Budget Bunny

Financial Youth Training

Teacher Resource | **4.2**

Lesson Plan Grade Level:

4th Grade

Jumpstart National Standards for Financial Literacy

Budgeting For a Business

Spending and Saving

Standard 1. Develop a plan for spending and saving.

Employment and Income

Standard 1. Explore job and career options.

Financial Decision Making

Standard 1. Recognize the responsibilities associated with personal financial decisions.

Standard 2. Use reliable resources when making financial decisions.

Standard 4. Make criterion-based financial decisions by systematically considering alternatives and consequences.

Lesson Description & Objectives:

In this lesson students will explore entrepreneurship by budgeting for a business. They will decide on a business idea, start-up and material costs, location, and advertising/marketing to their target audience. The students will also apply strategies to monitor income and expenses. Throughout the lesson they will practice using reliable information and systematic decision making for financial decisions.

What students will know:

- Workers can improve their ability to earn income by gaining new knowledge, skills, and experiences
- Entrepreneurs are people who work for themselves by starting new businesses, hope to earn a profit, but accept the risk of a loss if unsuccessful
- A money plan/budget helps determine what to do with the amount of money one has

Materials Needed:

- Budget Bunny and the Game Cafe
- $1,000 (printed money)
- Online access
- Poster board or any presentation software
- Students can bring their own materials for their product, or use supplies from the teacher for a fee paid from their budget. (If available, to receive a discount students must use at least three of the materials purchased from the teacher.)

Missouri Math Standards

4.E.4.A.a

Compare and contrast saving and financial investment.

4.E.4.A.c

Distinguish among natural, capital and human resources.

What students will be able to do:

- Students will be able to construct a business idea and business plan
- Develop a plan for spending and saving
- Develop a system for keeping and using financial records

Terms:

- Entrepreneur, product, service, expense, finance, invest, supply and demand, marketing, sales, revenue, business to business, target market, business to consumer, return on investment, payback period

Procedure

Attention Grabber:

*If possible, have students read *Budget Bunny and the Game Cafe* prior to beginning the lesson.

To make money, you have to spend money. You have been financed $1,000 to start your business. Now it's time to plan your budget.

Prior Knowledge:

Let's share what businesses we know of and what businesses we would like to start? Does your business offer a service or sell a product? How are businesses marketed/advertised?

Write a list of businesses on the board, separate the businesses into services and products.

Learning Activity:

Whole Group Learning

Today we are going to make a business plan for a business idea you have. Thinking back to *Budget Bunny and the Game Cafe*, who remembers what a money plan is? Discuss.

Each of you will be given $1,000 to create a business. You will need to decide what kind of business you want to create, what to spend your money on, where your business will be located, and how to advertise/market your business to your target audience.

Students will first create a business idea (see Business Idea Questions). Next, students will create a spending plan of the costs needed to start their business. Then, students will make a list of the materials needed to start their business. Finally, students will decide how to market their business and create a marketing budget (see Budget Cost Summary: Materials, Location, Marketing, etc).

Closing:

Once students have finished, ask them to conduct a business evaluation where they reflect on the process of starting a business.

- What was the most difficult part of creating a business plan?
- What was the most valuable thing you learned?
- What was your favorite part of this project?
- Do you think you will continue this business idea?
- Are you thinking of being an entrepreneur and starting your own business? If so, what would it be?

Differentiation

- Students may work independently, partners, or small groups
- Students could be offered an additional challenge by creating more than one service or product with additional budget plans

Continue the Learning

Teachers and families can continue the learning beyond what we have done together today.

Today I learned...

- How to create a business plan, budget/cost breakdown, and marketing plan
- I can create a business from an idea to sell to my target audience

Questions to spark discussion

- If you could create a business what would it be?
- If you have a business, what do you like most about creating the business you chose?
- Who would you market your business to?

Extend the learning at home or school

Activity: As you continue with your business, you may discover you are spending more than you are making. An investor can be someone who will give you money for your business to help you continue. Here's the catch: They now own some of your business, which means they get some of your profit. You will have a chance to present your business idea to a "potential investor," and if all goes well you could have a new investor!

Investment options:
OPTION 1:
Your investor will give you $500 and gets to keep 10% of sales. (For every $10 you sell, your investor gets $1.)
OPTION 2:
Your investor will give you $1,000 and gets to keep 20% of your sales. (For every $10 you sell, your investor gets $2.)
OPTION 3:
Your investor will give you $2,500 and gets to keep 50% of your sales. (For every $10 you sell, your investor gets $5.)

Books

- *Savannah's Savings Jar* by Chelsea Addison
- *Better Than A Lemonade Stand!: Small Business Ideas for Kids* by Daryl Bernstein
- *Finance 101 for Kids: Money Lessons Children Cannot Afford to Miss* by Walter Andal
- *The Everything Kids Money Book* by Brette McWhorter Sember

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BUSINESS IDEA QUESTIONS

Instructions: The following printouts will be used as guiding instructions for you to create a business. You must create a business idea, decide where your business will be located, and market your business. Use the following questions to help brainstorm a business idea:

- What are some things that kids at our school would want?
- What are some things that teachers at our school would want?
- Would you be providing a product or a service?
- What industry (category) would this business fall under (fashion, entertainment, office supplies, etc.)?
- Where would you set up your office?
- What could you call your business?

COST SUMMARY

Materials Needed

If your business is product-based, what materials will you need to create the product? ______________________________

____

What resources will you need?
Natural resources:

____

Human resouces:

____

Capital resources:

____

How much of the budget are you willing to set aside for this? ______________________________

Cost of Location

To start a business, you need to decide the best location for your office space. This is where you will sell your materials Make sure you consider where your customers will be and the ease of accessibility to the product/service. Some places get more exposure than others, but they also cost more money. Also, think about where your competitors might be set up.

Where is the best place for this? ____

How much of the budget are you willing to set aside for this? ______________________________

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Cost of Location
Students determine where their business will be location and how much it costs per hour/week/month for their workspace. Students will understand the cost of operating a business location. Then,determine the benefits and disadvantages of this workspace (ie. cost, upkeep, location, etc). Give examples of where students can work from and rental costs. (See table below)

Location Fees

Gym	$10/hr
Cafeteria	$10/hr
Front Entrance	$15/hr
Hallway	$20/hr

Choose a location for your business from the list. Then, answer the following questions based on the selected location.

How much would it cost to rent the office for one week? ______________________________

How many products or services do you predict you will sell during one week? ______________________________

What is your estimated budget for office rental fees? ______________________________

Is the business solely online? If so, what are the fees associated with an online business? ______________________________

____

MARKETING
Advertising Fees
To sell your product, you need to make it well-known. To do this, you have to market, or advertise your business.

What are some ways you can do this? ______________________________

____

Start by selecting your target audience. In other words, who do you think is most likely to buy what you're selling? Be specific on age, range, and gender.

____

Now think about what forms of media work best for your audience. (Remember: You can choose more than one)

- ☐ Social Media
- ☐ Teacher Whiteboard
- ☐ Flyers
- ☐ Posters
- ☐ Newsletter/Newspaper Ad

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Advertising Fees

Look at the list of different forms of media (ways to sell) and their prices. Students detail the entire cost of advertising for example social media, paid ads, flyers, posters, newsletter, teacher whiteboard, word of mouth, etc. (See table below)

Social Media	$25 each post
Teacher Whiteboard	$50 per day
Flyers	$10 for 100 flyers
Posters	$15 per poster
Newsletter/Newspaper Ad	$25 per ad

Students answer the following questions about advertising fees based on the table above:

How much would it cost to advertise your product for one week? ______________________________

How many products or services do you predict you will sell during one week? ______________________

What is your estimated budget for advertising fees? ______________________________

BUDGET PLAN

Step 1:

Materials Expenses

N = Number of products you plan to make for the week: ______________________________

P = Price of making one product: ______________________________

M = Cost to materials: N x P = ______________________________

Office Rental Fees

N = Number of hours to run your business for one week: ______________________________

P = Price of office space for one hour: ______________________________

O = Cost to set up office: N x P = ______________________________

Advertising Expenses

N = Number of ads you will make: ______________________________

P = Price of one advertisement: ______________________________

A = Cost to advertise: A x P = ______________________________

(if you use multiple types of advertising, calculate each form of advertisement and add them all up.)

Total cost to advertise: ______________________________

Total Expenses (Add all highlighted totals together, M + O + A): ______________________________

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BUDGET PLAN
(continued)

Step 2:
Make sure you are under budget
Starting Budget: $1000
Total Expenses: ______________________________
Subtract your Total Expenses from your Starting Budget: ______________________________

Note: If you still have money left, you may use this towards materials, advertising, or even another office rental. Any of these will increase your sales.

Step 3:
Set a profit goal
How much of a profit do you want to make? ______________________________
Add that number to your total expenses: ______________________________

This is how many sales you need to generate from your business to make a profit. Let's call this number "S".

Step 4:
Determine the pricing
How many products do you plan to sell for the week? ______________________________

How many sales do you need to generate to make money? ______________________________
(This is "S" from step 3.)

Divide "S" by the number of products you plan to sell this week. This number is the price you should charge to reach your profit goal for one week.
PRICE: ______________________________

This Lesson Plan, a **FREE** resource for classroom teachers and other educators, was thoughtfully developed by The Soulard Education Center and made possible by Stifel Bank & Trust and the United Way of Greater St. Louis. Find additional lesson plans and more at **www.BUDGETBUNNY.com.**

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