

# MINDING MY BUSINESS

(AN ENTREPRENEURSHIP CURRICULUM FOR HIGH SCHOOL STUDENTS)

Teachers Guide



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## INTRODUCTION

This curriculum is created for high school students to teach them the basics of entrepreneurship. It nurtures innovativeness, initiative and creativity by introducing fun activities, interactive tasks and a character that the students can identify with.

The modules use concepts from entrepreneurial research, inputs from organizations who work with entrepreneurs, interviews with several curriculum experts and inputs from the cognitive science domain.

## GOALS

The curriculum will be designed like a workshop whose ultimate aim would be for students to design, build their own products or services and then market and sell them. The advantage of this approach is that the curriculum and pedagogy can be used even in non-formal education centres.

### Goals

The primary goal of this curriculum is to enable children to think to think, create and pursue their own goals. This guide presents ideas for teachers, volunteers, educators or members of the community to foster entrepreneurial abilities in children. Specifically the goals of the curriculum are the following:

1. Allow a child to gain awareness of basic business principles
2. Improve the child's ability to speak in public, interact with peers
3. Instil confidence, self-worth and courage
4. Teach children to think outside the box, innovatively and carefully
5. Teach children to take measured risks
6. Teach children to be resourceful
7. Teach children to manage money, time and people

## CURRICULUM IMPLEMENTATION

**Important Note: The teacher or the implementer of this curriculum must read the entire curriculum to understand the various activities and lessons. Specific instructions for teachers are provided within the modules. Students will be given worksheets, paper, pens, picture cards etc depending on what the lesson demands. Be sure to follow the instructions in this guide but once you have taught a few lessons, go ahead- innovate and experiment!**

### a. Target Audience

This curriculum is indented primarily for children of ages 15-18 but can also be used with children in the peripheral age range. This curriculum has not yet been made available in languages other than English; therefore fluency in English is required. Both trainers and students must be able to read, write and speak fluently. Class size must not exceed 21 students.

### b. Environment

- The curriculum should be implemented in a large room with plenty of space for students to move around
- Flip chart or blackboard, pens, pencils, colour pens, markers
- You can ask students to wear name tags or place name cards in front of them.
- Make sure that the atmosphere is informal and friendly and that children are not intimidated. They should want to participate.
- Picture Cards are provided to present information that you want children to learn and remember. A picture card can be referred to whenever required.

### c. Curriculum Format

The curriculum has the following nine main modules:

Session 1: Introduction, Ice Breaker, Pre-test

Session 2: Goal Setting

Session 3: Risk-Return

Session 4: Calculated Risk-taking and Investing

Session 5: Opportunity Recognition

Session 6: Market Research

Session 7: Marketing

Session 8: Human Resource Management

Session 9: Wrap-up, Presentation and Post-test

Each session is intended to teach the student a specific business skill and at the same time introduce and nurture the various entrepreneurial traits associated with that skill. The sessions follow a 4 stage experimental learning model. All lecture style teaching is indicated by the keyword TEACH. Activity based topics are shaded in green or in italics. It is advisable to keep a copy of the student workbook with you while you are teaching.

The following describes the stages for each of the above listed sessions. Though the basic overall structure will remain the same, there might be differences in the way the character is introduced from one chapter to the next.

Good teaching practises have been included in various chapters.

#### **d. Stages in each Session**

##### **i. Experience**

- Introduce the Topic and Lesson Objectives
- Introduce an activity or a character and a related story

##### **ii. Reflect**

- Reflect on the story/activity and possible scenarios

##### **iii. Conceptualize**

- Introduce basic principles using the story/activity

##### **iv. Apply**

- Apply these principles to the story and/or other experiences

##### **v. Debrief**

- Students present what they have learned
- Wrap up of the session

The curriculum is also available at:

<http://temp.entrepreneurshipforkidscom.officelive.com/default.aspx>

## MODULE 1: INTRODUCTION AND PRE-TEST

### LESSON OBJECTIVE

- ♣ To get acquainted with you - the instructor and with each other.
- ♣ To understand why they are there
- ♣ To set the mood for the rest of the course

### MATERIAL REQUIRED

- ♣ Pens
- ♣ Paper (plain, white)
- ♣ Colour crayons, markers, felt-pens
- ♣ Pencils

### TIME REQUIRED

- ♣ 45 minutes – 1 hour

### LESSON PLAN

1. Introduce Yourself
2. Icebreaker
3. Introduce the Curriculum

### 1. INTRODUCE YOURSELF

Welcome the students and introduce yourself. Tell students your name, what you want to be addressed as, where you are from and perhaps your hobby or favourite movie star. Make sure you are friendly and make the students feel very comfortable to interact with you freely. Ask students to fill out the details in **Activity 1** in their Student Workbooks.



## 2. ICE BREAKER

- ♣ Give each participant a blank sheet of chart paper, different color markers/crayons, a few old magazines, scissors, glue.
- ♣ Students are given the following instructions: Without using numbers or letters each participant should draw things that will introduce them to one other. Where they live, their hobbies, their favorite movie star/sports person/role model, favorite subject, their family, places they have traveled to. It could be anything that describes a facet about them. They could cut pictures from newspapers and magazines if they want to.
- ♣ After 20 minutes the instructor will gather up all the papers from the students. The instructor passes out papers making sure that no one gets their own back.
- ♣ Each student will start by mentioning his/her name and then go on to introduce the student whose paper they have based on what they have drawn.
- ♣ Ask the right student to own up and mention his name and talk about why he or she chose some of the elements on the paper/collage.
- ♣ Go on to the next student till each student is covered. If there is sufficient wall space in the class that is being used, encourage students to put up their chart paper or collage.

## 3. INTRODUCE THE CURRICULUM

*Tell students briefly what the curriculum is about. You could say that Some people want to work for large companies but some others want to be their own boss. You (as the teacher) wanted to open a saree shop but was too afraid to start a business and did not know how to do it. Today you will learn some basics about starting a business. By the end of these lessons, you will be able to find out if we have what it takes to be a good entrepreneur.*



### GOOD PRACTISE

A way to hold the student's attention is to have them talk about personal experiences that they might have had or of people they might know. Allowing the students to relate to their own experiences and relate to previously learned material, allows them to become active learners rather than passive listeners. Talking about your own experiences in entrepreneurship will help them think along similar lines.

## MODULE 2: GOAL SETTING

### LESSON OBJECTIVE

- ♣ Upon successful completion, students will be able to understand the importance of goals in their lives.
- ♣ They will be able to identify their key life goals and develop action plans.

### MATERIAL REQUIRED

- ♣ Pens, Student book (or any writing pad or plain paper)

### TIME REQUIRED

- ♣ 1 hour and 15 minutes

### LESSON PLAN

1. Visualize your future
2. Reflect
3. Conceptualize
4. Apply
5. Debrief

#### 1. VISUALIZE YOUR FUTURE

Follow **Activity 2** in student workbooks. Tell students that this group of students will meet for a reunion 25 years down the line. As a part of the reunion, this school/organization is publishing a brochure about their illustrious graduates who are currently sitting in this class. As part of this reunion, each of the students is required to write a small biography about themselves. Ask students to visualize the next 25 years of their lives and write a small biography. As pointers tell them that their biography could contain: which colleges they went to, what they studied, what careers they had, details about their family. Encourage students to dream as wildly as they want to and envision what their future holds. Ask each student to put a title to their biographies – a one-line header to describe themselves after 25 years. Since it is meant for their class brochure, also ask them to put in their address (25 years hence).

Time allotted to the task: 30 minutes.

## 2. REFLECT

- ♣ *Put your students into pairs and ask them to read each other's autobiographies.*
- ♣ *After students have finished discussing each other's autobiographies activities you will want to probe further. Capture some of these comments on the blackboard when students respond to your queries.*

1. *Title of autobiography and why they chose it?*
  - a. *What does this title indicate?*
  - b. *What were the prime drivers for the life they foresaw for themselves? E.g. Wealth, fame, a desire to do some thing*
2. *Did they mention about their college education?*
  - a. *Why or why not?*
  - b. *What kind of college education did they see for themselves? (Which stream?)*
3. *What kind of profession did they choose?*
  - a. *Did they own their own business or did they work for someone else?*
  - b. *Was it related to the education (scientist, doctors, engineers, economists) they had or did it use some other talent they possessed or wanted to acquire (writer, dancer, sportsperson, chef)?*
  - c. *Why did they choose their respective professions?*
4. *Did they mention their family in the autobiography?*
5. *What address did they provide; a place they are currently staying in, another place in the same city, or some other place*
6. *How many stayed in their current places? How many moved? ? Reasons for moving if any.*
7. *How many imagined that they had their own house or their apartment?*
8. *What were their strongest feelings when they wrote this autobiography?*
9. *What did they learn about themselves in this activity?*

## 3. CONCEPTUALIZE

*Tell students that the autobiography reveals a vision they have for their own future and today they are going to learn about goal setting.*

## TEACH

- ♣ **Goal:** A goal is something one would like to achieve in the future.
- ♣ **Wish vs. Goal:** There is a difference between a wish and a goal. A wish is something one would want to happen (without putting in effort) whereas goal requires planning.

Not every wish can be a goal. For instance, you may wish you could live and stay young forever, but since there's nothing you can do to make that happen, it could never be considered a goal.

You could wish that you want to travel to every continent – but it remains a pipedream till you have planned how to do it.

- ♣ **Trait:** A trait is a quality or characteristic that an individual possesses.

Discuss some of the hobbies that the students brought up in the earlier discussions.

Discuss any of the unique talents/skills that the students may have mentioned earlier some one can sing exceptionally well, some one can knit well.

Write these on the black board.

- ♣ **How To Set Goals:**

1. Define the goal

(a) In order for something to be a goal:

(b) It has to be important to you, personally.

(c) It has to be within your power to make it happen through your own actions.

(d) It has to be something you have a reasonable chance of achieving.

(e) It must be clearly defined and have a specific plan of action.

2. Outline the steps needed to achieve it.

3. Consider possible blocks and ways of dealing with them.

4. Set deadlines/milestones.

## 4. APPLY

**(Student Workbook: Activity 3,4)**

**Goal Setting Worksheet (Student Workbook: Activity 3)**

Hand them out the goal setting worksheet and ask them to fill in

For the table (Activity 4), ask students to think about the 3 goals they entered for different ages, in the diagram. Ask them to put down each of those goals in the table, the age at which they want to achieve them and so on.

## 6. DEBRIEF

- ♣ *Discuss the goal worksheet with your students. Ask for volunteers if students do not start the discussion on their own.*
- ♣ *Ask students if they have thought about how at each age they have thought about what resources they will require to achieve the items they have on their list. Example: money, college education, a job, a career.*
- ♣ *Do they believe that they have the capability to fulfil their dreams?*
- ♣ *Why or why not?*
- ♣ *Do they feel that they lack some information/knowledge?*
- ♣ *Revisit the objective of the program: to impart entrepreneurship skills. Do they think it would be useful for them? Why or why not?*

## MODULE 3: RISK AND RETURN

### LESSON OBJECTIVES

- ♣ The objective of the lesson plan is to introduce students to the concept of risk and return.
- ♣ At the end of the lesson students should be able to understand the role of risk and return in the life of an entrepreneur.
- ♣ Students also get to know of entrepreneurs (real or otherwise) and distil key traits of entrepreneurs.

### MATERIALS REQUIRED

- ♣ Ten 5-rupee notes/coins, Thirty 1-rupee notes/coins, Ten 2-rupee notes/coins
- ♣ 10 paper envelopes

### TIME REQUIRED

- ♣ One hour and fifteen minutes

### ACTIVITY

- ♣ Ask for ten student volunteers to come to the front of the classroom.
- ♣ Give each student volunteer 10 rupees.
- ♣ Give each volunteer the following instruction: Each student volunteer can put a certain sum of money into the envelopes, and seal them, or decide to keep the money with them. The total money will be later collected and checked.
  1. If the total contribution of the student volunteers is more than a certain amount, then all of them will get a prize.
  2. If you do not contribute at all, you do not get any prize.
  3. However, if the total contribution fails to match up to the threshold then the students do not get any prize and they also tend to lose the money they have submitted.
- ♣ The students cannot communicate with one another.

- ♣ After all students have put their money on the envelope, ask a few more student volunteers to collect the envelopes and total the contribution.
- ♣ If the total contribution is more than 58 rupees (or you can assign any other arbitrary amount over Rs 50 – half of the total investment).
- ♣ Depending upon the total contribution, the student volunteers get back their money and a prize (a book or a piece of cake, chocolate, pen) or nothing at all.

## REFLECT

- ♣ Ask the student volunteers:
  1. Ask student volunteers whether it was difficult to volunteer for something when they did not know the purpose or outcome? How did they feel?
  2. Ask how many student volunteers put in any monetary contribution in the envelope. What was their motivation for doing so?
  3. Ask the student volunteers who did not contribute any money as to what their reason was.
  4. Ask each group if they were happy with their decisions.
- ♣ Ask the student audience:
  1. What were their reasons for not volunteering?
  2. How did they feel when the activity was declared?
  3. How did they feel now?
- ♣ Ask the entire class:
  1. What was it that prompted some student volunteers to contribute money and some to not do so? (Financial loss versus Prize).

## TEACH

*Tell the students you would be discussing more about the concept of possibility of financial loss and reward/prize in greater detail, and in a more broader sense the concept of risk and return.*

*Ask students questions and guide them through the following discussion*

- ♣ What is risk?

Risk is a combination of the possibility of suffering harm or loss and a severity of the harm or loss. There are two components to risk

- (1) Chance component – that a loss may occur
- (2) Quantity/magnitude component – how much loss will occur?

*Ask students to think about the previous activity.*

*What did they think was the probability of loss in this activity? (High, Low, None at all)*

*What was the amount of loss?*

*Ask your students to come up with an adjective to define the kind of risk that the volunteers undertook? (Answers may vary: financial risk, monetary risk). Prompt them if required to think about the various kinds of risk.*

## TEACH

### ♣ Types of risk

1. **Financial/Economic Risk:** Any risk that is associated with money.

Example: You could have lost money, your house can be robbed or you can lose money in the stock market

2. **Physical Risk:** Risk of harm through bodily contact or through administration of any substance. This involves a threat to life or some other part of your body.

Example: People lose lives in accidents, during calamities or natural disasters like the Tsunami. You might be in accidents or in sports that cause injury.

3. **Emotional Risk:** Risk of feeling uncomfortable, embarrassed, anxious or upset.

4. **Reputational Risk:** Risk of losing one's reputation. Gaining or retaining the confidence and trust of those who work with you or around you establishes your reputation. In the case of a business, it relates to the confidence and trust that customers, suppliers, shareholders and employers have in the company.

### ♣ What is incentive/return?

1. **Return:** To produce or yield (profit or interest) as a payment for labour, investment, or expenditure.
2. **Incentive** is something inciting to action or effort (labour) or factors, which may cause an increase in personal satisfaction.

### ♣ What do you predict will happen when a person perceives that the risks outweigh the incentives/return?

*A person will not take any action (relate to the activity that was played in the beginning).*



- ♣ What do you predict will happen when a person perceives that the incentives outweigh the risks?

*People will be happy to take risks.*

- ♣ Who is an entrepreneur?

Entrepreneurs are individuals who see opportunities and take risks in hopes of earning profits/incentives. When an entrepreneur perceives that the incentives outweigh the risk, he is willing to move forward and act on his idea.

- ♣ Ask students to name a few people who they think are entrepreneurs. (**Activity 5,6** in student workbooks)

*Financial entrepreneurs: Narayan Murthy, Bill Gates, Henry Ford*

*Pioneers in other fields: Tenzing Norgay and Edmund Hillary, Vasco de Gama*

- ♣ Ask students to mention common traits of these entrepreneurs

1. Passionate/committed/persisted
2. Creative/had an idea/recognized opportunities
3. Risk-takers

- ♣ Ask students the difference between a gambler and an entrepreneur.

*Give them examples of calculated risk versus being addicted to taking risks (buying a lottery versus buying stocks)*

*Not all risks are worth taking. Example: Jumping from a tall building to get a feeling of free fall would be pretty dumb. But might not seem so bad if you are well trained (have an escort for the first few tries) and have the right gear.*

*If I were to ask you to flip a coin and get ten heads in a row, you might, but it would be pretty foolish to bet on it. But a gambler is likely to do so.*

Entrepreneurs are agents of change and the stimulus for economic growth. Entrepreneurs are creative and individualistic. They are thinkers who take their ideas and transform them into goods and services. When entrepreneurs take a risk and their enterprise is rewarded, new goods and services are developed that raise the standard of living for everyone.

## APPLY

Get students to read/talk about the following stories and talk of risk/return. (If possible clippings from the movies can also be shown). Follow **Activity 8**, in student workbooks.

### Story 1

For example in the Lagaan story, follow these guidelines:

1. What are the two options? (Playing the game, Not playing the game and Paying annual taxes)
2. What are the risks associated? (financial, reputational, emotional and even possibly physical)
3. What are the returns? (Huge bonus of not having to pay taxes)
4. Who is the entrepreneur? (The role essayed by Amir Khan)
5. What traits did the entrepreneur have? (recognized an opportunity – that the villager would be excused from paying taxes if they won, took a risk – they could have lost, passionate/persistent/committed and able to influence other; a good leader)

### Story 2

1. What were the options?
  - (a) working with his father on the farm,
  - (b) pursuing his dream of making it to the Indian team
2. What were the risks associated?
  - (a) Emotional risk: He may never have made it to the Indian cricket team thereby causing immense grief to himself and his family
  - (b) Financial Risk: Loss of earning to his father due to the lack of one labourer (Iqbal) in the farm
  - (c) Reputational Risk: He could get jeered by other villagers for attempting to make it to the team and failing
3. What are the returns?
  - (a) Fame, glory, intrinsic satisfaction
  - (b) Money
4. Who is the entrepreneur?
  - (a) Iqbal

5. What traits did the entrepreneur have?
  - (a) He had a goal. He took risks, was persistent, passionate and focused on skill development to achieve that goal.

### Story 3

1. What were the options?
  - (a) He could have led a comfortable life by working with Patni computers. Family income would have been significant since his wife was also working at that time.
  - (b) He could follow his dream of setting up his own company
2. What were the risks associated?
  - (a) Financial risk: He could have lost all the 10,000 rupee his wife gave him. Loss of earning since he didn't have a job.
  - (b) Emotional risk: He may have gone through substantive emotional turmoil if the project did not take off.
3. What are the returns?
  - (a) Financial Returns: Huge monetary gains. Mr. Narayan Murthy is now a billionaire many times over.
  - (b) External recognition/fame
  - (c) Intrinsic satisfaction of seeing his own venture grow so big.
4. Who is the entrepreneur? Narayan Murthy
5. What are his personal traits? Had a goal/visionary, recognized that software development was a huge opportunity in India and globally, was passionate about his goal and persistent.

### Story 4

1. What were the options?
  - (a) He could have gone on to complete his school education, followed by a college education.
  - (b) He could have dropped out of school and follow his dream of setting up his own company
6. What were the risks associated?
  - (c) Financial risk: His mother could have lost the money through which he supported her son in the initial years. His businesses might have not taken off and Richard Branson could have lost the money he had invested.

7. What are the returns?
  - (d) Financial Returns: Huge monetary gains. Mr. Narayan Murthy is now a billionaire many times over.
  - (e) External recognition/fame
  - (f) Intrinsic satisfaction of seeing his own venture grow so big.
8. Who is the entrepreneur? Richard Branson
9. What are his personal traits? Had a goal/visionary, ability to recognize opportunities: newspaper, discs/records, airlines, is passionate about his goal and persistent.

### Story 5

1. What were the options? To be the first country to put men on moon or wait till some other country had done it, providing greater understanding to the process.
2. What are the risks associated?
  - a. Financial: loss of money,
  - b. Reputational: US could lose the reputation of leaders in science if the mission went badly,
  - c. Physical risk: the astronauts could die if they mission went wrong.
3. What are the returns? Unparalleled position as the leader in science in technology, getting an upper hand over the main political rival (during the cold war) – Soviet Union
4. Who is the entrepreneur? John. F. Kennedy was the president of US. He articulated a goal/vision; though the actual moon landing happened during President Nixon's time.

### DEBRIEF

Ask students to think about all the career options that they have in future (continuing studies, starting work) in terms of risk/return perspective.

Ask them to revisit the goals that they have for themselves. Have they been adventurous or are they playing safe?

Ask them to reflect how they can take more calculated risk.

Conclude the session by mentioning that the next module will teach them to take calculated financial risks by telling them about investment options.

**Useful Links for Teachers on Entrepreneurial Traits**

<http://www.cbasc.org/alberta/tbl.cfm?fn=cutout>

[http://www.cpodirect.com/world\\_sevenessential.html](http://www.cpodirect.com/world_sevenessential.html)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM228>

## INTRODUCTION TO THE CHARACTERS

The following three lessons are based on 2 characters Mona and Jay, a 16-year-old girl and a 14-year old boy. They have various ideas about how to start a business. The key is to have students identify with them and relate her experiences to theirs. Using characters as a visual aid will help teachers drive concepts home easily. Students are more absorbed in the lesson are able to retain information through visual memory. All phases of the curriculum should be memorable and can be taught through an event, game, visual aid or a fun activity whenever possible. We have used these 2 virtual characters so that students can form a common basis for the discussion that follows.

Tell the students that they will now meet Mona and Jay. Ask the students to look at their workbooks for an introduction to Mona and Jay. Read the dialogues and the narration out loud to the students. Tell students to remember Mona and Jay and that you will the characters in the following activities. Student Workbook: Introduction to the characters

## MODULE 4: INVESTMENT OPTION

### LESSON OBJECTIVE

- ♣ The lesson objective is to teach students about different ways to invest.
- ♣ Students learn to appreciate the linkages between risk/return, liquidity and type of investment.
- ♣ At the end of the lesson students learn to take calculated financial risks

Note: This is a slightly advanced module. Hence if you are using this guide to teach students in the age group of 12-14 you may wish to skip it or parts of it.

### MATERIALS REQUIRED

- ♣ Flip charts, pens, markers

### TIME REQUIRED

- ♣ Two hours

### ACTIVITY

- ♣ Divide students into a few groups depending upon class size.
- ♣ Ask each group to consider these options:
  - (a) Mona found a 100-rupee note on the road.
  - (b) Mona topped her board exams and won a scholarship of Rs. 20,000.
  - (c) Mona's grandmother has bequeathed Rs. 1000,000 to her.
  - (d) Mona's father just won a lottery of 10,000,000.
  - (e) Mona participated in Kaun Bangega crorepati and won the first prize of 2 crores.
- ♣ For each scenario the groups need to come up with recommendations for Mona to utilize the money.
- ♣ For each recommendation, they have to articulate their reasons, advantages, and disadvantages. Ask them to refer back to their earlier modules on goal setting and Risk and Return when they make their recommendations.
- ♣ Students should write on the flipcharts that are provided to them.

### REFLECT

- ♣ Get one volunteer from each group to present the recommendations that they have for Mona.

- ♣ Discuss the recommendations that each group makes.
- ♣ The alternatives that students might have come should be clubbed on the blackboard under the following heads:
- ♣ Try to generate as many responses as possible.

1) Expenditures:

- a) revenue expenditure: meeting immediate needs  
e.g. Mona should travel around the world  
Mona should buy her mother a saree.
- b) capital expenditure: buying durables – car, electronic goods, jewelry

2) Savings - Keep it in the Bank

3) Investments

- a) Buy a house (Real estate)
- b) Buy stocks /bonds
- c) Buy another lottery

4) Gifts

e.g. donations to charity, giving somebody else in the household

5) Start something on her own

- ♣ Ask them as to what are the factors they had considered and try to group them under the following heads:

- 1) Safety (risk)
- 2) Return
- 3) Liquidity/time of maturity
- 4) Range of Options (Portfolio)
- 5) Mona's aspirations

## CONCEPTUALIZE

*Step 1: Tell your students that you will discuss investments.*

Investment: An investment is something you can do with your money that has the potential to earn more money (return). All investments have some risk, which is the possibility that you could lose money.

Liquidity: The ease with which an investment can be converted into money quickly and without a loss

*Step 2: Tell your students that you will discuss the risk-expected return relationship and hand them the risk-return investment pyramid*



Higher up in the pyramid means higher returns and higher risks. When you are saving and investing, the amount of expected return is based on the amount of risk you take with your money. Generally, the higher the risk of losing money, the higher the expected return. For less risk, an investor will expect a smaller return.

*Step 3: Briefly discuss each investment option in the pyramid*

**a. Savings Account:** A service depository institutions offer whereby people can deposit their money for future use and earn interest.

*Explain: A safe and easy way to save your money is with a bank savings account. A bank savings account allows you to deposit money (add money to your account) or withdraw money (remove money from your account) at any time. In return for keeping your money at the bank, the bank pays you money, also known as interest.*

*Interest will be earned on the money you have on deposit at the bank. Since you may deposit or withdraw money each day, the bank will calculate how much money you should receive in interest. You will also receive a periodic statement from the bank listing your deposits, withdrawals, interest, and account balances. Each bank may pay a different amount of interest, so it makes sense to look at several banks to decide which one to use.*

*For example, if you have Rs 100 and save it in a bank savings account, and the bank pays 5% interest, then in one year you will have an extra Rs 5.00 in interest, or Rs 105 in total. Therefore, the bank paid you Rs 5.00 for saving your money with them.*

*A savings account is normally fully insured. The return—or interest paid on your savings—will generally be less than the expected return on other types of investments. On the other hand, an investment in a stock or bond is not insured. The money you invest may be lost or the value reduced if the investment doesn't perform as expected. After deciding how much risk you are able to take, you can use the investment pyramid to help balance your savings and investments.*

**Fixed Deposits (or Certificate of Deposits):** A type of savings account that earns a fixed interest rate over a specified period of time.

**Explain:** The bank holds your money for a set period of time; usually one to six months, or one to five years. Unlike a normal savings account, you may not withdraw your money at any time. If you do, you will be subject to withdrawal fees.

In India other than banks, the post offices also provide such services like Kisan Vikas Patra.

**Government Securities:** A non-transferable registered bond issued by the Indian government.

*Explain: These are bonds are issued by the Government of India and as result fully insured. The RBI issues the bonds on behalf of the government.*

The term Government Securities includes:

- i. Central Government Securities.
- ii. State Government Securities
- iii. Treasury bills

*Example: Government of India (RBI) Savings Bonds*

*However, there is a set period of time before the bonds can be encashed. Treasury bills are the most liquid (3 months or more). On the other hand, the lock in period for RBI Savings bonds is three years (premature encashment) from the date of issue of the bonds.*

*Other Government securities in India are maintained with the Post Office – Kissan Vikas Patra.*

**b. Life Insurance:** Life assurance is a contract between the insurer and the policy owner (policyholder) whereby a benefit is paid to the designated Beneficiary (or Beneficiaries) if an insured event occurs which is covered by the policy

*Explain: Though it should not be usually considered an investment option most life insurance companies provide policy holders with investment policies; where the main objective is to facilitate the growth of capital by regular or single premiums.*

*These investment policies are safe with very low rate of returns and act like bonds or mutual funds.*

**c. Bonds:** Bonds are interest-bearing loans that corporations use to borrow money that they agree to pay back on a specific date.

*Explain: If you buy a bond, you will be paid interest and, at "maturity," the money you paid for the bond will be returned to you. Bonds can also be traded (bought and sold) on the bond market.*

*In India bonds are issued by State/Semi Government authorities including City Corporations, Municipalities, Port Trusts, Improvement Trusts, State Electricity Boards, Metropolitan Authorities and Public Sector Corporations. Other entities like IDBI, IFCI, Housing Boards and Public Sector Banks are also authorized to issue bonds.*

*The risk is lower with bonds than with stocks, but so is the reward.*

**d. Stocks:** Stocks are shares of a company. If you own stock in a company, you own a piece of that company, however small.

*Explain: A corporation may sell pieces of itself as shares of stock to raise money (capital) to operate its business or expand its capacity. People, who purchase the shares, or the stockholders, actually own the corporation. Each share of stock represents a percentage of ownership. If Tata Sons Inc. issues 10 shares of stock and each share is sold to a different person, that means there are 10 stockholders.*

*Each owns one tenth of the company.*

*Public corporations sell their stock on the stock market. Once a public stock is purchased, it can be traded on the stock market. If a company is doing well and the general economic and political conditions are good, the price of its stock generally will rise. Stock prices can also be affected by news and world events. If war breaks out, for example, stock prices will often fall. Whenever there is uncertainty, people often want to move their money into cash and other low risk, highly liquid investments even if it means taking a loss on an investment (selling at a discounted price). This often drives the stock market down.*

**e. Mutual Funds:** Mutual fund is a company that invests on behalf of customers who deposit money with it.

*Explain: When you buy into a mutual fund you are buying shares in that fund, and the fund owns hundreds of stocks. Thus, you own those stocks, too. There are many kinds of mutual funds.*

*The main advantage of mutual funds is that it spread out your risks (**diversification**) through investing in several companies and thus lowers your overall risk.*

*Some companies will grow, while others will shrink, or even go out of business. If you have all of your money invested in one stock, you might lose money if you have to sell your shares when the company is in a slump. And if you invest all of your money in one bond, the company may have hard time paying you back if it goes out of business.*

*Disadvantages include:*

*Fees are charged for professional management reducing return to the investor*

*The investor is dependent on the success of the manager*

**f. Real estate:** Real estate is a tangible, cash-generating asset, much like gold or silver, and appreciates in values just like these precious metals

Ways to invest

- Buy a house, live in it and sell it later at a profit.
- Buy income property (such as an apartment house or a commercial building) and rent it.

- Buy land and hold it until it rises in value.

#### Advantages

- Being a tangible asset, however, it does not function like a bond or stock that can quickly lose value; it remains an excellent, long-term way to invest and provides a good protection against ***inflation*** (price rise).
- Has a moderately high rate of return.
- Typically, real estate performance does not closely correspond to that of stocks and bonds, and has shown less volatility over time.

#### Disadvantages

- Low liquidity: Can be difficult to convert into cash.
- Risk: The investor might not find a seller when required and may suffer a large loss.

**g. Futures:** Investors also use instruments called options/futures to protect, or hedge, their investments. Options are used to hedge your bet when you make an investment.

It requires a high degree of knowledge of the financial market, and therefore if you are inexperienced you have the risk of losing a lot.

**h. Collectibles:** Collectibles include items like stamps, autographs, rare paintings coins. These are items, which are rare and may face a very high price in future – e.g. an autographed book by Vikram Seth (any famous author), or a bat autographed by Sourav Ganguly. The risk is that the value of the collectible might not increase in value over the years or even go down; in which case you would lose a lot of money.

**i. Venture creation:** Starting your own business can also be looked upon as an investment. If the idea behind the new venture is strong and profitable then the returns can be very high; e.g. Bill Gates and Microsoft, Sabeer Bhatia and hotmail, Karsan Bhai Patel and Nirma, the Amul co-operative.

However, not all ventures are successful and therefore you run the risk of losing money.

**Step 4:** *Discuss with students the concept of return on investment and how it relates to risk.*

**Return on Investment:** One way to measure the value of the return earned by any investment options is called return on investment, or ROI. Return on investment is a calculation of the amount, or percentage, that you have earned (or lost) on an investment you have made. Returns may be positive or negative. A positive return on investment would mean you earned money, and a negative return would mean you lost money. Return on investment is a percentage of the original amount you invested.

The formula is:

$$\text{ROI} = \frac{\text{R} - \text{I}}{\text{I}} \times 100$$

R = Money received after making the investment.

I = Original money invested.

Example: Mona invested Rs. 1000 in a mutual fund for one year. At the end of the year she has Rs. 1080. What was her return on investment?

Answer: 8%

**Step 5:** Discuss with students what factors would play a role in creating an investment *portfolio* (a basket of investment options).

- **Desired return:**
  - How much money an investor can expect to make money they have invested?
  - How much money do you want to accumulate (financial goals) over a certain period of time? Investment decisions should reflect the investor's wealth creation goals.
- **Time horizon:**
  - How long can the investor leave his/her money invested?
  - Whether the investor is seeking current income, future growth or a combination of both?
- **Liquidity Preference:**
  - How quickly and easily an investor wants to be able to access money invested without incurring a loss.
  - If the investor has urgent/immediate needs, then you can't use bonds/fixed deposits, life insurance.
  - Also, if the investor needs money in one year, then he or she may want to take less risk than you would if you won't need your money for 20 years. Use of stocks vs. savings bank accounts.
- **Current financial status:**
  - What investment options the investor uses depends on his/her current financial status, (debt portfolio, financial liabilities, earning potential, proximity to retirement etc).

- Individual Risk Tolerance:  
A person's ability to ride out the ups and downs of the market without panicking when the value of investment goes down. If you worry a lot about small things, then you should select savings and investments with less risk.

**Note:** One should move up the pyramid only after you have built a strong foundation.

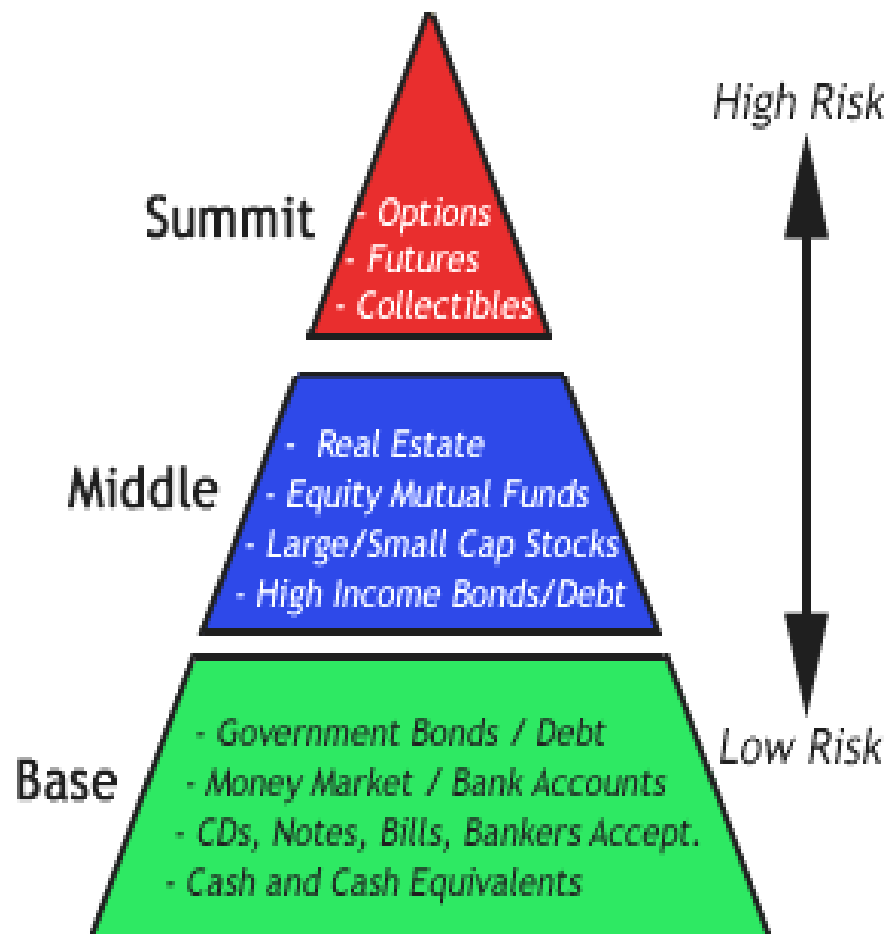
## APPLY

- Divide students into groups and assign each group one of the clients listed below.
  - i. Client A has Rs 25,000 to invest over a 10-year period to assist with college tuition when her children begin college. She is interested in finding investments that will generate returns greater than the money market.
  - ii. Client B is 15 years old and has been given a gift of Rs 10,000 to start an investment account in the stock market to build toward the future. One thing to consider is how much risk should be allowed. Also, given the age of the investor, is he (she) more likely to assume more risk than an older person? If yes, why?
  - iii. Client C has Rs 100,000, is 50 years old, and is interested in building a stock portfolio that will assist him when he retires at age 65.
  - iv. Client D is a recent widower who has just got Rs 15,000,000 from her husband's life insurance company. She cannot work. Her youngest daughter has a medical condition, which requires constant attention, leaving her unable to get a job. She has a home loan on her house in the center of the city for Rs, 7,000,000. She has two checking accounts and one savings totaling only 1,000,00.00. Her husband's saving was worth another Rs 2,200,000. The medical expense on the youngest daughter is recurring and runs to around Rs 25,000 a year. Her other children are still in school (standards 10<sup>th</sup> and 12<sup>th</sup>) and she will need to provide for their further education.
- *Tell students that as financial advisors they are to develop a financial investment portfolio for their client. This portfolio may include stocks, corporate bonds, government securities, certificate of deposits, and money market accounts.*
- *Tell students that each group will report on their clients' portfolios giving a rationale for their investment strategy.*
- *Allow time for groups to share their portfolios.*
- *Let each group present their findings and final recommendations for their clients.*

## DEBRIEF

1. Ask students what they learn from this lesson and how they would apply it to their own financial future.
2. Ask them to go home and find out about their family financial portfolio.
3. We talked of venture creation briefly in this lesson. The next lessons will be about the reasons for the success of some ventures (strength of the idea/innovation, opportunity recognition, a sound strategy and execution)

### Investment Pyramid



## MODULE 5: OPPURTUNITY RECOGNITION

### LESSON OBJECTIVES

- ♣ In this lesson, you will learn how to recognize opportunities.

### MATERIALS REQUIRED

- ♣ Flip chart/Blackboard/White board

### TIME REQUIRED

- ♣ 1 hour 15 mins

### LESSON PLAN

1. Conceptualize and Apply: Finding a business opportunity
2. Opportunity recognition
3. Ideas, wishes and opportunities
4. Apply

### 1. FINDING A BUSINESS OPPORTUNITY

Read the following passage aloud and ask students to follow this in their workbooks (Student Workbook: **Activity 11**).

Mona and Jay, who we just met, have many mango trees around their house. The mango trees belong to them and their family. During the months of May, June and July, the trees yield many mangoes, more than the family can consume. By the end of the summer months, after they have eaten a whole lot of them, they are still left with many mangoes. Jay, Mona and their family have to give them away or sometimes even throw them away.

*Ask students to think about what they just read about Mona and Jay and their environment. Ask the students what Mona and Jay should do with the mangoes? Ask them to write answers in their workbooks. Guide them (if necessary) by enabling them to think of various ways in which Mona and Jay can use the mangoes for profit. Students might come up with several scenarios (**Activity 11** in Student Workbook). After about 3-5 minutes, ask them for their ideas. You can ask them to raise hands, if they do not volunteer, you can call names out. Record their answers on a flip chart. Students should give answers along these lines.*

- *Sell raw/green mangoes to a pickle shop*
- *Sell mango juice*



- *Sell mango jam*
- *Sell ripe mangoes*
- *Sell her mango tree*

## **2. OPPORTUNITY RECOGNITION**

*Introduce the concept of opportunity recognition. Ask students why Mona and Jay thought of doing something with their mangoes. Why did they not think of opening an electronics shop instead?*

### **How would I know about an opportunity?**

*Teach students about opportunities and how to recognize them*

*Maya and Jay recognized an opportunity because they had a problem with excess mangoes. Ask students for some other ways. Try to get students to come up with these points themselves, instead of you reading them out.*

## **TEACH**

Here are some other ways of seeing opportunities:

- a. What would I like to have that would make my life easier?
- b. Is there something that I like to do a lot? Do you have any special skills?
- c. Is there something that I really do not like? Could there be a product or a service that could change the way I feel?
- d. What do I see around me and in my environment? If I changed something about my environment, would everybody be happier?

*Ask students to talk about the above scenarios or to share any experiences they might have had. Try to have them give examples for each one. Give them examples to start them off if necessary. You could say that you like children very much and this gave you an idea about opening a baby-sitting service in your area*



### Good Practise

Lectures are a good way of presenting information, especially if information is not available readily to the students or if it is highly complex. Effective lectures can also reflect the teachers' involvement, enthusiasm and stimulate the class to learn. However, the lecture method has drawbacks. Learning by doing and by participation have been shown to be much more effective methods for lessons such as these, that require thinking, analysis, application and problem solving. Try not to lecture for more than 15 minutes at a stretch. Always involve students in the lesson, by questioning or interacting with them so that the communication is two-way. Instead of giving the students the information, elicit it from them through examples, questions or unfinished statements.

## 3. IDEAS, WISHES AND OPPORTUNITIES

You might have good ideas, wish to do good things for people around you and for yourself but these might not translate into good opportunities. Why is this? Discuss with students.



### Good Practice

It is good to set a context for students to learn within. You can ask students why some of the ideas that they had for Mona and Jay in Activity 11 might or might not translate into good opportunities. You can also give them your baby-sitting example. Remember to bring out the difference between a wish, an idea and an opportunity

## TEACH

In some cases, ideas and wishes do make good business opportunities. When you have an idea or a wish think about these factors:

- a. Will there be a demand for your product or service?
- b. Will people want to spend money on it? Why do you think so?
- c. Who is your customer?
- d. Does it meet the needs of your customer?
- e. Do you have the finances to start the business? How will you arrange for them?
- f. Do you have the skills to start the business? How will you arrange for them?
- g. Where will you set it up? Does it matter?
- h. Do you think your business will be a success and run for at least a sometime?

*Divide students into groups of 3. Tell students to look at some of the problems and ideas presented in **Activity 12** in the student workbooks and ask them what they would do in those cases? Do they see business opportunities or do they see ideas? Ask them to think about some of the points they just learned to determine possible business opportunities. You can have each group look at all the questions. Give them 7-9 minutes to discuss and each group can present their business ideas on 2-3 topics.*

#### **4. APPLY**

*Ask students to apply this to their own lives. Are there times in your lives when you have recognized a business opportunity? Ask them to write down their thoughts (**Activity 13** in Student Workbooks)*

## MODULE 6: MARKET RESEARCH

### LESSON OBJECTIVES

- ♣ In this lesson, you will learn what market research.

### MATERIALS REQUIRED

- ♣ Flip chart/Blackboard/White board
- ♣ Plain paper
- ♣ Colour Pens, Crayons, Pencils, Pens

### TIME REQUIRED

- ♣ 1 hour

### LESSON PLAN

1. Data Sources
2. Creating Questionnaires
3. Market Segment

#### 1. DATA SOURCES

*Divide the students into groups of 3. Ask the group to think about a product they bought recently, either for themselves or someone else. If they have cannot come up with anything, give them examples of a chocolate bar, ice-cream cone, cricket bat, nail polish etc. If all 3 members come up with products, ask them to choose one. Follow **Activity 14** in student workbooks. Ask the group to answer questions in the activity, based on their product.*

*Give them about 10 minutes. Ask each group to talk about their notes; record answers on a flip chart.*

*Now ask the students who might be interested in these answers (The most likely answer would be – companies that make these products). Or ask them how they might use this information if they owned a company that made these products. Discuss.*

*Tell the students that the activity they were just involved in is called a survey*

### TEACH

As an owner of a firm, you need to think like your customer. However, you cannot rely on your imagination and assume that your customer thinks just like you think she/he does. It would be

best, like we just did, to get information about what a customer feels, from a customer himself/herself. This process is called Marketing Research.

In the activity we just did, we used a survey to collect data. We can collect data through questionnaires or even through interviews or by observation. Remember that the method you use will affect the answers that you get.

*Ask students why this is so? Why should interviews be different from observations? For example, during interviews, people sometimes are conscious and might not be willing to tell the truth about their consumption. An example of this is junk food. Discuss why junk food might cause people not to be honest. Ask students for more examples to bring out the difference between survey methods.*

## 2. CREATING QUESTIONNAIRES

*Students will now learn about how to construct questions in questionnaires for surveys. After each example survey question, ask students to give their own examples, so that you make sure they comprehend*

### **TEACH**

#### 1. Open vs. Closed Questions

Open-ended questions elicit a whole length and range of replies. This is useful if you want to know what an individual's opinion is and details about how and what he thinks. Closed questions, give the respondent options to choose from, get a quicker response and are easier to code.

For example: Why do you exercise? (Open-ended question)

*(Ask students, how will you convert this into a closed question?)*

Do exercise because? (Closed-ended question)

(Tick whichever apply)

- 1) You think you are overweight
- 2) Your friends exercise and you like to join them
- 3) The exercise room/gym is a good place to meet people
- 4) There are many health benefits to exercising
- 5) You like it
- 6) Other (Please specify)

Including the 'other' option, allows you to catch a response that you might not have thought of.

## 2. Ranked Responses

If you are interested in knowing preferences of people in the order that they link something, you can ask them to rank them by order of preference.

For example

What do you like about going for a picnic in the park? (Indicate by numbering from 1-5 in order where 1 is the most important)

- a. It is cheaper than going to a restaurant
- b. Playing cricket or any other outdoor games
- c. Hanging out with friends
- d. Fresh air
- e. You like the atmosphere in the park

Sometimes respondents find it difficult to rank items. They find it hard to distinguish between a lot of options. While using this method, the number of options should not be too many.

## 3. What is the difference between these questions?

Compare:

- a. How much did you pay for your TV?
- b. Do you remember how much you paid for your TV?  
How much do you think you paid approximately?

*(Give respondents an opportunity to say they don't know. Results may be erroneous if they are forced to give a value)*

## 4. Compare:

- a. Is your current phone the best phone you have ever used?
- b. How would you rank your present phone?

*You might be introducing a bias in the first question by using the word best.*

Follow **Activity 15** in student workbooks. Ask the groups to design a questionnaire for Jay. They could do this on a separate paper. After 8-10 minutes, ask one member of the group to be a spokesperson and talk about what questions they asked in their questionnaire. What were some of the challenges they faced?

Record students' answers on a flip chart and organize their inputs so that you bring out concepts about bias in questionnaires and some of the points discussed above.

## TEACH

Questionnaires are important tools for gathering data. Poorly constructed questions can result in large errors and invalidate the data, so significant effort should be put into the questionnaire design. The questionnaire should be tested thoroughly prior to conducting the survey. Questionnaires could sometimes lead people to an answer; people might sometimes falsify a result or people sometime might just not remember events and purchases. Make sure your questionnaire is simple, concise and does not embarrass people.

Observation involves the recording of actions. It takes time but it is more accurate because you actually see what people buy. In some cases, people might not like being observed.

Data obtained through questionnaires and observation is called Primary Data.

Follow **Activity 16** in student workbooks.

How did Mona's observations differ from Jay's? Put down the advantages/disadvantages of both methods.

## TEACH

You can also obtain Secondary data. This is information that is available through secondary sources. This method involves collecting data from the creator of primary research. Primary data collection might be expensive and take time, especially for a small business owner with limited resources. Before going through the time and expense of collecting primary data, one should check for secondary data that previously may have been collected for other purposes but can be used in the immediate study.

*Discuss with students. What could be the disadvantages and advantages of secondary data?*

*The disadvantages of secondary data are that the data may not fit the problem perfectly and that the accuracy may be more difficult to verify for secondary data than for primary data. The objectives of the original data collection that the secondary data source uses might not match your own.*

## 2. MARKET SEGMENT

Individuals in a market that want to purchase a product might have varied needs for the same product. A group of people who have relatively similar product needs can be put into a market segment.

Example

The shampoo industry targets various market segments. One segment responds to shampoos that claim to make your hair shiny and glossy. Another market segment is interested in anti-dandruff shampoos. Other market segments might want just a cheap shampoo.

*Ask students to give more examples of a product targeting one or more market segments*

Follow **Activity 17** in student workbooks. Ask students to imagine that they have one of the products or services that are in the left column of the table. Which market segment would they target?

## TEACH

Instead of targeting everybody in the market, it might be more profitable for a small business to target a specific market segment. This will satisfy the needs of the market segment better and the entrepreneur can respond to his clients needs more appropriately.

Follow **Activity 18** in student workbook. What market segments does a cell-phone service target (Airtel, Hutch, Spice)? Students should be able to put down children, teens, families, couples etc. Divide the class into groups, each representing one of these segments. Ask each group to come up with the needs of their segment (what they expect from their cell phone service) and what benefits they might derive from this cell phone service. Run through an example if necessary.



## MODULE 7: MARKETING

### LESSON OBJECTIVES

♣ In the previous module, children learnt how to conduct market research. They are now in a position to develop a product, pricing strategy, promotion strategy and place or channel through which their product can reach their target audience. In other words, the 4 P's of marketing.

### MATERIALS REQUIRED

- ♣ Flip chart/Blackboard/White board
- ♣ Plain paper
- ♣ Colour Pens, Crayons, Pencils, Pens
- ♣ Poster paper
- ♣ Tape

### TIME REQUIRED

- ♣ 2 hour

### LESSON PLAN

1. Introduction to Marketing
2. The 4 P's of Marketing
3. Market Segment



#### Good Practise

Since these topics in this module are little more complex, it is important to introduce them in chunks, have the students think about each chunk and apply it to the context. Be sure to tell the students to be creative and innovative in their thoughts but also think about the consequences of their decisions.

## 1. INTRODUCTION TO MARKETING

Follow **Activity 19** in student workbooks. Ask students to think about advertisements that have influenced them recently or advertisements that they think are effective. These could be through media, word-of-mouth, digital etc. Ask students to put down their ideas and after 6-7 minutes, discuss. You can ask students to volunteer or you can call names. This exercise should draw them to the importance of marketing.

## TEACH

What is marketing?

Marketing is broadly defined as the process of getting the customer attracted to your product or service.

Marketing identifies the needs and demands of a customer and targets products to his needs. The customer must feel that you know what he wants and marketing gives you a channel to prove this to your customer. Through marketing, you can attract many new customers and keep old customers loyal to your product.

There are 4 basic P's involved in marketing.

1. Product
2. Price
3. Place
4. Promotion

### 1. Product

Product is the commodity that you want to sell. Not only should the actual product be of good quality but emphasis should be laid on how it is packaged. Your product can actually be thought of as a bundle of various services and your product bundle must connect with your target audience. Creating an expensive product might not be a good idea in a middle or lower income neighbourhood but if you are targeting a richer audience, they would probably go for a luxurious and more expensive product bundle.

*Give students an example of what you mean. If you own a barbershop or a beauty parlour in a low-income neighbourhood, you cannot charge 800 rupees for a haircut. Your product or service should meet the clients' needs. In this case, the clients might just need to get their haircut; they might not need and may not be able to afford a fancy hairdo or a massage. Your product should be a basic one in this case. In a richer neighbourhood, you can employ stylist*

*and cater to the needs of a richer customer who needs and can afford your more expensive product bundle.*

Though a single product could be sold in a variety of ways and using attractive product bundles, it is a good idea, especially for a small business that is just starting out, to focus on one product and one market segment and later diversify.

How your customers view you and your product depend on these factors. Be sure to consider them when designing your product:

*(Use the barbershop example to go thorough the following points. Make students come up with examples, make sure you are not constantly lecturing)*

1. Product Features: What specific, unique or special attributes does the product have?  
*Do you specialize in cutting curly hair or hair straightening? Do you use ayurvedic products only?*
2. Users: Who will use your product? How will they use it? When will they use it?  
*When will people cut or not cut their hair?*
3. Benefits: How does the product benefit these users?  
*Do you think your revolutionary hair loss serum will be of interest to your users?*
4. Competition: Should you position your product to directly compete against a competitor or should you create a product that is positioned away from a competitor.  
*There is another salon in your neighbourhood that specializes in wedding hair-do's. Do you think you should compete with them by offering the same service or do you think you should offer something else?*

Follow **Activity 20** in student workbooks. Divide students into groups of 3-4. Tell them that Mona and Jay decide to set up the shop in one of their (the students') neighbourhoods. Ask them to choose one neighbourhood and design a product or products for Mona and Jay's sandwich shop. Tell them to feel free to create imaginary competition or fabricate any other data that they need. Tell them to think about packaging, catering to a market segment etc. Tell them to refer to what they just studied if they need to. After 10-13 minutes, the group has to give a small presentation on their product or products. They can use the flip-chart/blackboard for the presentation if they like or even just present verbally.

## 2. Price

*Introduce students to the concept of pricing. Ask them if they would price items high or low and why.*

Determining how much to sell your product for is quite hard. You might feel timid as a small business owner to quote a high price and may settle for a low sale price. You may feel that this low price will attract a lot of customers. However, this might backfire and clients might feel that your commodities are cheap because you are using low quality goods. At the same time, if you are too greedy and set a very high price, your product will not be affordable and people might prefer something cheaper even if you boast of very high quality.

**Remember that you can only make a profit if your selling price is greater than your cost price per unit.**

### COSTS

Costs are divided into variable costs and fixed costs. Variable costs change but fixed costs remain the same.

*Ask students for examples of fixed and variable costs. Fixed costs include rent, cost of machinery and equipment. Variable costs could be commission given to agents, packaging equipment.*

To understand how much profit the business can make, entrepreneurs can use the Economics of One Unit of Sale. This is a way of creating a model of costs, sales and profits to determine whether a single unit can be profitable.

*This example is easy but make sure that students understand.*

### Economics of One Unit (EOU)

#### 1 Straw Basket

Selling Price of one Unit (1 Straw Basket): 50 rupees

Costs of manufacturing one unit (1 straw basket): 20 rupees

Variable Costs of one unit (1 straw basket): 5 rupees

**Total costs of producing one unit (1 straw basket): 25 rupees**

**Gross profit per unit (1 straw basket): Selling Price of one unit – Total costs of producing one unit**

= 25 rupees

Follow **Activity 21** in student workbooks. Encourage students to add and delete ingredients to consider other variable costs if they want to. Ask them to remember that they are starting with little capital. If for some reason the business does not work out, they will lose all the money they put it.

### 3. Place

After you have decided on your product bundle and price, you have to think about where you will sell it. It does not make much sense to sell woollen coats and woollen hats to people who live in Chennai.

*If you are opening your barbershop or your beauty parlour and targeting the richer people, the parlour should be in a richer neighbourhood.*

*If they were opening a fast food, where would be the best place to set it up? Ask students to give you feedback. Answers could include – near offices for people who are in a hurry, near a college campus, near a park etc.*

There are various ways to sell your product or service:

**Direct Sales:** If you sell your product directly to a customer, you are doing a direct sale.

*Ask students: What is the advantage of a direct sale? Direct sale has the advantage of you directly interacting with your customers who ultimately are the end users of what you sell. You have complete control of what you sell, how you sell it and who you sell it to and at what price. You can sell your product through the phone or the Internet. There are a lot of such channels to get your product to your consumer and it is important to know if the product is something they need to see, touch and feel before they make a decision to buy it. Though almost everything can be bought on the web these days, some consumers still like to look at what they are going to purchase. If it is something they don't need to see before buying it, you need to make sure that it's delivered promptly to them and is what they expected when they paid for it.*

**Sales through an intermediary:** If you cannot sell directly to a customer you can do it through an intermediary. This could be a shop in your neighbourhood, a local retailer or a wholesale dealer.

*Ask students what the advantages and disadvantages could be of this method. The disadvantage of this method is that you are not interacting with the buyers of your product. However, in some cases you might not have access to a larger customer base and it might be difficult for you to get customers because of where you are located etc. Selling through a retailer will solve this problem, as a retailer will use his existing customer base for your product.*

Follow **Activity 22** in student workbooks. Jay is in a rock band and he has just come out with a CD which he wants to try and sell. Think of some ways that Jay can sell his CD and locations where he might be able to sell the most. Ask students to use the points they have just learned.

## 4. Promotion

Promotion or advertising is one of the most important components in your business. Even if you have a great product, you might not be able to sell it well if you don't promote and advertise it. Promotion and advertising refer to activities that help people learn about your product, what it is, if they like it, why they should buy it and what they can use it for. You should promote your product to your target audience through messages that will make an impact on their buying decisions. A popular method used to promote products is through advertising. The following list some ways to advertise.

*(Students will know the most about this topic so encourage them to participate. Try to extract these answers from the students. What advertising channels are familiar to you? What are the advantages and disadvantages?)*

**Radio and Television:** If your target population listens to the radio, you might want to inform people about your product by advertising on the radio. Be sure to find out when your target consumer tunes in and to which frequency to get the most out of you advertising.

Television has an enormous and powerful reach but is expensive, especially for a small business.

**Print:** Small business usually make use of newspapers, magazines, flyers, logos and posters to promote their products. You can also send letters, coupons and brochures directly to new or old customers. If a consumer does not own a TV, radio or a computer, print marketing is the best way to get his/her attention.

**Digital:** Websites and the internet are big ways to advertise. Once you are a small business owner, you might not find a pop-up on your screen all that annoying because it might be an advertisement to your own store! Of course, if your target consumer does not have access to the internet or own a computer this method is not very effective.

**Word of Mouth:** Word of mouth usually depends on customers who have samples your product and them telling their friends and others about your product. If for some reason a consumer does not like your product, you might get a bad reputation and loose many customers

Follow **Activity 23** in student workbooks. Mona and Jay have set up their sandwich shop but are not getting as many customers as they had hoped for. Divide the class into 4 groups – radio, TV, print and digital and ask them to come up with a promotion strategy for Mona and Jay's sandwich shop. Ask them to be as creative as they can. They can use flip charts, tape, poster paper, crayons and any other material available to them in the classroom. Give them 20-25 minutes. After this, the group presents their advertisement. Use the tape to stick up any posters or print material if necessary.

Though the 4 P's seem distinct, decisions on one element will influence the choices available in others. Even when you have figured out the right mix to begin with, you have to stay on top of the market and make changes to the mix as your environment changes. Marketing never really ends!

## MODULE 8: HUMAN RESOURCES MANAGEMENT

### LESSON OBJECTIVE

- ♣ Students understand the role of human resources in organizational design

### MATERIAL REQUIRED

- ♣ Newspapers (lots – 40- 50 sheets)
- ♣ Scotch tape
- ♣ Pencil/Pen/Marker
- ♣ Sheets of writing paper
- ♣ Ruler/Inch tape
- ♣ Large Napkins (for blindfolding)

### TIME REQUIRED

- ♣ One hour and 15 minutes

### ACTIVITY

- Divide the class into groups of 5-6 people. There should be same number of students in each group. If there are some additional students then they could be designated as observers.
- Issue each group an equal number of newspaper sheets and a roll of scotch tape.
- Ask each team to nominate a leader.
- Issue the newspapers, scotch tape and instructions to the leader.
- Instructions to the leader:
  - *The objective of your group is to construct the tallest freestanding tower made only of newspaper and scotch tape in 25 minutes. (Emphasize that the tower has to be free standing at the end of time.)*  
*You are to choose two people as planners and two people as workers in the group. (If there are six people in the group, then you could have three people as doers). You can only communicate to the planners through writing. You cannot talk directly to the workers. The planners can talk to the workers but are not allowed to touch the newspaper or any article given to them or the workers.*



*The workers have to be blindfolded by the planners before they actual work of building the towers begins.*

- At the end of the time period, measure the tallest tower and declare the winners.

## REFLECT

- Ask students what their main blockers were: communication (wrong directions, inability to understand, inability to visualize what was being said and what they were doing, the rules of the game, the output required of them)
- Ask students what they thought about the roles they were assigned? Were they happy with their own performances? Was the rest of the group happy with their performances?
- What did they think of their leaders?
- What did the leaders feel about themselves?

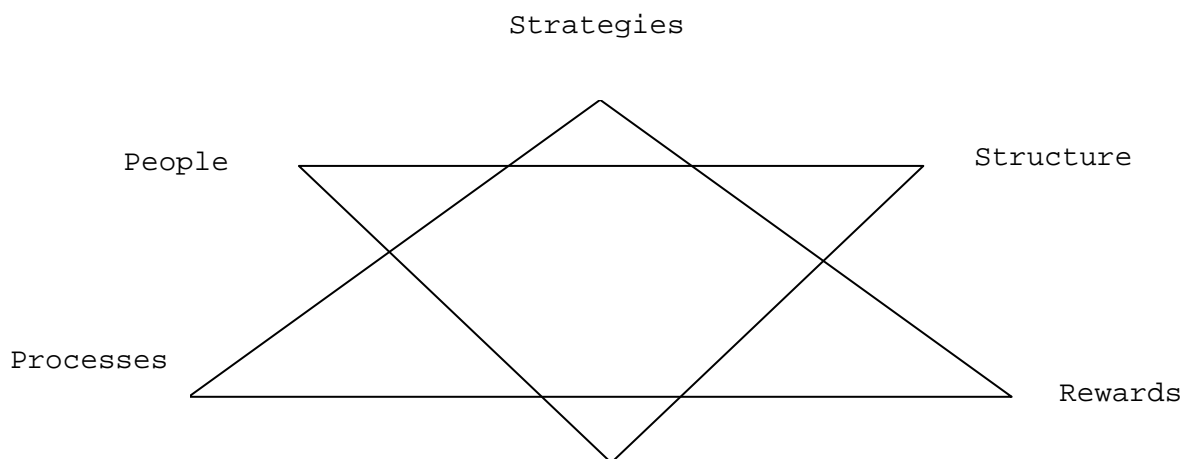
## CONCEPTUALIZE

*Tell students that you would talk of organization design and the importance of people in any business.*

## TEACH

Organizational Design: Organization Design is a process for integrating the people, information and technology of an organization. It has the following components as shown in the diagram

- ♣ Draw the following diagram on the board.
- ♣ Tell students that organizational design consists of the five elements that comprise these star and that you will be discussing each of these elements.



## TEACH

**1. Strategy:** "Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities. (Kenneth Andrews)."

*Explain: Strategy is the element from which all others aspects of the organization design flow. Strategy includes the mission (why the organization exists and what its overarching objective is), vision (the desired future state and what will be different as a result of the organization's contribution), goals and objectives, tasks, and values. It defines the purpose of the organization and also provides a road to the destination, including the possible and preferred routes and the various stopping off points along the way.*

*In the game that you just played what was the strategy? (The objective of the game to build a tower is like the mission of any company, and what tactics you employed; the planning process is all part of the strategy.)*

**2. Structure:** Organization structure is the way in which the different groups of people in an organization are arranged. The effectiveness of co-ordination and communication depends on the organization structure.

- ♣ *In the game you played what were the different working groups? (the planners, the workers and the leader)*
- ♣ *In any organization different groups have different roles and different forms of communication. What was the role of each of the group in your activity?*
- ♣ *Often senior managers are inaccessible (like in this case where he only communicated by writing), and the workers have incomplete information and act only according to the direction of managers and follow set rules without scope for innovation. From the activity that you just played what difficulties do you see in such an organizational structure?*

**3. Rewards:** A reward system is the complex set of formal and informal incentives that connect individual motivation, behaviour, performance, and ultimately results. Rewards could be salary/wages, bonus money, and other forms of awards.

- ♣ *In the activity that you had, would your performance be different if there was a prize at the end?*

**4. Processes:** A business process is a set of linked activities that create value by transforming an input into a more valuable output. More simply put it is the method that converts raw materials/inputs into outputs.

- ♣ *In the activity that just finished, what were the raw materials? (newspapers and scotch tape)*
- ♣ *What was the output? (Newspaper towers)*

**5. People:** People or human resources refer to the individuals within the firm. It is critical to have the right people in the right place.

- ♣ *In the activity that just concluded, did you think that the right people were chosen as leaders, planners and workers?*
- ♣ *What are some of the traits of a good leader?*
- ♣ *Who can be good planners? Who are good workers?*

## APPLY

Follow **Activity 24** in Student Workbooks.

- ♣ Think of a team that you consider highly successful  
Examples: Australian cricket team, the Indian National Congress, the Italian soccer team
- ♣ What was the objective of this team?
- ♣ Did they have a specific vision/goal in mind? Did they have a slogan/team motto?
- ♣ What strategy did they follow?
- ♣ What were the different working groups?
- ♣ What were the roles of the different working groups?
- ♣ Who was the leader?
- ♣ What adjectives would you use for the leader?
- ♣ What kind of people were in this team? Use some adjectives to describe them?
- ♣ What was the strength of this team? Why do you think they were or are so successful?

## DEBRIEF

- ♣ *Ask students what they learnt from this lesson.*
- ♣ *Ask them as to whether they think they have the qualities to be good team players/good leaders.*

## MODULE 9: WRAP-UP AND PRESENTATION

### LESSON OBJECTIVE

- ♣ Students learn to put into practice all they have learnt so far and learn to make a business plan.
- ♣ Students learn to make a presentation and hone their communication skills.

### MATERIALS REQUIRED

- ♣ Flip charts
- ♣ Markers, Pens, etc
- ♣ Computers and a projector (this is optional; if computers are readily available we recommend that you encourage students to use them)
- ♣ Magazines
- ♣ Glue

### TIME REQUIRED

- ♣ Two and half hours.

### ACTIVITY

- ♣ Divide Students into groups of 6-7
- ♣ Task of each group:
  - Each group has to come up with an idea for a new business they want to start.
  - Groups have one hour of discussion time at the end of which they have to make a 15-minute presentation to the rest of the class.
  - In the presentation the Group has to indicate the following:
    - Name of the Company (which is the name the group has given themselves)
    - The Opportunity that the group has identified
    - The Company Strategy; which will convey how the company seeks to convert the opportunity into a Business Venture
    - Product or Service they are offering ( define traits/uniqueness of the product/service)
    - Market: Who is their customer? Who is their competition? How have they identified their customers and competitors?
    - Marketing: How will they market their products? What is the slogan/catch phrase associated with their product? What will they do about pricing?

- Finances: How much money are they all investing? How much money do they expect to get as return. Calculate the ROI (This should be left out if you are using it for middle schools.
  - People: What are the different working groups within the organization? Who is the leader? What is the role of each individual within the organization?
- 
- ♣ Encourage students to be as innovative as possible with the presentation. They can use flip charts, magazines, crayons, markers which are all at their disposal to make it interesting for the rest of the classmates.
  - ♣ Ask student groups to present.
  - ♣ Thank each group for their presentation and as prizes distribute books to each participant as prizes. (Recommended books for distribution include: Jonathan Livingstone Seagull, Tuesdays with Morrie, To kill a Mocking Bird).

**DEBRIEF**

- ♣ Discuss with students as to what they have learnt from this workshop.
- ♣ How do they expect to use these learning's in their daily lives?
- ♣ What are some things they would have wanted to learn in this workshop but did not.