

Feature

The Steve Mariotti Interview:

Entrepreneurship and Education



Steve Mariotti is the founder of the Network for Teaching Entrepreneurship (NFTE). Before NFTE, Mr. Mariotti was a successful entrepreneur and a teacher in some of New York's most challenging schools. His innovative methods for teaching business led to his being named Teacher of the Year for New York State in 1988. We met with Mr. Mariotti in New York to explore his thoughts on his passion for teaching and entrepreneurship education as an exit strategy from poverty for at-risk youth.

Kaizen: You were mugged in 1981 by three teenagers in New York's Lower East Side, and that led you to a major career change?

Mariotti: It did. The mugging caught me emotionally off guard, and I had a lot of flashbacks afterward. It got me interested in the question of why some kids would humiliate me over a small amount of money. And I started to think: Had they been able to sell me something or ask me to invest in a business deal, they could have gotten a lot more money and it would have been a win/win situation for everyone. And that really got me interested in a new career path in education.

Kaizen: So you decided to leave the corporate world and become a teacher?

Mariotti: Actually, I had a small business then. I was a manufacturer's representative for manufacturing firms overseas. And I had been at Ford Motor Company, and I left Ford to start my own business.

Kaizen: That was Mason Import-Export?

Mariotti: Yes.

Kaizen: You grew up in Flint, Michigan?

Mariotti: I was born and raised in Ann Arbor, but I went to high school in Flint. I view myself as being from both communities and have great affection for each of them. I'm very proud of having spent a lot of time in Flint.

Kaizen: What did you major in as an undergraduate at Ann Arbor?

Mariotti: I majored in Business-Economics-Finance.

Kaizen: You went on to receive your MBA from the University of Michigan School of Business. Did you have a concentration there?

Mariotti: I wanted to be a business economist. I wrote my Master's thesis—you didn't have to do a thesis for a Master's but I wrote one anyway for fun—with Paul McCracken as my advisor, and I wrote it on the Austrian School's theory of the trade cycle.

Kaizen: Was entrepreneurship a part of the curriculum in your MBA program?

Mariotti: I was fascinated by small business and unable for a couple of summers to get jobs in Flint because of the unemployment rate. So I was an Avon salesman. I was told by my group leader that I was the first Avon salesman in the history of Flint. But I did Avon, I had a golf ball resale business, I had a repair service, I had a laundry service. I had about seven businesses from the time that I was eleven 'til I was twenty-one, and was always talking, always thinking about it.

Kaizen: What would you say was the most valuable thing your MBA program taught you?

Mariotti: I'm a huge fan of reading about business. I learned about double-entry bookkeeping, income statements, and marketing. I had a great teacher who had us do sales calls. I also learned about advertising.

I don't understand how people do it without reading and thinking and talking about business. I was always intrigued by the education aspect and believed that one

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As the new academic year begins, education again becomes our primary focus.

And as the economy, hopefully, begins to recover, we focus on entrepreneurship's role in generating wealth. A recent study shows that entrepreneurial activity often *increases* in difficult economic times, as costs go down and as more former employees are willing to take risks. Sometimes necessity is indeed the mother of invention.

So we are pleased that our feature interview is with **Steve Mariotti**—founder and CEO of the Network for Teaching Entrepreneurship (NFTE, pronounced “nifty”). We spoke with Mr. Mariotti about entrepreneurship education, finding your own vision, and the power of entrepreneurship as a solution to poverty. (And we wonder if it’s a coincidence that one of Mr. Mariotti’s early teaching jobs was at the Jane Addams Vocational High School in the Bronx, New York.)

We also highlight Professor **Steve Kadamian** and his new Entrepreneurship course, the annual High School Entrepreneurship Day—and two guest speakers who visited Rockford College last semester: Professors **Brad Thompson** and **David Mayer**, leading experts on John Adams and Thomas Jefferson. Short video interviews with Drs. Thompson and Mayer after their talks can be viewed at the Center’s website.

As always, at the Center we continue to build up our collection of resources on entrepreneurship and business ethics, so please feel welcome to visit us on the second floor of Burpee—or online at www.EthicsandEntrepreneurship.org.

Stephen Hicks, Ph.D.

MARIOTTI, CONTINUED

cause of poverty was that millions of people go into business without knowing certain basic concepts that you need to know—and as a result lose their savings, go into debt, get into trouble with the local government authorities, and hurt the savings and capital of their family. Unsuccessful business effort, I believe, has been one of the major causes of poverty since the beginning of time.

Also, being unemployed, or employed in a job you hate, is a leading cause of depression and unhappiness.

I strongly believe that business can be taught. I believe that business and entrepreneurship are just like any other skills that can be refined and coached and helped.

Kaizen: After you got your MBA you became a treasury analyst for Ford Motor Company. What did that involve?

Mariotti: I went to Ford Finance Staff, and I walked in there and I couldn’t believe it. I had the best job a young MBA could get. I had been the assistant to the comptroller of the casting division after my first year. I did very well there, and my father was a professor at General Motors Institute and knew a lot of the vice presidents, and so I kind of fought my way into this perfect job as a financial analyst.

Then I realized that I’m in Ford’s foreign policy. Now I’m the analyst for South Africa, Venezuela, Mexico, and Ford export division, and I’m doing all the dollar borrowings for Ford—basically for all of Latin America—and that my job is to figure out how to legally bring money home, because we made a lot of money overseas but it was not worth much if you could not get it back to Detroit.

And then I was the analyst for the finance subcommittee, and I’d put together the financial books for every month and deliver them to the vice presidents, which allowed me to get to know all the executives. I was on the twelfth floor of World Headquarters when Iacocca was fired. I was actually near his office, about five yards down.

At World Headquarters, they’d bring in twenty young men a year and only expect to keep one, so it was extremely competitive. Then they would bring in twelve at each division. But I leapfrogged over all the divisions and got the most—unbelievably—coveted job in international finance, and I did that for about twenty-nine months.

Kaizen: At Ford you earned the nickname “Stevie Wonder.” How did that come about?

Mariotti: I made Ford some money by cutting costs, and at one of the subcommittee meetings one of the vice presidents referred to me that way—I was so proud, although I was really a peon in the scope of things. I had a few insights, and each one seemed

minor. One was when I took some coaching from Landon Hilliard at Brown Brothers Harriman (they were my favorite bankers)—Landon has been my friend for thirty-two years and is now the chair of NFTE’s board. So I spent a lot of time talking to them and just learning international finance, and I had a knack for it. We did the first bankers’ acceptances, Brown Brothers Harriman and I, for Ford. Bankers’ acceptances are just a financing strategy where you can borrow at a lower rate, but Ford didn’t know about it. That enabled us to lower Ford’s borrowing rates about an eighth of a point, but on billions of dollars of debt, that’s huge.

Then my big thing was—it went all the way to Henry Ford, who read it at a board meeting—I wrote a memo. I was reading a book, *The Bankers* by Martin Mayer, and on page 53 is a paragraph that talks about the Lombard Rate. When bankers calculate your interest, they use 360 days; all the banks do. So if you borrow for 180 days, they use 360, but there are 365 days in a year. It started several hundred years ago and the bankers never tell you that; it just goes into the computer as 360. I read the book, and I looked up all of the interest-rate calculations and, sure enough, all the banks around the world that dealt with us were using 360. So I wrote a memo saying, “Let’s ask the banks to use a

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365-day rate.” And it went all the way to the board and we converted to 365 days, and I believe it saved \$480,000 a year when we weren’t borrowing very much. And when we got into trouble, it probably saved \$2 or \$3 million a year—that calculation, that extra five days. To a large company that is a small amount of money but I was very proud of it.

Then I had an idea that I called the advance warning system. I’d be sitting there, and we’d be bringing money home from places such as Venezuela. And they’d wire-transfer the money and the banks would hold onto the money. So the bank in Caracas would wire-transfer \$18 million to Citibank, who would then hold the money for a day, then wire-transfer it to Detroit Bank and Trust or wherever (I’m making up that name), who would then hold it for another day. We wouldn’t get credit for it for two to three days, on a billion dollars. So I came up with an idea that we would have an advance warning system so that the treasurer’s office would let us know—I was in treasury—when the money was going to be transferred, and we would get same-day credit. That saved hundreds of thousands of dollars. And then I had like four or five other little things that helped the company get better.

Kaizen: What led to your leaving Ford?

Mariotti: The big issue was that I was against doing business with the South African government because I felt it was fascist. I started to raise those issues because I was the South African analyst. It wasn't like I was seeking it out, but issues were coming across my desk and I felt like we should be more aggressive toward liberalizing that regime.

I started writing to Reverend Sullivan, an African-American gentleman on the board of General Motors. He was strip-searched in '74 in South Africa because he was black. He came back to the U.S. and he wrote *The Sullivan Principles*. So I started to write him fan letters in '77, and we began corresponding. He always supported me in my efforts as the analyst for South Africa, and I was raising my concerns about the government. I'm sure Henry Ford would have agreed with me, but I couldn't exactly go talk to him—there were all these levels.

It was stressful because I said some things about Ford's foreign policy that raised issues, like: "What could we do to help end apartheid?" It became really controversial at Ford that I was raising these issues about our relationships with certain governments. It wasn't the smartest thing to do at that stage of my career.

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Kaizen: So it was internal politics?

Mariotti: Yes. I regret it, as I came on too strong in retrospect and was not open to hearing opposing views. At times I was pompous. Essentially I was a good analyst, which is kind of like being a first lieutenant. I was raising policy issues and it was a too much for the system to handle, and I became too high profile, which kills you at Ford.

I ended up getting ousted. I got a year's severance because they all felt terrible about it. I had made them all this money by lowering costs, but I didn't generate any revenue. I stayed friends with most everyone, so it turned out okay, but I did have to leave. I had some very strong views and it was too much for the company to handle, and I totally understand it in retrospect.

As it happened, Ford eventually adopted a lot of Sullivan's recommendations and used all of my financial improvements. Ford is a wonderful company and I'm still very loyal to it.

Kaizen: And that led you to move to New York and go entrepreneurial?

Mariotti: Yes. Within two months I started a new business here. I got an apartment in Brooklyn



Courtesy of NFTE

Mr. Mariotti, early NFTE grad Vincent Wilkins, and music producer Tony Stone

Heights and I started advertising in overseas Chamber of Commerce newsletters to be a salesperson. If you had a small business in a third-world country, nobody would represent you in the U.S. So I thought, "Gee, that's an opportunity."

I got this contract to go down to Jamaica and do research on small businesses. While I was down there, I noticed that they all had these unique products—not all of them, but let's say out of one hundred that two of them did—that could sell up here, I thought. But they didn't have anybody to represent them.

People started answering my telexes and my ads. It was great: I learned about all these small businesses around the world, all these interesting people, all with unique products—pistachio nuts, snake skins—I met a lot of people from overseas and I loved it.

Then I did a ton of sales work—figuring out who's going to buy it, why, how do you get the meetings—very difficult things. It's as hard as brain surgery; it's a ton of work, selling, that is. You've got to think about the other person and not about yourself. It's great training.

Then three years went by and all of a sudden I was out jogging in the middle of the afternoon, and these kids embarrassed me over ten dollars, and that really bothered me.

Kaizen: Where was your first teaching job in 1982?

Mariotti: I started teaching in October of '81 to three kids in the neighborhood where I was living. I taught business subjects on Saturdays for two-and-a-half hours—and really enjoyed it. There was a rec room on 14th Street near where I was living in the East Village. I had three or four kids over, and they would come in and we would talk about

selling and business. I found I really liked it. Most important, they became better people and my own self-confidence and ability to listen and empathize increased.

I was still getting the situation worked out mentally, so I decided to read Albert Ellis, the psychologist, and went to get therapy. I was treated by both a male and female psychologist for only \$30. They said, "Look, our goal is to get you out of here and get you well"—because I was having these flashbacks—and: "We don't believe in long-term Freudian therapy." This was their view.

I had read Ellis's books, that you could change how you felt by changing the sentence structure in your brain. So you break down your sentence structure: "I looked bad and was humiliated." And you would take out those words to make the sentence more positive. You'd do it on the board, and then you'd memorize the new sentence.

For me it was, "Kids that look kind of tough." And this was a bad time in New York, so there were a lot of kids in groups that looked tough to me, and I had this anxiety. I was determined to convince myself to get well so I said over and over to myself: "I will overcome it by facing up to it repeatedly, until I overcome it." *A Guide to Rational Living* was Ellis's key book, about rational emotive therapy. There was a building on 65th Street called The Albert Ellis Institute and I went two or three times. It really helped me by getting me to think positively and getting me to confront my fears by immersing myself in them.

So the therapist said, "How would you do that?"

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I said, "I don't know."

He said, "Well, why don't you go be a teacher?"

That was really an insight. So I thought about how I could get in a situation where I felt I looked bad in front of people and myself, and I could go teach and have it be part of the therapy thing. I'd been doing it three hours a week, but my first full-time job was at Boys and Girls High School in Bed-Stuy in Brooklyn, which I started on March 7, 1982. I had a lot of problems with the class because I didn't go in to teach entrepreneurship. I hadn't thought of that yet.

Kaizen: You were teaching the standard curriculum?

Mariotti: Right, and seeing if this would help me with these anxieties I had, and it did. They were gone within an hour and never bothered me after that. I also liked it.

Kaizen: Even though it was going horribly? You didn't seem to be getting through.

Mariotti: Yes. I just couldn't control the class, and one day I walked out. I went back in holding my watch and started saying, "How much would you pay for this?" I pointed out its features and began "selling" my watch. The class changed. It was a miracle.

I started to lift things from the private Saturday classes and teach them at Boys and Girls. I developed a class called "How to Start and Operate a Small Business—A Guide for the Urban Entrepreneur."

Then I was sent up to Jane Addams Vocational High School in the Bronx (in an area nicknamed "Fort Apache") in 1985. I had this wonderful principal—Pat Black—who I'm still very close friends with. She got me my own class and protected me, and it led to the South Bronx Entrepreneurship Program, which was an anti-dropout class. That led to the founding of the National Foundation for

Teaching Entrepreneurship—NFTE. (NFTE has recently been renamed the Network for Teaching Entrepreneurship.)

Kaizen: What was exciting to the kids about business that made their attitudes change?

Mariotti: I think that there's something in everyone that's intrigued by money and the value that money represents. I think it comes naturally to us. People are very interested in talking about how to buy things and what they have to do to make the money necessary to buy them—particularly if they've never talked about it before.

I think that there's something in everyone that's intrigued by money and the value that money represents.

Kaizen: Was the key issue motivation? Making money was fascinating to kids raised in poverty?

Mariotti: Yes. These were kids who had a lot of issues. They'd be special-education children who had learning issues, attention-span issues, and I had all those issues myself, so I had a bond with them. I had a lot of trouble reading in elementary school as I would often read backwards and never learned to file by category.

Kaizen: So part of it was, because of your experience, you could relate to the kids?

Mariotti: Yes. The kids immediately picked up on that I was a unique learner myself, and that helped me a lot. So my specialty was kids who were having learning problems or emotional problems, because I hated being in school when I was a kid. I felt locked up, like it was a prison. I identified with their problems.

I had a rule that they could leave whenever. If they

felt like they had too much anxiety, they could go sit in the back of the class and talk quietly. I had a lot of unique ways to deal with them. Then every day we would have a business lesson and brainstorm about how to make money. And every day we'd work some math into it, and reading, business ethics, sales, and all that. I soon realized the most important parts of the class were the development of the children's character, attitude, and self-esteem. I found I could teach basic math, reading and writing, and critical thinking by putting it into basic business or monetary terms—it really became a class on human capital development.

Kaizen: Complementing the business skills, what life and character skills did you emphasize?

Mariotti: Trying to tell the absolute truth, both to yourself and to the marketplace. You've always got to have a reputation for doing the right thing. I believe in the Golden Rule, to be honest with you. I believe that you make more money by being non-narcissistic. Trying to help other human beings actually leads to business success, in any type of business—in fact it's the key to any type of success.

Then there is the importance of a vision. I said this in 1988: 90 percent of it is giving kids a vision. They've got to see themselves doing something that they want to do, that's also fun and fits into their life view. You have to find that, and every kid has it. I began to help them think through what they wanted to do with their lives, not what the SAT tests, and so forth, were saying. I would always try to find their unique knowledge.

Kaizen: So consequently they tried to learn, and

CEE Guest Speakers: C. Bradley Thompson and David Mayer

On March 18, the Center welcomed guest speaker Dr. C. Bradley Thompson. Dr. Thompson is Research Professor at Clemson University in South Carolina and the author of the prize-winning book *John Adams and the Spirit of Liberty* (University Press of Kansas, 1998). He gave a lecture on John Adams' moral character and his importance to the American Revolution. Two brief video interviews with Dr. Thompson are available on the CEE website.



Dr. C. Bradley Thompson

The Center also welcomed guest speaker Dr. David Mayer, Professor of Law and History at Capital University in Ohio and author of *The Constitutional Thought of Thomas Jefferson* (University Press of Virginia, 1994). On March 25, he gave a talk entitled "Thomas Jefferson and the 'Holy Cause of Freedom.'" In the lecture, Dr. Mayer discussed Jefferson's writings on the nature and importance of liberty. CEE has posted two brief video interviews with Dr. Mayer on its website.



Dr. David Mayer

their behavior and skills improved dramatically. Did you have data that would demonstrate to the administration the improvements that were taking place?

Mariotti: Everybody noticed that the classes were improving dramatically. I started to do research in '86. I created a pre- and post-test. The average kid thought that to have a baby was an extra \$300 a year. Now that is in '86 dollars, but still. I think even back then it was like \$8,300. So, before the class, their estimate was \$300; after the class they knew it was \$8,300.

They learned how to budget more realistically. They could all make a sales call. I made them each open a bank account. They all got business cards.

There's a movie being done about youth entrepreneurship that's premiering in October, and I think it will be very successful. It's called *ten9eight* and it is the story of nine low-income children who start small businesses. It instantly became my favorite business movie. The story of Rodney Walker, who was raised in foster care and is now president of his class at Morehouse, is my favorite story of someone overcoming obstacles through entrepreneurship.

Kaizen: As your approach began to work with the students, were the other teachers and administrators supportive?

Mariotti: Not really, to be honest. They were friends but I didn't quite fit in, and that was always a problem. It wasn't until I got to Jane Addams and Pat Black.

Kaizen: And that was around '85 or so?

Mariotti: Yes, '85. She's an unbelievable human being. Every time I see her, I thank her.

These children were at such a disadvantage because they had so little money and had no training in what I call "ownership skills"—they had no experience in



Mr. Mariotti with some of his top students

owning or acquiring assets. They had been told they were not good people because they were not good at school and did not have money.

Pat Black let me run my own program. I had to leave the previous school—I was in the typing department. I was always given these odd assignments; they'd have a special-ed typing class. It was very hard. My boss would always be someone who had come up as a stenographer or something and wouldn't really get me. There were a couple of extremely difficult years.

Kaizen: All of this led to your being named Best Economics Teacher of the Year in New York State and, by the National Federation of Independent Businesses, America's Top High School Business Teacher—both in 1988.

Mariotti: This wonderful principal gave me my own program, and I started winning these awards. My friends—I knew a lot of people in small business, and they would nominate me for things and I would win. And I used that to start to think about how to raise money.

Kaizen: What did it take financially to start NFTE?

Mariotti: I was thinking all the time: How do I get

my own organization? I wrote to people on the *Forbes* 400 richest in America list to raise money, and one guy called me at school, got me out of class—Ray Chambers, a wonderful man—and he said, "Come see me." So the day before Thanksgiving in 1987 I went out there and showed him a ten-minute video.

At Jane Addams, every kid had to start a business and we'd always start a group business. You could see it in the film: kids were learning and talking about money, making money and learning basic math and having their self-confidence go up right before our eyes. He loved it. He said, "I'll fund this." I said, "Would you go \$200,000?" and he said, "Yes." And thank heavens he did.

That was the beginning of my transition. By June, I had found some other funders and honed my curriculum a bit more, and we got a contract with the Wharton School at the University of Pennsylvania to do summer programs and a contract to do a program with the Boys and Girls Clubs of Newark.

Kaizen: So you started with a few colleges and

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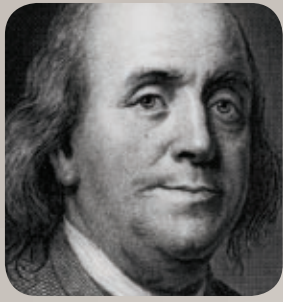
2009 High School Entrepreneur Day

On April 30, Rockford College held its second annual High School Entrepreneur Day, co-sponsored by CEE. About 75 area high school students attended. Professor Jeff Fahrenwald explored the process of generating business ideas and the skills required to become an entrepreneur. Professor Masoud Moallem gave an overview of the financial data with which an entrepreneur must be familiar. Professor Stephen Hicks spoke on what life values entrepreneurship can fulfill. Professors Hank Espensen, Bill Lewis and Steve Kadamian led students through the business planning process. Students also learned about running a business from a panel of local entrepreneurs.



Professors Fahrenwald and Kadamian look on as students work on their business ideas

Education and Life



“The only thing more expensive than education is ignorance.”

—Benjamin Franklin



“The direction in which education starts a man will determine his future in life.”

—Plato



“The surest way to corrupt a youth is to instruct him to hold in higher esteem those who think alike than those who think differently.”

— Friedrich Nietzsche



“If you want one year of prosperity, grow grain. If you want ten years of prosperity, grow trees. If you want one hundred years of prosperity, grow people.”

—Chinese proverb

MARIOTTI, CONTINUED

universities and Boys and Girls Clubs, outside of the public school system.

Mariotti: Yes. Always with the one theme of how to teach low-income kids to start their own businesses.

Kaizen: How did you initially go about getting your program adopted in schools?

Mariotti: Well, now we make friends with the mayor and the chancellor and then we go present to schools that are in low-income areas. That’s how we did it in Chicago, and we’re in a ton of schools in Chicago. So we start at the top and go down. I didn’t know that back then, but we’ve learned how to do it much better.

Kaizen: You also use successful business professionals as mentors in the program?

Mariotti: Yes. I believe we have 5,000 mentors worldwide who help us. We only do group mentoring, not individual mentoring, because of liability issues. NFTE kids only meet with adults in groups. So they help them with their business plans and do judging, and that kind of thing.

Kaizen: For students who flourish in NFTE programs, is there follow-up support—for example, mentoring—connecting them with funding sources, continuing education?

Mariotti: We do the best we can. We have about 5,000 kids who are active in our alumni programs, out of 300,000 graduates.

Kaizen: Now that NFTE is over two decades old, what do you think is the best measure of its impact?

Mariotti: I think that the number one thing is attitude. Attitude is often poooh-pooohed, but getting kids excited about their future and that they can control their future makes a huge difference.

Kaizen: Entrepreneurship has material benefits—but you also think its psychological benefits, such as the sense of empowerment, are crucial as well.

Mariotti: It’s more important, I think.

Kaizen: Are there other psychological benefits?

Mariotti: That life doesn’t have to be viewed in a hierarchy—social, financial, a power structure. You don’t have to view life like everybody is in one silo and I’m here and you’re here. People start to question these assumptions of hierarchy and they start asking questions about ownership and power, and that is very healthy.

There is a scene in the movie *tenEight*. A kid who makes guitars by hand says: “Yeah, you know, if I really fail in life, I’ll just end up being a doctor.” He’s capturing the whole psychic freedom. He doesn’t care that you feel he should become a doctor to begin with. He’s going to do what he really wants to do, which is to make guitars.

**My central thesis
the consciousness
people about the
is a valuable**

A lot of people would be saying, “Oh, he’s not going to get his MBA or law degree,” or whatever. All the values that we get from what other people want us to do. But those things are not for everybody. And everybody should know that they’re choosing that, not just that they’re in this assembly line. It’s like a Henry David Thoreau thing. His biggest accomplishment was the idea that you have to follow your inner voice, and having a vision that you believe in, not one that somebody else is putting on you. That’s liberating to a lot of people. And exposing low-income youth to the idea that entrepreneurship

Measuring NFTE’s Success

According to evaluation studies NFTE commissioned with Brandeis University, the Koch Foundation, and the Harvard Graduate School of Education:

- + Interest in attending college increased 32%
- + Occupational aspirations increased 44%
- + Independent reading increased 4%
- + Leadership behavior increased, 8.5% as starters/founders of activities and 13.2% as leaders
- + Belief that attaining one’s goals is within one’s control (locus of control) increased

- + 99% of alumni would recommend a NFTE program
- + Minority business ownership experience was four times higher than control group

Participation in a NFTE program increased:

- + Business knowledge by 20 times
- + Business formation rates by 30 times

In a follow-up survey of alumni:

- + 70% were in post-secondary education
- + 43% had part-time jobs
- + 33% were still running a business

can be a means for them to self-actualize.

And it's consciousness-raising, because a lot of people haven't thought about ownership, that there's a craft of ownership, and that owners have enormous power in the world. Whether that's good or bad is a different issue. But people who are in poverty are not thinking about who owns the store next to them, the building next to them. They are not taught about ownership as an achievable craft. Ultimately, we are all always in business for ourselves, with our primary asset being our future time, and how we spend it.

My central thesis is that raising the consciousness level of low-income people about the craft of ownership is a valuable end in itself.

Kaizen: And it has great power to help large numbers of people lift themselves out of poverty.

Mariotti: Right. If they so choose. You can't force it on them. I have never felt that I should say, "You

is that raising level of low-income craft of ownership end in itself.

need to make more money." I've felt that my role should be to raise the issue of how do you make more money and how do you accumulate capital so your productivity can improve and you can get more done? And then you can control the future hours of your life, meaning you control your time going forward. But I'm not going to judge somebody on how much money they make. If they want to go be a Buddhist monk, I'm fine with that.

Kaizen: They have to have a vision for their own life, including how much money they want to make?



NFTE student Ibtihaj Amatul-Wadud, 2008 Young Entrepreneur of the Year

Mariotti: Exactly. Money is a tactic. It's a means to an end; it's not the end.

Kaizen: You've written many books on these themes. Which one do you recommend as best for educators and parents interested in entrepreneurship education for their kids?

Mariotti: The just-released 11th edition of our curriculum high school text, *Entrepreneurship: Owning Your Future*, which I wrote with Tony Towle.

Kaizen: What do you see as the biggest obstacles to getting people out of poverty right now?

Mariotti: That young people in poverty are not exposed to market ideas and how wealth is created. That's by far the biggest issue. The second issue is that some "youth work" makes the youth that are worked with feel like victims and encourages the belief that they cannot get out of poverty, so why even try?

Also, I think the tax code is corrupt. It's so complicated that no one understands it. When I last looked at it, it was 96,000 pages. One of my favorite articles is from a 1994 *Inc.* magazine, entitled "End of the American Dream." This is the best piece I've ever

read on what the tax code has done to low-income people. I could never explain it better than that writer. But tactically, getting people to feel comfortable enough so that they can deal with tax issues is really important; they shouldn't feel they have to hide their success.

Kaizen: Looking back on everything you've done so far, is there one thing that stands out as the most satisfying personally?

Mariotti: Recently, *Business Week* picked the top 25 young entrepreneurs in America, and two of them were NFTE grads. We outperformed the Ivy League! That's hard to do. So I was very proud of that.

There have been so many moments; I've had the best career. I wouldn't trade it for anything. I'm glad I went into education; I'm glad I found my niche of ownership education—which is what I now call it—for low-income youth.

Kaizen: You've had success in the corporate world, as an entrepreneur, as a teacher, and as founder of an international nonprofit. That's a wide range of

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Professor Kadamian on Teaching Entrepreneurship



You taught the new undergraduate Entrepreneurship course last spring. How did it go?

I thought the course went well for a first-time offering. The students seemed interested and engaged in the course and the concept of entrepreneurship.

What issues did you cover?

The risks versus the rewards of "being the boss"; how to turn that "spark of passion" into a flame of a "real plan"; how to separate the entrepreneur from the manager and from the technician; financial statements and cash flow; and the importance of proper capitalization for your business venture.

Which issue was most popular with the students?

Writing their own business plans.

Is a course in entrepreneurship useful to students, even if they're not sure they plan to be entrepreneurs?

Absolutely. We all are in charge of one main business—running our own lives—though many times we don't think of our lives as a business!

When will you likely be offering that course again, and will you cover the same issues?

That's up to the "scheduling gods." However, I would like to offer it again and bring in more entrepreneurs as guest speakers throughout the semester.

MARIOTTI, CONTINUED

successes, each requiring great energy and dynamism. Where does it all come from?

Mariotti: Thank you; I'm very flattered. I am living within myself, so I don't see myself that way, but I appreciate it. I think I've always had a desire to put in the hours. I do work eighty hours every week. I work every Sunday. I'm not saying it's healthy or right. But I don't feel I've ever been the smartest person in the world. I'm not the best-looking person. I'm pretty much normal.

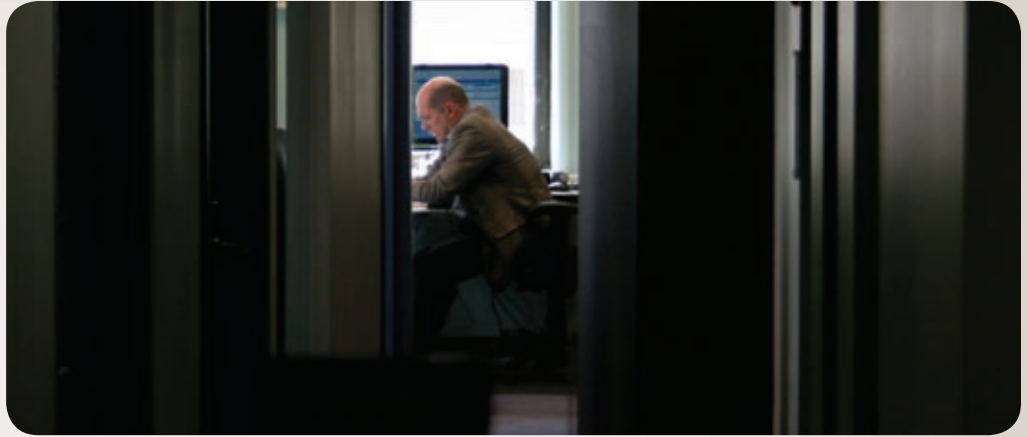
But I fell by accident into a niche that I fell in love with, and then I was always able to put in extra time. And then it kind of compounded and became a global movement. But I'm not a billionaire, I'm not—blah, blah, blah. But I've been happy in my work and happy with myself, so I appreciate your saying I'm successful.

Kaizen: I really like the quotation from one of your program's graduates: "My dream is not to die in poverty, but to have poverty die in me."

Mariotti: Michelle Araujo. I love that comment. What a great young woman.

Kaizen: In closing, what is the most important advice you would give to entrepreneurial educators and teachers just starting out in their careers?

Mariotti: Start talking to young people about how to think about the needs of others, and how to



Mr. Mariotti working in his New York office

satisfy those needs through voluntary trade. Point out businesses. Point out what the entrepreneur is trying to solve in that community. When you see a store, discuss it. Point out prices. Point out quality. Raise the consciousness of ownership. Who owns that building? What would that building sell for? How could we get money to buy that building? What problems does our community have?

All these are philosophical questions around: How do you solve problems? And the beauty of talking about that is that you get people in the habit of thinking that problems can be solved, and you can start to talk about how to solve problems through markets and voluntary trade. I think if teachers and community leaders did that ten or fifteen minutes a day and just worked it into the conversation, it would have a

tremendously positive impact on local communities.

And then, I think living within your means is one of the most ethical things you can do. I think it's very important to talk to kids about that, and how important character is. You've got to force yourself to say the truth, do the right thing, always be polite and kind to people. A lot of character is destiny, so that's how I look at it.

This interview was conducted for Kaizen by Stephen Hicks. To learn more about Steve Mariotti and NFTE, please visit www.nfte.com. Kaizen's full interview with Mr. Mariotti will be posted soon on the Center's website at www.EthicsandEntrepreneurship.org.

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MORE INFORMATION ABOUT CEE AND ROCKFORD COLLEGE

Kaizen is published by the Center for Ethics and Entrepreneurship at Rockford College. Founded in 1847, Rockford College is a four-year, independent, coeducational institution offering undergraduate and graduate degrees in traditional liberal arts and professional fields. One of 81 colleges nationwide designated as a "College with a Conscience" by the *Princeton Review*, Rockford College is also among 76 U.S. colleges and universities selected by the Carnegie Foundation for the Advancement of Teaching for inclusion in a "Community Engagement" college classification. Rockford College is one of 11 colleges in Illinois and 276 in the country with a Phi Beta Kappa chapter, the oldest and most prestigious academic honors society, and in 2007 was named a "College of Distinction."

In the Next Issue:
David Checketts on
Entrepreneurship
and Sports
Leadership



Kaizen (改善) is a Japanese term meaning "change for the better" or "continuous improvement." Kaizen has been applied worldwide as a method for improving the efficiency of all aspects of a business continuously through a cyclical process of standardizing operations, measuring their efficacy, evaluating the data, and innovating to improve performance. Kaizen is also used to eliminate wasteful effort and to humanize relationships within the workplace.