



*Entrepreneurship
In Your Community:*

CREATING YOUR OWN CAREER

Economic Lessons for Secondary Teachers by:

Jamie Wagner • Jennifer Davidson • Sydney Kobza • Matthew Pierson • Gigi Wolf

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CENTER FOR ECONOMIC EDUCATION



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ABOUT THE AUTHORS



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volunteer groups, schools and associations to present economic and financial concepts in new ways that are accessible to both professional and general audiences.



MS. SYDNEY KOBZA is the Assistant Director of Career, Technical, and Adult Education at the Nebraska Department of Education. Her work consists of providing state-level leadership and management of the Federal Strengthening Career & Technical Education Act for the 21st Century Act to school districts and community college personnel on quality Career and Technical Education programs and instruction. She also organizes and facilitates professional development, assists with research and data reporting related to Career and Technical Education, and collaborates to implement the mission and vision for Nebraska Career and Technical Education. Sydney is proud to be on the Nebraska

Career and Technical Education team. Her work emphasizes career development through awareness, exploration, and preparation in addition to expanding learning opportunities outside of the classroom.



MR. MATTHEW PIERSON is a teacher at William Jennings Bryan High School in Omaha, NE. He has been teaching economics for 8 years. He was on the textbook adoption team for Omaha Public Schools for economics as well as on the curriculum writing team for the course. He also writes curriculum for the honors economics course for the district. Mr. Pierson worked with the district on the Making Invisible Histories Visible Project (MIHV) where students learned about the historic landmarks and neighborhoods in Omaha and created their own business plan to try and revitalize areas of Omaha impacted by Redlining. Working with MIHV he was the driving force behind bringing economics

to the curriculum and creating an interactive session to get the students thinking like an economist. Mr. Pierson uses unique and clever approaches to getting students excited about economics. His Pierson bucks are one example to incentivize students to use the economic way of thinking not just on assignments but in their entire classroom experience. His classroom material is so engaging that his peers have been adopting it into their own classrooms.



MS. GIGI WOLF is the Lead Economic Education Specialist for the Federal Reserve Bank of Kansas City, where she coordinates education outreach throughout the Bank’s seven-state region and beyond. She has extensive experience developing economic and personal finance-focused curricula, providing professional development to primary through post-secondary educators and designing enrichment programs for pre-kindergarten through college level students. Ms. Wolf has responsibility for building strategic community partnerships and manages community-wide initiatives to promote financial stability for individuals of all ages, with an emphasis on diverse populations and

low-to-moderate-income communities. Ms. Wolf is the chair of Federal Reserve System economic educators and oversees the national Federal Reserve Education website, comprised of lesson plans, online activities, games, and other classroom-ready resources from all twelve Federal Reserve districts and the Board of Governors in Washington D.C.

ACKNOWLEDGEMENTS

We would like to thank the authors of previous drafts for putting together such an engaging curriculum guide. Their work is still very much a part of this draft but with updated activities, examples, and assessment. Thank you, Chuck Parker, Mary Lynn Reiser, and Tammy Fischer for your expertise in a previous draft.

Thank you to Jennifer Davidson and the Nebraska Council on Economic Education for your guidance throughout the entire process—your support is much appreciated. And, thank you to Sarah Sibert for designing this guide.

HOW TO USE THIS CURRICULUM GUIDE

This curriculum guide includes 11 lessons and would be great to use in a semester (two quarters or ½ year) course. The intent is that the lessons are used sequentially as the topics will build upon itself until the final lesson where students create their own business plan. The lessons, however, can easily be used on their own adding to existing curriculum. Additionally, but not necessary for a student to be successful, lessons from other sources on more topics would fit nicely into this curriculum guide to help students build a well-rounded business plan.

The lessons were written with the intent that students would have ample access to technology and the lessons are geared towards improving their internet literacy and word-processing capabilities. There are other components of lessons that will let students get more creative through creating infographics, videos, vlogs (video blogs), and podcasts. In writing the lessons, we anticipated that a teacher would have typical classroom materials like a chalkboard or whiteboard, and computer and internet access with projection capabilities. Accompanying this curriculum guide is a presentation with general pieces from the curriculum that you may download and edit for your own use.

There are assessment options throughout the lessons. Some of the lessons have multiple choice questions which can be used based on that lesson or combined into a larger formative assessment. Additionally, there are many writing prompts getting students to think deeper and move towards higher critical thinking skills and creatively thinking about their own businesses. Many of the lessons also have extensions ideas—these can extend the topic, go deeper into a lesson, or can be used as an additional assessment. The goal is that this curriculum guide provides you with the tools and resources to teach entrepreneurship in your classrooms in an engaging and fun way.

All lessons are matched with the Voluntary National Economics Standards and National Financial Literacy Standards where applicable. Additionally, the Nebraska Business, Marketing, and Management Career Field Standards are included where appropriate in the lessons. Each lesson will identify the standards addressed in that lesson by number. A grid is included in this curriculum that has the standards written out in full along with the lesson(s) that address each standard.

For any questions, please reach out to Dr. Jamie Wagner at jfwagner@unomaha.edu.

Lessons in this curriculum can be reproduced for classroom use only.

CORRELATION TO VOLUNTARY NATIONAL ECONOMICS STANDARDS

The Voluntary National Content Standards in Economics was first published by the Council for Economic Education (CEE) in 1997 and quickly became an essential tool informing economic education. In 2010, the CEE updated the Standards. The below table shows which standards are covered in each lesson of the curriculum guide.

STANDARD	LESSON FROM THIS CURRICULUM GUIDE										
	1	2	3	4	5	6	7	8	9	10	11
Standard 1—Scarcity			x								
Standard 2—Decision Making			x				x	x	x	x	x
Standard 3—Allocation									x		
Standard 4—Incentives			x	x			x				
Standard 5—Trade											
Standard 6—Specialization											
Standard 7—Markets and Prices	x			x	x			x			
Standard 8—Role of Prices	x				x			x			
Standard 9—Competition and Market Structure	x				x						
Standard 10—Institutions						x	x				
Standard 11—Money and Inflation											
Standard 12—Interest Rates											
Standard 13—Income											
Standard 14—Entrepreneurship	x	x		x		x		x	x	x	x
Standard 15—Economic Growth		x							x		
Standard 16—Role of Government and Market Failure							x				
Standard 17—Government Failure											
Standard 18—Economic Fluctuations											
Standard 19—Unemployment and Inflation											
Standard 20—Fiscal and Monetary Policy							x				

To see the complete report of the Voluntary National Content Standards in Economics, 2nd ed. Please visit: <https://www.councilforeconed.org/wp-content/uploads/2012/03/voluntary-national-content-standards-2010.pdf>

CORRELATION TO NATIONAL STANDARDS FOR FINANCIAL LITERACY

The National Standards for Financial Literacy is published by the CEE and provides a framework for teaching personal finance in kindergarten through 12th grade. The standards contain the areas of knowledge and understanding that are fundamental to personal finance. The below table shows which standards are covered in each lesson of the curriculum guide.

STANDARD	LESSON FROM THIS CURRICULUM GUIDE										
	1	2	3	4	5	6	7	8	9	10	11
Standard 1—Earning Income			x								
Standard 2—Buying Goods and Services				x							
Standard 3—Saving											
Standard 4—Using Credit											
Standard 5—Financial Investing											x
Standard 6—Protecting and Insuring										x	x

To see the complete report of the National Standards for Financial Literacy, 2nd ed. Please visit: <https://www.councilforeconed.org/wp-content/uploads/2013/02/national-standards-for-financial-literacy.pdf>

CORRELATION TO NEBRASKA SOCIAL STUDIES STANDARDS

Social Studies is the integrated study of the social sciences and humanities to promote civic competence. Economics has long been in the Nebraska Social Studies Standards with the latest draft of these standards from 2019. The below table shows which standards are covered in each lesson of the curriculum guide.

HIGH SCHOOL ECONOMICS AND FINANCIAL LITERACY STANDARDS	LESSON FROM THIS CURRICULUM GUIDE										
	1	2	3	4	5	6	7	8	9	10	11
SS HS.2.1 Apply economic concepts that support rational decision making.			x	x			x	x	x	x	
SS HS.2.2 Develop a plan to support short- and long-term goals.			x	x		x					
SS HS.2.3 Critique strategies used to establish, build, maintain, monitor, and control credit.											
SS HS.2.4 Evaluate savings, investment, and risk management strategies to achieve financial goals.						x				x	
SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.	x			x	x			x	x		
SS HS.2.6 Explain how economic institutions impact different individuals and various groups.	x	x		x		x	x	x	x		
SS HS.2.7 Assess the roles of institutions such as clearly defined property rights and the rule of law in a market economy.						x	x			x	
SS HS.2.8 Compare and contrast the roles and responsibilities of government and differing outcomes from various economic systems: command/communism, mixed, socialism, market, and traditional economic systems.							x				
SS HS.2.9 Examine the government's influence on economic systems through fiscal policy.							x				
SS HS.2.10 Investigate how international trade affects individuals, organizations, the domestic economy, and other nations.											

CORRELATION TO NEBRASKA SOCIAL STUDIES STANDARDS

8TH GRADE ECONOMICS AND FINANCIAL LITERACY STANDARDS	LESSON FROM THIS CURRICULUM GUIDE										
	1	2	3	4	5	6	7	8	9	10	11
SS 8.2.2 Understand personal and business financial management.			x	x		x				x	x
SS 8.2.4 Justify and debate economic decisions made by North American societies.			x	x			x	x	x	x	x
SS 8.2.5 Illustrate how international trade impacts individuals, organizations, and nations.											
7TH GRADE STANDARDS											
SS 7.2.4 Investigate how varying economic systems impact individuals in a civilization/society.	x				x						
SS 7.2.5 Analyze information using appropriate data to draw conclusions about the total production, income, and economics growth in various economies.		x							x		
SS 7.2.6 Illustrate how international trade impacts individuals, organizations, and nations/societies.											
To see the complete Nebraska Social Studies Standards please visit: https://www.education.ne.gov/socialstudies/social-studies-standards-revision/											

INTRODUCTION

Economics is often a scary and confusing word for many people. What exactly is economics? Some may think that economics is all about money or stocks and bonds making it unnecessary for their lives. While that is the common thinking it is not entirely correct!

Economics is the study of choices!

That's it! Economics is the social science of how people make choices. You make choices all the time, meaning you are practicing economics all the time even if you do not know it. Therefore, understanding economics is extremely important to anyone who makes decisions (EVERYONE!).

Effective entrepreneurship requires that students have a keen understanding of the ways in which individuals, businesses, governments, and societies make decisions to allocate human capital, physical capital, and natural resources among alternative uses. This is part of the economic reasoning process and involves the consideration of costs and benefits with the ultimate goal of making decisions that will enable individuals, businesses, and societies to be as well-off as possible. The study of entrepreneurship provides students with the concepts and tools necessary for an economic way of thinking and helps them understand the interaction of buyers and sellers in markets everywhere. Economic reasoning and skillful use of economic tools draw upon a strong base of knowledge about human capital, land, investments, money, income and production, taxation, all of which are essential to being a successful entrepreneur.

The focus of this curriculum guide is to provide secondary teachers a useful tool to teach economics through entrepreneurship. What choices did they make? Why did they make those choices? These lessons are designed to help you teach and assess students' understanding of how economics is important for entrepreneurs.

While some of the lesson focuses on Nebraska, these lessons are easily adaptable to any state. You can exclude the activities that focus solely on Nebraska, include them as a way for your students to maybe learn about the "fly-over state" or substitute in your own articles and examples from your community. We hope you enjoy this curriculum guide and inspire some of your own students to become an entrepreneur using the economic way of thinking.

LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

CONCEPTS Entrepreneur

From history you have probably heard of Thomas Edison, George Washington Carver and Eli Whitney. These inventors made items like the light bulb, peanut butter and the cotton gin. Inventors create something that did not exist before. Entrepreneurs create something as well. By combining resources and ideas, some of which may be new inventions, entrepreneurs create markets for products where none existed before. The computer industry today has an amazing number of entrepreneurs, with Steven Jobs of Apple and Bill Gates of Microsoft being two of the more prominent entrepreneurs. Nebraska communities promote the entrepreneurial spirit. Many famous businesses have gotten their start in Nebraska. In this lesson students will learn about the characteristics and what business skills entrepreneurs have and discover the talent within our state!

OBJECTIVES

After completing this lesson students will be able to:

- Define the term entrepreneur.
- Identify 2 - 3 Nebraska entrepreneurs and describe their line of business.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 14: Entrepreneurship

Nebraska Social Studies Standards

- SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 7.2.4 Investigate how varying economic systems impact individuals in a civilization/society.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.28, BMM.HS.4.19, BMM.HS.7.22 Explore the characteristics of an entrepreneur.

TIME REQUIRED

45 minutes

MATERIALS NEEDED

- Computer with internet access, one per student or enough for one per group of 2-3 students
- Pencils, one per student or enough for one per group of 2-3 students
- Paper, one sheet per student
- Visual 1-1: [All Hail the Runza](#)¹, one for each student or internet access to the article

LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

- Visual 1-2: [Runza Can't Be Done Fast](#)², one for each student or internet access to the article
- Activity 1-1: Don Everett Sr.'s key to success, one per student or enough for one per group of 2-3 students
- Activity 1-2: [NET's "What If" videos](#), one per student or enough for one per group of 2-3 students
- Assessment 1-1, one per student

PROCEDURE

1. Have the students navigate to the [Nebraska Business Hall of Fame](#)³ and tell them to spend 5 minutes just exploring the website. Have them write down 4-5 names that they recognize and what they recognize that name from. Discuss what the students are finding during their search. Then have each student pick a unique person from the list and have them prepare a 1-minute speech on a sheet of paper about their person. Ask them to highlight what makes this person special compared to other people.
2. Show the following definition: *an **entrepreneur** is an individual who uses economic resources and creates new products or a new business, bearing most of the risks and enjoying most of the rewards.*
3. Ask students why someone might be willing to take on the risks of a business? (*Answers will vary but may include: To make a profit/money, because they want to create something, they want to be in control of their schedule/job/success, etc.*). Discuss for 2-3 minutes.
4. Hand out (or navigate to the websites) Visual 1-1: All hail the Runza, Visual 1-2: Runza can't be done fast). Give each student a copy of Activity 1-1: Don Everett Sr.'s Key to Success. Have the students watch this [video](#) about Don Everett Sr.⁴ and read the reprints of the articles (Visual 1-1: All hail the Runza and Visual 1-2: Runza can't be done fast) and answer the questions in Activity 1-1:
 1. Who are the entrepreneurs and what are the main products sold? (*Answer: Sally Everett and Alex Brening; Don Everett and Don Everett Jr.; Sandwiches and other Food.*)
 2. What did Don Everett Sr. make sure to remember as the chain expanded? (*Answer: Ensure quality was never compromised for the sake of growth.*)
 3. What actions did Don Everett Sr. take in 1966 to start the business? (*Answer: Purchased the rights to the sandwich, trademarked the product, and found a location.*)
 4. What does Don Everett Jr. define as the key to success? (*Answer: To provide value through food and service.*)

¹ https://omaha.com/edition/sunrise/articles/all-hail-the-runza/article_7353b020-8bd4-5270-99c7-05988a2147f9.html

² https://omaha.com/edition/sunrise/articles/runza/article_a358bea4-49bf-5a7e-a8ae-500be3812127.html

³ <https://business.unl.edu/outreach/awards/nebraska-business-hall-of-fame/>

⁴ https://www.youtube.com/watch?v=bwQko9saxK8&feature=emb_logo

LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

5. Distribute Activity 1-2: “What If” videos to the students. Next, visit [NET's “What If” videos](#)⁵ and have students answer the following questions based upon one of the videos they picked in Activity 1-2: “What If” videos. (Optional: You could assign students or groups of students to specific videos to make sure there is a wide range of discuss)
6. Have students individually complete Assessment 1-1 (either in class or as homework).

ASSESSMENT 1-1 ANSWERS

1. The role of the entrepreneur is to
 - a. provide capital to the firm which the management combines with labor.
 - b. **bring the factors economic resources together and take the risks of producing.**
 - c. control the land upon which all production takes place to get the most rent.
 - d. regulate what products are considered safe to market.
2. The main function of the entrepreneur is to
 - a. make routine pricing decisions.
 - b. **innovate.**
 - c. purchase capital.
 - d. create market demand.
3. Which one is NOT an advantage of Entrepreneurship?
 - a. Can choose a business of interest
 - b. You can be creative
 - c. Make a lot of money
 - d. **You might make decisions alone**
4. What are some common skills or themes did you notice among the entrepreneurs? Construct a paragraph using proper sentences and formatting.

EXTENSION

- The students will prepare a one-page minimum persuasive essay to the Nebraska Business Hall of Fame for a business owner in their community. This should explain this person and their business but also why they should be included in the Nebraska Business Hall of Fame. They should be arguing for their person to be included in the Nebraska Business Hall of Fame. Have the students cite examples of why they should be included and what makes them a special business owner in Nebraska.
- Have students create a mock social media page or post. The page/post should include general information about the entrepreneur as well as 3 posts that this entrepreneur would have made.

⁵ <http://netnebraska.org/basic-page/television/what-if>

LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

VISUAL 1-1: ALL HAIL THE RUNZA¹

Omaha World-Herald
LIVING

SUNDAY, MARCH 26, 2017
SECTION E

THE BETTER HALF: AN OCCASIONAL SERIES



MATT HANEY/THE WORLD-HERALD

The beloved Nebraska meat pocket is a cult classic, yet the Runza sandwich wouldn't be recognized by the residents of 49 other states. The Runza is a treasure that's been hundreds of years in the making, with recipes carried to Nebraska by immigrants from Europe. Its basis for a regional restaurant chain is only part of the Runza story.

ALL HAIL THE RUNZA

By SARAH BAKER HANSEN • WORLD-HERALD STAFF WRITER

McCOOK, Neb. — The number of tried-and-true, deep-rooted Nebraska food classics are few, but the ones we really love are rich with flavor.

Summertime sweet corn sold by farmers from pickup truck beds. Steaks cooked to a perfect medium rare and perhaps seasoned with a secret whiskey marinade. Reuben sandwiches — no debate necessary.

And then there's that lovable warm bun stuffed with peppery beef, wilted cabbage and long-sauteed onions.

The tale of that beloved Nebraska meat pocket — sometimes called

a bierock — is about much more than a sandwich you've ordered in a drive-thru or inhaled during halftime of a frigid Memorial Stadium football game.

It's a treasure hundreds of years in the making, involving broken promises, German immigrants, family recipes and eventually a woman named Sarah "Sally" Everett from Sutton, Nebraska.

It's a story that stretches from Omaha to McCook, where four generations of bakers have served it in their small-town cafe.

It's a sandwich that residents of 49 other states won't recognize. But once a Nebraskan sinks her teeth into one, the recognition is instant: This is a Runza. • See *Runza*: Page 2

¹ https://omaha.com/eedition/sunrise/articles/all-hail-the-runza/article_7353b020-8bd4-5270-99c7-05988a2147f9.html

² https://omaha.com/eedition/sunrise/articles/runza/article_a358bea4-49bf-5a7e-a8ae-500be3812127.html

LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

VISUAL 1-2: RUNZAS CAN'T BE DONE FAST²

RUNZAS 'CAN'T BE DONE FAST'

RUNZA

Continued from Page 1

You walk into the Sehnert's Bakery and Bieroc Cafe and think, "This is exactly what a small-town cafe should look like."

Rustic wood floors. A big glass counter full of stomach-growl-inducing doughnuts and muffins, cinnamon rolls and scones. A menu advertising the cafe's own special "Jiffy Burger" served on a home-baked bun.

There are cafes like this all across this country, and each one draws us back with comfort food and a feeling of home.

But look closer at the Sehnert's menu and you will find something else, something oh-so-Nebraska: that sandwich with the filling of ground beef and onions.

Sehnert's makes its version of the Runza or bierock with sauerkraut and a crustier bread exterior than you will find at the better-known Runza Restaurant chain.

"Everybody, every restaurant, takes a dish and makes it their own," said Matt Sehnert, the fourth-generation baker at his family's restaurant. "That's what we did."

That's what Nebraskans did. We took a sandwich that once belonged to a few and made it ours.

Let's go back to the beginning of this story, which happens to be around 1760.

That's the year that Catherine the Great, a German princess before she married into the Russian royal family, invited Germans to move to Russia.

"She offered lots of intriguing promises," said Sherry Loos Pawelko, director of Lincoln's Germans from Russia museum and herself a descendant of Germans from Russia.

Catherine promised that men wouldn't have to serve in the army, that families could live tax-free for 30 years and that they could live in their own villages with control of their government and schools. Many took her up on the offer and settled in the Volga River valley.

For a long time, Pawelko said, the Germans lived mostly separately. But they did pick up some Russian influences, especially in the kitchen.

The Germans learned of the pierogi, a stuffed dumpling. Their version was most likely filled with meat, onions and cabbage, like the ones we know. The main difference: The Germans used a yeasted bread bun instead of an unleavened one like the Russians.

The stuffed sandwiches were known by a handful of names: bierocks, kraut kuche or kraut bierocks. "Runza" is a version of the low German word *runsa*, which translates into "bun shape" or the soft shape of a round belly. They were a standard of the diets of field workers and families.

The Germans remained in Russia, running their own communities and presumably happy



MEGAN FARMER/THE WORLD-HERALD

At top, co-owner Donald Everett Jr. prepares Runzas at one of his family's restaurants, at 105th and Pacific Streets in Omaha. Everett's grandmother Sally Brening Everett helped start the company with a Lincoln food stand.

Huskies coach invited Runzas in from the cold

At any given Nebraska Cornhuskers home football game, roughly 9,000 fans — and sometimes as many as 15,000 — eat Runzas. Donald Everett Sr. is the reason why.

In the 1960s he started parking an old mail truck he'd outfitted with an oven outside the stadium to sell Runzas. Think of it as an ahead-of-its-time food truck.



Donald Everett Sr.

Though he'd played football at Nebraska he didn't use the people he knew to make a connection, his son Donald Jr. said. He simply pulled into a lot nearby and set up shop.

"Ultimately, (Coach Bob) Devaney and others said 'Come inside and sell the Runzas,'" he said.

At the stadium, the sandwiches are baked on-site. And the colder the weather, the more Runzas fans gobble down.

ly eating homemade bierocks for about 100 years.

When Catherine's great-grandson came to power, things changed. The Germans would have to speak Russian in their schools, they would have to serve in the army and they would have to convert to Russian Orthodox.

The Germans from Russia did not like this one bit. They sent scouts to a faraway country, where they found they could live freely, on cheap land, with a climate and landscape similar to the Volga River valley.

The central part of a state called Nebraska would work just fine.

Donald Everett Jr. made his first Runza as a teen. He met his wife at a Runza — "a Runza romance," he said. He's adept at rolling out a thin sheet of dough and quickly cutting it into rectangles with an oblong Runza-shaped dough cutter, because he's done this thousands of times. This is a family recipe, after all, even though it's also the recipe that an entire state has been eating for 68 years.

He grabs a "football," the kitchen's name for a hand-shaped oval of meat and cabbage, and wraps it into the dough, pinching the edges shut.

The Runzas get tucked into pans, and he punches each one down by hand before sliding the pan into an oven, where the runzas bake for 45 minutes.

"It's quite a process," Everett said. "This can't be done fast."

It also took time for Germans from Russia — some of them Everett's ancestors — to get here. The Brening family was one of many that moved from the Volga

River valley to areas near Sutton and Henderson, part of a much larger German migration that today means more Nebraskans claim German heritage than any other, said David Drozd, a University of Nebraska at Omaha demographer.

The daughter of one of those immigrants, Sally Brening Everett, was born in 1912 and grew up on the family's farm. Her mother taught her how to make the traditional beef, cabbage and onion sandwich baked in homemade bread, a family recipe.

After her brother came back from World War II, he searched for work. Sally thought a business would be something they could do together, so the siblings, along with Sally's brother-in-law, took their family bierock recipe and opened a food stand in Lincoln near Pioneer's Park.

She tweaked and trademarked one of the dish's traditional names into the one we all know today: Runza.

"She didn't invent the recipe," Everett said, "but she did invent her own version of the recipe. People from that part of the world were accustomed to making bierocks, and she apparently was quite adept at making them."

Aside from the signature sandwich, which sold for 15 cents, the menu also included hamburgers, french fries, Polish and foot-long hot dogs and knackwurst. The list is fairly close to what Runza still serves, said Everett, who runs the business today.

"It was a different time back then," Everett said. "It wasn't so typical for a female to start her own business. And she wasn't just an entrepreneur. She was a mother to four children and ran the household, too."



THE BETTER HALF

AN OCCASIONAL SERIES

Food critic Sarah Baker Hansen is from Omaha. Columnist Matthew Hansen grew up in Red Cloud. As a married couple, they travel Nebraska to share with each other little-known people, unexpected stops and memorable foods. Come along and discover more of what the state has to offer.

Prepared with support from the Nebraska Community Foundation.



In 1966 Everett's father and Sally's son, Donald Sr., opened a second Runza at 56th and Holdredge Streets in Lincoln. The first franchise location opened in Grand Island in 1979. Today there are 78 Runza locations in Nebraska, two in Kansas and one each in Council Bluffs and Clarinda, Iowa, and Colorado.

The Sehnerts, who run the bakery and restaurant in McCook, came to the Runza via a different path.

They aren't Germans from Russia — "We're actually from Germany," Sehnert said — but when his great-grandfather came to Nebraska in the 1800s the family settled in the same areas as the Germans from Russia did. His parents came to McCook in 1957 and opened the bakery.

"The bierock is not really part of our family tradition as much as it is part of this area's tradition," he said.

There's the sauerkraut, a touch Matt's father added. Their version also uses less dough and leaves the ends of its version open, resulting in meat in every bite. They're still made by hand.

Runzas served at Runza restaurants and at Memorial Stadium are still made by hand, too, ready for when the restaurants open at 10:30 a.m., or by game time.

If you ask, Everett will muse on exactly why the Runza, of all things, has become so popular over the years, and so synonymous with Nebraska.

The Germans and Germans from Russia who still live here are one reason, he surmises. They have a deep appreciation for the bierock and are in part responsible for why we're eating them today.

"But also," he said, "Nebraska is kind of scrappy. We don't have the mountains or the ocean. What can we own that's still our signature thing? The Runza."

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LESSON 1: NEBRASKA ENTREPRENEUR SUCCESS STORIES

■ ASSESSMENT 1-1

1. The role of the entrepreneur is to
 - a. provide capital to the firm which the management combines with labor.
 - b. bring the factors economic resources together and take the risks of producing.
 - c. control the land upon which all production takes place to get the most rent.
 - d. regulate what products are considered safe to market.

2. The main function of the entrepreneur is to
 - a. make routine pricing decisions.
 - b. innovate.
 - c. purchase capital.
 - d. create market demand.

3. Which one is NOT an advantage of Entrepreneurship?
 - a. Can choose a business of interest
 - b. You can be creative
 - c. Make a lot of money
 - d. You might make decisions alone

4. What are some common skills or themes did you notice among the entrepreneurs? Construct a paragraph using proper sentences and formatting.

LESSON 2: ENTREPRENEUR: IT IS ME?

CONCEPTS Entrepreneur • Human Capital • Human Resources

This lesson is designed to help students examine the character traits common to entrepreneurs and how those skills compare to their own. In this lesson, students will evaluate their entrepreneurial skills and growth opportunities through a self-assessment. Then they will examine the characteristics that align with entrepreneurial skills and discuss how those compare to their own in a group setting. Students will work in collaborative groups to identify ways to develop entrepreneurial skills and apply what they have learned through a writing activity.

OBJECTIVES

After completing this lesson students will be able to:

- Define human capital, human resource, and entrepreneur.
- Identify skills common to entrepreneurs.
- Assess their own entrepreneurial aptitude.
- Determine their own human capital.
- Distinguish behavior that can foster human capital development.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 14: Entrepreneurship
- Standard 15: Economic Growth

Nebraska Social Studies Standards

- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 7.2.5 Analyze information using appropriate data to draw conclusions about the total production, income, and economics growth in various economies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.28, BMM.HS.4.19. BMM.HS.7.22 Explore the characteristics of an entrepreneur.

TIME REQUIRED

60 minutes

MATERIALS NEEDED

- Post-it notes, 3-4 per student
- Pencil, one per student
- Visual 2-1: Characteristics of an Entrepreneur (labeled Visual 2A as part of another lesson, developed by the Federal Reserve Bank of Kansas City)

LESSON 2: ENTREPRENEUR: IS IT ME?

- Activity 2-1: [Entrepreneurial Self-Assessment Survey](#)¹ (developed by the Federal Reserve Bank of Kansas City), one per student
- Activity 2-2: Developing an Entrepreneur, one per student
- Assessment 2-1, one per student

PROCEDURE

1. Ask students to name entrepreneurs that they know or have heard of. (*Answers will vary*)
2. Remind students by showing the following definition, **entrepreneurs** are individuals who use economic resources and create new products or a new business, bearing most of the risks and enjoying most of the rewards.
 - *Share that entrepreneurs generally possess certain characteristics or skills. The skills and knowledge that people obtain through their education, experience and training is also known as **human capital**.*
3. Distribute a few post-it notes to each student.
4. Ask students to think of skills that entrepreneurs are likely to possess and that contribute to their human capital. Invite students to write one skill on each post-it note and to post their completed post-its in a designated place in the classroom for reference later in the lesson. Allow 3-5 minutes for students to complete this activity.
5. When they have returned to their seats, ask students to raise their hand if they've considered becoming an entrepreneur.
6. Show the following definition and explain that entrepreneurs are a type of **human resource**, also known as people who contribute to the production of a good or a service. Entrepreneurs, along with other human resources, work together to produce what the entrepreneur has developed.
7. Tell students that they're going to take a survey about their own skills and that they should answer as honestly as possible.
8. Distribute a copy of Activity 2-1: [Entrepreneurial Self-Assessment Survey](#)¹ to each student. Give students 5 minutes to complete their handout and to tally their results.
 - **Teacher note:** *The Entrepreneurial Self-Assessment Survey was developed by the Federal Reserve Bank of Kansas City as part of the lesson called Are You Ready to Take the Risk? This lesson and other resources related to entrepreneurship are available at the Federal Reserve Bank of Kansas City Economic Education resources.*

¹ <https://www.kansascityfed.org/en/education/entrepreneurship>

LESSON 2: ENTREPRENEUR: IT IS ME?

9. Ask students who scored 15-20 to stand in one corner of the room, students who scored 21-37 to stand in another corner, students who scored 38-56 to stand in another corner and those who scored 57-75 to stand in the last corner of the room.
10. Within their small groups, encourage students to discuss which skills they have in common and which skills may differentiate them from students in the other groups. Ask students to focus specifically on skills and characteristics that they HAVE and not what they or others DO NOT HAVE. Allow 5-7 minutes for this activity.
11. Ask a representative from each group to share any common and distinct skills of their small group. After all four groups have reported out, students may be seated.
12. Share Visual 2-1: Characteristics of an Entrepreneur (labeled Visual 2A: Characteristics of an Entrepreneur because it is also used in a separate lesson) with the class and review each characteristic, including the statements each corresponds to from Handout 1, the Self-Assessment Survey. Ask students to raise their hand if they answered “strongly agree” for the statements that correspond with each characteristic.
 - **Teacher note:** *The Characteristics of an Entrepreneur visual was developed by the Federal Reserve Bank of Kansas City as part of the lesson called Are You Ready to Take the Risk? It is labeled as Visual 2A within that lesson, although it is used as Visual 2-1 in this lesson. Are You Ready to Take the Risk? and other resources related to entrepreneurship are available at the Kansas City Federal Reserve Educational resources.*
13. As a class, review the post-it note characteristics and compare them to the skills listed in Visual 2-1: Characteristics of an Entrepreneur. Discuss any similarities between their earlier ideas and those on the visual.
14. Ask students how entrepreneurial skills are developed and allow for a few student responses.
15. Divide students into groups of two to three and distribute a copy of Activity 2-2: Developing an Entrepreneur to each student.
16. Ask each group to choose two of the entrepreneurial characteristics from Visual 2-1 and to brainstorm activities that can help individuals to develop those skills. Allow 5-7 minutes for this activity. Invite groups to share a few of their ideas on how to develop entrepreneurial skills.
 - **Teacher note:** *If you want to ensure that ideas are determined for all of the characteristics from Visual 2-1, assign specific characteristics to each group.*
17. Have students individually complete Assessment 2-1 (either in class or as homework).

LESSON 2: ENTREPRENEUR: IT IS ME?

ASSESSMENT 2-1 ANSWERS

1. Which of the following is an example of human capital?
 - a. **Summer coding camp**
 - b. Trucks
 - c. Amazing stock
 - d. Retail stores
2. An entrepreneur who is honest with customers and treats everyone they work with equitably and ethically is displaying which common characteristic of an entrepreneur?
 - a. Adapting to change
 - b. Having self confidence
 - c. **Having integrity**
 - d. Wanting financial success
3. Which of the following is a common characteristic of an entrepreneur?
 - a. Afraid of taking risks
 - b. **Independence and energetic**
 - c. Desires to work for someone else
 - d. Unwillingness to work in an honest way with customers
4. How would you define an entrepreneur?

Answer may include someone who takes the risk to start a new business or create a new product; a human resource)
5. What skills or characteristics do entrepreneurs generally possess?

Answers will vary but may include: determined, hard-working, self-confident, independent, risk taker, energetic, creative, innovative, adaptable, honest, etc.
6. As a human resource, in what way do entrepreneurs contribute to the production of their business idea?

Answers will vary but may include: they come up with the business idea, they create the plan to bring the business to the market, they find or put in the funds to start the business, they hire other workers to produce the good or service, they design the product that will be sold, etc.
7. Instruct students to write a paragraph about two of the entrepreneurial characteristics (from Visual 2-1) that they already possess or would like to possess and to explain.

EXTENSION

Ask students to identify a real-life entrepreneur in the community and to interview that individual about the skills and characteristics they possess that have benefited them as an entrepreneur. Then, write a short summary of the findings.

ARE YOU READY TO TAKE THE RISK?

FEDERAL RESERVE BANK OF KANSAS CITY

VISUAL 2A - CHARACTERISTICS OF AN ENTREPRENEUR

The following list describes some common characteristics of an entrepreneur. The number(s) after each characteristic indicates the related statement(s) in the self-assessment form.

Works Hard (Statements 1 and 6)

Seventy-seven percent of all entrepreneurs report working 50 hours or more per week, doing a wide variety of time-consuming tasks. Such a time commitment requires a high energy level.

Wants Financial Success (Statement 4)

Entrepreneurs need to establish a reasonable financial goal to achieve through their self-employment. This goal will help you measure how well you are doing in fulfilling your financial needs.

Is Energetic (Statements 1 and 6)

Entrepreneurship requires long hours. You will frequently be unable to control the number of hours required to fulfill all the necessary tasks. You must have a high energy level to respond to the job's demands.

Takes Risks (Statement 2)

Entrepreneurs are risk takers. They risk their careers, time and money to make their product or business a success. You should feel comfortable taking reasonable risks.

Has a Need to Achieve (Statements 5 and 8)

Entrepreneurs should be willing to set high goals for themselves and enjoy striving to achieve those goals.

Is Independent (Statements 3 and 7)

Entrepreneurs consider the opportunity to be their own boss as one of the major benefits of self-employment. You should feel comfortable working independently and controlling all aspects of your business by yourself.

Has a Self-Employed Parent as a Role Model (Statement 10)

Entrepreneurs are more likely to have a parent who is self-employed. A parent's knowledge about operating a business can contribute to your success.



ARE YOU READY TO TAKE THE RISK?

FEDERAL RESERVE BANK OF KANSAS CITY

VISUAL 2B - CHARACTERISTICS OF AN ENTREPRENEUR

Have Self-Confidence (Statements 11 and 14)

Entrepreneurs need self-confidence to face major challenges and difficulties within their businesses. Your belief in yourself will help you overcome the problems that affect most self-employed people at some point in their career.

Has Integrity (Statement 12)

Entrepreneurs should treat people ethically and honestly. You should be positive and ethical in your treatment of customers so they will want to patronize your business or buy your product.

Has Determination (Statement 13)

Entrepreneurs need determination to overcome business problems and obstacles. This characteristic relates to self-confidence, in that the more you believe in yourself, the more likely you are to strive for success when necessary.

Adapts to Change (Statement 9 and 15)

Entrepreneurs that can adapt to change have three qualities: the capacity to solve problems, the ability to make quick decisions, and the ability to learn from their mistakes.

Characteristics taken from the Women's Initiative for Self-Employment: <http://nebraskatickettowork.org/sites/ttw.unl.edu/files/self-assessment.pdf>



LESSON 2: ENTREPRENEUR: IT IS ME?

■ ACTIVITY 2-2: DEVELOPING AN ENTREPRENEUR

Entrepreneur Characteristic #1: _____

Identify two to three ways an individual can develop this characteristic or skill.

1.

2.

3.

Entrepreneur Characteristic #2: _____

Identify two or more ways an individual can develop this characteristic or skill.

1.

2.

3.

LESSON 3: WHAT'S IN IT FOR ME?

CONCEPTS Benefits • Costs • Decision Making • Incentives • Opportunity Cost • Trade-offs • Utility

In this lesson, students will examine both the benefits and costs that are associated with owning and operating a business. By completing a decision-making grid, students will realize that being your own boss involves trade-offs. In addition to this, students will examine the incentives for starting a business as well as the opportunity costs involved.

OBJECTIVES

After completing this lesson, students will be able to:

- List the incentives that could be considered when starting a new business.
- Define utility and how to use it in making decisions.
- Define and provide examples of opportunity cost when starting a new business.
- Identify the costs and benefits of business ownership.
- Determine the trade-offs between business ownership and employment.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 1: Scarcity
- Standard 2: Decision Making
- Standard 4: Incentives

National Standards for Financial Literacy

- Standard 1: Earning Income

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.2 Develop a plan to support short- and long-term goals.
- SS 8.2.2 Understand personal and business financial management.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.28, BMM.HS.4.19, BMM.HS.7.22 Explore the characteristics of an entrepreneur.
- BMM.HS.3.33, BMM.HS.4.24, BMM.HS.7.27 Analyze entrepreneurial opportunities.

TIME REQUIRED

45-60 minutes

LESSON 3: WHAT'S IN IT FOR ME?

MATERIALS NEEDED

- Piece of paper, one per group of 3-4 students
- Pencil, one per student
- Small prizes for winners of small group activity, one per student in the group (e.g. candy, small toy, classroom incentive, etc.)
- Activity 3-1: What is the Best Choice?, one per student
- Activity 3-2: Business Decisions for Indy Pendant and Sue Curity, one per student
- Activity 3-3: What would YOU choose?, one per student
- Assessment 3-1, one per student

PROCEDURE

1. Divide the students into groups of 3 or 4 and give them the following instructions:
 - a. List reasons why a person would want to start their own business
 - b. Only one person can write for the group
 - c. You will have one minute to complete this task
 - d. Try to see if your group can come up with the most written reasons.
2. Time the exercise and after one minute tell the groups to stop writing. Then ask each group how many reasons they were able to list. Ask only for the number of reasons, not the reasons they listed. Record the results for each group on the board.
3. Tell the students that you are going to do another round like the first round but with two changes. First, they are to use the backside of their paper and they cannot use any of the reasons they listed during the first round. Second, each member of the group that lists the most NEW reasons will receive a prize. (*show prize that the members of the group will receive*)
4. After one minute tell the students to stop writing. Ask for a representative from each group to record their reasons from rounds one and two on the board. (*Have all the group representatives record their results at the same time to save both time and to keep groups from trying to add reasons while one group is recording*) Alternative option is to have students submit answers electronically through a website like Padlet or Google docs.
5. Determine which group had the most NEW reasons in the second round and award the prizes. Working under the assumption that most groups had more reasons listed for the second round than for the first, ask the following: "Why were you able to come up with more reasons during the second round than you were the first?" (*Answers may include: Because we were competing for a prize*). If the groups were unable to come up with more reasons during round two say: "I noticed that you seemed to work much harder during the second round than the first, why?" (*The answer should have something to do with receiving the prize*)

LESSON 3: WHAT'S IN IT FOR ME?

6. Tell the students that the prize they were competing for is known as an incentive just like the reasons listed on the board are incentives for people to go into business for themselves. Show the following definition on the board: **Incentives** are factors that motivate and influence human behavior. Then explain that monetary incentives usually influence people to go into business for themselves either to achieve financial or material gain or to avoid financial or material loss. Then ask the students to identify the economic incentives from their lists on the board.
7. There are incentives other than money that might affect a person's decision to start a business. These might be more personal incentives—it's important to remind students that money is not the only incentive although it can be a powerful incentive. Ask the students to identify some of the personal incentives from their lists on the board.
8. Ask students why personal incentives are important and how they influence a person. (Answers will vary but may include: They make the business owner happy, a person might like the task, etc.) Follow up after some discussion that satisfaction and happiness are important—being happy or satisfied with your job is a big reason people might want to own their own business. Then tell the students that economists use the term, **utility**, when they talk about a person's satisfaction or happiness when consuming a good or service (show the definition).
9. After identifying monetary and personal incentives (note that not every item they wrote on the list will fall into one of these two categories from their lists, explain to the class that even though there may be a great deal to gain from starting your own business there are also some things that must be given up. Show the following definition: **Trade-offs** involve accepting or choosing less of one thing to get more of something else. As an example, explain that operating your own business means you give up a job working for someone else.
10. Tell the students the following and show the definitions: Because an entrepreneur is a **decision-maker** the decision to start their own business will involve making trade-offs, weighing the **benefits** (Something that promotes or enhances well-being) against the **costs** (something to give up—usually amount paid or required in payment for a purchase) of each alternative they are considering. Note that benefits can include financial/monetary benefits but also personal benefits or utility. To receive the most satisfaction from their decision, they should choose the alternative that gives them the most benefits and the least costs based on their criteria.
11. Distribute Activity 3-1: What is the Best Choice? to each student and tell them you are going to do a brief activity to illustrate how a potential entrepreneur may weigh costs and benefits to determine if they should start their own business. Read the directions with the students and ask if they have any questions. Walk students through the example, pausing to make sure the math is clear. Use Activity 3-1: What is the Best Choice? (Key)
 - **Teacher note:** the decision matrix is asking students to look at different criteria that is important to them and rank it giving the most weight (higher utility score) than something that is less important. Then students will have to score how well they feel the alternatives match the criteria. Ultimately, you will calculate total utility by multiplying the alternative score by the utility score and adding that up across the alternative to get a total utility. You will select the alternative that gives you the highest utility (or satisfaction).

LESSON 3: WHAT'S IN IT FOR ME?

12. If there are no questions or after all questions have been answered, have students complete Activity 3-2: Business Decisions for Indy Pendant and Sue Curity, except for the final question about opportunity costs (you may want them to work in groups of 2-3). Give students about 10 minutes (more or less time may be needed depending on your class) to complete the first part of the worksheet. Ask the following questions:
 - a. What alternative should Indy Pendant choose to receive the greatest satisfaction? (Answer: *Alternative B*), Sue Curity? (Answer: *Alternative A*)

Indy Pendant Total Utility: Alternative A: 24; Alternative B: 39; Alternative C: 27
Sue Curity Total Utility: Alternative A: 41; Alternative B: 32; Alternative C: 17
 - b. Both women used the same criteria to evaluate the same alternatives so why did they select different alternatives? (Answers may vary slightly: Because of their different values, they weighed the criteria and alternatives differently)
13. Explain to the class that, like these two women, they need to consider their own values when making decisions to gain the most satisfaction from their decision. Remind students that we always make tradeoffs when we make decisions. Show the following definition, **opportunity cost** is the forgone benefit of the next best alternative when scarce resources are used for one purpose rather than another. Then ask: What is Indy's opportunity cost? (Answer: *Alternative C*), Sue's opportunity cost? (Answer: *Alternative B*). (**Point of emphasis:** *The opportunity cost is only the second-best choice, not all alternatives that were not chosen*).
14. Give students 3-5 minutes to finish the last question on the Activity 3-2: Business Decisions for Indy Pendant and Sue Curity, writing 3-4 sentences explaining why the two women selected different alternatives.
15. Have students complete their own decision matrix. Hand out Activity 3-3: What would YOU choose? Give students 5 minutes to complete steps 1-4 (this should go quickly with the previous practice examples). Then have them complete the questions a-d in question 5. After students have completed it take some time to debrief and ask students about their opinions and the alternatives they selected.
16. Conclude the lesson by reviewing the following:
 - Entrepreneurs must analyze the costs and benefits of going into business;
 - Entrepreneurs must make trade-offs that will result in the greatest satisfaction from the decision they make
 - Entrepreneurs must give something up for the alternative they choose and that is the opportunity cost of making their decision.
17. Have students individually complete Assessment 3-1 (either in class or as homework).

LESSON 3: WHAT'S IN IT FOR ME?

ASSESSMENT 3-1 ANSWERS

1. Juan Trey Preneur is considering starting his own business and has evaluated three different alternatives. According to his criteria he has decided that the best option for him is to keep his current job and operate his business on a part-time basis in the evenings and on weekends. His next best alternative would be to quit his job and start his business full time, and his third best alternative would be to quit his current job and join a partnership with his father-in-law. Based on this information, Juan's opportunity cost of his decision is
 - a. going into partnership with his father-in-law.
 - b. opening his business on a part-time basis while working full time.
 - c. the sleep he will lose by trying to do two things at once.
 - d. **operating his own business on a full-time basis.**
2. The opportunity cost of constructing a new public highway is the
 - a. money cost of hiring contractors and construction workers for the new highway.
 - b. **value of other goods and services that are sacrificed to construct the new highway.**
 - c. expected cost of constructing the new highway in a future year.
 - d. value of shorter driving times and distances when the new highway is completed.
3. Factors that motivate and influence human behavior are called
 - a. **incentives.**
 - b. trade-offs.
 - c. opportunity costs.
 - d. alternatives.
4. Your sister lives in South Dakota and works for an auto body shop and you decide to call her and let her know how your school year is going. During your conversation she tells you that she is considering quitting her job and opening her own body shop because she is sure she can make more money. After you hang up you decide to write her an email (or letter) urging her to make a rational decision rather than an emotional decision. Compose an email (or letter) using proper format and standard writing conventions to your sister and offer her advice on how to make a sound economic decision. Make sure to include something about comparing costs against benefits and the trade-offs she would need to make to be the most satisfied with her final decision.

EXTENSION

Have students create their own decision matrix. Let them decide what 5 criteria (or choose a number if you wanted to add some more criteria or difficulty to the assignment) are most important to them. Have a class discussion where students share the criteria they choose. Next have students determine 3 career paths to take (i.e. work for someone else, own my own business, and work part-time and own my own business) rank the alternatives on how best they fit the criteria. Then have students complete the matrix and see where they have the highest utility. Discuss any surprises the students might have had going through the process.

LESSON 3: WHAT'S IN IT FOR ME?

ACTIVITY 3-1: WHAT IS THE BEST CHOICE?

Making decisions is tough! Everyone has an idea of what they want out of a job—those are the criteria. Many times, there are alternative jobs to look at and they might satisfy the criteria differently. Below are the steps to help you make the best decision and have the highest utility or satisfaction.

Steps:

- Rank the criteria that is the most important to you with the highest number (5) and the least important to you with the lowest number (1).

CRITERIA	A	B	C	D	E	TOTAL UTILITY
Criteria Utility Score	3	5	1	4	2	

- Rank the alternatives from most likely to satisfy each of the five criteria (3) to the least likely to satisfy that criteria (1).

CRITERIA	A	B	C	D	E	TOTAL UTILITY
Alternative 1	1	3	3	2	2	
Alternative 2	3	2	1	1	1	
Alternative 3	2	1	2	3	3	

- Multiply the rank of the criteria by the rank of the alternative to get the utility or satisfaction for that alternative. Then add up all the utility numbers across the alternative for the total utility.

Alternative 1

Alternative 2

Alternative 3

- Choose the alternative that offers you the most utility or satisfaction by selecting the alternative with the highest utility points. See the example below:

	CRITERIA 1	CRITERIA 2	CRITERIA 3	CRITERIA 4	CRITERIA 5	TOTAL POINTS
Criteria Utility Score	3	5	1	4	2	
Alternative 1	1	3	3	2	2	
Alternative 2	3	2	1	1	1	
Alternative 3	2	1	2	3	3	

Which alternative should be selected?

LESSON 3: WHAT'S IN IT FOR ME?

ACTIVITY 3-1 KEY: WHAT IS THE BEST CHOICE?

Making decisions is tough! Everyone has an idea of what they want out of a job—those are the criteria. Many times, there are alternative jobs to look at and they might satisfy the criteria differently. Below are the steps to help you make the best decision and have the highest utility or satisfaction.

Steps:

- Rank the criteria that is the most important to you with the highest number (5) and the least important to you with the lowest number (1).

CRITERIA	A	B	C	D	E	TOTAL UTILITY
Criteria Utility Score	3	5	1	4	2	

- Rank the alternatives from most likely to satisfy each of the five criteria (3) to the least likely to satisfy that criteria (1).

CRITERIA	A	B	C	D	E	TOTAL UTILITY
Alternative 1	1	3	3	2	2	
Alternative 2	3	2	1	1	1	
Alternative 3	2	1	2	3	3	

- Multiply the rank of the criteria by the rank of the alternative to get the utility or satisfaction for that alternative. Then add up all the utility numbers across the alternative for the total utility.

$$\text{Alternative 1: } (3 \times 1) + (5 \times 3) + (1 \times 3) + (4 \times 2) + (2 \times 2) = 33$$

$$\text{Alternative 2: } (3 \times 3) + (5 \times 2) + (1 \times 1) + (4 \times 1) + (2 \times 1) = 26$$

$$\text{Alternative 3: } (3 \times 2) + (5 \times 1) + (1 \times 2) + (4 \times 3) + (2 \times 3) = 31$$

- Choose the alternative that offers you the most utility or satisfaction by selecting the alternative with the highest utility points. See the example below:

	CRITERIA 1	CRITERIA 2	CRITERIA 3	CRITERIA 4	CRITERIA 5	TOTAL POINTS
Criteria Utility Score	3	5	1	4	2	
Alternative 1	1	3	3	2	2	
Alternative 2	3	2	1	1	1	
Alternative 3	2	1	2	3	3	

Which alternative should be selected? *Alternative 1 brings a total utility of 33 which is the highest.*

LESSON 3: WHAT'S IN IT FOR ME?

ACTIVITY 3-2: BUSINESS DECISIONS FOR INDY PENDANT AND SUE CURITY

Two young women are considering starting their own business. Indiana Pendant (or Indy as she is known to her friends) and Sue Curity are discussing their potential businesses with each other and decided that there are five criteria in a job that is important to them. They have also decided that there are three alternative job options. Using the information for each woman below, complete the decision-making grid and list which alternative each woman would choose from her first choice to her third choice based on the total utility they would receive.

Indy Pendant: Indy ran for and was elected president of her class and was also a member of her school's speech and drama teams. Despite all her activities, she still managed to get her homework completed on time for her classes and was able to maintain a solid grade point average. To make the "right" decision about starting her own business, she decided to rank the five criteria from 5 to 1 with 5 being the most important and 1 the least. She then ranked the three alternatives from 3 to 1 with 3 being the best and 1 the least for each of the criteria. The results of her ranking are included in the decision-making grid below. Complete the grid for her by multiplying the rank of the criteria by the rank of each option and record it in the blank line. Then add up the answers in each row to get a total for each option. The option with the highest total would be her top choice and the lowest total would be her last choice.

Indy Pendant's decision-making grid with her rankings is as follows:

	STEADY INCOME	UNLIMITED EARNINGS	TIME WITH FAMILY/ FRIENDS	FREEDOM TO MAKE DECISIONS	RESPONSIBILITY FOR SUCCESS	TOTAL POINTS
Criteria Utility Score	4	2	5	3	1	
A) Full time operation of business	2 _____	1 _____	2 _____	1 _____	1 _____	
B) Work part-time and run business part-time	3 _____	2 _____	3 _____	2 _____	2 _____	
C) Work full time and forget business	1 _____	3 _____	1 _____	3 _____	3 _____	

Based on this information which alternative will Indy choose?

Why?

LESSON 3: WHAT'S IN IT FOR ME?

ACTIVITY 3-2: BUSINESS DECISIONS FOR INDY PENDANT AND SUE CURITY (CONT.)

Sue Curity: Like Indy, Sue was a very good student in school who worked hard and all of her assignments completed on time. She received good grades in all of her classes and graduated with a high grade point average. However, because she felt it was important to do well in school she chose not to participate in any extracurricular activities in school but did have a part-time job so she could save money for college. She knew that having a part-time job would take away time from her homework and if she were involved in extra activities at school, she would not be able to spend as much time with her friends as she would like.

Sue Curity's decision-making grid with her rankings is as follows:

	STEADY INCOME	UNLIMITED EARNINGS	TIME WITH FAMILY/ FRIENDS	FREEDOM TO MAKE DECISIONS	RESPONSIBILITY FOR SUCCESS	TOTAL POINTS
Criteria Utility Score	2	3	1	5	4	
A) Full time operation of business	3 _____	2 _____	2 _____	3 _____	3 _____	
B) Work part-time and run business part-time	2 _____	3 _____	1 _____	2 _____	2 _____	
C) Work full time and forget business	1 _____	1 _____	3 _____	1 _____	1 _____	

Based on this information which alternative will Sue choose?

Why?

In the space below, explain why the women would select different alternatives when they used the same criteria and alternatives to reach their decision. Be sure to use proper sentences and include terms from the lesson including incentives, opportunity cost, utility.

LESSON 3: WHAT'S IN IT FOR ME?

ACTIVITY 3-3: WHAT WOULD YOU CHOOSE?

How would you personally rank the job criteria? Is a steady income the most important to you or would you rather have the freedom to make decisions? Now is your chance to look at what you think is the most valuable aspect of the job to you.

1. How would you rank the criteria? Put in your criteria utility score in the table below. Remember to score the criteria with the highest utility to you as a 5 and the criteria that has the lowest utility to you as a 1.

	STEADY INCOME	UNLIMITED EARNINGS	TIME WITH FAMILY/FRIENDS	FREEDOM TO MAKE DECISIONS	RESPONSIBILITY FOR SUCCESS	TOTAL POINTS
Criteria Utility Score						
A) Full time operation of business	_____	_____	_____	_____	_____	
B) Work part-time and run business part-time	_____	_____	_____	_____	_____	
C) Work full time and forget business	_____	_____	_____	_____	_____	

2. Next fill in the above table and rank how you feel that each of the alternatives (A, B, and C) would fit the criteria. Again, 3 is the alternative that would be the best alternative for that criteria and 1 is the alternative that would be the worst alternative for that criteria.
3. Multiply the rank of the criteria by the rank of the alternative to get the utility or satisfaction for that alternative. Then add up all the utility numbers across the alternative for the total utility. Fill in this number in the Total Utility column of the above table.
4. Choose the alternative that offers you the most utility or satisfaction by selecting the alternative with the highest utility points.

LESSON 3: WHAT'S IN IT FOR ME?

ASSESSMENT 3-1

1. Juan Trey Preneur is considering starting his own business and has evaluated three different alternatives. According to his criteria he has decided that the best option for him is to keep his current job and operate his business on a part-time basis in the evenings and on weekends. His next best alternative would be to quit his job and start his business full time, and his third best alternative would be to quit his current job and join a partnership with his father-in-law. Based on this information, Juan's opportunity cost of his decision is
 - a. going into partnership with his father-in-law.
 - b. opening his business on a part-time basis while working full time.
 - c. the sleep he will lose by trying to do two things at once.
 - d. operating his own business on a full-time basis.
2. The opportunity cost of constructing a new public highway is the
 - a. money cost of hiring contractors and construction workers for the new highway.
 - b. value of other goods and services that are sacrificed to construct the new highway.
 - c. expected cost of constructing the new highway in a future year.
 - d. value of shorter driving times and distances when the new highway is completed.
3. Factors that motivate and influence human behavior are called
 - a. incentives.
 - b. trade-offs.
 - c. opportunity costs.
 - d. alternatives.
4. Your sister lives in South Dakota and works for an auto body shop and you decide to call her and let her know how your school year is going. During your conversation she tells you that she is considering quitting her job and opening her own body shop because she is sure she can make more money. After you hang up you decide to write her an email (or letter) urging her to make a rational decision rather than an emotional decision. Compose an email (or letter) using proper format and standard writing conventions to your sister and offer her advice on how to make a sound economic decision. Make sure to include something about comparing costs against benefits and the trade-offs she would need to make to be the most satisfied with her final decision.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

CONCEPTS Demographics • Goods • Incentives • Market • Median • Services

This lesson is designed to help students investigate various data within their local community and how that data can influence entrepreneurship. Students will conduct research about their community in collaborative groups and adapt that data into a summative visual. Students will present their findings and associated visual and use that information to assess gaps in the goods and services available in their community.

OBJECTIVES

After completing this lesson students will be able to:

- Define demographics, median, goods, services, market and incentives.
- Interpret demographic data for their community.
- Evaluate how demographics connects to entrepreneurship.
- Analyze business opportunities in their community.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 4: Incentives
- Standard 7: Markets and Prices
- Standard 14: Entrepreneurship

Nebraska Standards

- Standard 2: Buying Goods and Services

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.2 Develop a plan to support short- and long-term goals.
- SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 8.2.2 Understand personal and business financial management.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.28, BMM.HS.4.19, BMM.HS.7.22 Explore the characteristics of an entrepreneur.
- BMM.HS.3.33, BMM.HS.4.24, BMM.HS.7.27 Analyze entrepreneurial opportunities.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

■ TIME REQUIRED

Two 60-minute sessions

■ MATERIALS NEEDED

- Visual 4-1: My Community—Then and Now Presentation Guidance, one per student
- Computer with internet access, one per student or enough for one per group of 3-4 students
- Infographic software—e.g. Canva
- Blank piece of paper to write the numbers of groups for the group presentations
- Small cup/hat to use for drawing presentation order
- Activity 4-1: What's Missing in the Market?
- Assessment 4-1, one per student

■ PROCEDURE – DAY ONE

1. Ask students what types of businesses they see in their community. (*Answers will vary*)
For schools in larger cities maybe focus the area they are talking about but make sure it is a commonly known area. For example, ask what businesses are around the school or downtown.
2. Then, ask students how the businesses in their community (or in the specified area) have changed in the last year, five years, or more?
3. Tell the students that they are going to create a profile of businesses in their community and how they have changed over the last 30 years. They will create an infographic using the software of your choice and will present this to their classmates. (*Optional: you could have students prepare a presentation using Microsoft Power Point, Google Slides, etc. instead of the infographic*).
4. Show the following definition, **demographics** is statistical data or characteristics of human populations within a particular area. Inform students that their profiles will include demographics about their community.
5. Hand out Visual 4-1: My Community: Then and Now Presentation Guidelines to each of the students. Display Visual 4-1: My Community: Then and Now Presentation Guidelines and review the information with the class.
6. Ask students if they can name any demographic data that might pertain to businesses. (*Answers will vary but may include: population, number of consumers, employment rates, unemployment rates, income, etc.*)
7. Let students know that their profiles should include the following: age breakdown, median age, number of people by gender, total population, projected population, employed persons and unemployment rate, income levels and median income, education level of population, ethnic breakdown of population, and the breakdown of industries and businesses.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

8. Show the following definition and explain that the **median** of a particular statistic is the middle number of a set of numbers that divides numerically ordered data into two equal halves.
9. Share that students will work in small groups to research the data you mentioned and will summarize that data through a short 3-5 minute oral presentation to the class accompanied by visuals.
10. Divide the class into collaborative groups of three to four students and ask them to discuss and finalize an action plan to complete the assignment.
 - **Teacher note:** *Identify a deadline for groups to complete the assignment based on the amount of time you would like to enable them to complete their research and prepare their presentation and related materials.*
11. Give students the rest of the class period to begin work on their presentations and visuals
 - **Teacher note:** *If you're worried about the time, split the demographics and assign specific data for each group to research.*

PROCEDURE – DAY TWO

1. Using the small pieces of paper, write a number on each piece representing a team number. Use this to determine the order for each group to present by numbering each group and randomly picking numbers out of a cup/hat.
2. Allow each group to present their findings to the class and to walk through their visuals.
3. After all groups have reported ask students the following and record their answers on the board:
 - a. What are the demographic trends in the community? (*Answers will vary*)
 - b. Based on these trends, what do you think the community will look like in 5-10 years? (*Answers will vary*)
 - c. Were there any demographics that were unexpected? If so, what were they? (*Answers will vary*)
 - d. Why would information like this be helpful to entrepreneurs? (*Answers will vary but may include: it allows them to determine who their potential customers are so they can adjust and meet the needs of the changing population, it can show entrepreneurs what businesses or products might be lacking or missing in their community, it can show what competitive wages are in their community, etc.*)
 - e. Where do entrepreneurs sell their products? (*Answers will vary but may include: a physical store, online, through ads or print marketing, etc.*)
4. Share that entrepreneurs and business owners sell goods and/or services. Explain and show the following definitions, **goods** are things that satisfy people's wants and that **services** are actions that satisfy people's wants.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

5. Show the following definition and explain that *entrepreneurs, or sellers, exchange goods and services with buyers in what is called a **market***. Tell students that markets can exist physically and/or virtually, wherever goods and services are sold. Ask students to think back to their demographic research. Invite students to name goods and services that are prevalent in their community today. Once groups have finished or are mostly finished spend 5-10 minutes going over the suggestions from the groups.
6. Distribute Activity 4-1: What's Missing in the Market? to each student and ask them to return to their small groups from earlier in the lesson. Ask students to work with their group to identify at least two goods and two services that are currently missing or underrepresented in their local community and to record their ideas on the handout. Give students 5-7 minutes to complete this activity.
7. Show the following definition and explain that behaviors of entrepreneurs and business owners can be influenced by *perceived benefits or costs*, also called **incentives**.
8. As a review of lesson 3, ask students to name incentives to entrepreneurs for starting a business. (*Answers will vary but may include: offering a good or service that a community doesn't have, making money, working for yourself, not having to depend on others for that good or service, etc.*)
9. Conclude the lesson by reviewing the following:
 - Markets exist when buyers and sellers can come together and exchange goods and services.
 - Entrepreneurs will enter potential markets when there are incentives that encourage them to allocate their resources in that market.
 - This incentive is many times the profit from their business but there are a lot of personal or other reasons to own a business (see Lesson 3).
 - To maximize their profit, entrepreneurs need to be aware of changes and trends in the demographics of their community so they can better meet the needs of their potential customers.
10. Have students individually complete Assessment 4-1 (either in class or as homework).

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

ASSESSMENT 4-1 ANSWERS

1. When economists describe “a market,” they mean
 - a. any place where stocks and bonds are traded.
 - b. a communication network that allows individuals to keep in touch with each other.
 - c. a hypothetical place where the production of goods and services occurs.
 - d. **any place where, or mechanism by which, buyers and sellers interact to trade goods, services, or resources.**
2. Which of the following is an example of an incentive that would influence an entrepreneur to start a business?
 - a. **Profit from selling the product in the community.**
 - b. Losing a previous business.
 - c. No one in the community wants the type of good the entrepreneur is making.
 - d. A preference to relocate to an area with a lot of sellers with a similar product.
3. Why might an entrepreneur be interested in the demographics of the area around their business?
 - a. The entrepreneur is curious, and it helps them find a location that few people might be located.
 - b. **The entrepreneur uses the information to find a location where there will be a lot of buyers for the good or service.**
 - c. The entrepreneur needs to find the most expensive location to look good.
 - d. The entrepreneur does not need the demographic information.
4. Define and provide examples of markets.

Answers will vary but may include: Markets are where sellers and buyers exchange goods and services; examples include stores, online, print ads, etc.
5. Write a brief paragraph explaining why it is important for entrepreneurs to analyze the demographics of their community. Make sure to include concepts from the lesson such as incentives, market, goods, and services.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

■ EXTENSIONS

- Have the class prepare a complete report of their demographic findings so that it can be presented to various community organizations such as the Chamber of Commerce or Rotary. Have them contact the organizations they would like to present to and set up a time that they can present to these organizations. This exercise will help them find out who the community leaders are in the business community as well as give them a chance to work on public speaking skills. Students could also prepare a video presentation to send or do this virtually through zoom, Google meetings, or some other video conferencing site.
- Choose another community, in an area that is very different from yours (e.g., suburban or rural if your community is urban, coastal if your community is landlocked, etc.) to conduct demographic research and create an infographic poster that summarizes those findings.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

■ VISUAL 4-1: MY COMMUNITY: THEN AND NOW PRESENTATION GUIDANCE

Objectives

1. Research the following demographics in your community:
 - Total population
 - Total population by age
 - Total population by gender
 - Total population by ethnicity
 - Total population by education level
 - Total population by income level
 - Projected population
 - Median age of the population
 - Number of employed persons
 - Unemployment rate
 - Median income
 - Common types of industries and businesses
 - Other community-related data/statistics of interest to local entrepreneurs
2. Develop a 3-5 minute oral presentation that summarizes your findings.
3. Create an infographic poster that illustrates the data.

Guidelines

- All group members must be a part of the oral presentation.
- The infographic should highlight the data visually using colorful charts, graphs, images, etc.
- The infographic should be at least 11 x 17 in print.

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

■ VISUAL 4-1: MY COMMUNITY: THEN AND NOW PRESENTATION GUIDANCE (CONT.)

Research Reference Options

- Bureau of Labor and Statistics
www.bls.gov
- Federal Reserve Bank of Kansas City Community Research
www.kansascityfed.org/research/community
- Federal Reserve Bank of Kansas City Economic Databooks
www.kansascityfed.org/research/indicatorsdata/regionaldatabook
- Federal Reserve Bank of Kansas City Indicators and Data
www.kansascityfed.org/research/indicatorsdata
- Federal Reserve Bank of Kansas City Map Your Community
www.kansascityfed.org/research/community/regional-profiles
- Federal Reserve Bank of New York Data and Indicators
https://www.newyorkfed.org/research/data_indicators
- Federal Reserve Bank of Philadelphia Real-Time Data Research Center
www.philadelphiafed.org/research-and-data/real-time-center/real-time-data/
- Federal Reserve Economic Data
<https://fred.stlouisfed.org/>
- Geographical Federal Reserve Economic Data
<https://geofred.stlouisfed.org/>
- U.S. Census Bureau
<https://www.census.gov/topics/population.html>
- U.S. Department of Labor
www.dol.gov/general/topic/statistics

LESSON 4: ENTREPRENEURSHIP OPPORTUNITIES IN MY COMMUNITY

■ ACTIVITY 4-1: WHAT'S MISSING IN THE MARKET?

Goods

1. -----
2. -----
3. -----
4. -----
5. -----

Services

1. -----
2. -----
3. -----
4. -----
5. -----

LESSON 5: COMPETITION AND MARKET STRUCTURES

CONCEPTS Competitive Market • Demand • Equilibrium • Loss • Monopoly • Price • Profit • Shortage • Supply • Surplus

An entrepreneur will operate in a market that may, or may not, have others selling the same or similar products. If the entrepreneur is the only seller of that product, then the market structure is called a monopoly. However, if there are many sellers of a product, the market structure is called competitive. In this lesson students will play a game that simulates a competitive market. While playing the game, it is intended that students will “discover” that the price of the product is determined by the interaction of suppliers and demanders of the product. Thus, an entrepreneur, as one of the sellers, does not have a great deal of power to determine the price at which they sell. This can be important information for an entrepreneur because if the existing price in a competitive market is lower than the unit cost of production, then that would not be an ideal market to start their business as losses may result.

OBJECTIVES

After completing this lesson, students will be able to:

- Explain how prices come from the interaction of buyers and sellers.
- Calculate the profit from the sale of an item.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 7: Markets and Prices
- Standard 8: Role of Prices
- Standard 9: Competition and Market Structure

Nebraska Social Studies Standards

- SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.
- SS 7.2.4 Investigate how varying economic systems impact individuals in a civilization/society.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.30, BMM.HS.4.21, BMM.HS.7.24 Integrate the management, financial, marketing, and legal skills necessary to successfully operate and grow an entrepreneurial venture.

TIME REQUIRED

45-60 minutes

LESSON 5: COMPETITION AND MARKET STRUCTURES

MATERIALS NEEDED

- Activity 5-1a: Buying and Selling in a Competitive Market—SELLER, one for each seller
- Activity 5-1b: Buying and Selling in a Competitive Market—BUYER, one for each buyer
- Activity 5-2a: Earnings Recording Sheet, one for each seller
- Activity 5-2b: Earnings Recording Sheet, one for each buyer
- A baseball hat, a pair of sunglasses or an item that can be displayed as a sample of what students will buy or sell.
- Pencil, one per student
- A standard deck of playing cards, where only the following cards are used (Note: Materials based on a class of 18. If the class is larger than 18, you will need to add a second deck of cards.):
 - a. Black cards (spades or clubs) 2, 2, 3, 4, 5, 6, 6, 7, 8
 - b. Red cards (hearts or diamonds) 10, 10, 9, 8, 7, 6, 6, 5, 4
- Visual 5-1a-c: Supply and Demand (or use power point slides)
- 2 Small prizes (e.g. candy, small toy, or classroom incentive, etc.), one for winning buyer and seller
- Assessment 5-1, one per student

PROCEDURE

1. Divide the students into two groups. Assign one group to be buyers and the other group to be sellers. Let students know what item they will be buying or selling by referring to the sample item on display.
 - **Teacher Note:** *Do not stress if you have an uneven number—the game works even if it is not perfectly split between buyers and sellers.*
2. Explain and show the following definition, a **competitive market** occurs when there are many sellers selling the same product. Distribute Activity 5-1a: Buying and Selling in a Competitive Market to each of the sellers and Activity 5-1b: Buying and Selling in a Competitive Market to each of the buyers. Have students read the instructions for their designated group. After they have had a minute to read through the instructions, show the instructions and walk students through each step making sure to answer all questions that they might have. Explain that a competitive market occurs when there are many sellers selling the same product.
3. Inform the buyers and sellers that each will get a card that represents either:
 - a. the minimum amount the seller can sell the item for (black card), or
 - b. the maximum amount the buyer can pay for the item (red card)

LESSON 5: COMPETITION AND MARKET STRUCTURES

- c. Explain to students that sellers want to sell for as much as they can but have to at least charge a certain amount to cover their costs. The number on the card is the minimum they would want to charge based on their own costs to produce the good.
 - d. Also explain to students that buyers want to pay the lowest amount for any good or service they buy. The number on the card is the highest they value the item, but they would prefer to buy it for less than that.
4. Distribute a copy of Activity 5-2a: Earnings Recording Sheet—SELLERS to all students in the seller group and a copy of Activity 5-2b: Earnings Recording Sheet—BUYERS to all students in the buyer group.
(Optional: You may want to differentiate the groups in some capacity although not completely necessary. You could print Activity sheets 5-2 a and b on different colored pieces of paper. Or give students a lanyard/yarn necklace to signify that they are in the seller group.)
5. Explain and show the following definition, **profit** is the amount that remains after a business pays the cost of producing a good or service (*Revenue minus costs*). Explain and show the following definition, a **loss** is when a business pays more for production than they receive in revenue (*costs > revenue*). Provide the following example: If the trade is at a price of \$5.50 and the seller has the card 3, then they should record $\$5.50 - 3.00 = \2.50 in the Profit or Loss column of their handout. Conversely, if the buyer has card 10, then they should record $\$10 - 5.50 = \4.50 in their Profit or Loss column. Make sure students understand the roles that they are playing and what the number on the card represents.
6. Distribute the cards to the sellers and buyers and ask that they not show their card to anyone else. Instruct all buyers and sellers to go to the center of the room and that you will give them 3 minutes to make as many sales/purchases as they can. Additionally, let students know the following:
- a. Each buyer (seller) is free to negotiate a trading price with any seller (buyer)—but only in increments of 50 cents. So, prices can be \$1.00, or \$1.50, or \$2.00, or \$2.50 and so on.
(Note: the increments are not crucial to the success of the game it is more so to help students guide to a price and not arguing over a penny which is not the point of the simulation)
 - b. Buyers and sellers may want to call out prices at which they would buy or sell and see if that helps in making a trade.
 - c. When a buyer and seller agree on a price, buyer and seller should also record their successful trade in Activity 5-2: Earnings Recording Sheet. Then share your agreed upon price to the teacher for verification. If a trade does not follow the rules, the buyer and seller will be sent back to the market by the teacher.
 - d. If the trade was accepted, turn in your cards, and get new cards from the teacher and go back into the market to buy or sell again. You can complete as many trades in a round as possible. The more trades the more potential for profit..

LESSON 5: COMPETITION AND MARKET STRUCTURES

- e. After each round, when the teacher calls time, go back to your seats to calculate profit of trades from that round.
- f. The teacher should keep the red and black cards in two separate piles after a trade is completed.
- g. At the end of the activity, the seller and buyer with the highest earnings will each receive a prize!
 - **Teacher Note:** Allow about three minutes for trading to occur in each round—the first round might be a little slower but students will quickly catch on and begin trading quickly. You may want to adjust the timing depending on your class. Some will not be able to make a trade or make a trade at a loss and that is okay.
7. At the end of the round the teacher should collect the cards from all players, shuffle each pile separately and then redistribute them to the buyers and sellers for the next round. Sellers should stay sellers and buyers should remain buyers.
8. Continue the activity for three or four rounds. Remind the buyer and seller to use Activity 5-2: Earnings Recording Sheet to record their own trades. Students can use the back of their sheets to keep track if they run out of room on their original sheets. Or print more.
9. After 3-4 rounds are played, have each player add up their total earnings from all rounds. Reward the buyer and the seller with the highest earnings.
10. As you show the class Visual 5-1: Supply and Demand (a-c), explain the following using the diagrams and show the definitions to the class (Note that the accompanying power point has these in order): The price of a product is the amount of money that a buyer must pay to acquire a good or service and, as they discovered, is determined by buying and selling transactions.
 - a. Start by asking the students who determined the price? The sellers or the buyers? (*Note that students may say that sellers might be setting the price but then follow up with a question to the sellers to see if they could sell their good for \$15? Students will say no.*) Also ask buyers if they could buy the item for \$1 each time? The students will say no. Follow up this discussion with buyers and sellers had to come together to agree to a price.
 - b. Show and explain the following definition, **price** of a product is the amount of money that a buyer must pay to acquire a good or service and, as they discovered, is determined by buyers and sellers interacting.
 - c. Show Visual 5-1a: Supply and Demand. The **supply curve** is a schedule showing amounts of a good or service that sellers (or a seller) are willing and able to offer at various prices during some period. Each entrepreneur does not have the same cost, even with similar products, because of differences in supplies they buy, rent, number of employees, or a variety of other reasons. When the price is, say \$4, only the sellers with cards 2, 3, and 4 make any money or break even. Every other seller would lose money and would not enter the market or sell their product. A similar model holds for other prices.

LESSON 5: COMPETITION AND MARKET STRUCTURES

- d. Show Visual 5-1b: Supply and Demand. The **demand** curve is a schedule showing the amounts of a good or service that buyers (or a buyer) are willing and able to purchase at various prices during some period of time. Each consumer does not place the same value on a unit. When the price is, say \$8, only buyers with cards 10, 9, and 8 value the product enough to buy it. Every other buyer would give up more than the item is worth to them. This works similarly for other prices.
 - e. Show visual 5-1c: Supply and Demand. Explain that a competitive market brings together buyers and sellers to determine prices. Both groups of people are needed. The **equilibrium** is the market clearing price where the quantity supplied equals the quantity demanded, graphically it is the point where the demand and supply curves cross and are equal. (Show the definition)
 - f. When prices are higher than \$6, where supply and demand meet at the equilibrium, some sellers do not sell because not enough buyers value the unit at that high of a price. A **surplus** occurs when prices are too high and the amount that buyers are willing and able to buy is lower than the amount that sellers are willing and able to sell (Show the definition). A surplus number of units makes sellers unhappy because they'd have to lower the price to sell those units.
 - g. When prices are lower than \$6, some buyers will not get to buy because for some sellers the price is not high enough to cover their costs. A **shortage** occurs when prices are too low, and the amount buyers are willing and able to buy is greater than the amount sellers are willing and able to sell (Show the definition). The shortage leaves buyers unhappy because they must pay more for the item. The rising price does help bring more sellers to the market eventually.
11. Explain that an entrepreneur in a competitive market cannot charge any price they desire. The market forces of supply and demand influence what can be charged. If the price is too high, fewer buyers want to buy the product and if the price is too low, fewer sellers want to sell the product. However, in a **monopoly**, a market where the entrepreneur or seller is the only one selling a product, they have more flexibility in their pricing because buyers have limited opportunities to buy that product (show definition).
 12. Have students individually complete Assessment 5-1 (either in class or as homework).

LESSON 5: COMPETITION AND MARKET STRUCTURES

ASSESSMENT 5-1 ANSWERS

- Prices come from _____.
 - buyers alone
 - sellers alone
 - the interaction of buyers and sellers in a market.**
 - sellers charging higher prices to make larger profits.
- If sellers are charging more than buyers are willing and able to pay, a(n) _____ of product will result.
 - surplus**
 - shortage
 - equilibrium
 - diminishing return
- The demand curve represents the _____ the consumer puts on the good or service.
 - quality
 - value**
 - cost
 - feelings
- Explain why an entrepreneur cannot charge any price they want for their products using at least three of the vocabulary terms covered in the lesson.

Answers may include: Entrepreneurs cannot charge whatever they want because consumers are less willing to buy goods/services as the price increases. Suppliers take into account their costs but consumers take into account the amount they'll pay or the value. If the price is too high, fewer consumers want to buy it and if the price is too low, fewer sellers want to sell it. The market forces of supply and demand dictate prices.
- If you were an entrepreneur, how would you go about figuring out how much to charge for your good or service?

Answers may vary, but may include: Market research to ask potential consumers how much they would be willing to pay for the good; look at the cost to produce the good and charge some percentage more, etc.

LESSON 5: COMPETITION AND MARKET STRUCTURES

■ EXTENSION

Divide the class into two groups of students with buyers and one recorder in one group and sellers and the other recorder in another group. Using the information recorded on Activity 5.2: Earnings Record Sheet, have the group of buyers construct a demand curve from the trading activity and the group of sellers construct a supply curve. Have a spokesperson from each group present their graph to the rest of the class explaining the relationship between price and quantity on each. Then, as a class, combine the information from each graph and determine the equilibrium price.

LESSON 5: COMPETITION AND MARKET STRUCTURES

■ ACTIVITY 5-1a: BUYING AND SELLING IN A COMPETITIVE MARKET

Seller Instructions

1. In each round of the game, you will be given a card. The card value is the minimum dollar amount you can accept for the item in question (it is the cost of making or producing that item). If you receive more than the card value, you will have earned a profit. As an example, if your card is a 4 and you trade at a price of \$6, you would have earned \$2 (6 minus 4).
2. Negotiate with buyers to try to get the best deal for you. Call out how much you will accept for the item. You can change the amount you call out. You do NOT want to sell at a price lower than your card, but you may have to sell for lower to get another card and be able to sell again.
3. Within a round you can make as many transactions as you would like and speak with any buyer.
4. If you make a trade, go with the buyer to the teacher to have your trade verified, turn in your card, get a new card, and return to the trading floor. Do this after each trade.
5. You will be given a copy of Activity 5-2a: Earnings Record Sheet, this is where you keep track of your transactions (or trades) in the game.
6. You will play several rounds of the game; each round is 3 minutes long.
7. Make sure you turn in your card at the end of each round.
8. In between rounds you will calculate your profit or loss for that round.
9. At the very end add up all profits/losses for the whole game.

LESSON 5: COMPETITION AND MARKET STRUCTURES

■ ACTIVITY 5-1b: BUYING AND SELLING IN A COMPETITIVE MARKET

Buyer Instructions

1. In each round of the game, you will be given a card. The card value is the maximum dollar amount you would pay for the item in question. So, if you pay less than the card value, you will have “earned” by saving. As an example, if your card is a 9 and you trade at a price of \$5, you would have earned/saved \$4 (9 minus 5).
2. Negotiate with sellers to try to get the best deal for you. Call out how much you will pay for the item. You can change the amount you call out. You do NOT want to buy at a price higher than your card, but you may have to buy for more to get another card and be able to buy again.
3. Within a round you can make as many transactions as you would like and speak with any seller.
4. If you make a trade, go with the seller to the teacher to have your trade verified, turn in your card, get a new card, and return to the trading floor. Do this after each trade.
5. You will be given a copy of Activity 5-2b: Earnings Record Sheet, this is where you keep track of your transactions (or trades) in the game.
6. You will play several rounds of the game; each round is 3 minutes long.
7. Make sure you turn in your card at the end of each round.
8. In between rounds you will calculate your profit or loss for that round.
9. At the very end add up all profits/losses for the whole game.

LESSON 5: COMPETITION AND MARKET STRUCTURES

■ ACTIVITY 5-2a: EARNINGS RECORD SHEET - SELLER

Name _____

NUMBER ON CARD	AGREED UPON PRICE	PROFIT OR LOSS
(Seller example) 3	\$5.50	\$2.50 ($\$5.50 - 3 = \2.50)
TOTAL PROFIT		(sum this column)

LESSON 5: COMPETITION AND MARKET STRUCTURES

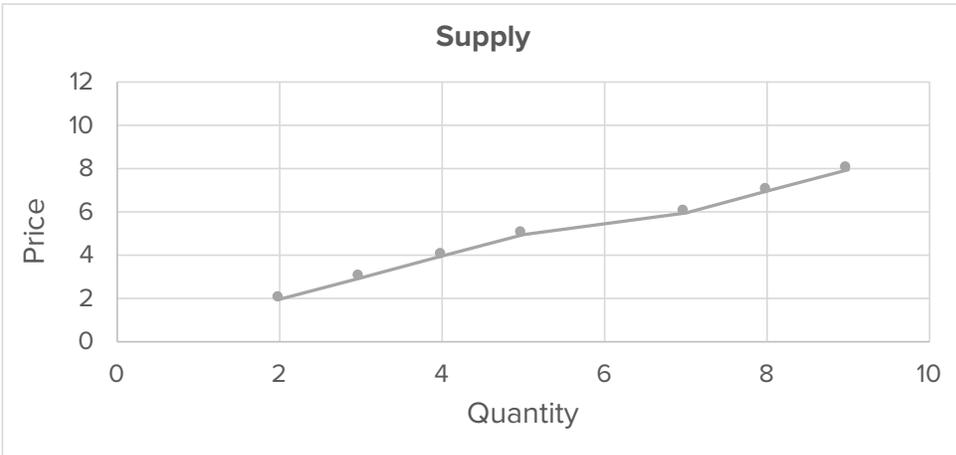
■ ACTIVITY 5-2b: EARNINGS RECORD SHEET - BUYER

Name _____

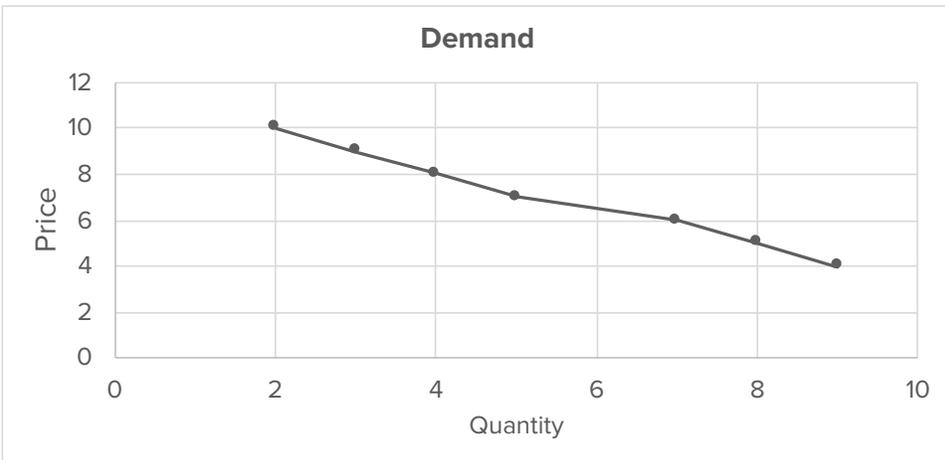
NUMBER ON CARD	AGREED UPON PRICE	PROFIT OR LOSS
(Buyer example) 10	\$5.50	\$4.50 (\$10-5.50=\$4.50)
TOTAL PROFIT		(sum this column)

LESSON 5: COMPETITION AND MARKET STRUCTURES

■ VISUAL 5-1a: SUPPLY



■ VISUAL 5-1b: DEMAND



■ VISUAL 5-1c: SUPPLY AND DEMAND



LESSON 5: COMPETITION AND MARKET STRUCTURES

ASSESSMENT 5-1

- Prices come from _____.
 - buyers alone
 - sellers alone
 - the interaction of buyers and sellers in a market.
 - sellers charging higher prices to make larger profits.
- If sellers are charging more than buyers are willing and able to pay, a(n) _____ of product will result.
 - surplus
 - shortage
 - equilibrium
 - diminishing return
- The demand curve represents the _____ the consumer puts on the good or service.
 - quality
 - value
 - cost
 - feelings
- Explain why an entrepreneur cannot charge any price they want for their products using at least three of the vocabulary terms covered in the lesson.
- If you were an entrepreneur, how would you go about figuring out how much to charge for your good or service?

LESSON 6: LEGAL FORMS OF BUSINESS

CONCEPTS Corporation • Franchise • Limited Liability • Partnership • Sole Proprietor • Unlimited Liability

In this lesson, students will define and explore issues relating to the legal forms of business ownership (sole proprietorship, partnership, corporation, and franchises). Students will learn the differences, advantages, and disadvantages of each legal form of business. The degree to which the entrepreneur is liable, meaning responsible, for the repayment of financial obligations depends on the legal form of business under which the business operates. The decision on the legal form of business directly impacts the financial position of the entrepreneur. Students will interview entrepreneurs of local businesses, in person or online, and discuss their type of ownership. Students will then use this information to create a presentation and write a brief paper describing their research findings including which type of ownership they would choose for their own business and why.

OBJECTIVES

After completing this lesson, students will be able to:

- Define the four legal forms of business ownerships.
- Compare and contrast limited and unlimited liability.
- Explain the advantages and disadvantages of the four different types of business ownership.
- Connect the four legal forms of businesses to businesses in their community.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 10: Institutions
- Standard 14: Entrepreneurship

Nebraska Social Studies Standards

- SS HS.2.2 Develop a plan to support short- and long-term goals.
- SS HS.2.4 Evaluate savings, investment, and risk management strategies to achieve financial goals.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS HS.2.7 Assess the roles of institutions such as clearly defined property rights and the rule of law in a market economy.
- SS 8.2.2 Understand personal and business financial management.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.29, BMM.HS.4.20, BMM.HS.7.23 Evaluate business ownership as related to business.
- BMM.HS.3.30, BMM.HS.4.21, BMM.HS.7.24 Integrate the management, financial, market, and legal skills necessary to successfully operate and grow an entrepreneurial venture.

LESSON 6: LEGAL FORMS OF BUSINESS

■ TIME REQUIRED

45-60 minutes plus interview and presentation time

■ MATERIALS NEEDED

- Computers with internet, one per student or enough for one per group of 2-3 students
- Visual 6-1: Legal Forms of Business Defined, one per student
- Activity 6-1: Advantages and Disadvantages - Legal Forms of Business, one per student or group
- Visual 6-2: Advantages and Disadvantages - Legal Forms of Business Key
- Activity 6-2: Legal Forms of Business in the Community, one per student or group
- Activity 6-3: Entrepreneur Interview Guide, one per student
- Presentation software for students (e.g., Google slides, Power Point, etc.)
- Assessment 6-1, one per student

■ PROCEDURE

1. Introduce the lesson by explaining that entrepreneurs have a vision when starting a business. When thinking about the positives, the vision is probably one of good fortune and success within the local community. But, as you can imagine, unfavorable things may happen. Revenues may not be enough to pay all the bills, accidents can happen, and many other contingencies may result in a struggle to meet financial responsibilities. The degree to which the entrepreneur is liable, meaning responsible, for the repayment of financial obligations depends on the legal form of business under which the business operates. The decision on the legal form of business directly impacts the financial position of the entrepreneur. Today we will explore the legal forms of business and associated issues.
2. Write each of the four legal forms of business (sole proprietorship, partnership, corporation, and franchise) on the board.
 - **Teacher Note:** *be sure to give enough space and keep it on the board as you will come back to it later with the class.*
 - **Optional:** *Instead of writing on the board you could collect the information and display it virtually using Padlet, google docs, etc. then have students in their groups contribute to the virtual discussion that way.*
3. As an introduction to the first three legal forms of business (sole proprietorship, partnership, and corporation), as a group watch the following [YouTube video](https://www.youtube.com/watch?v=nzRi-11MYHw) (3 mins).¹
4. As an introduction to franchise, as a group watch the following [YouTube video](https://www.youtube.com/watch?v=ARuOtcn6Qq4) (3 mins)²

¹<https://www.youtube.com/watch?v=nzRi-11MYHw>

²<https://www.youtube.com/watch?v=ARuOtcn6Qq4>

LESSON 6: LEGAL FORMS OF BUSINESS

5. After watching the introductory videos, have a short brainstorming class discussion session (5-10 minutes). Pose the following questions to students and record key points on the board under each of the four forms of ownership.
 - a. What do we know about each legal forms of business?
 - i. Number of owners for each (one, two, what are shareholders)?
 - ii. Difficult or easy to set up and get started?
 - iii. Who gets the profit, if any?
 - iv. How are decisions made?
6. Once brainstorming has been exhausted, hand out and display Visual 6-1: Legal Forms of Business Defined and thoroughly read, review, explain the definitions of limited and unlimited liability. Be sure to emphasize that liability means responsibility; entrepreneurs as owners of firms are responsible for the expenditures of the firm. How much responsibility depends on the legal form the business takes. Emphasize to students that this is one of the key issues when determining which legal form a new business will take. This is particularly important in the event the business revenues fall short of expenses or whether it continues upon death of an owner.
 - a. Utilize this [YouTube video](#)³ to further explain and reinforce the ideas of limited and unlimited liability.
 - b. Follow up the discussion of limited and unlimited liability by focusing on the four legal forms of business in Visual 6-1: Legal Forms of Business Defined and carefully read, review, and explain all four definitions. Again emphasize the difference in liability and how liability really affects the entrepreneurs decision of which legal form of business they choose.
7. Now that students have explored the four forms of business ownership and definitions of the types of liability, distribute copies of Activity 6-1: Advantages and Disadvantages - Legal Forms of Business to each student. Lead a class discussion utilizing the below questions to discuss advantages and disadvantages of each form of business. Have students make note of their responses on Activity 6-1.
 - a. What would be the advantages of each type of business ownership?
 - i. Which legal form of business is the easiest to start?
 - ii. Which form of business makes it easier to raise financial capital?
 - iii. Which form of business limits the liability of the owner?
 - iv. Which forms of ownership make the best use of brand recognition?
 - b. What disadvantages exist for each of the four forms of business ownership?
 - i. Which forms of business are more difficult to start?
 - ii. Which form of business puts the most liability on the owner?

³<https://www.youtube.com/watch?v=RrUKlyNKYIo>

LESSON 6: LEGAL FORMS OF BUSINESS

- iii. Which forms of business do not continue beyond the initial owner?
 - iv. Which form of ownership limits the independence and creativity of the entrepreneur?
8. Instruct students to review their lists of advantages and disadvantages in Activity 6-1: Advantages and Disadvantages - Legal Forms of Business while viewing the following videos. Have students put an * by the examples/points they already have listed while adding new information to their worksheet.
- a. Watch the following [YouTube video](#)⁴ with students on the advantages and disadvantages of the first 3 forms of business ownership (sole proprietorship, partnership, and corporation) (2 min).
 - b. Watch the following [YouTube video](#)⁵ with students an interview with Mr. Dan Lok on the advantages and disadvantages of owning a franchise (4 min).
9. Display Visual 6-2: Advantages and Disadvantages - Legal Forms of Business (Key) and have students ensure they have completely filled out grid of advantages and disadvantages.
10. Distribute Activity 6-2: Legal Forms of Business in the Community, and in small groups have students list up to 4 local businesses under each form of business ownership. Encourage students to consider many industries and examples of various goods and services (doctors and lawyers, restaurants, grocery/convenience stores, boutiques, hair salons, etc.). You can choose to have them list local businesses only or include national examples. Give students 5 minutes to complete the activity.
11. Come together as a class. Have each group report out the names of the businesses they came up with and write the names of businesses on the board under each of the four legal forms of business ownership listed at the beginning of class. Continue until all businesses listed on student sheets have been exhausted. For each business, ask why they categorized the businesses the way they did. What factors lead them to putting them under each type of ownership? (Number of owners, local chain of a national franchise, etc.) Have students refer to the definitions of each ownership type.
12. Individually or in small groups, assign or allow students to select a local business from their list or add additional suggestions found in their online research or from Lesson 1. Distribute Activity 6-3: Entrepreneur Interview Guide and have students either ask these questions of their assigned business in person, via phone, or virtually. Be sure to address requesting permission for the interview and any video or audio used. Ask students if there are there other questions they would like to ask based on class discussion? Instruct them that they will be expected to present their findings in a 3 to 5 minute presentation to the class utilizing Google slides, Power Point, Canva infographic, etc. Assign a due date and use class time for presentations.

⁴ <https://www.youtube.com/watch?v=UGSIED1Jx1Y>

⁵ <https://www.youtube.com/watch?v=ygOUQxts6KQ>

LESSON 6: LEGAL FORMS OF BUSINESS

Option: As an alternative to an interview, students can do online research on a business/ entrepreneur of their choice or visit the [Nebraska Business Development Center](https://www.unomaha.edu/nebraska-business-development-center/about/success-stories/index.php) (NBDC)⁶ for a list of success stories across Nebraska. Students can also refer to the list of entrepreneurs used in Lesson 1 (if applicable).

13. Have students individually complete Assessment 6-1 (either in class or as homework). The students' interview presentation can be used for assessment purposes using your preferred project [rubric](https://es.slideshare.net/cedecite/assessment-rubric-oral-presentation)⁷.

ASSESSMENT ANSWERS

1. A business with only one owner and no stock issued is a(n) _____.
 - a. partnership
 - b. corporation
 - c. S corp
 - d. **sole proprietorship**
2. A business that may result in divided authority is a(n) _____.
 - a. **partnership**
 - b. corporation
 - c. S corporation
 - d. sole proprietorship
3. Raising capital is easiest under which form of business ownership:
 - a. partnership
 - b. **corporation**
 - c. S corporation
 - d. sole proprietorship
4. Brand recognition is an advantage under which form of business ownership:
 - a. partnership
 - b. corporation
 - c. **franchise**
 - d. sole proprietorship

⁶<https://www.unomaha.edu/nebraska-business-development-center/about/success-stories/index.php>

⁷<https://es.slideshare.net/cedecite/assessment-rubric-oral-presentation>

LESSON 6: LEGAL FORMS OF BUSINESS

5. Write a 1-2 page paper that describes a business you would like to have. Be sure to use standard writing convention. Include a discussion of which type of ownership you would choose and why, including how liability issues will influence what legal form your business will have. You may use the following questions as a guide to outline your paper.
 - a. What form of ownership is most attractive to you and why? Which type of ownership do you see in your future entrepreneurial endeavors?
 - b. How might liability issues influence the choice of ownership? How comfortable are you with taking on financial risk?
 - c. What entrepreneurial opportunities are there in the community?
 - d. Given the answer to the above, what type of business is a good fit for you?

EXTENSION

- Invite a local business owner, perhaps one interviewed, to speak to the class about their type of legal business ownership and why they chose to set it up that way.
- Invite a local attorney or accountant to visit the class and discuss business issues or the steps necessary to incorporate a business, set up partnership agreements, or franchises. They should also share their experience advising clients on both the advantages and disadvantages of a corporation, partnership, sole proprietorship, and franchises as a form of business ownership.
- Invite a consultant from the [Nebraska Business Development Center](https://www.unomaha.edu/nebraska-business-development-center/about/success-stories/index.php) (NBDC)⁶ to visit the class, virtually or in person, click on the “About” tab to find the closest “Consultant” or “Success Story” to your school.
- Have students research and fully explore the option of franchise ownership. Visit their favorite national chain and find out if the company allows franchising, costs, terms, etc.

⁶<https://www.unomaha.edu/nebraska-business-development-center/about/success-stories/index.php>

LESSON 6: LEGAL FORMS OF BUSINESS

■ VISUAL 6-1: LEGAL FORMS OF BUSINESS DEFINED

Liability means responsibility. Entrepreneurs as owners of firms are responsible for the bills of the firm, quality of the product, and safety of the product. How much responsibility depends on the legal form the business takes.

- **Limited liability** means the responsibility of the owner(s) is limited to the dollar amount invested in the business. If financial obligations are larger than this, then the owner is not obligated to cover the obligation. For instance, personal assets could not be taken to meet the obligation.
- **Unlimited liability** means the responsibility of the owner(s) is unlimited. If financial obligations are more than the owner has invested in the company, then the owner could have to give up personal assets, like a car, to satisfy the financial obligation.
- Depending on the type of legal license agreement, **franchise owners can have limited or unlimited liability.**

A **sole proprietorship** is a form of business organization that is owned and managed by one individual who assumes all risk of loss and receives all profits. There is one owner, and no stock has been issued. The owner of the company faces unlimited liability.

A **partnership** is just like a sole proprietorship, except there is more than one owner. The owners assume all risk of loss and receive all the profit. The owners of the company face unlimited liability.

A **corporation** is a form of business where shares of ownership have been issued in the form of stock. Owners of the stock have limited liability. There can be a few, or millions of owners of the company. This type of business organization is created by law, functions as a separate legal entity, and is owned by its stockholders. Stockholders are at risk only for the amount of their financial investment.

A **franchise** is a type of ownership by which an individual pays a fee to purchase the rights to use the company's name and production of its products/services. The purchaser agrees to meet certain quality standards, provide certain products in exchange for training services, advertising campaign, production equipment, software, etc.

LESSON 6: LEGAL FORMS OF BUSINESS

■ ACTIVITY 6-1: ADVANTAGES AND DISADVANTAGES LEGAL FORMS OF BUSINESS

TYPES OF OWNERSHIP	ADVANTAGES	DISADVANTAGES
Sole Proprietorship		
Partnership		
Corporation		
Franchise		

LESSON 6: LEGAL FORMS OF BUSINESS

ACTIVITY 6-1 KEY: ADVANTAGES AND DISADVANTAGES LEGAL FORMS OF BUSINESS

TYPES OF OWNERSHIP	ADVANTAGES	DISADVANTAGES
Sole Proprietorship	Low start-up costs	Unlimited liability
	Greatest freedom	Lack of continuity
	All profits to owner	Difficulty in raising capital
	Owner in direct control	
Partnership	Easy to form	Unlimited liability
	Low start-up costs	Lack of continuity
	Additional resources available from two or more owners	Divided authority
		Difficulty in finding suitable partner; responsible for partner decisions
Corporation	Limited liability	Close regulation
	Specialized management	Most expensive to organize
	Ease of raising capital	Extensive record-keeping
	Life of business is infinite	
Franchise	Potentially smaller than usual capital investment	Possible high franchiser fee
	Prior public acceptance of product; established branding and marketing; greatly reduces rate of business failure.	Some loss of independence
	Better than average profit margins	Possible difficulties in canceling contract
	Management assistance	

LESSON 6: LEGAL FORMS OF BUSINESS

ACTIVITY 6-2: LEGAL FORMS OF BUSINESS IN THE COMMUNITY

Review the definitions of legal types of business ownership. Then list 3-4 examples of businesses in your community.

A **sole proprietorship** is a form of business organization that is owned and managed by one individual who assumes all risk of loss and receives all profits. There is one owner, and no stock has been issued. The owner of the company faces unlimited liability.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

A **partnership** is just like a sole proprietorship, except there is more than one owner. The owners assume all risk of loss and receive all of the profit. The owners of the company face unlimited liability.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

A **corporation** is a form of business where shares of ownership have been issued in the form of stock. Owners of the stock have limited liability. There can be a few, or millions of owners of the company. This type of business organization is created by law, functions as a separate legal entity, and is owned by its stockholders. Stockholders are at risk only for the amount of their financial investment.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

A **franchise** is a type of ownership by which an individual pays a fee to purchase the rights to use the company's name and production of its products/services. The purchaser agrees to meet certain quality standards, provide certain products in exchange for training services, advertising campaign, production equipment, software, etc.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

LESSON 6: LEGAL FORMS OF BUSINESS

■ ACTIVITY 6-3: ENTREPRENEURSHIP INTERVIEW GUIDE

Entrepreneur interview questions:

1. Name of entrepreneur
2. Name of entrepreneur's business
3. What type of product (goods and/or services) do they provide?
4. What is the size of the business, number of employees, etc.?
5. How does the business benefit the community?
6. What type of business organization is it (sole proprietor, partnership, corporation, or franchise)?
7. When did the business start? Why did they choose the type of legal ownership?
8. How has the business changed/grown since its inception? Has the type of ownership changed?
9. What challenges did they face in operating the business? How did they overcome them?
10. If it is a franchise, describe the terms of the agreement.
11. Other questions?

Note: Be sure to obtain permission for the interview including the use of any audio or video recording.

LESSON 6: LEGAL FORMS OF BUSINESS

ASSESSMENT 6-1

1. A business with only one owner and no stock issued is a _____.
 - a. partnership
 - b. corporation
 - c. S corp
 - d. sole proprietorship
2. A business that may result in divided authority is a _____.
 - a. partnership
 - b. corporation
 - c. S corporation
 - d. sole proprietorship
3. Raising capital is easiest under which form of business ownership:
 - a. partnership
 - b. corporation
 - c. S corporation
 - d. sole proprietorship
4. Brand recognition is an advantage under which form of business ownership:
 - a. partnership
 - b. corporation
 - c. franchise
 - d. sole proprietorship
5. Write a 1-2 page paper that describes a business you would like to have. Be sure to use standard writing convention. Include a discussion of which type of ownership you would choose and why, including how liability issues will influence what legal form your business will have. You may use the following questions as a guide to outline your paper.
 - a. What form of ownership is most attractive to you and why? Which type of ownership do they see in your future entrepreneurial endeavors?
 - b. How might liability issues influence the choice of ownership? How comfortable are you with taking on financial risk?
 - c. What entrepreneurial opportunities are there in the community?
 - d. Given the answer to the above, what type of business is a good fit for you?

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

CONCEPTS Fiscal Policy • Incentives • Role of Government

In this lesson students will evaluate how laws can affect entrepreneurs as they start their business. Students are encouraged to examine how various regulations can impact their businesses including tax laws, property rights, and access to funds. This lesson also introduces the concept of fiscal policy employed by state and local governments. Students will have an opportunity to examine their own local laws and do research to see how their state or local municipality helps local entrepreneurs start a business.

OBJECTIVES

After completing this lesson students will be able to:

- Explain how governments use fiscal policy to influence the behavior of entrepreneurs.
- List the incentives for governmental bodies to provide tax breaks and other inducements to businesses.
- Identify reasons entrepreneurs should be aware of governmental incentives available.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 2: Decision Making
- Standard 4: Incentives
- Standard 10: Institutions
- Standard 16: Role of Government and Market Failure
- Standard 20: Fiscal and Monetary Policy

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS HS.2.7 Assess the roles of institutions such as clearly defined property rights and the rule of law in a market economy.
- SS HS.2.8 Compare and contrast the roles and responsibilities of government and differing outcomes from various economic systems: command/communism, mixed, socialism, market, and traditional economic systems.
- SS HS.2.9 Examine the government's influence on economic systems through fiscal policy.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.30, BMM.HS.4.21, BMM.HS.7.24 Integrate the management, financial, marketing, and legal skills necessary to successfully operate and grow an entrepreneurial venture.

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

■ TIME REQUIRED

Two 60-minute sessions (more or less depending on the depth of research)

■ MATERIALS NEEDED

- Computers/tablets with internet access, one per group of 2-3 students
- Presentation software (e.g. Google slides, Power Point, etc.)
- (optional) In lieu of presentation software have students create an infographic, video, or podcast
- (optional) Teacher to find and print state/local law(s) related to entrepreneurs—one per student
Or you can have the students search for this information themselves with various levels of instruction as decided upon by the teacher
- Assessment 7-1, one per student

■ PROCEDURE

1. Prior to the class the teacher will need to find 4-5 state/local laws that impact entrepreneurs directly.
Nebraska examples:
 - a. [LB 840](https://opportunity.nebraska.gov/program/lb-840/#1491492241170-a44f79f1-c0ae)¹ which allows local governmental units to use a local option municipal sales tax for economic development. Municipalities can use the tax money collected to offer incentives for businesses to locate or expand operations in their community.
 - b. [Statute 81-1203](https://nebraskalegislature.gov/laws/statutes.php?statute=81-1203)² which is a revision of a job training grant (largely) and other business-related aspects.
2. Ask the students why it is important for an entrepreneur to understand local and state laws that may affect their business. Record their responses on the board or on poster paper. You can also consider using an electronic option such as Padlet or PearDeck. *Answers may include: Stay out of jail/not break any laws, learn about laws that could help them start their business, help avoid costly mistakes by not following laws, etc.*
3. The students may or may not mention laws allow for tax breaks and other incentives for entrepreneurs. Show the following definition and explain to students that “Not only do our laws place restrictions on business and punish people for violations of the law, they also offer incentives for entrepreneurs to locate or expand their operations. Remember that **incentives** are *factors that motivate and influence human behavior*. Today we are going to take a closer look at specific laws that offer tax incentives to business.”

¹<https://opportunity.nebraska.gov/program/lb-840/#1491492241170-a44f79f1-c0ae>

²<https://nebraskalegislature.gov/laws/statutes.php?statute=81-1203>

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

4. Show the following definition, **Fiscal Policy**—*changes in taxes, in government expenditures on goods and services, and in transfer payments that are designed to affect the employment and production goals of an economy.*

Explain to the students that providing tax incentives for businesses is a part of the state fiscal policy designed to raise the level of total demand in the state. Ask: How can fiscal policy raise demand? (*Answers may vary but should include: expanding business operations in the state, create more jobs, because when there are more jobs people have more disposable income, people will spend this money on goods and services therefore increasing total demand for goods and services which is also known as aggregate demand.*)

5. Tell the class that in addition to state incentives many local governments have taken steps to offer incentives to businesses to locate or expand in their communities. For example, in Nebraska explain that in 1990 LB840 was passed which allowed local governments to generate funds from local property or sales tax to be used for economic development. Tell them that there are several things the money can be used for, but the general purpose of the funds is for economic development of the community and surrounding area. Based on this information, ask students why a local government would enact fiscal policy that would impose additional taxes on their citizens with the intent of offering it as an incentive to potential and existing businesses. Record their responses on the board (or use electronic submission). (*Answers may vary but should include: bringing businesses to the community or expanding existing businesses will mean more jobs, which means more people in the community, which means more taxable property on the tax rolls, which means a larger tax base to share the property tax burden, which could result in lower property taxes for everyone. If the reduction in property tax is large enough to offset the additional sales tax paid, the total tax burden of their citizens is reduced.*)
6. Put the students into groups of 2-3 with each group having at least one computer with internet access among the group.
 - a. Assign each group a law to research and prepare a brief report that they will give to the rest of the class. It is ok to have multiple groups working on the same law.
 - b. Have the students research for information about the law. If you decide to provide the students with handouts of the laws, access the site and print out the information and make copies for each student (or give them access to it virtually through your LMS, google classroom, etc.). Give the students a class period to perform the research and prepare a brief 5-minute presentation for the class or assign it as homework. Have the groups give their reports on an assigned day (you could draw for order or have them sign up).
7. Conclude the lesson with a class discussion of why it is important for entrepreneurs to know the local and state laws that affect their business. (*Answers may vary and along with several of the reasons that were discussed throughout the lesson, students should also realize that the incentives can be used to reduce businesses total operating costs and therefore help them maximize their profit.*)
8. Have students individually complete Assessment 7-1 (either in class or as homework).

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

ASSESSMENT 7-1 ANSWERS

1. Changes in taxes, in government expenditures on goods and services, and in transfer payments that are designed to affect the level of total demand in the economy is/are called_____.
 - a. incentives
 - b. **fiscal policy**
 - c. monetary policy
 - d. governmental policy
2. Which of the following is an example of fiscal policy?
 - a. Government funding local police.
 - b. Federal reserve lowering interest rates.
 - c. **Government offering tax breaks to entrepreneurs who start a business in a low-income municipality.**
 - d. Government providing monetary assistance, food, and shelter to families affected by a recent storm.
3. Entrepreneurs are more likely to start up a business in a community when there are
 - a. **incentives to help support their business.**
 - b. added costs that make the business look better.
 - c. incentives to produce something that is not wanted.
 - d. always enough people to run the business.
4. Using standard conventions of writing, compose a paragraph explaining why local governmental units would choose to impose additional tax on their citizens to offer incentives to potential or existing businesses.

Answers will vary but may include ideas about increasing employment in the area, maybe increasing tourists to visit the state/city, and/or wanting to keep people from leaving the state or city for other opportunities.

5. A good friend of yours is considering starting his own business. Compose an email, using standard conventions, explaining why he should start his business in your community. Make sure you not only include information about available incentives but also about the quality of life, location, and other advantages of life in your community. As part of your email make sure you include your reasons from lessons 3 and 4 to support your opinion. Be specific as possible with your state and local information!

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

■ EXTENSIONS

- Find out if your community has a local option municipal development tax program. If they do, they will also have a written economic development program on file at the city office or with the program administrator. Obtain copy of the plan and make enough copies for your class so each student has one or if you decide to do this as a group project, one for each group. Assign the students to read through the program and be prepared to discuss what projects would be eligible to receive funds, what they would have to do if they had a project that they wanted funding for, and the process that is used to determine who will get funds (in other words who makes the decisions on how the funds are spent).
- Using all your knowledge, compose an email to your state legislature outlining a policy your state should take to attract the most businesses to the state or your city/town. Be as specific as possible and include details about possible tax laws that would be helpful to encourage businesses to be drawn to this area.

LESSON 7: GOVERNMENT INCENTIVES AND YOUR BUSINESS

ASSESSMENT 7-1

1. Changes in taxes, in government expenditures on goods and services, and in transfer payments that are designed to affect the level of total demand in the economy is/are called_____.
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5. A good friend of yours is considering starting his own business. Compose an email, using standard conventions, explaining why he should start his business in your community. Make sure you not only include information about available incentives but also about the quality of life, location, and other advantages of life in your community. As part of your email make sure you include your reasons from lessons 3 and 4 to support your opinion. Be specific as possible with your state and local information!

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

CONCEPTS Economic Resources • Explicit Cost • Incentives • Opportunity Cost • Price • Profit

When entrepreneurs start their own business, they do so with the intention of earning a profit. They will realize a profit when total revenue is greater than total out-of-pocket (explicit) costs. Entrepreneurs must set the price of their goods or services high enough to allow total revenue to exceed total production costs. The question then becomes how much profit is enough to encourage the entrepreneur to shift their economic resources into a new business venture. In this lesson students will determine what price must be charged for an entrepreneur to break even and then determine what price must be charged to make a reasonable profit. The purpose of this lesson is to help students understand that profit is the payment for entrepreneurship and this payment, along with other factors, should be taken into consideration when setting prices.

OBJECTIVES

After completing this lesson, students will be able to:

- Calculate the break-even price for a business venture.
- Identify opportunity costs involved in starting a business.
- Calculate the price needed to cover all costs, including explicit and opportunity cost of operating a business.
- Explain the importance of basing price on all costs, including explicit and opportunity costs.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 2: Decision Making
- Standard 7: Markets and Prices
- Standard 8: Role of Prices
- Standard 14: Entrepreneurship

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.30, BMM.HS.4.21, BMM.HS.7.24 Integrate the management, financial, marketing, and legal skills necessary to successfully operate and grow an entrepreneurial venture.

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

■ TIME REQUIRED

30-45 minutes

■ MATERIALS NEEDED

- Activity 8-1: When Do I Start Making Money?, one per student
- Pencil, one per student
- Simple calculator, one per student
- Activity 8-2: Pricing for A Reasonable Profit, one per student
- Assessment 8-1, one per student

■ PROCEDURE

1. Introduce the lesson by telling students that an entrepreneur is in business to make a profit. Profit is the payment they receive for the economic resources they put into their business. These economic resources are usually their labor and any capital investments in their business. Show the following definitions as you discuss the concepts. To realize a **profit**, *the amount that remains after a business pays the cost of producing a good or service (revenue minus costs)*, the price they set for their products or services must be high enough to cover their costs. The **price** that just covers costs is known as the break-even price.
2. Distribute copies of Activity 8-1: When Do I Start Making Money? to every student and allow them 5 to 10 minutes to read and complete the worksheet. Students may want to use a calculator to help them fill out their sheet. As an option you can put students into pairs to work through the problems. Discuss the answers to the questions with the class as a large group discussion. *(Answers and suggested answers to the questions are as follows.)*

A. Depreciation of Mower and Trailer = <i>(original cost-salvage value)/(useful life)</i>	$(\$3000-500)/(5 \text{ years})=\500
B. Social Media Advertising	\$20.00
C. Maintenance and Repair	\$100.00
D. Gasoline/Oil	\$600.00
Total Expenses (A+B+C+D)	\$1,220.00
Break-even Price per Lawn <i>(Total Expenses/Total # of Lawns)</i>	$\$1220/(200 \text{ lawns})=\6.10

1. *yes, she technically will not lose money*
2. *\$0.00*
3. *no, she will not make any money. She will work all summer and only cover her costs*
4. *answers will vary but should include charging enough so she can make a profit, pay herself for her time, make more than she would be paid if she worked for someone else.)*

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

- Follow up the discussion of the answers to questions on Activity 8-1: When Do I Start Making Money? by asking the students how entrepreneurs determine how much profit is enough. Allow the students to discuss as a large group and make sure they are aware that the price cannot be set so high that no one will buy their goods or services. Therefore, even if they would like to have unlimited profit, there will be limits. So, they should consider other ways their economic resources could be used to help them establish a reasonable profit. Show the following definitions, **economic resources** are the land, labor, and capital resources used to make goods and services. Continue by explaining that land is any natural resource used to produce a good or service; **labor** is the human resource or people used to produce a good or service, and **capital** is anything we produce that is then used to make other goods and services. Ask students to give some examples of each (Examples may include: land—oil, physical land, trees, etc.; labor—barista, computer programmer, teacher, etc.; capital—construction crane, food truck, computer for a business, etc.)
- Distribute copies of Activity 8-2: Pricing for A Reasonable Profit to each student and allow them 10 to 15 minutes to read and complete the worksheet. After all students have completed the worksheet, discuss the answers to the questions with the class as a large group. Show and review the definition of **opportunity cost** as the value of the next best option when a decision is made and **explicit cost** as the direct expense of producing a good or service, such as wages, rent, supplies.

A. Total Explicit Expenses (From 8-1)	\$1220
B. Forgone Wages	\$1000
C. Forgone Interest	$\$3000 \times .045 = \135
D. Total Opportunity Cost (B+C)	$\$1000 + 135 = 1135$
E. Total Expenses and Opportunity Cost (A+D)	$\$1220 + 1135 = \2355
Break-even Price Per Lawn (E/Total Lawns)	$\$2355 / (200 \text{ lawns}) = \11.78

- No, with the opportunity costs her new break-even price per lawn is \$11.78
 - Net profit = revenue – explicit costs = $(11.78 \times 200) - 1220 = \1136
 - Answers will vary and are based on the opinions of the students.
- Say the following, “Suppose an entrepreneur determines the price that they must charge to cover their explicit and opportunity costs and realizes that they cannot charge that price and make a reasonable profit. However, they still decide to start the business and to charge a lower price to cover their expenses and allow them to make a reasonable profit, although not one large enough to cover their opportunity costs.” Ask students why they would do this? (Answers will vary to this, but should point out that the satisfaction of running their own business is incentive enough to start the business even if they could have made more money by choosing a different option.)
Once students have had a chance to explain the reasons explain that these are the business owners’ incentives to start a business. Remind students that incentives encourage or discourage certain behaviors or decisions.

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

6. Conclude the lesson by reminding students that entrepreneurs should consider both explicit and opportunity costs when setting prices, along with what they feel their customers will be willing and able to pay.

ASSESSMENT ANSWERS

1. The break-even price is the price where:
 - a. unit price is equal to total costs.
 - b. unit price is equal to total explicit minus opportunity costs.
 - c. **unit price is equal to explicit cost per unit.**
 - d. unit price is equal to the opportunity cost per unit.
2. Which of the following would be an example of an opportunity cost?
 - a. Utilities necessary to operate the business.
 - b. Money used for capital expenditures necessary for business start-up.
 - c. Wages paid to employees.
 - d. **Lost interest on money taken from savings to purchase equipment.**
3. Which of the following is a capital resource?
 - a. a farmer
 - b. **an oil drilling rig**
 - c. a single stock from a company
 - d. natural gas
4. One basic difference between “land” and “capital” resources is that land is
 - a. manufactured, while capital is a gift of nature.
 - b. unlimited, while capital is limited.
 - c. **a gift of nature, while capital is manufactured.**
 - d. limited, while capital is unlimited.
5. Using standard writing conventions, compose a short paragraph explaining what costs should be used when determining the price that should be charged for a good or service. Also explain why it is important for an entrepreneur to consider all these costs.

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

■ EXTENSIONS

- Have the students do a profit analysis for a school operated business or fund-raising activity. This analysis will not include the opportunity costs but should only include the explicit costs versus revenue. (If your school has more than one school-operated business or fund-raising function, make sure that at least one student chooses to research each activity). Have the students present their profit analysis to the rest of the class. After the presentations are completed, discuss the opportunity costs that are involved for both the students and sponsors who work in these ventures.
- Assign the students to listen to a podcast [How I Built This](https://podcasts.apple.com/us/podcast/how-i-built-this-with-guy-raz/id1150510297?mt=2)¹. During the podcast, listen and summarize the financial journey the business/entrepreneur had. The following questions can guide your summary:
 - a. How much money or capital did they start out with?
 - b. How much did others invest (if applicable)?
 - c. When did the business/entrepreneur start making money?
 - d. Did the business/entrepreneur ever run out of money?
 - e. Describe how the business/entrepreneur is doing financially now.

¹<https://podcasts.apple.com/us/podcast/how-i-built-this-with-guy-raz/id1150510297?mt=2>

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

ACTIVITY 8-1: WHEN DO I START MAKING MONEY?

Lupita is looking for a summer job but she wants to set her own schedule and be her own boss. She has decided to start a lawn mowing business. She is going to use her family's truck and she found a mower and trailer that she could purchase for \$3,000. Based on consumer report research, Lupita thinks that in 5 years she can sell this mower and trailer for \$500. Lupita decides that she will mow a total of 200 lawns during the mowing season (10/week for 20 weeks). She estimates that her expenses for the summer will be as follows: gas and oil for \$600; maintenance and repair for \$100; advertising on social media for \$20. Based on this information, determine the price per lawn that Lupita must charge to break even. After completing the break-even price analysis below, answer the questions that follow.

Yearly Expenses

A. Depreciation of Mower and Trailer = <i>(original cost-salvage value)/(useful life)</i>	
B. Social Media Advertising	
C. Maintenance and Repair	
D. Gasoline/Oil	
Total Expenses (A+B+C+D)	
Break-even Price per Lawn <i>(Total Expenses/Total # of Lawns)</i>	

1. Is the break-even price a price that Lupita could reasonably charge for mowing a lawn?
2. If Lupita decides to charge the break-even price for each lawn, what will her net profit from her summer business be?
3. Based on the answer to Question 2, would the break-even price be the price Lupita should charge for mowing? Why or why not?
4. What are some other factors Lupita should consider when establishing the price she will charge for mowing a lawn?

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

ACTIVITY 8-2: PRICING FOR A REASONABLE PROFIT

Lupita tells her economics teacher about her plans to start her own mowing business. She explains how this will help her set her own schedule and make time for different camps and activities she wants to participate in during the summer. She explains to her teacher that she has decided to charge \$8.00 per lawn because she calculated her per lawn cost, and this will allow her to make almost \$2.00 profit per lawn. Her economics teacher is impressed with her calculations but asks Lupita if she thinks that \$2.00 per lawn is enough profit to cover her opportunity costs? He explains that opportunity costs are what she would be doing if she did not start her lawn mowing business and what she would be doing with the money that she used to buy the mower and trailer.

Lupita determined that if she did not mow lawns that she would work as a lifeguard at the local swimming pool. Between her salary and money from private lessons she felt she could reasonably expect to earn \$1,000 for the summer. To purchase the mower and trailer she had to cash in her \$3,000 investment account that was earning 4.5% interest per year. Using this information and the information from Activity 8-1 determine the break-even price that Lupita must charge to cover both her explicit costs and opportunity costs. After completing the break-even price analysis below, answer the questions that follow.

Yearly Expenses

A. Total Explicit Expenses (From 8-1)	
B. Forgone Wages	
C. Forgone Interest	
D. Total Opportunity Cost (B+C)	
E. Total Expenses and Opportunity Cost (A+D)	
Break-even Price Per Lawn (E/Total Lawns)	

1. Is the break-even price one that Lupita could reasonably charge for mowing a lawn?
2. If Lupita decides to charge this price for each lawn, what will her net profit from her summer business be?
3. What if she could charge a price higher than the price found above, should she charge the higher price or be satisfied with her profits at the lower price. Explain your answer.

LESSON 8: I'M IN BUSINESS, NOW WHAT DO I CHARGE?

ASSESSMENT 8-1

1. The break-even price is the price where:
 - a. unit price is equal to total costs.
 - b. unit price is equal to total explicit minus opportunity costs.
 - c. unit price is equal to explicit cost per unit.
 - d. unit price is equal to the opportunity cost per unit.
2. Which of the following would be an example of an opportunity cost?
 - a. Utilities necessary to operate the business.
 - b. Money used for capital expenditures necessary for business start-up.
 - c. Wages paid to employees.
 - d. Lost interest on money taken from savings to purchase equipment.
3. Which of the following is a capital resource?
 - a. a farmer
 - b. an oil drilling rig
 - c. a single stock from a company
 - d. natural gas
4. One basic difference between “land” and “capital” resources is that land is
 - a. manufactured, while capital is a gift of nature.
 - b. unlimited, while capital is limited.
 - c. a gift of nature, while capital is manufactured.
 - d. limited, while capital is unlimited.
5. Using standard writing conventions, compose a short paragraph explaining what costs should be used when determining the price that should be charged for a good or service. Also explain why it is important for an entrepreneur to consider all these costs.

LESSON 9: PRODUCTION AND COSTS

CONCEPTS Diminishing Marginal Productivity • Economic Resources • Marginal Product • Productivity

The entrepreneur combines resources in production. When there is only a fixed amount of capital, or tools to work with, the amount of output that can be made is somewhat limited. In general, the costs of production depend on the ability to produce items. This hands-on lesson will help students understand the decisions an entrepreneur must make in terms of controlling costs of production while developing an understanding of the concept of diminishing marginal productivity.

OBJECTIVES

After completing this lesson students will be able to:

- Define productivity.
- Explain the concept of diminishing marginal productivity.
- Calculate cost of labor per unit of output produced.
- Make hiring decisions based on the price of the good and productivity of labor (optional extension).

STANDARDS

Voluntary National Content Standards in Economics

- Standard 2: Decision Making
- Standard 3: Allocation
- Standard 14: Entrepreneurship
- Standard 15: Economic Growth

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.5 Explain the role of markets in determining prices and allocating scarce goods and services.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.
- SS 7.2.5 Analyze information using appropriate data to draw conclusions about the total production, income, and economics growth in various economies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.30, BMM.HS.4.21, BMM.HS.7.24 Integrate the management, financial, marketing, and legal skills necessary to successfully operate and grow an entrepreneurial venture.

LESSON 9: PRODUCTION AND COSTS

■ TIME REQUIRED

45 minutes (60-90 minutes with optional extension for more advanced economics, business, or entrepreneurship classes)

■ MATERIALS NEEDED

- Table or desk to be the production station
- Paper (the amount needed depends on the good you are producing and the number of students in the classroom—estimating 20-40 pieces of paper and more if you split into optional teams)
- 3-4 pairs of scissors (if splitting the class into groups you will need the same number of scissors for each team)
- Extra supplies as needed depending on the product you make (e.g. you may need scissors and a stapler if you create booklets). It is important that you keep the number of supplies constant between rounds. If you give each team 1 pair of scissors as you add more workers, you cannot add more scissors. Capital needs to stay constant.

Examples of supplies may include pencils/pens, stapler, tape, markers (in general all supplies are typically found in a classroom)

- Stopwatch
- Display of Activity 9-1: Record of Production
- Activity 9-1: Record of Production, one per student
- Pencil, one per student
- Assessment 9-1, one per student
- (for optional extension only) Activity 9-2: (Extension) Record of Production, one per student
- (for optional extension only) Assessment 9-1: (Extension), one per student

■ PROCEDURE

1. Before the class set up a production station at the front of the class or in a place where all students can watch (or stations if you are going to have 2 or more teams competing). The station could be a small table or desk (does not have to be large and works better if it is small so that students get crowded easily). On the desk put the 3-4 scissors and a stack of paper.
2. Show the following definitions and remind students (from Lesson 8) that the economic resources are the land, labor, and capital resources used to make goods and services. Describe each one and how production occurs when the resources are combined.
 - a. **Land:** *Natural resource used to produce a good or service (i.e. oil, land, nickel, etc.).*
 - b. **Labor:** *Human resource or people used to produce a good or service.*
 - c. **Capital:** *Anything we produce that is then used to make other goods and services (i.e. tractor used in the production of corn, a computer used in the production of a website).*

LESSON 9: PRODUCTION AND COSTS

3. Explain the following example: McDonald's uses human and capital resources (kitchen appliances) to produce a Big Mac. Ask the students to find examples of production they have seen in their everyday lives and try to find an example of each resource in that production example. *(Answers will vary greatly)*
4. Tell the students that you are going to produce paper fans today. Using scissors, [demonstrate](#)¹ how to cut a 8.5 x 11 sheet of paper in half (hamburger style—cut the long side to make two 8.5 x 5.5 sheets) and then fold each half into 2 paper fans. (Explain what resources are available to students reminding them that they are part of the resources as labor and the scissors are capital).
 - a. Note that a variety of goods work for this. You could have the students create paper planes or small booklets where they need to cut a piece of paper into 4 pieces then staple together. Another fun option is “wheat” using this [Foundation for Teaching Economics Lesson](#)².
5. Pass out a copy of Activity 9-1: Record of Production to each student to complete during the activity. Put one copy on display that you will edit with the data from the participants as you complete more and more rounds.
6. Ask for a volunteer from the classroom who would like to make the paper fans at the production station (as you demonstrated). Explain that the student will have 2 minutes to make as many fans as possible. Make sure to explain to all students that the fans need to be functional and look nice. You will use your discretion at the end of the round to determine which fans are acceptable to sell (teacher needs to do quality control).
 - *(Optional) Split the class into 2-3 production teams. You can add a competitive element by giving away a prize for the company that produces the most fans. This will get more students involved and add a competitive element which is fun.*
7. At the end of round 1 (and subsequent rounds) record the number of workers and total production in that round in Activity 9-1: Record of Production (Note that inventory from one period will NOT be used in other rounds). There will be several rounds that will last for 2 minutes (may want to adjust time depending on class and product but do NOT change time between rounds).
8. Explain and show the following definition, **productivity** is the amount of output each worker makes. Begin round 1 with 1 student (or 1 student per team) having them produce as many fans as possible in the 2 minutes.
9. For the second round, keep the first volunteer and ask for another volunteer (total of two students). In the first round there will only be 1 person working, in the second there will be 2 (the original volunteer and another one), and so on building off the original volunteer(s) with each additional round. You do not need to tell the students how many rounds there will be. Continue to record in Activity 9-1: Record of Production the number of workers and number of fans they made in each round.

¹ <https://www.youtube.com/watch?v=EUKY-RVDSic>

² <https://www.fte.org/teachers/teacher-resources/lesson-plans/efllessons/the-wheat-activity/>

LESSON 9: PRODUCTION AND COSTS

10. At the end of round 2 demonstrate how to calculate the marginal productivity of a worker. Do not be surprised, for example, if round two does not show exactly twice as much output as round one. Equal increments of output are unlikely to be added each round. In fact, you will probably eventually see the concept of diminishing marginal productivity of labor set in. This means additions of labor add less and less output (ignore this for now you will discuss it with students in step 7). Show the following definition/equation, **Marginal product (MP)** is calculated by the following formula: $MP = \text{Change in total product} / \text{Change in labor}$. For example, if in round 1, 1 worker made 10 fans and in round 2 the 2 workers made 18 fans the MP in round 2 would be 8 – the additional worker contributed to creating 8 additional fans.

$$MP = \frac{\text{change in total product}}{\text{change in labor}} = \frac{18 - 10}{2 - 1} = \frac{8 - 1}{1} = 8$$

11. As rounds continue and more and more workers are added you should see diminishing marginal productivity especially in rounds when there is a lot of workers and they get crowded, point it out to your students. Ask students why the marginal productivity decreases (is decreasing). (Answers will vary but may include: workers are more inefficient, they are crowded, not enough scissors, workers are getting on top of each other, etc.) Explain and show the definition of **diminishing marginal productivity** (additions of labor add less and less output), point it out to them during the rounds of production when it becomes more noticeable.
- That means that as workers are added, each additional worker makes fewer and fewer additional fans. Workers will become efficient and likely create an assembly line but if there are too many workers they will get in each other's way and cause production to slow down.
12. After 5 or 6 rounds stop the exercise to calculate the labor cost per unit of marginal product by completing an example from Round 1 first together as a class. Use the example below as a guide or provide the example to the students.

Cost per Unit of Marginal Product = (Marginal Cost of resource)/(Marginal Product)

Example (to help with background knowledge or to be used as an additional example): Suppose each worker gets paid \$7 during the period of production. That means that each additional worker has a marginal cost of resource of \$7. The below table outlines their productivity for each period they work.

NUMBER OF WORKERS	TOTAL PRODUCTION	MARGINAL PRODUCT	LABOR COST PER UNIT OF MARGINAL PRODUCT
0	0	-	-
1	5	(5-0)/(1-0)=5	\$7/(5 units)=\$1.40
2	12	(12-5)/(2-1)=7	\$7/(7 units)=\$1.00

LESSON 9: PRODUCTION AND COSTS

Suppose the first worker adds 5 units of output, those units cost the company an additional \$1.40 per unit of output (\$7 divided by 5). The second worker adds 7 units of output or added output at \$1 per unit of output (\$7 divided by 7) and so on.

Give the students 5 minutes to calculate the labor cost per unit of marginal product for each of the rounds completed and record the results in the fourth column of Activity 9-1: Record of Production. Assume each worker is paid \$7 per round (or period of production)

13. Close the lesson by asking the following questions based on the results:
 - a. What economic resources were used to produce the fans? (*Answer: capital-scissors and paper; labor*)
 - b. With the addition of which worker did diminishing marginal productivity occur? (*Answer will depend on the class but it will be at any point where marginal product was lower than the previous round*)
 - c. What happens to the cost per unit as diminishing marginal productivity set in? (*Answer: cost per unit increases.*)
 - d. Why is it important for an entrepreneur to understand the concept of diminishing marginal productivity? (*Answers will vary but may include: If they try to produce too much output, it may become so costly that they cannot sell the units at a price high enough to cover costs*)
14. Conclude the lesson by reviewing the following:
 - Marginal costs of additional output first falls, but then increases.
 - Not all units of production cost the same amount.
 - When diminishing marginal productivity has set in the cost of making additional units rises.
 - As an entrepreneur this is important to know because if you try to make so much output it may get so costly on the additional units that you can never sell the units for a price high enough to recover your costs.
 - As an entrepreneur you may want to give the customers all they want, but you have to balance this against your own bottom line.
15. Have students individually complete Assessment 9-1 (either in class or as homework).

LESSON 9: PRODUCTION AND COSTS

ASSESSMENT 9-1 ANSWERS

- The scissors that were used to cut the paper used to make a fan is an example of:
 - labor
 - land
 - capital**
 - entrepreneurship
- Use the following table to answer the question.

NUMBER OF WORKERS	TOTAL PRODUCTION
1	4
2	10
3	18
4	25
5	30
6	28

With the addition of what worker do diminishing returns first occur?

- Worker 3
 - Worker 4**
 - Worker 5
 - Worker 6
- Harry owns a barber shop and charges \$6 per haircut. By hiring one barber at \$10 per hour, the shop can provide 24 haircuts per 8-hour day. By hiring a second barber at the same wage rate, the shop can now provide a total of 42 haircuts per day. The MP of the second barber is
 - \$240.
 - \$108.
 - 18 haircuts.**
 - 42 haircuts.
 - Briefly explain what an entrepreneur could do to improve the productivity of the additional workers hired. Use complete sentences for your answer.

Answers may include: create an assembly line or have workers specialize in one part of the project (i.e. one person cut, one person fold, etc.), training opportunities to help workers fold faster.

LESSON 9: PRODUCTION AND COSTS

EXTENSION

This extension would be ideal for more advanced students or for a high school class. Start the lesson as normal. Then after step 8 above start working through these calculations. Conclude the lesson as normal in step 9 and discussing the questions at the bottom of Activity 9-2: (Extensions) Record of Production.

Have students think about how they would decide how many workers to hire? Remind them of the marginal benefit (MB) and marginal cost (MC) rules to decision making. After some time to discuss point out that the MB of a worker is the additional revenue and productivity they would bring in to the company or through their production. The MC of a worker is the wage you must pay that worker.

Students will also need to calculate total revenue (TR) and marginal revenue (MR). The TR is the number of fans produced times the price you can sell the fans.

$$TR = \text{units produced} \times \text{price}$$

$$MR = (\text{change in total revenue}) / (\text{Change in number of workers})$$

For example, if you make 10 fans in round 1 and they sell for \$1 then your TR for that round is \$10. The MR is the change in total revenue per change in worker so for round 1 the MR is \$10 (\$10-\$0). If you make 16 fans in the second round, the TR for round 2 is \$16 (16 x \$1) then the MR between round 1 and 2 is \$6 (\$16-\$10).

NUMBER OF WORKERS	TOTAL PRODUCTION	MARGINAL PRODUCT	LABOR COST PER UNIT OF MARGINAL PRODUCT	TOTAL REVENUE	MARGINAL REVENUE	HIRE THIS PERSON? YES OR NO
0	0	-	-	0	0	
1	10	$(10-0)/(1-0)=10$	$\$7/(10 \text{ units}) = \0.70	$\$10 \times \$1 = \$10$	$(\$5-\$0)/(1-0)=\$10$	Yes (\$10 > \$7 cost of hiring)
2	16	$(16-10)/(2-1)=6$	$\$7/(6 \text{ units}) = \1.17	$16 \times \$1 = \16	$(\$16-10)/(2-1)=\6	No (\$6 < \$7 cost of hiring)

To make a hiring decision, students will need to compare the cost of the worker (\$7) to the MR that worker is making. With the above example 1 worker made \$10 and they cost \$7 to hire so the MB > MC. For the second worker they are only bringing in \$6 in additional revenue but costing the company \$7 to hire so the MB < MC and they would not hire the additional worker.

Use Activity 9-2 instead of 9-1 and complete the additional columns and then use that information to decide how many workers should be hired.

(optional extension assessment question added to Assessment 9-1 (Extension))

LESSON 9: PRODUCTION AND COSTS

Answer the next question based on the information given in the following table.

EMPLOYMENT	TOTAL PRODUCT	PRODUCT PRICE
0	0	\$3
1	12	3
2	22	3
3	30	3
4	36	3
5	40	3
6	42	3

1. If the firm is hiring workers under purely competitive conditions at a wage rate of \$10, it will employ
 - a. 2 workers
 - b. 3 workers
 - c. 4 workers
 - d. **5 workers**

LESSON 9: PRODUCTION AND COSTS

ACTIVITY 9.1: RECORD OF PRODUCTION

Record of Production

Assume each worker cost the company \$7.

NUMBER OF WORKERS	TOTAL PRODUCTION	MARGINAL PRODUCT	COST PER UNIT OF MARGINAL PRODUCT
0	0	0	0
1			
2			
3			

LESSON 9: PRODUCTION AND COSTS

ACTIVITY 9.2 (EXTENSION): RECORD OF PRODUCTION

Record of Production

Assume each worker cost the company \$7 and that each fan can be sold for \$.50.

NUMBER OF WORKERS	TOTAL PRODUCTION	MARGINAL PRODUCT	LABOR COST PER UNIT OF MARGINAL PRODUCT	TOTAL REVENUE	MARGINAL REVENUE	HIRE THIS PERSON? YES OR NO
0	0	0	0	0	0	
1						
2						
3						

- How many workers should the entrepreneur hire in this case? Explain in complete sentences using econ terms like marginal productivity, marginal benefit, and marginal cost.

- Why is it so important for an entrepreneur to look at these numbers when making decisions for his/her business?

LESSON 9: PRODUCTION AND COSTS

ASSESSMENT 9-1

- The scissors that were used to cut the paper used to make a fan is an example of:
 - labor
 - land
 - capital
 - entrepreneurship
- Use the following table to answer the question.

NUMBER OF WORKERS	TOTAL PRODUCTION
1	4
2	10
3	18
4	25
5	30
6	28

With the addition of what worker do diminishing returns first occur?

- Worker 3
 - Worker 4
 - Worker 5
 - Worker 6
- Harry owns a barber shop and charges \$6 per haircut. By hiring one barber at \$10 per hour, the shop can provide 24 haircuts per 8-hour day. By hiring a second barber at the same wage rate, the shop can now provide a total of 42 haircuts per day. The MP of the second barber is
 - \$240.
 - \$108.
 - 18 haircuts.
 - 42 haircuts.
 - Briefly explain what an entrepreneur could do to improve the productivity of the additional workers hired. Use complete sentences for your answer.

LESSON 10: SECRETS OF SUCCESSFUL ENTREPRENEURS

CONCEPTS Economic Resources • Entrepreneurship • Human Capital • Insurance

In Lesson 1, it was stated that the entrepreneur is a person who coordinates the use of resources and other inputs into the production process. The purpose of this lesson is to have students determine what factors entrepreneurs consider when determining how to use their economic resources. Students will gather this information by interviewing several entrepreneurs in their hometown. Then, using the information gathered from their interviews, students would compose a short essay to report their findings.

OBJECTIVES

After completing this lesson students will be able to:

- Identify factors entrepreneurs must consider when starting and operating their business.
- Explain why successful entrepreneurs must look at current and future trends to remain in business.
- Practice interviewing skills.

STANDARDS

Voluntary National Content Standards in Economics

- Standards 1: Decision Making
- Standards 14: Entrepreneurship

National Standards for Financial Literacy

- Standard 6: Protecting and Insuring

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.4 Evaluate savings, investment, and risk management strategies to achieve financial goals.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 8.2.2 Understand personal and business financial management.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.28, BMM.HS.4.19, BMM.HS.7.22 Explore the characteristics of an entrepreneur.
- BMM.HS.3.33, BMM.HS.4.24, BMM.HS.7.27 Analyze entrepreneurial opportunities.

LESSON 10: SECRETS OF SUCCESSFUL ENTREPRENEURS

■ TIME REQUIRED

15-20 Minutes for Interview Prep

60-90 minutes for interviewing

At least 60 minutes to begin work on the essay (or eliminate and assign fully as homework)

20-30 Minutes to peer edit

■ MATERIALS NEEDED

- Activity 10-1, one per student
- Pencil, one per student
- Audio recording materials
- Video recording materials (for extension)
- Computer or phone with internet access to create WordCloud

■ PROCEDURE

1. Remind and show the definitions to the class, **entrepreneurs** are individuals who use economic resources and create new products or a new business, bearing most of the risks and enjoying most of the rewards. They use **economic resources** along with their **human capital** resources to start and maintain a successful business operation. Tell them that in this lesson they are going to interview local entrepreneurs to determine how they make decisions regarding their resources.
2. Explain and show to students that **insurance** is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses. Ask students if business owners need to have insurance? (Answers may vary but could include: yes, to protect if there is a weather accident, yes, so that employees can see a doctor or have health insurance.) If students are mostly saying no remind students that many businesses have physical stores or offices and what would happen if there were a severe storm and it was destroyed. Help students see that businesses often have insurance, much like individuals do. Tell students that while we hope to never have to use insurance it is there to protect entrepreneurs from potentially having financial problems from something bad happening (storm, theft, sickness, physical injury, etc.). The type of insurance an entrepreneur has might be different depending on the type of business they own.
3. Hand out copies of Activity 10-1: Entrepreneur Interview Questions to each of the students. Tell the students that they are to use these questions to interview local entrepreneurs and record their responses to the questions (note that many of these questions are repeated from Activity 6-1). Try to have a list of people that you know will help students with this assignment to assist any students who struggle to find a business owner in the community. The interviews can be done in-person, over the phone, or through a web calling app (e.g. FaceTime, Zoom, Google Meetings, etc.). Work with the business owners to agree to the interview method prior to the interview day.

LESSON 10: SECRETS OF SUCCESSFUL ENTREPRENEURS

If interviewing local business owners is not possible have students watch one or more of the [Kansas City Federal Reserve Entrepreneurship in the Classroom videos](#)¹ and answer the interview questions as they watch them. Then have students who watched the same video (or assign groups) discuss the answers to see if there were questions missed that another student got from the video.

List of Entrepreneurs (there are also included discussion questions for each video if you want to substitute those)

- a. Seed Law Social
 - b. DMK Consultants
 - c. Smash Glam
 - d. Mastercraft
 - e. Hear Nebraska
 - f. RDQLUS Creative
 - g. A1 Pet Emporium
 - h. Pie Junkie and Kaiteki Ramen
4. Make sure students use good interview skills. Remind them to audio record their interview using their cell phone or some other recording device. Also remind them to communicate with their subject before the interview and to provide the subject with a copy of their interview afterwards. Students should also hand write thank you notes to send to the business owners thanking them for their time.
 5. Have students compose a 2-page (maximum) paper based on the responses from the interview titled, "The Secrets of a Successful Entrepreneur." Set a specific deadline for a first draft and remind students that they will need to submit the first draft for a round of peer reviewing.
 6. On the due date for the first draft paper have the students exchange their paper with another student in the class. They should read through the first draft and make suggestions and corrections to their reports and then hand them back to the author. Have them use the rest of the class period to work on preparing the final draft and make the final draft due for the next class meeting. (Note students can electronically submit or email their paper to a peer for this process.)
 7. Have students individually complete the Assessment (either in class or as homework).

¹<https://www.kansascityfed.org/education/entrepreneurship>

LESSON 10: SECRETS OF SUCCESSFUL ENTREPRENEURS

■ ASSESSMENT

First, have the students turn in their paper for grading. Also, have the students create a Word Cloud or Wordle with words that they think describe entrepreneurs. They can take these words from both Lesson 1 and their interviews for this lesson. There are many Word Cloud generators online (e.g. [Wordclouds](https://www.wordclouds.com/)²). You could also have the class create one large Word Cloud or Wordle so that common words are given more prominence.

■ EXTENSION

Have students pair up and make a podcast or a vlog (video blog) about their secrets of successful entrepreneurs. Have the students set up the podcast or vlog as an interview between them. Have the students ask questions to each other about their findings from their interviews.

² <https://www.wordclouds.com/>

LESSON 10: SECRETS OF SUCCESSFUL ENTREPRENEURS

■ ACTIVITY 10-1: ENTREPRENEUR INTERVIEW QUESTIONS

1. Name of entrepreneur
2. Name of entrepreneur's business.
3. What type of product (goods and/or services) do they provide?
4. Where did you get the idea for your business?
5. Were there any interests, skills, or hobbies that led to your business idea?
6. What is the size of the business, number of employees, etc.?
7. How does the business benefit the community?
8. When did the business start? Why did they choose the type of ownership?
9. How has the business changed/grown since its inception?
10. What challenges did they face in operating the business? How did they overcome them?
11. If it is a franchise, describe the terms of the agreement.
12. What would you define as your market area?
13. What is important for you to know about your customers? How do you collect this information?
14. Who is your competition and why do you consider them as your competitors?
15. Since you have started your business are there any changes that have affected your business?
16. What kind or kinds of insurance do you have and why?
17. What changes do you predict that may affect your business in the future?
18. What suggestions do you have for future entrepreneurs?
19. Please create at least 2 of your own questions. Please list them here.

LESSON 11: YOUR BUSINESS PLAN

CONCEPTS Business Plan • Entrepreneur

In this lesson, students will combine all the knowledge they have learned in the last 10 lessons. They will be using the knowledge they have learned from entrepreneurs they have spoken with and interviewed. The information regarding markets, pricing, and costs will also be important as they complete this lesson. Students will evaluate business plans, learn about the essential components of a business plan, and identify the purpose of a business plan. After learning all the nuances of what goes into a business plan, they will create their own business plan. Finally, students will share their business idea and plan in an elevator pitch.

OBJECTIVES

After completing this lesson students will be able to:

- Determine the purpose of a business plan.
- Identify the components of a business plan.
- Evaluate a business plan.
- Create a business plan.
- Pitch their business plan.

STANDARDS

Voluntary National Content Standards in Economics

- Standard 2: Decision Making
- Standard 14: Entrepreneurship

National Standards for Financial Literacy

- Standard 5: Financial Investing
- Standard 6: Protecting and Insuring

Nebraska Social Studies Standards

- SS HS.2.1 Apply economic concepts that support rational decision making.
- SS HS.2.4 Evaluate savings, investment, and risk management strategies to achieve financial goals.
- SS HS.2.6 Explain how economic institutions impact different individuals and various groups.
- SS 8.2.2 Understand personal and business financial management.
- SS 8.2.4 Justify and debate economic decisions made by North American societies.

Nebraska Business, Marketing, and Management Career Field Standards

- BMM.HS.3.31, BMM.HS.4.22, BMM.HS.7.25 Develop the elements, design, and rationale of a business plan.

LESSON 11: YOUR BUSINESS PLAN

■ TIME REQUIRED

Two to three 60-minute class sessions (more or less depending on how much homework is assigned for the Business plan)

60 minutes for Elevator Pitches

■ MATERIALS NEEDED

- Computer with internet access, one per student
- Word Processing (e.g. Microsoft Word, Google Docs, etc.)
- Access to [Business plan](#)¹ resource for research
- Activity 11-1: Business Plan Guide, one per student
- Visual 11-1: Elevator Pitch Guidelines, one per student
- Small prize for winning elevator speech (e.g. candy, snack, small trinket, classroom incentive, etc.)
- Assessment 11-1, one per student

■ PROCEDURE

1. Show the following definition and explain to students that a **business plan** is a roadmap for how to structure, run, and grow your business. A good business plan is a key element to help you get funding, investments, or business partners.
2. Pair students up and have them look at this website to research [business plans](#)¹. Assign students to either research the traditional model or lean model to develop a business plan (try to make sure there is an equal number of groups for each model). Give the students about 15-20 minutes to type notes about some of the key elements of the model they are researching.
3. Next, group together pairs of students so that each group has students who researched the traditional and lean model. Give the group another 15-20 minutes to discuss what they found and make comparisons and contrasts of the two models. Assign a group member to type notes.
4. Together in the combined groups, access and read a sample business plan (search online for a plan or use this [2017](#)² or [2018](#)³ 1st Place FBLA business plan). Use the examples to identify the important parts of a business plan. Have students answer the below reflection questions individually then discuss as a group.
 - a. What are the most important parts of the business plan? Why?
 - b. What did you find in the business plan that made the idea stand out?
 - c. What question(s) do you have for the author of this business plan?

¹ <https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>

² <https://www.fbla-pbl.org/media/2017-FBLA-Business-Plan-1st.pdf>;

³ <https://www.fbla-pbl.org/media/2018-FBLA-Business-Plan-1st.pdf>

LESSON 11: YOUR BUSINESS PLAN

5. Have students create a business plan for a business idea (product or service) of their choice. Use Activity 11-1: Business Plan Guide to get them started. They can also use FBLA and DECA competitive events to model their plan after. This activity can be done as an individual or group project.
 - a. [FBLA Guidelines](#)⁴
 - b. [DECA Guidelines](#)⁵
6. Create an elevator pitch for their business plan. See Visual 11-1: Elevator Pitch Guidelines for some guidelines and directions.
 - a. Pitches cannot be longer than 90 seconds.
 - b. Only one individual can pitch the big idea over the duration of the 90 seconds.
 - c. Visual aids and props can be used.
 - d. Include the product/service you are providing and the problem it solves.
 - e. Make sure you get your “ask” in—what are you needing from investors or partners to make sure your idea succeeds.
7. Students 1-by-1 present their elevator pitch to the class. Have students vote on the business idea the class would fictitiously invest in. Best elevator speech gets a prize!

ASSESSMENT

Have students submit their business plan for grading. Use the following sample rubrics as evaluation tools for the business plan.

- [FBLA Business Plan Performance Rating Sheet](#)⁶
- DECA Guidelines provides a [Business Plan Proposal and Presentation Evaluation form](#)⁷

EXTENSIONS

- Work with your chamber of commerce to discuss improvements to your business plan.
- Create a class Shark Tank experience. Bring in outside community partners, teachers, local entrepreneurs and have students pitch their ideas to the guests and provide feedback about the idea and general comments about their presentation.
- Students could record their pitches and then classmates, teachers, other students in the school vote on the best pitch.

⁴ <https://www.fbla-pbl.org/media/FBLA-Format-Guide-2020-21-v6.pdf>

⁵ https://www.deca.org/wp-content/uploads/2014/08/HS_ESB_Guidelines.pdf

⁶ <https://www.fbla-pbl.org/media/Business-Plan-FBLA-Rating-Sheet.pdf>

⁷ https://www.deca.org/wp-content/uploads/2014/08/HS_ESB_Guidelines.pdf

LESSON 11: YOUR BUSINESS PLAN

■ ACTIVITY 11-1: BUSINESS PLAN GUIDE

PART I - THE BUSINESS

1. Describe your business, what industry does it fit in to? (Are you providing a good or a service?)
What opportunities exist for expansion in the future? How can you make sure you are in business for 5 years? 10 years?
2. Describe the product or service.
 - a. What will you sell?
 - b. What are the benefits of your product or service?
 - c. How is your product or service different from the competition?
3. What are your Mission and Vision Statements?
4. The market
 - a. Who are your potential customers?
 - b. How will your product or service fill their needs?
 - c. Do you believe this is a large enough market?
 - d. Is the market growing? Do your research!
5. Location
 - a. Where will your business be specifically located?
 - b. What other kinds of businesses will be located near you?
 - c. What are the costs and benefits of this location?
6. The competition
 - a. How many competitors do you have and how large are they?
 - b. Are their businesses growing?
 - c. What advantages do you have compared to the competition?

LESSON 11: YOUR BUSINESS PLAN

7. Marketing strategy

- a. How will you introduce your product to the market?
- b. Where and how will you advertise?
- c. How will you make sure that customers get the best service?

8. Employees

- a. How many employees will you need?
- b. What skills will your employees need?
- c. Describe each position for your business?

PART II – FINANCIAL PROPOSAL

9. Initial Costs

- a. What funds are available to you?
- b. Will you need to borrow money? How much?
- c. Where will you obtain the money?

10. Contingency Plan

- a. What is your back-up plan?
- b. What risks are associated with your business plan?
- c. What course of action you can take to minimize the risks?
- d. What type(s) of insurance do you plan to purchase?

Now combine your notes into paragraph form to help you prepare your Elevator Speech!

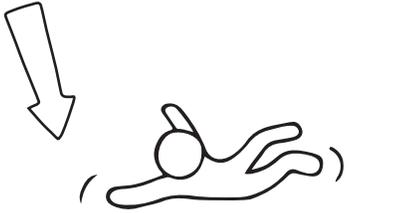
LESSON 11: YOUR BUSINESS PLAN

■ VISUAL 11-1: ELEVATOR PITCH GUIDELINES

The Elevator Pitch



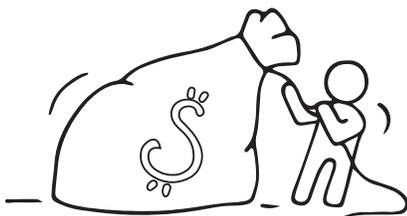
Keep it under 90 seconds



Be excited about your product



Explain the problem your product or service is going to solve



Include your "ask": what are you asking your partner or investor for?



START-UP BUSINESS PLAN

START-UP BUSINESS PLAN ESB

BUSINESS PLAN PROPOSAL AND PRESENTATION EVALUATION FORM

Please refer to the **Written Entry Guidelines** for a more detailed explanation of these items.

EXECUTIVE SUMMARY	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
1. One-page summary of the business model	0-1-2	3-4-5	6-7-8	9-10	
PROBLEM	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
2. List of the top three problems the product/service is addressing	0-1-2	3-4-5	6-7-8	9	
CUSTOMER SEGMENTS	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
3. Description of target customers	0-1-2	3-4-5	6-7-8	9	
UNIQUE VALUE PROPOSITION	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
4. Description of the single, clear, compelling message that states why the product/service is different and worth buying	0-1-2	3-4-5	6-7-8	9	
SOLUTION	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
5. Description of the top three features of the product/service	0-1-2	3-4-5	6-7-8	9	
CHANNELS	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
6. Descriptions of the pathways to customers	0-1-2	3-4-5	6-7-8	9	
REVENUE STREAM	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
7. Description of the revenue model and life time values; explanation of the revenue and gross margin	0-1-2	3-4-5	6-7-8	9	
COST STRUCTURE	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
8. Explanation of the customer acquisition costs, distribution costs, human resources costs and other additional costs	0-1-2	3-4-5	6-7-8	9	
KEY METRICS	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
9. Explanation of the key activities that must be measured	0-1-2	3-4-5	6-7	8	
COMPETITIVE ADVANTAGE	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
10. Explanation of why the product/service cannot be easily copied or bought	0-1-2	3-4-5	6-7-8	9	
CONCLUSION	LITTLE/ NO VALUE	BELOW EXPECTATIONS	MEETS EXPECTATIONS	EXCEEDS EXPECTATIONS	JUDGED SCORE
11. Specific request for financing, summary of key points supporting the financial request	0-1-2	3-4-5	6-7-8	9-10	

TOTAL POINTS (100)

LESS PENALTY POINTS

TOTAL SCORE

JUDGE _____

GLOSSARY

Benefit — something that promotes or enhances well-being.

Business Plan — a roadmap for how to structure, run, and grow your business.

Capital — one of the economic resources. Anything we produce that is then used to make other goods and services.

Costs — something to give up—usually amount paid or required in payment for a purchase.

Competitive Market — occurs when there are many sellers selling the same product.

Corporation — is a form of business where shares of ownership have been issued in the form of stock. Owners of the stock have limited liability but are open to double taxation. There can be a few, or millions of owners of the company. This type of business organization is created by law, functions as a separate legal entity, and is owned by its stockholders. Stockholders are at risk only for the amount of their financial investment.

Decision Making — weighing the costs and benefits of a decision.

Demand — is a schedule showing the amounts of a good or service that buyers (or a buyer) are willing and able to purchase at various prices during some period of time.

Demographics — statistical data or characteristics of human populations within a particular area.

Diminishing Marginal Productivity — additional labor adds less and less additional output.

Entrepreneur — an individual who uses economic resources and creates new products or a new business, bearing most of the risks and enjoying most of the rewards.

Equilibrium — the market clearing price where the quantity supplied equals the quantity demanded, graphically it is the point where the demand and supply curves cross and are equal.

Explicit Cost — direct expense of producing a good or service, such as wages, rent, supplies, etc.

Fiscal Policy — changes in taxes, in government expenditures on goods and services, and in transfer payments that are designed to affect the employment and production goals of an economy.

Franchise — is a type of ownership by which an individual pays a fee to purchase the rights to use the company's name and production of its products/services. The purchaser agrees to meet certain quality standards, provide certain products in exchange for training services, advertising campaign, production equipment, software, etc.

Goods — are things that satisfy people's wants.

Human Capital — the skills and knowledge that people obtain through their education, experience, and training.

Human Resources — people who contribute to the production of a good or a service.

Incentives — factors that motivate and influence human behavior.

Insurance — a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses.

Labor — one of the economic resources. Human resource or people used to produce a good or service.

GLOSSARY

Land — one of the economic resources. Natural resource used to produce a good or service.

Legal Forms of Business — sole proprietorship, partnership, corporation, and franchise.

Liability — means responsibility; entrepreneurs as owners of firms are responsible for the bills of the firm, quality of the product, and safety of the product.

Loss — when a business pays more for production than they receive in revenue (costs > revenue).

Marginal Product — $MP = (\text{change in total product}) / (\text{change in labor})$

Market — a place where buyers and sellers exchange goods or services.

Median — the middle number of a set of numbers that divides numerically ordered data into two equal halves.

Monopoly — a market where the entrepreneur or seller is the only one selling a product.

Opportunity Cost — the forgone benefit of the next best alternative when scarce resources are used for one purpose rather than another.

Partnership — is just like a sole proprietorship, except there is more than one owner. The owners assume all risk of loss and receive all of the profit. The owners of the company face unlimited liability, but only single taxation.

Price — amount of money that a buyer must pay to acquire a good or service and, as they discovered, is determined by buyers and sellers interacting.

Economic resources — land, labor, and capital resources used to make goods and services.

Productivity — the amount of output each worker makes.

Profit — the amount that remains after a business pays the cost of producing a good or service (Revenue minus costs).

Services — actions that satisfy peoples' wants.

Shortage — occurs when prices are too low and the amount buyers are willing and able to buy is greater than the amount sellers are willing and able to sell.

Sole proprietor — a form of business organization that is owned and managed by one individual who assumes all risk of loss and receives all profits. There is one owner and no stock has been issued. The owner of the company faces unlimited liability, but only single taxation.

Supply — a schedule showing amounts of a good or service that sellers (or a seller) are willing and able to offer at various prices during some period.

Surplus — occurs when prices are higher than equilibrium price and the amount that buyers are willing and able to buy is lower than the amount that sellers are willing and able to sell.

Taxation — is money owed to the government by the business.

Trade-offs — accepting or choosing less of one thing to get more of something else.