



# A Biz: What Is It?

EPISODE #107

## LESSON LEVEL

Grades 4-6

## KEY TOPICS

- Record keeping
- Starting a business
- Goods and services

## LEARNING OBJECTIVES

1. Identify traits and skills of entrepreneurs.
2. Learn about the costs of starting a business.
3. Learn financial terms.

## EPISODE SYNOPSIS

You'll see that a successful business supplies goods or services and makes a profit when it earns more money than it spends. Meet the junior high boy who makes healthy dog biscuits, the high school twins with a cake decorating company, and the college student seeking investors for his successful corporation.

## NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

*Standard 1:* Take responsibility for personal financial decisions.

*Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Income and Careers

*Standard 1:* Explore career options.

*Standard 2:* Identify sources of personal income.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

*Standard 2:* Decision making

*Standard 14:* Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

*Standard 1:* Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

*Standard 4:* Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

*Standard 7:* Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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# LESSON PREP & SCREENING

## Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

## Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

## About the Episode

You'll see that a successful business supplies goods or services and makes a profit when it earns more money than it spends. Meet the junior high boy who makes healthy dog biscuits, the high school twins with a cake decorating company, and the college student seeking investors for his successful corporation.

## Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- Do you know anyone who has their own business? What business do they have?
- What are some reasons why someone would start their own business?
- How do you think a business owner determines their profit?

## Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

## Summary and Conclusion

Some entrepreneurs have turned what they love into a money-making business. When you start a business, you have to plan carefully and keep accurate records to track income and expenses. Having a business plan is planning for success. So when you decide to start your own business, don't forget to make your plan and keep track of your transactions.

## Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



# FAMILY ACTIVITY SHEET

## Episode Synopsis

You'll see that a successful business supplies goods or services and makes a profit when it earns more money than it spends. Meet the junior high boy who makes healthy dog biscuits, the high school twins with a cake decorating company, and the college student seeking investors for his successful corporation.

## Activity Suggestions

Help your child understand the difference between goods and services. The next time you're in town with your child, point out business signs. Ask your child which businesses sell goods, and which provide services. You can do the same thing by looking through coupons, magazines, newspaper ads, or television commercials for business advertisements that your child can categorize as either goods or services.

To further your child's understanding of net profit and gross profit, offer the opportunity to look at an actual pay stub. Show your child the gross profit, but explain that money is taken out of each check for taxes and other benefits. The amount that remains is the net profit per pay period. Help them calculate the percentage of gross profit that you actually get to keep as net profit. For example, if you earn \$1000 in a paycheck, and then after deductions you net \$850, then your percentage for the net pay is 85% of gross (\$850 divided by \$1000).

When starting a business, it is important to have a plan and to track income and expenses. Running a family is a lot like running a business. Discuss with your child how you keep track of income and expenses as a family. Do you use calendars, spreadsheets, checklists, grocery lists, or some other method to keep track of your income and expenses? Keep receipts for one week, then have your child sort them into categories: food, clothes, entertainment, and other. Together, create a pie chart that shows how much money was spent that week in each category.



Activity #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Benefits
- Business plan
- Corporation
- Franchise
- Gross profit
- Net Profit
- Partnership
- Pay period
- Shareholders
- Sole proprietor

### Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

### Biz Term\$ Episode Review

1. The difference between the income and expenses of a business shows \_\_\_\_\_.
2. A contract joining two or more people together in a business is called a \_\_\_\_\_.
3. The amount of time between one paycheck and the next paycheck is called a \_\_\_\_\_.
4. A detailed plan regarding the structure of a business is a \_\_\_\_\_.
5. If you own a share of stock, you are a \_\_\_\_\_.
6. If you are the only person who owns your business, you are a \_\_\_\_\_.



# CURRICULUM CONNECTIONS

## Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

## History/Social Studies

- Using a library or the internet, have students look up the history of business in your town. What year was the first business opened in your town? What were some of the first businesses that opened? What does that tell you about day to day life in your area in that time period?

## Mathematics

- You want to figure out how much to charge for the goods or products that your business sells. A popular traditional formula to calculate the price of hand-made goods is the following: Cost of ingredients plus cost of labor times two is the wholesale price. Double the wholesale price to get the retail price. This formula will not work for every situation. In the global economy, profit is much smaller because of intense competition. But if you are selling handmade goods locally, this formula should work. If your ingredients cost \$2.50 per item, and you spend 1 hour making your product at minimum wage of \$7.25 per hour, what is your wholesale cost? Your retail cost?

## Economics

- Have students learn more about business record keeping. What are some of the reasons a business tracks income and expenses? Explore the careers of accountant and of book-keeper. How are these two jobs similar and different?

## Optional Vocabulary Extensions

### Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

### Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

# MY FIRST BIZ

## WORKSHEET FOR STUDENTS

### Directions

You want to start your first business, and you need to make a plan. Answer the following questions to get yourself started.

1. What product or service will your business provide?

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2. Each business has expenses to consider when getting started. What are some of the expenses that you expect to face to get your business going?

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3. Will you choose to be a sole proprietor, a partnership, a corporation, or a franchise for your business structure, and why? \_\_\_\_\_

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4. How will you advertise your business?

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5. What is your financial goal for net profit in the first year?

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6. What are some questions that you still have about starting your own business?

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If time permits, have students discuss these ideas and share their answers with the class.



Activity #3:

# BUSINESS STRUCTURE

## WORKSHEET FOR STUDENTS

### Directions

In this episode, the Biz Kid\$ talked about different business structures. A business structure is the way that you have decided to organize your business at the beginning when you are starting it. Answer questions about the following four major business structures:

1. What is a sole proprietorship?

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2. What is one good reason why you might want to have a business that is a sole proprietorship?

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3. Name one business that you know of that is a sole proprietorship?

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4. What is a partnership?

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5. What is one good reason why you might want to have a business that is a partnership?

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6. Name one business that you know of that is a partnership?

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7. What is a franchise?

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8. What is one good reason why you might want to have a business that is a franchise?

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9. Name one business that you know of that is a franchise?

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10. What is a corporation?

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11. What is one good reason why you might want to have a business that is a corporation?

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12. Name one business you know of that is a corporation?

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13. What structure would you choose for your own business, and why?

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Have students discuss these ideas and share their answers with the class.



# BIZ TERMS DEFINITIONS

- *Benefits:* Services or privileges that an employer provides in addition to the employee's salary or wages.
- *Business plan:* A detailed plan including the strategies planned to achieve the profit goals.
- *Corporation:* A group of people who come together to create a business that is treated as a single legal entity.
- *Franchise:* A business controlled by the inventors, but you can rent your own location and share in the profits.
- *Gross profit:* The total amount of income before expenses are subtracted.
- *Net profit:* The amount of money left in profit after you subtract expenses.
- *Partnership:* Where two or more people agree to manage a business together, and each has responsibilities.
- *Pay period:* The amount of time in between paychecks.
- *Shareholder:* A person who has invested money to own part of a company.
- *Sole proprietor:* A person who owns their own business.





Produced by: *Biz Kid\$* LLP

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Funded by:

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Co-Produced by:

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Distributed by:

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