







<b>MODULE</b>	<b>3</b>
<b>TITLE</b>	<b>Business Model and Set-Up</b>
<b>TIME (approx.)</b>	90 mins
<b>OUTCOMES</b>	<b>Students will:</b> <ul style="list-style-type: none"> <li>Identify the purpose for starting a business</li> <li>Discuss business models</li> <li>Discuss the importance of a Partnership agreement for group work</li> <li>Complete a Partnership agreement</li> <li>Define what the good or service is</li> <li>Determine if the business is to sell a good or service</li> <li>Understand the value of a good business name</li> <li>Name their business</li> <li>Test their business name</li> </ul>
<b>KEYWORDS</b>	BUSINESS MODEL
<b>VIDEO</b>	<b>MODULE   3 – Business Model and Set-Up</b> <b>Presented by: Creel Price</b>
<b>ADDITIONAL RESOURCES</b>	<ul style="list-style-type: none"> <li><b>Worksheets:</b> Business Team strengths; Partnerships Agreement; What are we going to do/make; Loan Certificate; Business Name, Certificate of Registration; Business Name Survey</li> </ul>

 <b>KIDPRENEUR ACTIVITY</b>	 <b>EDUCATOR NOTES</b>
 <b>WATCH VIDEO</b>  <b>MODULE   3 – BUSINESS MODEL AND SET-UP</b> <b>Presented by: Creel Price</b>  <b>Discuss key messages in the video. Question to clarify meaning:</b> <ol style="list-style-type: none"> <li>Why is a business model important?</li> <li>What things do you need to consider?</li> <li>Do you all need to agree on each proposition for the businesses we are going to create? Why/Why not?</li> </ol>	<b>DISCUSSION NOTES</b>  <p><b>A business model</b> is a plan or formula for doing business your way – your recipe for success. It is made up of the value proposition, delivery proposition and financial proposition.</p> <p>Entrepreneurs will often use a business model ‘tool’ to help them define the key points of their business e.g. The Lean Canvas; Business Model Blueprint (BMBP) etc.</p> <p><b>Note:</b> These models and tools can be complicated so through the program we will cover all these points in an age appropriate way supported by worksheets</p> <p><b>There are three propositions that make up your business model:</b></p> <ol style="list-style-type: none"> <li><b>Value Proposition</b> - What you are offering to your customers to entice them to buy. This covers the supply side of your business model and includes the pain points of your target market, your market positioning, unique selling points (USP’s) and your products.</li> <li><b>Delivery Proposition</b> - How you produce or deliver the product or service efficiently and to a high-quality standard. It is the demand side of your business model and includes your hurdles to implementation,</li> </ol>



	<p>operational activities and job roles together with your scale strategies and minimum viable product.</p> <p><b>3. Financial Proposition</b> - The economics of selling your good or service, deliver on it, then support it for profit. This is the financial viability of your business and how you will create a return for your investors and includes your sales, product and costs together with your projections and funding.</p>
<p><b>1. FORM YOUR BUSINESS TEAM</b></p> <p>For your business to be successful it is recommended that you have a team that works well together and brings to the team different strengths. The best business team may not necessarily be your friends.</p> <p>Think about the things that you are good at and what others are good at.</p> <p>Complete your worksheet either on your own or in groups to discuss what qualities you need in your team.</p> <div data-bbox="116 967 181 1052" data-label="Image"> </div> <p><b>KIDPRENEUR WORKSHEET ACTIVITY</b></p>	<p><b>ACTIVITY NOTES</b></p> <p><b>The best business team may not necessarily be your friends. Kidpreneurs need to think about what types of people are best to co-found / partner with to ensure a successful outcome for their business.</b></p> <p><b>The Designer</b></p> <ul style="list-style-type: none"> <li>• Super creative</li> <li>• Practical in their designs</li> <li>• Customer-focused</li> <li>• An excellent communicator</li> </ul> <p><b>The Project (Operations) Manager</b></p> <ul style="list-style-type: none"> <li>• Able to do many tasks</li> <li>• Is good at maths and making sure your products are made to budget</li> <li>• Good at keeping everyone on track</li> </ul> <p><b>The Experts</b></p> <p>Depending on the type of solution a business is providing, team members with a passion and / or specific skillset can be a vital edition to the team e.g. a business that involves technology will need a coder on the team.</p> <ul style="list-style-type: none"> <li>• Solution designer</li> <li>• Scientist</li> <li>• Mathematician</li> <li>• Data analyst</li> </ul>
<p><b>2. WHAT TYPE OF BUSINESS STRUCTURE WILL YOU CREATE FOR YOUR BUSINESS?</b></p> <div data-bbox="116 1581 209 1644" data-label="Image"> </div> <p><b>THINK, PAIR, SHARE ACTIVITY</b></p> <p>Think, Pair and Share the following terms:</p> <ul style="list-style-type: none"> <li>• Sole trader</li> <li>• Partnership</li> <li>• Joint Venture</li> <li>• Alliance</li> </ul> <p>Kidpreneurs should think about what type of business would suit them the best and discuss with their peers / potential business partners / collaborators</p>	<p><b>DISCUSSION NOTES</b></p> <p><b>Ownership Structures</b></p> <p>The ownership of a business can be setup in 4 main ways. In the Kidpreneur Challenge we recommend businesses have 3 owners.</p> <p>Your students can choose whether they will be setup as a <b>Partnership, Joint Venture or Alliance.</b></p> <p><b>Sole Trader:</b> Where you are the only business owner</p> <p><b>Partnership:</b> You work with one or more partners in the same business to sell products, share the workload and split the profits between you.</p> <p><b>Joint Venture:</b> You team up with another business owner who has their own product and help each other to sell or share resources and share the profits between you.</p> <p><b>Alliance:</b> You team up with another business owner who has their own product and help each other to sell or share resources but remain as two separate businesses</p>



	<p><b>Details on the positives and negatives of each model can be found in “Tips and Supplementary Educator Resources”</b></p>
<p><b>3. PARTNERSHIP AGREEMENT</b></p> <div>  <div> <p><b>KIDPRENEUR WORKSHEET ACTIVITY</b></p> <p><b>Partnership Agreement.</b></p> </div> </div> <ul style="list-style-type: none"> <li>Review the agreement</li> <li>Kidpreneurs (in groups of three) to formally agree to work together and negotiate the rules of their business partnership.</li> <li>The should confirm this in writing by completing the Partnership Agreement.</li> <li>Discuss why it is important to complete such an agreement.</li> </ul> <p><b>Note:</b> some sections will need to be completed during this module e.g. Business name, and Titles.</p> <p><b>This document can only be signed at the end of the module.</b></p>	<p><b>ACTIVITY NOTES</b></p> <p>When working together with other people in your business it is very important to discuss how you are going to work together and outline the ‘rules’ you agree to.</p> <p>The best way to do this is by drawing up a <b>Partnership Agreement</b></p> <p>In real businesses a partnership agreement is a contract between partners in a partnership which sets out the terms and conditions of the relationship between the partners, including:</p> <ul style="list-style-type: none"> <li>Percentages of ownership and distribution of profits and losses</li> <li>Description of management powers and duties of each partner</li> <li>Term (length) of the partnership</li> <li>How the partnership can be terminated</li> <li>How a partner can buy his/her share of the partnership.</li> </ul> <p>A partnership agreement should be prepared when you start a partnership, so the rules are established early and there are no misunderstandings and less disagreements.</p> <p>Usually a lawyer should help you with the partnership agreement, to make sure you include all important "what if" questions and avoid problems when the partnership ends.</p> <p>Read more here about why partnership agreements are important:</p> <p><a href="https://www.thebalance.com/why-your-partnership-needs-a-written-agreement-398401">https://www.thebalance.com/why-your-partnership-needs-a-written-agreement-398401</a></p> <p>We have included in the module resources a simplified Partnership Agreement worksheet. Each of the newly formed business partnerships should agree to work together to build the business idea they have come up within this module and list some basic rules they will follow as a team.</p> <p>Each Kidpreneur should write their own name on the certificate and the date they agree to work together.</p> <p>This is a written contract to remind each Kidpreneur that they have agreed to collaborate and turn their business idea into a reality.</p>
<p><b>4. WHAT WILL YOUR JOB BE IN THE BUSINESS?</b></p> <p>Business partners to agree what their roles will be in the business and what the best job title is to match what they will be doing in the business.</p> <p>Students can choose from the name cards in the “<i>Tips and Supplementary Educator Resources</i>”, or they can make up their own names.</p> <p><b>Add roles to the Partnership agreement.</b></p>	<p><b>DISCUSSION NOTES</b></p> <p><b>Roles and Job Titles</b></p> <p>In a business with more than one person, it is important that everyone has a <b>ROLE</b> that plays to their unique strengths / capabilities and helps the business be successful.</p> <p>A <b>JOB TITLE</b> helps tell customers what role you have in the business. The job title is written on a business card. This helps customers know what sort of things to contact you for. For example, if a customer wants to ask a question about the materials of a product is made from, they would ask the Production Manager.</p> <p>Many people will often want to talk to the business owner who might have the title 'Founder' or 'CEO' on their business card.</p>



	<p>When working in a business partnership, a job title also helps to clearly know what tasks each partner is responsible for.</p> <p>This is helpful for people inside the business and outside. For example, one partner might oversee product design (Design Manager) and the other might oversee production (Production Manager).</p> <p><b>Some examples of job titles are:</b></p> <ul style="list-style-type: none"> <li>• A title that gives authority: Manager, CEO, Founder</li> <li>• A title that says what they do: Chief Designer, Sales Assistant, Head of Marketing</li> </ul> <p>A title that is fun and different: Chief Imagination Officer, Marketing Guru, Production Ninja</p> <p>See: <i>Tips and Supplementary Educator Resources</i>"</p>
<p><b>5. WHAT ARE WE GOING TO DO / MAKE FOR OUR CUSTOMERS IN OUR BUSINESS?</b></p> <div data-bbox="116 936 183 1021" data-label="Image"> </div> <p><b>KIDPRENEUR WORKSHEET ACTIVITY</b></p> <p>Kidpreneurs complete the worksheet in response to the following questions:</p> <ol style="list-style-type: none"> <li>1. Why does our business partnership exist? (Choose one main reason)</li> <li>2. Will our product be goods or a service? (Choose one main reason)</li> <li>3. What type of business will it be? (it could be more than one)</li> <li>4. Draw or describe the product the business will sell.</li> </ol>	<p><b>ACTIVITY NOTES</b></p> <p><b>Deciding What to Do / Make / Sell</b></p> <p>This is the most critical part of the business building process – deciding what to make and sell.</p> <p><b>Kidpreneurs should be given a good amount of time to decide what their business product will be.</b></p> <p>Guide your Kidpreneurs through the Worksheet to decide what their business will be.</p> <p><b>Step 1: Why does our business partnership exist? (Choose one main reason)</b></p> <ul style="list-style-type: none"> <li>• To meet a need or solve a problem in the community.</li> <li>• To turn a passion into a product</li> <li>• To provide a product that doesn't exist yet</li> <li>• To make an existing product in a new and improved way</li> <li>• To fund a cause</li> </ul> <p><b>Step 2: Will our product be a good or a service? (Choose one main reason)</b></p> <ul style="list-style-type: none"> <li>• <b>Good</b> – a physical item sold to a customer.</li> <li>• <b>Service</b> – an action done for a customer (e.g. face painting) or that they can do themselves (e.g. dart competition).</li> </ul> <p><b>Step 3: What type of business will it be? (it could be more than one)</b></p> <ul style="list-style-type: none"> <li>• <b>Retail</b> – sell something already made to the end user</li> <li>• <b>Manufacturing</b> – sell something you made</li> <li>• <b>Service</b> – sell a service</li> <li>• <b>Not-for-profit</b> – profits are not kept for the owners</li> <li>• <b>Social enterprise</b> – a business that impacts a worthy cause</li> <li>• <b>Wholesale</b> – selling something to another business</li> <li>• <b>Online retail</b> – selling products online</li> <li>• <b>Recycling</b> – selling recycled products</li> <li>• <b>Agricultural</b> – selling a product that is grown</li> </ul> <p><b>Step 4: Draw or describe the product the business will sell.</b></p>
<p><b>6. START-UP COSTS</b></p>	<p><b>DISCUSSION NOTES</b></p>



### THINK, PAIR, SHARE ACTIVITY

Think, Pair and Share what some of these costs may be for a business such as:

- Coffee shop
- Toy making business
- Doctors surgery

For your business, there will also be costs. You have been loaned \$20 -\$25 per Kidpreneur to start your business. This loan must be recorded using a Loan Certificate. This is a loan and it must be paid back with the profits from your business.



### KIDPRENEUR WORKSHEET ACTIVITY

#### Loan Certificate

### Start-Up Costs

In Module 8 Kidpreneurs will learn about Profit and Loss. Their calculation will include the costs of starting their business and paying for the raw materials etc. These are called “Start-Up Costs”

**Start-up Costs** are the expenses incurred during the process of creating a new business. All businesses are different and can require different types of start-up costs. Online businesses have different needs than brick-and-mortars; coffee shops have different requirements than book stores do.

However, there are a few generic costs that are common to all business types:

- Research expenses
- Insurance, license and permit fees
- Equipment and supplies
- Advertising and promotion
- Borrowing costs
- Employee expenses
- Technological expenses

Often entrepreneurs will borrow money from a bank or a family member or friend to help them with their start-up costs. This money should be paid back as a priority once the business is operating and generating revenue / profit.

### Loan Certificate

The Loan Certificate is an agreement between the business / organisation / person who paid the money for their Kidpreneur business start-up costs and the owners of the business. An ‘investor’ (school / Business / parent) has loaned \$20 - \$25 to each Kidpreneur (\$60 - \$75 per business) for their start-up costs.

After making money at market/showcase day each business must repay this loan to whomever lent them the money. Each Kidpreneur owner must sign this certificate as the borrower, and the investor (or Educator) must sign as a representative of the ‘investor’

## 7. NOW LET’S DECIDE ON A BUSINESS NAME!



### KIDPRENEUR WORKSHEET ACTIVITY

Brainstorm one of each type of business name for your business and write these in each of the 4 spaces on your worksheet.

1. Made up words
2. Owner’s name
3. Fun word
4. What the business does

In your group, view all the ideas and decide on one to be the official business name.

### ACTIVITY NOTES

#### What is a Business Name?

A business name is the name under which a business sells its products. Choosing the right business name helps create the right image or personality for the business. It will also help you stand out from your competitors.

#### Deciding on a Business Name

The Kidpreneurs should first start by deciding what feelings, thoughts and ideas they want their business name to communicate. It should reinforce what is unique about the business.

#### Points to emphasise:

Kidpreneurs should avoid names that are:

- Long-winded
- A direct copy of another business
- Rude or offensive
- Confusing, hard to pronounce or complex to spell



## KIDPRENEUR WORKSHEET ACTIVITY

### Certificate of Business Registration

Ask the business partners to fill out the details on their Certificate of Business Registration.

Kidpreneurs can also be encouraged to use an altered version of a company that already exists e.g. Frames R Us, or a saying e.g. Diamonds in the Rough etc.

#### A good business name has the following characteristics:

- The name communicates a feeling or idea about the business. Even made up words can do this. E.g. is the business fun or serious; is it professional or casual etc.
- It will tell the customer what is unique about the business. E.g. the business name can communicate that the product supports a cause e.g. Charity Water
- A good name will often have adjective-noun e.g. Cool Keyrings, Creative Cards, Radical Gems etc.
- It appeals not only to the owner, but to the kind of customers they are trying to attract.
- It conjures up pleasant memories, so customers respond to the business on an emotional level
- It is not too long or confusing. It must be a name that customers would understand, not just the owner.

#### There are four different types of business names:

1. Made Up Words
2. Owner's Name
3. Fun Word
4. What the business does

Examples of business names can be found in *Tips and Supplementary Educator Resources*

## 8. TEST YOUR BUSINESS NAME



## KIDPRENEUR WORKSHEET ACTIVITY

### Test your business name using 3 different tests:

1. Read the name aloud to test how it sounds.
2. Write it down to test how it looks
3. Ask friends and family which name they prefer.
4. This makes sure it isn't just a name that makes sense to the business owners, but also to your customers.

## ACTIVITY NOTES

### Other ideas – take home task

Kidpreneurs can create a survey to distribute for feedback on their options for a business name. This can be done on paper, via email or using a free platform such as 'Google Forms' or 'Survey Monkey' where a form with the different business name options can quickly be setup for votes to be placed.

<https://www.score.org/resource/how-run-focus-group-assess-your-business-idea>



## TIPS AND SUPPLEMENTARY EDUCATOR RESOURCES

### Types of Business Structures

	DEFINITION	POSITIVES	NEGATIVES
SOLE TRADER	Where you are the only business owner	You keep all the profits. You are in charge and make all the decisions.	Business can be lonely. You need to be good at all the tasks in a business.
PARTNERSHIP	You work with one or more partners in the same business to sell products, share the workload and split the profits between you.	You can share the workload. You can make double the number of products. You each bring different skills.	You need to make joint decisions. You need to share the profits. There might not be enough customers for twice the number of products.
JOINT VENTURE	You team up with another business owner who has their own product and help each other to sell or share resources and share the profits between you.	You can work together. You can cross-promote each other's products. You can still make money even if your product doesn't sell as well.	Sometimes confuses customers. You still have to share profits even if the other product doesn't sell as well as yours.
ALLIANCE	You team up with another business owner who has their own product and help each other to sell or share resources but remain as two separate businesses	You can work together. You can cross promote each other's products. You keep your own profits.	Sometimes confuses customers. One product might sell more than the other.

### Job Titles

Students choose the role title that works for them and with the team... or make up their own.

Managing Director	Marketing Guru	Design Manager	Human Resources	Finance Manager
CEO Chief Executive Officer	Coordinator	Event Manager	Office Manager	Sales Person
Organiser	Chief	Mind Blowing Creator	Tech Support	Product Ninja
Doer	Thinker	Creator	Money Maker	CTO Chief Technology Officer
CIO Chief Investment Officer	COO Chief Operating Officer	CMO Chief Marketing Officer	General Manager	Product Manager



## Start-up costs

These are examples of different items that may incur a cost when starting your business. The highlighted line items are the most relevant to Kidpreneurs however is a good idea to talk to older Kidpreneurs about all the other costs that real businesses incur when setting up.

<ul style="list-style-type: none"> <li>Market research, including conducting primary research or gather research from secondary sources about your market, customers and competitors.</li> <li>Registrations, including registering for an ABN and Business name registration</li> <li>Licences and permits</li> <li>Domain names registration</li> <li>Intellectual Property (IP) rights protection, including Trademarks, designs, patents etc.</li> </ul>	<ul style="list-style-type: none"> <li>Vehicle registration</li> <li>Membership fees</li> <li>Accountant fees</li> <li>Solicitor fees</li> <li>Rental lease cost (Rent advance/deposit)</li> <li>Utility connections and bonds (Electricity, gas, water, phone connection)</li> <li>Internet connection</li> <li>Computer software</li> <li>Training</li> <li>Wages</li> <li>Stock/raw materials or inventory</li> <li>Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Building and contents</li> <li>Vehicle</li> <li>Public liability</li> <li>Professional indemnity</li> <li>Product liability</li> <li>Workers compensation</li> <li>Business assets</li> <li>Business revenue</li> <li>Printing</li> <li>Stationery and office supplies</li> <li>Marketing and advertising</li> <li>Online business and website set up</li> <li>Total start-up costs (add up all your start-up costs)</li> </ul>	<ul style="list-style-type: none"> <li>Equipment or capital costs</li> <li>Business purchase price</li> <li>Franchise fees</li> <li>Start-up capital</li> <li>Plant &amp; equipment</li> <li>Vehicles Computer equipment</li> <li>Computer software</li> <li>Phones</li> <li>Fax machine</li> <li>Security system</li> <li>Office equipment</li> <li>Furniture</li> <li>Shop fit-out</li> </ul>
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## Business names

TYPE OF BUSINESS NAME	DEFINITION	OTHER EXAMPLES
<b>Made Up Words</b>	A completely new word that didn't exist before	Crayola, Oreo, Smiggle, Wizzbango, Frametastic
<b>Owner's Name</b>	Incorporates part or all of the owner's names	MacDonald's, Frames by Felicity, F&J's Candles, RJ Bro's
<b>What the Business Does</b>	Describes the business product or its mission	Toys R Us, Cozy Candles, Thank You Water, Candles 4 a Cause, Cool Key Rings, Sydney Bridge Climb
<b>Fun Word</b>	An existing word used in a new way	Boost Juice, Yahoo!, YouTube, Smarties, Duckies, Skater Girl, Chew Chew