
YOUNG

ENTERPRISE

SET UP YOUR OWN BUSINESS

Type of module	Project work
Level	B1
Target group	16–19-year-old learners
Written by	Csíky Anna, Fehér Judit

A kiadvány az Educatio Kht. kompetenciafejlesztő oktatási program kerettanterve alapján készült.

A kiadvány a Nemzeti Fejlesztési Terv Humán erőforrás-fejlesztési Operatív Program 3.1.1. központi program (Pedagógusok és oktatási szakértők felkészítése a kompetencia alapú képzés és oktatás feladataira) keretében készült, a sulinoVA oktatási programcsomag részeként létrejött tanulói információhordozó. A kiadvány sikeres használatához szükséges a teljes oktatási programcsomag ismerete és használata.

A teljes programcsomag elérhető: www.educatio.hu címen.

Szakmai vezető: Kuti Zsuzsa

Szakmai bizottság: Enyedi Ágnes, dr. Majorosi Anna, dr. Morvai Edit

Idegen nyelvi lektorok: Mark Andrews, Peter Doherty

Alkotó szerkesztő: Sákovics Lília

Szakértők: Enyedi Ágnes, Tartsayné Németh Nóra

Grafikai munka: Walton Promotion Kft.

Felelős szerkesztő: Burom Márton

©

Szerzők: Csibi Erzsébet, Csíky Anna, Dóczy Brigitta, Fehér Judit, Prievara Tibor,
Victor Mónika

Educatio Kht. 2008

1.2 WORKSHEET A

The most popular Hungarian social networking service was founded by (1) _____ in **2002**. At that time it was called (2) _____, which stands for **Who Is Who**. The founder took the idea of the site from (3) _____, diagrams that are used in sociology to **show what the structure of a community is like**. The target audience of the site was originally (4) _____, especially as the idea is that you can only get into wiw **by way of invitation**, which guarantees that you know at least one person from the very start. The site since then has become immensely popular in the whole country, one reason for which is probably that it allows you to get in touch with (5) _____ at a high speed. You can see the list of your partners' partners and perhaps find **a plumber or a babysitter** that you've been looking for for ages: we all prefer to engage the services of someone we "know". In some circles, there's even a kind of competition going on about (6) _____. Business is done by **Wiwnet Ltd.**, founded in 2003 with (7) _____ invested capital, following heated debate whether it should be an Ltd or **an association**, which is a group of individuals who voluntarily decide to form an organization with (8) _____. The company did have some serious financial problems but then the wheel of fortune turned and in October 2005 Várady was awarded **the E-Hungary prize** by the Secretary of State for Information Technology. Around the same time, wiw was reorganized and updated and iwiw, International Who Is Who was born with a multilingual interface, which hosted a number of new functions, including (9) _____. By entering the global market, iwiw has become the rival of sites like **Friendster**, the market-leader community site. The key innovation that distinguishes wiw from competitor sites on the market is (10) _____ instead of organising people into thematic groups such as penpals, lonely hearts, exchanges. The ever-expanding iwiw was purchased by T-online in April 2006 for 4.7 million USD. Várady joined **the T-Online team** and continues working with the site; however, there have been concerns about (11) _____ after the takeover and some customers have withdrawn their trust from iwiw by **deleting their account** and sometimes registering in one of the clone sites that have appeared.

(If you'd like to know more about the iwiw story, go to: <http://en.wikipedia.org/wiki/Iwiw>)

1.2 WORKSHEET B

The most popular Hungarian social networking service was founded by **Szabó Márton and Várady Zsolt** in (1)_____. At that time it was called **wiw**, which stands for (2)_____. The founder took the idea of the site from **sociograms**, diagrams that are used in sociology to (3)_____. The target audience of the site was originally **Várady's own circle of friends**, especially as the idea is that you can only get into wiw (4)_____, which guarantees that you know at least one person from the very start. The site since then has become immensely popular in the whole country, one reason for which is probably that it allows you to get in touch with **very distant acquaintances** at a high speed. You can see the list of your partners' partners and perhaps find (5)_____ that you've been looking for for ages: we all prefer to engage the services of someone we "know". In some circles, there's even a kind of competition going on about **who has more partners on the site**. Business is done by (6)_____, founded in 2003 with **3 million HUF** invested capital, following heated debate whether it should be an Ltd or (7)_____, which is a group of individuals who voluntarily decide to form an organization with **no financial responsibility**. The company did have some serious financial problems but then the wheel of fortune turned and in October 2005 Várady was awarded (8)_____ by the Secretary of State for Information Technology. Around the same time, wiw was reorganized and updated and iwiw, International Who Is Who was born with a multilingual interface, which hosted a number of new functions, including **uploading photos**. By entering the global market, iwiw has become the rival of sites like (9)_____, the market-leader community site. The key innovation that distinguishes wiw from competitor sites on the market is **their attempt to create local communities** instead of organising people into thematic groups such as penpals, lonely hearts, exchanges. The ever-expanding iwiw was purchased by T-online in April 2006 for 4.7 million USD. Várady joined (10)_____ and continues working with the site; however, there have been concerns about **privacy issues** after the takeover and some customers have withdrawn their trust from iwiw by (11)_____ and sometimes registering in one of the clone sites that have appeared.

(If you'd like to know more about the iwiw story, go to: <http://en.wikipedia.org/wiki/Iwiw>)

1.3 WORKSHEET

Worksheet A – FOR

■ Use these questions to help you formulate your arguments on the dotted lines:

1 When do you have more freedom?

.....

2 In which case can you choose who you work with day after day?

.....

3 Can they send you into retirement from your own business?

.....

4 In which case can you choose the clients you really want to deal with?

.....

5 When can you make a bigger profit?

.....

6 When do you have more flexible working hours?

.....

7 Should the assessment of your work depend on anybody/anything else apart from you?

.....

8 When can you do a wider variety of jobs, making your life more interesting?

.....

9 When can you do something that you really enjoy?

.....

1.3 WORKSHEET (CONT.)

Worksheet B – AGAINST

■ Use these questions to help you formulate your arguments:

1 When is your responsibility greater?

.....

2 If you start your business with friends, what dangers might be waiting for you?

.....

3 Will there be a time when you can sit back and relax, or perhaps retire from business?

.....

4 In which case is it guaranteed that there's always a next project to work on?

.....

5 When have you got greater financial security?

.....

6 When do you have a returning daily routine that your body can adjust to?

.....

7 When is it enough to be good at one specific field, and not at one hundred?

.....

8 Where does it have smaller consequences if you make a single mistake?

.....

9 When is it easier to keep your private life and your work separate?

.....

1.3 SITUATION CARDS

<p>You've thought of a new product/service that you are sure will be very popular and will make you a lot of money. You want to start your own business now. You know it will be difficult in the beginning, so you'll have to take out a loan. Although you don't know much about business, you hope that after a time you'll succeed. Try to persuade your friend to lend you some money and/or join the business.</p>	<p>Your friend has an idea that s/he thinks is going to make him/her a very rich person. S/He wants to start his/her own business to realize this dream. You don't think it's a good idea. You're worried that your friend might lose all the money, especially because s/he doesn't know too much about business. Try to persuade him/her to change his/her mind and find a job instead.</p>
<p>You've thought of a new product/service that you are sure will be very popular and will make you a lot of money. You want to start your own business now. You know it will be difficult in the beginning, so you'll have to take out a loan. Although you don't know much about business, you hope that after a time you'll succeed. Try to persuade your friend to lend you some money and/or join the business.</p>	<p>Your friend has an idea that s/he thinks is going to make him/her a very rich person. S/He wants to start his/her own business to realize this dream. You don't think it's a good idea. You're worried that your friend might lose all the money, especially because s/he doesn't know too much about business. Try to persuade him/her to change his/her mind and find a job instead.</p>
<p>You've thought of a new product/service that you are sure will be very popular and will make you a lot of money. You want to start your own business now. You know it will be difficult in the beginning, so you'll have to take out a loan. Although you don't know much about business, you hope that after a time you'll succeed. Try to persuade your friend to lend you some money and/or join the business.</p>	<p>Your friend has an idea that s/he thinks is going to make him/her a very rich person. S/He wants to start his/her own business to realize this dream. You don't think it's a good idea. You're worried that your friend might lose all the money, especially because s/he doesn't know too much about business. Try to persuade him/her to change his/her mind and find a job instead.</p>
<p>You've thought of a new product/service that you are sure will be very popular and will make you a lot of money. You want to start your own business now. You know it will be difficult in the beginning, so you'll have to take out a loan. Although you don't know much about business, you hope that after a time you'll succeed. Try to persuade your friend to lend you some money and/or join the business.</p>	<p>Your friend has an idea that s/he thinks is going to make him/her a very rich person. S/He wants to start his/her own business to realize this dream. You don't think it's a good idea. You're worried that your friend might lose all the money, especially because s/he doesn't know too much about business. Try to persuade him/her to change his/her mind and find a job instead.</p>

1.4 WORKSHEET

SWOT-analysis

STRENGTHS At what are you better than your competitors? What is unique about your company?	WEAKNESSES What could you improve? What can lead to problems?
OPPORTUNITIES What market factors help you? How can you take advantage of your strengths?	THREATS What market dangers do you face? What threats might your weaknesses lead to?

You and your friends would like to set up a new consultancy agency in a medium-sized Hungarian town.

This is your analysis of your chances on the market.

- 1 At the moment we can devote a lot of time to our customers because of the small amount of work; good customer care will bring us more customers.
- 2 Currently we have no presence on the market, no reputation.
- 3 The government might introduce a tax on consulting, which would discourage customers from employing any consultancy agency.
- 4 In the early stages especially, our income will not be very reliable, it might fluctuate a lot.
- 5 Our overheads will be low since the office is small so we can keep our prices down.
- 6 The current recession might trigger oversaving and discourage customers from investing.
- 7 The local council wants to promote local businesses wherever this is possible.
- 8 The majority of our staff is not very skilled and has little experience.
- 9 The present boom for consultancies might end unexpectedly if companies start to employ a consultant rather than turn to an agency.
- 10 There are not many other consultancy agencies in town.
- 11 This business sector is expanding, there are many future opportunities for success.
- 12 We are a small company so we can respond much faster than a larger consultancy where they always have to wait for the approval of the higher management.
- 13 We are multi-lingual and have the energy to deal with foreign partners.
- 14 We can be very flexible and adopt new strategies quickly.
- 15 We have a small staff, so a sick leave would have a serious effect on our work force.
- 16 If rival companies start a more aggressive marketing activity we might lose some customers.

2.2 CARDS

CARD A – private entrepreneurship

A private entrepreneurship, as its name suggests, is a business that is run by one single person. The entrepreneur has full financial responsibility for their business, that is to say, if you run into debts, you might lose everything you have, including your house or your car. You must have a valid address in Hungary to become a private entrepreneur. One entrepreneur can do a number of different businesses but one person can only obtain one certificate for entrepreneurship, on which the whole scope of your business is indicated. It is advisable to think about all the possible business activities that you might want to do in advance: it costs nothing to include ten or even fifteen activities when you take out your certificate, but later it will cost you some money every time you would like to add something. If anything changes in your personal data, you have to notify the authorities within 15 days. The private entrepreneurship is basically the simplest way of doing business: it needs the least amount of administration and is the cheapest option as well.

CARD B – limited partnership

Since it is a *partnership*, a minimum of two people are needed to found a limited partnership (commonly referred to as LP in the UK). One of them is called the “general partner”, this person has full financial responsibility for the partnership. This means that if the business runs into debts, the general partner might lose everything they have, including their house or their car. The other person (or people) is/are referred to as “limited partners”, because they have limited liability: in practice this means that they can only lose the money that they put into the partnership. (It is interesting, however, that if the limited partner’s name is part of the business name of the partnership, then they also have full responsibility.) There is no minimum capital when you want to start a limited partnership: your invested capital may be as little as 1 HUF. As regards administrative costs, in 2006 in Hungary it cost between 65 and 75 HUF to start a limited partnership (depending on whether you use the Internet or arrange everything personally, which is more expensive), not including the amount your lawyer will charge you for his/her services. The procedure is not very long: in Hungary you can obtain your licence within 30 days.

CARD C – limited liability company

This form of enterprise does not really exist in the legal system of the United Kingdom, but it is very popular in the USA, German-speaking countries and Hungary as well. The reason why it is called “limited” is that all its members have only limited liability, so if the company runs into debt, they can only lose the money that they invested into it. For this reason it is a very popular form of enterprise. An LLC can be founded by one or more persons, but it is forbidden to find members by advertising. To start an LLC, you need minimum 3 million HUF invested capital and it will cost you a further 125 or 135 thousand HUF (depending on whether you use the Internet or arrange everything personally, which is more expensive), not including the amount your lawyer will charge you for his/her services. Once you have submitted all the different forms that are required, the local authorities have to issue the licence within 60 days. It is generally considered necessary to employ a lawyer on a permanent basis: this increases your expenses, but ensures that you never have to pay a fine for breaking a rule that you didn’t know about.

2.2 GLOSSARY

A – private entrepreneurship (egyéni vállalkozás)	
entrepreneur	somebody who starts his/her own business
financial responsibility	making decisions connected to the money matters of the company and then dealing with the consequences
run into debts	spend more money than what you have
scope of business	all the different business activities that you do
take out a certificate	receive an official document that says you can do sth
notify the authorities	tell the officials who govern your area about sth

B – limited partnership (betéti társaság, bt.)	
run into debts	spend more money than what you have
general partner	a member of an LP who might lose all their money if the company runs into debts
limited partner	a member of an LP who cannot lose more money than what they invested at the beginning if the company runs into debts
liability	legal responsibility, when you have to deal with the consequences of your decisions
invested capital	the money with which a company starts working

C – limited liability company (korlátolt felelősségű társaság, kft.)	
liability	legal responsibility, when you have to deal with the consequences of your decisions
run into debts	spend more money than what you have
invested capital	the money with which a company starts working
submit a form	hand in a document
issue a licence	give out an official permission
a fine	money you have to pay when you break a rule

2.2 WORKSHEET

- Fill in one column of this table based on your card.

Then listen to two other students and fill in the two other columns based on what they say.

	private entrepreneurship	limited partnership	limited liability company
minimum number of founders			
financial responsibility			
minimum invested capital			
difficulty of getting started			
a lawyer needed?			

2.4 WORKSHEET

A business plan

- Which category do these sections belong to?

Write the number of the category next to the section.

1 – Introduction

2 – Company summary

3 – The market and marketing

4 – SWOT-analysis

- Underline the names of the sections that you could illustrate with a chart or diagram.

- competitive comparison
(What distinguishes your product/service from that of the competitors?)
- keys to success
(What will guarantee that your enterprise becomes a success?)
- management team
(Who are going to lead the company? What will be their tasks?)
- market analysis
(What does the market look like at the moment?)
- market segmentation
(Who will be your potential customers?)
- marketing and pricing strategy
(How will you advertise your product/service? What will be your price level like?)
- mission
(What would you like to achieve in the next few years?)
- name of company
- objectives
(Give specific goals you would like to achieve, with deadlines.)
- opportunities
- organizational structure
(Which form of enterprise did you choose and why?)
- ownership, invested capital
- personnel plan
(Would you like to employ more people in the future?)
- products, future products
- start-up costs
(What expenses are you going to have at the very beginning?)
- strengths
- threats
(What outside/market factors might be dangerous for your business?)
- weaknesses

2.5 EVALUATION CRITERIA

How to get a venture capitalist to invest into your company?

- Give a presentation that has a logical structure.
- Make the presentation interesting.
- Prepare slides that are informative, clearly organised and attractive.
- Keep eye contact with everybody in the room.
- Don't read your notes, refer to them only occasionally.
- Think of a good name for your company.
- Choose the right form of enterprise for your company.
- Write a business plan that is convincing.

How to get a venture capitalist to invest into your company?

- Give a presentation that has a logical structure.
- Make the presentation interesting.
- Prepare slides that are informative, clearly organised and attractive.
- Keep eye contact with everybody in the room.
- Don't read your notes, refer to them only occasionally.
- Think of a good name for your company.
- Choose the right form of enterprise for your company.
- Write a business plan that is convincing.

How to get a venture capitalist to invest into your company?

- Give a presentation that has a logical structure.
- Make the presentation interesting.
- Prepare slides that are informative, clearly organised and attractive.
- Keep eye contact with everybody in the room.
- Don't read your notes, refer to them only occasionally.
- Think of a good name for your company.
- Choose the right form of enterprise for your company.
- Write a business plan that is convincing.

How to get a venture capitalist to invest into your company?

- Give a presentation that has a logical structure.
- Make the presentation interesting.
- Prepare slides that are informative, clearly organised and attractive.
- Keep eye contact with everybody in the room.
- Don't read your notes, refer to them only occasionally.
- Think of a good name for your company.
- Choose the right form of enterprise for your company.
- Write a business plan that is convincing.

3.2 ASSESSMENT SHEET

- Evaluate each group's business plan and its presentation.

1 = poor, 2 = not very good, 3 = OK, 4 = excellent.

	name of company			
	founders			
The structure of the presentation was logical.	1	2	3	4
The presentation was interesting.	1	2	3	4
The slides were informative, clearly organised and attractive.	1	2	3	4
The presenters kept eye contact with all of us.	1	2	3	4
The presenters referred to their notes only occasionally.	1	2	3	4
I liked the name of the company.	1	2	3	4
The founders chose the right form of enterprise.	1	2	3	4
The business plan is convincing.	1	2	3	4
I would happily invest in this company.	1	2	3	4
	name of company			
	founders			
The structure of the presentation was logical.	1	2	3	4
The presentation was interesting.	1	2	3	4
The slides were informative, clearly organised and attractive.	1	2	3	4
The presenters kept eye contact with all of us.	1	2	3	4
The presenters referred to their notes only occasionally.	1	2	3	4
I liked the name of the company.	1	2	3	4
The founders chose the right form of enterprise.	1	2	3	4
The business plan is convincing.	1	2	3	4
I would happily invest in this company.	1	2	3	4
	name of company			
	founders			
The structure of the presentation was logical.	1	2	3	4
The presentation was interesting.	1	2	3	4
The slides were informative, clearly organised and attractive.	1	2	3	4
The presenters kept eye contact with all of us.	1	2	3	4
The presenters referred to their notes only occasionally.	1	2	3	4
I liked the name of the company.	1	2	3	4
The founders chose the right form of enterprise.	1	2	3	4
The business plan is convincing.	1	2	3	4
I would happily invest in this company.	1	2	3	4

3.4 SELF-ASSESSMENT FORM

■ Think about the last three lessons and business plan that you have made and presented. Finish the sentences so that they are true about YOU.

1 In this project, I learnt... _____

2 I still need to work on... _____

3 I liked... _____

4 I didn't like... _____

