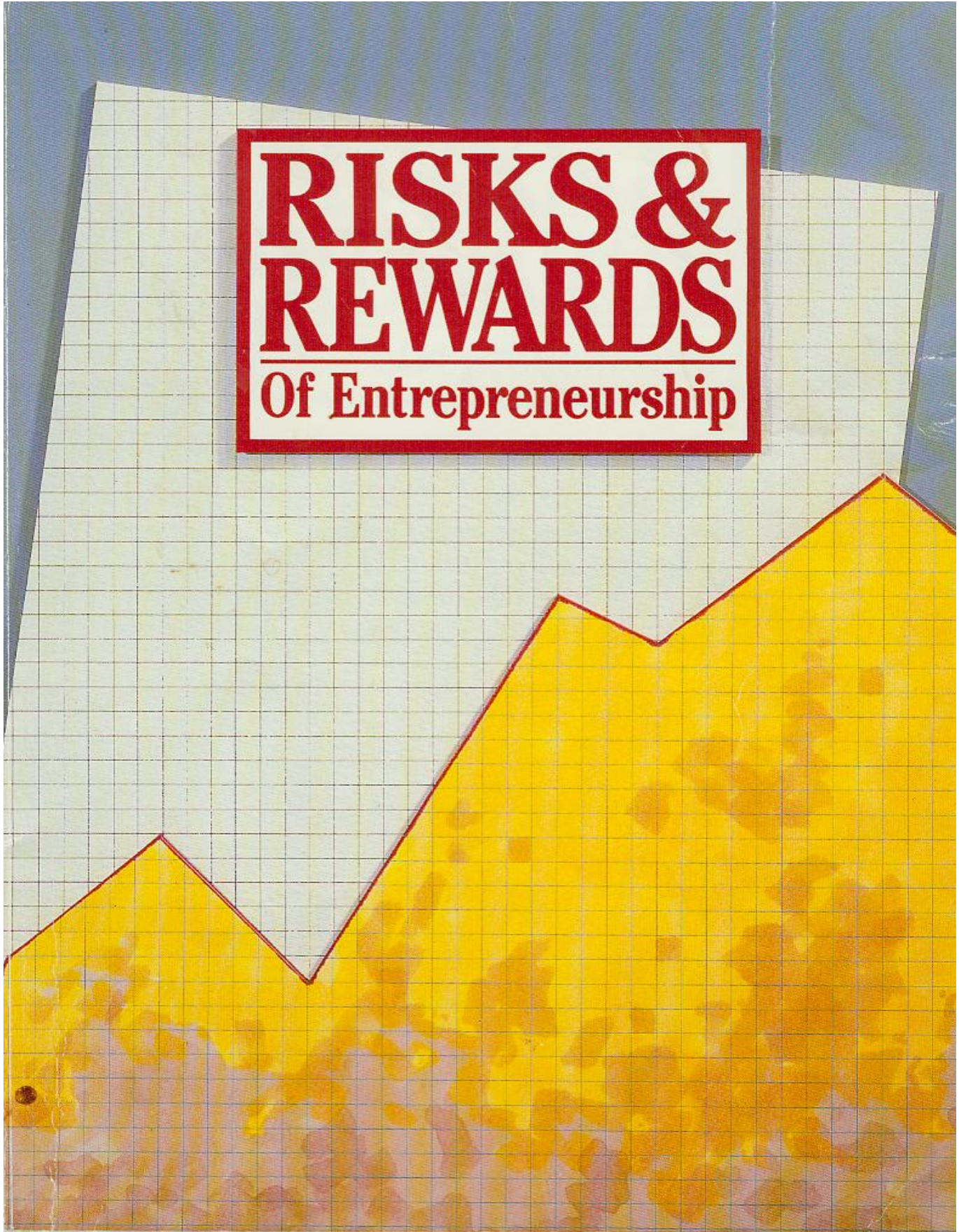


Section 4

How Can I Prepare To Be My Own Boss?



**RISKS &
REWARDS**
Of Entrepreneurship

Section 4

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Section 4

How Can I Prepare To Be My Own Boss?

Completing this section will help you----

- view the entrepreneur's approach to risk taking as an "I-can-do-it" attitude.
- use decision making effectively.
- understand the importance of goal setting.
- Identify resources you will need to become an entrepreneur

“A turtle only moves ahead by sticking out his neck.”

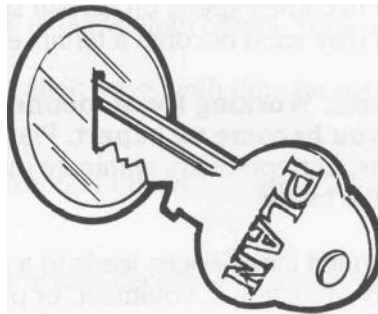
---Chantal

What Is This Section About?

Up to this point, you have looked at your personal values and characteristics; the skills you have gained from your experiences, interests, and hobbies; and how you can apply these to a particular business idea.

Maybe you are thinking seriously about the possibility of *being your own boss*. In this unit we will examine the steps you can begin to take that will prepare you to become an entrepreneur some time in your future.

Based on your business idea and the skills and aptitudes that you have, in what skill areas are you weak? You will discover how to develop these "business skills." You will think about the networks of people you meet in the future who may be able to help with your business idea.



The key to unlocking the door to business success is planning. You will have a chance to explore the importance of planning and some strategies for goal setting.

How Do Entrepreneurs View Risk?

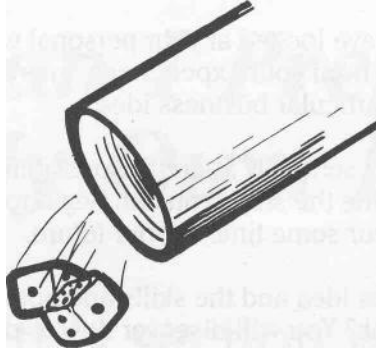
When you think of risk, do you conjure up thoughts of gambling, chance, or a blind leap into an unknown situation? These are types of risk, but to the entrepreneur, risk is just another factor to consider in the decision-making process.

If you were to interview entrepreneurs, they would probably say that they did not take a risk when they started their business. They might even tell you that it would have been more of a risk in terms of "lost opportunity" if they had not launched their small business enterprise.

True entrepreneurs approach risk not with the idea that "what can go wrong will go wrong," but with an "I-can-make-it-work-in-my-favor" attitude. They gather information and, based on the facts, make what they feel is a low-risk decision.

Because they view the benefits to be gained from taking a risk and not just the negatives that *might* result, they are able to take advantage of countless opportunities.

Is Becoming an Entrepreneur Too Risky?



In section 2 we talked about experiences—and how we learn from them. Through repetition of activities, we become experts on certain subjects. For example, if you play tennis every day, you may soon become a tennis expert.

The same is true for business. **Working for someone else in a business you want to start may help you become an expert.** Planning for business ownership leads to avoiding problems. Entrepreneurs eliminate much of the risk of starting a business by planning for the future.

Remember, a series of planned experiences leads to a successful future. Whether you learn through planned educational, volunteer, or paid work experiences, becoming an expert reduces the risk of becoming your own boss.

Why Worry about Decisions?

In many aspects of life, and particularly as a small business owner, you are faced with making daily decisions. Some are routine and require little thought. Others are critical and require you to ask questions and think carefully before deciding. Some decisions students may face on an average day include—

Who to ask to the homecoming dance?

What to do Saturday night?

What to wear to school?

When to do homework?

Go on to college or start a career after high school?

As a small business owner, you will continually be faced with making decisions. You will have to make decisions about such things as—

- what merchandise do I add to my inventory?
- what credit plan should I offer customers?
- how do I confront a customer who is shoplifting?
- what will I name my business?

How Do You Make Your Decisions?

We each have a different style of decision making that we use in various situations. Some of these styles are more effective than others. Look at the following strategies:

- * **Impulsive.** Taking the first alternative, with little thought or examination involved.
- * **Fatalistic.** Letting the environment decide; leaving it up to fate—"whatever will be will be."
- * **Compliant.** Letting someone else decide or following someone else's plan—"tell me and I'll do it."
- * **Delaying.** Putting the decision off, postponing thought and action—"I'll cross that bridge later."
- * **Agonizing.** Getting lost in all the data; getting overwhelmed with alternatives; being torn between options.
- * **Planning.** Using the rational procedure to weigh both facts and feelings.
- * **Intuitive.** Doing what feels right; basing the decision on inner harmony.
- * **Paralysis.** Accepting responsibility for the decision, but being unable to approach it—"I just can't face it."

Think of a decision you made today, this week, or this month. Can you identify the style or styles of decision making you used in each of these situations? Was it effective for you? If not, how might you improve your decision-making style or ability?

Personal Profile 13



Career Decision-Making Steps

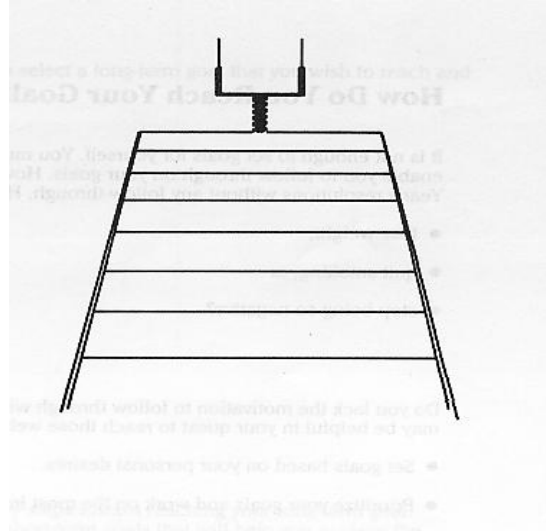
Career decision-making steps offer a systematic method to evaluate possible career options. Have you ever known a person who just fell into a job and stayed there? He/she may never have realized that there could be another job, or many other jobs, for which they may have been better suited and satisfied. The following steps can prevent this from happening to you. Use these steps to begin to define your career goals.

1. Identify the issue (career choice).
2. Consider the alternatives and collect information on them (get a job at a retail store, entrepreneurship, further education, etc.).
3. Evaluate the alternatives based on your abilities, personal attributes, needs, desires, and goals (need to be in charge, independence, location, etc.)
4. Choose the best alternative.
5. Make a plan to achieve your goal (gain experience in a job, explore funding sources, learn more, build networks, etc.)
6. Prioritize the tasks in your plan and decide how to take action.
7. Decide how to evaluate the results of each task as you move toward your goal.

Why Are Goals Important?

No matter what you may decide to do with your future, you need to set goals to help you get there. Goals are a road map helping you travel from being a student to becoming an adult employed, for example, as—

- An owner of your own business



- A teacher
- a homemaker
- a politician
- a salesperson
- a marketing consultant
- a farmer
- a banker
- a secretary

As you begin to plan your future, you need to set *long-term goals* for yourself— goals that you may not reach for 5 to 10 years. Short-term goals are the pit stops that help you reach the end of the race—your long-term goals. For example, John's long-term goal is to own and operate a catering business within 5 years. He may establish the following short-term goals:

- Graduate from high school
- Get a job working for a caterer or restaurant
- Take some business classes from the local community college
- Save extra money
- Obtain a loan

Reaching your short-term goals brings you another step closer to fulfilling your long-term goals. It has been said that if you set goals you know you have accomplished something when you reach them. Otherwise, you may roam aimlessly through life without any direction.

While you prepare for the world of work, think of the jobs you now hold as short-term goals bringing you closer to your long-term goal of a career. A job as a waiter or waitress or host or hostess in a restaurant may begin to prepare you for the many hats that are worn by a restaurant owner.

How Do You Reach Your Goals?

It is not enough to set goals for yourself. You must practice techniques that will enable you to follow through on your goals. How many times have you made New Year's resolutions without any follow-through. Have you failed to—

- lose weight,
- quit smoking, or
- stop being so negative?

Do you lack the motivation to follow through with your goals? The following tips may be helpful in your quest to reach those well-intended promises or goals.

- Set goals based on your personal desires.
- Prioritize your goals and work on the most important ones.
- Keep your goals in view. Write them down and place them where you will constantly see them and be reminded of them. For example, put them—
 - in your wallet,
 - on the refrigerator,
 - in the car,
 - in your locker,
 - on your dresser.
- Imagine yourself fulfilling your goal—actually doing the activity.
- Set time lines for accomplishing your goals.
- Revise your goals as your values, experiences, and needs change.

Personal Profile 14



Setting Personal Goals

No matter what you may decide to do with your future, you need to set goals to help you get there. This exercise will help you set some short-term and long-term goals for yourself.

Step 1:

The first step in goal setting is to select a long-term goal that you wish to reach and write it here.

My Goal

Step2:

Short-term goals are the necessary steps toward reaching your long-term goal. In the space, write at least three short-term goals that will help you achieve the long-term goal you identified in step 1.

- *
- *
- *
- *
- *
- *
- *

Step 3:

Prioritize and set time lines for accomplishing your short-term and long-term goals. Number the goals in step 2 in order of priority. Add the date that you plan to complete each step.

Step 4:

Identify what you need to do now to reach your short-term goals within the time lines you have set for yourself. As you develop more goals, both now and in the future, keep this system in mind. If used, it will help you fulfill your goals.

Why Should You Begin to Build Resources?

One short-term goal you can begin to build right now is identifying your resources and planning to make the best possible use of them. **Entrepreneurs use their own expertise and the resources of others to reach their goal of business success.**

We have already talked about the resources we have within ourselves to create a business. You have identified your personal qualifications that help you feel that you can do it. You have looked at the experiences in your life to see the knowledge and skills you already have developed that will help you in a business of your own. And you have used all this information to begin to think of a business you can start someday.

You don't have to depend on yourself alone to start a business. Other people and opportunities for experience are available to anyone who chooses to find them. Your goals should include experiences that make use of all of the resource opportunities in your community. Before you start your business, you need to build a strong foundation of personal resources. Many of these resources will actually supplement the knowledge and skills that you have found you are personally lacking.

Continued on Next Page

What Types of Resources Should You Begin to Build?

Resources for the entrepreneur can include people who provide ideas, help in problem solving, or assist in the business itself. These people will serve as contacts before a business is started and throughout its life.

Resources may also be available in your local library. All kinds of business ideas and ways to solve problems are described by authors who have personal business experience. Up-to-date market data and new product ideas can be found in books, too.

The potential entrepreneur can seek out resources for learning about running a business from courses offered at two-year and four-year colleges and universities. Often, these courses are available to anyone, whether or not he or she is enrolled as a regular student.

A most important resource for the entrepreneur is financing. It is often the hardest resource for the young, inexperienced businessperson to find. Those who have money to invest want to see a credit record that shows you have made wise decisions about your personal finances. For example, buying a car and paying it off as promised help build a good credit record. Your use of your income in the next few years can make a big difference in how banks, seed-capital funds, or friends and relatives respond when you ask for a loan.



Who Are the Contacts?

Resources for the entrepreneur can also include people or contacts who might be a source of information about a particular subject or topic. When building a relationship or establishing communication with contacts, it is important to determine their subject area, knowledge area, or skill. Knowing this can save time when information is needed. Here are some examples of contact people who might be useful in starting a business:

- **Lawyer.** This professional can provide you with legal advice, from telling you what sort of ownership you might want to consider, to advising you about government regulations you need to follow.
- **Accountant.** This person will help you with financial statements and perhaps advise you on your taxes.
- **Insurance agent.** This individual can help minimize your financial loss in case of fire or theft by insuring your business.

- **Shipping agent.** This person will be responsible for the transportation of your products to their proper destination, and also for receiving packages and sending them to the proper place in your business.
- **Sales representative from supplier.** This individual will act as both advisor and salesperson to supply you with products your business will need to operate successfully.
- **Advertising agent.** This professional will ensure that your market knows about your business and what you sell. The advertising agent may advise you on how best to promote and advertise your business.
- **Other businesspeople.** These people may become customers or, while at your place of business, may tell you what your competitor is doing; they may give advice and suggestions.
- **Banker.** This professional can give you financial support (a loan) and advice on cash-related topics.
- **School job placement staff.** These people are in your school to help you find the right job or send you to the right people to give you advice. They are resource people and can help you find the information you need to make career decisions.
- **Current employer.** This important person helps you gain job experience and gives you a paycheck. Also, you might also be able to talk to your employer about your own career plans and ask for advice.
- **Relatives in business.** These people can give you moral support, ideas for career planning, and maybe even experience working for them.
- **Neighbors or friends in business.** Just like your relatives, neighbors and friends can give you a pat on the shoulder, advice on your career plans, and mayb& even job experience.
- **Trade associations staff.** These professionals serve as resource contacts for particular trades. They can tell you about new developments in certain areas of business, the education that is available, and who is involved in the trade locally.
- **Vocational teacher.** This important person will teach you new skills, advise you, and prepare you for the world of work.

If you do not possess all necessary talents, your contacts or resources may help lighten the load. Don't hesitate to hire someone to provide technical assistance for your business or to call upon someone who may provide advice for free!

Often success comes from *who* you know as well as *what* you know.

Personal Profile 15



Contact/Resource List

List the names of people you know who might help you acquire additional skills or experience necessary if you start a business. Beside each name list the occupation or title of the person and the experience or expertise they might provide. After completing this worksheet, you will have a good list of sources to contact for beginning your own business.

| <u>Name</u> | <u>Title/Occupation</u> | <u>Skill, Experience, Expertise</u> |
|-------------|-------------------------|-------------------------------------|
|-------------|-------------------------|-------------------------------------|

What Do You Need to Be Prepared to Do?

Many people go into business without being prepared to do all the jobs required of the boss. Often they fail without even knowing why. When you set goals to prepare yourself for success as an entrepreneur, study the skills of your vocation, learn management techniques, and use all the resources you can along the way—you will reduce the risk and pave the way to success.

Where Can an Entrepreneur Go for Assistance?

Planning is essential for entrepreneurs to be successful in business. Although they often take on what many consider to be a risky situation when starting a business, entrepreneurs plan with an "I-can-do-it" attitude. They set goals for the future to help achieve business success.



Entrepreneurs use their own experiences and the expertise of others to create a successful business. These individuals who provide expertise are entrepreneurs' resources. Potential entrepreneurs should not hesitate to seek the talent and skills they may not yet have. Certainly, entrepreneurs must depend on themselves and the help and advice of others to reach their goals.



Activities

The following activities are planned to help you review the section on "How Can I Prepare to Be My Own Boss?" Also, you will learn more about the process of decision making when you are asked to analyze decisions made in some short cases as well as understand your own choices in making a decision. Read the instructions carefully.



What is Risk?

Instructions: Risk is different to each person, but generally it means the fear of failure, sticking your neck out, taking a chance, not being sure of yourself. Risk isn't risk when you have the confidence in your ability to do something, and experience builds confidence. List some situations that you once viewed as risky but no longer see that way. Explain why each situation is no longer risky and be prepared to discuss your reasons with the class. Examples may include the following:

- The first day of school
- Trying out for a club or team
- Applying for your first job
- Asking someone for a date
- Speaking in class or in a group
- Water skiing the first time
- Asking someone if they like you

| Situation | Explanation |
|-----------|-------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |



Entrepreneurs Wear Many Hats

Instructions: As you start your own business, you will find that you need to know how to do many things. Your experiences in school and on various jobs will help you learn how to do the following. Check the items that you already have at least some experience in.

An Entrepreneur Must Be a(n)

- | | |
|---|---|
| <input type="checkbox"/> Financier | <input type="checkbox"/> Billing Clerk |
| <input type="checkbox"/> Insurance Manager | <input type="checkbox"/> Stock Clerk |
| <input type="checkbox"/> Shipper | <input type="checkbox"/> Warehouseman |
| <input type="checkbox"/> Advertising Copywriter | <input type="checkbox"/> Driver |
| <input type="checkbox"/> Engineer | <input type="checkbox"/> Artist |
| <input type="checkbox"/> Public Relations Agent | <input type="checkbox"/> Sign Painter |
| <input type="checkbox"/> Designer | <input type="checkbox"/> Electrician |
| <input type="checkbox"/> Architect | <input type="checkbox"/> Salesperson |
| <input type="checkbox"/> Display Artisan | <input type="checkbox"/> Editor |
| <input type="checkbox"/> Personnel Manager | <input type="checkbox"/> Supervisor |
| <input type="checkbox"/> Wage Clerk | <input type="checkbox"/> Manager |
| <input type="checkbox"/> Accountant | <input type="checkbox"/> Superintendent |
| <input type="checkbox"/> File Clerk | <input type="checkbox"/> Tax Expert |
| <input type="checkbox"/> Teacher | <input type="checkbox"/> Analyst |
| <input type="checkbox"/> Bookkeeper | <input type="checkbox"/> Economist |
| <input type="checkbox"/> Mechanic | <input type="checkbox"/> Inventor |
| <input type="checkbox"/> Secretary | <input type="checkbox"/> Travel Clerk |
| <input type="checkbox"/> Groundskeeper | <input type="checkbox"/> Writer |
| <input type="checkbox"/> Motor Pool Officer | <input type="checkbox"/> Police Officer |
| <input type="checkbox"/> Show Person | <input type="checkbox"/> Custodian |

List Goals for your future that will prepare you to wear the many hats of an entrepreneur. My goals are:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____



Matching

Instructions: This worksheet will help you review some of the vocabulary from this section. Select the letter of the definition that most clearly fits the term on the left. Write the letter in the space provided.

- | | |
|---------------------------|--|
| 1. ____impulsive | a. good things that happen |
| 2. ____risk | b. making a choice or coming to a conclusion on career questions |
| 3. ____inventory | c. a decision-making style described by taking the first alternative with little thought or examination |
| 4. ____expert | d. to take a chance with either a good or bad result |
| 5. ____self-known desires | e. innermost secret thoughts or dreams |
| 6. ____contacts | f. the goods that someone wants to sell |
| 7. ____benefits | g. supply of a product on hand |
| 8. ____intuitive | h. a decision-making style described by letting someone decide for you- "tell me and I'll do it." |
| 9. ____short-term goals | i. a person who has high levels of skill or knowledge in a certain area |
| 10. ____resources | j. the "pit stop" results of your efforts that help you to reach long-term goals |
| 11. ____planning | k. a decision-making style described by a person using the rational procedure to weigh both facts and feelings |
| 12. ____career decision | l. people who might be a source of information about a subject or topic |
| 13. ____agonizing | m. a decision-making style described by a person getting lost in all the data, torn between options, or getting overwhelmed with alternatives. |
| 14. ____merchandise | n. can be people, books, magazines, or materials that can provide information or advice on certain topics |
| 15. ____complaint | o. a decision-making style that is described by doing what feels right, or basing a decision on inner harmony |

'How Can I Prepare to Be My Own Boss?'

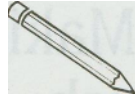
Instructions: This activity will help you learn some of the terms used to describe different decision-making styles. Search the puzzle for the words listed below. The words may appear horizontally, vertically, or diagonally. Circle each word in the puzzle as you find it.

Planning
Fatalistic
Delaying
Compliant

Paralysis
Impulsive
Intuitive
Agonizing

N H C G J O E S S T C I M D L Z
G R H X D Q V I U F W O Z E K Y
W I V F G M S N B U O N P L X J
H P L A A Y R I D V Y W X V U P
J A L R L X W U F T F G T O O V
R E S A G Z E S H P A A N U U T
I Q R K N Y F T P L T C R S C R
M A C Y L N G M D A A G T J O Z
P C O M P L I A N T L P A S M F
U O D A A G O N I Z I N G B P A
L D E E G B C A G O S O A N L S
S G A D L O D E V K T N M R Y P
I F P G Z A N M C L I M P U L O
V K A L W K Y B L P C N L O G O
E I R H A O M I M P C O X N H F
J N A I G N L I N T U I T I V E
M P L A J O A P B G C M D A E D

Decision-Making Grid



The decision-making grid will help you to understand your decision clearly and to consider all of your options.

The first item to complete is the problem or question you wish to make a decision on. Fill this in at the top of the grid.

Next, you will see that there are four boxes for you to fill in, the choices among which you must decide. You may need only two of these boxes, or you may need more than are on the grid. Add lines to make more boxes, or use only the number of boxes you need. In the choice boxes, write your choices.

Now you are ready to fill in the input factor boxes. There are 10 spaces for you to write in the input factors or the ingredients to your making a good decision. Now rank these in order of importance, with 10 being the most important factor in your decision and 1 being the least important.

It is time for you to rate your choices against the input factors. This will reflect your own feelings and values and is often difficult to do. Rate your choices from 1 to 10.

Lastly, from having completed the grid, what decision will you make? Write it at the bottom of this page.

Example Grid: This student wanted to make a decision between four types of cars. He or she listed the input factors and the ingredients needed to make the decision, and then rated them from most important to least important. Then she or he rated each factor against the choices as he or she felt each car compared to them. Now, which car do you suppose this student chose from the information on the grid? Discuss this in class before attempting your own grid.

Source: Adapted from Robert Nelson and Alien Mark Perres, *Decision Making*, edited by Edward Nixiol, Cheryl Nelsen, and William Hood (Chicago: Vision Publishing, 1976), pp. 28-45.

SAMPLE GRID

| State the Problem/Question: <i>I want to buy a car which is the best for me.</i> | | Name | |
|--|----------------------------|-----------------------------|------------------------------|
| Choice 1 | Choice 2 | Choice 3 | Choice 4 |
| <i>Ford Mustang</i> | <i>Chrysler Pacard</i> | <i>Aluminum Quinton</i> | <i>Volkswagen Beetle</i> |
| 6 | 5 | 9 | 8 |
| 5 | 6 | 10 | 9 |
| 7 | 7 | 8 | 4 |
| 5 | 4 | 6 | 7 |
| 7 | 8 | 6 | 4 |
| 7 | 9 | 9 | 3 |
| 4 | 4 | 4 | 6 |
| 9 | 8 | 5 | 4 |
| 9 | 9 | 1 | 3 |
| 8 | 9 | 2 | 4 |

INPUT FACTORS

1. Cost of Car
2. Mileage
3. Overall Maintenance Cost
4. Handling
5. Small Kids
6. Interior Room
7. Resale Value
8. Easy to Service
9. Power
10. Styling

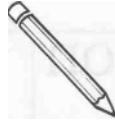
GRID

| State the Problem/Question: | | | | | Name |
|-----------------------------|----------|----------|----------|--|------|
| Choice 1 | Choice 2 | Choice 3 | Choice 4 | | |
| INPUT FACTORS | | | | | |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |



Goal Action

Choose one short-term goal developed in Profile 14 and complete one small task today that will be required to accomplish your goal. For example, fill out an application if your goal is to get a job. Write a paragraph about how you felt after doing the task. This should motivate you to move closer to your goal.



Fantasy Autobiography

Instructions: Let's pretend that it is now 10 years in the future. Write an autobiography of how you became a successful entrepreneur. Refer to Success Stories for ideas.



Success Stories

As you read the following case studies, think about how these entrepreneurs set goals and then worked at reaching them.

- Name:** Jodee C Kulp
- Business Name:** Jodee Kulp Graphic Arts Services
- Business Address:** 119 North 4th Street, Suite 401 Minneapolis, MN 55401
- Type of Business:** Full-service graphic arts studio

At age 12 Jodee Kulp had her first experience with business ownership when she and her sister inherited their cousin's earthworm enterprise. Because they had so much competition, Jodee decided their worms had to be special and that packaging would make the difference. She found a source in the colorful packages used by Dairy Queen, used sphagnum moss rather than the usual dirt filler, and learned the secrets of attracting worms to a garden plot. They sold their earthworms to local bait shops and resorts. Says Jodee, "It was a good lesson in business basics."

Jodee's high school program in vocational education was sales and marketing. There she learned accounting, developing free-lance accounts, leadership, and communication skills. Following graduation, she enrolled in Hennepin Technical Center—North Campus, Brooklyn Park, Minnesota—where she completed a two-year course in commercial art. After attending Hennepin Tech she had the opportunity to start a graphic arts firm for a printing company in St. Paul. Her responsibilities included acquiring accounts, invoicing, time management, equipment purchases, and employee management. Jodee feels, "It was an excellent incubation period for developing the basic skills of managing a graphics studio with no financial obligation." She furthered her education with a self-financed year in Sweden, studying graphic arts.

The need to control her own destiny and the need for achievement led Jodee into starting her own business. She was highly creative and hardworking, had management and business operations experience, plus good sales and "people skills." With a \$5,000 loan, Jodee opened Graphic Arts Services in her home.

Jodee received help from many sources. She credits family and friends for their support and encouragement, her high school sales and marketing instructor and previous employers for teaching her business and management skills, and her husband who "shared his years of business knowledge and was patient as the business evolved and our lives changed." Her personal accountant offered simple recommendations that she could understand.

Of special importance was her grandfather, who lost his own business during the depression. Jodee says, "He is my strongest mentor.... His wisdom, perceptions and advice have definitely guided me in times of need."

Graphic Arts Services began with Jodee as its only employee, and now has 13 working full time and part time, and a crew of free-lancers. The firm is a sole proprietorship, with gross sales in 1986 of \$500,000. Almost all of the profits continue to go back into the business for the purpose of better equipment, employee salaries, and improved working conditions. , : :

From her initial goal of making all her payments to vendors during the first six months, Jodee has expanded. She projects over a million dollars in sales. Jodee believes profits and continued growth go hand in hand. Without profits there is no growth. Says Jodee, "Profits are an integral part of success."

Case Study Questions

Jodee Kulp

Graphics Arts Services

1. Describe the early work and entrepreneurial experiences that encouraged Jodee to start her own business.
2. Jodee had many opportunities to learn business and management skills in high school. What were some of these skills?
3. Personal characteristics were as important as artistic skill in Jodee's success. Describe the qualities that made her successful.
4. What were some of the other sources of help and advice that Jodee used when she started her graphics business?

5. In Jodee's view, which is more important, profits or continued growth of her business? What has one to do with the other?

Name: Bryan Frick
Business Name: Frick's Place Restaurant
Business Address: 416 East Washington Pandora, OH 45877
Type of Business: *Full-menu, table-service restaurant*

Bryan Frick's father worked in a restaurant while Bryan was growing up. Bryan's first interest was in the fancy work of culinary arts: ice carving, chocolate carving, and tallow sculpture.

Bryan chose to major in food service at Apollo Joint Vocational School. His program at Apollo JVS introduced him to entrepreneurship and this got him interested in owning his own business. The program also gave him experience in payroll scheduling, payment of bills, and inventory control.

Upon graduation in 1978, Bryan entered Columbus Technical Institute and graduated in 1981 with an Associate of Applied Business in Hospitality Management Technology degree. The program at Columbus Technical Institute included an apprenticeship component, which gave Bryan supervised, on-the-job experience working in the food industry. Bryan feels this was a real asset. Bryan's experience includes working in a college cafeteria, fancy family restaurant, and a country club. Bryan feels you must not be afraid to work or afraid to start over again.

When Bryan determined he wanted to open his own restaurant, he talked to his former instructors. He also talked with an experienced restaurant operator about business procedures and purchasing techniques. Bryan felt that a family restaurant in Pandora was appropriate since there was no other family restaurant within 30 miles. Bryan knew that his customers would be farmers of Swiss descent and planned his restaurant accordingly. It is a full-menu, table-service restaurant that features all-you-can-eat buffet five days a week.

Financing was a problem in the beginning, since Bryan was only 22. However, Bryan was able to secure a land contract with an option to buy in one year.

Bryan has been in business for three years now. Annual sales last year were worse than projected because the farming economy was down. Seventy-five percent of Bryan's profit goes back into the business. Currently, Bryan employs seven people.

'How Can I Prepare to Be My Own Boss?'

The business has put stress on all family members. In addition to the stress on the family from trying to make the business succeed, it is difficult to find enough time to spend together as a family unit. But Bryan feels you should not be afraid to work—hard.

Even with the stress and lack of family time, Bryan is happy with his decision to go into business for himself. It gives him a feeling of accomplishment as well as a satisfying and reliable income with a potential for increase. Bryan also enjoys being able to use his natural talent for culinary arts and the daily changes and challenges that operating a restaurant and catering parties entail. According to Bryan, "Money is not the whole reason for going into business for myself. I feel the satisfaction of making and serving a meal and making all the customers happy is my main thrill of owning my business."

Just as Bryan set a goal in high school to own his own business, Bryan has set goals for the business. Bryan wants to increase community support, since most of his business is from out-of-towners, and to maintain a quality restaurant. Bryan plans to achieve his goals through hard work, continuous education, and community involvement.

Bryan felt he would achieve long-term success when business was better than anticipated during his first month. Bryan will feel successful, however, when everything runs smoothly not only when he's there, but also when he's away.

Bryan is a Certified Working Chef, a designation he worked hard to achieve. In addition, he is a member of the Apollo Career Center Advisory Committee for Food Service, Pandora Jaycees, Pandora Business Association, Columbus Chef's Association, National Restaurant Association, and a consultant for Ohio State Department of Vocational Home Economics. His most recent award was second place for individual pastry display at the Columbus Chef's Culinary Salon, an American Culinary Federation-approved show in 1985. Other awards include second place for bread display at the American Culinary Federation (ACF) -approved show in Cincinnati, first and second place awards for bread and tallow display at an ACF-approved show in Louisville, Kentucky, third place in the Apprenticeship Student Category at an ACF-approved show in Dayton, and first place at a Chef Showcase at the Ohio FHA/HERO Recognition Activity.

Case Study Questions

Bryan Frick

Frick's Place Restaurant

1. What elements in Bryan's life do you feel were instrumental in helping him decide to become an entrepreneur (hint: skills, interests, hobbies)?

2. Why do you feel Bryan is a planner?

3. Identify the major resource persons with whom Bryan spoke about starting his own business.

4. What did Bryan know about his customers?

5. How did information about his customers help Bryan decide what sort of restaurant would succeed?

6. Describe Bryan's goals for his business.

Name: Raul Avila

Business Name: Avila and Co.

Business Address: 1255 Coporate Center Drive, Suite 202,
Monterey Park, CA 91754

Type of Business: Real-estate investment

Raul Avila credits his family with much of the success of his seven-year-old real estate investment business. His father had started his own electrical contracting business years earlier when he moved to Los Angeles from El Paso and found that no one would give him a job. Now a successful businessman, he provided financial support for Paul's venture, as well as an example of successful entrepreneurship.

Raul actually got the idea for starting his company when he worked in his oldest brother's real estate management company. Raul's sister worked for him there as secretary and bookkeeper and is presently employed by Avila and Co. as his property supervisor.

But there were other circumstances besides family that led Raul to start his own business. A highly motivated student, he attended Catholic parochial schools where he learned excellent communication skills as well as self-discipline. Playing in the school band taught him coordination and teamwork. He studied business administration and building technology at Don Bosco Technical Institute, Rosemead, California, where he excelled at architectural design.

Community service is an important part of Raul's personal make-up and of his life. He observed very early that no business succeeds unless it provides a service to the community. He also saw that his community needed opportunities to expand, and that locally there were many property owners who were tired of managing their rental property but who wanted to continue to own real estate. He saw the profitability of buying and selling income-distressed property.

These observations, together with Raul's education, self-discipline, motivation, and community spirit, helped determine the type of business he would choose. The risks were "frightening," Raul says. Real estate development requires significant amounts of start-up capital for publicity, marketing, and promotion to investors. A \$15,000 loan from Bank of America helped him begin.

Annual sales are now in the \$600,000 range, and Raul projects that they may reach \$3 million in two years. He puts almost all profits back into the Avila and Co. and is in the process of incorporating the business, which was formerly a partnership.

Because of his training in both business administration and building technology, Raul is able to provide all services for every property he purchases: negotiating, insurance, financing, construction, management, and sales.

Real estate development provides a base for the community service that is important to Raul. Although he was only 20 years old when he started in business ("It was difficult many times for bankers and brokers to take me seriously," he says), Raul was elected president of the local Rotary Club at age 24. He serves as a

city commissioner for Monterey Park, a field representative for a U.S. Congressman, a police reserve officer, and is on the boards of several community organizations.

He views his business as a means to serve a wide spectrum of people, from first-time home buyers to seasoned investors. He believes that in every business setback is the seed of a new opportunity. He is excited by the limitless opportunities in his chosen field. "I am my only limitation," Raul says.

Case Study Questions

Raul Avila
Real Estate investment

1. What kind of personal characteristics does Raul believe have helped to contribute to his business success?
2. How did Raul's father and brother help him in making a decision to start a small business?
3. What did Raul know about the needs of the community that made his business different from his competitors?
4. What kinds of education experiences contributed to Raul's ability to go into business for himself?
5. How has Raul's community interests influenced both his goals he has set for his company and how he spends his spare time?

The Think Tank

How Can I Prepare to Be My Own Boss?

Instructions: Summarize what you have learned in this section by answering the following questions. Keep this as a private journal entry to use in your future career planning.

How do entrepreneurs view risk?

Is becoming an entrepreneur too risky?

Why worry about decisions?

How do you make your decisions?

Why are goals important?

How do you reach your goals?

Why should you begin to build resources?

What types of resources should you begin to build?

Who are the contacts?

What do you need to be prepared to do?

Glossary

| | |
|----------------------------------|---|
| Aptitude | a natural talent or inclination for certain activities |
| Assessment | the determination of the amount of entrepreneurial characteristics that you possess |
| average per-capita income | average earnings of persons in your market area |
| average per-family income | average earnings of families in your market area |
| benefits | to receive advantages or good things |
| business planner | a professional who systematically manages the tasks of business to achieve success |
| career decision | making a choice about the profession you want to pursue |
| career options | lifework choices |
| competition | the efforts of two or more business to secure the consumer's business |
| contacts | individuals who might be a source of information about a subject or topic helpful to your business |
| corporation | chartered by the state, this business operates as a legal entity separate from its owners |
| credo | a set of beliefs |
| demographics | statistical characteristics of populations such as age, income, sex, etc. |
| enthusiasm | strong feelings of excitement |
| entrepreneur | one who organizes, manages, and assumes the risks of a business |
| entrepreneurship | assuming the risks of owning your own business |
| experience | knowledge or skills acquired through watching or being involved in an event |

| | |
|----------------------------|--|
| expert | a person who has high levels of skill in a certain area |
| expertise | high level of skill or knowledge in a specific area |
| export | selling our country's products to other nations |
| hobby | an activity that someone does in his or her spare time because it is enjoyable and relaxing |
| human resources | the people employed by a business |
| import | buying products from other countries |
| import substitution | producing goods in our country to replace goods being imported from other countries |
| interests | subjects that you like to read, hear about, or be involved with |
| inventory | a supply of a product |
| investment | the use of money to produce income or profit |
| knowledge | understanding of a subject gained through experience, or learning and study |
| leisure | time free from work or duties |
| leisure activities | ways one spends time away from work or duties |
| life-style | ways in which people live and spend time and money |
| long-term goals | the end results of your efforts in a career, which you may not reach for 5 or even 10 years |
| market | a specified category of potential buyers |
| market area | a specified geographic area of potential buyers |
| merchandise | the goods that someone wants to sell |
| new technologies | updated scientific methods of achieving practical purposes |
| partnership | legal organization of a business with more than one person owning-managing the business |
| resources | people, books, magazines, or materials that can provide information or advice on certain topics |
| rewards | something given for a service done or provided |
| risk | to take a chance with either good or bad results |

| | |
|----------------------------|--|
| self-known desires | innermost or secret thoughts or dreams |
| short-term goals | the pit-stop results of your efforts that help you reach long term goals |
| skill | successful application of knowledge acquired; demonstration of this application is running a business |
| sole proprietorship | legal organization of a business with a single owner |
| values | the beliefs, activities, and so forth, that one prizes or rates highly |
| venture | a business undertaking involving a chance or risk |

Entrepreneur's Response Key for Personal Profile 1B

The answers you see here are what studies have shown to be the common responses given by entrepreneurs. Compare your answers to these responses. To gain the maximum benefit from this exercise, note the personal characteristics indicated in parentheses.

| | Rarely or No | Mostly or Yes |
|--|-------------------------|--------------------------|
| 1. Do you like taking chances? (risk taking) | _____ | _____X |
| 2. Do you like school? (learning oriented) | _____ | _____X |
| 3. Do you like making your own decisions on the job? (independence, responsibility) | _____ | _____X |
| 4. Do you get bored easily? (impatience, energy) | _____ | _____X |
| 5. Do you sleep as little as possible? (energy, time management) | _____ | _____X |
| 6. Do you feel unexpected energy when you tackle things that you like? (energy, resourcefulness) | _____ | _____X |
| 7. Do you finish what you start? (determination) | _____ | _____X |
| 8. Do you take risks for the adventure of it? (risk taking) | _____ | _____X |
| 9. Do you plan your tasks before getting started? (goal setting, management) | _____ | _____X |
| 10. Do you worry about what others think of you? (self-confidence) | _____X | _____ |
| 11. Do you find it easy to get others to do something for you? (leadership) | _____ | _____X |
| 12. Do you enjoy doing something just to prove you can do it? (need to achieve) | _____ | _____X |
| 13. Do you find yourself constantly thinking up new ideas? (creativity) | _____ | _____X |
| 14. Do you like to take care of details? (impatience) | _____X | _____ |
| 15. Do you believe there should be security in a job? (self-confidence) | _____X | _____ |