Session Four

Challenges Facing Today’s Business Leaders

Good plans shape good decisions. That’s why good planning helps to make elusive dreams come true.

— Lester R. Bittel

Overview:

As you begin planning your business, you will become increasingly aware that you will face challenges along the way. Some challenges you may not be able to control, such as the legal limitations that come with being a teenage entrepreneur or not having all of the time and money you would like to dedicate to your business. The best way to deal with obstacles like these is to have the information you need to be prepared. Then, you can look for ways to turn the situation into an opportunity, through finding a unique solution or drawing on support from other people.

Other challenges will present you with decisions you will have to make. You may find yourself faced with a choice that draws on your own sense of morals, values or ethics. An example might be whether to take the business idea of a peer without bringing him or her onto your team. Another might be selling a product that you know is of poor quality or even harmful to a community. Would you sell t-shirts if you knew they were produced in sweatshops in another country? What if it meant that you were making double the profits? You will encounter these types of ethical dilemmas throughout your career. There might not be a completely right or wrong answer, which is why we call them dilemmas. Later in this session we will take a look at a case study and see how these can be useful for helping you make difficult decisions for your business.

Session Goal:
To discuss potential obstacles facing young entrepreneurs as well as the route to finding solutions. To introduce the concept of ethical decision-making in business.
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Activity 4.1:
Presentation: What challenges do I face as a teenage entrepreneur?

Time: 10 minutes

Purpose: To understand common obstacles to starting a business and review a method for coming up with the solutions.

Materials Needed: Chalkboard or flip chart, participant handouts.

Facilitator Presentation — Discussion Notes:
(Begin by asking students to fill out only the table section of Handout 1. When they are finished, facilitate a short discussion on which areas seemed to present the most problems for the group. If there is a consensus, you may want to focus on these points during this session and future club meetings.)

Any entrepreneur faces a series of challenges, and this is even truer for young people. Being in school full time and not having much savings to set up your operations can seem like major obstacles to getting your business off the ground. In this section, we will discuss the steps to addressing your major concerns. They are as follows:

From Participant Handout 2:
1) Recognize potential challenges (in Handout 1, students took this step)
2) Gather as much information about each issue as possible. For example, find out the legal requirements for getting a business loan in your state.
3) Look for other routes to solving the problem. To use the above example, what are other ways, besides through a bank, to finance your business?
4) Look at how others have dealt with the same problem (Hint: through case studies or interviews with entrepreneurs).
5) Seek “expert” advice. Remember that few entrepreneurs go it alone. Don’t be afraid to talk to people and ask for input and ideas.
6) Decide on your action plan. Come up with alternative paths in case the first plan is not successful.
7) Try, try, and try again!
8) Never forget that young entrepreneurs are often the most successful! Your energy level, intelligence, drive and creativity can defeat any obstacle.
If students are able to identify common areas of concern, you may decide to assign a few to individuals or teams to the “case” using the above series of steps. Consider inviting an expert to the class (local entrepreneur, banker, lawyer) during the next session who can address these issues specifically.

Ask students to complete the bottom half of Handout I, describing their action plan, either in class or as homework to be reviewed in the next session.

**Discussion questions:**

Does anyone wish to share additional challenges he or she wrote in last rows of Handout 1?

What are possible solutions or another way to approach these obstacles?

Have the students encountered examples of ways to approach these problems in any of the assigned books or from talking to entrepreneurs?
Activity 4.2: Presentation: Introduction to Business Ethics

Time: 10 minutes

Purpose: Introduce students to the concept of business ethics.

Materials Needed: Chalkboard or flip chart, participant handouts.

Facilitator Presentation — Discussion Notes:

(Encourage students to follow along on their handouts)

One of the biggest challenges you will face as a business owner has to do with ethics. You would have to have been living under a rock to miss the huge number of corporate scandals in the news over the last few years. Company names like Enron, MCI Worldcom, Arthur Anderson, Martha Stewart, and Tyco should ring some bells. The management of these companies has all been accused of committing crimes that, in many cases, took money away from their employees and their investors. With so many business leaders under investigation or behind bars, the role of ethics in running a business has become a serious area of concern. As a future business owner, it is important for you to understand how ethical decision making will contribute to the future of your company, employees, creditors and investors.

To get started, what are ethics? Is doing something unethical the same as doing something illegal? The answer is not necessarily. Ethics has to do with your own sense of what is right or wrong. Some people prefer terms like morals or values. In many cases, there is overlap between what most people view as right or wrong and what the law dictates. Homicide is one area where this is the case. Other areas may be more difficult. Think about something as simple as jaywalking or as complex as abortion or drug policy: because of your own sense of ethics, you may feel differently about these areas than what the law tells you.

When we begin talking about business decisions, it becomes important to differentiate between what is illegal and what unethical. It may seem like a simple, black and white matter to follow the law, although many of the companies named above found even this to be challenging. When it comes to applying ethics to running your business, decisions become more difficult. Why is this the case? Because many times taking the ethical route is not the fastest, easiest, or most profitable. For example, if you could increase your profits and grow your company faster by not providing health insurance for your employees, would you do it? Many business owners choose profits over ethics.

1 http://www.sba.gov/starting_business/planning/basic.html
As you prepare your business plan, you must learn to develop an awareness of the ethical dilemmas you will face. These may include:

- health/safety/environmental issues in the workplace/community/country;
- respect of others’ property and rights;
- importance of maintaining quality of the service/product;
- awareness of the laws and regulations to be obeyed;
- importance of transacting business without deception;
- obligations of timelines/contracts to be met;
- willingness and commitment to get the job done;
- importance of being trustworthy;
- willingness to keep customers satisfied; and,
- creating an atmosphere of excellence, integrity, and strong ethical performance.

In the following activity, students will have an opportunity to explore mock ethical dilemmas.

(Students should complete handout 4)
Activity 4.3:  
Interaction — Business Case Studies on Ethics  

**Time:** 10 minutes

**Purpose:** Allow students to examine business case studies in ethics to review decision-making process.

**Materials Needed:** Chalkboard, overhead and transparencies, or flip chart; current events articles; journals.

**Activity Plan:**
1) Divide students into small groups of two or three.

2) Assign one or more of the ethical “cases” from Handout 5.

3) Give students a time-frame to discuss the case and come up with a recommendation they would give to the executive director of the company.

4) Students should be encouraged to identify areas where they feel they need more information.

5) Have groups take turns presenting their case and their recommendations.

6) Ask each group to discuss the process they went through and the solutions they considered when coming up with its recommendation.

7) Encourage other groups to give feedback or express alternative points of view.
Activity 4.4:  
Class Discussion  
Time: 10 minutes  

Purpose: Solicit input from students on what they have observed about business challenges, decision-making and ethics over the past week.

Materials Needed: Chalkboard, or flip chart; current events articles; journals.

Discussion Ideas:  
During a typical Aspira Business Club session, a portion of the time should be dedicated to discussing current events. You may have elected to assign a topic based on an upcoming session, or may leave this session open to students’ interests. You may wish you use this portion of class to assess the students’ current knowledge and opinions about entrepreneurship and business practices in general. Using the feedback, consider ways to tailor the course further to students’ interests.

Activity 4.5:  
Discussion of Background Reading  
Time: 20 minutes  

Purpose: Discuss this week’s assigned text. Review the major lessons and answer any questions. Determine how students can put the information to use for their own entrepreneurship plans.

Materials Needed: “Book Discussion Notes” found in the Teaching Entrepreneurship Guide for whatever text has been assigned as the pre-course reading. Copies of participant handouts.
Activity 4.6: 
Assignments & Session 7 Preview

Time: 5 minutes

Purpose: Provide overview of next session's topic. Clarify time and meeting place of next activity. Assign background reading, journal entry and research topics.

Materials Needed: None

Steps to Cover:

1) Using the Objectives Section of the Session 7 Facilitator's Guide, preview the topics that will be discussed during the next session.

2) Assign students a topic for next week's journal entry.

3) Assign the pages or chapters for the next session's book discussion.

4) Make sure that students are clear on the next meeting time and place of the Aspira Business Club. Indicate how any schedule changes will be communicated and decide if you or a student will send a reminder.
Handout 1:
Address Your Challenges

In the following table, rank each challenge based on your gut feeling about whether it will be a problem for your business. If there is something not listed here, write it in the empty rows.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>LEVEL OF IMPORTANCE</th>
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<tbody>
<tr>
<td></td>
<td>Critical</td>
</tr>
<tr>
<td>Afraid of failure</td>
<td></td>
</tr>
<tr>
<td>Lack of capital (money)</td>
<td></td>
</tr>
<tr>
<td>Lack of time</td>
<td></td>
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<tr>
<td>Legal restrictions</td>
<td></td>
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<tr>
<td>Lack of experience</td>
<td></td>
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<tr>
<td>Lack of education</td>
<td></td>
</tr>
<tr>
<td>Afraid what friends or family will think</td>
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Now, decide what three areas need the most immediate attention and mark them with a check. You will be asked to share your concerns with the club to get others' input.

What is your action plan for removing the obstacles in the way of starting your business?
Handout 2:
Steps for Turning Obstacles into Opportunities

1) Recognize potential challenges (in Handout 1, students took this step)

2) Gather as much information about each issue as possible. For example, find out the legal requirements for getting a business loan in your state.

3) Look for other routes to solving the problem. To use the above example, what are other ways, besides through a bank, to finance your business?

4) Look at how others have dealt with the same problem (Hint: through case studies or interviews with entrepreneurs).

5) Seek “expert” advice. Remember that few entrepreneurs go it alone. Don’t be afraid to talk to people and ask for input and ideas.

6) Decide on your action plan. Come up with alternative paths in case the first plan is not successful.

7) Try, try, and try again!

8) Never forget that young entrepreneurs are usually the most successful! Your energy level, intelligence, drive and creativity can defeat any obstacle.
Handout 3: Illegal vs. Unethical

Definition of Illegal: Something prohibited by the law.
Definition of Unethical: Something you feel is wrong.

1) Give an example of something that you feel is illegal as well as unethical, meaning that at no point is the behavior justified.

2) Give an example of something that you feel is illegal but is ethical, meaning that in some cases the behavior is justified.

3) Give an example of something that is legal but you feel is unethical, meaning the law permits it but you feel it is wrong.

4) Give an example of a business decision where ethics come into play.
Handout 4:
Ethical Decision-Making in Running a Business

Determine how your business will affect each of these areas, on a long-term basis, and write “Negative, No Effect, Positive after each area. Underneath each line, write how these effects will be achieved.

Your community? ___________________________________________________________
Your family? ______________________________________________________________
Your personal financial situation? __________________________________________
The environment? __________________________________________________________
The people you employ? _____________________________________________________
Your competitors and/or the industry? ______________________________________
Your suppliers? ___________________________________________________________

Now, dare to dream. Imagine that your business has grown into a major corporation. How are you affecting the following:

Youth? ___________________________________________________________________
Women? ___________________________________________________________________
Minorities? __________________________________________________________________
The environment? __________________________________________________________________
American society? __________________________________________________________________
International society? __________________________________________________________________
Handout 5: Business Cases in Ethics

1) You have decided to start a small business selling t-shirts and you plan to give part of your profits back to Aspira. You have to choose between two companies who will manufacture the t-shirts and ship them to you to sell. The first company that is based in El Salvador is willing to certify that its employees work in non-sweatshop conditions. Each shirt will cost you $10, and you plan to sell them for $15 each and give $2 per shirt to Aspira. The second company is in China and will manufacture shirts at a cost of only $6 per shirt. However, the company refuses to provide you with any information on its working conditions. With the same selling price, your profits would be much higher and you could afford to give as much as $5 per shirt to Aspira. What option do you choose and why? Is this an ethical question, a legal question, or both?

2) You own a small company and you are in the process of hiring a new employee. During your interview with the prospective employee, she mentions that she is a single mother and has a child who is often hospitalized for a chronic illness. Although the woman’s qualifications are good, you suspect that she will take a lot of time off to care for her child. This would reduce your productivity. You also wonder if she will put the child on the company health insurance and drive up insurance costs for all the employees. Do you hire her anyway or decide to look for someone else? Is this an ethical question, a legal question, or both?

3) You are the executive director of a company and responsible for selecting new office space. Your brother is a real estate agent and knows of an upcoming vacancy, although the lease would be a little more than you were planning to pay. Business has been slow for your brother and he would really benefit from this deal. He promises to share half of the finder’s fee with you if you will agree to move in. What do you do? Is this an ethical question, a legal question, or both?

4) One of the major investors in your business, a power company, has just been exposed by the local paper for knowingly polluting the local water supply with cancer-causing chemicals. This company has invested over $100,000 in your business start-up. Returning this money would force you to take out a major business loan and could possibly slow your company’s growth. However, as a local business, your reputation could be harmed if you are seen to be linked to the polluting company. What do you do? Is this an ethical question, a legal question, or both?

5) Your best friend is looking for a job and has applied for one at your company. A separate department is screening the resumes and forwarding you the best candidates so that you can schedule interviews. When you receive the list, your friend is not on it. You have the option of including her resume in the interview pool so that you will be able to hire her later. What do you do? Is this an ethical question, a legal question, or both?