

The Kids' Guide to Business

Second Edition

Introducing, Preparing, and Launching Kids into Business

by Jeff M. Brown

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Proceeds from this book are being used to further develop the social venture of TeachingKidsBusiness.com. Proceeds will help provide kids with programming and opportunities to learn about business.

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Introduction

This book takes a unique approach to discussing business. The author talks to parents and kids and hopes both will participate in the activities and discussions throughout this book. A key to teaching kids business is to respect kids and include them in discussions about business. The book talks to both kids and adults as equals and helps them work together. The author combines business consulting with coaching and teaching techniques to help both parents and kids consider a variety of ways to learn about business.

This is a guide to help kids learn about business and get started in business; it provides them with a framework to explore business. Some kids will use this book as a reference to develop their own businesses and others will use it as an introduction to business. There can be immediate results (do business now) or the start of a long thinking, exploration, discovery, skill development, and experience process.

This book was inspired by résumés submitted to the jobs for kids program at TeachingKidsBusiness.com. I realized that kids do not have a lot of work experiences or business opportunities beyond household chores (i.e., dishwashing, putting out the garbage, cleaning their rooms, and walking and caring for pets). I believe that kids are capable of much more and are ready for the challenge.

The term “business” is used in this book to cover the commercial activities of companies and career choices. I believe that as you prepare for business, you also prepare for a career in business and buying or interacting with businesses. I would like kids to think of going into business and choosing a career as two things with similar goals that require similar preparation. This book will help kids prepare for careers and explore business opportunities. Learning to develop a business will help kids learn to work in a business. The skills that kids develop for business will help them succeed in their daily lives and in business.

This book is geared for kids in grades K-12, 5-18 years of age, and it aims to make kids feel confident in developing their own businesses. It is written in a way that will help them understand business better by discussing business basics in a kid-friendly way. This reading experience will encourage, empower, challenge, and provide ideas and an excellent learning experience, while taking kids through an approach to developing a business.

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Because business is new to many kids, this book demonstrates how to explore business and how adults can use this book to help kids learn about business. Our A to Z approach is really an introduction to business through the development of a business.

The Kids' Guide to Business provides a unique approach by helping kids understand business and encourages adults to take an active role in exploring business with kids. Once we introduce kids to business, we will have given their future a jumpstart. Naturally, this will spark kids' interest, and they will start asking questions and exploring and experimenting in business, which will help them prepare for their eventual future/career in business.

References have been made to the business case of the lemonade stand to show kids about business in a fun and relevant way. Kids will learn about business by applying business basics to the lemonade stand example. I believe that all kids understand the lemonade stand business and will feel comfortable applying even sophisticated business practices to this simple example. Kids may not actually operate a lemonade stand business, and it's not important that they do so, but this approach will allow kids to use their imaginations in developing their businesses with the lemonade stand business in mind. Many kids will think in terms of the lemonade stand example and then actually apply the concepts to their business ideas.

The book's detailed table of contents will allow you to jump around and explore the different sections in the book. The introductory sections should be used to ease you into business, or you can jump ahead to the DAB section, where kids can start to "Develop a Business" (DAB). The adult and kids introductions are good sections to read to help understand the strategy behind this book.

TeachingKidsBusiness.com's "Develop a Business," or DAB, approach takes kids through the many steps used to develop a business. In the DAB approach, kids are introduced to business terms through a two-step process. First, we define the business term and then we explain it through discussion. Secondly, we apply the business term and principle to a lemonade stand business to make the ideas and concepts simple, fun, and easy to understand. We ask many questions to engage kids in discussions about business. Questions help us think about the subject matter and learn from developing answers. The answers kids provide will change over time with more thought, experience, and skills. Kids can then apply this approach to other businesses.

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This book has been developed to enhance the programming of TeachingKidsBusiness.com, as proceeds from this book will be used to further develop this social venture and create more business experiences and opportunities for kids. A progression from this book is *Teaching Kids Business: Why, What, When, Where, How & Impact*.

Let's learn about business while we discuss and develop a lemonade stand business!

Let's "plan a stand"! Let's develop a business!

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Acknowledgements

The important concept behind this book is to involve kids in business and to provide them with business experience. This has been accomplished in a number of ways and the momentum is growing.

I would like to thank Amey Harding, Tyler Brown, and Hayley Brown for perspectives and idea generation support. They have been very instrumental throughout the development of TeachingKidsBusiness.com and *The Kids' Guide to Business*.

Thank you to the hundreds of kids who have shared their résumés with us on TeachingKidsBusiness.com and provided their perspectives on how they plan to prepare for their future. By looking at the résumés, it became clear to us that kids have career and business ambitions at an early age, but they need help and experience to obtain their goals. Many kids have also offered their comments on the concept of teaching kids business.

Thank you to the many people who have supported the social venture of TeachingKidsBusiness.com. The compliments, encouragement, comments, and programming input have helped create unique opportunities for kids. I would like to thank Tara Sorensen for her support in the initial development of the TeachingKidsBusiness.com web site.

Thank you for buying this book and supporting our teaching kids business initiative. The proceeds from this book will help us grow as a business, demonstrate business to kids, and expand our programming to affect the future of kids.

Thank you, in advance, for taking the time and interest to teach kids business. By taking an interest in this subject matter, you will gain from the wonderful opportunities this book has to offer and from business in general.

It really does take a community to educate a child. I encourage you to share information with us to further develop the subject of this book and TeachingKidsBusiness.com.

Jeff M. Brown

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About the Author

Jeff M. Brown, B.A., CMA, is the founder of TeachingKidsBusiness.com and StrategiesforParenting.com; he is an entrepreneur, businessperson, Certified Management Accountant, Internet publisher, parent, and individual who cares about kids' futures. His personal experiences and his 40 years in business have influenced the development of a very original and effective approach to teaching kids business.

As a parent, Jeff recognizes the importance of preparing kids for independence and a future in business. Jeff believes in nurturing and empowering kids in a positive way at an early age. He believes that kids have tremendous potential and they are only constrained by the resources and support we give them.

Like most working people, Jeff has made several career changes. These experiences have helped Jeff better understand the need for people to identify their strengths, weaknesses, and interests to help them prepare and evolve their careers in business.

Jeff believes we should offer kids business-related experiences at an early age. This exposure will help kids shape their attitudes and explore possibilities while engaging and exciting them about business and their future.

Through the social venture TeachingKidsBusiness.com, Jeff's mission is to help prepare kids for a successful business future. TeachingKidsBusiness.com's web site has reached hundreds of thousands of kids worldwide and is contributing to a growing awareness of the potential of kids in business.

This is the second edition of The Kids' Guide to Business. Jeff is also author of *Teaching Kids Business: Why, Why, When, Where, How & Impact* and *Strategies for Parenting: The Road to Independence*.

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Chapter 1

Kid's Introduction

Overview for Kids

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How Kids Can Approach Business

The Fun Side of Business

What This Book Can Do for You

Overview for Kids

Welcome and thank you for taking the time to think about reading this book. You probably do not know what to expect from a business book. Sorry that it is not like other books you read. It is written differently to talk to you about business. It is not full of pictures, but the business discussion in this book will bring images to your mind. You will begin to think about and observe businesses and see many interesting things around you.

The goal of this book is to give you good material to think about, which will entertain you in different ways. There is a lot of reading, but it will be worth it. It is worth making the investment of time to learn about business, which is very relevant learning. Business is not taught in school and it is important to learn and prepare for business.

This book will help you develop and start to find out about what your talents, skills, and interests are. By taking the time to read this book, you will learn about yourself and about what interests you about business. Once you find something that interests you (making things, operating a business, marketing, sales), you will have taken a big step in preparing for your future in business. Your interests might change over time or you will further explore and develop your interest with the addition of skills to help you enjoy it more and possibly apply it to a business.

You are about to read a book that explains many things about business. As you discover new things and think about business, you will begin to develop skills and experience to

further educate yourself in business. You will use this to do business, or buy from businesses, or to work in a business.

It does not matter how old you are to learn about business. If you can think, ask questions, observe things, talk to people, and have a good attitude about learning; then you are old enough to learn about business. If you can read or can be read to, then you can learn from this book. There is no hurry to learn about business and no pressure, but the sooner you learn, the sooner you will have the confidence to talk about business and eventually start a business. In addition, as you learn skills and gain experience from reading this book, you will develop skills that will help you in school and in your daily life. If you realize you can and should improve the way you think, then you will begin the process of thinking better. This applies to many skills that you will start to develop as you think about and learn about business.

You will hopefully read many books as a kid. Some books you will have to read for school education and some for your own interest and enjoyment. This book is unique because you can choose to read it for your own personal development and education. The content of this book will not be taught in school. You can find entertainment or interest from business if you look hard enough or choose to enjoy it. As you read this book, you can apply the thinking to a fun business you can think of or a business that you think is very interesting. If you use your imagination on what is possible in business and on the great experiences you can have in business, then you will make it a great read. The book has a lot of information that will challenge you to think. Some kids will find it a hard read if they are not willing to think about the material. Business is something that rewards hard work.

This is not a “get rich quick” book, but it will help you prepare to succeed in daily life and business. By being aware of business and learning about business, you will develop confidence and skills that will help you do whatever you choose in life and succeed. These skills will help you in school and perform better in sports and other activities. Over time, if your goal is to become rich, then this book will help you develop the foundation of skills to succeed and possibly become rich.

Business success is a dream like being a professional football player or any professional athlete. You have to learn the basics, practice to improve, learn to play the game well, and push yourself to improve to be the best you can. Kids start sports at an early age, so why not start business activities at an early age?

This book is your business friend to work with you and discuss business, to work with you on business activities, and to play around with business. Call the author your “business friend” who shares time and an interest in business with you. You can expand your network of business friends by finding others who are interested in spending some time on business activities.

I would like you to understand that you already do business by influencing your parents to buy products, such as food, clothing, games, and activities you participate in (sports and entertainment). You actually talk business with your friends when you talk about products you have purchased or would like to purchase or a movie or a video game you play.

When you talk about products, you are talking about the business that produces or sells these products and your experience in buying and using the product. You are talking about what you like and why you want to buy a product. You understand brands you like and prefer to buy.

As a customer or as someone who influences the purchases your parents make, you are doing business. As a kid, you are of great interest as a target market for businesses. Businesses are trying to reach you and do business with you. You know more about yourself than businesses do, so you know a lot about business. You know what you will buy, where you will buy, and how much you will pay for products. Businesses are constantly trying to figure this out and you know the answers.

This book will be a launching pad for you to start exploring and preparing yourself for business. If the Harry Potter books encouraged kids to read, let’s use *The Kids’ Guide to Business* to encourage kids to be interested in business. Consider business as a gift idea to other kids and associating with kids to develop business relationships or a network. Let’s get you talking about business and doing business as an activity. The activity of business can be as simple as watching and thinking about business when you see a business or interact by buying a product. Learn from your experiences with businesses. If you use Twitter then consider a hash tag such as #tkb or #teaching kidsbusiness for some of your discussions.

I want you to take on the challenge of participating in a great business experience. You can do this on paper (think, draw, or plan it out) or actually develop and run a lemonade stand business or any other business you desire. The key is to prepare for a business or plan a business; the bonus is actually starting a business.

I know you can master business and this will be a good chance for you to take charge, try, and prove it to yourself, friends, and family. You will become the decision maker; we give you many tips on things you should consider while developing your business. Consider yourself the president of your new business venture. You are empowered to run the business the way you think it should be run, by actually running it or imagining how to run it.

I have called this book a “guide to business” because I believe it will help guide you into and through business. My approach is to discuss business with you by referencing a lemonade stand business. You can apply this guide to any business you might be considering. The unique thing about this book is that you can understand and learn about business and gain business experience and not even set-up a lemonade stand.

You will surprise yourself on how simple it is to develop a business when you know what steps to take. If you are new to business, we have many tips to help you learn. If you feel you are a little too old to run a lemonade stand, then plan other businesses or do some very advanced business practices for the lemonade stand business. If you don’t want to run a business yet, write and draw out how you would like to run your business in the future.

You can “plan a business” as a class, a business club, with friends, with family, or on your own. There are many challenges and much to be learned from this experience. Planning is using your imagination to see what you would do before you actually do it.

Business is everything from what your parents and others do to earn money, what stores are doing, and where you buy things. Business is about people earning money to have the things they need (food, house, car, and clothes), to have the things they want (toys, video games, cell phones, etc.), or to do the things they want to do (sports, entertainment, travel, etc.).

Business is what people usually do after they finish going to school. School helps you develop many of the basic skills you need in business. Business includes terms like working, career, job, occupation, stores, factories, restaurants, and activities outside of your family and school.

Business can also be looked at as how things work around you. When we talk about business and preparing for business, it can be as simple as being aware of stores that you

walk into or companies that you see on TV. You can learn a lot about business by asking yourself simple questions: “How do they do this?” “How well do they do this?” “How could I do this?”

Learning about business is also developing life skills to help you succeed in daily life activities. This is an important point to consider. If you focus more on life skills: thinking, reading, communicating, working with people, being organized, managing time, being innovative, being creative, problem solving, managing stress, remaining physically fit, and eating healthy, to mention a few, you will be more successful in school and everything you do. This will also prepare you for business. The sooner you develop these skills, the better you will perform. The more skills you develop, the better prepared you will be.

Reading this book is about spending time on your future—investing time in you! At some point in the future, you will spend more and more of your time involved in business or working a job and developing a career. If you could spend more time preparing yourself, you will have a better chance of succeeding in business.

Your future career may be one of the many business job responsibilities that you will encounter in this book. Your lemonade stand business might be the opportunity for you to discover your talents and develop your business skills. Are you good at making things (design), selling things (sales), creating advertisements (advertising professional), keeping track of money (accounting), telling people about your product and business (marketing), or organizing the business (managing)—try it and find out! You may even make the best lemonade in the world!

Take the time to further explore the different jobs available in business. Once you have found an area of business that interests you, try to understand the skills that you require, in order to prepare for that career and develop a plan to acquire the needed skills.

Take some time to explore online links at TheKidsGuidetoBusiness.com for hundreds of additional pages of business resources and experiences.

Create a business card and show it to your friends, just as if you were showing them your latest toy, telling them about the newest song, or describing a video game or a new movie you just saw. Tell them about the business you are developing and all the neat experiences you are having. Tell them you are going to be a business star instead of talking about other people who are stars (i.e., sports stars, movie stars, and singers).

Invest time in yourself while you explore business. Have a great experience in whatever you choose in your future. Just remember that you get out of life what you put into it. If you work hard at something and put a lot into it, you will get a lot out of it—from rewards to experience and satisfaction.

I hope this is an opportunity for you to try business and feel the pride when you sit back and say, "I did it!"

Use this book as a project to help you learn about business, discover your talents, challenge yourself in new ways, and have some fun. Enjoy discussing business with your friends and family and at school. Dream a little, dream big, and go after your dreams ... starting now!

Help make business a gift idea to involve your friends. Ask for gifts that teach you skills and prepare you for business, and give these types of gifts to others. Teaching kids business has to start somewhere and what better way than to have kids ask for it.

Good luck in business!

About the Author, Who Was a Kid

It will be helpful to understand a little about the author to understand this book. I was a kid and I remember what it was like to try to figure out how to earn money, what I wanted to do when I grew up, how to understand the work adults did daily, and how to buy things and get a good deal from businesses.

I was a kid who had a paper route, cut lawns, and had snow-shoveling contracts at 12 years of age. I did my work early in the morning before school and at night. I worked at my Dad's hotel business doing everything from cleaning the swimming pool, clearing tables, cleaning floors, desk clerk, and cleaning hotel rooms. I learned to take responsibility, work hard, and earn money, but more importantly, I was given the opportunity to work, develop skills and confidence, and learn about business at an early age. The money I earned also gave me some independence. I also learned many important life skills, such as managing my time, being organized, saving money, and how to work with customers. Beyond working at an early age, I also played competitive sports, had time for friends, and did well at school.

After becoming a father of a son and daughter, I wanted to make sure my kids learned about business. I knew business was not taught in school and I knew it was very important, so I founded TeachingKidsBusiness.com in 2000. I developed programming and activities to teach kids business and help kids develop skills and experience to prepare for business. The website has grown to hundreds of pages and several hundred thousand visitors per year. I am creating a social cause of teaching kids business. I want to help kids develop skills, gain experience, and prepare for business. I want to give parents ideas and resources to help them teach their children business. I wrote *Teaching Kids Business: Why, What, When, Where, How & Impact* to explain this in much greater detail and to help parents begin.

I respect kids because I know they have the ability to do things and the potential to do the things adults do in business. I learned about business when I was a kid. Adults were once kids and the only key difference is skills and experience. I know kids can learn skills and gain experience from reading, observing others, and doing activities. Age should not matter in learning skills to prepare for business. Every kid can think, communicate, make things, talk to people, work with people, and sell by telling someone about a product or service. Every kid at any age can learn skills used for business. The skills for business are used in daily life and can be improved with practice and opportunities to develop skills.

I like business and find it very interesting to observe and determine what businesses do and how well they do it. Much can be learned from watching people sell and do their jobs in a business. It is like a game to me to figure out what a business does, how it makes its money, and how I could do it better. I find business entertaining, challenging, and fun.

I have worked in a number of businesses: movies, packaged food, automotive, video game distribution, hospitality, real estate development, property rental, magazine, publishing, website development, guest speaker, consulting, legal, and accounting. I have also read, talked to people, and bought from businesses around the world. I have developed good experience, skills, perspective, and understanding of business.

The Fun Side of Business™

I could have added gimmicks to make this book more fun, but I would rather have you create fun while doing business. I provide you with a framework to learn about business and it's up to you to make it fun by using your imagination. As you develop a business, you are in charge of the business, which includes creating the fun.

While business might not appear to be as exciting as an action video game or a big sports event, business is something that you can make as exciting and as challenging as you want. At first, you are probably thinking that business is boring. It's not! Being in business is like playing a game. You make it as fun as you want it to be. Business has much more real-life challenge than a video game, and it can be very rewarding when you succeed.

Fun is a big challenge in business. I am going to take you through a lot of good learning material, but like most business writers, I kind of forgot about fun. I had so much that I wanted to tell you that I just started writing and writing about business stuff in a kid-friendly way. Most businesses forget that having fun is important. I know how important fun is for kids because kids tell me all the time. I know in all my business experiences and all the research I do on businesses, I can't find as much as I would like about the fun side of business. I try to write in a fun way, but I know that I need some help. I thought about rewriting the book after already writing and rewriting it many times, until I figured out how to make business really fun—letting kids make business fun!

In this book, I create business experiences for kids. Kids take on the responsibility of learning about and developing a business. Therefore, the responsibility or the job of making business fun has been delegated to you. As you begin to develop your business, you are asked to create the job of "Vice President of Fun" to ensure your business experience is fun. I encourage kids to be in charge of the businesses they develop and the amount of fun they and others around them have. Let kids determine how much fun they need, how to create more fun, and how it contributes to the success of a business. Most importantly, you should learn how to balance fun with a successful business.

Throughout this book, I would like you to think, "How can I make this fun?" The amount of fun you think about is only limited by your imagination. The amount of fun you actually have with your business experience is your choice.

Please help me to bring kids into business and bring out the fun side of business!

"Business is a game that kids can make fun!" — Jeff M. Brown,

How Kids Can Approach Business

Business is really a new territory for you to explore and so it becomes a new challenge. It is a new activity or game that you can learn to play. Once you catch on to business, you can be assured that business will respond by creating more business-related products and opportunities. As you and many more kids become interested in business, it could become the next kids' phenomenon.

The approach we would like you to take with this book is similar in preparing for a professional athletic career. Kids dream about playing in the professional leagues, they watch and learn about the sport, they read about it, they practice when they have time, and they play in leagues and pick-up games to improve. Parents also spend a lot of time and money on travel, equipment, lessons, and coaching. What if you spend a little time on preparing yourself for business, like you would for sports? Don't you think it would help you make the "pro leagues" of business? Just try to manage business preparation the way kids are managed in sports.

You are basically a kid for about 20 years and work for 40 to 45 years or more. In your first 20 years, have fun as a kid, but spend some time learning about responsibility and business to help you through your working years. I am not talking about dropping your favorite sport and spending all your time on business preparation. I am suggesting that you start thinking about business, ask questions, observe what people do, and try to understand what you would like to do, what you might be good at doing, and how to prepare yourself.

It is important that you try hard at school and learn as much as you can. Realize that school provides you with a very broad education and not necessarily the preparation for a particular career. The accomplishments of finishing high school, college, or university will not guarantee you a successful career in business. It is your responsibility to plan your education, choose your career path, and understand the necessary skills, additional education, training, and experience you will need.

Find a little time to start exploring business and preparing for your future.

What This Book Can Do for You

You never know where this business experience will take you! Your future in business is unlimited.

This book will provide you with lots of information and good ideas to help you. This book alone will not make things happen; it is up to you to do something with the information. This book will help you understand business and develop a business, but you will have to take the next steps to make it happen.

Any experience that you have will be very impactful and if managed properly can have a very positive influence on your future. We hope to create awareness and positive business experiences at an early age to help set the foundation to shape your successful business future.

If we can spark an interest in business, then you will ask questions and begin to figure things out as you go through life. You don't have to wait until college to learn about business. By starting now, you will do something good for yourself.

I realize that kids are people with a tremendous amount of potential and often their full potential is not reached if they are not given the tools, opportunities, and support to do so. A book can be a wonderful way to reach out to kids in new ways and provide access to ideas that will help them reach their potential. We hope that this book will help you to understand and reach your potential.

This book can help you to:

- explore business as an activity in a fun and interesting way
- prepare for business with skills and experience
- launch into business
- understand your talents and interests
- begin healthy conversations and observations about business

This book is also a business investment that provides opportunities for you to gain valuable experience. Take the time to explore business further through the book updates and links available to you at TheKidsGuidetoBusiness.com.

Kids, this is a good point to skip ahead to “The Business Case of Johnny and the Lemonade Stand” in Chapter 4. You are welcome to read the next few sections or come back to them in the future. You are probably anxious to learn more about business and how to develop a business, so feel free to jump ahead now.

Let's get started!

Chapter 2

Adult's Introduction

Opportunity to Start Talking about Business

Teaching Kids Business is a Social Cause

Business is Important to Learn

Adult Overview

Our Unique Approach to Teaching Kids Business

Why We Chose the Title *The Kids' Guide to Business*

How Parents Can Engage Kids in Business

An Approach for Teachers to Teach Kids Business

Opportunity to Start Talking about Business

This book will help you to start thinking about and talking about business with your child at any age. The concept of business and being aware of business can be understood by every child and can evolve over time. Business is done in all cultures and is an international activity, so it applies to all kids. Business education can be part of your daily discussions and influences with your kids. You can help kids make the connection between businesses you interact with, what interests them in business, and the development of their understanding of business.

This may not appear to be an immediate success, but it is a good strategy for the long-term development of your child.

Teaching Kids Business is a Social Cause

We all benefit in society from successful kids. If we can help kids recognize the many skills and experience they need to develop for success in business, we will develop a foundation for success. Business can be a positive influence that will engage kids in

learning relevant material that might not be taught in school. If we can engage kids in learning and helping them think about success in the future, we will focus kids in new ways and reduce social problems.

Business is Important to Learn

Business is one of the most important activities we need to prepare our children for. All kids will either work in a business or buy from a business. In general, our education systems do not teach business, nor do they recognize or teach the skills required to succeed in business. Many life skills are needed to prepare for and succeed in business. A key strategy for parenting is to prepare kids for independence, which is developing the skills in your kids to allow them to provide for themselves. Beyond cooking skills and managing their daily lives, kids need to develop a variety of skills and experience to become independent, which includes acquiring a job and succeeding in business.

I wrote *Strategies for Parenting: The Road to Independence* to expand in greater detail on the ways to develop independent kids. I also wrote *Teaching Kids Business: Why, What, Where, When, How & Impact* to go into greater details on teaching kids business and answering the many questions you might have.

Adult Overview

Parents and teachers try the best methods they know to teach children. Parents taught their child to walk, talk, and eat which took creative teaching skills, commitment, practice, and patience. Parents as teachers and schoolteachers find ways to connect with kids, share information, and create activities to teach and to reinforce the lessons they teach.

There are a number of teaching techniques, and each will work differently with each child. The interesting challenge of teaching is to engage the child by interesting them in the subject matter. Business provides many opportunities for interesting and relevant learning material. There are many products kids enjoy or would like to have, there are many businesses that kids see in their daily lives, and there many jobs kids can find out about. There are many advertisements, websites, and news media as resources for business information and education. Business is a very interesting subject to learn.

If your child responds better to games, then help them consider business as a game. Kids can think of business as a game that requires skills, talents, practice, rules, teams, competitions, winners, and losers. The fact that business is a good challenge for kids makes it a fun experience like many other games they play.

This book helps kids figure out how to “develop a business” (DAB). We hope to get kids thinking about business, give them a business framework to work with, and create confidence and opportunities for them. Please build on this framework and reinforce in your daily interaction with your kids. Point things out to them about businesses and discuss your business experiences.

This book has been created to be a “kids’ guide to business”; in other words, it is a business program geared specifically toward kids. There are many “how-to guides” on the market for other subjects, but we are trying to approach it differently for kids. We are trying to guide both kids and parents to explore parts of the book on their own and together. There are a number of teaching approaches that include introducing business terms, discussing them, asking questions, providing activities, and then applying them to a lemonade stand business. Kids are provided with questions and ideas to consider as they apply business concepts to the development of their own business. Parents and teachers can add value by helping to coach kids on thinking and finding answers.

This book was inspired by the view that kids have tremendous potential. If we help them develop skills, give them the proper tools and opportunities for experience and encouragement, they will accomplish many great things, including success in business. We feel that kids are interested in business and if we connect with them through terms and examples that they can relate to, we will provide a good experience for them.

If kids took some of their time—for example, one half hour a week that they might normally spend surfing the Internet, talking on the phone, or watching TV—and use it to dream and prepare for their future in business, they would all be better off.

This book has been developed to help kids step into the business world. We have made it easier for kids to learn and develop a business using a step-by-step approach. We know the concept of developing a business can be overwhelming, but we have broken the process down into simple manageable steps.

The use of a lemonade stand is an ideal business case because it is an excellent example that kids can understand. The lemonade stand is a simple roadside kiosk business that kids can operate. The steps you take to develop any business are the same steps we take kids through in developing a lemonade stand business. Once kids can develop a lemonade stand using our DAB approach, they can apply it to many other business opportunities.

Business can be a positive influence to focus kids. Business can be good choice for kids. Business is an opportunity to start offering more of what is good for kids, rather than what they want or might be used to. Kids, in general, love candy and junk food, but it is not the smart choice and can lead to many health problems. Business might not be a top choice for kids, but it is a smart choice for their futures. We should consider business as a great gift idea.

TeachingKidsBusiness.com has found research indicating that kids have fun when something satisfies emotional needs. Kids will have fun because their needs for challenge, respect, control, power, accomplishment, knowledge, participation, safety, pride, acceptance, success, and nurturing are satisfied throughout the book.

Our research also tells us that kids want learning to be fun, and we realize that this is a crucial element for kids. Like school, business can be fun, but unfortunately, there are times when it is not. As kids evolve in business, they will learn that fun is only one of many rewards.

Our planning approach of a lemonade stand business attracts participation from a wider age group. The image of a lemonade stand is usually associated with kids 5-10 years old. The exercise of planning a business can engage older kids and more kids in general. This also allows younger kids to feel that they are actually running a “big business” or a real business. Kids from early elementary school to college level can enjoy and be challenged by the DAB planning framework in this book. We believe the 8-14 year age groups will be the main users of the book.

When we ask the question of how much you should sell your lemonade for, kids of all ages will have an answer, but arrive at it with different insights and recommendations. They will be challenged by the question and eager to find out what the price should be or what the right answer is. Throughout the book, all age groups will be challenged by questions that arise in developing a business.

Our planning approach is also a safety precaution for children because our streets are not as safe as they used to be. Parents a generation ago would allow their kids to sit out by the street, confident they would be safe in their neighborhood. Now, parents are more reluctant to leave their kids unattended in their neighborhoods, and kids are much more aware and cautious about dealing with strangers.

This book takes a different approach to the usual lemonade stand business. We have created the option of an indoor business planning exercise with more writing and drawing exercises. Kids can also explore more ideas and continue to be creative as they plan their business on paper. The activity of planning a lemonade stand provides an effective business experience. Kids can pretend to run a stand by planning and acting out the activities inside, or they can actually set-up and run the stand outside.

We have also used links to online Internet programming at TheKidsGuidetoBusiness.com and TeachingKidsBusiness.com to provide updates and additional activities.

Our Unique Approach to Teaching Kids Business

Our approach is to talk to kids about business in a way that they can understand, using language they can relate to, empowering them to develop a business, and trying to bring fun to the business.

We know kids can do amazing things if they have the tools, opportunities, and support. We can begin to prepare them for business by helping them develop business skills early in life. Kids stand for potential and with the right attention and guidance, they will master business at an early age and be better prepared for the future.

We would like to see kids participate in conversations about business. Kids should share their business experiences just as commonly as they share stories about an accomplishment, a special day at school, a trip to the zoo, or the best parts of a movie.

Throughout the book, kids are encouraged to think and imagine their way through various business situations. We do not give them all the answers to business success, but we empower and engage them to take steps, ask questions, and come up with ideas. We feel our approach will create a lasting learning experience rather than a memory exercise.

We know business preparation and experiences can be great for kids. There are many things that kids are exposed to that shape who they are and who they become. If we can create positive business experiences that build self-esteem, confidence, and good character traits, we will make great contributions to the lives of kids. We believe engaging kids in business will deliver good life experiences.

We also believe kids are ready to “play the game of business” at an early age. Business is like any other game with rules, challenges, and competition; once you learn how to play the game, you can win.

Kids can learn about business. Kids can do business. Kids can have fun experimenting with business. Kids can have fun exploring business. Kids can find many questions to ask and uncover the answers to them.

Once we believe in the capability of kids, we can proceed with patience and support to teach many wonderful things about business.

Why We Chose the Title *The Kids' Guide to Business*

The book title was a difficult exercise. The problem with any title is the final choice might limit the understanding of what the book is about and what it is trying to accomplish. We have chosen a main title and included sub-titles to help communicate the scope of this book and add clarity to the title. We think the phrase “guide to business” suggests kids who use this book will be guided into business. We realize business is not necessarily something you just jump into. We show kids the many steps that should be considered when developing a business and we give tips to adults on talking to kids about business.

Introducing, Preparing, and Launching Kids into Business

The main premise of this book is to prepare kids for business. We discuss business language (terms), provide assistance in making business decisions, demonstrate job responsibilities, develop business skills, and help kids discover their talents and interests.

We often see the “ABCs” or “A to Z” of a topic, suggesting the basics and much more are being covered. We have chosen this phrase to suggest that we have covered many business basics. We discuss very basic business terms and apply them to more complicated and

advanced business practices. We cover a broad range of topics, from naming a business or product to mergers and acquisitions.

We have created the DAB approach to help kids develop a business. DAB is a framework to empower kids to work through the development process for a business. By providing kids with steps or “decisions in business,” they will learn to assume responsibility and gain confidence in developing a business. Valuable experience can be gained from going through the DAB approach for a lemonade stand and then applying the framework to other business opportunities.

The lemonade stand is an excellent business case to reference business learning with kids. Kids can easily understand business terms and practices when they are being related to a lemonade stand. Many kids have operated lemonade stands; they know the business and can easily relate to it.

How Parents Can Engage Kids in Business

Don’t underestimate your ability to influence or teach your kids about business. Kids might not appear to take direction or listen to you, but you do have an impact. Your attitude toward certain topics is usually very clear to them, whether they agree or disagree with your perspective.

It is our belief that adults generally do not respect kids’ perspectives on business. This is demonstrated by the fact that many adults avoid business conversations with kids. If adults and parents could engage kids in business-related conversations, they would find this would lead to many interesting discussions.

Consider having business discussions with your kids so they develop the confidence to join or initiate business-related conversations. Kids will ask questions when they feel they are being listened to and answers will be provided.

As a parent, you should not be focused on what career you want your child to pursue, but rather help them to understand their choices, interests, and talents. The best influence is to help them find something that makes sense for their needs, interests, and abilities.

Please do not judge your child's business experience. At this stage in their development, successful and unsuccessful business experiences are good. The successes build confidence, and the failures become great learning lessons.

This book will provide you with valuable information and a framework to start discussions on business. You can discuss business in great depths by helping your child to explore our DAB section. You can relate business principles to your business experience and to other businesses that interest you and your child. You can explore business further through links and activities at TheKidsGuidetoBusiness.com.

Be creative and make it fun to engage your child.

An Approach for Teachers to Teach Kids Business

This book was partly inspired by requests from teachers at TeachingKidsBusiness.com for basic business programming for kids.

This book provides basic business terms and applications to introduce kids to business. We have covered a broad range of business topics and presented the information in a way that can be discussed and further explored. The book can be used for a wide range of ages; we believe younger and older kids will relate to the book differently and experience challenges at different levels.

The lemonade stand is an excellent way to kids to relate to business. Many of them have tried a lemonade stand business or have seen one in operation. Take this business icon and expand the experience in your classroom and beyond.

Use this book as an introduction to business, a guide, a model or framework to which you can add elements based on the abilities of your students. You can use certain components of the book if you have a specific topic in mind (i.e., marketing or advertising).

The numerous business decisions kids will encounter in the DAB section can be used as an introduction to career discussions. Each of the business decisions is actually a job responsibility of current career positions in many companies.

The exercise of developing a lemonade stand business integrates many components of the school curriculum. This book provides a learning framework that encourages collaboration, brainstorming, application of concepts, research, problem solving, skill development, presentation of ideas, and making recommendations.

This book can be used as a program, a project, a fun activity, a fundraiser, or a starting point for much more:

- explore career choices
- introduce business terms and concepts
- teach business basics to your class
- develop project skills

Chapter 3

Ways to Use This Book

Introduction to Business
Exploration of Business
Develop a Business (DAB)
Discovering and Developing Talents, Skills, and Interests
Interest Reading
Fun and Social Activities
Developing Your Imagination and Putting it to Work
Home Schooling and Tutoring
Kids' Business Club
Competition/Contest
Developing Commercial Opportunities for Kids

The subject of business is new for many kids, so we have developed some ideas to get kids started. This book can be used by kids of all ages to teach business at a variety of levels (introduction to advanced). This book has been created for kids and adults who are interested in influencing the future of kids.

The experience kids gain from this book can be enhanced by using additional resources from the business programming of the TeachingKidsBusiness.com web site. We hope our guide is the starting point for additional exploration of business. We have provided updates and activities at TheKidsGuidetoBusiness.com.

As a tool to teach kids business, this book should be used in a way that works best for the reader. There is no right or wrong way to read and reference this book, but the reader needs to choose. The reader might want to use a few sections to begin, or he or she might wish to proceed to many other business topics and opportunities.

The following are some ideas on how this book can be used and the possible outcomes you can expect:

- Kids working on their own or with the help of a parent
- A group of friends
- A youth or community group
- A kids' business club
- Teachers in a school class

Introduction to Business

The intent of this book is to introduce kids to business. There is so much to learn about business. This book can encourage discussions and can help kids, parents, and teachers begin.

Exploration of Business

Kids may not have had the opportunity to explore or think about going into business. As kids read this book, they should begin thinking about the different aspects of a business. Children will learn from this book and start thinking about their futures.

Once kids have a grasp of the business basics, they can begin to explore so much more. As kids start to learn the basic business language and the way business works, they can proceed more easily in business. We hope to give kids the framework to look at and explore business.

As we make kids aware of business, they will notice and learn about business as they interact with businesses in their daily lives.

This book will also refer kids to other types of business experiences in TeachingKidsBusiness.com. There you will be able to find hundreds of pages on business programming.

Develop A Business (DAB)

Our DAB approach is like writing a fictional story about what you are going to do in business. In the story, you would discuss all your ideas on running a business. In the

business world, we call this business planning (writing down ideas) and, like storytelling, we use a certain framework to develop a business plan. The DAB section gets kids planning a business by using a fun activity.

Business planning can be used to figure things out before you invest the time and money in a business. Planning can be fun because you can imagine some great things and dream about how successful you will be.

Discovering and Developing Talents, Skills, and Interests

The development of a lemonade stand business is an opportunity for kids to understand their talents, develop skills in business, and identify their interests. Talents are natural abilities of learning or doing something. Skills are abilities that come from training and practice. Interests are having feelings of curiosity toward something, to excite the attention of curiosity.

Your talents will become apparent as you develop a business. You will learn and develop skills and discover your interests as you work through this book. If you show interest in a certain area of the lemonade stand experience, it will help you understand areas of business for which you might be better suited.

- If you are interested in the preparation of the lemonade, you have a love of making things.
- If you enjoy talking to people and trying to sell products to them, you have a natural talent for selling.
- If you are interested in preparing advertisements for the stand, you have creative talent.
- If you have good ideas for promotions, you have a talent for marketing.
- If you like managing money, you have a knack for math or finance.

Every experience you have with the DAB activities should help you develop skills and understand your strengths, weaknesses, and interests. Once you figure these out, you are well on your way to preparing yourself for business. Many skills required in business develop through daily life. The skills of thinking, reading, organization, time management, and interacting with others are some of the many skills kids need to develop for school,

success in daily life, and business. Activities, such as sports, also develop skills to prepare for business.

The secret to making sure your future jobs are a good fit for you is to understand the skills you need and how they match your interests, talents, and abilities. In the future, you might take jobs to gain the necessary skills and experience for your “dream job.”

Interest in Reading

This is a good opportunity to do some reading—interesting reading relevant to life. If kids become interested in business, many resources on the subject of business are available. Many websites on business, blogs, and news can expand reading skills. Business is not currently a favorite reading category for kids, but we have to start somewhere and this is a good start.

Fun and Social Activities

We have asked kids to take responsibility for developing the fun side of their business experiences. If kids want to have fun, they have to create it themselves. The business or lemonade stand that kids develop can be as wild and fun as their imaginations allow.

Kids will be able to take ideas from this book and apply them to business. The more ideas they have to work with, the greater the challenge and fun. We want younger kids to consider the fun of developing and possibly running a lemonade stand, and we want older kids to think about all the potential opportunities that could arise in developing and running their own businesses.

Fun activities include:

- a drawing exercise in which kids draw a lemonade stand and advertisement signs
- a writing exercise in which kids write a plan for their lemonade stand or other business ideas
- a story-telling exercise in which kids tell others about their business
- a contest to engage kids in the competition of business
- the basis for a teamwork initiative, which includes the school community and business partnerships

Developing Your Imagination and Putting it to Work

“Imagination is more important than knowledge.” — Albert Einstein

Imagination is a creation of the mind and can lead to great ideas that produce new inventions and improved products and change the lives of many people.

Unfortunately, we don't take imagination or creative thinking courses in school, but these creative aspects are very important to idea generation. You will find that the skill of imagination will evolve as you learn to ask questions and give plenty of thought to your answers.

There are progressive companies, such as Google and 3M, that encourage employees to use their imaginations and think about new ideas. This approach has led to the development of many new products and greater business success. We would like you to use this book to further develop your thinking skills.

Everyone knows kids have great imaginations, and we encourage kids to use their imaginations as they explore business. Throughout this business guide, kids will be asked questions that will put their imaginations to work, helping them create ideas for their businesses.

The combination of imagination and reality is also a good experience. It is a good idea to see how your business plan performs in a real business. It is fun to imagine the ultimate lemonade stand or your great business idea!

Home Schooling and Tutoring

This book is a good resource for people who practice home schooling full-time or on a supplemental tutoring basis. We encourage adults to participate in this experience with kids. This approach helps kids understand business and it helps adults to convey important guidance and experiences.

The tutoring industry has grown dramatically in recent years because parents are concerned for their child's preparation for university, college, and a career. We believe that kids can enhance their school education with the right programming and support at home.

A little planned quality time at home with parental support is a very effective tutoring program. This is a great opportunity to interact with kids about business in the supportive environment of a home. A few "business meetings" at home would be a very interesting and great learning experience.

Kids' Business Club

This business guide is a great opportunity to put a "business club" together to explore business with friends. Organize a group of kids and sit down together to figure out how the group can attack the ideas in this book. Try the idea of a "DAB Club" or a "Kids' Business Club."

Competition or Contest

This book provides opportunities to create a friendly competition in developing a business. For many kids who need competition to spark their interest, we have listed some ideas:

- Compete for different categories (design, advertising, product taste).
- Run a school lemonade stand convention or business convention with a panel of judges awarding prizes. Have the local media do reporting and judging.
- Ask a youth service group to sponsor a contest or competition on plans for lemonade stands and actual operating stands.

Developing Commercial Business Opportunities for Kids

This book will help kids and adults consider commercial opportunities for kids. The thought of developing a business and learning to create a business will lead to other opportunities.

This book gives interesting opportunities for kids to consult other kids on developing a lemonade stand business. Kids can hire other kids to assist in the set-up and running of their lemonade stand business. They can be "lemonade stand consultants."

Our DAB applies to many other business opportunities that kids can develop.

Chapter 4

Introduction to Develop A Business (DAB)

The Business Case of Johnny and the Lemonade Stand

DAB (Develop a Business) Explained

How DAB Can Help You to Succeed in Business

Let's Start to Develop a Business

The Fun Side of Business

Developing Your Product or Service

Naming Your Product, Creating a Brand

Naming Your Business

The remaining chapters of the book teach business through the planning, developing, and operating of a business. Kids can learn important skills and gain experience from planning (thinking about and organizing) a business.

The Business Case of Johnny and the Lemonade Stand

Let's take an example of one approach in developing a business and use the classic example of the lemonade stand. We will use a fictional character called "Johnny" who can represent any kid. Girls can imagine Mary as the character. Johnny has decided to set up a lemonade stand business.

Johnny decided to set up a lemonade stand on Saturday morning. He asked his mother to make some lemonade while he put a chair and a table by the end of his driveway. Johnny was up and running his lemonade stand business in less than an hour, but by business standards, Johnny was not organized to do business. He wasn't sure what pricing to use, whether people would like the taste of his lemonade, and he had only told his mom about opening his stand. Johnny had an enjoyable day talking to the few neighbors who passed his stand and felt that he was successful selling a few glasses of lemonade.

If Johnny had been given some good advice, such as how to develop a business (DAB), he could have taken some time to plan his business. Then, he would have been busy serving

people, rather than waiting for customers. Johnny still had a business experience, but he could have gotten much more out of it.

If you are like Johnny and just want to get started in business quickly, then you will benefit the most from this book. There are times when you have to move quickly and take advantage of opportunities in business. We are not suggesting that you will not succeed if you charge into an opportunity without some planning, but if you can master the business planning process, then you will have a better chance of succeeding.

We have learned from business experiences like Johnny's, and they have helped us develop our DAB approach. Throughout this book, we will refer to the lemonade stand business to explain and demonstrate our DAB approach in planning a business.

Please keep in mind that Johnny's business experience can be learned from and applied to many other businesses you might be considering.

DAB (Develop a Business) Explained

This is where you start to play around with business as you develop a business. Please remember that you are in charge of the amount of fun you have while learning about and developing a business. If you missed "The Fun Side of Business" in Chapter One, you may want to take a moment and review it.

DAB means to "develop a business," which applies to any kind of business. Our DAB approach uses terms and basic business principles commonly used in business. I define the business term (like a dictionary does), discuss the term to explain how it is used in the business world, and I help you to apply it to the lemonade stand business or any other business. DAB is really just helping you think about business. If you go through our DAB planning activity, you will be able to develop many different businesses from it.

As you go through our DAB section, please keep in mind that many of the little steps taken to develop a business exist as real careers (jobs) for people. Decisions in business are made by people with the job of applying their skills and talents to help the business succeed. You will be exposed to various responsibilities and gain some experience as you take on the responsibility of various jobs. This experience will help you recognize what interests you

in business and identify your talents, the specific skills you have, and the skills you can work on.

As you develop a business, you will try to do many different jobs by yourself, but soon you will realize that you need help. You will need a team of people who have different skills and talents to help you plan and succeed in business. You will probably have more fun working with a team because you can bounce ideas off one another.

The decisions and the way you manage your business will determine how successful you are. You will need to constantly review your plan to ensure you are doing a good job and staying on track. The DAB approach should be reviewed and updated as your business develops.

The DAB section gives a very detailed framework of things to think about while developing a business. There are many steps to take and questions to help you think through the development of your business. Use as much or as little information as you want.

How DAB Can Help You Succeed in Business

Sometimes quotes from other people can help inspire you. Listening to others can give you ideas and help you succeed.

“The secret to success is to do the common things uncommonly well.” — John D. Rockefeller, Jr.

This phrase applies to what we are doing in this book. We show kids “common things” (steps or business decisions) that must be considered to develop a business. The success you have will come from how creative you are and how “uncommonly well” you apply the steps in business.

“The will to win is useless without the will to prepare.” — Henry David Thoreau

As you go through our DAB section, you will learn how to prepare and plan a business. This process is where your imagination is put to work by coming up with great business ideas that will help you develop a business.

Our DAB approach asks you questions rather than giving you the answers. We believe if you can learn to ask the right questions in business, you are more likely to come up with the answers. Most of us know how to use resources (books, Internet, people) to find answers, but if we don't know what answers to look for, we are not likely to get the answers we require.

Let's DAB by planning the development of a lemonade stand business or any business you choose. You have many things to consider and decisions to make. You can make it as simple or sophisticated as you like. In any business, the more thought you put into planning, the higher the chances of your success. Please keep in mind, though, that you shouldn't think so much that you don't take action.

We have learned Johnny could have been more prepared to go into business. We are happy to see many kids trying out business ventures and involving their friends. We hope we can help kids who are considering business make it a successful and fun experience.

Please don't judge the successes of your first few businesses by the amount of money you make or by how well people like your business ideas. The business experiences you have will prepare you for future success in business. At this stage in your business career, the focus should be on learning about and preparing for business. Take chances with innovative ideas.

“A smart businessperson is one who makes a mistake, learns from it, and never makes it again. A wise businessperson is one who finds a smart business person and learns from him how to avoid the mistakes he made.” — Jim Abrams

Let's Start to Develop a Business

This is when you start using your imagination to DAB: asking and answering business questions, making business decisions, and having some fun!

It is your choice how you approach business:

- Read this section to acquaint yourself with business.
- Use it as a reference to further develop a number of business ideas.

- Go through this section to experience the planning and development of a lemonade stand business, which you may or may not choose to operate.
- Use this section in a number of ways to help you think about business in ways you might not have considered before.

To develop a business you will need to start somewhere. We would like you to have some fun with business, so we are going to have you think about the “fun side” of your business. After you have figured out how to have some fun with your business, you can start developing a product and your business. We have used the next seven sections to discuss things you should consider to help develop a business. The sections are not in any particular order, but you can browse through the pages and focus first on the areas that interest you the most. The detailed table of contents will help you find areas of interest.

You will find that as you complete one section, you might think of something that applies to another section. Go back to any section at any time and reconsider it. To successfully develop any business, all the decisions you make have to work well together to reach the goals of the business, much like a sports team that needs to work well together to win.

Your main goal should be to develop a business by considering and applying the DAB approach. Your business will have a greater chance of succeeding if you complete the whole DAB section.

We recommend that you take a pad of paper and create a heading (title) for each of the DAB topics that you work through. It is helpful to put the book’s page number on the top of each of your written pages so that you can reference back more easily. Use one page per DAB topic because you will likely add to each section as you go through the process. You don’t want to try to jam additional writing in between lines or have to draw arrows to the back of the page.

On each of the pages that you set up for the topics in this book, try to answer the questions and make notes on your ideas. The answers and ideas that you come up with will be your plan to develop a business. Keep your pages in a binder or in a file folder where you can easily find them and reference them.

You can answer the questions to develop a lemonade stand business as a business experience or you can consider the questions and apply them to your own business idea. Work at your own pace and have a great business experience!

Have fun and enjoy your venture into business! Remember, business really is a game. Figure out how to play the game, and you will succeed in business.

The Fun Side of Your Business

If you are just interested in developing a business that makes money and having fun is not a very important factor, then you can ignore this section (jump to the next page); use this guide to help you develop a business with the things important to you.

Now that you have decided you want to have some fun, this is your opportunity to have as much fun as you want with your business.

We all know what is and what is not fun. Most of us know when we need to be focused and learn and when to let loose and have fun. We are taught when we can have fun, and we learn how to have fun. When we take a minute and think about business, we don't usually think about fun or play time.

The interesting challenge is how you can make this business experience fun when it might not appear to be fun from the start. Business might not appear to be fun, but fun can be created and found. Throughout this book, we would like to challenge you to have fun, to create fun opportunities, and to help bring the "fun side" to your business experiences.

Try this thinking on your business

- Throughout this book we reference a lemonade stand business to help you better relate to the business topics. We would like you to reference "your idea of fun" as you explore business.
- Create the job of "Vice President of Fun" for your business. The person who holds this job is responsible for making sure your business experience involves some fun. If this becomes your responsibility, do the best job you can at creating fun.
- Let the "Vice President of Fun" figure out how much fun your business needs, how to create more fun in your business experience, how fun contributes to the success of a business, and how to balance fun with a successful business.

- Throughout this book, think of the phrase, “How can I make this fun?” The amount of fun you think about is only limited by your imagination. The amount of fun you actually have with your business experience is up to you.
- How do you make your lemonade stand business fun?

Developing Your Product or Service

To be in business, you need to offer a product or service. This is where your imagination can go wild. You can think of any product you want to create or start with making a lemonade drink product.

A product is anything that can be offered to a market (group of people) for attention, for purchase, to use, or to consume, which might satisfy a need. Many products exist around you at home, at school, in shopping malls, and grocery stores everywhere. Products range from toys, food, clothing, cars, games, and many others.

For a product to be successful, you need people to want it or have a demand for it. It makes sense to understand the needs of people so that you can provide products they are interested in buying. It is also possible for innovative products to create new markets or needs for people. In business, you want to understand what makes your product special, what the benefits of your product are, why customers are interested in your product, and how it is different from other products.

You need to develop a product that people want and that you can produce with good quality, reliability, and value. You need to figure out ways to make and sell the product so that you can recover your costs and make money, profit.

If you are offering a service, you want to offer a service people need and value. The key to service is to understand how to do it well and to provide it at a price that makes people feel you are offering good value, a deal.

Developing a product using the example of lemonade:

- What kind of lemonade (product) will people like? (taste)
- What should it look like? (color)
- What ingredients are important to people? (real lemons, sugar as sweetener)

- Do some research and development. What is on the market and what do people like? Try developing products with different ingredients.
- Write the steps out as if you were teaching someone how to make your product. In business, this would be called a manual to train someone.
- Are you going to buy an established brand of lemonade and sell it at your stand?
- Give some thought as to why products exist and use that thinking to develop your product.
- Have you developed a secret formula for your lemonade? You may have created something that might be famous someday. Take the time to write out your formula and copyright it with “© 2013 (year), your first and last name”

Naming Your Product, Creating a Brand

You are certainly aware of the many brand names you buy. You buy some items because of the image the product has, rather than the usefulness it may or may not have.

A brand is a name, term, symbol, or design intended to clearly identify and differentiate a seller’s product from the competitors’ products. A brand name can identify a specific product. The goal of any business is to have their brand recognized, used, and referred to by as many people as possible. Businesses spend a lot of time and money developing their brand names. The naming of your product can be a great experience and you should have lots of fun trying some creative names.

You will want to consider choosing a brand name for your lemonade to help people distinguish your product from others. Remember, your product is not just lemonade! Give your product a brand name like "Tyler and Hayley's Tasty Real Lemonade." The name you choose is your brand to allow people to remember your product by name rather than just by the taste.

Some things to consider when naming your product:

- Will my product name be remembered? When a name is different or unusual, it can attract attention and perhaps arouse curiosity.
- Is it something that is interesting, incorporating rhyme or humor? A good example is Toys R Us™.
- Should my product name create a mental picture of an image? Apple™ products incorporate an image that is easy to remember.

- If the name is meaningful and fits with the product, it tends to generate greater recognition.
- A two-syllable word will be easier to learn than a three-syllable word will. For example, one-syllable words easily remembered include Coke™ and Bic™.
- Will the name support a symbol or slogan? Example: Apple Bank provides access to the associations of apples—something good, wholesome, and simple. It suggests a friendly, fun, and somewhat different bank.
- What do people think of the word? Is there a strong association with it? When Jell-O™ brought in the name Jigglers™, the name produced a strong visual image (Jell-O jiggling in the hand) and could be associated with jolly, happy people, good times, and it's a kid's word.
- Is it distinct enough from other names, to prevent people from confusing your product with another?

Brand Extension (additional products)

Once you have developed your brand and succeeded in business with it, you might want to consider a brand extension. A brand extension is using a successful brand name to launch a new or modified product in a separate category. A successful brand helps businesses enter new product categories more easily. A frozen lemonade product would be a brand extension from your fresh lemonade product. For example, if you have established a name in your neighborhood for washing cars, you will have an easier time launching a bicycle washing business.

Naming Your Business

This is a very challenging and fun exercise. If you have named a pet, you know what you need to consider and the choices that you have. When you name your business, you want to make sure other people like your business name and can remember it easily.

Every business needs a name. You can make it as simple as your net name, real name, your dog's name, or create a name that makes sense with the type of business you are developing. This is an interesting experience to go through. Once you have your product figured out, your business name is easier to develop. Therefore, you can come back to this section later if you still don't know what you are selling yet.

Be careful that your business name does not limit you to the products and services you can successfully offer. If you choose a name like "Sam's Sports Reviews" for your business,

you are going to restrict yourself to writing only sports reviews. People would not likely approach your business looking for travel reviews or information on travel.

The risk of tying your business name to your product is that you might have difficulty in the future when you want to launch different products. There have been situations where a clock shop wants to sell music. Would you think of going to Martha's Clock Shop to buy a phone?

- Create a list of business names you think will work.
- Try some names that rhyme and think of some funny names.
- Write the names out using different fonts and see how they look.
- Think how your choice of names will work as a web site.
- Create a business-naming contest for your family and friends to enter.
- Think about cultural and language translation issues with various names (i.e., Coca Cola has different meanings in Japan and North America).

Once you have chosen your business name, consider creating some business cards. Business cards are a helpful tool when you start promoting your business.

Chapter 5

Location, Design, and Operation of Your Business

Location of Your Business

Building/Facilities Design

Hours of Operation

Location of Your Business

Where would you really like to work or operate your business? Dream a little and see how many great places you can identify. Consider factors important to you and your business when you choose a location. Location is where you choose to operate your business. Consider the country, city, area, and then a specific address. One of the most important decisions for any business is its location. You need to determine where to make the product, sell it, and manage the business.

There are many considerations when choosing the location of your business. The best decisions balance the costs and benefits of the location, access to your customers, availability of workers, availability of products and services required in your business, and other factors. In the case of the lemonade stand business, you are fortunate to have easy access to lemons or lemonade mix, water, and ice. The people who will help at the stand will probably live nearby in your neighborhood and your customers will also live close by.

Things to consider for your location selection:

- Where is a great location?
- Where is a good spot that is safe but visible to potential customers?
- Research a variety of locations, make notes, and take pictures.

- Can people stop their car, bike, or walk safely to your location and approach the stand easily?
- Look at traffic and the flow of people at different locations. The more people that pass by a location, the better your chances of selling your product.
- A friend's house would be a good location.
- Do you and the people working with you (staff/associates) have access to washrooms?
- What happens if you run out of lemonade? Are you close to a location where more can be made or stored for back-up inventory?
- Are there restrictions on the location you are considering? Do you need a permit?
- Is there an area for your customers to enjoy their lemonade, e.g., chairs and tables like a café?
- Can you and your associates commute there easily and quickly?
- How does this location compare in cost? Is there rent for the location?
- How far is your location away from your competitors?
- Consider locating near a sports park during a game or tournament.
- Consider locating at garage sales.
- Consider why your backyard might not be a great location.

In business, people often say “location, location, location” because it is a very important element of business.

Building/Facilities Design

This is a great opportunity to think about your dream office and business building. How cool is your business going to look?

Business buildings or facilities are terms for the type of building or working space needed for a business. Businesses need a place to do business. Most businesses will rent or lease space in traditional retail malls or commercial buildings. Many small businesses start out of a home, often in a basement or garage. As the business grows, the needs for space change and businesses will move.

Many businesses will alter the space they are renting to make it suit their type of business and the way they operate their business. Some businesses have the luxury of designing and building what they feel is the right facility for them. Businesses need to have appealing

space to do what they do, to provide customers with an enjoyable experience and employees with a safe and productive work environment.

- What do you want your lemonade stand to look like? Make a rough sketch of it.
- Consider the type of space you need (lemonade stand sales facility, warehousing and production).
- Consider hiring someone to design your stand.
- Should you build it or buy it?
- How do you want customers to approach and use the stand and the area around it?
- What things can you do to make it comfortable for the workers?
- What things can you do to make the lemonade stand work well or to make it easier to serve and be served?
- What can you do to make your stand attract and satisfy customers? What are the costs of your ideas and can your business afford to pay for these ideas?
- Where will you produce the lemonade? What space will you need?
- Where will you store your supplies, your stand, and your lemonade?
- What features are important to the people who work in your business, your customers and people that supply goods for your business?

Hours of Operation

Hours of operation are the hours and days in which a business is open for business. You will spend many additional hours thinking and working on developing your business. If you are not open for business, you cannot do any business. The Internet is really an exception to normal business hours because you can do business 24/7/365. You can imagine how difficult it would be for a store or other businesses to be open 24/7/365. All businesses have to decide when they will be open and closed for business. Many factors have to be considered when making this decision.

- When can you schedule your time to manage the business?
- When do your customers need your product or services?
- When are people available to work? Can you get people to work if you do not offer enough hours of work in a day, week, or year?
- When is your competition open?
- Can you afford to open at times when there is not enough business to pay for the costs of being open?

- Are there restrictions where you are located? Does the building you operate in have any restrictions? Does the area have restrictions on running a business?
- When should you start your business?
- What days should you serve lemonade?
- How many hours a day should you operate?
- How many hours a day should be planned for preparation and after closing duties?

Chapter 6

Market for Your Product

Market
Going Global
Competition

Market

The market is the demand for a particular product or service. The market has to do with the size (number of people, dollar sales) and make up (age, male/female, and culture) of the customers who could buy your product. The market size is usually measured by sales during a specified period, such as one million dollars per year.

Many businesses start selling to family, friends, and the local area but quickly realize they need more people to sell to. The ideal situation is to have a big market for your product. Businesses are constantly trying to increase their market share by making their products available to more customers, by making more customers aware of the product, by expanding the geographic areas where the product is available, and by changing the product to increase the demand.

Before any business starts, it is important to understand how big the market is for a product. If there is no market for the product or the market is not large enough to make money, then the business will not succeed.

- How many people will pass by your stand? Take a pad of paper and try to do a people count in your area. Check out the population data for your area. Do a count of the traffic in the area.
- How many people will know about your stand?
- How many people do you think will visit your business?
- What are the ages of the people who will buy your product?

- Try and describe who your customers are and how many you could possibly have
- If your product is very sour, you will limit the size of your market because people who like sweeter things will not buy your product, for example. Is the market bigger for sweet or sour lemonade?
- How many dollars' worth of lemonade do you think you will sell per day, per month, and per year?

Going Global

Going global is marketing a product throughout the world with the same brand name. Going global or international is the dream of most businesses. When a company goes global, the number of people who can purchase their product around the world increases substantially. This is very attractive to most companies because the market potential is huge, but there are many obstacles to address. There are issues of language, different cultural needs, logistics of getting products to, or making products in other markets and the economics of doing business in other markets.

There are opportunities to sell the trade secrets of what you do to succeed in business. People could buy your recipe or know how.

- Do you have a product that people in other countries would like to buy?
- Could your business go global by selling in other countries?
- What are some of the things you would have to consider before going global (e.g., translation of your product name and advertising)?
- Think big. Which countries do you think are good opportunities for global expansion? Do some research on these countries

Competition

Most of us are competitive by nature. We want to win. We want to beat the other person at the game. Business is really the same as any game with competition. Competition is a rivalry, someone else trying to do the same or similar thing you are doing.

Competition in business is no different from sports. You are competing or doing business against other businesses or teams of people. Your competition is trying to win by selling

more products than your business and convincing your customers to buy their products instead.

In all types of businesses, it is important to understand your competition. If you plan to go into business and provide a product already supplied by someone else, then you will have to do it much better, give better value, or offer it at a better price to take business away from your competition. If you have an original business idea and you are the first to take it to market, you will still have to consider the threat of competition in the future.

- Is there competition in your area? Are there other kids or businesses selling lemonade or cold drinks where you are planning to do business?
- You need to act like an investigator and find out what is going on in your market.
- What product is your competition selling?
- How is your competition selling their product?
- What are they selling their product for (i.e., price)?
- How big are their servings? How good is their product?
- In what ways is your competition better (i.e., is their product sweeter)? What are they doing better or differently than you are?
- What things can you do to win over your competition (draw their customers to your stand)?
- What will you do if someone copies your idea and opens a stand across the street from you, or nearby?

Chapter 7

Marketing Your Product

Marketing
Packaging
Pricing
Advertising
Promotion
Special Events
Word of Mouth
Publicity
Press Release
Reputation
Market Research
Focus Groups

Marketing

Marketing is concerned with attracting customers, raising awareness of your product, getting people to buy, and making sure that customers are happy with their purchase so they come back for more.

Marketing affects many different activities, such as sales, advertising, customer service, product development, pricing and discounts, reputation, distribution, promotions, and much more. Marketers act as the product's parent, guiding many aspects of the product's life.

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, products, and services to create exchanges that will satisfy the needs of individuals and organizations.

Marketing focuses on identifying the customer's needs and preferences. Using this information, a company can shape the goods and services it provides and the strategy it uses to bring these goods and services to the public so that the customer is satisfied.

We will deal with many of the marketing elements throughout the DAB section.

- How are you going to make people want your product?
- How are you going to identify your customers' needs and preferences?
- How are you going to get the message out about your brand of lemonade?
- How are you going to tell people what is special about your product?
- How will you let people know where you are and what you are doing?
- How are you going to position (way you want people think of) your business?
- What steps are you going to take to make sure your product will be in demand by customers?

Packaging

Packaging is the design of wrappers or containers for a product. Packaging is also how the product is presented to customers. Businesses put great thought into the overall look of a product. The choices of colors, shape, graphics, and text are all important business decisions. Packaging is often an important consideration for customers because people are not likely to buy something if they do not like its appearance. We have all bought things because of the way they look; therefore, you know good packaging can really sell products.

Take a paper and pencil and draw some packaging ideas. Use some cool graphics and colors. Look at some packaging ideas in stores and products at home to get some ideas.

Consider how your product looks as it is presented to your customers.

- Size of glass
- Color of glass
- Consider packaging if you bottle your lemonade (label, container design)

It is important to figure out how your stand should look and what the overall experience at the stand should be.

Other considerations:

- Appearance of your stand
- Appearance of the people working at the stand (uniforms)
- Appearance of the area around the stand

Pricing

You know things appear to be too expensive when you are a kid with little money. Businesses could sell products at low prices if they could still make lots of money. Sometimes businesses will drop the price to sell more.

Pricing is the amount of money charged for a product or service or the value a consumer exchanges for the benefit of having a product or service. Pricing is how much a product is sold for.

Pricing is an important decision you need to make and one that has to be reviewed constantly. If your price is too high, people will not buy your product. If it is too low, you might not be recovering your costs and will not make a profit. If people can buy a similar product for less from a competitor nearby, then they will probably go to your competitor unless you have created a reason for them to prefer your brand.

You also have to consider the impact the price will have on the number of products you sell. If you lower your price by 10% and sell 30% more product, you made a good decision. This concept is called contribution. You can contribute more money to cover your costs if you sell more products at a lower cost or more products in general.

It is important to understand how much it costs to make and sell your product. Once you know your costs, you can figure out the selling price of your product to make different profit levels. However, this only works if your customers are willing to pay your price.

It is important to understand what price your customers are willing to pay for your product. You can ask customers what they think is a fair price and adjust your price as you operate your business. You can also justify a higher price by providing good value (additional quality, services, etc.).

- How much are you going to sell your lemonade for? What is the price of a bottle or can of lemonade in stores? What is the price at other lemonade stands?
- How much does it cost you to make your lemonade?
- How much does it cost you to sell your lemonade?
- Will you change your price based on sales levels?
- What does the price do to your sales?
- What does the price do to your profit?
- You should also look at adjusting your serving sizes. This is another way of changing your pricing. If you sell a smaller serving and hold your price, then you are increasing your price.
- What can you do to provide better value for the price you set?

Advertising

All kids are experts on good and bad advertising. Have some fun thinking and creating your own advertisements. You can write, draw, or go wild and film your own commercials.

Advertising is communication paid for by an identified sponsor with the goal of building awareness of a particular brand, product, or service over a long period of time.

In order to create awareness for your product, you want to break through all the clutter of advertising in your market by clearly communicating the name of your brand, its key features, and benefits in a way that will make people want to buy your product. You want to communicate a brand message to a large audience.

Great advertising can be very powerful. It can make you feel something about a brand. Advertising typically communicates a message to a large audience through print or television, attempting to provide viewers with a better understanding of what a brand is all about.

You have seen lots of advertising on TV, on road signs, in magazines, on web sites, e-mails, and social media. You know what attracts your eye and what it takes to get you to buy a product. You need to figure out the same for the people to whom you are selling.

- What is the best way to convey your lemonade brand ideas while getting people to purchase your product?
- What message will you need to create to encourage people to buy your product and to insure they want to buy your lemonade?
- Will “Lemonade for Sale” be good enough advertising?
- What can you do that is better and different to spark some interest?
- Try to write a radio advertisement for your business.
- Create a “jingle,” which is a little song, about your product; make it catchy and memorable so that people will enjoy and remember it.
- Check out the classified listings online, in your paper or community bulletin boards as a way to post the information about your business. You may want to run a classified ad or post on a community bulletin board.
- Think of ways to use social networks such as Facebook and Twitter.
- Local businesses (grocery stores) might allow you to post a notice on their board of your upcoming lemonade stand.
- What other ways can you advertise your business?
- Have some fun creating an advertisement or act out a commercial in front of an audience (friends and family).

Social Media

Use the power of social media to create awareness of your business and get people talking about your business. Examine Twitter, blogs, Facebook, LinkedIn, and other social media and determine how they are being used and how they can help you.

Promotion

You have seen many promotions targeted at kids. You know what works for you and your friends. Have some fun creating a great promotion with gifts and prizes that really work.

Promotion is creating awareness and driving sales of a product. Promotions communicate the brand benefits at the point of purchase while providing some incentive for consumers to buy. These incentives can include a chance to win something by mailing in proof that you have bought the product or it can offer a “gift” with the purchase. Unlike advertising, promotions tend to get people to react “now” to make a purchase. Usually, promotions

have a catchy phrase and some kind of prize or incentive to buy a product. Promotions encourage you to try or buy more of a product by offering value added (reason or additional value) in a way that is relevant to you (the target market). You see promotions all the time. It might be a toy in a cereal box or a chance to win something if you fill out a contest form. The idea is to reward and encourage you to buy a product.

- What are you going to do to get people to try your product?
- How are you going to create some excitement about your lemonade stand?
- Maybe you want to run a promotion with a prize. The prize could be something you purchase or from another business that wants to use your business to promote theirs. What kind of prizes would your customers like?
- Create coupons (discount or free product) like the ones that come on cereal boxes, with a pizza delivery, or in the mail. Figure out a way to get them into the hands of your potential customers. What kind of coupons would work for your customers?
- Think of great promotions you have seen and try to adapt them to your business.

Special Events

Imagine creating a unique special event or locating your business where many people can participate in or watch great activities.

A special event is an activity that allows you to better understand a brand because you have the opportunity to actually “experience” it through an event. An event attracts people and holds their attention because many things happen at an event.

Once you attract people’s attention, you have the opportunity to communicate and persuade your customers to purchase your product. For example, you may have been to a sporting event where you saw lots of product displays and advertisements. The combination of a great experience at an event and exposure to a product will influence you to buy a product.

This is a great opportunity to explore and demonstrate the “fun side of your business.” Consider creating a fun event to attract people to your stand and show them how much fun and how exciting your product and business is.

- Are you going to create a petting zoo with a friendly animal to bring additional excitement to your lemonade stand?
- What other events can you do to drive people to your stand?
- Do some research on events in your area and try to use some of these ideas in your business.
- Consider garage sales as event opportunities.

Word of Mouth

Most of us have something to say about the latest movie, book, song, or toy. Think of the things you say and the things you hear from other people. Some businesses actually pay people to start saying good things about their products. Word of mouth is the process in which the purchaser of a product or service tells friends, family, neighbors, and associates about its benefits or what they like about the product or service.

The movie industry relies on word of mouth to spread the word about a good movie. It can be very powerful, particularly when it comes to passing information via the Internet. Think how quickly news of a good movie spreads among your friends.

Word of mouth is a great source of information for your product. People will often buy a product after hearing good things from a friend, family member, or co-worker. You can't control what people say about your product, but you can influence word of mouth.

- Start telling people about your plans and encourage them to spread the word.
- Make your product special in some way.
- Give people something special to talk about.
- Use social media to create word of mouth.
- Make the name of your product or business noteworthy/catchy.
- Do something unique at your stand and associate it with your product.
- Find people who you know will talk to other people and have them test your product and learn about what your business is doing.
- Try incorporating viral e-mail, otherwise known as e-mail word of mouth.
- Think of things that you have said to other people about a product, such as a movie, toy, game, etc.
- Explore blogging opportunities.

Try a little word of mouth game:

Write down what you would like people to say about your lemonade stand business. Pull a group of people together and sit in a circle. Whisper what you have written into the ear of the person next to you and have them do the same to the person next to them. Have the last person in the circle say aloud what they have been told. This will show you what might happen as your message passes from one person to another.

Reputation

We all have some kind of reputation—smart, funny, a little crazy, etc. As you venture into business, you start to think more about what people will think about you and your business. You want to have a good reputation so that customers will keep coming back and you can attract new customers.

Reputation is the estimation in which a person or thing is commonly held, whether favorable or not. Reputation is character in the view of the public, the community, etc. Reputation is what people think of you.

Businesses work hard to develop and maintain a good reputation. The reputation of the people that operate the business is as important as the way the business treats its customers, employees, and suppliers is.

If a business does not stand behind the product and services it provides, these actions will create a poor reputation. It takes hard work and time to create a good reputation, but only a short time to destroy it.

- Be aware that you have to treat people well. This includes the people who work for you, potential customers, customers, and suppliers.
- Keep in mind that your actions will determine what people think of you and what they will say about you and your business. Your actions determine your reputation and your success.
- It is important to try to create the reputation of a hard-working, honest, reputable, and enjoyable businessperson. What can you do to create a good reputation?

- Think of what you would like people to say about you and your business and try to take the right actions to develop a good reputation.
- Who do you know has a good reputation and what kinds of things do they do?

Publicity

This is a hard thing for every business to do, but as a kid in business, you may be able to get a little more attention than most businesses. Don't be afraid to say, "Hey I'm a kid, give me a break."

Publicity is coverage of your product or business in a news medium, such as a newspaper, radio, television, and social media.

Public relations (PR) is the active pursuit of publicity for marketing purposes. As a marketer, you try to create good publicity. If you can create good stories and communicate them to the media effectively, they might pick-up the stories and give you publicity.

If you are successful in getting good publicity, it will noticeably help your business. Once people are aware of your business, your chance of converting them to customers improves greatly.

Press Release

An effective and quick format for communicating a story is a press release. A press release is a short written document with a clear headline at the top, followed by sufficient facts and quotes to support a short news story, brief background on the company/product, a date, and contact information for journalists who want more information or an interview. (See Chapter 12 Press Release for an example of a press release.) You want to get your message out to the media and hope they will put it in the newspaper or magazine, etc. Media businesses (newspapers, television stations, etc.) receive many press releases each day. The media has to sort through them and decide which ones to follow up on based on what they think their audience will be interested in. The key is to try to find out how you can appeal to the media and its audiences.

Look at your local news coverage and try to identify the reporters or journalists you think might cover your story.

- Try and catch the attention of your local media (e.g., hold a special event).
- How do you create awareness at your local newspapers or television stations? Try to create a news story.
- Prepare a press release to send out to newspapers, social media and television stations. Think of a clear message that answers the questions “who, what, where, when, why, and how.”
- Find an angle that creates some interest for the media to cover your story.

You want to create an approach that attracts media attention and that will interest your local customers.

Market Research

Businesses spend a lot of money trying to figure out what is important to kids and why they purchase things. You have a great advantage in this area because you know what kids like.

Market research is the use of data (information) to resolve concerns that businesses have about their marketing. This is a helpful business approach taken by companies who want to gain greater confidence in what they are planning to do. It is better to use this approach to learn what people think about your product and the way you market to them before you start selling on a large scale.

- Think of questions you would like to have answered and find the answers.
- The cheapest and most effective way for you to obtain answers will probably be to ask people or conduct your own market research.
- There are businesses from which you can buy answers and theories.
- There are articles, books, and web sites that may have some of the answers.
- What do consumers want?
- Do you know the behavior of your customers?
- Who will buy it?

- How do they like it?
- When will they buy it?
- How much will they pay?
- What size of servings do they like?
- What type of packaging do they like?
- Research lemonade that is sold by big companies and see what they are doing.
- Can you think of other questions you would like answered?

Focus Groups

A focus group is people who are brought together to share their opinions on a particular product or concept. Focus groups are used to test products and concepts before they are sold in the marketplace.

Much can be learned from focus groups. People's opinions on a product or service can often lead to changes that will help the product be better received in the marketplace. It is a good experience to sit down with a group of people and discuss what they did or did not like about a product.

Consider organizing a focus group to help you test your product and your business approach. This will help you to ensure that people like your product before you sell it and like the way you are going to do business.

You must find the answers to many questions:

- Do people like your product?
- Do people like the taste?
- Do they like the look of your product?
- Do they like the serving size?
- Do they like the price?
- Do they like the physical appearance of your lemonade stand?
- Do they like the way you serve it?
- Get responses on ideas you have for promotions and advertisements.
- Think of other questions. Look at questions you developed in your market research section.

- Test your ideas for fun in your business.
- Test your ideas for special events.
- Test your ideas on your location choice.

Here is a new activity for a party. Try sitting together and brainstorming on a business idea, new product, or get some feedback on a business idea you have.

Chapter 8

Operations and Administration of Your Business

Customer Service

Distribution

Supplies

Quality Control

Safety

Security

Technology Management

Information Technology (IT)

Customer Service

Customer service is how you treat your customers before, during, and after a sale, i.e., the services a business offers to its customers, especially when buying consumer goods, such as a computer and car. Customer service includes the initial buying, questions about a product, repair and replacement service, extended guarantees, regular communications of information, telephone and e-mail follow-up and complaint handling.

The level of customer service greatly affects customers' thoughts about a company. Companies strive to provide a service level that stands out and exceeds a customer's expectations. The companies that succeed with customer service understand what they are doing and are always looking for ways of exceeding a customer's expectations.

All businesses have to understand how to serve customers. Any time a customer or potential customer contacts a business, good customer service should be practiced.

Obviously, the better you treat a customer, the happier they will be, and the more likely they will purchase from you in the future.

It is one thing when a business provides excellent customer service, but the reality is, there is a cost to customer service and sometimes businesses can't afford the ideal level of customer service. There is also a cost to the business for bad customer service, and that cost is lost sales from losing customers.

Most people have had a bad customer service situation in which they were not handled fairly and walked away disappointed. Many of these people probably did not do business again with that company and went to buy from the competition. In fact, for every one person that complains about bad service, there are many more that don't complain but will never do business with that company again.

The main goal of customer service should be to respond to a customer in a way that leaves a lasting positive impression. When you examine customer service, think of the little things that are important to people and how a company can address these areas.

This is an excellent opportunity for you to understand how to succeed at customer service. If you can understand and manage this important business principle, you are well on your way to success.

- How can you make your lemonade stand a great experience for customers?
- What do you think are important customer service elements? Consider a clean stand, music, friendly service, smiling and welcoming staff, car and bicycle washing services, and newspapers or magazines at the stand while they enjoy their drink.
- Think of excellent customer service experiences you have had in other businesses; try to adapt them to your business.
- Develop a checklist of things you will do in your business to provide excellent customer service.
- Try this little game: Act out some of the worst service experiences you have had or could possibly have. Laugh and learn from this.

Distribution

Distribution of your product has to do with the ways in which you get your produce out to your customers.

Once you have developed a product, you will need to produce a quantity for your customers. Distribution is the process of moving the product from where it is produced to where customers can buy it. Every business has to figure out the best way to do this, given the resources and money they have to spend.

Some businesses distribute products for manufacturers. The manufacturer of the product sends the product right from the factory to the distributor. The distributor receives the product and then sells it to businesses that will sell it to the consumers. Distributors make sense if they do a good job of selling your product and can do it more cheaply than you can do it yourself.

- Have you considered ways to get your products in the hands of customers?
- Could you package and sell your product to other lemonade stands or to stores?
- If you were to choose stores to sell your product, which stores would you choose? Why would they want your product instead of another product?
- Could you take orders and have the product delivered when and where your customer wants it?
- Could you distribute a manufacturer's product to other businesses?

Supplies

Supplies are the items needed in business to help people do their jobs. Supplies include paper, pens, business cards, file folders, etc. Supplies help you do jobs, such as organize your business, make presentations, and clean and operate your business.

You know all the things you need for school: paper, pens, pencils, binders, and rulers. Employees use many more supplies to do their jobs.

You will need many items to get your business ready for operation. Have some fun planning what you would like to have, determine what you really need, and then figure out what you can afford to buy.

Lemonade Stand Supplies

- Paper for signs and posters
- Markers for designing and coloring your advertising
- Table and chairs
- Cash box

Lemonade Supplies

- Water
- Glasses
- Ice
- Lemonade ingredients (lemons, sugar, or lemonade powder)
- Containers to hold the lemonade

Operation of the Lemonade Stand Supplies

- Cleaning supplies
- Pen and a pad of paper to plan your stand
- Note pad for ideas on how to develop and improve your business
- Paper for accounting to keep track of all your sales, expenses, and staffing schedules
- File folders to organize your business documents
- Check out an office supply catalogue or go to an office supply store to get ideas for things you may need for your business.

Quality Control

Quality control is about developing rules and tests and ensuring you take the right steps to provide a good reliable product.

Quality control includes the activities and techniques used to achieve and maintain a high standard of quality in a process. This procedure is concerned with finding and eliminating the causes of quality problems.

All businesses should be very aware of the quality control measures they have in place. You have probably heard company advertisements talk about how good and reliable their products are. You can imagine what would happen to a company that sold a product that

didn't work. People would return the product and the company would be out of business very quickly because no one would buy from a company that makes unreliable products.

There are many quality control systems available for businesses to ensure that they take the steps to test the parts and overall product.

- What procedures are you taking to ensure a consistent taste and clean handling of your product and ingredients?
- Are the glasses clean, without cracks or chips?
- Is your stand clean and tidy?
- Make sure your employees wash their hands before and during work.
- Do you have a quality checklist?
- Do you have a training system for employees?
- Research quality control systems and apply them to your business (e.g., TQM – Total Quality Management, ISO, and Six Sigma).

Safety

Safety deals with freedom from danger, injury, or damage while at work. Safety relates to the employees, customers, and suppliers who visit a business. It is important for any business to understand the risks and to take steps to minimize the possibility of people becoming hurt. This includes a broad range of factors from lifting things, operation, danger around machines, hazardous materials, traveling concerns, and kidnapping.

- If you are using knives to cut lemons or a blender, make sure you take proper safety precautions; manuals often provide safety guidelines.
- Think of things you can do to ensure safety in your business.
- Please ensure that you have discussed with an adult, your own safety and the safety of the people who are helping you at the stand.
- Research employee safety standards with your government (web site).
- Research accidents that happened to people at work and learn from them.

Security

Security is something that gives or assures safety. Security is taking steps to provide safety.

Businesses have to take a number of steps to ensure they have adequate security:

- Security guards will keep unauthorized people out of the workplace, prevent employees from walking out with company property, and coordinate emergency operations, e.g., ambulance and fire.
- Things need to be locked to prevent theft.
- Computer access and access to certain areas needs to be restricted to certain people.
- Alarm systems need to be used to deter theft.
- Some companies use video surveillance to monitor areas of the business.
- Some people have security guards that travel with them.

Make sure you consider ways to protect yourself, your employees, customers, product, and items at your stand from being stolen or damaged by someone. Unfortunately, it is not always safe to be unattended at the side of any street.

- List a number of ways your business can use security.
- You may want to operate your lemonade stand during a yard sale when adults can be working nearby.
- Pretend you are an undercover police officer and think of security weaknesses that your business has. What opportunities exist for potential crimes? How can you prevent them from happening?

Technology Management

Kids have grown up with technology and, therefore, adapt to the use and changes in technology very easily. As you develop a business, you will naturally use technology to your advantage. This is a very interesting part of developing a business, and you should spend time reviewing the many choices of technology.

Technology management includes the management of the use of technology in a business (i.e., computers, fax machines, photocopiers, manufacturing equipment, phones, security systems, etc.). Technology management has been one of the most important elements in

business. Good technology management practices have made companies more competitive and more efficient. The proper use of technology will make businesses more profitable.

Technology use in your business can happen in many ways:

- Telephone or e-mail can be used to contact staff, customers, suppliers, etc.
- Kitchen appliances can be used to make lemonade.
- Web site development tools can be used to market your business on the Internet.
- Computers can be used to plan and control your business.

There are a number of steps for you to manage technology in your business: evaluation, selection, development, purchasing, implementation, and disposal.

Examine these steps to determine how technology can be used in your business:

- Do some technology research and make a list of the technologies that can be used in your business.
- Think through the process of purchasing technology.
- Evaluate what you need and what functions the technologies should have (music player).
- Select what choice you would make from the available options; consider price and operating costs.
- Do you develop or buy technology (usually applies to computer software)?
- Consider how to negotiate the purchase of the technology and how to process the required information to buy it.
- Consider how you will implement the technology in your business (installing, training, maintaining, etc.).

Information Technology (IT)

Information technology is the use of computers and other electronic devices to process and distribute information. Given the exciting IT available to us, this is an interesting and fluid topic.

IT is an important part of business. Businesses know that computers and other information technologies are essential to help make the business run better. Computers make it easier to

process and retrieve information. The use of information allows businesses to make decisions with timely and accurate information.

The IT industry changes very rapidly and new technologies come on the market continuously. Businesses must assess the technologies and determine the costs and benefits of using these technologies.

Have some fun identifying all the technology you can use to make your business high-tech, fun, and effective. Dream of some technologies that might not yet exist; you might determine an invention and new business opportunity.

Computers and other electronic devices (hand-held devices, cell phones) have a role in every business, including a lemonade stand. A computer can be used to:

- Process information on sales of your product and other activities of your business
- Create your staffing plan
- Process your accounting information
- Create your advertising and promotional materials
- E-mail customers or potential customers to promote your business
- Develop and maintain a web site for your business
- Accept payment by e-mail (PayPal)

Other technologies can be used to exchange information and make your operations more efficient:

- A hand-held device can be used for scheduling staff and keeping track of the things you have to do (“to do list”), information about your customers, and how they like their lemonade.
- Two-way radios can be used between the stand, your home, or with a partner.
- A cell phone can be used for communication.

Chapter 9

Managing People

Staff Scheduling

Supervision

Motivating People

Human Resource Management (HRM)

You have been managed for years by your parents and teachers. You can probably recall many good ways (and some not so good ways) that you and others have been managed. Take these examples, learn from them, and think about the way you would like to manage your business and the people involved in your business. Develop your own management style.

Staff Scheduling

A staffing schedule is a listing of who will do what jobs and when. Businesses have to figure out how many people they need to run the business and when to use these employees. You want to be able to look at a calendar and show when people will work and what job they will be doing. Businesses assign or delegate this responsibility to a manager or supervisor to ensure the schedule is created and managed properly.

As you act as a manager and plan the scheduling of people, you will discover:

- Who makes decisions on pricing, serving sizes, advertising, and the many other things to consider throughout this book,
- Who, how, and when your stand will be staffed,
- Who makes the lemonade,
- Who sets up the stand,
- Who sells it,

- Who puts the stand away, and
- Other jobs and who will do them (getting ice, clean up).

Put a staffing schedule together (example below):

Date	Person Working	Job Responsibility	Time in (starting)	Time out (finished)
August 16	Mom	Making lemonade	10:00	10:45
August 16	Johnny	Serving	11:00	3:00
August 16	Mary	Serving	12:00	3:00
August 16	Dad	Picking up supplies	3:00	3:30

Supervision

Every kid has been supervised and knows how it works. Supervision is to oversee, direct, or manage. Supervision is normally provided by someone with experience and responsibility who can help people do their jobs and learn more skills.

Businesses have the need for supervision in a similar way to schools. Teachers are supervisors who help keep control in the classroom and help kids do their work. People working in business need supervision to make sure they are doing their jobs properly.

Supervisors also play important roles in training, scheduling, encouraging, providing feedback, communicating priorities, and assigning the work.

- This is an opportunity to develop as a supervisor. You can develop a plan for supervision and learn to supervise.
- Make sure your business has the right supervision. What level of supervision do you think you need in your business?
- What level of supervision do your employees need?
- What makes a good supervisor?
- There might still be a role for adult supervision as well.
- If you are cutting real lemons, have an adult cut them or train you how to do it properly and safely.
- Have an adult review and supervise your safety rules.

- Discuss your overall DAB plan with an adult and ask for his or her advice and supervision.

Motivating People

Motivating people is making sure people are keen or excited to do their work.

You have experienced a variety of motivating techniques that teachers use to motivate kids to pay attention and work. You might not realize it, but at an early age, you learned ways to motivate people. For example, when you were a baby, you learned to motivate your parents to feed you when you were hungry.

Learning how to motivate people is an important component of managing employees and running a business. People are motivated by money, the working environment, personal development, their job, the way they are treated, and other factors, such as good leadership. Because people are different and many jobs are different, it is important to understand the needs of the people you are trying to motivate. Whatever motivates you might not motivate another person who does the same job.

You will need to consider many things when you are structuring jobs. You want to consider and understand what is important to people and make sure you are doing the right things to motivate them so that they do their jobs well.

Things to consider:

- Skill variety is the degree to which the job includes different activities involving several skills and abilities. (People want a challenge.)
- Task identity is the extent to which a person is able to complete a task from start to finish. (People want to see results from what they have done.)
- Task significance is the degree to which a person carrying out a task perceives it to be important to the organization and its clients. (People want to feel that their job is important.)
- Autonomy is the degree to which a person makes the decision regarding how and when a task will be done. (People want to be empowered to make some decisions on how they do their job.)

- Feedback is the extent to which a person receives feedback on the quality of performance from the task itself. (People want to be told when they are doing a good job and how to improve.)
- Rewarding people is how people are rewarded for their good work—e.g., acknowledgement, bonuses, trophies, etc.

Try this thinking on your business:

- Identify the skills required to perform the various jobs involved in a lemonade stand business. Start by listing jobs and then writing the skills required beside each job.
- Establish a way to determine how well a person completes a task (i.e., pouring lemonade without spilling and pouring the right serving size).
- Find out from your employees how they think they are contributing to the business. Do they feel they are helping the business succeed?
- Determine how employees can decide things on their own.
- Develop an approach for telling your employees how they are performing.

Human Resource Management (HRM)

Human resource management is a function in business that has become both interesting and important. Businesses are starting to realize how important their employees (workers, staff) are. HRM deals with the “people” part of the business and ensures that the business has the right people for the job and treats them well.

HRM is the overall management of people in a business to achieve individual behavior and performance to enhance an organization’s effectiveness. HRM encourages individuals to set personal goals and creates rewards to shape their behavior in accordance with the objectives of the organization. Induce people to do a good job and reward them for it.

HRM deals with the:

- morale of employees and the ways of achieving consistent job satisfaction
- methods to select employees (hiring)
- setting of salaries (pay)
- training of employees
- firing and outplacement of employees
- performance setting and review of employees

- benefits
- policies and procedures (rules)
- office hours
- office space and furniture
- company events and team-building activities

If your business involves more than one person, it requires human resource management. Your business has a better chance of succeeding if the people working for you are happy, well-trained, and well-suited for their jobs.

- Think of ways to motivate people to do a good job.
- List the employees you need, i.e., the type of employees needed to run the lemonade stand by position and required skills.
- Determine an approach to find, interview and hire the necessary people; create a job advertisement, write out interview questions you would ask candidates, and draft an offer of employment to confirm the job offer.
- Develop a training process for new staff. Identify what new staff members need to learn.
- Establish the salary ranges for various jobs.
- Create incentive programs to encourage the staff to perform (bonus, toys, free product, paid days off, discounted products, etc.).

Chapter 10

Money Side of Your Business

Financing a Business

Budgeting

Money Management

Payment Terms

Accounting

Advanced Accounting

Financing a Business

Many good product and business ideas never start because of the difficulties associated with securing financing. Many businesses start but fail because of a lack of financing. Financing is an area that all business operators need to spend time on and understand.

Finance relates to the money aspects of your business—the practice of obtaining and managing money. Finance includes the capital involved in a project, especially the capital that has to be raised to start a new business.

Businesses need money to start. You realize there are many steps to take to develop a business. Each of these steps requires money the business might not have. A business needs financing when it doesn't have the money it requires in the bank or is not taking in enough money to buy the things it needs.

Money is obtained from a person, bank, company, or an investor. This money can be in the form of borrowing or capital. Borrowing means you use other people's money with the intent of paying it back, while you pay interest (regular payments) for the use of the

money. Capital means the difference between assets and liabilities and is an amount not owed or borrowed.

Do an Internet search on “venture capital” and explore the process of financing a business. Examine the web sites of banks and government agencies to see available financing programs.

- How much money do you need? Once you have your budget (estimated costs) prepared, you will need to raise the money.
- How will you obtain the money you need to start your business? You will require money (start-up capital) to buy the supplies and other things to begin.
- Play the role of a financier (person who gets obtains financing), prepare a pitch (one-page summary), and talk to people about investing money into your business venture. Answer the following questions: What are you going to do with the money? How much do you need? Do you know the business you are about to operate? Do you have the time and expertise to succeed? Do you need any help with your business venture? Will investors receive their money back? If so, when and how much?
- Determine the issues that need to be addressed in the financing agreement.
- Think of ways to structure a financing deal.

Ways to finance:

- Borrow money from family or friends.
- Use your savings.
- Earn the money from doing odd jobs.
- Attract investment from an investor.

Please see our Chapter 12, “Additional Resources to Help You” section.

Budgeting

Budgeting is a process that businesses go through to plan their revenues (money received) and expenses (money spent). There are also more complicated capital budgets (purchase of assets) and cash flow budgets.

A budget is a quantitative statement (numbers, values, or dollars) for anticipated revenue and expenses in a business. Budgeting of revenues helps a business make plans for things such as staffing requirements and materials to produce the product. Every business needs to control its expenses to use its money wisely. By taking the time to budget (estimate) expenses, businesses will naturally go through the thinking process of whether expenses are necessary and if the costs are reasonable. Another important part of the budget process is determining the best price and purchase point for items needed.

Give some thought to the level of sales you might achieve.

- Examine your traffic flow report to help you estimate your sales.
- Look at past experience of your business or other businesses.
- Prepare a summary of your estimated sales (by day, by week, by year).

Sales/Revenue Budget

Date	Comments	Planned Units Sold	Planned Selling Price Per Unit	Total Sales
August week 1	2 days	80	1.00	\$80.00
August week 2	3 days	120	1.00	\$120.00

This can be done by day, if you are only opening for a few days.

You will need to list and calculate the costs of all the items you require to run your business.

- What items do you need to run your business?
- How much are you planning to spend to start your business?
- What are the expenses of running the business?

Example of an expense budget:

(A)	(B)	(C)	(D)	(E) = (B) x (D)
List your expenses	Quantity	Unit of measure	Cost per unit	Total Cost
Lemons	50	Lemon	0.15	\$7.50
Sugar	1	1 lb. Bag	3.00	\$3.00
Pad of paper				
Advertising				
Promotion				
Cups				
Other				
Total				

Money Management

Money management covers the way you take in and handle money. This includes how you take money from your customers, where you put your money, how you pay your bills, and how you pay owed money.

Businesses need to make sure the money they take in is safe and managed properly. Businesses have to be aware of the costs of managing their money and the benefits of paying off debt, earning interest from investments, and other ways to use money.

Businesses need to make sure the money they earn is not lost or at risk by putting it where it can be lost or stolen. You also need to make sure you have controls to ensure the money your business receives reaches the bank. If you sell 100 units of your product and the selling price is \$1.00, you need to have controls to make sure the \$100.00 is received and deposited at the bank. If your cash sales do not balance with your bank deposit, you need to be able to reconcile (explain) the difference.

Treat the money you take in very carefully and make sure you use it wisely.

In your lemonade stand business, you will need a float of money to make change. You need to be prepared in case your first few customers make their purchase with big bills or if you are selling your lemonade for 50 cents and everyone has dollars.

- How will you handle your money at the stand? How much money will you keep at your stand?
- Where do you plan to put the money you make from your business? (e.g., in the bank, your piggy bank, etc.)
- How do you know how much money you should take in based on the sales you have? What controls do you have that will ensure that the money from your sales of 20 glasses at \$0.50 is in your moneybox?
- When and how do you plan to pay back money you owe?
- How will you use the money you make in your business? (e.g., save, invest back into your business, buy stuff, save for your education, contribute to your household, donate to charity, pay your debts, etc.)

Payment Terms

This is a good opportunity for you to be creative with how you collect money. You can learn to take some risks and test alternative strategies. Payment terms are the agreed way that a buyer pays the seller for goods. Examples are cash, checks, credit cards, debit cards, and on account credit payment in 30 days, among others.

This is about providing alternative ways for customers to pay for a product or service they buy. If a customer comes to a business with a check to buy a product and the business doesn't accept checks, then there will not be a sale. A cash only plan will prevent many customers from buying from a business.

In business, it is important to provide payment terms that allow you to attract sales while ensuring that you collect the money owed to you. Businesses have to decide on payment terms that customers prefer and that the business can collect and be profitable. If you allow customers to pay you in 60 or 90 days, you will have to make sure you collect the money and have the money to pay for bills during this period. As you are considering the payment terms with your customers, you must also consider the payment terms you will have with your suppliers and the amount of cash and credit you have available.

When a business provides more payment terms for customers, this should lead to more product sales. Businesses have to figure out what terms customers need, how they can provide the payment terms, how to collect the money, and how to make a reasonable profit with the terms.

In general, the lemonade stand business is a cash only business with little concern on when and if you will receive your money. Keep in mind, however, that you might increase your sales if you offer credit payment terms. A customer you know and trust might not have the money on them, but you believe they will pay you later. Offering payment terms of one day could make the difference between a sale and no sale.

Keep in mind, once you offer payment terms you take the risk of not collecting the money and having to take your losses. You will have to learn how to assess customers and determine who to give credit to.

- What type of payment should you accept for your product?
- What are the costs of each type of payment and how will your business benefit?
- Who should be granted credit (allow customers to pay later)? Consider establishing a “credit rating” for customers (ability to pay based on information you have).
- Make sure you determine how you are going to be paid. For cash sales, make sure you are paid before the person is given their product.

Examples of payment terms:

- Cash: What size of bills do you accept? Will you accept \$50.00 bills?
- IOU (I owe you): customer will pay you later.
- Checks: Be cautious; if a check is returned N.S.F. (non-sufficient funds), the bank will charge you a significant service fee for processing the check, and you won't get your money.
- Barter: Trade for another product or service. You can be very creative and have lots of fun with bartering. “A glass of my lemonade is worth your best football trading card!”
- Credit cards, bankcards, etc.
- Credit of \times days to pay
- PayPal or other e-mail money transfers present interesting opportunities to pre-sell your product. Consider receiving an e-mail payment and then having the person come and pick-up their product or have it delivered to them

Accounting

Accounting is the principles or practice of systematically recording, presenting, and interpreting financial accounts. It is keeping track of money and transactions, such as sales, expenses, assets, liabilities, and equity.

For any business to be successful, it needs to handle its money, sales, expenses, assets, liabilities, and equity in an organized fashion. Transactions or business dealings need to be recorded (written down or entered into a computer) in an organized and systematic way so that it is easy to find and use the information to manage the business.

Accounting has to be accurate, timely, and most importantly, truthful. It is very important for any business, especially a public company owned by shareholders, to provide confidence in their accounting records. The way to ensure confidence is to make sure the accounting follows the proper guidelines and the people preparing the accounting records are only motivated to do a proper job.

- How are you going to keep track of the money so you can pay your bills and know how much money you are actually making?
- Keep a file with all the receipts for the items you bought.
- If you obtained items from your kitchen at no cost to you, you should find out what they should have cost you and record these costs (you actually owe money for these items).
- Prepare a listing of all of the items used and the costs on a sheet of paper; call it an “expense ledger.” Expense is an accounting term for costs.

Figure out your total costs/expenses.

Here is an example of an expense ledger to track your expenses:

(A) Date	(B) Name of Item	(C) Category	(D) Quantity Used	(E) Cost/per Quantity	(F) = (D) x (E) Total Expense
August 12	Lemons	Product Costs	50	0.15	7.50
August 12	Sign – paper	Advertising	1	1.50	1.50
August 12	Marker	Advertising	1	0.75	0.75

Keep track of your sales/revenues on your sales ledger to determine your daily sales and total sales.

Here is an example of a sales ledger:

(A)	(B)	(C)	(D)	(E) = (C) x (D)
Date	Category of Sale	Quantity Sold	Selling Price	Total Sales
August 12	Lemonade – large	40	\$1.00	\$40.00
August 12	Lemonade – small	20	0.50	\$10.00

Once you have recorded your sales and expenses, there are several steps you need to take to figure out your profit (how much money you are making):

- Your profit can be calculated by a simple math equation: Profit = Total Sales – Total Expenses
- Add up the “Total Expense” column from your expense ledger to determine how much your operations cost you.
- Add up your “Total Sales” on your sales ledger. Sales are the amount of money you received.
- The difference between the “Total Sales” (revenues) and the “Total Expenses” (costs) equals your profit. Revenues – Expenses = Profit

Advanced Accounting

If you had costs to build a lemonade stand, then your accounting becomes a little more complicated.

If you are only going to use the lemonade stand once, then all of these costs should be included on your expense ledger. If the lemonade stand is used more than once, than the cost of it should be divided equally between the number of times you use it. If you plan to use it twice, the costs should be allocated equally to these two periods. This accounting concept is called “depreciation of an asset.” An asset (building, machinery, or lemonade stand) has an economic life or a period of time it will be used. The cost of the asset should be spread over the life of the asset. If your lemonade stand is expected to be used for two years, then the costs should be shown on your accounting records for the two years.

Why does this matter? If you sold \$50.00 of lemonade and your supplies or expenses are \$30.00, you would think you made a profit of \$20.00. But, if your lemonade stand cost you \$20.00 to make and you planned to use it once, then you would have broken even or made no money. ($\$50.00 \text{ revenue} - \$30.00 \text{ expenses} - \$20.00 \text{ depreciation} = \0.00)

If you sold another \$60.00 the next time you operated your lemonade stand and had expenses of \$36.00, you would have a profit before depreciation of \$24.00. If the lemonade stand were to be used twice, your depreciation would be $\$20.00/2$ or \$10.00. Therefore, you would make a profit after depreciation of:

Day one: $\$50.00 \text{ (revenue)} - \$30.00 \text{ (expenses)} - \$10.00 \text{ (depreciation)} = \10.00

Day two: $\$60.00 \text{ (revenue)} - \$36.00 \text{ (expenses)} - \$10.00 \text{ (depreciation)} = \14.00

Chapter 11

Other Important Business Considerations

Environmental Considerations

External Factors

Charity, Philanthropy, Non-Profit, Social Responsibility

Mergers

Acquisitions

Franchising

Partnerships

Business Law

Regulations

The End of DAB

Environmental Considerations

Environmental considerations are things that affect the environment around you. As our environment continues to suffer from pollution, we all need to contribute to a solution to stop/reduce pollution. Recycling, reusing, and conserving are very helpful ways to help the environment.

Many businesses provide educational programs to help people understand environmental issues and opportunities to be involved and take action. Many businesses also do research and development to change their products and processes to make them more energy efficient, use recycled materials, or use fewer materials.

To be environmentally responsible, you need to consider a number of things:

- Research the possible harm your business could cause to the environment.
- Do you have an environmental friendly business plan?
- Do you use reusable glasses or recyclable glasses?
- Do you recycle things that you used to make your lemonade? (compost lemons skins)

- Have you taken the appropriate steps to ensure your customers do not pollute the neighborhood with your product?
- Have you created communication material for your customers and employees on what your business is doing for the environment?

External Factors

External factors relate to things that can happen outside of your business that will affect your business. External factors have to be taken into account because a business can't control everything that goes on around it. For example:

- What if something happens in your area attracting many people, like the Olympics?
- A business can advertise to attract customers, but what happens if the TV station airing the advertising goes out of business or has a fire? Your planned advertisements will not be shown.
- What happens if there is a shortage of good water supply to make a product?
- What happens if the government changes regulations to prevent a business from providing its product?
- Watch the weather forecast and alter your days and hours of operation based on weather conditions. If the forecast calls for hot weather, this could help your business and you should plan for a busier time. If the forecast includes rain, you might consider closing the stand that day.
- Another key external factor might be a major event happening in your area. This could be a garage sale, a fair, or a parade, all of which can contribute to increased opportunities for your business.
- List external factors that could affect your business. Think of a back-up plan (contingency plan). What would I do if these situations happened?

Charity, Philanthropy, Non Profit, Social Responsibility

Charity, philanthropy, non profit, and social responsibility are desires to help humankind by giving donations (often time or money) to help others in need. Non-profit, charitable, or humanitarian organizations provide services to help others. Many businesses recognize the social responsibility they have to give money and resources (people time and product or

services) to non-profit organizations to help other people. Businesses often give some of their profits to non-profit causes.

Charities do many good things, such as helping kids in need. Charities tend to rely on the generosity of volunteers to help advance their cause. Donations from people and businesses provide charities with money to provide the services to people who need their help.

Most people try to help others in some way and a non-profit is a common way of doing it. You can usually find a charity that is working on something you are interested in or that needs your help.

It is a good business practice to make an effort to help charities in your community. Customers tend to respect and do business with companies that care about the issues they care about and that support the community. People tend to want to work for companies that support charities and take an interest in the community.

- Identify non-profit organizations you would be interested in supporting.
- How can your business help other people?
- How can you help other people?
- Have you considered using some of your profits to benefit charity?
- How much of your proceeds will you give to charity and to which charities? Consider a percentage of your profits or an amount per unit of product sold.
- Consider having a charity day with part of proceeds from your business going to benefit charity.
- Consider providing opportunities for kids from a youth group to help at your stand.
- Consider sharing this book with other kids at your place of business.

Mergers

This is an area that you can have lots of fun discussing and dreaming about. Mergers are the combining of businesses to create a larger business that is managed jointly by the two businesses that merged. Mergers tend to happen in business because there are advantages of being a bigger team and working together.

In theory, a company that has the expertise in a particular business could easily transfer that expertise to a larger company. As a larger company, there is often a greater opportunity to grow and succeed.

As many businesses are expanding internationally, a great deal of merger activity is occurring. A bank that operates in one country will have difficulty opening new banks in other countries. A merger strategy with a bank in another country will allow both of the banks to be involved in banking in other countries. A merger strategy applies to airlines, retail stores, phone companies, and many more businesses.

Use this as an opportunity to talk to other business kids about combining your businesses. Think through the idea of having one group make the lemonade, one group building and maintaining the stands, a group in charge of advertising, and a group in charge of sales. Each of the individual businesses might have a strength that will benefit from a larger group of businesses. In addition, consider merging with a business that offers other products that you could sell. You can also discuss other types of business that have the same customers, such as house sitting, pet walking, lawn care, and other businesses your customers use.

- Should you merge with another business in your area?
- Examine mergers in other businesses and try to determine why they merged and what they need to do to succeed. Try to understand why one industry is merging and apply it to your industry and your business.
- Should you explore merger opportunities in other areas (neighborhoods, cities, or countries)?

Acquisitions

Acquisitions is an advanced business practice, but it is something you should consider. An acquisition is the act of acquiring or being acquired. An acquisition occurs when one company buys another company. Acquisitions are often done to quickly expand a company's business through a purchase of another company rather than developing a business internally. It is often done to diversify a company so that its profits are not dependent on one type of business. For example, a summer time business might acquire a wintertime business so they have a year-round business that is not reliant on one season.

Businesses can be targets for acquisition if they are not being managed well or performing as well as they could. The buyer would acquire businesses to operate them in a way they feel will make more money. If you feel you can raise the money to buy a business, manage to grow it, and make it more profitable, you should consider an acquisition. If you don't acquire a business, you can still go through the process of figuring out if you should, what price to pay, and how to manage it.

- Should you buy a lemonade stand business from someone else?
- Is there a lemonade stand business you feel you can buy for a good price and run it differently to make it more successful?
- Do you want to expand your lemonade stand business by acquiring other stands? Do you feel you can manage additional sites?
- Is there another business you would be interested in buying?
- Do you have the financing and the management team available to acquire a business?

Franchising

Can you imagine being the McDonald's™ of lemonade stands? Your stands could be all over the world serving your lemonade from a stand similar to yours.

To franchise is to take a successful way of doing business and to sell it to other people so they can copy the successful methods and expand it in other areas. People purchase franchise rights to operate similar business operations in other areas. For example, McDonald's™ is a franchise.

People that buy franchise rights believe a franchise business with a proven success record will give them a better chance of succeeding in business. In return for the payment of franchise rights and royalties (a percentage of the sales), you receive access to experienced and sophisticated business operators who buy things at a better price, make important business decisions, provide support, and oversee the success of the business.

As a number of franchises pay rights fees and fund advertising campaigns, the franchising company has more money and bargaining power to advertise and develop the business. This is a competitive advantage over smaller individual businesses.

- Is your lemonade stand business format (the way you do business) ready for franchising?
- Have you demonstrated success? Do you have a look and approach that can be copied and sold?
- Could you sell your approach and coach others on running a lemonade stand?
- Could you manage the growth of your type of lemonade stand in other neighborhoods, cities, and countries?
- Are you able to buy and deliver all the things required for other lemonade stands?
- Look at franchises and determine why they can franchise their businesses. Learn from their mistakes and successes. Check out their web sites.
- Look at franchise information packages to learn what they are doing. Consider how they manage their business, advertisements, etc.
- Develop your own franchise package to try to attract interest from other kids.
- Go to a franchise show and see how other franchisers are approaching the franchising of their businesses.
- Examine franchise magazines for ideas.
- Do some brainstorming on what a lemonade stand franchise should be.

Partnerships

You have made friends to do a variety of things together. You have friends from sports teams, school, and other activities you are involved in. You are likely to become friendly with people who share similar interests. Business partnerships evolve as friends with similar interests or as a team of people with a variety of skills needed to make a business succeed. A business partnership is a legal arrangement between people to work together as a team and share the responsibilities and risks of the business. It is a formal arrangement to work with someone. Partnerships are used in business to bring people together with different skills to work as partners to develop and operate a business. There is usually a greater chance of success when you have good partners with different skills to share the work and obligations of the business. If you were to approach a partner for your business, you would want to be clear on what each of you would do, how you share responsibilities, the amount of money you would put into the business, and how you would share the profits. You should appreciate that partnerships might not work, just as music bands break up for various reasons. It is important to choose your partner wisely and make sure that you can work together and that you share similar values and goals.

- Should you work with a partner?
- Who might your partner(s) be? How should your partnership share the following?
 - the responsibilities of developing and running the business
 - the money required to begin
 - the profit
 - the business decisions (i.e., pricing, location, design, etc.)
- How does a partner leave the partnership and how do you settle the allocation of money and things of value (assets) in the business?

Business Law

Kids are well aware of rules, and businesses have many rules too. Business rules have been created through the development of laws, which are enforced in our legal system.

Business law is conducting business within the rules of law. Business decisions have to be considered within the rules of law and should be guided by policies and procedures, or be referred to legal counsel (a lawyer) for advice.

Businesses, in general, have many legal issues to address. Legal considerations start with the set-up of the business, hiring of people, buying and selling products, business agreements, collecting money, financing and legal disputes, etc. There are laws for each of these business decisions.

Intellectual property is an interesting area that requires legal expertise for copyrights (©) and trademarks (® or ™). This book is copyright protected to prevent it from being illegally copied. Product names and word phrases or slogans are trademarked to prevent their unauthorized use. Companies should take the appropriate legal steps to register and protect their original ideas.

Hopefully, you will not have legal issues at your stand, but you should anticipate potential legal matters and include them in your plan.

- If you develop an amazing name for your product, you should ™ it, which is giving it a trademark.

- If your lemonade recipe is original, you should consider protecting the recipe with © (copyright) to protect it from being copied by other people.
- If your business is a huge success and you want to expand it, then you might consider using a lawyer to register an appropriate company name and set up a proper company structure.
- You might want to ™ your advertising slogan to protect others from using your original phrase.
- Look for lawyers in your telephone book or through web site searches. Read their advertisements and view their web sites to understand how your business could use their services.
- Try the, “If I had this problem, what would I do?” game.

Regulations

Regulations are laws by which you must conduct business. Regulations are rules you must abide by. It is important for governments and associations to develop and enforce laws for businesses. Laws are necessary to ensure that consumers are protected and that businesses operate in a responsible way. If businesses could make money with no regulation, there might not be any concern for other issues, such as people’s safety and the environment.

- Are there by-laws, zoning laws, or regulations controlling business in your area?
- Do you need permits or some type of license to sell lemonade or to run a business?
- Does your product need to be certified or inspected?
- Do your employees need to be a certain age or be paid a minimum wage?
- What regulations do you think your business should have?
- How do you think regulations should be enforced?
- Research regulations for business and see how they apply to your business.

The End of DAB

I hope that this was an interesting and challenging experience for you.

Congratulations! Working through this guide is a major accomplishment! Before this guide, not many kids have actually sat down and gone through the process of developing a business. Make sure to include this experience on your résumé.

You have now gone through the steps to develop a business. This is a good time to celebrate, take a break, reflect on your business, and at some point in time, go back and further develop your business. This is not a test where you have one chance at doing it. You will make mistakes, change your mind, and realize you want to try different approaches to your business. This is expected, and you should do what you have to do to develop a business that satisfies you.

The exciting part of finishing DAB is that you will feel confident to apply what you have learned to other business opportunities. The end of this experience will lead to the beginning of others.

Chapter 12

Additional Resources to Help You in Business

Kid's Business Contest

Web Site Resources

Inspiration from Anecdotes

Editorials on Kids and Business

Business Case of the Lemonade Stand

How Do You Teach Kids Business? with "How Was Your Day?"

Kid's Business Club Guide

Brainstorming Tips

Press Release: Repositioning the Lemonade Stand

Business Plan Framework

Business Terminology or Dictionary

Closing Comments

Kid's Business Contest

Framework to Consider for a Contest:

The following information is recommended:

- **Pictures:** Take photos or create drawings of your lemonade stand. We are very interested in the creativity of your lemonade stand design. What materials did you use to build your lemonade stand?
- **Product:** The recipe you chose and how you made the lemonade.
- **Services:** What services did you provide beyond your lemonade product?
- **Advertisements and promotions:** How did you let people know about your lemonade stand?
- **Selling approach:** What did/would you say to people to get them to buy your lemonade?
- **Customer satisfaction/testimonials from customers:** What did your customers think about your lemonade stand, your service, and your lemonade?
- **Team:** Discuss the people that helped you (team members). What did each person do?
- **Business plans:** Identify the steps you took to organize and set up your lemonade stand, the location you chose, all the decisions you had to make to get started.
- **Performance:** How long were you in business? How much did you sell? How many people passed by? How many stopped at your stand? How many purchased your lemonade?

Do research on entrepreneurial awards.

Web Site Resources

TheKidsGuidetoBusiness.com

We have created book updates and links to additional business programming.

Teachingkidsbusiness.com/lemonade-stand.htm

This online program provides links to resources that will help you learn about business and plan/develop a lemonade stand business.

Teachingkidsbusiness.com/seed-capital-financing.htm

The Seed Capital Program will help you finance your business venture.

Teachingkidsbusiness.com/business-basics.htm

This program is a kid-friendly introduction to business basics.

Teachingkidsbusiness.com/entrepreneurship-program.htm

This program is an introduction to entrepreneurship for kids. It has several entrepreneurial stories to help you understand how to develop an entrepreneurial idea.

Please note that as the TeachingKidsBusiness.com web site grows, the page URLs for the programs might change. If you have problems with the above web pages, please go to Teachingkidsbusiness.com and find the appropriate link from the home page or other sections.

Inspiration from Anecdotes

You can read this area to help inspire yourself and others to do your best and be the best you can be. Kind words help motivate people.

“If we all did the things we are capable of doing, we would literally astound ourselves.” — Thomas Edison

“Business, a game kids can play™!” — Jeff Brown, founder of TeachingKidsBusiness.com

“The journey of a thousand miles begins with one step.” — Lao-Tsu

“Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage.” — Victor Kiam

“Inspiration is the feeling I get when I hear the pride in my mom's voice when I tell her about something I have accomplished.” — Sameer Zaman

“Only those who dare to fail greatly can ever achieve greatly.” — Robert F. Kennedy

“If I believe I cannot do something, it makes me incapable of doing it. But when I believe I can, then I acquire the ability to do it, even if I did not have the ability in the beginning.”
— Mahatma Gandhi

“Do what you do so well that when other people see what it is that you do, they will want to see you do it again... and they will bring others with them to show them what it is that you do.” — Walt Disney

“Imagination is more important than knowledge.” — Albert Einstein

“She didn't know it couldn't be done so she went ahead and did it.” — Mary's Almanac

“A smart businessperson is one who makes a mistake, learns from it, and never makes it again. A wise businessperson is one who finds a smart business person and learns from him how to avoid the mistakes he made.” — Jim Abrams

“Try a thing you haven't done three times. Once, to get over the fear of doing it. Twice, to learn how to do it. And a third time, to figure out whether you like it or not.” — Virgil Thomson

“Failure is success if we learn from it.” — Malcolm Forbes

“A determined soul will do more with a rusty monkey wrench than a loafer will accomplish with all the tools in a machine shop.” — Rupert Hughes

“People are not lazy. They simply have impotent goals - that is, goals that do not inspire them.” — Anthony Robbins

“Play experience can prepare the student for purposefulness in non-play activities, for true play creates the incentive to use one's best ability.” — Neva Boyd

“Go confidently in the direction of your dreams. Live the life you have imagined.” — Henry David Thoreau

“The people who get on in this world are the people who get up and look for the circumstances they want, and if they can't find them, make it.” — George Bernard Shaw

“The will to win is useless without the will to prepare.” — Henry David Thoreau

“I learned that a great leader is a man who has the ability to get other people to do what they don't want to do and like it.” — Harry S. Truman

“Genius is one percent inspiration, and ninety-nine percent perspiration.” — Thomas Edison

“There are three things extremely hard: steel, a diamond, and to know one's self.” — Benjamin Franklin

“When you find your passion or your drive, it's like you're not doing it to be successful or to make some money. You love all those additional things that happen. But you're doing it because that's what you love. It gets you up early and it keeps you up late. You notice things. You have an impact and you have a sense of contribution. And life is really joyous.” — Tony Robbins

“It is more important to do the right thing than to do the thing right.” — Peter F. Drucker

“What we label speculation when we lose, becomes an investment when we win.” — Far East Fortune Cookie Co. Ltd

Business Case of the Lemonade Stand

The lemonade stand is one of the most recognizable businesses in North America, which generates revenues in many markets, creates many jobs, and puts a whole new face on business.

We know these businesses exist and that they are run by eager and talented young professionals, and most of us would stop and gladly patronize a lemonade stand.

Is this where the “Keep it simple stupid” (KISS) principles of business came from? As many MBA and other business programs teach business case studies, why have they never considered such a simple and successful business case?

The people that develop these ventures are true entrepreneurs. They inspire us all and they make many people proud. They have a passion for what they are doing and they overcome many obstacles to make their ventures work. They are a success by their experiences alone and very refreshing to see in business.

We should all take lessons on business from the amazing business leaders who operate lemonade stands.

by: Jeff Brown, founder of TeachingKidsBusiness.com

How Do You Teach Kids Business™ with "How Was Your Day?"

Have you ever responded to the question, “How was your day?” with “not bad” or “okay” or “terrible” or “I don't want to talk about it”? Have you asked your child the same question and received a very vague answer like "Okay"? Have you ever gotten the answer of “stuff” when you ask your child what he or she did at school that day? As a child, did you ever give the same type of response?

From our own personal experiences, we can confidently say there is room for improvement on the “How was your day?” question and answer routine. We could actually use it as an opportunity to connect with one another, share a little guidance, and become more involved in what is happening in their lives. We could find out what is important to them and use the discussion as an opportunity to lead into other conversations.

You may want to consider some “Take it to the next level” ideas:

- A great starting point is to assume the role of listener so that the child recognizes that you are listening and interested in what they have to say. Nod your head and make some acknowledging sounds like “really,” “that's neat,” or maybe even a “wow,” or “cool,” or whatever the current expression is.
- Do not be so quick to pass judgment because that is probably the quickest way to end the conversation.

When you receive the very vague answer like “stuff,” try to ask what kind of “stuff” and have a little fun with it. Your child will learn to explain a situation and develop an opinion. Try to relate what they have to say to your world, your day, or even a similar experience you had as a kid. This will help them form a perspective on the world around them and, most importantly, put things in perspective.

Throughout your conversations, try to find some positive points. Try to relate the conversation to their futures and possibly how it is handled in business. In the case of a problem, help them arrive at a solution or provide advice on how things could be handled.

Use a small part of this time to talk about something you saw that day because it will help them form a perspective on their surroundings. Talk about how well you were served at lunch, an interesting fashion, or an advertisement that caught your eye. Try to think in terms of business through the eyes of a child or in a way they can connect.

There are many interesting things to talk about when you are asked, "How was your day?" and it can be a launching pad for lots of other good discussions. It may be hard to start, but be creative and patient.

Jeff Brown, founder of TeachingKidsBusiness.com

Kid's Business Club Guide

Here is a framework for starting a business club:

1. Make a list of people you think might be interested in joining a business club and becoming part of your business team.
2. For your business club, write out how often you plan to meet and how you plan to develop and discuss your business.
3. Ask the people from your list if they are interested in joining a business club, when they would be available, if they know someone else that might be interested, and other things that are important to them. Make sure the way you plan to run the business club is okay with the other members.
4. Once you have some interested people, plan your starting meeting (set a one-page agenda with a list of the things you want to discuss), communicate it to everyone (give them a copy of the agenda), and set a date to get together. The first meeting can be about reviewing the book and discussing some initial ideas on developing a lemonade stand business.
5. When you get together, figure out how best to work together (teamwork). Trial and error might be the best approach. Try one approach and see how it works. There is no right or wrong approach because it depends on the people in the club. You will start to discover management theories on how to run your meetings and your business.
6. You may want to have each member put in \$5.00 or \$10.00 to cover expenditures for supplies or research resources.
7. When you meet, don't lose sight that it is not a dinner party or something the host has to spend a lot of money on. Keep it simple and even have members bring a snack. You can also have quick meetings at school, on the phone, by e-mail, or in chat rooms.

8. Each time you get together, go through a section in *The Kids' Guide to Business*. You can break off in teams and address certain areas. If necessary, assign job responsibilities that should be done before the next meeting.

Brainstorming Tips

Brainstorming is a great way to come up with ideas. The goal of brainstorming is to come up with a long list of “crazy ideas.” Brainstorming gets people to think in ways they don't normally think. It is important to have fun and not criticize (for example, don't say, “What a stupid idea”). The basic rules are:

1. Quantity, not quality (more is better) is important to generate as many ideas as possible, and don't worry how good they are at this stage.
2. No ideas can be criticized and no idea is too wild to write down. Remember, they are all good ideas at this stage.
3. It doesn't matter who came up with the idea first, work together to build on it and generate more ideas.

You might find it hard to come up with ideas on your own. It's okay to get a little help. Try to get a group of friends or family members together to brainstorm some ideas. Here are some helpful tips:

- Start telling everyone what you would like him or her to think about.
- Have each person write down as many ideas as he or she can think of on individual pieces of paper.
- Share the ideas with the group by having each person read his or her ideas aloud to the group or by having one person read them all.
- Have a question and answer period where people can ask about the ideas that were presented, and have the person that came up with the idea explain it to make sure everyone understands it.
- Have a vote to determine the “best” idea. You can vote by raising your hands or by having everyone write down his or her favorite idea and tally the results.

Press Release, Repositioning the Lemonade Stand

Press Release, for Immediate Release

TeachingKidsBusiness.comDate

Jeff Brown, founder of TeachingKidsBusiness.com is very pleased to provide kids with a lemonade stand program to help launch kids into business, to teach kids about business, and to create a low-risk business experience.

The Lemonade Stand is a symbol of entrepreneurship and kids beginning in business. It has lasted for generations and all indications are that it will thrive in the future. Nonetheless, all business models need to evolve and adapt to the changing marketplace. In this case, the changes can occur with some simple tips and a little coaching for these dynamic entrepreneurs.

Brown created the program with “goals to revitalize and enhance the lemonade stand experience. A venture of this nature is a great opportunity to introduce kids not only to basic business, but also to more sophisticated business disciplines. Just a little extra thinking and planning will add dramatically to the lemonade stand experience.”

We have taken for granted that kids are eager to go into the lemonade stand business, but do we appreciate the impact that it can have on kids? Traditionally, the focus has been with kids, 10 and under, but this program positions the lemonade stand to be an excellent challenge and learning experience for kids of any age. By providing some basic business guidelines, the lemonade stand program can now be used by older kids. The experience can be a business planning experience, creating a business case or a full-blown business launch.

Brown states that, “As you try to mirror the business aspects of other businesses, you will realize that a lemonade stand business can become quite complex—a great business challenge and experience for kids.”

This lemonade stand program can be found at teachingkidsbusiness.com/lemonade-stand.htm. TeachingKidsBusiness.com is engaging and inspiring kids at an early age (eight and up) to develop confidence, experience, and business skills and to explore career choices. The web site presents tools, experiences, and community involvement support in a safe, educational, non-pressure, non-commercial, and fun way.

For more information, go to the web site at Teachingkidsbusiness.com.

Business Plan Framework

You don't have to go through this section and write a business plan, but we would like you to understand what a business plan should cover. A business plan is a document summarizing what a business plans to do and how it is going to do it. The plan covers the present and future strategies for developing the business and its financial position.

The plan can be presented as follows:

Cover Page: Business name and contact information.

1. Table of Contents: This section provides a detailed summary of the plan by title and page number.
2. Executive Summary: This two-page document usually summarizes the plan's contents. This allows a reader to understand what the plan is all about. The executive summary should include information on the company, the product, the target market, the strategy of pursuing the market, when and how you will complete the plan, and what you want the reader to do for you.
3. The Company: This section is an opportunity to talk about the direction the company is taking.
4. The Team: This section identifies who is going to make it happen.
5. The Product: This section discusses the product and explains its main features and benefits.
6. The Market: This section discusses who is going to buy the product.
7. Marketing Plan: This section explains how you are going to introduce, promote, and sell the product.
8. Key Issues: All businesses face issues that need to be overcome to succeed. You need to consider all possible obstacles that might face your business and provide potential solutions.
9. Financial Statements: You need to write out your plan in terms of money. All the decisions you make will cost money and should help the company make money.

Business Terminology or Dictionary

You need to know a language to communicate with people whether it is a different culture or industry; business has a language of its own. Here, we have provided the terms and

definitions commonly used in business. Anyone interested in being active in a business needs to understand the basic language or terms used in business.

We have created this “Business Terminology Section” to provide you with business terms and a kid-friendly translation. As you learn the language of business, you will understand how to think and communicate in business terms. As you learn to think in business terms, you will begin to use frameworks or guidelines to help you work through business-related issues and opportunities. As you learn to communicate in business, you will be able to spread your message to customers, other businesses, and organizations.

Asset

An asset is an object that has value. Money is a simple example, as is a house if it is worth more than the loans used to buy it. Comic books can be an asset if they have a cash value or can be exchanged for another asset. There are a number of categories for assets, such as tangible and intangible assets. Tangible assets include things like land, buildings, machinery, stocks, and cash. Intangible assets include patents, copyrights, and trademarks. A goal is to accumulate assets of value that can be sold for money when necessary.

Advertising

Advertising is a communication paid for by an identified sponsor with the objective of promoting ideas, goods, or services. Advertising includes any printed or broadcast message sent and paid for by an identified organization to a target market via television, radio, newspapers, magazines, direct mail, billboards, web site banners, mobile devices, transit cards, etc.

Balance sheet

A balance sheet is a summary statement (report) of accounting values of assets (things you own: bike), liabilities (money you owe: borrowed money), stock (ownership in the company), and retained earnings (assets less liabilities).

Blue sky

This refers to laws that protect investors from being misled by investment people who misrepresent (lie about) the value of investments to trick people so they can take their money.

Barter

Barter is a method of trading in which goods and services are exchanged without the use of money. You might want to accept things other than money for your lemonade product. A customer might have an extra trading card they would be willing to exchange for lemonade.

Brainstorming

Brainstorming is a group discussion used to invoke ideas and solve business problems. No idea is rejected no matter how irrelevant it appears until it has been thoroughly discussed. As you work through the many things to think about in planning your lemonade stand, you should use brainstorming.

Brand (brand name)

A brand is a name, term, symbol, or design intended to clearly identify and differentiate a seller's product from the competition. A brand name identifies a specific product. You will want to consider choosing a brand name for your lemonade to help people distinguish your product from others. Your product is not just lemonade.

Brand extension

A brand extension is using a successful brand name to launch a new or modified product in a separate category. A successful brand helps businesses enter new product categories more easily. Example: A frozen lemonade product, like a popsicle, would be a brand extension from your lemonade.

Burnout

A work-related condition of emotional exhaustion in which interest in work, personal achievement, and efficiency declines sharply and the sufferer is no longer capable of making decisions. Be careful, this could happen to you and your associates if you put too much time in the operation of your business. Keep yourself fresh (the same goes for your product).

Business

Business is a trade, a profession, a person's occupation, the buying and selling or trade and a commercial firm or a shop. Business is as simple as coming up with a product or service and finding a way for people to buy it from you.

Business Analysis

Business analysis is an evaluation of a business's performance. How is your business doing? After you have been in business for a while (this could be minutes, hours, or days) look at your business and think about how you could do things better.

Business Plan

A business plan is a document summarizing what a business plans to do and how it plans to do it. The plan covers the company's present and future strategies for developing the business and its financial position.

Business Process Re-Engineering (BPR)

BPR is an examination of your business by first determining what the business is trying to achieve, what its main activities are, and what it does best. Then, you come up with a plan to achieve your goals. This is a good opportunity to act like a business consultant and step back and look at your own or other lemonade stand businesses.

Business Strategy

A business strategy is an overall strategy that coordinates functional areas of a business. It defines the business objectives, analyzes the internal and external environments, and determines the strategic direction of the firm. For example, a business strategy to diversify into new markets would be accomplished by introducing new products to your business.

Business Structure

A business structure is the formal structure of a business. At the simplest level, it is a sole-proprietor, which is a small business run by a single owner. A partnership is a business owned and controlled by two or more persons through a partnership agreement, and a public company is a company structure owned by many shareholders who have stock in the company.

Buy-back

The buying back by a company of its shares from its investors who have put venture capital up for the formation of the company.

Cannibalization

Cannibalization is a market situation in which increased sales of one-brand results in decreased sales of another brand with the same product line. If you were to begin to sell

apple juice at your lemonade stand, the sales of apple juice would cannibalize the sales of your lemonade. This is okay if you sell more drinks overall and if you make as much money selling apple juice as you made selling lemonade.

Capacity

Capacity is the highest sustainable output from an operating system in units per given time. You have a capacity on how much lemonade you can possibly make and sell. If you have only one jug of lemonade and one pourer, your capacity is that jug and the time it takes you to pour it. If you have only one jug of lemonade available to your business, then that is the capacity of your sales for the period that you are in business. If you have the ability to make more product, then your capacity increases and so does your potential business.

Capital

Capital is the money contributed by the business owners to allow the business to function. If you used \$10.00 to start your lemonade stand, then that is the amount of capital you put into your business.

Capital Gains

The gain on the disposal (sale) of an asset calculated by deducting the cost of the asset from the proceeds received from the disposal of the asset. If you bought or developed your lemonade stand for a cost of \$25.00 and sold it for \$40.00, you would have a capital gain of \$15.00.

Career

A career is the progress through life, especially in a profession, an occupation, and a way of making a living, especially one with opportunities for advancement or promotion. A career is the choice you make to earn a living, job, or occupation.

Cartel

An association of independent companies formed to regulate the price and sales conditions of the product or services they offer. If you collaborated with other lemonade stand operators and decided to set the pricing for lemonade in your area, you would be acting as a cartel. Be careful because setting prices and controlling supply is against the law in many countries.

Caveat

A caveat is a proviso or qualification that limits liability by putting another party on notice. For example, a retailer (lemonade stand) might sell goods subject to the caveat that no guarantee of their suitability for a particular purpose is given. The purchaser in these circumstances has no remedy against the retailer should the goods turn out to be unsuitable for that particular purpose.

Caveat Emptor

(Latin: Let the buyer beware). This implies that the purchaser of goods must take care to ensure that they are free from defects of quality, fitness, or title. If the goods turn out to be defective, the purchaser has no remedy against the seller. This assumes that the purchaser has the opportunity to examine the goods.

Co-branding

Co-branding is an arrangement between two or more companies in which they agree to display joint content and perform joint promotions using brand logos or banner advertisements.

Cold Call

The term cold call refers to a selling technique in which a salesperson approaches a customer with little or no warning. You have probably received many cold calls on your telephone at home.

Collateral

Collateral is an asset used to secure a loan. The asset would be taken from you in the event that you did not pay the loan back. If you were to borrow money to develop your lemonade stand business, your stand would probably be used as collateral. If you didn't pay the money back, the person who gave you the money would take the collateral (your stand would become theirs) as payment.

Commission

A payment made to, for example, a sales person, which is usually calculated as a percentage of the goods sold. If you were to hire people to sell lemonade, you might look at paying them a commission for what they sell. If they sell \$10.00 of lemonade and you give them a 10% commission, you would pay them $\$10.00 \times 0.10 = \1.00 .

Confidentiality Clause

A confidentiality clause in a contract of employment details types of information that an employee will acquire on joining the firm that cannot be passed on to anyone outside of the firm. A good example of this would be the information on how your lemonade is made. This should not be shared by any of your employees when they leave to go work at a stand down the street. Someone could come and work for you, learn your recipe for your product, and then leave your business and take your ideas and open up their own stand. This can be prevented with a confidentiality clause and legal enforcement.

Conglomerate

A conglomerate is diverse group of companies usually managed by a holding company. If you were to own a lemonade stand business, a grass cutting business, a painting business, and a dog walking business, then you would be a conglomerate.

Copyright

A copyright is a legal proviso indicating ownership of written or drawn material such that the material cannot be reproduced without the expressed consent of the author. The writer of *The Kids' Guide to Business* is protected by a copyright.

Core Competency

Core competency is proficiency in a critical functional activity (making lemonade), such as technical expertise or a particular business specialization, that leads to providing a company's unique competitive advantage. In other words, what your business is good at.

Corporate Culture

Corporate culture is the values, beliefs, norms, and traditions within an organization that influence the behavior of its members. If you are friendly toward your customers, respectful of their needs, fair to the people that work at your stand, and provide fast and courteous service, you will have created a positive corporate culture.

Corporate Governance

Corporate governance is the manner in which an organization is managed and the nature of accountability of the managers to the owners. This is about how decisions are made in a business and how others accept the way decisions are made.

Corporate Image

The corporate image is the image (mental picture of something) that a company projects for itself. Is your business good to work for? Are you honest, respectful? Do you demonstrate a position on important things, such as the environment, education, working conditions?

Corporation

A corporation is a type of business, a separate entity from those persons who run it. A corporation provides limited liability, easy transfer of ownership, and unlimited life for a business.

Cost

Cost is an expenditure, usually of money, for the purchase of goods or services. The money you pay for your ingredients to make lemonade is a cost.

Credit

Credit is the reputation and financial standing of a person or organization. If you pay your bills and money that you owe to people, you will develop good credit.

Credit Line

A credit line is a facility for borrowing money. Banks usually provide this to businesses by giving them access to a certain amount of money, as they need it for their business. If you go to your parents and they agree to advance you money when your business needs it, they are giving you a line of credit.

Creditor

A creditor is one to whom an organization or person owes money.

Customer

A customer is any individual, household, or company representative who acts as a buyer of goods and services offered to the mass market.

Customer Service

The services an organization offers to its customers is customer service. This covers a wide variety of services, including after-sales service, extended guarantees, regular mailings of information, and telephone calls in case of complaints. Any dealings you have with your

customers should be considered customer service as you try to help give them an excellent level of service to satisfy their needs and keep them happy.

DAB

Develop a Business. We have created this term to help kids focus on thinking about business by working toward developing a business. We consider developing a business to include the imagination of a business or actually creating a business.

Debt

Debt is the sum of money owed by one person to another.

Debt-Equity Ratio

Debt-equity ratio is the ratio used to examine the financial structure of a business. It is used in determining the borrowing level for a business. Your goal should be to have zero debt with substantial of equity. If you were to have \$10.00 of debt with \$2.00 of equity, you would have a 10/2 or 5:1 debt ratio. This means that you would have five times the amount of debt to the equity you have. It would be much better to have a 1:5 debt-equity ratio.

Development Stage

Development stage is the stage in the development of a new product during which the concept is transformed into a prototype and the basic marketing strategy is created. The first time you make your lemonade and start testing it to see if it is good is your development stage. You will eventually need to decide on the product you will be selling at your stand.

Direct Marketing

Direct marketing is selling by dealing directly with consumers rather than through retailers. Methods include mail order, telephone selling, door-to-door calling, telemarketing, magazine and TV advertising, and online shopping. If you were to contact people in your neighborhood about your lemonade business, you would be applying direct marketing.

Disposable Income

Disposable income is the income a person has available to spend after paying income taxes, other taxes, and other deductions payable to the government for employment income. It is the money that people have available to spend. The key consideration for business is that their customers have enough disposable income to buy the products. If you

are trying to do business where people don't have the money for your product, your business will not succeed.

Dollar

A dollar is the standard monetary unit of a number of countries, such as Australia, Canada, Malaysia, Taiwan, the United States, Zimbabwe, and others. Depending on where you operate your business, you will need to determine the type of money that you will accept.

Doubtful Debts

Doubtful debt is money owed to an organization, which it is unlikely to receive. If you allow Johnny to have a glass of lemonade, even though he says he has no money and probably will not be able to pay for it later, you will have a doubtful debt.

Due Diligence

Due diligence refers to the investigation process an investor should conduct into the operations and business it wants to invest in. Before you buy stock in a company, you should do your homework on who is running the company and how well the company has done in the past.

Emotional Appeal

Emotional appeal is the attempt by advertising to stir up negative or positive emotions to motivate a purchase. If you were to use an advertisement saying the proceeds from your lemonade stand would be going toward a college education, you could probably create some emotional appeal with people.

Empowerment

Empowerment is the giving of increased responsibility and a measure of control to employees in their working lives. The concept is based on the view that people need personal satisfaction and fulfillment in their work and that responsibility and control increase satisfaction. You will get a sense of empowerment if you go through the planning of a lemonade stand business and make business decisions.

Entrepreneur

An entrepreneur is an individual who undertakes to supply a good or service to the market for profit. Entrepreneurs will usually invest their own capital in a business and take on the risks associated with the investment. Once you invest some money and undertake to open a lemonade stand business, you have become an entrepreneur.

Equal Pay

Equal pay is the requirement that men and women in the same employment be paid at the same rate for like work or work rated as equal. If you hire a boy or a girl to work the same job at your lemonade stand, you should pay them the same amount.

Equity

Equity is a beneficial interest in an asset. If you work hard to develop or acquire assets and pay off the money borrowed to have these assets, you will be creating equity. Equity will help you to develop other businesses.

Expenses

Expenses are an amount spent on goods or services. Examples of expenses are food, haircuts, telephone plans, school costs, and gas for a car. The goal is to reduce expenses to have more money.

Exports

Exports are goods or services sold to foreign countries. If you were to bottle or can your lemonade and sell it to other countries, you would be exporting it.

Exit Strategy

This refers to the means by which investors in a company realize all or part of their investment. If you buy stock in a company you want to understand how, when, and the amount you will receive in return.

Family Life Cycle

The family life cycle consists of six stages of family life based on demographic data:

1. Young single people
2. Young couples with no children
3. Young couples with youngest child under six years
4. Couples with dependent children
5. Older couples with no children at home
6. Older single people

These stages are helpful for marketers and advertisers marketing to these groups. Other groups evolve over time and it is important for you to understand groups that would be interested in your product and how and where you can connect with them.

Financier

A financier is a person who uses his or her own money to finance a business deal or venture or who arranges for such financing.

Focus Group

A focus group is an exploratory research group of participants led by a moderator that meets for in-depth discussion on one particular topic or concept.

Forecasting

Forecasting is estimating the future demand of goods and services by anticipating how buyers are likely to react under certain sets of conditions. You are forecasting when you sit down and try to estimate how many people will visit your stand and how much lemonade you will sell.

Fringe Benefits

Fringe benefits are non-monetary benefits offered to the employees of a company in addition to their wages or salaries. They include company cars, expense accounts, the opportunity to buy company products at reduced prices, health care, social clubs etc. If you give people who work for your stand a discount on the purchase of lemonade, then you are offering them a fringe benefit.

Gatekeeper

A gatekeeper in business is a manager in a large company who controls the flow of information.

General Meeting

A general meeting is one where all the members of an company or association attend.

Ghost Shopper

A ghost shopper is someone posing as a regular consumer hired by a company who wants to know how their product is being sold at a store, kind of like a shopping “spy.”

Golden Handcuffs

Golden handcuffs are financial incentives offered to key staff members to persuade them to remain with an organization.

Green Marketing

Green marketing is the marketing of products that benefit the environment. Better pollution controls and more energy-efficient production processes and product performance are part of green marketing.

Incentive

An incentive is a reason to buy a product, i.e., providing you with a special reason to buy that is usually available for a limited period, so that you buy at that point in time.

Initial Public Offering (IPO)

An IPO refers to the process by which a company raises money by issuing equity and being listed on a stock exchange. This is when a company sells stock that can be bought and sold by the public. It is the dream for many people when they start businesses.

Impulse Buying

Impulse buying is the buying of a product by a consumer without previous intention and usually without evaluation of competing brands.

Income

Income is any sum that a person or an organization receives either as a reward for effort or as a return on investments. The money you make (profit) on your lemonade stand business is income.

Industrial Espionage

Industrial espionage is spying on a competitor to obtain trade secrets through dishonest means. The information sought often refers to the development of new products, manufacturing techniques, market information, upcoming advertising campaigns, and research plans.

Industrial Relations

Industrial relations are the relationships between the management of an organization and its workforce. If industrial relations are good, the workforce will be well motivated to work hard for the benefit of the organization and its customers.

Innovation

Innovation is any new approach to designing, producing, or marketing goods that gives the innovator or the company an advantage over competitors. Some companies rely on bringing out new products based on established demand, while others develop technological innovations that open up new markets.

Insolvency

Insolvency is the inability to pay one's debts when they are due. In the case of individuals, this can lead to bankruptcy, and in the case of companies, it can lead to liquidation.

Insurance

Insurance is a legal contract in which an insurer promises to pay a specified amount to another party, the insured, if a particular event (known as the peril) occurs and the insured suffers a financial loss as a result. The insured has to pay an amount of money, known as a premium, for insurance coverage.

Liability

A liability is the amount owed to others that needs to be repaid. A loan to start a business or buy a house is a liability. The goal is to pay off liabilities and have assets that have value and no liability related to them.

Liquidity

Liquidity is the ability of an asset to be converted into cash as quickly as possible and without any reduction to its value.

Marketing

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create changes that satisfy individual and organizational objectives. Marketing is an approach to doing business that focuses on identifying the customers' needs and preferences. Using this information, a company can

shape the goods and services it provides, as well as the strategy it uses to bring these goods and services to the public, based on satisfying the customer.

Marketplace

A marketplace is a place where goods are offered for sale.

Market Share

Market share is the total number of units sold or dollars earned by one product or company in relation to the total number of products sold or dollars earned in an entire product class.

Money

Money allows products and services to be exchanged. For example, if you want to buy a music CD, the payment of money completes the transaction and transfers ownership of the CD to you.

Price

The price is the amount for which a product or service is sold or can be purchased.

Quality Control

Quality control is the activities and techniques used to achieve and maintain a high standard of quality in a process. This procedure is concerned with finding and eliminating the causes of quality problems.

Seed Capital financing

Seed capital financing is the small amount of initial capital (money) required for the funding of research and development necessary before a company is established. The capital should enable a business plan to be developed.

Start-up Financing

Start-up financing consists of capital provided to companies that have been in operation for less than one year to facilitate all phases of bringing their products to market.

Trademark

A trademark is the right of a seller to exclusive use of an identifying symbol or brand. For example, “e-Mentoring for Kids ProgramTM” is trademarked. The TM at the end of the

phrase tells you that it is trademarked. There are laws to protect other people from using this trademarked phrase.

Target Market

The target market is the collection or population of customers or consumers that a company has in mind as the primary audience for its goods or services and to whom the company gears its marketing efforts to sell the goods or services.

White Knight

White knight refers to a friendly acquirer sought by a company threatened by a less welcome buyer.

Closing Comments

By now, we hope that you have gone through this book and used the numerous ideas we have shared with you. You have put your imagination to work and come up with some amazing business ideas. You should feel wiser about business and confident that you have the talents and skills to explore business further.

Learning about business at an early age is not necessarily figuring out what you want to be when you grow up. At this stage, business is merely an interesting and challenging activity. As you begin to understand business, you will be well on your way in preparing for your future.

Through your daily activities of observing business, planning a business, and trying a business, you will develop valuable life skills. Sports, art, and music help you develop skills at an early age. Business skills can also be developed at an early age to help you manage your daily life and to prepare you for your working life. You have probably heard the expression, “If I knew then what I know now,” referring to how people would do things differently and better with earlier knowledge. If you can learn some of the skills that you would normally learn later, you would do things so much better now and be better prepared for the future. Early skill development will give you a head start in business, make you more competitive, and help you succeed.

Think of business skills as life skills that you can use every day as a kid. As you grow up, you will realize that the sooner you develop these skills, the better. Business skills cover a range of skills, which include reading, writing, time management, organizational skills, interpersonal skills (dealing with people), and many more. Please don't think of business skills solely as the obvious skills in a specific job. All of your skills become business skills, and the more skills you have, the more prepared you will be in your daily life.

You may find your career in one of the many responsibilities required to build a business. Take the time to explore some of these opportunities further. Once you have found an area of business that interests you, try to understand the skills required and develop a plan to enhance the needed skills.

Our DAB approach is something you should use on other business ideas. Please take the time to apply this approach to develop other businesses that interest you, provide additional experience, and develop your skills.

Good luck in your future and in your next business venture!

Other Books

by Jeff M. Brown

Teaching Kids Business: Why, What, When, Where, How & Impact

Simple and effective strategies and activities to develop life skills and experiences that prepare kids of all ages for business. This book provides progressive thinking, ideas to implement, teaching techniques, and a solid framework to teach kids business. The use of this content will help to shape an action plan for teaching kids business, encouraging business conversations, helping children to become more aware and interested in business, creating opportunities for skill development and experience, and instilling confidence and a higher level of respect in children through business techniques and skills.

This book will:

- Broaden the meaning of teaching kids business.
- Create more opportunities to teach business and witness greater impact.
- Help kids become more aware and interested in business.
- Begin business conversations, activities, and preparation with kids.
- Begin business conversations, activities, and business.

Strategies for Parenting: The Road to Independence

by Jeff M. Brown

This book is an innovative approach to elevate the role of parenting and the development of children by providing powerful and relevant insight and wisdom from successful experiences.

This will help you as parents make the most of your opportunity to develop the right strategies for parenting, enabling you to enjoy time with your children and prepare them for a successful life. As you develop your strategies for parenting your children along the challenging road to independence, you will experience one of the most satisfying accomplishments in life, a legacy to be proud of.

This book will...

- Deliver real-life family experiences and observations.
- Provide innovative, thought-provoking strategies illustrated by real-life examples.
- Develop life skills essential for daily life, school, career preparation, and success in life.
- Help develop confident and independent children.
- Challenge you to think about parenting in new ways.
- Help you to create a meaningful bond with your children, taking parenting to an entirely new level with amazing results.