**5.02 RISK – Gates and the Entrepreneur in You**

Take note of the role of risk and incentives as factors found in all entrepreneurial pursuits. You will analyze, compare and evaluate personal characteristics of entrepreneurs. You will also develop a greater self-understanding as they determine if they have the traits found in successful entrepreneurs. Finally, you set goals, which will help them to become more entrepreneurial.

**Key Concepts:** Entrepreneurship, Incentive, Risk

**Introduction**

In economics, a person who takes a risk to create a new product or develop a better way to operate a business is called an entrepreneur.

**Classroom Activity**

"Big Wins Require Big Risks" from Bill Gates on the board or overhead. The quote is from Business @ the Speed of Thought 1999. Discuss what the word "risk" means. Correlation drawn between the notes and the Bill Gates quote about risk. *[If you are willing to be a leader and do something more than those around you, risking more embarrassment, money, time…and your idea works, the reward is greater than those who practice caution.]*

**Resources**

\* Bill Gates: A web page that gives a detailed biography of Bill Gates which is used in Activity 2 [www.biography.com/people/bill-gates-9307520](http://www.biography.com/people/bill-gates-9307520)

\* How Entrepreneurial are YOU?: This online entrepreneurial self-evaluation activity will help students gain a greater self-understanding as they determine if they have the traits found in successful entrepreneurs [www.econedlink.org/lessons/docs\_lessons/264\_entrepreneur1.pdf](http://www.econedlink.org/lessons/docs_lessons/264_entrepreneur1.pdf)

**Process**

When an entrepreneur perceives that the incentives outweigh the risk, they are willing to move forward and act on their idea. Entrepreneurs are agents of change and the stimulus for economic growth. Entrepreneurs are creative and individualistic. They are thinkers who take their ideas and transform them into goods and services. Entrepreneurs are enterprising individuals who see opportunities and take risks in hopes of earning profits. When entrepreneurs take a risk and their enterprise is rewarded, new goods and services are developed that raise the standard of living for everyone.

**5.02 RISK – Gates and The Entrepreneur in You - Student Activity**

**Activity 1: Risk, Incentives and Entrepreneurs Defined -** (save as ERU-Act1, post on canvas - 5C).

Answer the following questions:

1. What is risk?

2. What is incentive?

3. What do you predict will happen when an entrepreneur perceives that the risks outweigh the incentives?

4. What do you predict will happen when an entrepreneur perceives that the incentives outweigh the risks?

**Activity 2**

How is it possible for an individual to become the wealthiest man in the world in 24 short years? Read the online life story of Bill Gates <http://www.biography.com/people/bill-gates-9307520> (or **Word Document 5.02 RISKS -Gates Biography**) and then complete this interactive activity. <http://www.econedlink.org/interactives/multiple-choice/index.php?lid=264&gid=1>

**Bill Gates Interactive Activity (if link is unavailable):**

1) What did Bill Gates give up in order to devote his energy to Microsoft?

a) His Harvard education and degree.

b) His family inheritance.

c) Timi with his family.

d) Social life.

2) At what age did Bill Gates begin his career in personal computer software and programming computers?

a) 8

b) 11

c) 13

d) 15

3) What university did Bill Gates attend?

a) MIT

b) Harvard

c) Stanford

d) Yale

4) What two words were used to describe what Bill Gates had, which were central to his success?

a) Risk & Management.

b) Dream & Pursue.

c) Foresight & Vision.

d) Success & Determination.

**Activity 3**

How Entrepreneurial are YOU? This online entrepreneurial self-evaluation activity will help students gain a greater self-understanding as they determine if they have the traits found in successful entrepreneurs. Have them read each question and select the sentence that describes them the best. [www.econedlink.org/lessons/docs\_lessons/264\_entrepreneur1.pdf](http://www.econedlink.org/lessons/docs_lessons/264_entrepreneur1.pdf) (or the questions below)

**How Entrepreneurial are YOU?**

*This entrepreneurial self-evaluation activity will help you gain a greater self-understanding as you determine if you have the traits found in successful entrepreneurs. Read each question and circle the letter of the sentence that describes you the best.*

**1. Are you self-motivated?**

**a.** If someone gets me started on something, I can keep going and get the job done. (7 points)

**b.** I like to do things my own way and come up with my own ideas about how to accomplish things. (10 points)

**c.** I prefer not to overdo it. I really don't like putting myself out unless it is really necessary. (5 points)

**2. Are you a leader?**

**a.** I usually let people lead themselves. (5 points)

**b.** I can get people to do things but it's pretty difficult. (7 points)

**c.** Most people go along with my ideas without too much difficulty. (10 points)

**3. How organized are you?**

**a.** I like to make plans before I start something, and I stick to my plan until it's done. (10 points)

**b.** I just take things as they come. I don't like to stifle my possibilities with too many plans. (5 points)

**c.** If things don't go according to my plan, I take this as a sign…"it wasn't meant to be". (7 points)

**4. How do you feel about people?**

**a.** Most people drive me crazy. (5 points)

**b.** I have enough friends. I make new ones only when necessary. (7 points)

**c.** I really enjoy people and get along with them very well. (10 points)

**5. Are you a good worker?**

**a.** I can work hard and push through until the goal is accomplished. I don't mind working hard. (10 points)

**b.** I will work hard if I know it will pay off right away. (7 points)

**c.** I prefer not to overdo it. I am very creative about coming up with ways to avoid hard work. (5 points)

**6. Can you make decisions?**

**a.** I want time to make up my mind. I like to check things out with my friends first. (7 points)

**b.** I like to make my own decisions good or bad, I am willing to put up with the consequences. (10 points)

**c.** I would rather have others make the decisions. What if I make a mistake? (5 points)

**7. Can people trust you?**

**a.** I try to avoid hurting people's feelings and say what I think they want to hear. (7points)

**b.** I tend to say things in a straightforward way, even if other people may not agree with me. (10 points)

**c.** I really don't care if people trust me. I do and say what I want. (5 points)

**8. Can you "stick" with something?**

**a.** I usually finish what I start. (7 points)

**b.** If something goes wrong or I find it too difficult, I don't fight it. (5 points)

**c.** If I set a goal and make up my mind to do something, nothing stops me. (10 points)

**9. Do you take responsibility?**

**a.** I like to take charge and see things through. (10 points)

**b.** I'll take over if I have to but I prefer to let someone else be responsible (7 points)

**c.** There's always a bossy person around. Let them do it. (5 points)

**10. Are records important to you?**

**a.** I understand the importance of records but they stifle my creativity. (7 points)

**b.** Records are critical to help me measure my success. (10 points)

**c.** I keep records in my head and I can figure it out as I go. (5 points)

*Now look at your answers. There should be ten answers circled. Take the number of point in parenthesis after each of your answers and add them all together. If you would like to use a calculator to add your point total, you may do so. The sum of your total points should be no larger than 100 and no smaller than 50. Use the figures below to describe how entrepreneurial you may be.*

**(100-86)** You have very strong entrepreneurial characteristics. Take the advice of find out what you love to do and become the best at it. You have what it takes to become a successful entrepreneur.

**(85-71)** If you truly have a desire to be an entrepreneur and you scored in this range, determine your weaknesses and overcome them. Remember, learning to do something well builds confidence.

**(70-50)** You may want to consider working in a position where you are more secure and comfortable. The risks and commitment level required of an entrepreneur may be difficult for you at this time. If you want to become more entrepreneurial, set some goals and go after them.

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