Budget Bunny

Financial Youth Training

Teacher Resource | **5.2**

Lesson Plan Grade Level:

5th Grade

Jump Start National Standards for Financial Literacy

Let's Create a Business Plan

Financial Decision Making

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

D. Devise a plan to achieve a specific, measurable goal

Spending and Saving

Standard 4. Apply consumer skills to spending and saving decisions.

B. Justify a spending decision based on pre-determined criteria for an acceptable outcome and available options

Lesson Description & Objectives:

In this lesson students will assume the role of entrepreneurs and create a business plan around various economic concepts. This lesson concludes the unit by bringing together the financial literacy concepts of entrepreneurship, planning natural, human and capital resources, creating a budget and factoring the interest on a loan.

What students will know:

- Students will know the meaning of various economic terms: entrepreneur, goods/services, resources, loan, and interest
- Students will understand some of the choices and their potential costs and benefits in starting a business

What students will be able to do:

- Students will create a business plan for a new business of their choosing
- Students will be able to promote their business within their community/class

Terms:

- Entrepreneur, resources (natural, human, capital), loan, interest, cost, benefit

Materials Needed:

- White or chalk board, markers/ chalk, eraser
- Sets of economics concepts cards (words, symbols, pictures)
- Student notebooks/paper, pencils
- Printed copies of business plan charts (or students could work digitally)

Missouri Math Standards

5.NBT.A

Multiply multi-digit whole numbers and decimals to the hundredths place, and justify the solution.

Missouri Social Studies Standards

5.E.4.A.a

Explain how scarcity, supply and demand, opportunity costs, income, labor, wages and other economic concepts affect our nation's past, present and future.

4.E.4.A.c.

Distinguish among natural, capital and human resources.

Procedure

Attention Grabber:
Today you are going to be entrepreneurs, embarking on a journey to start your own business! You will have many decisions to make as a new business owner, and you'll need to use your knowledge of money and economic concepts to make your plan!

Prior Knowledge:
Let's see what we remember and help each other review some important economic concepts.

Ask students what they think they know/remember about:
Credit and debit cards, bank, money (bills/coins/symbols), percentages, interest, entrepreneurs, costs and benefits, budgeting, save/spend/give. If there are a lot of ideas, you can do a think-pair-share with partners. (Think-pair-share is a strategy where students think individually about a topic or answer to a question, talk with a partner about their thinking, and then share ideas with classmates.)

Learning Activity:
Whole Group Learning
Decide ahead of time or with students if they will work independently or in small groups of 2-4.

As a whole group, make a list of possible business ideas on the board. If needed, help guide students toward ideas that will be more feasible for this lesson (something that offers specific goods or services, for example).

Small-Group Learning
Each student or group chooses one of the business ideas and completes a basic business plan to start with their simulation. (see printouts)

Students make a list of each kind of resource needed to set up their business. Review these terms if needed by giving examples of each (natural, human, and capital). Remind students they are coming up with the most essential resources and likely will not be able to list every single thing they'd need. To estimate the cost of resources, they could make best guesses or be assigned costs by the presenter/teacher. (see printouts)

Then students will apply for a loan from the bank. The "bank" could be a student in the class who works with students/groups to figure out their loan and interest rate, or students can do this on their own for their businesses. Also, the teacher could provide one interest rate or vary them. (see printouts)

Closing:
The whole group comes back together; students take turns presenting their business plans to each other. If needed, due to time constraints, the teacher could partner with businesses to share their business with one other student or group.

Have a short final discussion including these questions:
- Who or what is an entrepreneur? Why are they important in communities?
- What felt challenging in making a business plan? What did you enjoy?
- What do entrepreneurs need to consider/decide when planning for a business?

Differentiation

- Alter what the teacher provides for the students based on needs and abilities (i.e., business ideas, resource ideas and costs, loan amounts, and interest rates). The teacher could provide envelopes with sets of business options (i.e., “This is your loan amount, here are three possible interest rates and times to pay back from 3 different banks…”). You could also have cards with different business options on them, and each group or student selects one at random - depending on group needs/best fit.
- Students may work independently, in partners, or in small groups
- If needing an extension (and/or if there is more time for this lesson/project): some students could research approximate costs for their lists of resources using the Internet and then use those for determining their loans

Continue the Learning

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

Today I learned…

- Entrepreneurs are people who create new businesses
- There is a risk (cost) and reward (benefit) in creating a new business
- Entrepreneurs often need a loan to borrow money to get started, then they need to pay back what they borrowed, plus interest

Questions to spark discussion

- If you could create any kind of business, what would it be? Why?
- What types of businesses do you think are the riskiest? The most rewarding?
- How do you decide if you need a loan, and how much will the loan be?
- Why is it important to pay loans back - on time?

Extend the learning at home or school

- Simulate the actual making of the businesses students planned by creating models for their goods and services, then have a mini-society in the classroom where students visit and patronize each others' businesses
- Each student or group could make an advertisement for their business. This can be a poster, a smaller flyer, or something digital like a short slideshow or video. What will be needed: poster or computer paper, coloring materials, and/or access to a digital platform like a slideshow or video maker.
- Explore *Budget Bunny and the Game Cafe* to learn more about borrowing money

Books

- *Lunch Money* by Andrew Clements
- *Kid Start-Up: How YOU Can Become an Entrepreneur* by Mark Cuban, Shaan Patel, and Ian McCue
- *What Do You Do with an Idea?* by Kobi Yamada
- *Kidpreneurs: Young Entrepreneurs with Big Ideas!* by Adam & Matthew Toren
- *The Everything Kids' Money Book* by Brette Sember

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Student Worksheet | **5.2**

BASIC BUSINESS PLAN

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 the resources needed to function.

Basic Business Plan:

Business Name	
Goods or Services Offered	
Rationale for Starting the Business	

Business Resources:

Resources Needed for Business	Natural:	Human:	Capital:
Estimated Cost for Resources			

Business Loan Plan:

Loan Amount	Interest Rate	Time to Pay Back	Interest Amount	TOTAL to Repay

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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