

Teachers Guide

Entrepreneurial Depth and Breadth

Introduction:

This lesson introduces the concept of entrepreneurship and its depth and breadth in a region. According to a 2005 Gallup poll of Nebraska business owners, over half of the entrepreneurs surveyed said they first thought about starting their business between the ages of 18 and 29, showing the importance of introducing entrepreneurial concepts early. Entrepreneurship is one of the foundations of a dynamic market economy as entrepreneurs are the risk takers and the visionaries who help bring new and innovative ideas to the marketplace. In rural communities, the value of the entrepreneur is especially important in encouraging economic growth and development in an increasingly global marketplace. This lesson is applicable for students in any size community; however, some exercises ask questions specifically from a rural perspective.

Grade Level:

9 – 12

Concepts:

- Entrepreneurship
- Economic resources
- Economic growth

Relevant National Content Standards for Entrepreneurship

Entrepreneurial Skills The Processes and Traits/Behaviors associated with entrepreneurial success.	
A	Entrepreneurial Processes Understands concepts and processes associated with successful entrepreneurial performance
Discovery	
A.04	Determine opportunities for venture creation
A.05	Assess opportunities for venture creation
Business Functions The business activities performed by entrepreneurs in managing the business.	
K	Information Management Understands the concepts, systems, and tools needed to access, process, maintain, evaluate, and disseminate information for business decision-making
Information Acquisition	
K.15	Select sources of business start-up information

Note: This lesson plan is a shortened and adapted version of the full lesson plan available from the Federal Reserve Bank-Omaha Branch.)

Teacher Preparation:

- Become familiar with the locally owned businesses in your community.
- Review the data for your county from the Bureau of Economic Analysis' Regional Economic Information System (BEA-REIS). To access the online data, go to <http://www.bea.gov/bea/regional/reis>. Select Table CA30 – Regional economic profiles. Select your state for the major area and then choose your county for the minor area. Choose the most recent year available and then select “Display” to show the data on the screen. The data can be ordered on CD-ROM or downloaded and used offline if an Internet connection is not available in your classroom.

Objectives:

- Students will calculate entrepreneurship rates for their county
- Students will evaluate their region's assets that foster entrepreneurship

Lesson Description:

Students will have the opportunity to research the level of entrepreneurship present in their own county, evaluate the factors that spur entrepreneurship in their region, and consider how they might help foster additional entrepreneurial spirit in their community.

Teaching Aids and Materials:

- Teacher's Guide
- Copies of Student Activity Worksheet
- Computer with Internet access or copies of the required data for analysis (one per group)

Procedure – Class Period 1:

1. Ask the students to think about the businesses in your community and the larger county. Ask the students to name all of the locally owned businesses they can recall. Encourage the students to think about doctors, dentists, veterinarians, gas stations, automobile repair shops, auto dealers, barber and beauty shops, grocery stores, manufacturing companies, feed and seed stores, restaurants, hardware stores, etc. (You may need to remind students that some chain stores and restaurants, such as Ace Hardware and McDonald's, can be locally owned franchises.) You do not need to record the business names; however, you may wish to keep a tally of how many different businesses the students are able to name.
2. Ask the students to think about how the businesses they named have affected the community and the county. If some of those businesses didn't exist, how might that change the economy in the area? Is there a business that fostered economic growth by bringing other new businesses into the area? (An example of this could be when a manufacturing facility builds a new plant and other companies and suppliers move into the area to support the manufacturing facility.)

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3. If you have Internet access or have an offline copy of the BEA-REIS data, display the most recent annual data for your county, Table CA30 – Regional Economic Profiles, on the screen. (To access the online data, go to <http://www.bea.gov/bean/regional/reis>. Select Table CA30 – Regional economic profiles. Select your state for the major area and then choose your county for the minor area. Choose the most recent year available and then select “Display” to show the data on the screen.) If computer access is not available, distribute a printed copy of the table to each group of students.
4. Explain that the students are going to calculate two different measures of entrepreneurship for their county. **Entrepreneurial breadth** measures the concentration of entrepreneurs within a county. When an area has a relatively high percentage of entrepreneurs, it can encourage additional entrepreneurs to flourish in the area and improve the overall quality of life. **Entrepreneurial depth** measures the income and value that entrepreneurs create in a county. The income generated by entrepreneurial enterprises helps drive economic growth in an area. Explain that the students will be calculating one measure for entrepreneurial breadth and one measure for entrepreneurial depth based on income. (The data needed to calculate entrepreneurial depth based on value-added are not as quickly accessible for this exercise.)
5. Ask the students to locate the data items requested in the table on the Student Activity Worksheet and fill in the values for your county. Once the students have located the data, ask them to calculate the entrepreneurial breadth and entrepreneurial depth values for the county.
6. Ask the students for the entrepreneurial breadth measurement for their county. Is the percentage relatively high or relatively low? What does a higher or lower entrepreneurial breadth measurement imply about the county? Explain that a higher percentage of entrepreneurs to non-entrepreneurs indicates that a county has a greater concentration of entrepreneurs. Rural areas sometimes have a higher breadth measurement because there are few large cities nearby. As a result, there may be a number of smaller local businesses that develop to meet the needs of the surrounding communities. Urban areas tend to have lower entrepreneurial breadth measurements in part due to denser population and the concentration of larger, corporate-owned businesses.
7. Ask the students for the entrepreneurial depth (by income) measurement for their county. Is the value relatively high or relatively low? What does a higher or lower entrepreneurial depth measurement imply about the county? Explain that a higher average income of entrepreneurs in a county can indicate greater success and prosperity with their businesses. However, a lower average entrepreneurial income does not necessarily mean that the entrepreneurs are less successful. Some entrepreneurs may only operate a business part-time or as a second job; therefore, the level of income produced by the business may be lower than for full-time entrepreneurs.
8. Explain that two common types of entrepreneurs are “lifestyle entrepreneurs” and “high growth entrepreneurs.” Ask the students to define each term. (The students’ answers may vary. You may want to write some of the students’ definitions on the board.) Explain that *lifestyle entrepreneurs* generally open small businesses such as antique shops, diners or cafes, and other unique businesses that provide income and also give something back to the local community. They tend to employ only a small number of people. A high entrepreneurial breadth measurement may be an indication of a large number of lifestyle entrepreneurs in an area.

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Explain that *high growth entrepreneurs* have businesses that typically employ a larger number of people and use technology to a great extent. These businesses often have a significant positive economic impact on a region and increase prosperity. A high entrepreneurial depth measurement may be in indication of more high growth entrepreneurs in an area.

9. Ask the students to think about the businesses in their community. Would they characterize them as lifestyle businesses or high growth businesses? (The students' answers may vary; however, lifestyle businesses are generally predominant in rural areas.) Explain that both forms of business are important and provide income to their owners. Explain that rural areas often face challenges when trying to develop greater entrepreneurial breadth and depth. Ask the students to consider why the high growth businesses tend to be located in more urban areas. Ask the students how they might foster more high growth businesses in their community. (The students' answer may vary. You may want to write several of the responses on the board.)
10. Ask the students to consider the entrepreneurial breadth and depth measurements for their county. Do they believe their county is poised to encourage more entrepreneurial growth and economic development? Why or why not? Ask the students to complete the second page of the handout. (The students' answers will vary, but should reflect a level of thought that demonstrates comprehension of the concepts of entrepreneurial breadth and depth as well as an understanding of their community and county.)

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