

# MIND YOUR OWN BUSINESS

FEDERAL RESERVE BANK of KANSAS CITY

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## TEACHER INTRODUCTION

An introduction to entrepreneurship at a young age will help students understand how to start a business and possibly spark an interest in future business ownership. This lesson and related role-playing activity highlight the importance of a business plan and what an entrepreneur should do to begin a business.

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## LESSON DESCRIPTION

Through this lesson and role-play activity, students will become familiar with how to develop a business plan and the steps an entrepreneur should take to become a business owner. They will learn personal finance concepts that relate to entrepreneurship.

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## GRADE LEVEL

3-5

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## CONCEPTS

Earn, entrepreneur, business, business plan, price, interest, profit

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## OBJECTIVES

Students will be able to:

1. Define earn, entrepreneur, profit and interest.
  2. Discuss the importance of a business plan.
  3. Explain the steps an entrepreneur should take to be successful in starting a business.
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## TIME REQUIRED

45 minutes

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## MATERIALS

- Visual 1: Picture of children selling lemonade
  - Visual 2: Planning Your Business
  - Visual 3: Name tags for Mind Your Own Business role-playing activity
  - Copies of Handout 1: Mind Your Own Business role-playing activity for each student
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## PREPARATION

1. Make a copy of Visual 3 and cut out name tags for students to wear during role-playing activity. Have pins available for name tags.
2. Optional: Provide props for Scenes 2-4, such as table signs for each business; an antique decoration for Scene 2 and a small cash register for Scene 4.



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## PROCEDURE

1. Display Visual 1 and ask students to determine what activity the children are doing in this picture. (Answers will vary. The children pictured are selling lemonade.) Ask if anyone has done this activity before. (Answers will vary.) Ask volunteers to explain why kids might choose to sell lemonade to others. (Answers will vary. Possible answers include because it's a fun activity and to make or earn money.)
2. Ask students what it means to earn money. (Answers will vary. Earning money means to receive money for doing work.)
3. Ask students to brainstorm a list of other ways kids can earn money through work. Write their ideas on a whiteboard or chart paper. (Answers will vary. Possible answers may include chores, babysitting, mowing or raking leaves, shoveling snow, taking care of pets, garage sales, selling food products, etc.)
4. Tell students that many of these ideas could be expanded into new businesses. A business provides a good (something that satisfies a want) or a service (an activity that satisfies a want) with the goal of earning money or a profit. A profit is the money a business earns after it pays its costs.
5. Ask students to choose one idea from the brainstormed list that they might like to try as a way to earn money. Ask several volunteers to share their chosen ideas with the class. (Answers will vary.) Tell them that if they developed this idea into a business, they would be considered an entrepreneur (someone who takes the risk, or chance of loss, in starting a business).
6. Explain that to be a successful entrepreneur, they should follow a business plan. Display Visual 2 and discuss the key questions related to a business plan. Ask students what might happen if an entrepreneur began his/her business without using a business plan. (Answers will vary. Possible answers are that the entrepreneur might not be prepared to start a business or may have forgotten important details; they might not have enough money for start-up costs; they might not have enough customers to make a profit; or they might be unsuccessful.)
7. Tell students they will be participating in a role-playing activity about entrepreneurship called "Mind Your Own Business." The main characters in the role-playing exercise, Ernie Earner and Betsy Business, decide to start a dog-washing business. Hand out the role-playing script for students to read silently. Ask them to think about which character they might like to be while reading the script.
8. After students have completed a first reading, choose volunteers to play the roles of each character. (Teacher note: Each role can be played by either a boy or a girl, changing first names if necessary. You may want to choose two students for the roles of Ernie and Betsy in Scenes 1-3, and two different students for those roles in Scenes 4-5, so that more can actively participate. The two dogs in the role-playing activity are also characters to be chosen.)
9. To prepare for the role-playing activity, move a table to the front right side of the room to be used by Auntie in Scene 2, Larry in Scene 3 and Pete in Scene 4 (add table props if desired). All three characters should enter from the right. Ernie and Betsy should enter and perform Scene 1 on the left side of the room, then walk to the right for Scenes 2-4. Scene 5 should be performed center stage. Hand out name tags to all characters to wear for role-playing.
10. When students are ready and in position, ask them to read through the role-playing activity for the group, using good expression and strong voices. Ask the student audience to listen for the business words discussed and how Ernie and Betsy developed their business plan.



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11. Review the key ideas of the role-playing exercise by asking the following:

- What advice did Auntie give Ernie and Betsy about starting a business? (Auntie advised them to develop a business plan and go to the bank for a loan.)
  - What did Ernie and Betsy learn from Larry about loans at Big Bucks Bank? (Larry told them that they would be paying interest on their loan, and that they could pay their loan back from the profit of the business. He also said their parents needed to sign for the loan.)
  - What advertising tips did Pete from PetSet give Ernie and Betsy? (Pete suggested putting a poster in the store's window; making business cards with their location and hours; and offering a special price for the first dog wash.)
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## CLOSURE

Discuss the following questions as a general review:

1. What does it mean to earn money? (To receive money for doing work.)
  2. What is an entrepreneur? (Someone who takes a risk to start a business.)
  3. What is a profit? (The money a business earns after it pays its costs.)
  4. What is interest? (A payment made for the use of money.)
  5. Why is it important to develop a business plan before starting your business? (A business plan helps you cover all the details of setting up your business.)
  6. What steps should an entrepreneur take to be successful? (Decide what, where and how to sell a good or service; obtain money needed for start-up costs; and choose ways to advertise your business.)
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## ASSESSMENT

### Action, Scene 6

Tell students that they will become authors by writing the next role-playing scene. In this scene, a new pet business opens that offers the same services as "You Dirty Dog." Students should develop the scene so that Ernie and Betsy's business remains successful after solving this competition problem. They should use the concept words: earn, entrepreneur, business plan and profit correctly within their scene. Students should write the scene using proper script format and stage directions. (They can refer to the "Mind Your Own Business" role-playing activity to help them in their scene writing.)

Perform completed scripts with the class and vote on favorite scenes.



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## CONTENT STANDARDS

### Voluntary National Economic Standards

#### Standard 2: Decision-Making

- Effective decision-making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are “all or nothing” decisions

#### Standard 14: Entrepreneurship

- Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

### National Standards for Financial Literacy

#### Earning Income

- Benchmark: Grade 4 - Entrepreneurs are people who start new businesses. Starting a business is risky for entrepreneurs because they do not know if their new businesses will be successful and earn a profit.

### Common Core State Standards

#### Ideas and Details

- CCSS.ELA-Literacy.RL3.1 - Ask and answers questions to demonstrate understanding of a text, referring explicitly to the text as the basis for the answers.
- CCSS.ELA-Literacy.RL3.3 - Describe characters in a story (e.g., their traits, motivations, or feelings) and explain how their actions contribute to the sequence of events.
- CCSS.ELA-Literacy.RL4.1 - Refer to details and examples in a text when explaining what the text says explicitly and when drawing inferences from the text.
- CCSS.ELA-Literacy.RL4.2 - Determine a theme of a story, drama, or poem from details in the text; summarize the text.
- CCSS.ELA-Literacy.RL5.1 - Quote accurately from a text when explaining what the text says explicitly and when drawing inferences from the text.
- CCSS.ELA-Literacy.RL5.2 - Determine a theme of a story, drama or poem from details in the text, including how characters in a story or drama respond to challenges or how the speaker in a poem reflects upon a topic; summarize the text.

#### Craft and Structure

- CCSS.ELA-Literacy.RL3.5 - Refer to parts of stories, dramas and poems when writing or speaking about a text, using terms such as chapter, scene and stanza; describe how each successive part builds on earlier sections.
- CCSS.ELA-Literacy.RL4.5 - Refer to structural elements of drama (e.g., casts of characters, setting, descriptions, dialogue, stage directions) when writing or speaking about a text.
- CCSS.ELA-Literacy.RL5.5 - Explain how a series of chapters, scenes, or stanzas fit together to provide the overall structure of a particular story, drama or poem.



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## VISUAL 1



## VISUAL 2- PLANNING YOUR BUSINESS

A business plan covers the details of setting up a business. Use the five W's and three H's to answer important questions about your business.

**WHAT** good or service are you going to sell?

**WHO** will you sell your product to?

**WHERE** will you sell this good or service?

**WHEN** will you offer your product for sale?

**WHY** did you choose this good or service?

**HOW** much will your good or service cost?

**HOW** will you get the money to begin your business?

**HOW** will you advertise to get customers?



## VISUAL 3 - NAME TAGS

Ernie Earner	Betsy Business
Auntie Entrepreneur	Larry Loaner
Pete from PetSet	Paula Poodleowner
Dusty	Pom-pom



## HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

Characters: **Ernie Earner**; **Betsy Business**; **Auntie Entrepreneur**; **Larry Loaner**; **Pete from PetSet**; **Paula Poodleowner**; **Dusty** (Ernie's dog); **Pom-pom** (Paula's dog)

Scene 1: (Setting - Outside Ernie's house, Betsy walks by.)

**Betsy:** Hi Ernie! What's going on?

**Ernie:** Oh, hi Betsy! I'm just trying to think of a way to earn money. I want to buy a skateboard, and my mom says I have to pay for it myself. I think I'll sell lemonade.

**Betsy:** Lemonade? Are you kidding? Everybody tries that! You need to think of a more creative idea. Something people really need.

**Ernie:** Like what? (Just then Dusty, Ernie's dog, runs in front of them and falls in a mud puddle, splashing around.) Great! Now I have to give my dog ANOTHER bath!

**Betsy:** That's it! You could start a dog-washing business! People hate giving their dogs a bath because it's messy. You could earn lots of money doing the job for them.

**Ernie:** Really? Well I have lots of practice washing dogs. Dusty gets dirty all the time!

**Betsy:** So you're an experienced dog washer. Excellent! I even have a great name for your business. Call it "You Dirty Dog!"

**Ernie:** Awesome idea! Now how do I get started?

**Betsy:** I think you should meet with an entrepreneur to get some advice.

**Ernie:** An EN-TRE-PRE-WHAT?

**Betsy:** An entrepreneur, someone who has taken a risk to start a business.

**Ernie:** So, do you know an en-tre-pre-neur I could talk to? And what does it mean to take a risk?

**Betsy:** I have the perfect person for you to meet. Auntie Entrepreneur has run her business, "Auntie's Antiques," for years. Let's go visit her. She'll tell you about risk and everything else you need to know.



HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

Scene 2: (Setting - Inside "Auntie Antiques" shop)

**Ernie:** (whispering to Betsy) Wow! Look at all these old things! Do people really buy this stuff?

**Auntie:** (walking over to them) In answer to your question, yes, they do! Many of my customers love antiques because they remind them of things their grandparents used or had in their homes. Others enjoy antiques because they are a piece of history. What brings you two here today?

**Betsy:** Ernie wants to start his own business, so I thought you might have some advice for him before he begins. He needs to know about risk and how to plan to be successful.

**Auntie:** Absolutely! I learned a lot about opening a business, and I'm happy to share. Ernie, there's always a risk, or chance of loss, when you start a new business. That's why you have to think it through and prepare. Have you developed your business plan?

**Ernie:** I didn't know I needed one.

**Auntie:** A business plan helps you figure out all the details to set up your business. You'll need to have the money to get started, decide on a location and hours, set prices, and advertise your business.

**Ernie:** Whoa! That's a lot of planning. I don't know if I can do it by myself!

**Betsy:** That's why you need a business partner, and here I am! I'll help you set up and run the business, if I can earn some of the money from dog washing.

**Ernie:** It's a deal! Some of the decisions are easy, like the location. We can wash dogs in my driveway. And the hours, how about afternoons on the weekends? But what about setting prices? Should we charge \$3 for a dog wash?

**Betsy:** I think we should charge \$4 to cover the cost of supplies and our time. Any maybe they'll give us a \$5 bill and say, "Keep the change!"

**Ernie:** Good thinking! Now how do we get the money to begin? I have ten dollars saved, but I think we'll need more than that. Do you have any savings, Betsy?

**Betsy:** I have twenty dollars in my piggy bank, but I need half of it for my mom's birthday gift. So I can add ten to your business start-up. But we'll probably need more money than that for supplies. Should we ask our parents?



HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

**Auntie:** I suggest completing your business plan, then going to Big Bucks Bank and talking to Larry Loaner in the loan department. He might give you a small business loan with your parents' consent. Then you'll learn more about how bank loans work.

**Betsy:** Sounds like a good idea! Thanks, Auntie!

Scene 3: (Setting - Inside Big Bucks Bank)

**Ernie:** Boy, this place is huge! Where do you think we'll find Larry?

**Betsy:** There's the loan department. Let's look for him there.

**Larry:** (walking by) How can I help you two?

**Ernie:** We've come to get a business loan for our dog-washing business.

**Larry:** Well, you've come to the right place! How much money will you need to get started?

**Betsy:** Here's our business plan with start-up costs. We'll need money for shampoo, towels, brushes and maybe dog treats, to reward them after the wash. Also, money for making signs to advertise our business. Maybe \$100?

**Larry:** OK, we'll say \$100. Now, when you pay the money back, you know you'll be paying \$100 plus interest right?

**Ernie:** Huh? What's interest?

**Larry:** Interest is a payment made for the use of money. If you save money in our bank, we pay YOU interest. If you get a loan from our bank, you pay US interest. That's how banks operate.

**Betsy:** That makes sense. So we have to pay you back a little more later to borrow from you now. Got it!

**Larry:** And if your business is successful, you can pay back the money from your profit, which is the money you'll make after you pay your start-up costs.

**Ernie:** What a minute! What if our dog-washing business isn't successful? Do we still owe you the money?

**Larry:** Yes, you do. That's why I need your parents to sign for the loan with you. They can pay back the loan if your business loses money.



HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

**Ernie:** OK, I'll try to get my mom and dad to come in and sign for the loan. But I'm sure our business will make a profit. I can feel it!

**Betsy:** Thanks, Mr. Loaner. We'll let you know when our business opens.

**Larry:** Please do, Betsy. I have a dog that needs washing too!

Scene 4: (Setting: Inside PetSet Store)

**Ernie:** Man, this is quite the business! Maybe someday we'll have a dog-washing place as big as this!

**Betsy:** Here's dog shampoo. We need to buy at least a gallon. And here are some soft towels. I'll look for dog brushes while you find dog treats, OK? Meet you at the check-out.

**Ernie:** Right! If I find treats that clean the dog's breath, maybe we'll get extra tips!

**Betsy:** (At check-out) Hello, we're ready to check out!

**Pete:** Looks like you're going to bathe your dog.

**Ernie:** Not just one dog, LOTS of dogs! We're starting a dog-washing business.

**Pete:** Hey, that's a good idea! How are you getting the word out?

**Betsy:** Well, we're going to make some posters to put around our neighborhood and at school. And we'll tell all our friends.

**Pete:** You might want to advertise more. Would you like to put a poster up in our window?

**Ernie:** That would be awesome! Lots of dog owners come here!

**Pete:** And if you make business cards, I'll hand them out to the dog owners when they check out. Then they'll remember your business location and hours. I'd also suggest you put a special price for the first dog wash on the card. They they'll want to try your business for sure.

**Betsy:** Wow, those are great ideas! Thanks! We'll come back to PetSet to buy our supplies whenever we need them.

**Pete:** Always happy to help out a customer!



HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

Scene 5: (Setting - Opening day at "You Dirty Dog")

**Ernie:** Today's the big day! Do you think we'll get a lot of customers?

**Betsy:** Well, we put posters up everywhere and told everybody. We even offered a \$3 first wash on our business cards. Now, we can only hope for lots of business!

**Ernie:** Hey, here comes Paula with her dog. We have our first customer!

**Paula:** Hi guys! I wanted to bring Pom-pom, my poodle, for a wash and try your new business. But, I have a special request for her.

**Betsy:** What does Pom-pom need, Paula?

**Paula:** Well, when she is all fresh and clean, could you do her nails? Red is her favorite color!

**Ernie:** Sorry, that's not a part of our services!

**Betsy:** Wait a minute! Paula, would you be willing to pay a dollar more to have Pom-pom's nails done?

**Paula:** Sure, I love it when Pom-pom has shiny nails.

**Betsy:** OK, we'll see what we can do! Ernie, go check with your mom to see if she has any red polish.

**Ernie:** Even if she does, I don't know if she'll let us use it!

**Betsy:** Tell her we want to give good service and keep our customer satisfied, OK?

**Ernie:** OK, wish me luck! (Leaves to go inside his house.)

**Betsy:** Paula, we'll shampoo Pom-pom, then dry and brush her until she's nice and fluffy. If she behaves, we'll give her a treat!

**Paula:** She'll love that! And she always behaves.

**Ernie:** (returning) Here's the red polish. Let the wash begin!

(Ernie and Betsy wash, dry and brush Pom-pom. They polish her nails, then give her a dog treat.)



HANDOUT 1 - MIND YOUR OWN BUSINESS (MYOB)

**Betsy:** Here she is, clean and freshly polished! With the first-time coupon plus the polish, that'll be \$4.

**Paula:** She looks beautiful! Here's \$5, keep the change.

**Betsy:** (whispering to Ernie) I told you so!

**Ernie:** Thanks, Paula! Be sure to tell all your friends and neighbors about the good service at "You Dirty Dog!"

**Paula:** I'll take Pom-pom for a walk all around the neighborhood so they can see for themselves! Great work, guys! (Leaves with Pom-pom)

**Betsy:** There goes our first satisfied customer. Hope there'll be many more!

**Ernie:** I'm sure there will be, but I need to run a quick errand first!

**Betsy:** Why?

**Ernie:** We need to buy more nail polish!

