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Lesson 10: Bill Morgan – Only in America

AUTHOR

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OVERVIEW

When Bill Morgan escaped the Nazis in Europe, he was more concerned with survival than on building a legacy as a serial entrepreneur. From a penniless immigrant to one of America’s premier real estate developers, Bill’s decision to find inspiration in heartache and loss encourages others to likewise “replace hate with love.”

This mini-lesson is part of the Economics Arkansas iNSPIRE! series and can be used to start a class on a number of related topics including bootstrapping, risk, or philanthropy. The included activities will help your students begin to evaluate the costs and benefits of their current decisions and future entrepreneurial endeavors.

CONCEPTS

Cost-Benefit Analysis
Exit Strategy
Serial Entrepreneur

OBJECTIVES

Students will be able to:

- Apply **COST-BENEFIT ANALYSIS** to evaluate personal decisions.
- Identify various personality traits shared by **SERIAL ENTREPRENEURS**.
- Recognize the purpose of an **EXIT STRATEGY** for a business idea.

TIME REQUIRED (*15 – 40 minutes*)

Bell Ringer: Steps 1 through 4 (*15 minutes*)

Mini Lesson: Steps 5 through 8 (*+15 minutes*)

Extension: Step 9 (*+10 minutes*)

MATERIALS

Visuals

- Visual 1: “Definitions”

Handouts

- Handout 1: “Video Questions” (1 per team of 3-4 students)
- Handout 2: “The Serial Entrepreneur” (1 per team of 3-4 students)
- Handout 3: “The Cereal Entrepreneur” (1 per team of 3-4 students)



- Handout 4: “Planning for the End” (1 per student)

Online Resources

- Video “Bill Morgan: Only in America”
<https://www.thisiscapitalism.com/bill-morgan-only-in-america/> (5 minutes, 51 seconds)

RELATED LINKS

MORGAN Inc.

- The Morgan Story
<http://www.morgangroup.com/history>

Morgan Foundation Trust

- Bill Morgan: 3 Lives 4 Countries 4 Names
<http://www.livinglongerthanhate.com/>

PREPARATION

1. Before class begins, print *team* copies (1 per 3-4 students) of Handout 1: “Video Questions,” Handout 2: “The Serial Entrepreneur,” and Handout 3: “The Cereal Entrepreneur.”
2. Before class begins, print *individual* copies (1 per student) of Handout 4: “Planning for the End.”

PROCEDURES

1. Watch the video “Bill Morgan: Only in America”
<https://www.thisiscapitalism.com/bill-morgan-only-in-america/> (5 minutes, 51 seconds).
2. Ask students to work in teams of 3-4.
3. Distribute Handout 1: “Video Questions” (1 per team of 3-4 students), and have teams complete the questions. Allow teams five minutes to complete.
4. Ask teams (Question 2): “How can **COST-BENEFIT ANALYSIS** be used to help choose between competing options like taking a job after graduation, going to college, or enlisting in the military.” Answers will vary but may include comments on the differences in earnings or opportunities.
5. Using Visual 1: “Definitions,” review each definition. Explain that teams will be evaluating the roles of **COST-BENEFIT ANALYSIS** and **EXIT STRATEGIES** through the perspective of a **SERIAL ENTREPRENEUR**.
6. With students still in teams of 3-4, distribute Handout 2: “The Serial Entrepreneur” (1 per team). Teams will work to identify common traits among **SERIAL ENTREPRENEURS**. Answers will vary but may include personality traits such as curiosity, time management, desire to see things grow, hope. As time allows, offer two or three teams the opportunity to discuss their results.
7. Distribute Handout 3: “The Cereal Entrepreneur” (1 per team). Students will use their understanding of **SERIAL ENTREPRENEURSHIP** to develop future business ideas or the “next big opportunity” for the provided “cereal” entrepreneurs. Allow five minutes to complete.
8. Allow a few teams to present one of their “Next Opportunity” results from Handout 3 to the class. Emphasize that the goal of this activity was to look at things differently and to consider how our life



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experiences prepare us for future opportunities. This is meant to get students thinking outside of the box, focusing on *abstract* possibilities.

9. Optional Extension Activity: Distribute copies of Handout 4: “Planning for the End.” Display the assignment, and ask students to complete it on their own paper in class or as a homework assignment. Ask students to complete the chart by doing an online search for the companies and identifying which common **EXIT STRATEGY** they used.



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Visual 1: Definitions

Cost-Benefit Analysis

A *technique* used to help individuals make informed *decisions* based on the expected *results*

Exit Strategy

The *goal* to sell or end one's *investment* in a business

Serial Entrepreneur

A *person* who has a history of *constantly* creating and *selling* new business ideas



Handout 1: Video Questions

"It was a tough life, but I made it better."
– Bill Morgan

After watching the video “Bill Morgan: Only in America,” work in teams to answer the following questions. The video can be found at <https://www.thisiscapitalism.com/bill-morgan-only-in-america/>.

It’s a story that most people can’t imagine. Wolf Margulies was born in Poland just before World War II and soon found himself, along with his family, helplessly oppressed under Nazi control. As a teenager, he escaped and left behind everything that he knew. The consequences of this decision were very real, both bad and good. There was no guarantee of survival, and he would sadly never see his parents or siblings again. This decision, however difficult, was the first of many decisions that would ultimately transform a penniless immigrant into William “Bill” Morgan—one of America’s premier real estate developers.

Similar to Bill Morgan, we all make difficult personal decisions that have significant impacts on our futures. Even once we have an opportunity to look back on the results, we often don’t know if we made the “right” choice. So how can we make better, more-educated decisions? Businesses use a process called **Cost-Benefit Analysis** to evaluate decisions based on their potential outcomes. Let’s apply it to Bill’s decision timeline. Identify at least one potential Cost and Benefit that he may have considered *before* making these decisions.

Decision Year 194 Escape Nazis	Decision Year 194 Move to America	Decision Year 195 Buy small café	Decision Year 195 Change name
Cost	Cost	Cost	Cost
_____	_____	_____	_____
Benefit	Benefit	Benefit	Benefit
_____	_____	_____	_____

1) What are a few additional examples of significant decisions that Bill Morgan made on his path to success?

2) How can Cost-Benefit Analysis be used to help choose between competing options like taking a job after graduation, going to college, or enlisting in the military? Be ready to report your results back to the class.



Handout 2: The Serial Entrepreneur

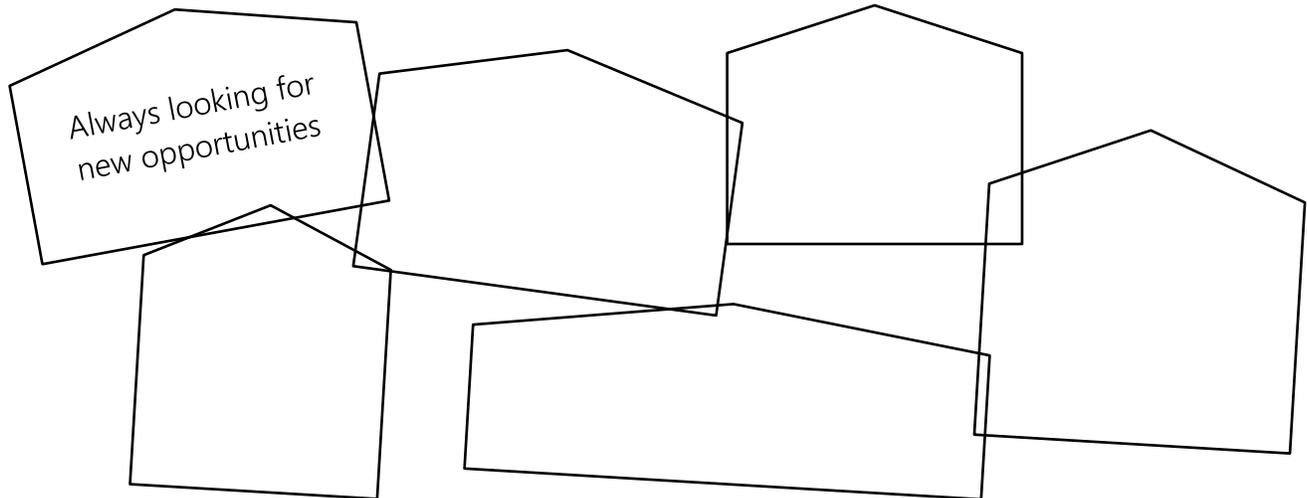
"You need to think bigger."

– Bill Morgan

For Bill Morgan, there was always something new on the horizon. During his first few years in the United States, Bill worked diligently as a janitor for a shoe store. Using the knowledge he gained from this experience, he became a shoe salesman. Within his first three years in America, he had saved up enough money to buy a small café in Houston. Two years later, he sold his café and used the money to buy a refrigerated truck and become a meat supplier. His refrigerated truck was then sold to help build a meatpacking house. Bill then sold his meatpacking house, invested in a piece of land, and began constructing duplexes. This experiment in real estate would become the first of roughly 1,000 apartment units that he would build over the next few decades.

The continuous cycle of selling businesses to fund the next one became a signature of Bill Morgan's "*think bigger*" approach to life. Entrepreneurship is already a fairly exclusive club, and **Serial Entrepreneurs** like Bill Morgan are a rare variety. Other examples include technology visionary Elon Musk and British billionaire Richard Branson, who claims more than 200 businesses in his portfolio.

1) What personality **traits** did Bill demonstrate through his back-to-back business venture?



2) Which of Bill Morgan's personality traits do you think are common amongst Serial Entrepreneurs? Be ready to report your results back to the class.

- | | |
|----------|----------|
| 1. _____ | 3. _____ |
| 2. _____ | 4. _____ |



Handout 3: The Cereal Entrepreneur

Bill Morgan’s series of businesses may seem crazy at first glance. How does someone naturally go from owning a café to developing duplexes? This jump becomes clearer when we view each business in the correct way. Instead of thinking only about the *types* of business, consider how the knowledge and skills (human capital), physical resources (economic capital), and relationships (social capital) that he was gaining provided the next open door.

Let’s take another look. The first business that Bill bought was a café. The second was, basically, a meat delivery service using a refrigerated truck. His knowledge of food, his perspective as a former customer, and his relationships within the industry would have together helped make this new opportunity a natural choice for Bill. Likewise, building the meatpacking house served as a warm up for his future in real estate development.

The Challenge

What if some of your favorite breakfast *cereal* celebrities were *Serial* Entrepreneurs? What could be next for them? Using whatever you *think* you know about the following characters, suggest a “next big opportunity” for each along with the reason it makes sense. Be ready to report your results back to the class.

“Lucky” 	“Lupe” 	“Krisp & the gang” 
Next Opportunity	Next Opportunity	Next Opportunity
Why?	Why?	Why?



Handout 4: Planning for the End

"And that's one thing about capitalism.

The better you do, the better the community does."

– Mike Morgan, son of Bill Morgan and CEO of Morgan Group

A good business owner is already thinking about the end. For example, an organization that is focused on reducing poverty *hopes* that no one will need its services in the future. Once their mission has been accomplished, they have more-or-less worked themselves out of a job. A business focused on making money also has a goal in mind. Consider a technology company that wants to be bought by Google or Apple. This is their *Exit Strategy*. Their plans and strategies are developed to help prepare them for exactly this moment.

For the Serial Entrepreneur, Exit Strategies are absolutely critical since many of their business ideas are a bridge or a stepping-stone to the next opportunity. Most of the time, however, the end isn't so glamorous. Perhaps one of the most common exits isn't planned or intentional at all. It just sneaks up. The owners close their doors, and they sell off (*liquidate*) their inventory. Let's take some time to explore four other common Exit Strategies by searching for the missing data below.

#	Company 1	Company 2	Exit Strategy	Year
1	Exxon		Merger	1999
2		Whole Foods	Acquisition	2017
3	Toys R Us	N/A		2018
4	Facebook	N/A	IPO	

Which Exit Strategy do you think Bill Morgan used for his real estate development company? As a hint, it is a common strategy but is not mentioned above.



Handout 4: Planning for the End (Answer Key)

"And that's one thing about capitalism.

The better you do, the better the community does."

–Bill Morgan's son Mike Morgan, CEO of Morgan Group

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#	Company 1	Company 2	Exit Strategy	Year
1	Exxon	Mobil	Merger	1999
2	Amazon	Whole Foods	Acquisition	2017
3	Toys R Us	N/A	Bankruptcy (Liquidation)	2018
4	Facebook	N/A	IPO	2012

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Family succession. Bill Morgan passed his business down to his two oldest sons.