

MyImpact Challenge: Entrepreneurship & Community

Activity 5

In this activity you will...

- Define Entrepreneurship and explain its role in solving social problems.
- Explain and compare how entrepreneurs have impacted civil society.
- Identify entrepreneurial solutions to your MIC problem and entrepreneurs already involved in solutions.
- Create a business plan for your project using the Lean Canvas technique.

Entrepreneurship has been a major factor in American problem solving since the nation's earliest days, and remains so today. Entrepreneurs have played leading roles in America's economy and a major role in society. Business ventures help generate the capital needed to fund charitable endeavors, but they can also solve problems directly by creating employment or generating needed products and services.

Defining Entrepreneurship

Entrepreneurship is the process of creating a business or businesses, which involves taking on financial risks in the hope of profit.

Let's explore the relationship between entrepreneurship and citizenship, and their impact on civic virtues and civil society.

A Market Economy

Human beings need many things to survive.. We need food to eat. We need clothes to wear to protect us from the environment. We need shelter. Although we can produce these things ourselves, we often rely on others to meet these needs.

Fortunately for us, there are resources available to satisfy these needs. We use these things to make life easier, help us live longer, and to do the things that make us happy. Many of the things we use to improve our lives exist as a result of natural

and environmental forces, but things aren't "resources" until someone figures out a way to use them.

In a market economy, people are rewarded by how well they are able to satisfy the wants and needs of others. The Scottish economist Adam Smith reminds us, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest."

The brewer and the baker may be motivated by their own interests, but the products they create benefit their customers. All of us, at some level, have to take care of our own needs before we can meet the needs of others. Taking care yourself may not be a purely charitable act, but neither is it purely selfish. By paying for food, you help the person selling the food. If you sell a product, your customer contributes to your well-being. All of these little trades add up to a market economy, which incentivizes all of us to take care of each other.

Write a brief explanation of a market economy in your own words.
<i>The market economy is...</i>
Describe ways in which you participate in the market economy.
<i>Some ways I participate in the market economy are...</i>

Entrepreneurs as Problem Solvers

Markets are an effective way to help people satisfy their own wants by helping others, but this process is not a perfect one. Sometimes, people go without food or shelter, probably even in our own community. Meanwhile, housing sits empty, and food is wasted, and many people struggle in poverty.

The market economy is not perfect, but entrepreneurs are often among the most effective people at solving societal problem. It is easy to see a problem in society, but an entrepreneur can turn a problem into an opportunity.

Entrepreneurs also have a strong incentive to find a solution that works. That incentive is money.

If an entrepreneur produces a product that solves a problem effectively, people will buy the product and the entrepreneur will make money. If an entrepreneur makes a bad product, the product will not sell and the entrepreneur will have lost whatever money they spent to make the product.

The market incentivizes people to find the *best* solution, not just their favorite idea. Entrepreneur Uri Levinem, co-founder of the navigation app Waze, offers advice for entrepreneurs: “As a startup, figure out the problem you are addressing, and the users. Fall in love with the problem, not the solution, and the rest will follow.”

In earlier lessons, you selected a community problem that you would like to solve. While the government and charities may be positioned to assist in that problem, it’s possible that the best solution to your problem is an improvement to a product or service that people pay for. If your problem involves the need to make a product more widely available, or to improve on an existing product, the solution may be entrepreneurial.

Describe the relationship between entrepreneurs and the market economy.
<i>The relationship between entrepreneurs and the market economy can be described as...</i>
How can entrepreneurship contribute to solving social challenges?
<i>Some ways entrepreneurship contributes to solving social challenges include...</i>

Entrepreneurs as Agents of Economic Opportunity

When Annie Trunbo Malone was young, she could not have predicted the success she would later achieve and the impact she would have on her community and the nation. Born in 1869 to formerly enslaved parents, orphaned as a young child, raised in the era of segregationist laws, and forced to drop out of high school due to health complications, opportunities for success seemed beyond Annie’s reach.

However, around the year 1900, she saw a problem that needed to be solved. Namely, she saw the need for hair care products that would work for Black women.

Armed with her personal formula, Malone began selling hair care products door-to-door. As demand for her products grew, she was able to hire a few other women to do sales for her, creating jobs for them. This gave her a new idea. Rather than working for her company, she would train other Black women how to work for themselves by offering franchise opportunities.

She would later form Poro College and as a training ground for both cosmology and business, specifically serving black women when the few other opportunities were available to them. Poro College expanded to multiple cities across the country, having provided training to an estimated 75,000 people across the United States, the Caribbean, several African nations, and the Philippines.

Not every person who trained in the Poro Method would ultimately become a Poro agent. Many would open their own beauty salons or even start competing cosmetics companies, as was the case with Madam C.J. Walker. But every person who was trained in the Poro Method was given access to economic opportunity as a result of the entrepreneurial spirit of Annie Malone.

Malone may have started the business to meet her own needs, but she also used it to uplift and train others.

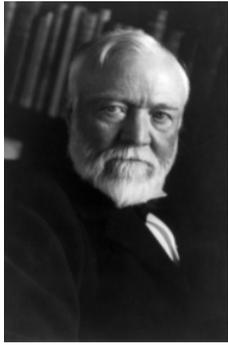
In what ways was Annie Malone considered an agent for economic opportunity?
<i>Annie could be considered an agent of economic opportunity because...</i>
What kind of impact did Annie Malone have on civil society and her community?
<i>Annie's impact on civil society and her community...</i>

Heroes of Entrepreneurship

Now that we know a little more about the services entrepreneurs contribute to society and how they serve their communities, we're going to take a look at some

examples of different entrepreneurs throughout history and their various contributions.

Directions: As you read about each entrepreneur, highlight characteristics the person demonstrated for success in one color. In a second color, highlight how the individual contributed to civil society or the economy.



Andrew Carnegie (1835 – 1919) was a young immigrant from Scotland who worked hard in a bobbin factory. He showed great skill in accounting and the telegraph. He went to work early and stayed late to master the skills and won several promotions with raises. The Pennsylvania Railroad hired him as a secretary, and he learned about this modern business enterprise and related industries. He resigned as the superintendent and invested his money in a venture called Carnegie Steel. He relentlessly cut costs by investing in new technologies and buying sources of raw materials. Business and consumers benefited from a drop in the cost of Carnegie Steel from \$56 a ton to \$11.50 per ton. Carnegie Steel made tens of millions of dollars in profits. Carnegie sold the company in 1901 for \$480 million. He donated \$350 million to libraries, museums, and foundations promoting world peace.



Mary Kay Ash (1918 – 2001) was a young single mother who was trying to support three children. She sold household cleaning products in direct sales through host parties at people’s homes. She attended an annual sales meeting and was attracted by the praise and prizes won by the top saleswoman. She asked numerous questions about the secrets of the winner’s success and pledged to be the following year’s winner. She dedicated herself to increasing sales and achieved her goal. After encountering discrimination as a woman at another direct-sales company while its national sales director, she started her own company. She invested \$5,000 starting a direct-sales cosmetic company, Mary Kay. Consultants sold cosmetics to women and recruited others so that they would earn money to support their families and the prestigious, signature pink Cadillac. In the mid-1990s, annual sales were almost \$1 billion and Ash’s net worth \$325 million.



Berry Gordy (b. 1929) was a young African American who opened a record store called the “House of Jazz” in Detroit in 1953. After the record store failed, Gordy started writing several hit songs for other artists to perform. He was dissatisfied that producers were earning most of the profits from his songs. In 1959, he decided to start his own production company—Motown Records—with an \$800 loan from his family. He dreamed of producing hits and selling millions of records by mostly Black

recording artists to audiences of all backgrounds. He signed numerous artists and made them popular. Smokey Robinson, the Supremes with Diana Ross, Marvin Gaye and the Four Tops, the Temptations, Stevie Wonder, Gladys Knight and the Pips, and the Jackson Five were just a few of the Motown groups under Gordy's leadership that achieved great commercial success by selling millions of records. In 1988, Gordy sold Motown to MCA for \$61 million. He had changed the face of popular music forever.



Oprah Winfrey (b. 1954) was raised by her grandmother in rural Mississippi. She was a natural entertainer at church, in high school, and at a radio station. She was the first female and first African-American news anchor for a Nashville television affiliate. Soon, she was hired to anchor the nightly news for Baltimore television. She discovered that she had a greater knack for a talk-show format rather than the news and hosted a show in 1977. She moved to Chicago to host a talk-show with a much wider audience and big-name celebrity guests. She co-starred in the movie, *The Color Purple*, and earned over \$200,000 a year. In 1986, she started the Oprah Winfrey Show with national syndication broadcast on hundreds of stations and seen by 15-20 million viewers daily. She started her own production company, Harpo, and by 1999, was the top-earning entertainer with \$120 million annually and became one of the first Black multi-billionaires.

What characteristics did the entrepreneurs have in common?

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Which of these characteristics do you think you share with these entrepreneurs? How so?

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My Next Project Component

Now it's time to consider how your own MIC project problem might intersect with charitable organizations.

Part 1: Use the following questions to develop a potential plan for working with an entrepreneurial solution for your project.

What is a potential entrepreneurial solution to your MIC problem?

A potential solution is...

Who are the stakeholders involved in this entrepreneurial solution?

These are the individuals who are

- closest to the problem,
- likely to have important knowledge about the situation, or
- able to take actions or make decisions to help solve the problem.

Some stakeholders are...

Of the stakeholders listed, who would be someone you would like to further interview to gain some more knowledge of your problem? Why this person?

Someone I would like to interview is.. because...

What are some questions you would ask this person?

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What do you think would be required to implement this entrepreneurial solution, and how much effort do you think it would take to execute this solution?

This solution would require...

You have now viewed your project through three different solution lenses: federal and local government, charitable organizations, entrepreneurial options. Take a moment to weigh the pros and cons of each option to help direct your next steps.

<i>Solution Option</i>	<i>Pros to this option</i>	<i>Cons to this solution</i>
<i>Federal/Local Government:</i>		
<i>Charitable Organization:</i>		
<i>Entrepreneurial Idea:</i>		

At this point, which category seems to offer the best approach to working on your project? Why?
<i>The best category for my project is... because... .</i>

Did an entrepreneurial solution seem like the best fit for your project? If so, consider completing the next activity to help in your planning. If not, move on to the next activity in the series.

Optional Project Component: Writing a Business Plan

As you've seen in the project components and other activities, creating plans can help organize your ideas and weigh the practicality of them before doing the actual work. Business plans help entrepreneurs do the same thing. Since you are not in the formal stages of starting a business, we are going to create a simplified business plan using a tool called the Lean Canvas.

The Lean Canvas is designed for the early stages of business planning, to give entrepreneurs action items as they lay out their ideas. This is useful even if your project is charitable or governmental in nature. Even if you aren't trying to make a profit, entrepreneurial thinking can help you find the most effective way to pursue your goals.

Each cell captures a different aspect of starting a business. It may look like a lot, but remember, you've already answered many of these questions in previous lessons. Also, not every box will have a lot of detail. For instance, charitable projects may not have any revenue streams - but it is still important to write down "no income." The goal is to capture what you know about your project. When presented together, the plan should illustrate the goals and direction of the project.

<p>Part 2: Directions: Use the following prompts to practice building your Lean Canvas Business Plan. Answer as many of the sections as you can. You can refer to work in previous activities.</p>
<p>1. The Problem - Describe the problem in 1-3 clear phrases. You can refer to your 5 Whys Analysis from Activity 5.</p> <p>What is the problem that you are trying to solve?</p>
<p><i>Write your problem here</i></p>
<p>2. Existing Alternatives - Who else is already addressing these problems? This is your chance to use the research you did in Modules 3, 4, and 5.</p> <p>How are people trying to solve the problem now? Is there a competing product? An existing solution that doesn't work well? A way that people are getting around</p>

the problem without actually solving it? These are the things your project will have to compete against.

Write existing alternative here

3. Customer Segments - Define the ideal customer affected by the problem. Who is actually going to *use* your solution? Remember, a “customer” in this sense may be a user of your service, a member of your audience, or someone who benefits your charitable activity.

Be specific in defining your customers. For example, defining your customer as “female high school students in Los Angeles who use Instagram” is a lot more effective than “teens.”

Write potential customer segments here

4. Solution - Summarize the Solution that you have brainstormed in the last few modules. Take care to note how this solution will impact each root cause you listed in the ‘Problem’ box.

The solution should address the problem you outlined and give a clear direction for your project.

Write your solution here

5. Unique Value Proposition - What separates your project from the other people trying to solve your problem? What can you alone offer that is different from them?

In a charitable project, this could be the reason people want to participate in your charity and not others, or why people want to listen to you. It could be as simple as the fact that you are in your neighborhood, and others aren’t.

Write your unique value proposition here

6. High-Level Concept - Give a short phrase that illustrates your solution.

The High-Level Concept often takes the form of “X for Y,” such as defining TikTok as “Instagram for short videos.” If there’s not a fitting analogy, use a succinct phrase that quickly paints a picture.

Write high-level concept here

7. Advantage - State the ways in which you are likely better positioned than your competitors.

What are you bringing to the table that your competitors likely don't have?. This could include assets, resources, ideas, strategy, location, intellectual property, or timing.

List any unfair advantages here

8. Key Metrics -Think about how to measure your project's success.

For the Key Metrics, think about the activities your project will perform or the things you want to see happen. Can those activities or effects be expressed in measurements or numbers? This could include categories such as customers, products, services, or costs.

List key metrics here

9. Channels - State how you will reach the customers you are trying to serve. How will you get out word about your project? The paths should reflect the needs and expectations of your customers.

Channels can take the form of websites, blogs, videos, social media sites, in-person meet-ups, storefronts, events, advertising, etc. Select channels that make sense for your customer segments.

List potential channels here

10. Cost Structure -List the major categories of expenditures that you'll encounter.

Even small projects will likely have to spend money on something. Will you need to print flyers? Buy boxes to carry donations? What might you need to buy in order to carry out your project?

List major categories of expenditures here

11. **Revenue Streams** - Define your potential sources of money.

Ask yourself how this project will bring in money. Are you selling a product or service? Are you accepting donations? Even for a smaller project, what are the sources of funding you will use to carry out the work?

List potential revenue streams here

What Do I Do Next?

Take a second look at the learning objectives at the start of this activity. Check off the objectives you feel you have successfully completed. Revisit the content or steps that you still have questions about. When you're confident in your understanding of the objectives and the problem you have identified, continue to the next step.