
Jack Taylor

Enterprise Rent-A-Car

By M. Karen Hubbard

LESSON DESCRIPTION

In this lesson, students will read a story about entrepreneur Jack C. Taylor who founded Enterprise Rent-A-Car in St. Louis, Missouri. Students learn how important it is to answer the Three Basic Economic Questions and find a niche market.

ECONOMIC CONCEPTS

- entrepreneur
- entrepreneurial ability
- what to produce
- how to produce
- for whom to produce
- niche market
- resources – natural, human, capital, entrepreneurial ability

RELATED CONCEPTS

- reading comprehension
- organize information

MATERIALS

- One copy of “Jack C. Taylor” reading for each student
- One copy of Activity 1 – “Jack C. Taylor’s Steps to Being an Entrepreneur” for each student
- One copy of Visual 1 – “Three Basic Questions” for each student, or one copy on overhead transparency for the classroom
- One pair of scissors per student
- Glue
- One sheet of paper per student (construction paper or regular paper)

TIME

- 45 minutes

PROCEDURE

1. Read the story about Jack C. Taylor and instruct students to look for details about why it was important for Mr. Taylor to find a niche market and how he answered the three basic economic questions.
2. Discuss the following questions:
 - a. Did Jack Taylor's company produce a good or a service? Why? (Service because consumers paid the company to supply a car for transportation when the consumer needed one.)
 - b. Why did he choose to produce this service? (He realized that people had to rent a car when they were unable to drive their own, for example: car in shop for repairs, car in an accident, looking for a different car to own.)
 - c. Where did he begin his business? (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, piece of ground, and oil. Ask the following question:

What natural resource is used in the production of car rental?
(piece of ground to put the rental cars and office buildings)
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 question:

What capital resources are used in car rental? (cars, office building, computers, desks, etc.)
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 car rental business? (office workers, people who pick up customers, people who drive the car on the lot, etc.)

7. Explain that there is one category of resources that guided the way all other resources were going to be used at Enterprise Rent-A-Car. That resource was Jack C. Taylor 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 funds invested in the business.
8. Ask the following questions.
 - a. What innovations (change) did Taylor make in his rent-a-car business? (rent cars to people whose cars were being repaired and pick them up at the repair shop)
 - b. Where did he get his idea? (his customers)
 - c. Why was this a good idea? (Other rental companies were fighting over the airport rentals and Jack worked his company into the market for hometown renters.)
 - d. What risk was he willing to make? (He cut his pay and invested \$25,000 of his own money.)
9. Explain that as an entrepreneur, Jack C. Taylor had to answer three basic questions to begin his business. Display or distribute the Visual – “Three Basic Economic Questions” and discuss each point and record responses.
 - a. What to produce?
 - What service did Jack C. Taylor provide? (Rental cars)
 - Why did he think he would find renters for the cars? (Customers suggested that Jack rent cars to people whose cars were being repaired.)
 - b. How to produce?
 - What resources did he use in his business? (cars, office buildings, office equipment, piece of ground for the offices and cars)
 - What natural resource did he use? (piece of ground)

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- What capital resources did he use? (cars, office building and equipment)
 - What human resources did he use? (office workers, people to drive cars on the lot or pick up customers)
 - What resource was Jack C. Taylor? (entrepreneur)
- c. For whom to produce?
- Who were his customers? (People whose own car was unavailable to drive so needed to rent one or a company needed to rent one for a client, etc.)
10. Explain that Jack C. Taylor had found a “niche market”. A **market** is anytime producers and consumers make an exchange. For example, you go to a store to buy lemons. The producers brought the lemons to the store and you went to the store to get the lemons. Another example would be buying a book from a producer on the Internet.
11. Encourage students to name other goods and services they have purchased. Instruct them to include where or how the purchases were made, i.e., bought lunch at school, bought a movie ticket at the cinema, bought a video game on Ebay.
12. A **niche market** is one in which producers provide a product that is appealing to a very specific group of consumers. For example, an entrepreneur could produce CDs with Russian children’s songs for a group of Russian parents who have come to the United States. Or an entrepreneur could open a Vietnamese restaurant for recent Vietnamese immigrants. Ask students to think of goods or services that might be produced for a niche market. After they have made their suggestions, relate the following products that have introduced goods into a niche market.
- gourmet dog biscuits for dog owners
 - rigid strips (like stiff Band-aids that hold snorers’ nostrils open)
 - a store that supplies ingredients and kitchens so that parents/care givers can cook a week’s worth of dinners in just a few hours
 - a person who rides a bicycle around downtown areas picking up and delivering packages

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13. Ask students the following questions:
 - a. What specific group of consumers was Jack Taylor aiming? (hometown renters - people whose cars were in the shop and needed a car for their business or to get to work)
 - b. What market did this group provide? (niche market)

 14. Direct the students to do the “Jack C. Taylor’s Steps to Being an Entrepreneur” activity sheet. Students will read through the statements and use the reading to number the situations in order of how they occurred. They can then cut out the statements and paste them on construction paper or regular paper in that order. Tell students to put their name on the finished activity. The teacher can then go over the answers with them.

EXTENSION

1. Students could research an entrepreneur using “Yahoo for Kids”.
2. Students could create another slogan for the “Enterprise Rent-A-Car” company.
3. Teacher could invite an entrepreneur from the community to discuss their risk and benefits of starting a business.

Name _____

JACK C. TAYLOR'S STEPS TO BEING AN ENTREPRENEUR

Cut out the strips and paste on another piece of paper in the order of how Enterprise Rent-A-Car developed.

In 1969, Mr. Taylor decides to expand outside Saint Louis, Missouri.

In 1989, the company's name is changed to Enterprise Rent-A-Car.

In 1957, Jack Taylor convinced his boss to let him start a car leasing business at the Cadillac dealership where Mr. Taylor was a sales manager.

In the mid 1990's, the company opened its first airport rental location at the Denver International Airport.

Jack C. Taylor took a 50% pay cut and invested \$25,000 of his own money to purchase a quarter of the company and began the Executive Leasing Company.

One of the company's managers began to pick up customers in Orlando, Florida, and this would lead to Enterprise's "We'll Pick You Up" slogan.

In 1982, Enterprise Rent-A-Car Foundation was begun and has donated much money to cultural projects in areas they are located in, especially in St. Louis area, the Taylor's hometown.

In 1993, Enterprise opened its first international branch in Windsor, Canada.

In 2001, Jack C. Taylor was elected St. Louis Citizen of the Year.

ACTIVITY 1 – JACK C. TAYLOR’S STEPS TO BEING AN ENTREPRENEUR - ANSWERS

1. In 1957, Jack Taylor convinced his boss to let him start a car leasing business at the Cadillac dealership where Mr. Taylor was a sales manager.
2. Jack C. Taylor took a 50% pay cut and invested \$25,000 of his own money to purchase a quarter of the company and began the Executive Leasing Company.
3. In 1969, Mr. Taylor decides to expand outside Saint Louis, Missouri.
4. One of the company’s managers began to pick up customers in Orlando, Florida, and this would lead to Enterprise’s “We’ll Pick You Up” slogan.
5. In 1989, the company’s name is changed to Enterprise Rent-A-Car.
6. In 1982, Enterprise Rent-A-Car Foundation was begun and has donated much money to cultural projects in areas they are located in, especially in the St. Louis area, the Taylor’s hometown.
7. In 1993, Enterprise opened its first international branch in Windsor, Canada.
8. In the mid 1990’s, the company opened its first airport rental location at the Denver International Airport.
9. In 2001, Jack C. Taylor was elected St. Louis Citizen of the Year.

VISUAL 1 – THREE BASIC ECONOMIC QUESTIONS

1. What to produce?

- a. What service did Taylor provide?

- b. Why did he think he would find renters for the cars?

2. How to produce?

- a. What specific resources did he use?

- b. What natural resources did he use?

- c. What human resources did he use?

- d. What capital resources did he use?

- e. What resource was Jack C. Taylor?

3. For whom to produce?

Who would be his customers?

Jack C. Taylor

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A short time after Jack Taylor had enrolled in Washington University's business school in St. Louis, Missouri, in 1940, the United States entered World War II. He left school to join the United States Navy. He spent his time during World War II flying F6F Hellcat fighter jets from battleships earning two Distinguished Flying Crosses and the Navy Air Medal. Jack Taylor made it through the war, returned to St. Louis, and started a delivery service company. In 1948, he left that job and started working for the Lindberg Cadillac dealership. Jack managed to work his way up to the position of sales manager.

In 1957, he convinced his boss to let him start a car leasing business at the dealership. He had to take a 50% pay cut and put up \$25,000 of his own money for a quarter of the business. He started the Executive Leasing Company with seven cars. His customers suggested that Jack rent out cars while their cars were in the shop, and that is how Jack got into the car rental business. His rental division had seventeen cars available. In 1969, Jack decided to expand outside Saint Louis and changed the name of the company to Enterprise (named after the USS Enterprise aircraft carrier upon which Jack Taylor had served in World War II).

While the other rental companies were fighting over the airport rentals, Jack worked his company into the market for hometown renters. Also, a manager started picking up customers in Orlando, Florida, and this would lead to Enterprise's "We'll Pick You Up" slogan. By 1980, Jack's rental fleet had grown to 6,000. Then in 1989, the company's name changed again to Enterprise Rent-A-Car since the rental business is where Enterprise had grown. At this point, the company was located in more than five hundred different places and had more than 50,000 vehicles available to rent. The company's headquarters is located in the St. Louis, Missouri, area.

The 1990's were very good for Jack's company. In 1992, the company earned more than \$1 billion in annual revenue (money before bills are paid) and employed almost 10,000 people. In 1993, Enterprise opened its first international branch in Windsor, Canada. The company continued to grow, and by 1995, it had more than \$2 billion in annual revenue. It was also at this point that the company opened its first airport rental location at the Denver International Airport.

Jack Taylor turned his company into a rental car empire by keeping to his business credo: "Take care of your customers and employees first, and profits will follow". Mr. Taylor's son, Andrew C. Taylor, has worked his way up through the company starting out as a car washer at the age of 16 to Chairman and Chief Executive Officer. Since he took over, the company acquired National Car

Rental and Alamo Rent-A-Car in 2007. The company now has over 7,000 offices in five different countries. In the United States, there is an Enterprise location within fifteen miles of ninety percent of the population. The company has more than one million vehicles available to rent, and employs 75,000 people. Enterprise is the number one car rental agency in the United States.

Mr. Taylor does not keep all of the company's profits. In 1982, he formed the Enterprise Rent-A-Car Foundation which has given over \$140 million to St. Louis and other company operated communities' cultural establishments. (The Foundation concentrates in St. Louis because it is the Taylor family's home town. They want St. Louis to remain a first class city with first class cultural institutions.) The Foundation has given \$40 million matching challenge to the St. Louis Symphony and \$30 million to the Missouri Botanical Garden. It has also given to the Forest Park restoration, National Urban League, and established a scholar program at Washington University in St. Louis for minority and financially disadvantaged students.