



Lesson 21: Launching Your Dream

TOPIC: Entrepreneurship 1: Starting a Business

OVERVIEW:

For students interested in starting their own business, this lesson combines disciplines covered in earlier modules and applies them to the lens of an **entrepreneur**. Compounding knowledge to transfer budgeting and financing strategies from a personal to business perspective, this lesson empowers students with crucial knowledge needed to launch the business of their dreams while doing so smartly.

OBJECTIVES:

1. Identify and consider risks and rewards of entrepreneurship
2. Evaluate business start-up practices
3. Explain how entrepreneurship and innovation are sources of economic growth
4. Identify the types of business organizations (sole proprietorship, corporations, LLC, and so on)

INDIVIDUAL HANDOUTS:

- Engaging Entrepreneurs*
- Entrepreneurial Adventures*
- Entrepreneur Advice*

TEACHER PRESENTATION SLIDES:

- Business Types
- Business Budgeting: Financial
- Statements
- Start-Up Capital

ESSENTIAL QUESTIONS:

- What is an entrepreneur?
- What are the steps needed to start a business?

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Warm Up:** Dream Business

Post-Assessment:

- **Handout:** Engaging Entrepreneurs
- **Handout:** Entrepreneurial Adventures
- **Handout:** Entrepreneur Advice

Time: 80 min

Subject Connections:

- English Language Arts
- Social Studies

Supplies:

- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:

- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP

Dream Business

10 MINUTES

Begin the lesson by asking students if they could start their own business, what it would be, and why. Invite volunteers to share their ideas, and write a list on the board.

Tell students they will come back to their dream business idea later in the lesson and explore what it would take to launch that business.

Next, ask students what an entrepreneur is. Share with students the definition of an entrepreneur from the U.S. Small Business Administration:

“An entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit. An entrepreneur sees an opportunity. Makes a plan. Starts the business. Manages the business. Receives the profits.”

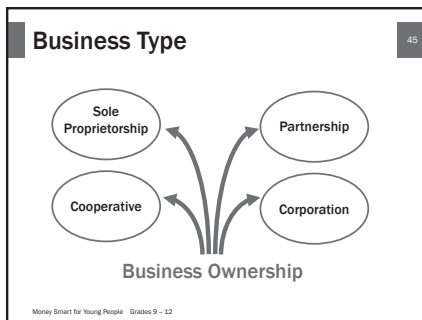
Help students understand that, while entrepreneurs receive the profits, they take on all of the risk, so it is important to practice sound financial planning with businesses just as you would for your personal budget.

GUIDED EXPLORATION

Start-Up

25 MINUTES

Next, display the **Business Type** slide and review each of the different ways an entrepreneur can legally structure his or her business.



- **Sole Proprietorship:** a simple structure where there is only one person who owns and operates the business. There is no separation between you and your business, which means your personal assets could be at risk if sued.
- **Partnership:** when a business is owned and operated by more than one person. Depending on the partnership agreement, one or all partners could be held personally liable if sued.
- **Limited Liability Company (LLC):** in between a partnership and a corporation. It offers similar tax rules to a partnership but protects you like a corporation so you are not personally liable if sued.
- **Corporation:** this is the most complex structure but offers more protection against risk because a corporation is considered a separate entity from an owner’s personal assets.

Have students stop and think back to the business ideas created in the warm up activity.

- *Which business type would work best for their idea, and why?*
- *Is their business idea something that would require having partners or could they do it on their own?*

Encourage students to share their initial ideas on business structure, and then move the discussion to budgets. Explain that, just like a personal budget, a business has to keep track of its expenses and income in order to maintain positive cash flow.

BUSINESS BUDGETING: Financial Statements 46

Profit and Loss Statement: includes revenues, expenses, and costs incurred by a business during a set period of time.

Balance Sheet: shows a company's liabilities, owner's equity, and assets at a set point in time.

Cash Flow Statement: tracks money coming in and going out of the business.

Money Smart for Young People Grades 9 - 12

Display the **Business Budgeting: Financial Statements** slide and review each of the statements.

- **Profit-and-Loss Statement:** includes **revenues**, expenses, and costs incurred by a business during a set period of time.
- **Balance Sheet:** shows a company's liabilities, owner's **equity**, and **assets** at a set point in time.
- **Cash Flow Statement:** tracks money coming in and going out of the business.

Grade-Level Modifications:

Beginner: Have students review activities completed in Lesson 3, *Can You Pay Your Bills?*, and discuss why it is important for businesses to also create spending and savings plans.

Advanced: Have students review and analyze sample profit-and-loss statements, balance sheets, and cash flow statements.

Start-Up Capital 47

Money Smart for Young People Grades 9 - 12

Next, ask students how new businesses get the money, or capital, they need to launch a business. Invite volunteers to share their ideas and then display the **Start-Up Capital slide** and review the options with the class.

- **Crowdfunding:** raising money from a large group of people, usually done online.
- **Grants/Competitions:** receiving money from local or national business start-up competitions.
- **Bank Loans:** borrowing money from the bank to finance start-up costs.
- **Credit Cards:** using credit cards to fund start-up costs.
- **Personal Savings:** using your own savings and cash to fund expenses.
- **Lenders:** people who lend you money to start your business.
- **Investors:** people who take risk with you to start your business.
- **Equity:** providing partial ownership of the company, such as through shares or stocks, in exchange for money.

MONEY SMART TIP!

Have students visit popular crowdfunding websites such as Kickstarter (www.kickstarter.com) and Indiegogo (<https://www.indiegogo.com>), and discuss the different entrepreneurial ventures that have been funded. Additionally, explore the concept of “lean startup” and how entrepreneurs develop businesses and products in much shorter time periods than previously possible, such as by reading “The Lean Startup Methodology” at <http://theleanstartup.com> principles.

**INDEPENDENT
EXPLORATION**
Entrepreneurial
Exploration

35 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Tell students that they will now have a chance to research an entrepreneur and learn from his or her journey in starting a business. Distribute the *Engaging Entrepreneurs* handout and allow students time to select an entrepreneur and conduct research. When students have finished gathering information, invite volunteers to present their entrepreneurs to the class.

Use the sample case studies to discuss the effect of entrepreneurial actions on the economy.

Ask students the following questions:

- *How do innovative businesses spur economic growth?*
- *What products do you own that may have been developed by an entrepreneur?*
- *How do these products benefit you?*
- *How do they benefit others?*

Help students understand that entrepreneurial ventures not only help solve a problem for consumers or businesses, but they can also create employment opportunities.

MONEY SMART TIP!

Introduce students to the concept of social entrepreneurship, which is the development of businesses that focus on providing innovative solutions to social, cultural, and environmental problems. Share with students examples of social entrepreneurship in action, such as by reading “5 Reasons Why Social Entrepreneurship is the New Business Model” at www.forbes.com/sites/meimeifox/2016/08/08/5-reasons-why-social-entrepreneurship-is-the-new-business-model/#2a76852344ca.

Next, have students think through their own business ideas by distributing the **Entrepreneurial Adventures** handout. Give students time to complete the handout and invite them to share their ideas with the rest of the class. Reiterate the steps an entrepreneur takes, from seeking opportunities, to making a plan, to carrying out that plan.

WRAP UP **Entrepreneur Advice**

10 MINUTES

Close the lesson by distributing the **Entrepreneur Advice** handout and have students fill in tips for someone who is interested in starting their own business. Ask students to share their tips and decide as a class which five pieces of advice would be most useful to a new entrepreneur.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What are the benefits and disadvantages to working for someone else versus being your own boss?

What kind of job would you like to have? How could you create this job yourself?

What characteristics do you think make up an entrepreneur?

Suggested Readings:

USA Today Collegiate Case Studies: Read about Generation Y entrepreneurs through case study examples. <http://usatoday30.usatoday.com/educate/college/casestudies/20071015-genyentreprs.pdf>

Global Entrepreneurship and the United States by the Small Business Administration: An essay asserting the impact of global entrepreneurship on the United States. www.sba.gov/advocacy/global-entrepreneurship-and-united-states

Looking Ahead: Opportunities and Challenges for Entrepreneurship and Small Business Owners by the Small Business Administration: A report about different challenges and opportunities small business owners face. www.sba.gov/sites/default/files/rs332tot.pdf

MATHEMATICS

Activity/Project Ideas:

Challenge students to review sample business financial statements and balance business budgets.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore and discuss social entrepreneurship and how it is changing the global economic landscape.

Activity/Project Ideas:

Have students research and explore economic growth of entrepreneurship by investigating individual inventions or entrepreneurs and analyzing economic impact (for example: Steve Jobs and the creation of the iPhone).

TECHNOLOGY

Online Resources:

Office of Entrepreneurial Development by the Small Business Administration: A comprehensive website to help entrepreneurs launch, manage, and grow their business.

www.sba.gov/offices/headquarters/oed

Be Your Own Boss Challenge by The Mint: An online quiz that helps students determine whether they might one day want to be their own boss.

www.themint.org/teens/be-you-own-boss-challenge.html

10 Steps to Start Your Business: A series of steps to consider before starting a business.

www.sba.gov/business-guide/10-steps-start-your-business/

Young Entrepreneurs by the Small Business Administration: A self-paced online course designed to guide young entrepreneurs through the start-up process.

www.sba.gov/tools/sba-learning-center/training/young-entrepreneurs

Checklist for Young Entrepreneurs by the Small Business Administration: An online form that guides young entrepreneurs through a checklist of important start-up considerations.

www.sba.gov/sites/default/files/Checklist_YoungEntrepreneurs_ENGLISH.pdf

Answer Key

Student Handout 1:

Engaging Entrepreneurs

Answers will vary. Use handout to assess student ability to conduct and analyze research.

Student Handout 2:

Entrepreneurial Adventures

Answers will vary. Use handout to assess student ability to articulate and reflect on an entrepreneurial venture.

Student Handout 3:

Entrepreneur Advice

Answers will vary. Use handout to assess student ability to relay research into reflective pieces of advice.



Lesson 21: Launching Your Dream ENGAGING ENTREPRENEURS

Name: _____

Using an Internet search engine or the websites provided, select an entrepreneur to research, and answer the questions below. Be prepared to present your entrepreneur to the class and explain how he or she fits the model of an entrepreneur.

*"An entrepreneur sees an opportunity. Makes a plan.
Starts the business. Manages the business." (SBA.gov)*

1. What is the name of the entrepreneur you researched?
2. What product or service did your entrepreneur develop?
3. What opportunities do you think your entrepreneur observed? What need was he or she trying to fill or what problems was he or she trying to solve?
4. How did your entrepreneur make a plan for the business? How did he or she turn ideas into action?
5. What steps did your entrepreneur take to start the business? What business structure did your entrepreneur select? How was the start-up funded?
6. How did your entrepreneur manage the business after its launch? What challenges did the business have to overcome? What risks did the business experience?



Lesson 21: Launching Your Dream ENTREPRENEURIAL ADVENTURES

Name: _____

Before an entrepreneur can launch a business, he or she must first think carefully through each phase of development. Think back to the ideas you brainstormed for your dream business and select one idea to answer the questions below.

1. What is my business idea?
2. What is the opportunity I see for this idea?
3. Who would benefit from my idea, and why?
4. What problem does my idea solve?
5. How much money would I need to launch this idea?
6. Where would I get that money?
7. What type of business structure would I use, and why?
8. What risks and challenges might I experience with this idea?



Lesson 21: Launching Your Dream

ENTREPRENEUR ADVICE

Name: _____

You are in charge of writing an entrepreneur advice column for a business blog. Use the prompts below to offer your best advice for someone thinking of starting his or her own business or taking his or her invention to the next level.

1. Be ready for

2. Always remember to

3. Research the following:

4. Watch out for these challenges:

5. Make a plan by