

Matt, the Entrepreneur

By Cindy Grigg

Entrepreneur is a big word for someone who sets up a business. This person creates and manages the business. If you provide goods or services for sale, you become a producer. First, start with an idea of what you like to do. There are many ideas for kids. Selling lemonade, babysitting, and dog walking or grooming are just a few. One boy named Matt decided to entertain kids at birthday parties. He had two younger sisters and enjoyed clowning around with them. He decided to start his own business and see if he could get paid for something he liked to do anyway.

Starting a business is hard work. It takes creativity, organizational skills, and courage. It means taking a risk or a chance of loss. It can be very rewarding if the business is a success. Before you start any business, think about your situation. Do you have time to do everything that's involved? Will your parents approve? Will you need startup money to buy supplies? How will you advertise your business? How much will you charge your customers?

You might want to do a market survey. This is a study that will tell you if there is a need for your business idea in the area where you live. Matt decided that he would make balloon animals for children at parties. Matt went around his neighborhood and asked parents if they ever hired entertainment for their kids' parties. Were they happy with what they got? How much did they pay for an entertainer? Would they be interested in hiring a balloon entertainer?

The results of Matt's survey showed him that there was interest in his neighborhood for a party entertainer. He went to the public library and looked for books on making balloon animals. He checked out some more books about clowning. He needed some good jokes to tell while he was making the balloon animals. Matt also found some good Internet sites that demonstrated how to make balloon animals.

Matt didn't have enough money saved to start his business. He talked to his parents about his business idea. They asked him several questions. Where will you be going to do these parties? How much time will it take? Do you know how to make balloon animals? How much money can you earn? Do you have enough money to get started?

Matt's parents were impressed with his answers. He showed them that he had thought it out before he came to them. They agreed to drive him to parties and pick him up if it was too far away for him to walk. They also agreed to loan him some money to get started. He promised to repay them in writing. Matt showed his parents he was serious about starting a business.

Matt had to decide what his price was going to be. From his market survey, he already had an idea of what his customers might be willing to pay. Matt's mom found a professional children's party entertainer in the telephone book. She called to ask about his rates. Since Matt was a beginner, his mom told him that he should charge less than a professional's rate. After Matt had performed at some parties and got good "word of mouth" advertising, he might be able to charge more. Matt decided that he would entertain for two hours at each party, and each child would receive one balloon animal to keep. For this, he would charge \$25 per party.

Matt's mom told him that entrepreneurs set goals for their business. Business goals should be realistic. She asked Matt what he hoped to accomplish for his business.

Matt said, "I want to earn lots of money!" Business goals should be specific and realistic. Matt's mom told him a better goal might be to "book one party a month the first year." That is a reachable goal.

Matt's mom also said that he should write a mission statement. Businesses usually have a mission statement; that is a brief explanation of what they are trying to do. Matt's mission statement was "to provide comical entertainment



Name _____



Date _____

for children ages four to ten by making balloon animals." If you would like to start your own business, try writing a mission statement. If you cannot do it easily, then perhaps you don't really know what your business is trying to do. You might need to rethink your business!

Matt needed a name for his business. He asked some of his friends for ideas. They suggested "Balloon Buddy," "the Balloon Guy," and "Tied Up in Knots." Matt liked the last one. Next, he and his mom made some flyers on their computer. Then his mom took them to a copier store and had 50 copies made. Matt and his friends went around their neighborhood and put fliers on lampposts, community bulletin boards, and in the window at the local supermarket. Matt asked the store manager for permission to do that first. Matt kept some fliers to hand out at parties to other parents.

Matt found a video advertised on the Internet that showed how to make lots of different balloon animals. He asked his mom if they could order it. When the video arrived in the mail, Matt bought some balloons and began to practice. He discovered that blowing up a lot of balloons took too much time. He decided that he would also need to buy a small air pump to blow up the balloons quickly.

Parents in the neighborhood began to call. Matt booked his first party! Matt's mom helped him type up a contract. A contract is a paper that explains to your customers what they will receive and how much they will pay. A contract should include the date, starting time and place, and how long the entertainment will last. Other agreed upon conditions should be stated in the contract, like "every child will receive one balloon animal to keep." The price you are charging and what type of payment you will accept should be part of the contract. Matt's contract said "\$25 cash or check on the day of the performance." There was a place where both Matt and the customer should sign the contract. There was also a place for the date and time of the party.

Matt showed up a little before time for the party. He set up his supplies and was ready to greet the children when they arrived. He was dressed in an old suit of his dad's with a giant bowtie. The suit was much too big for him! His mom had painted his face with some old makeup from Halloween. He looked funny! On his head, he wore a hat he had made out of balloons.

The party went well. Matt and the children had a good time. They laughed at his jokes. They loved the balloon animals. The party hostess thanked Matt when it was over. She said it was the best birthday party her daughter had ever had. She told Matt she would recommend him to all their friends. Matt was polite and remembered to shake her hand and thank her for asking him to do the party. He said that he appreciated her business.

When Matt got home, his mom said, "Let's see if you made any money."

Matt said, "Yes, she paid me \$25."

But Mom said, "You'll need to subtract your expenses."

Matt had spent \$14.97 for the balloon video. He spent \$5.75 for balloons to practice with before he booked any parties. He spent another \$5.75 for the balloons for the party. His mom spent \$4.30 for copying the flyers. He spent \$5.99 for the balloon pump. Matt had already spent \$36.76. When expenses are more than income, it is called a loss. Matt earned \$25.00, so at this point his business showed a loss of \$11.76. Matt was so disappointed, he wanted to quit. Mom explained that businesses often don't make a profit for their first year.

The next weekend, Matt performed at another party. This time, he only needed to spend \$5.75 for balloons. When he got home with his \$25 payment this time, he subtracted the \$5.75 and the \$11.76. Now his business showed a profit of \$7.49. He was able to pay back his parents for their startup loan. The next party he booked he would only need to buy balloons for \$5.75. His profit from all future parties would be \$19.25 for two hours work!

Matt had fun entertaining children. But after a couple of years, he didn't enjoy it as much. He needed more time to play baseball in the summer and basketball in the winter. Children's party times always seemed to interfere with tournaments. He decided to give up the business. He thought he might start another kind of business instead. He thought that starting the balloon business had been a great learning experience. He had learned how to see a project through. He had learned how much to charge customers and keep track of expenses. He knew that these skills

Name _____



Date _____

would be needed in any other business he chose to start.

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Questions

- _____ 1. What is an entrepreneur?
- A. someone who buys goods or services
 - B. someone who creates and manages a business
 - C. someone who works for someone else
- _____ 2. Someone who provides goods or services for sale is a:
- A. consumer
 - B. producer
 - C. entrepreneur
- _____ 3. What is a market survey?
- A. a study that will tell you if there is a need for your business
 - B. asking questions at the supermarket where you live
 - C. a survey of your friends asking if they think your business will succeed
4. A business goal should be _____ and _____.
- _____ 5. What is a mission statement?
- A. a mission to help others
 - B. an explanation of the purpose of a mission
 - C. an explanation of what a business is trying to do
- _____ 6. What is a contract?
- A. a paper that tells what the customer should do
 - B. an agreement between producer and consumer of what the consumer will receive and how much he or she will pay
 - C. a paper that tells how much a business will charge
- _____ 7. What are expenses?
- A. money spent in order to provide goods or services
 - B. money spent by the consumer
 - C. money paid to a producer
- _____ 8. What is a business loss?
- A. when a business earns more than it spends
 - B. when a business loses customers
 - C. when a business spends more than it earns

