

CHAPTER 1 What Is Entrepreneurship?

SOFTWARE ACTIVITY

Spreadsheet Application

OBJECTIVE: Identify franchise opportunities with growth potential.

As you consider opportunities in starting a new business, you might want to look into franchising possibilities. Many entrepreneurs feel franchises offer them many advantages. They are opening a business based on a proven formula, and there is a parent company that will be able to provide suggestions and assistance when needed. At the same time, the entrepreneur is still his/her own boss.

Practice Situation

You have researched various franchise opportunities, and wanted to see which area has the area with the highest growth potential. How do you go about such an investigation?

On the printout below is a record of current sales for various types of franchises. Also recorded is the estimated sales for these areas in the next five years. Calculate the expected growth rate for each franchise category by dividing the difference in sales by the current sales.

Selected Franchise Industries (Sales in Millions)

Business Category	Current Sales	Anticipated Sales in 5 Years	Growth (%)
Restaurants	\$48,926	\$86,109	
Retailing (Non-food)	\$18,790	\$33,530	
Hotels/Motels	\$14,631	\$22,511	
Convenience Stores	\$12,309	\$19,377	
Business Services	\$12,076	\$21,282	
Automotive Products and Services	\$10,604	\$15,944	
Food Retailing	\$10,370	\$14,544	
Rental Services	\$5,282	\$8,900	
Construction and Home Services	\$3,720	\$9,255	
Recreation/ Entertainment/Travel	\$1,840	\$6,573	