



CLASSROOM ACTIVITY

Seeing into the Future

OBJECTIVES

Students will be able to:

- Identify expenses incurred by various types of businesses
- Explain why businesses create and maintain budgets
- Describe decisions an entrepreneur might make after comparing budgeted income and expenses to actual ones

GRADE RANGE

6–12

DURATION

45–60 minutes

OVERVIEW

In this activity, students begin by identifying a business that could potentially operate in the future. Students then use paper fortune tellers or origami to identify a business that they will use for an activity in which they consider what expenses the selected business might incur. Students then discuss why businesses create and use budgets. Finally, students examine a budget for a small business and consider changes the business could make to turn a profit.

STANDARDS CORRELATION

National Standards for Business Education

Entrepreneurship (Levels 1 and 2)

- Identify the resources needed to produce and sell a specific product or service
- Determine the costs of resources to produce and sell a specific product or service
- Identify projected operational expenses
- Evaluate and use software to record business transactions
- Compare actual income and expenses to budgeted amounts for a specific period

MATERIALS

- **Business Fortune Teller Student Capture Sheet**—one per student
- **Determine Your Future Business**—one per group of three students
- **Making a Paper Fortune Teller**—projected or one per group of three students
- **Make the Decisions Student Capture Sheet**—one per student
- **Venture Valley Connect: Dive into the Finances**—one copy per student (optional)

ESSENTIAL QUESTION

How and why do businesses budget?

TEACHER PREPARATION

This activity can be customized to fit your students and the amount of time you have available. Review the directions in advance and determine how you wish to proceed. Points to consider include:

- Will students brainstorm and share their business ideas aloud or use the handout to draw/write them?
- Will you have students make their own paper fortune tellers or make them in advance? Another option is to make one or two such fortune tellers and direct volunteers to go around the room repeating the steps of selecting a business with each team. If students make their own, decide how you will present the directions. You can also find a video tutorial for “how to make a paper fortune teller” prior to beginning the classroom activity.

This classroom activity can be used as a standalone activity or in conjunction with the game, *Venture Valley*. Playing the game is not a prerequisite for the implementation of the activity; however, it can be used to drive home key points and offers additional extension opportunities. In particular, this activity provides an opportunity for students to reflect on the financial information they encounter in the game and discuss its use and importance. Be sure to play the game ahead of your students so that you can provide prompting and support for students who may need extra help in making these connections.

PROCEDURE

Engage

- Ask students if they have ever seen someone (either in person or on a show) telling fortunes by looking into a crystal ball. Invite students to imagine that they have asked a fortune teller to predict what type of business they might operate in the future. After telling the fortune teller a little about themselves, what business might the fortune teller see? How might it be related to their current interests? What would the name be? What products and/or services would it offer?
- Consider providing a personal example. An interest in photography could lead to a business running a photo studio or photographing weddings. An interest in fitness could foretell opening a gym or personal training service.
- Distribute a copy of the **Business Fortune Teller Student Capture Sheet** to each student. Direct students to draw or write a potential business idea in the crystal ball.

- Select several students to share their business ideas.
- Remind students that businesses, like people and families, have many expenses.
- Challenge students to brainstorm expenses for one of the businesses shared by a student. For example, if a student says they might have an automotive repair business, expenses might include rent for a building; utilities like electricity; advertising costs; tools; and consumable items such as oil or filters.
 - **Note:** Avoid selecting one that is similar to the eight businesses in the upcoming activity (coffee shop, pet walking, minigolf, pizza restaurant, flower shop, theater, music studio, app developer).
- Let students know that they are going to play the role of business owners in the upcoming activity. Their business' fate, however, will be determined by a different type of "fortune teller."
- Ask students if they ever played with paper fortune tellers when they were younger. These folded pieces of paper are often used by children to make predictions or answer questions about the future. In this case, students will use them to determine which fictional business they will use for the upcoming activity.
- Divide students into pairs or groups of three. Distribute a **Determine Your Future Business** fortune teller to each group. If students will assemble their own, also pass out scissors (one per group). Each group may receive a copy of **Making a Paper Fortune Teller**, or it can be displayed electronically.
- Take students through the steps to create a paper fortune teller. Students can take various roles in their groups with one student being responsible for reading the directions and another for cutting or folding.
- Once the paper fortune tellers are complete, provide students with the following directions:
 - One person should be the fortune teller in the pair/group. This person holds and operates the fortune teller.
 - Take turns making selections at each "level" of the fortune teller.
 - First, select a location: The Palms, Fortune Springs, Mapleburgs, or Brickyard. Each of these is the name of one of the levels or maps in the video game *Venture Valley*.
 - Spell out the name of the location that was selected and move the fortune teller with each letter.
 - Select a name. The names are four of the five mentors in *Venture Valley*.
 - Lift the flap and note the business beneath it.
 - This will be the business you will use for the rest of the activity.
 - If desired, lift the other flaps to see the other options. Each one represents a business found in *Venture Valley*.

EXPLORE

- Distribute a copy of the **Which Expenses? Student Capture Sheet** to each group. Direct students to circle the business they were assigned and then discuss each category of expenses. Would their business have that expense? If so, circle it. Once done, they will select six expenses to describe further. Ideally, at least two of these should be expenses that might be "unique" to their selected business.
- Let students know how long they have to complete the handout and that a member of their group may be called on to describe one or more of their expenses.
- Allow time for students to complete the activity and call on several groups to share responses.

- Acknowledge that determining expenses for a business—both established and new ones—is an important step. However, most businesses need to go well beyond just listing and thinking about their expenses.
- Share that most businesses create and maintain a budget that predicts the future of the business' income and expenses.
- Challenge students to explain why a business would create a budget and/or how they might use it. Discuss student responses and elaborate, as needed. Be sure the following points are covered:
 - **Anticipate Profit or Loss:** Businesses use budgets to anticipate whether or not they might experience a profit or a loss for an upcoming period of time.
 - **Track Income and Expenses:** Budget amounts are compared to actual amounts at the end of each time period (typically a month) and used to make decisions and/or anticipate future income and expenses.
 - **Inform Business Decisions:** Entrepreneurs or business owners make decisions based on budget projections and actual amounts. As a result of examining a budget, a business owner might determine that they need to charge more or less for a particular product or service, or reduce certain expenses in order to make a profit.
- Inform students that you want them to examine the budget of a small business and make recommendations for how the business can improve its bottom line or turn a reliable profit.
- Distribute a copy of the **Make the Decisions Student Capture Sheet** to each student. Allow time for students to work independently or in small groups to discuss the budget and make recommendations. Call on students to share their ideas.
- Let students know that there are many other ways that businesses—especially larger ones—track and report their income and expenses. A business budget is one of these. Projecting sales and costs and then reflecting on the actual amounts is key to the success of most businesses and drives many business decisions.

VENTURE VALLEY CONNECT

Venture Valley offers many opportunities for students to see business income and expenses in action. If your students are able to play *Venture Valley*—either in the classroom or on their own time—use the **Venture Valley Connect: Dive into the Finances Student Capture Sheet** as a way for students to consider the decisions they made in the game and describe the impacts. Consider opportunities for students to share their reflections and discuss how they might approach similar choices in future gameplay and/or in the real world.

EXTEND

- **Venture Valley:** The game [Venture Valley](#) allows students to simulate decisions made by real-world entrepreneurs. After playing several rounds of the game, invite students to consider the decisions they made. Which decisions impacted the businesses' income? Which made a difference on expenses? How did looking at the financials for the businesses inform their decisions, such as pricing or setting employee wages? Challenge students to consider how making business decisions in a video game-based setting could help people make better decisions if they choose to open their own businesses in the future.
- **Budget Options:** Invite students to explore ways to build a budget for a business, including a spreadsheet or business accounting software. Direct students to locate at least four different spreadsheet templates and make comparisons between them. What do they have in common? What is different? Of the ones they located, which



would they choose and why? Alternatively, invite students to watch and find their favorite video online that explains how to create a budget for a small business.

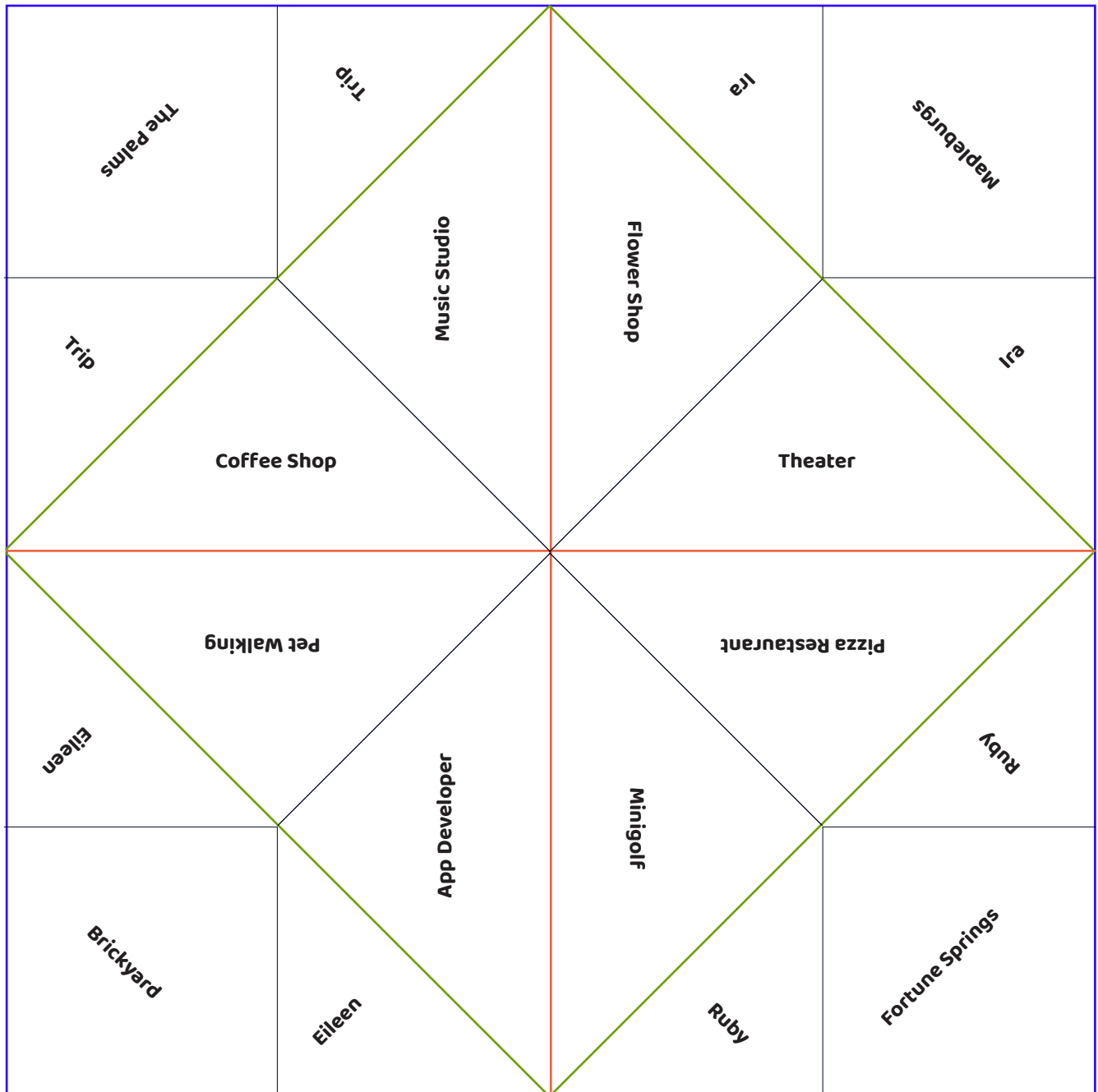
- **Build a Budget:** Direct students to create a budget for a business they would consider starting. Challenge them to consider both start-up and ongoing expenses. Encourage them to research costs in order to make it as realistic and comprehensive as possible.
- **Local Entrepreneur:** Contact a local business person or entrepreneur and ask if they would be willing to talk to your class about the expenses their business has, how they anticipate or project their income and expenses, and what changes they make based on the actual numbers. Encourage students to ask questions and summarize what they learned.

Business Business Fortune Teller

Directions: Draw and/or describe a business you might open in the future. What is the name? What products and/or services would it provide? Who are the customers?



Determine Your Future Business



Making a Paper Fortune Teller

| Step | Directions | Example |
|------|---|---------|
| 1 | Cut out the square. | |
| 2 | Flip the square over (printed side down) and fold it in half, from the top to the bottom. | |
| 3 | Unfold the paper. Re-fold it from right to left and then unfold it again. The paper should now have two folds—top to bottom and left to right. | |
| 4 | Next, fold each corner of the square into the center where the folds meet. You should see the designs now and have a smaller square when this step is complete. | |
| 5 | Turn the square over. Again, fold each corner into the center. You'll have an even smaller square now. | |
| 6 | Fold the square in half. Crease it firmly and then unfold it. Fold it the other way and crease again. | |
| 7 | Your paper fortune teller is ready to use. Slip your thumbs and pointer fingers into the four flaps to form the three-dimensional shape. | |

Which Expenses?

Directions: Note the business your group was assigned then circle all of the expenses you think the business might have. Give examples or explanations of at least six.

Part 1: Note Your Business

| | | | |
|-------------|-------------|--------------|------------------|
| Coffee Shop | Pet Walking | Minigolf | Pizza Restaurant |
| Flower Shop | Theater | Music Studio | App Developer |

Part 2: Identify Applicable Business Expenses

Facility or Office

rent, mortgage,
utilities, furniture

Personnel

wages, salaries,
benefits, payroll taxes

Communications

phones & internet

Marketing

ads, market research,
marketing materials

Professional Fees

memberships, lawyer, accountant,
consultants

Taxes

income, unemployment,
workers compensation,
federal, state, local

Transportation

vehicles, travel,
entertainment

Fees

licenses, permits,
subscriptions

Business Insurance

property, casualty,
liability, malpractice

Loan & Interest Payments

Maintenance

Equipment, Machinery, & Supplies

Website & Software

Bank Fees

Training & Education

Other Expenses: _____

Make the Decisions

Friends, Tony and Hernando, went into business together a few months ago after realizing that many of their friends and relatives weren't sure what to do when they had issues with their technology. Dropped your phone and cracked the screen? They can fix it. They'll even sell you a new screen protector and case to prevent another accident. Cat knocked your water onto your laptop? They can fix it, too. Need help setting up your wireless network and gadgets? They've got you covered!

They know the tech, but they are struggling to earn a reliable profit from month to month. They've been tracking their income and expenses. Review their budget and see what you might recommend to help them boost their bottom line.

| Income | Budget | Actual |
|------------------------------|----------------|-----------------|
| Sale of goods | \$1,200 | \$1,400 |
| Sale of services | \$8,600 | \$7,200 |
| Total Income | \$9,800 | \$8,600 |
| Expenses | Budget | Actual |
| Rent | | |
| Monthly rent | \$1,200 | \$1,200 |
| Property insurance | \$300 | \$300 |
| Utilities | \$400 | \$575 |
| Employees | | |
| Payroll (wages and salaries) | \$4,400 | \$4,800 |
| Payroll taxes | \$1,200 | \$1,300 |
| Health insurance | \$800 | \$800 |
| Professional Services | | |
| Accounting | \$50 | \$75 |
| Legal | \$0 | \$200 |
| Supplies | | |
| Office supplies | \$120 | \$150 |
| Operating supplies | \$400 | \$500 |
| Marketing | | |
| Digital advertising | \$150 | \$50 |
| Promotional materials | \$50 | \$0 |
| Miscellaneous | | |
| Liability insurance | \$100 | \$100 |
| Repairs and maintenance | \$50 | \$40 |
| Bank and credit card fees | \$200 | \$172 |
| Total Expenses | \$9,420 | \$10,207 |
| Profit/Loss | \$380 | -\$1,607 |

