UNIT I / LESSON 5

SUCCESS INDICATORS FOR A BUSINESS

Time Frame
2 days

Standards
NES: Actualization: Use creativity in business activities/decisions (A.31);
Business Concepts: Explain opportunities for creating added value (C.04);
Fundamentals of Communication: Explain the nature of effective communications (D.01);
Product/Service Creation: Develop strategies to position product/service (L.09) and build brand/image (L10)

Teacher Background

The objective of this lesson is to help students recognize that for many people there is more than money involved in determining whether a business is successful. For some people, what is important is how much they are able to give to others as a result of their businesses making a profit. For some, the core objective of their business is based on the idea of helping to improve their community, city, state, country, or the world. The people involved in designing a $200 computer that could be used anywhere in the world were motivated as much by the idea of opening up the lives of tens of millions of people to what is going on in the world and helping an illiterate or barely literate population to read and write, as well as helping the same people to establish businesses to help improve their lives and their society, as they were interested in making a profit. This is known as social entrepreneurship. One of the main objectives of this course is not only to help students recognize their own potential for becoming entrepreneurs, but to awaken in them the idea that the businesses they may establish can help improve lives.

This lesson will center on a case study of GoodWorks Insurance, a Connecticut-based company with offices in both Connecticut and Massachusetts. Each year, this company gives 50 percent of its profits to qualified 501(c)(3) non-profit organizations. It also sponsors community-based activities that support education and other social issues. GoodWorks mission states that it is committed to social entrepreneurship. The material for the reading in this lesson comes from GoodWorks web site. Instructors should also feel free to substitute a similar case study of their own.

Guiding Question(s)

How do we determine that a business is “successful”?

Objectives

Students will be able to:

- Draw conclusions as to whether the amount of profit they make is how they will personally judge the success of their entrepreneurial venture.
- List, explain and evaluate the factors that determine the success of a business.
- Draw conclusions as to what factors will make each of them personally able to say that they are successful as entrepreneurs.
- Evaluate the importance of social responsibility as a factor in developing a successful business venture.
- Use a company's web site to describe, explain and interpret the company's commitment to social entrepreneurship.

New Vocabulary

- 501(c)(3) nonprofit
- LLC
- operating profits
- philanthropy
- social entrepreneurship

Materials/Resources

Goodworksinsurance.com or Handout I.5; Worksheet I.5

Teaching Strategies/Supporting Activities

Write on board: "I will consider my business to be successful if…." Have students list a minimum of three criteria that they will use to judge whether they have created a successful business. Have volunteers share their responses and create a list of the most common responses. Responses will most likely include: making a profit, good return on investment, well-known products or services, beating out the competition, increased market share, etc.

Ask the class if anyone put on their list any of the following: sharing profits with employees, sharing the profits with customers or clients, having employees volunteer in the community, doing *pro bono* work,

conducting company-sponsored community projects. Ask the students why they did or did not include any of these items as measures of their company's success.

Ask the students what they would think about the business model of a company that gives away 50 percent of its operating profits to assist the communities in which it operates. Review with students the meaning of "operating profits" to ensure that they understand that these are profits after all expenses are covered. Ask: "Would you consider this a good business model? Why or why not?"

Introduce students to GoodWorks Insurance by putting this statement on the board: "Doing good isn't just a goal. It is our mission." Ask: "What does this statement mean?" Tell the class that this philanthropy is a good example of "social entrepreneurship"; it goes beyond just philanthropy. Tell the students that based upon what they will be reading, they will have the opportunity to create their own definition of social entrepreneurship.

Have students either read Handout I.5 and answer the questions on Worksheet I.5 or go to www.goodworksinsurance.com and complete Worksheet I.5 based on information from the website's "Mission," "For Customers," and "For Investors" sections.

Have students share their responses to the worksheet questions with the class.

Summary/Assessment

Ask:

- How does GoodWorks Insurance's web site and community-based activities help the company to encourage people to use their services for their insurance needs?
- How can social entrepreneurship become a major factor in improving various conditions in our country? Elsewhere in the world?
- Can you give an example of a domestic-based social entrepreneurial activity and another example of a global activity that illustrates social entrepreneurship? (This is a good activity for students to complete by using a computer-based search and best fits into a lesson that covers two class periods.)

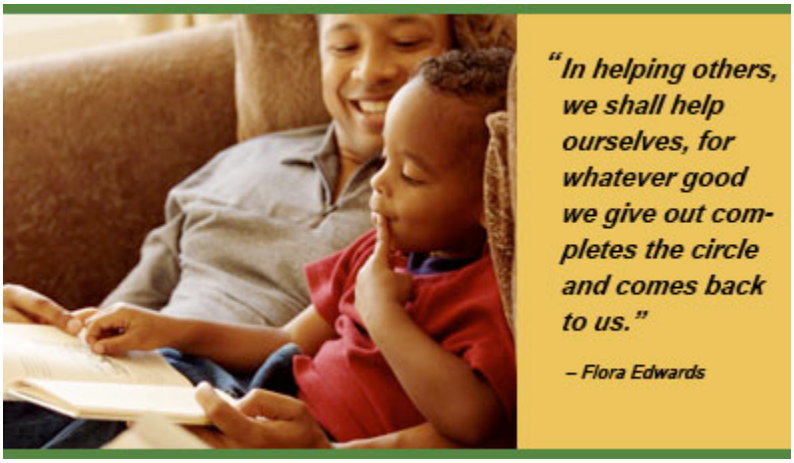
Follow-up

Ask students: "Based upon the discussion that took place in class, how would you change your response to the question asked at the start of the lesson: 'I will consider my business to be successful if….'?"

Expand Your Knowledge

Give students the following assignment: "Perform online research to find an example of social entrepreneurship that you did not know about and that you admire. Write a one-page summary explaining the mission of the company, how the company exemplifies a commitment to social entrepreneurship, and how its commitment can also help support the company's marketing strategy."

HANDOUT I.5—Goodworks Insurance



GoodWorks Insurance's commitment to community is to donate 50% of our annual Operating Profits to qualified 501(c)(3) non-profit entities that enhance education, healthcare or safety services at the local level. To GoodWorks Insurance... these aren't just words. It's our promise, our covenant, our bond... and it reflects a core belief of our company and its investors!

In fact, it's such an important element of the role we believe companies can and should play in return for the opportunity to serve the public that we deliver our commitment with firmness and certainty, in the framework of our Charitable Contract.

More specifically, our philanthropic policy is not about foundation building. We don't intend to accumulate a large pool of assets and donate the investment income to worthy causes. Instead, we view GoodWorks Insurance, LLC as that central source of charitable giving. And, in that sense GoodWorks Insurance is the cornerstone or foundation of our good works!

As such, our donations are the philanthropy and we believe it should be spent by the selected non-profits in support of worthy opportunities in each community...and spent on a timely basis. That means we will only make contributions to non-profits that accept our specific guidelines and agree to distribute our contributions toward identifiable, tangible enhancements within 12 months after their receipt of those donations. The specific projects of enrichment, however, will be determined by the selected qualified 501(c)(3) non-profit entities with GoodWorks Insurance monitoring and receiving detailed reports back on their activities so we can report back to you!

But, how exactly will these proceeds be allocated in support of education, healthcare and safety needs? Well, 70% of our donations are expected to be made in support of educational enrichment at the local level. Importantly, we will support enhancements to the critical work performed by educators, demanded by parents and deserved by all students. To quote George Peabody, who delivered this timeless message in 1869, we believe education is "...a debt due from the present to future generations."

HANDOUT I.5—Goodworks Insurance (continued)

The remainder of our charitable donations will be made in roughly equal amounts to the areas of healthcare and safety. Support for healthcare could mean that we finance certain aspects of a local clinic or it could mean that we purchase healthcare related equipment for the local ambulance association or provide financial support to make transportation services available for the elderly when they need to travel for a physician's appointment or...

In the area of safety, we intend to support the important work performed by the local fire and police departments. These areas could receive that support through funding of special training programs or the purchase of important equipment (that would not normally be covered under a town's operating budget) or...

Our donation commitment has a minimum annual amount of $15,000 per local agency sales and service office location owned and operated by GoodWorks Insurance as of the beginning of each year. We established that minimum because we think communities need investments like these sooner, not later and that need is independent of our ability to build GoodWorks Insurance into a profitable business. Furthermore, our intention is to fund the annual minimum commitment during the first 6 months of each calendar year.

When our agencies cover a region comprised of more than one town, donations will be directed to local communities based on the amount of business produced in each community, if possible. And we intend to remain flexible. The percentages committed to each general cause can be changed and we will look for feedback from our local employee partners to help us best measure the areas of need in each community.

There are at least three great reasons why customers do business with us.

First, we develop individualized protection plans based on a complete review of the associated needs and risk exposures of individuals, families and businesses. We only hire the "best of the best," who bring substantial insurance industry advisory experience to this customized assessment. GoodWorks Insurance believes that, in the current insurance marketplace, many individuals and businesses are underinsured. In response, we offer every potential customer a no-obligation review of their risk exposure and a face-to-face consultation of our findings. Of course, this evaluation is automatically provided on an ongoing basis to every existing GoodWorks Insurance customer!

Second, once the appropriate types and levels of coverage have been determined, we then find the best available price, as the insurance carriers that GoodWorks Insurance represents offer extremely competitive rates. GoodWorks Insurance absolutely believes in providing its customers with low prices and competitive rates but only after we identify the appropriate protection the customer needs. In our view, paying a low price for insurance, but not buying suitable coverage is no protection at all!

HANDOUT I.5—Goodworks Insurance (continued)

Third, customers know that buying insurance from GoodWorks Insurance strengthens communities through our support for local education, healthcare and safety initiatives.

We are now providing insurance products and services to customers in Connecticut and Massachusetts. Our first Connecticut agency is located in Granby and is serving the needs of individuals, families and businesses throughout Connecticut. If you live or work in Massachusetts, we have a fully-staffed Great Barrington office ready to serve your needs. GoodWorks Insurance is committed to establishing additional local service offices as needs demand.

We are also in the process of developing an extensive network of locally operated GoodWorks Insurance agencies in the State of New York, and intend to add other locations in other states over time.

Can the educational, healthcare and safety services available in your community be strengthened? And will your community embrace a business that provides insurance products at competitive prices with outstanding service while donating 50% of its annual Operating Profits to enhance community services? If so, then we want to speak to you about how GoodWorks Insurance might set up an agency to serve your community.

GoodWorks Insurance intends to expand and establish agencies in communities that embrace our philosophy of proactively using business to give back to local communities. We refer to this new economic approach as Responsible Capitalism because it connects social responsibility in a local community setting with traditional business activities in a way that enhances both.

Unlike most other businesses, GoodWorks Insurance sees its obligation to local communities as much more than business as usual.

WORKSHEET I.5 — Is GoodWorks Insurance a Successful Business?

Directions: On a separate sheet of paper, answer the following questions based on the reading distributed in class today or by going to www.goodworksinsurance.com and following the links to the company's "Mission," "For Customers," "For Investors," and "For Communities" sections.

1. What is the main business of GoodWorks Insurance?
2. What is the purpose of insurance?
3. According to GoodWorks, what are the three major reasons why their clients do business with GoodWorks?
4. How does GoodWorks demonstrate its commitment to helping the communities in which they operate?
5. What is a 501(c)(3) non-profit organization? (If you are unable to figure out this answer using the reading, use a web search to find the answer.)
6. What is the meaning of "philanthropy"?
7. What does GoodWorks mean when it says that "our philanthropic policy is not about foundation building"?
8. Why do you think GoodWorks insists that the non-profits that receive their money spend that money within 12 months of receiving their philanthropic donation?
9. Where does most of the money that GoodWorks awards go? Why?
10. Why can it be said that GoodWorks is a social entrepreneur?
11. How do you think the mission of GoodWorks helps to enhance the marketing of the main business of GoodWorks?
12. In the GoodWorks description of its mission, it states: "When our agencies cover a region comprised of more than one town, donations will be directed to local communities based on the amount of business produced in each community if possible." Why do you think that this can serve as a very smart marketing tool and employee incentive?
13. How can this unique approach to marketing actually help this company to expand its business?
14. What type of person would most likely invest in this company? Would you invest in this company? Why or why not?
15. Evaluate this company's web site. Do you think it is an effective tool for communicating the work and mission of this company? Explain.
16. Would you consider the strategy of GoodWorks a successful way to build recognition of the company's brand or image and to position the company within the insurance industry? Explain your reasons.
17. In your opinion, is GoodWorks a successful business? Explain. What other information would you like to have before fully answering this question?
18. GoodWorks is considered a good example of social entrepreneurship at work. Explain what this statement means. Do you agree with the statement? Explain.