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Lesson 8: Eddie Brown – Starting from Scratch

AUTHOR

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OVERVIEW

Born to a 13-year-old unwed girl, Eddie Brown was raised by his grandparents and grew up among the citrus orchards of Central Florida. From an early age, he could envision a future far away from the poverty and moonshine bootleggers that helped form his early years. When an aptitude test indicated that he would make a good engineer, he chose to pursue a degree in electrical engineering and began a career with IBM. There were bigger things in store for his analytical mind, however, and many people would reap the financial reward.

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 the stock market, investing, and occupational discovery. The included activities will help your students consider some of the risks faced by entrepreneurs and will help them identify the importance of vision and a strong personal network in supporting their own entrepreneurial ventures.

CONCEPTS

Network
Risk
Vision

OBJECTIVES

Students will be able to:

- Discuss how a sense of VISION can help in creating plans and reaching goals.
- Evaluate the importance of personal NETWORKS when starting a business.
- Identify key RISKS that are common causes of business failure.

TIME REQUIRED (10 – 35 minutes)

Bell Ringer: Steps 1 through 4 (10 minutes)

Mini Lesson: Steps 5 through 8 (+20 minutes)

Extension: Step 9 (+5 minutes)

MATERIALS

Visuals

- Visual 1: “Definitions”

Handouts



- Handout 1: “Video Questions” (1 per student)
- Handout 2: “Who’s Who” (1 per student)
- Handout 3: “Risky Business” (1 per student)

Online Resources

- Video “Eddie Brown: Starting from Scratch”
<https://www.thisiscapitalism.com/eddie-brown-starting-from-scratch/> (4 minutes, 5 seconds)

RELATED LINKS

Brown Capital Management

- Eddie C. Brown, CFA, CIC
<https://browncapital.com/team/eddie-c-brown-cfa-cic>

Forbes

- The Oracle of Apopka: Meet Eddie Brown, One Of Wall Street’s Greatest Untold Stories
<https://www.forbes.com/sites/antoinegara/2019/05/28/the-oracle-of-apopka-meet-eddie-brown-one-of-wall-streets-greatest-untold-stories/#32ea8c2c60c0>

PREPARATION

1. Before class begins, print *individual* copies (1 per student) of Handout 1: “Video Questions,” Handout 2: “Who’s Who,” and Handout 3: “Risky Business.”
2. Print and cut out *individual* (1 per student) Business Ideas from Activity 1: “Business Ideas (SCENARIOS).”

PROCEDURES

1. Watch the video “Eddie Brown: Starting from Scratch”
<https://www.thisiscapitalism.com/eddie-brown-starting-from-scratch/> (4 minutes, 5 seconds).
2. Ask students to work in teams of 3-4.
3. Distribute Handout 1: “Video Questions” (1 per student), and have students complete the questions individually. Allow students five minutes to complete.
4. Ask students (Question 1): “*Where do you envision yourself being in 10 years?*” As time allows, ask students to share their “Far-Sighted Goals” and “Near-Sighted Plans.” Emphasize that our goals, without a **VISION** and plan to reach those goals, are just wishful thoughts.
5. Using Visual 1: “Definitions,” review each definition. Explain that we will be exploring the important roles that **VISION** and personal **NETWORKS** can play in reducing some of the more common **RISKS** of starting a business.
6. Distribute Handout 2: “Who’s Who” (1 per team of 3-4 students). Ask teams to read carefully through the list of statements in the table and work together to complete it before proceeding.
7. Once teams have completed the table, distribute the Business Ideas scenario cards (1 per team of 3-4 students) from Activity 1: “Business Ideas (SCENARIOS)” and direct teams to use their scenarios to complete Question 2 on Handout 2: “Who’s Who.” Emphasize that they are identifying their



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NETWORK. This is their ideal group of supporters and encouragers, not necessarily their employees. These identified individuals may also provide referrals, expertise, or emotional support.

8. As time allows, ask teams to present their Handout 2 results to the class.
9. Optional Extension Activity: Distribute copies of Handout 3: “Risky Business.” Display the assignment, and ask students to complete it on their own paper in class or as a homework assignment. Ask students to start by identifying the type of business that they would choose to launch if it was *guaranteed* to be a success. They will be introduced to a few of the most common causes of business failure and will be asked to identify ways to reduce that **RISK** for their own business. Answers will vary.



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Visual 1: Definitions

Network

A *group* of people that are closely *connected* and that help each other *achieve* their goals

Risk

The *possibility* that something *unpleasant* or unwelcome will happen

Vision

The *ability* to imagine or sense *future* possibilities



Activity 1: Business Ideas (SCENARIOS)

Cut out the following business idea SCENARIOS into individual strips. Each student should be randomly provided one scenario. Feel free to create additional business ideas.

Video game development business

Web site development business

Social media consulting business

Retail fashion / clothing store

Lawn care and landscaping business

Coffee shop / café

Home security business

Hair salon and spa

Nonprofit business providing art therapy classes to children

YouTube channel

Financial consulting business

Nonprofit business providing job skills to the homeless



Handout 1: Video Questions

"You haven't lived until you've had 10 minutes to persuade six total strangers to give you \$40 million."

– Eddie Brown

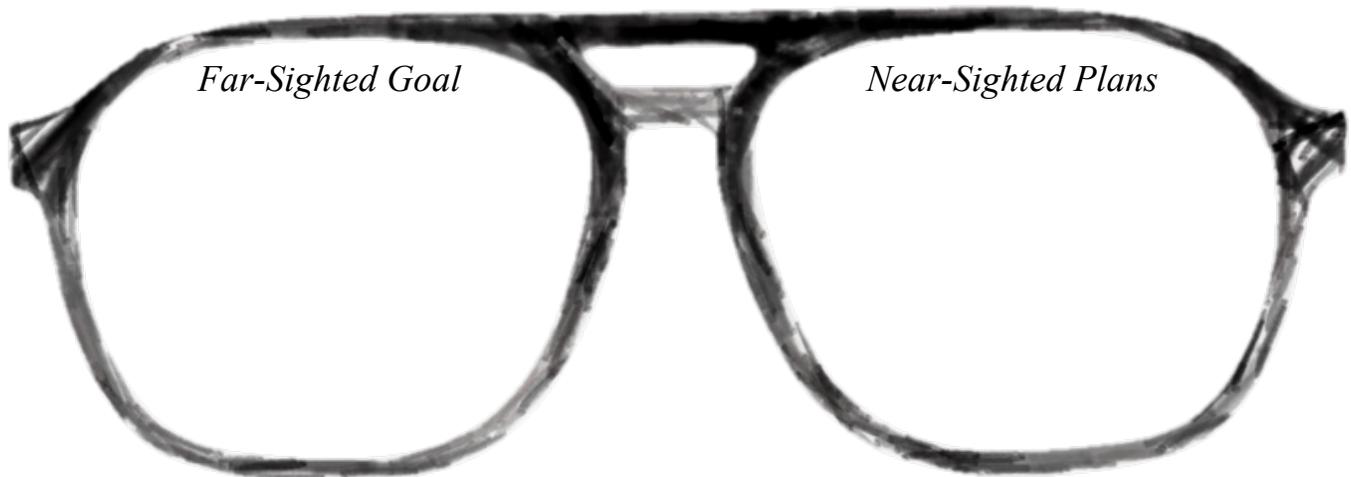
After watching the video "Eddie Brown: Starting from Scratch," work in teams to answer the following questions. The video can be found at <https://www.thisiscapitalism.com/eddie-brown-starting-from-scratch/>.

Raised by his grandparents in a small agricultural community, Eddie Brown found an early appreciation for good, honest, hard work. His grandmother in particular encouraged him to set his sights on success, no matter how impossible those dreams may seem at the time. When an anonymous donor suddenly funded his college education, Eddie's dreams finally had a chance to become reality. He chose to pursue a degree in electrical engineering and took a job at IBM. While working for IBM, he was introduced to the world of financial investing and was immediately hooked. The more he learned, the clearer it became that his path to success was not engineering. Eddie's future was investing.

Review Visual 1: "Definitions" if needed.

From childhood dreams of a better life to an exceptional talent for picking solid investments, Eddie Brown's story reflects a keen sense of *Vision* toward the future. When he applied to college, he couldn't afford to go. Regardless, a lack of tuition money wasn't going to keep him from being ready when his opportunity came.

- 1) Where do you envision yourself being in 10 years? Is there a specific job, company, or city? Perhaps there is a specific social issue that you want to tackle. Without a plan, our goals are just wishful ideas. Identify at least one "far-sighted" goal for 10 years from now, and provide a few simple "near-sighted" plans that you can begin *now* that will help prepare you for that future. Be ready to report your results back to the class.





Handout 2: Who’s Who

Within a few months of leaving the security of his management job at T. Rowe Price, Eddie Brown was given the devastating news that his wife had been diagnosed with cancer. He had prepared himself for many of the uncertainties faced when starting a new business, but he hadn’t planned for this. Suddenly, he was unsure that he had made the right choice. In Eddie’s moment of need, when it seemed that his world had been turned upside down, his **Network** stood by him and ultimately helped his new business find customers and success.

- 1) The personal networks that you are building today could help you reach your dreams far into the future. Look around the room and take note of your classmates. Considering only the people here today, identify a person who most closely fits each of the following statements. Complete this table on your own.

	Description	Classmate
1	Most likely to complete a group assignment early.	
2	Most likely to have an extra pencil/pen.	
3	Most likely to feel comfortable and fit in anywhere.	
4	Most likely to be able to fix your computer.	
5	Most likely to start and win a spontaneous debate.	
6	Most likely to befriend a new student.	
7	Most likely to turn any class assignment into an artistic masterpiece.	
8	Most likely to help other students when they have questions.	
9	Most likely to suggest a new approach to things.	
10	Most likely to be enthusiastic in class.	
11	Most likely to vocally question the way things are done.	
12	Most likely to do more than required on a class project.	
13	Most likely to be someone’s “lifeline” or “phone a friend” on a game show.	

- 2) Once your have been handed a Business Idea card, identify the “dream team” **network** that could help you make it a success. Choose 5 classmates from the list above. Be ready to report your results back to the class.

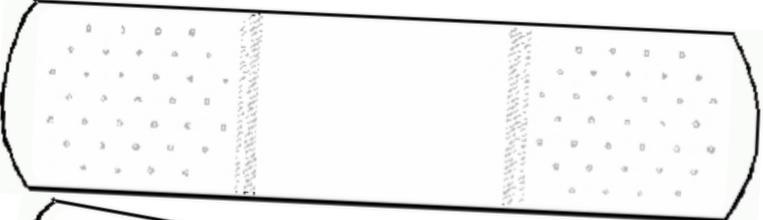
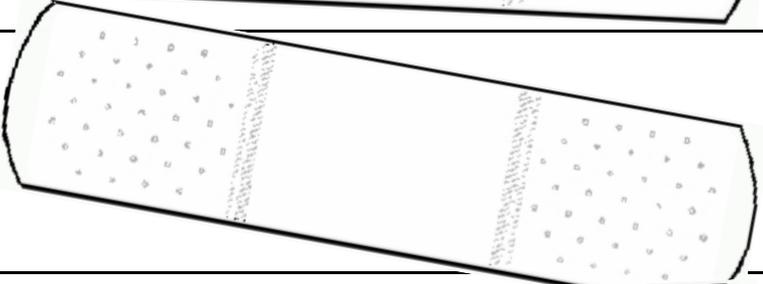


Handout 3: Risky Business

When Eddie Brown began noticing that other minority-owned investment firms were closing their doors, he took a bold new approach. In order to reduce this *Risk* for his business and for his customers, Eddie created a plan to turn the ownership over to his employees in the form of stock shares. His customers had entrusted billions of their dollars into his hands. He knew he had an obligation to make sure that, with or without him, the business itself would not fail.

- 1) If you could choose to launch any type of business in the world and it was guaranteed to be a success, what would you choose?

- 2) Assuming that you were starting this business, what could you do to try and reduce your *risk* of failure? Identify a potential solution to each of the following common causes of business failure.

Common Cause of Failure	Potential Solution
<p>The business doesn't truly understand what the customer needs.</p>	
<p>The business doesn't have the right team or management.</p>	
<p>The business runs out of cash.</p>	



Handout 3: Risky Business (Answer Key)

When Eddie Brown began noticing that other minority-owned investment firms were closing their doors, he took a bold new approach. In order to reduce this **Risk** for his business and for his customers, Eddie created a plan to turn the ownership over to his employees in the form of stock shares. His customers had entrusted billions of their dollars into his hands. He knew he had an obligation to make sure that, with or without him, the business itself would not fail.

- 1) If you could choose to launch any type of business in the world and it was guaranteed to be a success, what would you choose?

Answers will vary.

- 2) Assuming that you were starting this business, what could you do to try and reduce your **risk** of failure? Identify a **detailed** potential solution to each of the following common causes of business failure.

Common Cause of Failure	Potential Solution
The business doesn't truly understand what the customer needs.	<i>Answers will vary but may include plans to conduct market research and to talk with potential customers.</i>
The business doesn't have the right team or management.	<i>Answers will vary but may include plans to only hire people with extensive experience and to not hire friends/family.</i>
The business runs out of cash.	<i>Answers will vary but may include thoughts on how to keep costs low or the need to budget for higher starting costs.</i>