

- Have the class examine coupons that come in the mail or newspapers. Students can use what they learn from their review to design coupons for their favorite products. Encourage students to think about how the age of the customer might affect the design of the coupon, and how competition might affect the discount.

### Suggested Internet Resources

Periodically, Internet resources are updated on our web site at [www.LibraryVideo.com](http://www.LibraryVideo.com)

- [www.teachingkidsbusiness.com/Home.htm](http://www.teachingkidsbusiness.com/Home.htm)  
TeachingKidsBusiness.com has created a number of programs which introduce business concepts, activities and business games in a kid-friendly style.
- [www.sba.gov](http://www.sba.gov)  
The United States Small Business Administration offers information and a beginner's guide to making a business plan.
- [www.econedlink.org/](http://www.econedlink.org/)  
The National Council on Economic Education offers lesson plans, definitions and resources for K-12 learners.

### Suggested Print Resources

- Horsley, Lorraine. *Getting Down to Business*. Waterbird Books, McGraw-Hill Children's Pub., Columbus, OH; 2003.
- Linecker, Adelia Cellini. *What Color is Your Piggy Bank? Entrepreneurial Ideas for Self-Starting Kids*. Lobster Press, Montreal, QC; 2004.
- Thomas, Keltie. *The Kids Guide to Money Cents*. Kids Can Press, Limited, Toronto, ON; 2004.

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#### TEACHER'S GUIDE

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#### COMPLETE LIST OF TITLES

- SAVING, SPENDING & INVESTING MONEY
    - STARTING A BUSINESS
    - U.S. INDUSTRIES & RESOURCES
    - WHAT IS ECONOMICS?
- 

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Executive Producer: Andrew Schlessinger

Programs produced and directed by Fink Productions

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# Economics for Children™

## Starting a Business

### Grades K-4

From getting a haircut to buying popcorn at the movies, students encounter economics everyday! This series is designed around the main theme of economic interdependence between producers and consumers, wants and needs, goods and services, and the important role that children have as active participants in the economics of the home, community, United States and the world. Content is presented through a hands-on, interactive approach using kid-friendly language and includes basic definitions of economic terms. Follow along as our students travel through the daily world of economics and use decision-making skills to attain what they need and want.

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## Program Summary

A business can be started with a great idea, a business plan and a lot of hard work. Business owners use market research to evaluate the demand for a product or idea and to see if there is scarcity in a community that speaks to the possible success of the new business. There are many human, natural and capital resources needed to produce and sell new products. A business must identify its expenses and how to finance its operation, possibly through the use of loans or investors. Competition and additional costs can help a business set the right price for the product. That price has a direct affect on the profit or loss experienced by a business. A business should consider location, hours of operation and the distribution of their product to meet their customers' needs. Advertising and promotion in the forms of opening day events, coupons and samples create excitement and can generate sales for a new business.

## Vocabulary

**business** — An organization or individual(s) that provides, sells and/or buys a certain kind of good or service to/for others.

**business plan** — A plan that identifies the markets, customers, expenses and finances involved in starting a business.

**market research** — The gathering of information by a business about the wants and needs of customers, competition and the costs of creating and placing a good or service on the market.

**competition** — In economics, businesses that provide a good or service that is similar to other businesses. Businesses compete to gain customers and sales.

**marketing** — The process of planning and implementing the creation, promotion, pricing and distribution of a good or service.

**demand** — When people want or need to buy a particular good or service.

**scarcity** — A lack of something like a product, money or natural resources. In economics, a business often forms to fill a scarcity in the market.

**resources** — The materials and supplies that businesses use to make a good or provide a service.

**expenses** — The costs of any supply or material that a business has to buy or pay for.

**finance** — To pay for.

**loan** — An amount of borrowed money that needs to be paid back, usually with an additional fee called "interest."

**investor** — A person who puts his or her own money into a business and shares in the profit.

**profit** — The money a business earns after it pays for supplies, salaries and other costs.

**loss** — When a business pays out more money for expenses than it makes in sales.

**supply** — The amount of goods or services available at any given time.

**distribution** — The system businesses use to deliver goods and services to customers.

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**transportation** — Any way of moving people or things from place to place.

**advertising & promotion** — All of the ways a business introduces a product to customers and encourages consumers to buy.

## Pre-viewing Discussion

- Discuss ways that children can earn money. Share personal stories about earning money.
- How do you start a new business like a lemonade stand? Brainstorm ideas on supplies and help you would need.
- How do businesses get you to buy their products or services? What attracts you to buy one thing over another?

## Focus Questions

1. What is market research? Name ways that businesses collect market research.
2. How are scarcity and demand related to starting a new business?
3. What are expenses? How are expenses connected to finance?
4. Name two ways a business owner can get money to pay for a business.
5. How does advertising & promotion affect a new business?

## Discussion Questions

- What personal skills do you need in order to start a profitable business?
- Discuss the three types of business ownership. What do you think are the advantages and disadvantages of each type of ownership?

## Follow-up Activities

- A teddy bear, Slinky® toy, McDonald's® restaurants — what do they have in common? They are products and services that began with an idea from an entrepreneur! An entrepreneur takes an idea and creates a business to sell the product. Have students research and report on famous entrepreneurs in American history. Encourage them to locate the event, observation or accidental discovery that led to the creation of a money-making product.
- Send students on a scavenger hunt through magazines and newspapers to find pictures of the three types of resources needed for a successful business. Have students classify the pictures into categories of human, natural and capital resources. Display each grouping in a classroom collage.
- Have students count and record the number and types of advertisements they see on a walk through their home or community. Using references like ThinkQuest at [library.thinkquest.org/5704/](http://library.thinkquest.org/5704/), students can identify the different kinds of advertising. Collate their results and discuss how the type and amount of advertising affects customers' choices.
- Have students use their imagination as well as practice their business skills by designing a product, whether whimsical or practical, and formulating a business plan to produce and sell it.
- Read *Arthur's Pet Business* by Marc Brown (Joy Street Books, 1990) to your students and discuss how Arthur's choices and lack of a business plan affected his success as a business owner. Have students create a story where they help Arthur get organized.

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