
Josh Allen

Companion Bread Company

By M. Karen Hubbard

LESSON DESCRIPTION

Students read a story about entrepreneur, Josh Allen, who founded an artisan bread making company in St. Louis, Missouri. Students learn how important it is for a producer to provide a product that is appealing to a very specific group of consumers. They develop a chart to show the flow of business activity from one business to another through the purchasing activities of the workers.

ECONOMIC CONCEPTS

- Entrepreneur
- productive resources
- what to produce
- how to produce
- for whom to produce
- niche market

RELATED CONCEPTS

- Reading comprehension

MATERIALS

- One copy of “Josh Allen” reading for each student
- Visual 1 – “Three Basic Questions”
- Visual 2 – “The Business Activity Tree”
- One copy of Activity 1 – “The Business Activity Tree” for each group
- One copy of Activity 2 – “The Josh Allen Story” for each student

TIME

- 50 minutes

PROCEDURE

1. Read the story about Josh Allen and instruct students to look for details about the product that was appealing to a specific group of consumers.
2. Discuss the following questions:
 - a. What did Josh Allen’s company produce? (bread)

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- b. Why did he choose to produce this product? (Josh Allen loved to bake bread and share it with as many people as possible.)
 - c. In which city is his company located? (St. Louis, Missouri)
 3. Point out that all businesses use resources to produce products. There are many kinds of resources, but they can all be separated into four general categories.
 4. Explain that **natural resources** are things found in and on the earth that are used to produce goods and services. Some examples of natural resources include water, coal, and oil. Ask the following question:

What natural resources are used in the production of artisan bread?
(natural ingredients, ground for building)
 5. Explain that **capital resources** are goods made by people that are used to produce goods and services. Capital resources include tools, buildings, and equipment. Some examples of capital resources are hammers, computers, and schools. Ask the following questions:

What capital resources are used in the production of artisan bread?
(French ovens, buildings, shelves, tables, utensils)
 6. Explain that **human resources** are people doing mental and physical work to produce a good or service. Some examples of human resources include a teacher, firefighter, doctor, and a lumberjack. Ask the following question:

What human resources are used in the production of artisan bread?
(bakers)
 7. Explain that there is one category of resources that guided the way all other resources were going to be used at Companion Bread Company. That resource was Josh Allen himself. He had **entrepreneurial ability**. Entrepreneurial ability is another category of resources. It is the special skill of an individual entrepreneur who is willing to take risks to develop new products and start new businesses. An **entrepreneur** is a person who controls the production process of a business, makes business-policy decisions, attempts to be innovative in new products or methods of production, and bears the risk of their time, effort, and money invested in the business.
 8. Explain that as an entrepreneur, Josh Allen had to answer three basic questions.
 9. Display Visual 1 – “Three Basic Questions”. Explain that entrepreneurs must answer three basic questions as they begin their businesses. Discuss each point as follows and record responses on the Visual 1.

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- a. What to produce

What product did Josh Allen produce? (artisan bread)
Why did he think he would find buyers for artisan bread? (He felt there were consumers who were willing to spend a little more money for bread with natural ingredients – no chemicals, additives, or preservatives.)
 - b. How to produce

What resources does he use in his business? (natural – ingredients, human – bakers, capital – building, ovens, utensils)
 - c. For whom to produce

Who are his customers? (people who want bread with no additives)
10. Explain to the students that a **niche market** is one in which producers provide a product that is appealing to a very specific group of consumers. Ask students to think of goods or services that might be produced for a niche market, for example: gourmet dog biscuits for dog owners, a person who rides a bicycle around downtown areas picking up and delivering packages.
 11. Ask the following questions:
 - a. What is Josh Allen’s niche market? (artisan bread)
 - b. Was his Companion Baking Company successful everywhere he opened one? (no) Why? (Mr. Allen states that he had to close his Kansas City store because he could not be there everyday like he could in St. Louis.)
 - c. Why would his inability to be in Kansas City hurt his company? (He could not make sure the bread was made correctly or the store was run well if he weren’t able to be there.)
 12. Explain that when entrepreneurs start businesses in Missouri, other Missouri businesses benefit. For example, Companion Baking Company employs a baker. The baker earns money by baking bread at Companion. He uses the money he earns to buy goods and services from other companies in the community.
 13. Help students to discover the chain of purchases of goods and services by telling the following story.

Mr. Potts, the baker, stops on his way home from Companion to get groceries. At the grocery store, Ms. Lemon sells food to Mr. Potts and receives money in return. Ms. Lemon gets wages from the grocery store and uses some of the money to buy a shirt at Mrs. Seams clothing store. Mrs. Seams gets wages from the clothing store and uses some of the

money to buy gasoline from the local gas station. So, when an entrepreneur starts a business in a community many people benefit.

14. Explain that buying resources (capital and human) help the Missouri economy by supplying jobs and purchasing other resources which supply more jobs. Display Visual 2 – Business Activity Tree to help students recognize how activity flows from business to business through the sale of goods, services and capital.
15. Place students in small groups and Distribute Activity 1. Prompt the activity by asking the following question: What goods might a worker from (insert the name of a business in your town) buy from a store in our community? (Answers will vary. Guide students to mention specific goods from specific stores in your community.)
16. Instruct students to choose a small business to enter into the top cell. Have them choose workers from that business and continue the flow of activity in a similar fashion to the Visual. Encourage them to use the names of real businesses in their community. When they have completed the flow of business activity, have each group report.

CLOSURE

Ask the following questions:

- a. Where do the workers get money to buy goods and services? (from wages paid by their employer)
- b. How does the business at the top of your chart help support other businesses in the community? (Wages paid to the workers are used to buy goods and services from other businesses.)

As review, instruct students to complete Activity 2 – The Josh Allen Story.

EXTENSION

Teacher could invite an entrepreneur from the community to discuss their risk and benefits of starting a business.

VISUAL 1- Three Basic Questions

What to produce?

What product does Josh Allen produce?

Why did he think he would find buyers for his product?

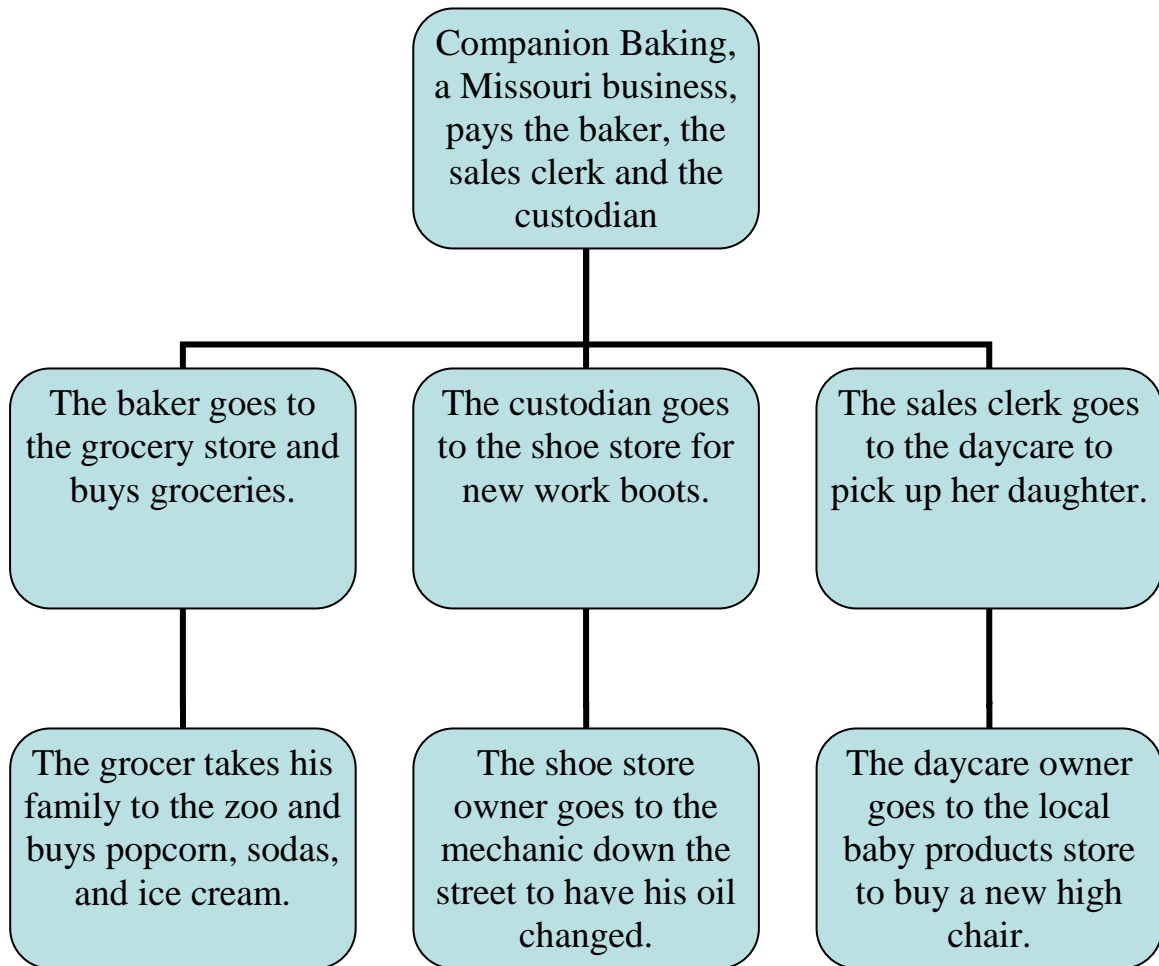
How to produce?

What resources does he use in his business?

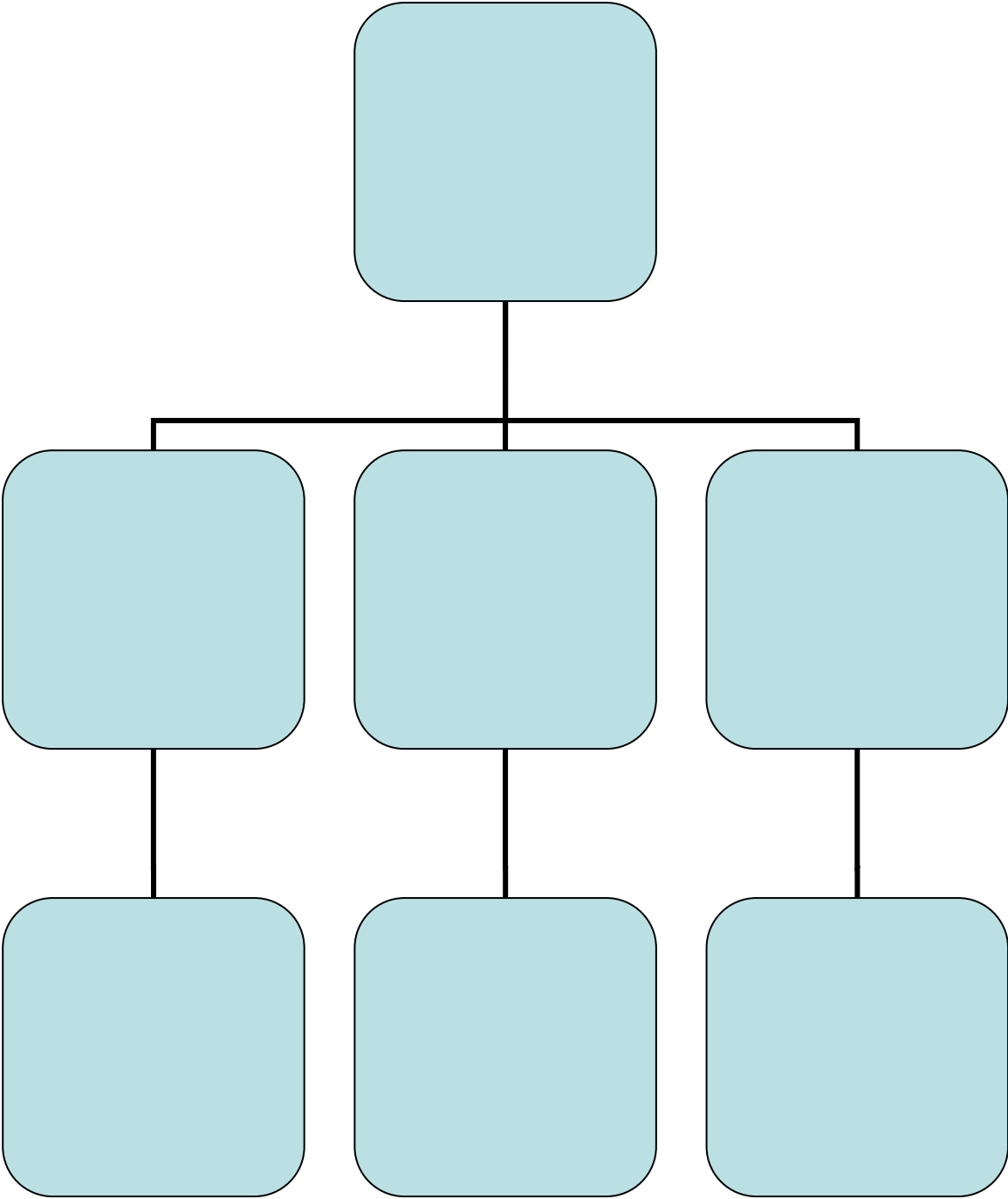
For whom to produce?

Who are his customers?

Visual 2 - Business Activity Tree



Activity 1 - Business Activity Tree



ACTIVITY 2 – THE JOSH ALLEN STORY

NAME _____ DATE _____

Fill in the blanks in the sentences with the correct word from the “WORD BANK”.

1. Josh Allen’s home is in _____.
2. At a young age he moved to _____.
3. There he learned to run a _____.
4. He moved back to St. Louis and on December 8, 1993, he opened _____.
5. The land which Josh Allen’s building is located is a _____.
6. The people he hired to do the work are called _____.
7. The ovens, building, kettle, utensils, etc. are called _____.
8. Josh Allen started the business. He in an _____.
9. By focusing on a _____ _____, Josh Allen was providing bread that was appealing to a very specific group of consumers who wanted bread made with natural ingredients.

WORD BANK

entrepreneur	capital resources	natural resources	niche market
California	human resources	Entrepreneurial ability	
bakery	St. Louis, Missouri	Companion Baking Company	

Write a paragraph on the back of this worksheet about how Josh Allen’s Companion Bread Company is helping the St. Louis area economy. (Include how buying the resources help the people who own those companies, i.e., hiring people to work, purchasing: ingredients, utensils, ovens, etc.)

Josh Allen

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While attending Stanford University in California, Josh Allen found a job working in a bakery and fell in love with baking and everything about it. Someone in California asked Josh to run a bakery for him, but after awhile, that bakery failed. Eventually, Josh moved back to Saint Louis, Missouri, where things started getting better.

On December 8th, 1993, at the age of 23, Josh Allen launched the Companion Baking Company with investment from his family. Josh picked the word 'Companion' because its Latin root means "the act of sharing," and Josh is all about sharing his bread with as many people as he can. His family owned a building that housed Allen Foods, the family business. They allowed Josh to take over a section of the building to create his bakery. There, he installed baking ovens made of stone which he imported from France, and he began production of artisan bread. This bread may cost more and not last as long, but it is made of all natural ingredients – no chemicals, additives, or preservatives. In 1999, the company began making real kettle boiled bagels called Sophie's Bagels, named for his young daughter, Sophie. Josh is not simply interested in baking his wonderful breads; his goal is to help people think differently about food. He hopes people will focus on natural foods and think carefully about the foods they eat.

In 2000, Josh opened a retail store for his bread in Clayton, a city just outside the City of St. Louis. During the same year, Companion Bread Company even began delivering bread to Kansas City, Missouri, seven days a week. Two years later, they opened a bakery in Kansas City to meet the demand for the company's bread there. Eventually, Josh had to close the bakery in Kansas City because he could not be there everyday like he could in St. Louis. This setback did not stop Josh's entrepreneurial spirit. By 2003, his company made \$5 million and delivered bread everyday to more than 250 wholesale customers (restaurants, country clubs, hospitals, grocery stores, etc.). He opened two more stores in the fall of 2007 in the Central West End of St. Louis and in a nearby city, Ladue. His company continues to produce up to five million pounds of bread per year. He employs about seventy-five people in the Saint Louis area. His bread is sold between Wentzville, Missouri, and Silo, Illinois. His revenue is around \$13 million in 2007. (Remember, the revenue is money earned before expenses are taken out.)

At this point, Josh plans on staying local. He is not really interested in selling his bread in new areas as much anymore. He would like to get people involved in making bread by offering classes. He is part of the Bread Bakers Guild of America which is dedicated to giving information and education regarding artisan bread making.

Josh has a motto he likes to work by: "It is all work, and it all needs to be done."