

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	

Spreadsheet Directions

1. Start your spreadsheet software program.
2. Recreate the table from the previous page using your spreadsheet program.
3. Enter a formula to calculate anticipated growth rate for each of the franchise categories.
4. After completing your calculations, save your work.
5. Print out a copy of your work if your teacher has instructed you to do so.
6. Answer the following questions.

Interpreting Results

1. Provide examples of specific businesses that fall under each of the categories listed.

2. Which franchise category has the fastest anticipated growth rate?

3. Which franchise category has the slowest anticipated growth rate?

Drawing Conclusions

4. Why do many potential entrepreneurs consider a slow anticipated growth rate as a reason not to consider a business opportunity?
