). Then divide by the number of hours of service you believe you will provide to customers during that same week. The result of that calculation is a possible hourly rate that you can charge for your service.

Again, plan to adjust your initial hourly rate several times as you take into account the same issues as for product pricing—the tug-of-war between the low hourly rates competitors charge, the profit you wish to make, and the number of hours of service people are willing to buy at various hourly rates. As you test the potential results of different hourly rates, your financial goal is the same as that of an entrepreneur selling a good. You are looking for that price (hourly rate) that will allow your business to earn the most profit.

Break-Even Point

To understand your business's chances for success, it is helpful to estimate the point at which the business *breaks even*—that is, the point at which it will first be able to cover its expenses and begin making a profit.

The break-even point is often defined as the minimum number of units that need to be sold over a given period (perhaps a week or a month, for smaller ventures) in order for the business to cover all of its expenses for that period. After the break-even point has been reached, all the sales dollars received contribute to the company's profits for that period (after subtracting expenses, of course). If sales do not reach the break-even point, the company will show a loss for that period.

To use the example of Ray's T-shirts: With product costs (materials and labor) of \$10 per T-shirt and operating expenses of \$50 per week, Ray has calculated a planned selling price of \$20 per T-shirt. To calculate his break-even point, Ray would start by subtracting the per-unit product cost from the unit price, or $\$20 - \$10 = \$10$. (This difference, which is the net amount available from each sale of a T-shirt to apply to operating expenses, is sometimes called the "gross margin.") Then, Ray would divide his operating expenses, \$50, by the gross amount

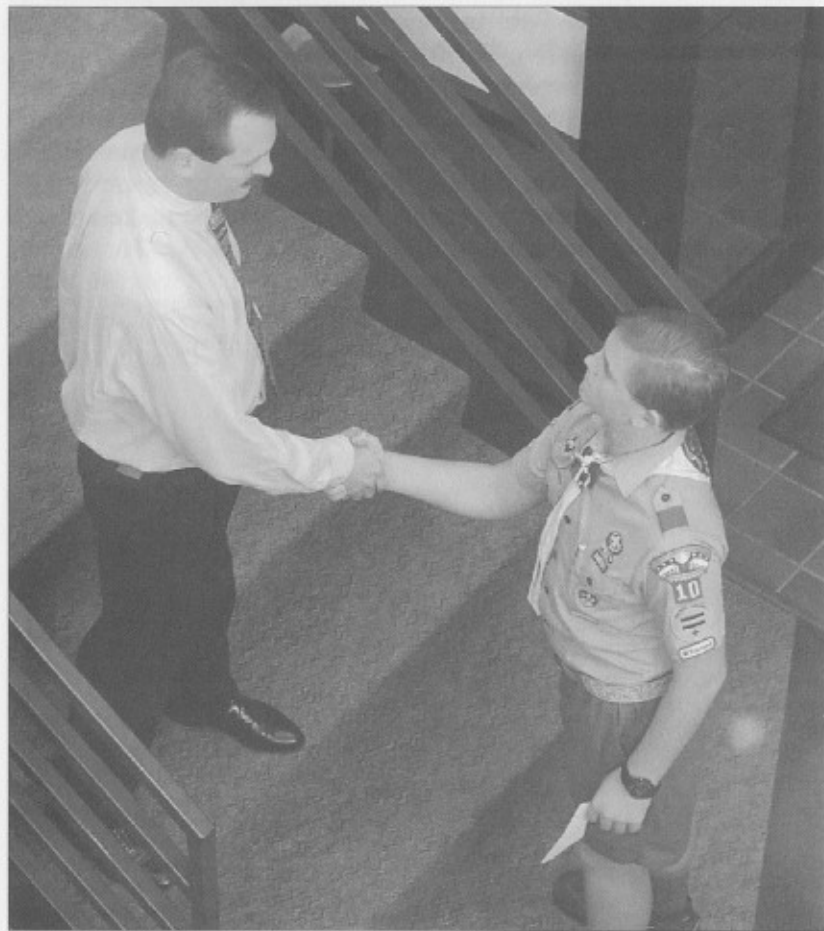
that he nets on each sale of a T-shirt, \$10. The result of this calculation ($\$50 \div \10) is five T-shirts, his *break-even point*.

What does this calculation tell Ray (and others interested in his business)? It tells him that—with his current product cost and operating expense assumptions and at a price of \$20 per T-shirt—he must sell five T-shirts per week to break even and cover his expenses. If he can sell more than five T-shirts per week, he will begin to earn a profit. If he sells fewer than five T-shirts per week, he will not cover his expenses with sales and he will show a loss for the week.

You can see from this example why it is a good idea to try to keep your operating expenses (and product costs) as low as possible. At any particular selling price, the higher your operating expenses (and product costs), the more you must sell in order to make enough money just to pay your bills.



As you move toward starting up a company, you will want to include in your business plan some form of break-even analysis. It will help in establishing goals such as sales targets. It will also help all interested parties to understand when (and if) your business has a good chance of showing a profit.



Sources of Money—Debt and Equity

It is common for entrepreneurs to need financial assistance when they start up a company. If you expect your start-up costs to be greater than what you can finance personally, then you will have to obtain money from others to launch your new business. If you borrow the additional money for the business, that is referred to as *debt financing*.

Debt is money that must be repaid to its lender. The borrower also must make regular payments to the lender called *interest*—the price paid for using someone else's money. The most typical debt financing for small businesses does not give the lender any ownership in the company, and the return to the lender is not based on the company's profits. The return to the lender is based on the interest rate that was established for the loan and the period of time over which the loan will be repaid. A lender's interest in the health of the business is usually focused on the business's ability to pay the interest it owes to the lender *on time*, and to pay off the full amount of the loan when it is due. With debt financing, the entrepreneur is responsible for paying back the debt and interest even if there is no profit.

On the other hand, if an entrepreneur raises money from investors or partners in return for a share in the ownership (and therefore the profits or losses) of the company, that is referred to as *equity financing*. Those with *equity* in a company are part owners. The returns provided to equity holders will be based on the success and the profits of the company. For this reason, equity holders will often take an active interest in all aspects of the company, its operation, and its future.

For example, if a parent or relative invests money in your business as an equity holder, that family member will share in the ownership and the profits of the business. If the same family member loans you money for your business, then you will owe the parent or relative the amount of the loan as a debt and will have to pay interest. One of the decisions you will make as an entrepreneur is whether you would rather share your ownership and profits (equity financing) or pay interest on a loan and eventually pay it back (debt financing).

What are typical sources of money? Common sources include personal savings, family members, friends, a bank, a partner or partners,

early forecasted earnings of the company (if the company is in a position to start generating profits right away), taking out a home loan, venture capitalists, and "angels." Most of these sources are fairly straightforward and understandable, but you might be unfamiliar with the terms "venture capitalist" and "angel."

A *venture capitalist*, or a venture capital company, is a source of money for entrepreneurial ventures that are more risky than banks prefer. Banks generally do not like to lend money to higher-risk ventures. Venture capitalists, however, if shown a good business plan for a good idea, may be willing to invest in ventures as equity partners. They may be willing to assume the higher investment risk if they have enough confidence that a new business will generate large returns in the future for its equity holders.

An *angel* is typically a wealthy individual who—in selected cases—is willing to invest personal money in interesting, higher-risk business ventures with prospects of high returns in the future for equity holders. In some cases, angels may be willing to provide funds simply to support promising new entrepreneurs, particularly if the angels themselves earned their wealth as entrepreneurs. That does not mean that they are willing to make a bad investment just to be helpful. However, they might be willing to take a chance on a venture with higher-than-normal risk in the hope of helping a new entrepreneur—with a good idea and a good plan—to succeed.

Creating Your Business Plan

Earlier, you selected the best opportunity and business idea of the several you identified. The next step is to explore the feasibility of your idea by completing the research and the steps involved in preparing a basic business plan. If you work your way through the following general guide as an outline, you will find out most of what you need to know to judge whether your idea is likely to become a successful business.

As you assess your business idea, remember to be absolutely honest. Have you answered *all* of the key questions and gathered *all* of the important information that you will need? If so, what is that information telling you? Is it telling you that you have a good idea that looks as if it will work? Or, is it telling you that your idea, as good as you thought it was, does not appear to be leading to a successful business venture? The main point is that your business plan should convince people that your idea will work or has a good chance of working—and the most important person for that plan to convince first is *you*.

You are now ready—with your best opportunity and best idea in mind—to start to put together your business plan. The following worksheets are provided only as a guide to help you prepare your plan. Do not feel that you must follow this outline. Feel free to adjust it as necessary to help you construct the business plan that you believe will best represent your idea.

BUSINESS PLAN*

Nature of Business

Name of business: _____

Business plan prepared by: _____

Date: _____

My business idea is: *(Describe the purpose of your business in one or two sentences.)*

I chose this business idea because:

The unique qualities of what I am producing and/or selling are:

Who is my primary target audience?

Where will my business be located?

Personnel for Business

The skills and experiences needed to make this idea work are:

Of these skills and experiences, I have the following:

These people will offer additional skills that I do not have: *(Specify the skills and experiences these individuals bring to the business.)*

In the areas in which I need more skill, experience, or advice, the first people I will approach for help are:

Type of Help Needed

Adviser

<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
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Note: You may need to return to this section several times as your business idea develops and you learn more about business and the kinds of people who are available to help you.

Looking at My Competition

My major competitors are: *(In your general area, who does what you will be doing?)*

I plan to beat the competition by:

- Better price? (Circle **yes** or **no**. Explain.)

- Better quality? (Circle **yes** or **no**. Explain.)

- Providing door-to-door service? (Circle **yes** or **no**. Explain.)

- Using my age and personality as competitive edges? (Circle **yes** or **no**. Explain.)

- Serving an area that my competitors don't go into? (Circle **yes** or **no**. Explain.)

- Using exciting promotions? (Circle **yes** or **no**. Explain.)

- Using my "secret weapon"? (Circle **yes** or **no**. Explain.)

Marketing My Product

In planning your sales promotion or program, you must make several major decisions. You must make ALL of the decisions BEFORE you begin selling your product.

Decision 1: Who Is My "Target" Audience?

Who and where are your potential customers?

What age are my potential customers? _____

What gender are they? _____

What is their ethnic background? _____

How much money do they have? Are they wealthy or middle- or low-income? _____

Where do they live? _____

What are their interests? _____

What will attract them to my product? Price? Quality? Service?

Selection? Me? _____

Decision 2: What Are My Major and Minor Sales Messages?

What information will help people make a decision to buy your product instead of your competitor's product?

My target audience is most concerned with:

() Cost

() Availability

() Safety

() Good service

- ☐ Quality ☐ Status
☐ Convenience ☐ Something else (What?) _____

For those items that you checked, rank the concerns in order from most important to least important. **Remember: People generally concentrate on one message at a time.** No matter how many good things can be said about your product or service, most of the time you will be selling only the most important point. This is especially true on posters, billboards, radio, television, and fliers.

Decision 3: What Sales Tools and Promotions Will I Use?

If you are going to do a great job, you need good tools and you need to use the right tool for the right job.

I have reviewed the various tools available and have decided that, for MY business, the best sales tools are:

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Phone calls
(telemarketing) | <input type="checkbox"/> Fliers |
| <input type="checkbox"/> Personal contact
(face-to-face sales calls) | <input type="checkbox"/> Radio ads |
| <input type="checkbox"/> Newspaper ads | <input type="checkbox"/> Brochures |
| <input type="checkbox"/> Posters | <input type="checkbox"/> Publicity |
| <input type="checkbox"/> Direct mail | |

My reason(s) for selecting these tools are:

I expect to spend \$_____ on sales tools.

I will use the following sales promotions to help sell my product or service:

- ☐ Free gifts
☐ Discount coupons
☐ Special sales
☐ "Buy one, get one free" offers
☐ Free samples
☐ Other (What?) _____

My reason(s) for using these sales promotion techniques are:

I expect to spend \$_____ on sales promotions.

Now, show how you would design some of your major sales tools. Be creative! Remember that you want these tools to convince people to buy your product.

Sales Tools

Telephone Script. Write down what you would say on the phone when trying to sell your company's product or service.

"Hello, Mrs. Stevens . . .

Newspaper Ad. Write a newspaper advertisement for your business. The longer the ad, the more expensive, so limit your ad to 50 words or less and use abbreviations when possible. For examples of how to write ads, look at the ads in your local paper. Remember to make your advertisement interesting; make it stand out from other ads.

Radio Ad. Write a radio advertisement for your product or service. Radio time is expensive, so limit your ad to 10 seconds. Time yourself while reading it aloud and change it as needed to get it under 10 seconds. Then tape yourself reading the ad. Listen to it as if you were a potential customer. Did it get your attention? Did it make you want to buy the product? Did the ad give all of the information you needed? Price? Phone number?

Flier. Design a flier for your business. Think about the major points you want to make. Give most of the space in the flier to the most important point, but also try to include some reference to more minor concerns. Think of all the fliers you have seen. You threw most of them away unread. Some, you found interesting enough to read. Try to make your flier one that gets read. Use an entire, separate sheet of paper for your flier. For more about fliers, see the section "Moving Ahead to Start Your Business."

Poster. On a separate sheet of paper, design a poster to promote your business. Try to include a special sales promotion. For more about posters, see "Moving Ahead to Start Your Business."

Accounting System

For my business, I have decided to use:

() Business checkbook system

() Cash shoe box system

I chose this method because:

If you chose the **business checkbook system**, answer the following questions.

Which bank will you use for your account?

On what date will you open the account?

How much money will you put into the account when you open it?

Who will be able to sign checks on the account?

How much will the checks cost you?

If you chose the **cash shoe box system**, answer the following question.

If more than one person will be involved in the business, who will be in charge of the cash box and the records?

Costs of Getting Started*

In the chart below, indicate the items you will need for the business's first two weeks. Indicate how you will get each item—by purchasing, renting, borrowing, etc. For those items that cost money, write in an estimated amount of cash.

Item	Cost	Purchase	Rent	Borrow	Barter	Donation
Telephone						
Office space						
Transportation:						
Bike						
Bus fare						
Car (gas, oil, etc.)						
Equipment						
Bookkeeping supplies						
Advertising/marketing						
Bank account (cost of opening)						
Product cost; supplies						
Labor						
Attorney/legal fees						
Filing costs (for registering company)						
Storage space						
Consumable supplies (used while providing service)						
Other:						
Other:						
Other:						

Figure the total cash you will need for the first two weeks of your business by adding the costs of all items that you have checked to purchase or rent.

Total cash needed for start-up: \$ _____

I now know that, in addition to the items I will get by borrowing, by bartering, or through donations, I will need \$ _____ IN CASH to start my business and operate it for at least two weeks. I plan to get the cash from the following sources:

Source	Amount
Personal savings	\$ _____
Borrow from family	\$ _____
Borrow from friends	\$ _____
Borrow from bank	\$ _____
Partner's savings	\$ _____
Earnings from first two weeks of business	\$ _____
Earnings from temporary job	\$ _____
Sale of personal belongings	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____

Cash Flow Forecast*

Week:	1	2	3	4	5	6	7	8
1. Beginning cash balance								
Cash Receipts								
2. Cash sales receipts								
3. Invoice payments								
4. Other cash receipts								
5. Total Receipts								
Cash Disbursements								
6. Inventory/office supplies								
7. Employee payroll								
8. Rent, utilities, and telephone								
9. Advertising/promotion								
10. Consultants/promotional fees								
11. Other cash disbursements								
12. Total Disbursements								
13. Total Cash Flow								
14. Ending Cash Balance								

Forecasted Profit and Loss Statement*

Week:	1	2	3	4	5	6	7	8
1. Total sales								
2. Cost of goods sold								
3. Gross margin								
Operating Expenses:								
4. Employee payroll								
5. Advertising/promotion								
6. Rent, utilities, and telephone								
7. Supplies								
8. Consultants/professional fees								
9. Other:								
10. Other:								
11. Total operating expenses								
12. Net income (loss) before taxes								

Moving Ahead to Start Your Business

You have created and reviewed your business plan. What are the results? Do you have a plan that you, and others, think will lead to a successful business? If so, congratulations and well done.

On the other hand, if your hard work has led you to conclude that your idea probably would not result in a successful business, congratulations also! It often takes just as much research investment, knowledge, and judgment for an entrepreneur to establish that a business idea will not work as it does to establish that an idea will work. It is also more difficult to accept the results objectively when your conclusion is, "This just is not going to fly."

If you have decided that your idea is not going to work, review both the idea and the business plan carefully. See if there are changes you could make, based on what you have learned, that might lead to an idea that *would* work.

You can also start to explore other opportunities that you have already identified. Is there another good opportunity that you might want to investigate? Given what you have learned during this first planning effort, there probably are other opportunities that you could now identify, which you might have overlooked previously. Look for a new opportunity, and then come up with another interesting business idea and explore its feasibility. Remember, not all good ideas make good businesses; many entrepreneurs find that they must research several ideas before they find one that is destined for success.

Making It Happen—What's Next?

Let's assume you have determined that your business idea is feasible and that your business plan is complete. There are several useful preliminary steps that you might want to take as you begin the business start-up process.

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Posters

Always remember that marketing is extremely important. Make sure you have a clear message that you can deliver to the market to inform people about your business. Developing a poster to promote your business can be valuable in several ways. It will encourage you to think about, and decide upon, the key information that you want to communicate to the market about your good or service. It can lead you to design a logo, service mark, or a particular "look" or image that you want your company to have. Once complete, a poster will be a useful tool to help announce to the market the good or service you are providing and the fact that you have launched a new business.

Fliers

The flier is another low-cost sales tool, and a useful way of letting the market know that you are in business and what you are offering for sale. Fliers are inexpensive printed papers that are used for mass advertising. You have probably seen these stuck in your door, or received them in the mail. A flier is often a single standard 8½-by-11-inch page.

In a flier, you can tell people about your good or service, its features and benefits, why they should be interested in buying it, the



price, and any special offers you are making available. You can also include information about where and how people can get your good or service: Do they have to come to a particular location? Can they order by phone? Can they order by fax? Remember, however, that you must keep fliers short and make them immediately interesting. Most people will give a flier one to two seconds, at most, to catch their attention before throwing it away. (For more about writing and designing posters and fliers, see the *Communications* merit badge pamphlet.)

Business Cards

Designing and producing a business card is usually a high priority for an "entrepreneur-in-the-making." A business card is a highly versatile communication tool. As an entrepreneur, you will probably meet many people in many places. Some of the people you meet may be potential buyers of your good or service, potential suppliers, professional consultants, or even potential partners and investors. Some may know other people who might be interested in your business as a source of products, as an investment opportunity, or as a potential client for other business services and goods. In all of these cases, leaving a well-designed business card with the people you meet will make




it much easier for them to contact you in the future or to arrange for others to contact you.

The information normally found on a business card can include the following:

- The name of your company
- Your name
- Your phone number
- Your fax and/or e-mail numbers (if you have them)
- Your company logo (if you have one)
- Your company saying or motto (if you have one), or a brief line about the kind of good or service you provide

Weigh the benefits of packing as much information as possible on a card against the risks of the card appearing cluttered and unprofessional. Try to find a good balance between the card's information and its overall visual appeal.

The illustration below outlines one possible way to lay out a business card. This is only a guide to help you get started. You should try to be as creative as you can with your business card. To the recipient, a creative card can suggest a creative company. Do not get so creative, however, that the card's message gets lost or the information it contains is hard to read.

	<i>"Company's saying or motto"</i>
Company logo	
Your name Company's name Company's address Company's phone/fax/e-mail numbers	Brief comment on your good or service

Fortunately, many entrepreneurs have recognized the opportunities in business card design and have generated many different kinds of services and specialty shops that can help you create a card and then produce it in large numbers for reasonable fees. Hand out your business card freely to all people who might be interested in using your business's goods or services or who might desire a business relationship with your company.

Prototypes

If you plan to produce a good rather than a service, an important preliminary step is to create a *prototype*—a fully working model to serve as a test sample of the good you hope eventually to be selling to customers. Building a prototype offers several benefits.

- It is an excellent way to work out the "kinks"—the unexpected problems you are sure to encounter as you try to create a new product.
- It will help you develop a more accurate estimate of the cost of materials and labor to produce the product.
- It gives you a tangible model that you can use to test the responses of potential customers and to develop the interest of possible investors or other sources of financing.
- It will help prove that the concept you generated and researched for your business plan can, in fact, be physically produced—and that there really is an actual product that can function as described in the plan.

Discuss with your counselor which of the preliminary steps described—poster, flier, business card, or prototype—would be most helpful for your business idea. (You might decide to do them all!)

Shifting into High Gear

With your best opportunity and idea identified, and your business plan and selected preliminary steps completed, your business start-up process can shift into high gear. You can move ahead with the many activities needed to begin your entrepreneurial venture. Some of the necessary activities include:

- Obtaining the money you require to cover start-up costs
- Preparing your service location or the location where production of your goods will occur
- Acquiring a business license, name registration, and/or other necessary documents
- Opening a company bank account
- Establishing the system you will use to keep records
- Putting together the best team of associates to help you (if your business will need the services of others)
- Identifying suppliers of materials and obtaining necessary resources
- Beginning production
- Marketing, marketing, marketing!

Show everyone, including yourself, that you can make your business dream a reality. Once your business is under way, write a report on its status. Include interesting evidence of the steps you went through to plan and start the business. Also report on the performance of your business, including sales revenue, expenses, and profit or loss.

Share your experiences and your results with your counselor and others. Let your personal and business networks—friends, family, investors, professionals, and other entrepreneurs—know how you are doing, and ask for their feedback and any advice that they can offer. Do all you can to make your business succeed and to achieve the goals that you have set for it and for yourself.



Conclusion

The work of an entrepreneur can be fulfilling and rewarding. Earning the Entrepreneurship merit badge will help you determine whether being an entrepreneur is a career option that interests you. Even if you do not plan to start your own business, you are now in a better position to decide which entrepreneurial skills and characteristics might help you along the path you do choose. You are also in a better position to change your mind later in life about becoming an entrepreneur, if you should choose to do so.

Earlier in this pamphlet, you saw the name Ewing Kauffman on a list of famous entrepreneurs. Ewing Marion Kauffman was a highly successful entrepreneur, a generous philanthropist, and an Eagle Scout. He founded Marion Laboratories, a diversified pharmaceutical and health-care company that was valued at more than \$6 billion when it merged with Merrell Dow in 1989 to become the Marion Merrell Dow Corporation.

"Mr. K," as Mr. Kauffman was affectionately known, also endowed a \$1 billion foundation—the Ewing Marion Kauffman Foundation—dedicated to a vision of self-sufficient people living in healthy communities. He believed that three key characteristics were vital to the ultimate success of the entrepreneur: sharing the rewards of entrepreneurship with those who produce, treating others as you would like to be treated, and giving back to your community.

May the future bring you the kind of entrepreneurial experiences and successes "Mr. K" had in mind. May you enjoy all of the great feelings that can result from setting goals, accomplishing tasks, achieving success, and bringing benefits to yourself and others. Look again at the section of this pamphlet on the roles and contributions of entrepreneurs in our society. Keep in mind all that is possible for those who are willing to identify opportunities, take the initiative (even when they cannot be sure of the results), and do their best to bring their ideas to reality.

Happy hunting—for opportunities!