

12.1 *Why did they succeed . . . or not?*

Aim: Practice developing a business plan

Preparation: Make one copy of Worksheet 12.1 for every three Ss.

Comment: Use after the discussion on page 98.

- Ss work in groups of three. Give each group a handout.
- Tell Ss to read the short articles about the businesses.
- Have groups discuss why the businesses succeeded or failed. Then have Ss come up with small business plans based on their findings.
- Ask each group to share their business plans with the class.
- Finally, have the class vote on which group has the best business plan and discuss what makes it effective.

Why did they succeed . . . or not?

Worksheet 12.1

Pets.com

Pets.com was an online business that sold pet food and pet supplies. It launched in August 1998, but by February 2000, Pets.com had gone out of business. Pets.com was one of the first companies to sell their items completely online. It had a marvelous ad campaign featuring a sock puppet dog that performed songs with real pets. Its first national commercial was rated highly. In addition, many people found its tagline to be very clever: *Shop at Pets.com because pets can't drive.* So, why did it fail? Possibly because people weren't ready to shop exclusively online. It's also possible that expectations of the company were too high.



CBGB

CBGB was a music club located in New York City. It opened its doors in 1973 and closed them in October of 2006. This music club started the career of many rock bands such as the Ramones, Talking Heads, and Blondie. Ironically, the abbreviation C-B-G-B stood for "Country, Bluegrass, and Blues." As the name implied, the owner didn't originally intend the club to become a rock club. CBGB was incredibly successful in the 1970s and 1980s because it stuck to a very simple rule: All bands that played there had to write original music. No cover bands were ever booked. Today, the annual CBGB Music and Film Festival in NY keeps the CBGB spirit alive.

NETFLIX

Netflix began as a US-based DVD rental delivery service whose customers ordered online and received DVDs by mail. Soon after, it shifted its focus to become a provider of on demand and streaming movies with operations in several countries. Then it started producing award-winning TV shows of its own.

Netflix began operations in 1997, but didn't make a profit for the first few years. In fact, it had substantial losses. In the last decade, Netflix has turned into a very profitable business. The reasons for its success are obvious. Netflix treats its employees well by allowing them stock options on their paychecks. Other reasons for success include its forward-looking vision and ability to keep up with changing technology.

Useful questions to develop your business plan

What type of business is it?

What will you need to start it?

Who will be your investors?

What market does it attract?

How can it be a success?

How could it fail?