

FOR

## Kids



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## CHAPTER 8

## Small Business

*Can I work for myself?*

**We learned that different types of jobs and careers have an impact on your income.** We also talked about careers you might consider that relate to the things you like to do. Some jobs require special education and certifications. One thing to think about is that not all jobs and careers mean working for someone else. Sometimes great ideas and amazing businesses come from entrepreneurs. Maybe that is you.

**WHAT IS AN ENTREPRENEUR?**

An entrepreneur is someone who creates and runs their own business. People who own a successful business can earn a profit, which is their source of income. Let's see what it takes to work for yourself.

Remember Isabella? She organized her neighborhood and raised funds to build a basketball court in her community. The court has been so popular that local coaches have been hosting tournaments there two weekends a month in the summer. Visitors, however, don't have anywhere nearby to buy drinks. Isabella saw an opportunity. She wants to start her own business and sell soda and water during the tournaments. She wants to call her business Bella's.

**BELLA'S BUSINESS PLAN**

What does Isabella need to do to make Bella's a success? Isabella needs a business plan to present to her parents

to get their approval. She may need an adult for help and advice while setting up her business. This plan should include what supplies she will need, the cost of those supplies, and even a marketing plan to advertise her drinks. Isabella plans to ask her friend Noah to help. She knows she will have to pay Noah, too. She will also need to figure out a way to accept payment from her customers and provide change.

**SUPPLIES**

Isabella decides she has a table, a chair, and coolers for the ice to keep her drinks cold, so she doesn't have to buy those. For her first tournament setup, Isabella decided to buy four different kinds of soda, bottled water, and six large bags of ice. The total cost of her supplies will be \$55.10.

**MARKETING PLAN**

Isabella will need to let people know about Bella's and that her refreshments will be for sale at the basketball court. She plans to make a big sign for her table using paper and markers she already has at home. She also plans to create a flyer on her computer and print some out to post in the neighborhood. Isabella plans to contact her coach to email a copy of Bella's flyer to the other team coaches who are planning to attend summer tournaments.

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After Isabella presented her plan to her parents, they agreed to let her try it. She has a lot to do if she is going to be ready for the next tournament. Her parents said she needed to make sure she didn't just think about the gross profit, but considered what her net profit would be after expenses.

**WHAT IS GROSS PROFIT?**

Gross profit isn't something yucky; it is the income a business makes in sales. But Isabella won't be able to keep all of her gross profit because she has expenses – the beverages she bought to sell at games. Gross profit minus expenses is the net profit. The net profit is the amount Isabella will earn from her new business.

Isabella plans to charge \$1 for each drink. If she sells them all, she will have total sales of \$176.00, her gross profit. Her supplies cost her \$55.10, which she took from her savings. Isabella needs to pay her savings back for the supplies and Noah \$10 for his help. Isabella's one-day net profit would be \$110.90.

If Isabella has the same expenses for each tournament, she could make a net profit of \$554.50. That is, if she doesn't purchase that tent for \$100 to protect her from the weather. Maybe she will add a line of snacks to boost her income. This is a lot to consider when you run your own business!

Income, jobs, and careers are important, and doing what you enjoy is important, too. Isabella is proud of her business and she enjoys being at the tournaments meeting people who enjoy basketball. When you plan your jobs and career, consider working for yourself and becoming an entrepreneur.

## Student Questions

What is gross profit?

What things did Isabella need to think about when she was planning her business?

What kind of business would you like to own? What things do you need to think about before you can do it?

If you had your own business, what would it be? What would a flyer for your business look like?

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<i>Expenses</i>				
<b>Item</b>	<b>Price</b>	<b>Per Unit</b>	<b># Purchased</b>	<b>Cost</b>
Soda	\$8.75	Per case/24	4	\$35.12
Water	\$6.99	Per case/40	2	\$13.98
Ice	\$1.00	Per pound	6	\$6.00
Noah's Pay	\$5	Per hour	2	\$10.00
<b>Total Expenses</b>				<b>\$65.10</b>

<i>Sales</i>				
<b>Item</b>	<b>Price</b>	<b>Per Unit</b>	<b>Inventory</b>	<b>Total Sales</b>
Soda	\$1.00	Each Can	(4 x 24) 96	\$96.00
Water	\$1.00	Each Bottle	(2 x 40) 80	\$80.00
<b>Gross Profit</b>				<b>\$176.00</b>

<i>Potential Profit (All Drinks Sold)</i>	
Total Sales (Gross Profit)	\$176.00
Minus Expenses	\$65.10
<b>Total Net Profit</b>	<b>\$110.90</b>