



Beyond the Lemonade Stand

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As summer boredom looms and kids seek activities to add excitement, they often launch a business to earn dollars toward vacation or other savings goals. This gives us a perfect opportunity to guide young entrepreneurs by discussing what it takes to make their venture successful. Developing a business plan with your assistance will give them confidence and enhance their success.

In my teaching days, I had a student with a true entrepreneurial spirit, who took ideas from my economics class to create her own summer business. Because dogs were her passion, she planned a dog-washing venture in her garage, complete with blow drying and final grooming. She even offered an optional nail-polishing service. We discussed marketing her business to the dog owners in her neighborhood. She set her prices after factoring in the cost of shampoo, dog brushes and “doggy” polish. Because of her detailed planning, her business was a great success and her profit helped her purchase a new laptop.

So how do you explain entrepreneurship in a kid-friendly way? Simply say that an entrepreneur is someone who takes a risk in producing a product or starting a new business. Explain that the risk involved is investing time and money into the business, without knowing whether the business will be successful. Offer some examples of famous entrepreneurs that your child may be familiar

with. Begin with Walt Disney, who started with cartoon characters and developed a movie and amusement park empire. How about Oprah Winfrey, who became the first woman to produce her own talk show? Or Bill Gates, who had a vision for a new computer operating system that changed how Americans do their work?

Now for some entrepreneurial brainstorming on the type of business they may want. Remind them that their talents and skills are a good foundation for their business choice. Are they crafty? How about making jewelry, home décor or birdhouses to sell? Love to cook? Make flavored popcorn or homemade smoothies. Artistic? Give drawing lessons or bedroom redesign tips. Love to be in the limelight? Perform a play, concert or stand-up comedy act and charge admission.

Time to get to the nitty-gritty of developing their business plans. (See Page 26 for “What’s Your Business Game Plan?”) Ask them to follow these steps to put their business on the map:

- Create a clever name for the business to attract customers. Instead of “Gene’s Tutoring Service,” how about “Gene’s Geniuses?”
- Decide if the business will be run by you alone or with a friend. Remember, partnerships help with the workload but cut the dollars earned per kid.
- Research the price of your product materials or ingredients. Will you need financing from mom or dad for up-front costs?
- Set the product or service price. Keep in mind that any money earned after costs are paid will become your profit, so pricing should be reasonable but allow room for earning dollars.

- Choose a sales location and time that will be conducive to pedestrian traffic. Connect with a garage sale or sporting event if possible.

- Design flyers or signs to market your product. Advertise its extra value compared to similar products. For example, “Jasmine’s Jazzy Jewelry uses unique, one-of-a-kind beads and original designs.

- Be prepared for possible problems, such as running out of product or adverse weather conditions.

Once the plan is set and your entrepreneur is ready to launch, discuss the importance of providing great customer service. Help them

make a list of guidelines (See Page 27 for “Entrepreneur Etiquette”) for better customer satisfaction and sales. These could include always smiling and introducing themselves; speaking in a clear and pleasant voice; explaining why their product or service is a good buy; and remembering to say “Thank you,” even if no sale was made. Practice these techniques through the buyer/seller role-plays on Page 27 to make the child comfortable and confident. With your support, her entrepreneurial skills will blossom along with her sales!



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve’s role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information.

Federal Reserve Resources

“Do I Have What It Takes to be an Entrepreneur—and is My Community Ready?” (KansasCityFed.org)

This lesson explores entrepreneurship in rural economies as a key link to economic growth and development. For ages 14-18.

“Entrepreneurs and the Economy” (DallasFed.org)

This booklet examines the role of the entrepreneur in promoting economic growth and living standards. For ages 14-adult.

Fiction Books

“Uncle Jed’s Barbershop”

by Margaree King Mitchell

Uncle Jed sets and achieves his goal of opening a barbershop despite many setbacks along the way. (Related teacher lesson plan on StLouisFed.org) For ages 8-11.

“Tyler and His Solve-a-Matic Machine” by Jennifer Bourani

Tyler dreams of becoming an entrepreneur by inventing a machine that can complete his homework. For ages 9-12.

Non-Fiction Books

“One Hen: How One Small Loan Made a Big Difference”

by Katie Smith Milway

This book shows how loans and entrepreneurship can positively impact an African community. (Related teacher lesson plan on StLouisFed.org) For ages 8-11.

“Kidpreneurs: Young Entrepreneurs with Big Ideas”

by Adam and Matthew Toren

This book introduces the skills of starting, managing and growing a successful business and the rewards of entrepreneurship. For ages 9-12.

What's Your Business Game Plan?

DEVELOP YOUR BUSINESS GAME PLAN BY COMPLETING THE CHECKLIST AS YOU PREPARE FOR YOUR NEW VENTURE. ADD TO THE GAME PLAN IF NEEDED.

NAME YOUR NEW PRODUCT, SERVICE AND/OR BUSINESS: _____

DECIDE ON AN INDIVIDUAL OR PARTNERSHIP BUSINESS: _____

RESEARCH BUSINESS MATERIAL COSTS: _____

WILL YOU NEED A LOAN TO BEGIN? YES NO

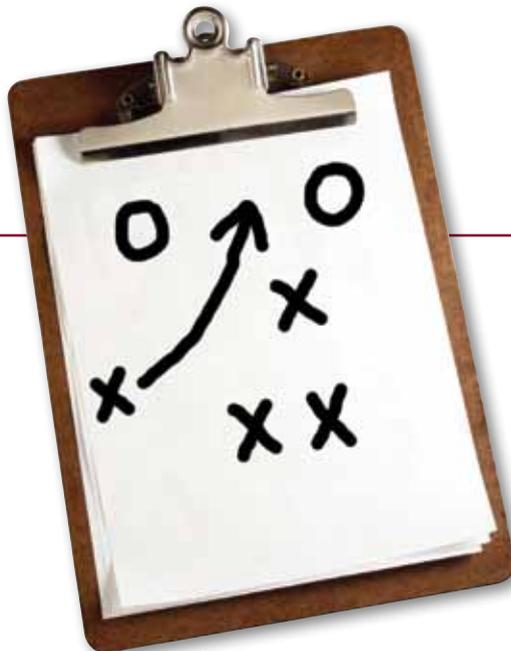
SET YOUR PRODUCT PRICE, WITH PROFIT IN MIND: _____

CHOOSE A SALES LOCATION AND TIME: _____

DESIGN FLYERS OR SIGNS TO PROMOTE THE EXTRA VALUE OF YOUR PRODUCT.

THINK OF ANY POSSIBLE PROBLEMS AHEAD: _____

WRITE YOUR ENTREPRENEUR ETIQUETTE TIPS AND PRACTICE YOUR SELLING SKILLS!



Taking Care of Business



ETIQUETTE IS A SET OF GOOD MANNERS THAT GUIDES YOUR BEHAVIOR. LIST THE CUSTOMER SERVICE ETIQUETTE YOU WILL USE IN YOUR BUSINESS BELOW. REMEMBER, GOOD SERVICE MEANS GOOD SALES!

I WILL ALWAYS _____

I WILL TRY TO _____

I WILL NEVER _____

I WILL IMPRESS CUSTOMERS BY _____

NOW PRACTICE USING YOUR ETIQUETTE THROUGH ROLE-PLAYING THE FOLLOWING SELLING SCENARIOS:

- YOU ARE SELLING KOOL-AID TO A THIRSTY CUSTOMER.
- YOU ARE SELLING ADMISSION TICKETS TO A PLAY YOU'VE WRITTEN.
- A CUSTOMER IS INTERESTED IN BUYING YOUR ARTWORK FOR HER HOME.
- YOU ARE TRYING TO CONVINCE A CUSTOMER TO HIRE YOU AS A PET-SITTER.
- YOU HAVE ONE MORE BIRDHOUSE TO SELL.
- SOMEONE WHO NEEDS YOUR TUTORING SERVICES IS NOT SURE HE WANTS YOUR HELP.

