

CHAPTER 1

Success in Business

Long before graduation, you probably start putting a lot of thought into what you will do for a career. It's logical to assume you would plan one related to your studies. After all, within your field there are likely many jobs to choose from. But fewer and fewer students end up finding employment in their own fields. Instead, many now expect to start their own businesses, that is, become entrepreneurs. Many students have great ideas for new businesses, and only lack money or business skills to put those ideas into action. These challenges are becoming easier to overcome.

What is your ideal business plan?

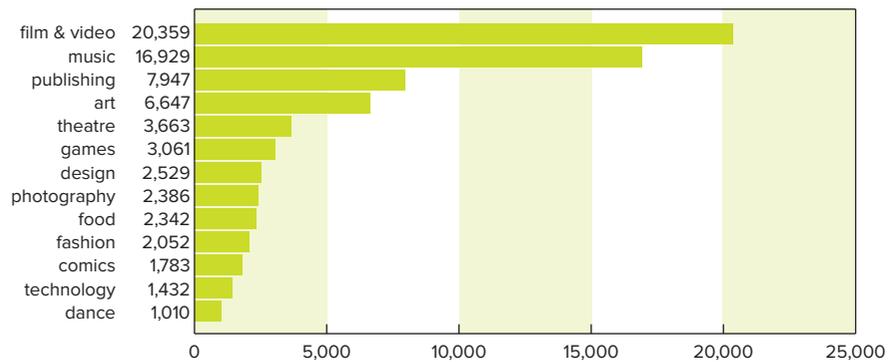
In this chapter, you will

- learn vocabulary related to crowdfunding and business;
- use skimming and scanning strategies when reading;
- identify significance in a text;
- review simple present and simple past verb tenses;
- learn the structure of a paragraph;
- learn techniques for completing academic assignments successfully;
- write descriptive paragraphs for a crowdfunding project.

GEARING UP

A. Crowdfunding uses social media to support a project by inviting people to donate money to make a new idea or business possible. This graph shows the most popular Kickstarter projects. Look at the graph and then answer the questions.

Kickstarter launched projects



Source: Crisostomo, A. (2012). Kickstarting the crowdfunding trends. *Masters of Media*. Retrieved from <http://mastersofmedia.hum.uva.nl/2012/10/05/kickstarting-the-crowdfunding-trends/>

① What are the most popular and least popular types of Kickstarter projects?

The most popular is film and video; the least popular is dance.

② Pick a project category that interests you. What kind of project would you most likely support with a donation?

Answers will vary.

③ Why do you think some project types are more popular than others?

Projects like films and videos are more speculative and likely to need greater funding than is easily available through other channels.

④ Crowdfunding projects offer a range of rewards in exchange for support such as T-shirts or tickets to a performance. Pick a category and think of a small reward and a large reward that might be offered.

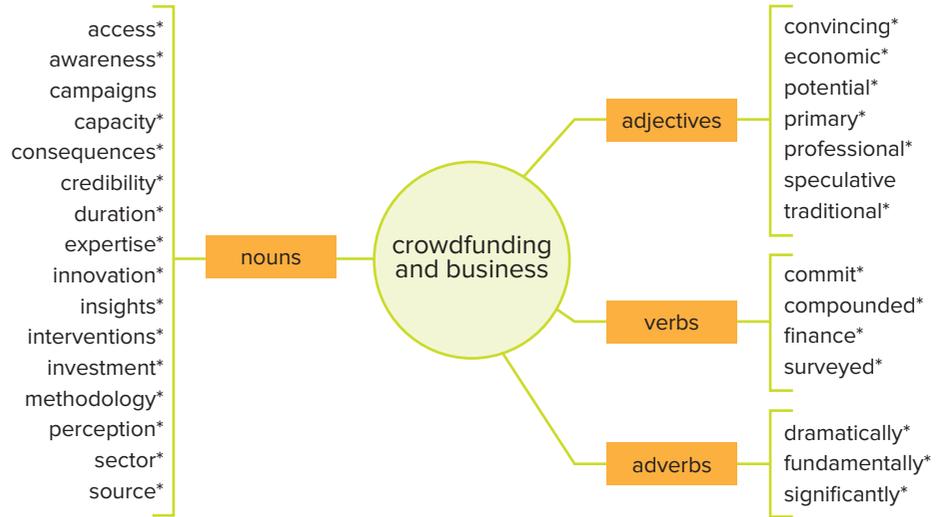
Small rewards tend to be things like acknowledgement on a website or a poster.

A large reward might be an advance copy of the product or an invitation to a performance with the crowdfunding team.

B. Discuss the questions and your answers, first with a partner, then in a group.

VOCABULARY BUILD OVERVIEW

Below are the key words you will practise in this chapter. Check the words you understand, then underline the words you use. Highlight the words you need to learn.



Visit My eLab Documents to review the different parts of speech.

* Appears on the Academic Word List



Skimming and Scanning

You read different types of texts in different ways. You don't read a bus schedule or a web page in the same way you read a novel. You use different strategies to get the information you need. Often, this is because your time is limited or you simply want to get specific information. Skimming and scanning are two common ways to read different texts.

Skimming gives you a general impression of a text. In a piece of plain text, you may look quickly at the first and last sentences of each paragraph. If there are special features in the text, such as bullet points and quotes, then you may look at these as well. Often the title and subtitles give the main idea, as do photos, diagrams, and charts. Skimming helps you decide if you want to read a text in more detail.

Scanning helps you locate specific details. Use scanning when you have *who*, *what*, *when*, *where*, *why*, or *how* questions. For example, you might scan an article to find the name of a person or the person's contact information. When you start with a question, look for key words that will lead you to the information you are looking for. Words such as *where* and *when* mean you are looking for a place and a time or date.

A. Consider these types of texts. Which would you skim; which would you scan? Discuss your answers with a partner.

newspapers



flight schedule



dictionary



technical drawings



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B. Turn to Reading 1 on page 8. Skim the first sentence of each paragraph and fill in the table below with brief notes about things you understand and things you don't understand.

THINGS I UNDERSTAND	THINGS I DON'T UNDERSTAND

C. Scan this excerpt from Reading 1 and highlight the following information:

- people who use crowdfunding sites;
- crowdfunding sites;
- how much people invest.

Once limited to artists, musicians, and filmmakers looking to finance their creative projects, crowdfunding has expanded into the world of entrepreneurship. Crowdfunding taps the power of social networking and allows entrepreneurs to post their elevator pitches and proposed investment terms on crowdfunding websites, such as Profounder, Peerbackers, Kickstarter, or Indiegogo, and raise money to fund their ventures from ordinary people who invest as little as \$100. Normally, the amount of capital these entrepreneurs seek is small, typically less than \$10,000, and the “returns” they offer investors are mere tokens, such as discount coupons and free product samples. However, some entrepreneurs have raised significantly more money with crowdfunding and offer “real” returns.

D. Share your answers to tasks A, B, and C with a partner and discuss any differences.



Identifying Significance

Imagine your home caught fire and you had to choose only three things that you could take with you before leaving. This task relates to identifying significance in a text. You need to be able to distinguish between the most important information in a text versus information that might be interesting but not necessary for comprehension. Like choosing articles in a fire, identifying significance often requires quick thinking and smart decisions.



- A. Identifying significance is more than simply identifying the main idea; significance is usually what is important *about* the main idea and other ideas. Look at the following chart. Which text features are likely to show significance when you read? Complete the chart and discuss with a partner. *Answers may vary.*

TEXT FEATURES	SIGNIFICANT	INSIGNIFICANT
① adjectives and adverbs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
② captions	<input checked="" type="checkbox"/>	<input type="checkbox"/>
③ charts, diagrams, graphs, maps	<input type="checkbox"/>	<input checked="" type="checkbox"/>
④ examples	<input type="checkbox"/>	<input checked="" type="checkbox"/>
⑤ explanations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
⑥ nouns and verbs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
⑦ titles and subtitles	<input checked="" type="checkbox"/>	<input type="checkbox"/>
⑧ topic sentences	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- B. Read the title and first paragraph of Reading 1. Highlight information that is significant. Then circle words and phrases that you do not understand.

Looking for Money

Angels are a primary source of start-up capital for companies in the start-up stage through the growth stage, and their role in financing small businesses is significant. Research at the University of New Hampshire shows that more than 318,000 angels and angel groups invest \$22.5 billion a year in 66,000 small companies, most of them in the start-up phase (Sohl, 2012). In short, angels are one of the largest and most important sources of external equity capital for small businesses. Their investments in young companies nearly match those of professional venture capitalists, providing vital capital to eighteen times as many small companies.



Don't highlight whole sentences; focus on key words and phrases.

- C. In a group, compare what you and your partners have highlighted and circled. Are some of your answers similar? Are some of them different? Write one or two sentences to summarize the paragraph.

Sample answer: Angels invest extensively in start-ups at beginning and growth stages, matching investments of venture capitalists but helping eighteen times more companies.

READING 1

Looking for Money

When you start a new business, raising money is one of the greatest challenges. How can you do it? In some cases, you might have worked and saved money, or you might have borrowed from friends and family. Sometimes a bank will give you a loan, but this is seldom enough to start a new business, and you have to look elsewhere. Two popular options are crowdfunding and angel investment. Crowdfunding uses social media to fund your business through the contributions of hundreds or thousands of individuals. Angel investment involves getting money from wealthy individuals or companies who exchange their support for a part of your company.

VOCABULARY BUILD

In the following exercises, explore key words from Reading 1.

A. Fill in the blanks with the correct word or phrase to complete the sentences.

convincing economic primary ~~professional~~ significantly

- 1 They take their work seriously and are always professional.
- 2 Raising money is a significantly greater problem than getting a business idea.
- 3 Many people doubt what we can do, so our main job is convincing them.
- 4 The primary purpose of crowdfunding is to support a new idea.
- 5 An economic incentive is one that is based on being paid for something.

B. Choose the word or phrase that best completes each sentence. Key words are in bold.

- 1 To **finance** a new business involves _____.
 - a) borrowing money from the owners
 - b) contributing money to get it started**
 - c) owing money to business clients
- 2 To find the **source** of a problem, you should start at the _____.
 - a) beginning**
 - b) middle
 - c) end
- 3 When you make an **investment**, _____.
 - a) it's like making a free contribution
 - b) it's unlikely that it costs you anything
 - c) you expect a return on your money**



- 4 An example of a business **sector** is _____.
- a) the restaurant industry
 - b) your local restaurant
 - c) an idea for a restaurant
- 5 The **capacity** of a company is _____.
- a) how much it is likely to grow
 - b) the time it takes to begin
 - c) how much it can handle

Before You Read

A. List two reasons people use social media.

Answers will vary, but might include: keeping in touch with friends and family members; sharing ideas, photos, and videos; looking for a job; and advertising goods and services.

B. Scan the article to find a definition of *angel investor*. Why do you think *angel* is part of the term?

Angel because the financial contributions are often seen as the actions of a guardian angel, preserving the company when other financial options have run out.

C. Google, Apple, Starbucks, Kinko's, and The Body Shop are all businesses that were partially funded by angel investors. Choose one of these companies and describe what sort of angel investor might have been interested in funding it.

Answers will vary. Most were funded by those in the technology sector, except for The Body Shop, which was funded in part by the owner of another business.

D. Read the text, and then answer the questions that follow.

Looking for Money

Crowdfunding

Once limited to artists, musicians, and filmmakers looking to **finance** their creative projects, crowdfunding has expanded into the world of **entrepreneurship**. Crowdfunding taps the power of social networking and allows entrepreneurs to post their **elevator pitches** and proposed **investment** terms on crowdfunding websites, such as Profunder, Peerbackers, Kickstarter, or Indiegogo, and raise money to fund their ventures from ordinary people who invest as little as \$100. Normally, the amount of capital these entrepreneurs seek is small, typically less than \$10,000, and the “returns” they offer investors are mere tokens, such as discount coupons and free product samples. However, some entrepreneurs have raised **significantly** more money with crowdfunding and offer “real” returns.

...

Crowdfunding sites typically charge a fee of about 4 percent to host a funding request, and many proposals fail to attract enough investors to reach their targets. Currently, a proposal before **Congress** would allow companies to raise up to \$2 million in

entrepreneurship (n.): skill of creating and organizing new businesses

elevator pitches (n.): short proposals for new ideas

Congress (n.): law-making body of the USA

equity financing through crowdfunding. The proposal limits investments to \$10,000 per year or 10 percent of the investor's annual income, whichever is less (Needleman &

20 Loten, 2011).

Angels

After dipping into their own pockets and **convincing** friends and relatives to invest in their business ventures, many entrepreneurs

25 still find themselves short of the **seed capital** they need. Frequently, the next stop on the road to business financing is private investors. These private investors (angels) are wealthy individuals, often entrepreneurs themselves, who invest their own money in business **start-ups** in exchange for **equity stakes** in the companies. Angel investors

30 have provided much-needed capital to entrepreneurs for many years. In 1938, when World War I flying ace Eddie Rickenbacker needed money to launch Eastern Airlines, millionaire Laurance Rockefeller provided it. Alexander Graham Bell, inventor of the telephone, used angel capital to start Bell Telephone in 1877. More recently, companies such as Google, Apple, Starbucks, Kinko's, and The Body Shop relied on angel financing in their early years to finance growth.

...

40 In many cases, angels invest in businesses for more than purely **economic** reasons—for example, because they have a personal interest or experience in a particular industry—and they are willing to put money into companies in the earliest stages, long before **venture capital firms** and institutional investors jump in. Angel financing, the fastest-growing segment of the small business capital market, is ideal for

45 companies that have outgrown the **capacity** of investments from friends and family but are still too small to attract the interest of venture capital companies. Angel financing is vital to the nation's small business **sector** because it fills this capital gap in which small companies need investments ranging from \$100,000 or less to perhaps \$5 million or more. For instance, after raising the money from family and friends to

50 launch Amazon.com, Jeff Bezos turned to angels for capital because venture capital firms were not interested in investing in a business start-up. Bezos attracted \$1.2 million from a dozen angels before landing \$8 million from venture capital firms a year later (Sherrid, 1997).

Angels are a **primary source** of start-up capital for companies in the start-up stage

55 through the growth stage, and their role in financing small businesses is significant. Research at the University of New Hampshire shows that more than 318,000 angels and angel groups invest \$22.5 billion a year in 66,000 small companies, most of them in the start-up phase (Sohl, 2012). In short, angels are one of the largest and most important sources of external equity capital for small businesses. Their investments

60 in young companies nearly match those of **professional** venture capitalists, providing vital capital to eighteen times as many small companies.

(602 words)

seed capital (n.): money to start a business

start-ups (n.): new businesses, often original and technological

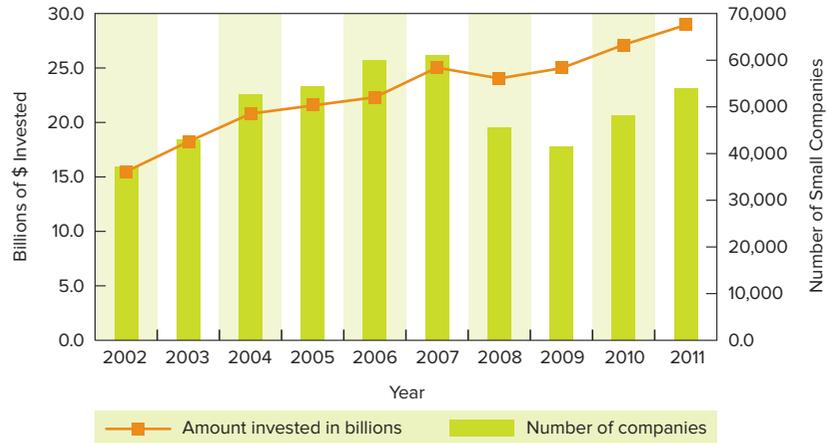
equity stakes (n.): portions of the company in exchange for an investment

venture capital firms (n.): companies that raise funds to invest in new companies

primary (adj.): main or first



Angel financing



Source: Center for Venture Financing, Whittemore School of Business and Economics, University of New Hampshire
<http://www.wsbe.unh.edu/crv-news>

References

- Needleman, S., & Loten, A. (2011, November 1). When friending becomes a source of start-up funds. *Wall Street Journal*, p. B5.
- Sherrid, P. (1997, October 13). Angels of capitalism. *U.S. News & World Report*, 43–45.
- Sohl, J. (2012, April 3). *The angel investor market in 2013: The recovery continues*. Durham, NH: Center for Venture Research, University of New Hampshire.
- Scarborough, N. M. (2014). *Essentials of entrepreneurship and small business management* (7th ed., pp. 474–476). New York, NY: Pearson.

After You Read

E. Choose the correct phrase to complete each sentence. Try not to look back at the reading. When you have finished, check your answers.

SENTENCES		PHRASES
1 Crowdfunding was once limited to ...	<u> d </u>	a) angel investors.
2 Profunder, Peerbackers, Kickstarter, and Indiegogo are examples of ...	<u> f </u>	b) small businesses.
3 Not finding enough support from crowdfunding makes entrepreneurs seek ...	<u> a </u>	c) to start his new business.
4 Crowdfunding websites make a profit by ...	<u> h </u>	d) creative projects.
5 Alexander Graham Bell probably didn't have enough money ...	<u> c </u>	e) venture capital companies.
6 In terms of growth, The Body Shop probably needed money to ...	<u> g </u>	f) crowdfunding websites.
7 Angel investors provide more funding than crowdfunding sites but less than ...	<u> e </u>	g) open new stores.
8 Angel investors are extremely important to developing ...	<u> b </u>	h) charging a fee.

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- F.** Discuss the answers to these inference questions with a partner.
- ① Why might a government want to limit the amount that can be raised by crowdfunding for a new company? Why might small business owners and crowdfunding companies not like this decision?
 - ② Look at the table in Reading 1 and the details for 2007 to 2011. What do you think was happening in terms of angel investment during this time?
- G.** Return to Focus on Reading, task B, on page 5. Review what you now understand and what you still don't understand. Discuss with your partner.



Simple Present and Simple Past Tenses

When you read the text on pages 8–10, you may have noticed examples of the simple present and simple past tenses. Use the simple present tense for

- actions that are happening now: I **write** about crowdfunding;
- repeated actions: I **write** every day;
- facts, opinions, and general truths: I **don't write** for corporations.

SIMPLE PRESENT TENSE	
For the affirmative, add -s to the base form of the verb for the third-person singular.	I write . He/She/It writes . We/You/They write .
Add -es to verbs ending in -sh, -ch, -s, -x, -o.	She watches the financial news on television.
For the negative, add <i>do not</i> (<i>don't</i>) or <i>does not</i> (<i>doesn't</i>) before the verb.	I do not (don't) read the financial news. He does not (doesn't) read the financial news.
To ask a question, put <i>do</i> or <i>does</i> before the subject.	Do you know about crowdfunding? Does she know about social networking?
EXCEPTIONS	
VERB <i>to have</i>	VERB <i>to be</i>
I have (I've) you have (you've) he/she/it has (he's/she's/it's) we/you/they have (we've/you've/they've)	I am (I'm) you are (you're) he/she/it is (he's/she's/it's) we/you/they are (we're/you're/they're)

A. Highlight the word in parentheses that is the correct verb form.

- ① The company (support / **supports**) crowdfunding.
- ② I (**pass** / passes) investment ideas to my friends.
- ③ The start-up (push / **pushes**) investors to get involved.
- ④ She (catch / **catches**) a bus to work each day.
- ⑤ We (**hit** / hits) our funding goal in three weeks.
- ⑥ I (**toss** / tosses) the reports on my desk each afternoon.

Use the simple past tense of regular verbs for actions that began and ended in the past.

SIMPLE PAST TENSE	
For the affirmative form, add <i>-ed</i> to the end of the verb.	She started TalentEgg four years ago.
For the negative (contracted) form, add <i>did not (didn't)</i> before the verb.	She did not (didn't) start TalentEgg four years ago.
To ask a question, put <i>did</i> before the subject.	Did she start TalentEgg four years ago?
SPELLING	
For verbs that end in <i>y</i> , change the <i>y</i> to <i>i</i> and add <i>-ed</i> .	(try) He tried to find a job after college.
For short verbs that end in a vowel + consonant, double the consonant before adding <i>-ed</i> .	(clap) Everyone clapped when her presentation ended.

Many past-tense verbs have *irregular* forms. You have to memorize them.

SIMPLE PAST TENSE OF IRREGULAR VERBS		
AFFIRMATIVE FORM	NEGATIVE (CONTRACTED) FORM	QUESTION FORM
(pay) He paid for their services.	(pay) He did not (didn't) pay for their services.	(pay) Did he pay for their services?
(give) She gave a lot of her time to the project.	(give) She did not (didn't) give a lot of her time to the project.	(give) Did she give a lot of her time to the project?
VERB <i>to be</i>		
AFFIRMATIVE FORM	NEGATIVE (CONTRACTED) FORM	QUESTION FORM
I/He/She/It was late. You/We/They were late.	I/He/She/It was not (wasn't) late. You/We/They were not (weren't) late.	Was I/he/she/it late? Were you/we/they late?

B. Write each verb in parentheses in the simple past tense.



Visit My eLab Documents to see the Irregular Verbs List.

- The climate for youth entrepreneurs (seem) seemed better than ever.
- Of the 1000 entrepreneurs (survey) surveyed, 88 percent believed mentoring programs would boost that support further in the next three years.
- The online portal (connect) connected students with jobs, and employers (recruit) recruited off campuses across the country.
- At each special place he visited, he (collect) collected a small souvenir.
- My team are all Gen Y-ers, and we (understand) understood the market better than anyone else.



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