

Chapter 2

Entrepreneurship: Developing Successful Programs and Strategies

The purpose of this chapter is to describe:

- entrepreneurial education programs and the different activities conducted within entrepreneurial programs;
- the National Content Standards for Entrepreneurial Education and how they can be useful to programs;
- the research-based educational and career-focused interventions which promote positive transition outcomes for all youth, known as the *Guideposts for Success*;
- how the *Guideposts for Success* can drive entrepreneurial programs;
- suggested steps for getting started; and,
- the importance of staff development.

Entrepreneurship Education

Entrepreneurship education is viewed as the process of providing individuals with the concepts and skills to recognize opportunities that others have overlooked and to have the insight, self-esteem, and knowledge to act where others have hesitated. It includes instruction in opportunity recognition, finding and using resources in the face of risk, and initiating a business venture. It also includes instruction in business management processes such as business planning, capital development, marketing, and cash flow analysis.

This definition has been further refined in the National Content Standards for Entrepreneurship Education

that are described later in this chapter. The standards state that entrepreneurship education should:

- provide opportunities for youth to start and operate appropriate enterprises;
- reinforce the concept that successful entrepreneurs take calculated risks based on sound research and relevant information;
- require youth to develop a plan for a business that addresses its financial, marketing, and operational aspects;
- describe the relationship between risk and reward and provide opportunities for young people to understand basic economic concepts such as savings, interest, and supply and demand; and,
- generate an understanding of a variety of industries.

Additional alignment with the National Content Standards can be found in a 1998 review of youth enterprise programs. This report, entitled *Enterprising Youth in America*, found that successful youth entrepreneurship programs focused on:

- teaching youth about the world of business;
- responding to the developmental needs of youth through exposure to the world of business, access to mentors, and building self-esteem;
- creating hands-on experiences for youth in operating a business, whether through group/team exercises, or individual enterprises operated for profit or simply for the experience;

- responding to employment and school-to-work needs of youth;
- helping youth contribute to the development of their communities;
- providing systematic business growth services to youth entrepreneurs and their businesses; and,
- providing professional development services to youth entrepreneurship educators.

There are many programs that are helping youth learn about and consider self-employment as a career option. The programs vary depending on the characteristics of the youth, the location of the program (i.e., school-based versus community-based), and the mission and vision of the organizations operating the programming. Descriptions of specific programs are found in the Resource Section of this Guide.

National Content Standards for Entrepreneurship Education

The Consortium for Entrepreneurship Education, whose members include local schools, school districts, universities, community colleges, business organizations, and non-profit organizations interested in developing entrepreneurship education, have developed standards for entrepreneurial education (see Table 2.1). The standards are based on extensive literature reviews and focus groups in which entrepreneurs were asked what they do as entrepreneurs and what skills are required in order to become an entrepreneur.

The standards are based on the idea that entrepreneurship is a lifelong learning process that has at least five distinct stages of development (see Table 2.2). This lifelong learning model assumes that everyone in the educational system should have opportunities to learn at the initial stages, but the later stages are targeted to those who choose to become entrepreneurs. In lifelong learning, the 15 standards developed by the Consortium can be used through the five stages.

The actual standards are divided into three major sections:

Entrepreneurial Skills — The unique traits, behaviors, and processes that differentiate an entrepreneur from an employee or manager.

Ready Skills — The business or entrepreneurial knowledge and skills that are prerequisites or co-requisites for the study of entrepreneurship.

Business Functions — The business activities performed in starting and running a business (see Exhibit 2.2 for a business terminology activity designed to help youth understand basic business concepts).

These standards provide a list of the skills that a person needs to develop over a lifetime to become an entrepreneur, many of which are skills that all young people need to become self-sufficient. The ready skills standards, in particular, closely parallel other lists of basic skills that employers say they want from their employees. Employers want individuals who understand the goals of a business and how decisions affect the bottom-line. They want young people who know how to talk to customers, and who have computer skills to work with basic equipment. Financial literacy is not only important for budding entrepreneurs, but also for anyone who wants to be self-sufficient. Understanding the basics of credit and savings can be valuable lessons while giving young people choices. It is never too early for young people to understand that they are ultimately responsible for their financial future and their careers.

How Can the National Content Standards Be Used?

The standards developed by the Consortium for Entrepreneurship Education can be used to design and evaluate entrepreneurship programs and activities. Programs can choose the degree to which they will introduce the standards in age- and stage-appropriate ways.

Program Development and Operation — Instructors can use the standards in developing and evaluating curricula, learning objectives, and activities. Some of the programs listed in the Resource Section have aligned their curriculum with the standards. The standards can also be used to structure and evaluate

training for staff that will be working with youth in entrepreneurship programs.

Youth service practitioners may find it is not necessary to develop new curricula. Many of the entrepreneurial programs listed in the Resource Section have developed curricula and supporting material which they either distribute for free or sell. Practitioners can adopt existing curricula or partner with existing community organizations already operating programs using existing curricula. The standards can assist them in reviewing and choosing the program that is right for the young people they serve.

Program Evaluation — The standards can also be used to evaluate programs and align the activities of one

program with another. Programs serving youth do not operate in isolation; they work with other programs, and the standards provide a means of ensuring that youth are receiving the services necessary to produce positive outcomes. Youth service practitioners can use the standards to market their entrepreneurship programs by letting youth and parents know that the activities in their program are consistent with national standards developed by actual entrepreneurs.

Individual Assessment — Finally, the standards can be used for measuring the knowledge and skills a youth has gained from entrepreneurial activities. Teachers and students alike can use the standards as a checklist to track their progress in achieving the skills necessary to succeed as an entrepreneur.

TABLE 2.1: NATIONAL CONTENT STANDARDS FOR ENTREPRENEURSHIP EDUCATION

ENTREPRENEURIAL SKILLS

1. Entrepreneurial Processes

Understands concepts and processes associated with successful entrepreneurial performance

2. Entrepreneurial Traits/Behaviors

Understands the personal traits/behaviors associated with successful entrepreneurial performance

READY SKILLS

3. Business Foundations

Understands fundamental business concepts that affect business decision-making

4. Communications and Interpersonal Skills

Understands concepts, strategies, and systems needed to interact effectively with others

5. Digital Skills

Understands concepts and procedures needed for basic computer operations

6. Economics

Understands the economic principles and concepts fundamental to entrepreneurship/small business ownership

7. Financial Literacy

Understands personal money-management concepts, procedures, and strategies

8. Professional Development

Understands concepts and strategies needed for career exploration, development, and growth

BUSINESS FUNCTIONS

9. Financial Management

Understands the financial concepts and tools used in making business decisions

10. Human Resource Management

Understands the concepts, systems, and strategies needed to acquire, motivate, develop, and terminate staff

11. Information Management

Understands the concepts, systems, and tools needed to access, process, maintain, evaluate, and disseminate information for business decision-making

12. Marketing Management

Understands the concepts, processes, and systems needed to determine and satisfy customer needs/wants/expectations, meet business goals/objectives, and create new product/service ideas

13. Operations Management

Understands the processes and systems needed for smooth daily business operations

14. Risk Management

Understands the concepts, strategies, and systems that businesses implement and enforce to minimize loss

15. Strategic Management

Understands the processes, strategies, and systems needed to guide the overall business organization

Source: Consortium for Entrepreneurship Education (2004).

TABLE 2.2: STAGES OF ENTREPRENEURIAL DEVELOPMENT

Stage 1 — BASICS

Students should experience various facets of business ownership. At this first stage the focus is on understanding the basics of our economy, the career opportunities that result, and the need to master basic skills to be successful in a free market economy. Motivation to learn and a sense of individual opportunity are the special outcomes at this stage of the life-long learning model.

Stage 2 — COMPETENCY AWARENESS

Youth will learn to speak the language of business, and see the problems from the small business owner’s point of view. This is particularly needed in career and technical education. The emphasis is on beginning competencies that may be taught as an entire entrepreneurship class or included as part of other courses related to entrepreneurship. For example, cash flow problems could be used in a math class, and sales demonstrations could be part of a communications class.

Stage 3 — CREATIVE APPLICATIONS

At this stage, youth take time to explore business ideas and a variety of ways to plan the business. Although, it is still only an educational experience, youth must gain a greater depth and breadth of knowledge than they may have from previous stages. This stage encourages youth to create a unique business idea and carry the decision-making process through a complete business plan. The best programs enable students to actually experience the operation of a business as well. This stage may take place in advanced high school career and tech-

nical programs, two-year colleges where there are special courses and/or associate degree programs, and some colleges and universities. The outcome is for youth to learn how it might be possible to become an entrepreneur and to practice the processes of business.

Stage 4 — START-UP

After youth/young adults have had time to gain job experience and/or further their education, many are in need of special assistance to assemble a business idea. Community education programs focusing on business start-up assistance are widely available in career and technical programs, community-based assistance programs, community colleges, 4-year colleges, and universities. The U.S. Small Business Administration sponsors many of these training programs.

Stage 5 — GROWTH

Often, business owners do not seek help until it is almost too late. A series of continuing seminars or support groups can assist the entrepreneur in recognizing potential problems and how to deal with them in a thorough and timely manner. Many community colleges and continuing education programs at universities or colleges offer such seminars and workshops for their business community. They recognize that the best economic development plan is to help the community’s existing businesses grow and prosper.

Source: Consortium for Entrepreneurship Education (2004).

Relationship of the *Guideposts for Success* to Youth Entrepreneurship Programming

NCWD/Youth in collaboration with ODEP, created the *Guideposts for Success*, a comprehensive framework that identifies what all youth, including youth with disabilities, need to succeed during the critical transition years.

Based upon an extensive literature review of research, demonstration projects, and effective practices covering a wide range of programs and services – including lessons from youth development, quality education, workforce development, and the child welfare system – the *Guideposts* identify the following five core commonalities as key to transition success: school-based preparatory experiences, career-preparation and work-based learning experiences, youth development and leadership, connecting activities, and family involvement and supports (see Table 2.3).

The research gathered indicated that all youth need the following:

- access to high quality standards-based education regardless of the setting;
- information about career options and exposure to the world of work, including structured internships;
- opportunities to develop social, civic, and leadership skills;
- strong connections to caring adults;
- access to safe places to interact with their peers; and,
- support services to allow them to become independent adults.

The *Guideposts for Success* are based on the following underlying assumptions:

- high expectations for all youth, including youth with disabilities;
- equality of opportunity for everyone, including nondiscrimination, individualization, inclusion, and integration;

- full participation through self-determination, informed choice, and participation in decision-making;
- independent living, including skills development, and long-term supports and services;
- competitive employment and economic self-sufficiency, which may include supports; and,
- individualized, person-driven, and culturally and linguistically appropriate transition planning.

A detailed list under each *Guidepost* provides information on what all youth need. The framework then describes additional specific needs pertaining to youth with disabilities.

Tables 2.3a-e provide a synthesized version of the *Guideposts for Success* as they pertain to youth entrepreneurship programming. Each *Guidepost* is displayed detailing the general requirements for all youth and youth with disabilities. Organizational strategies that can support youth entrepreneurship within that particular *Guidepost* are then provided. Finally, the table lists several examples of entrepreneurial activities particularly that all youth and youth with disabilities can undertake in order to satisfy their needs under the *Guideposts for Success*.

Tables 2.3a-e: Synthesis of *Guideposts for Success* and Entrepreneurial Focus Strategies

TABLE 2.3a: SCHOOL-BASED PREPARATORY EXPERIENCES

General Requirements	<p>In order to perform at optimal levels in all education settings, all youth need to participate in educational programs grounded in standards, clear performance expectations, and graduation exit options based upon meaningful, accurate, and relevant indicators of student learning and skills. These should include the following:</p> <ul style="list-style-type: none"> • Academic programs that are based on clear state standards; • Career and technical education programs that are based on professional and industry standards; • Curricular and program options based on universal design of school, work, and community-based learning experiences; • Learning environments that are small and safe, including extra supports such as tutoring, as necessary; • Supports from and by highly qualified staff; • Access to an assessment system that includes multiple measures; and, • Graduation standards that include options. <hr/> <p><i>In addition, youth with disabilities need to do the following:</i></p> <ul style="list-style-type: none"> • Use their individual transition plans to drive their personal instruction, and use strategies to continue the transition process post-schooling; • Have access to specific and individual learning accommodations while they are in school; • Develop knowledge of reasonable accommodations that they can request and control in educational settings, including assessment accommodations; and, • Be supported by highly qualified transitional support staff that may or may not be school staff.
Entrepreneurship-Related Organizational Strategies	<ul style="list-style-type: none"> • Identify existing standards and determine whether they include specific entrepreneurial standards; • Align entrepreneurial programs/activities/programs/components with existing standards; • Obtain the National Content Standards for Entrepreneurship Education (NCSEE) and work with schools to implement them; • Relate NCSEE standards to state academic standards; • Work to include entrepreneurial activities as part of graduation standards; and, • Develop entrepreneurial knowledge, skills, and abilities of those working with young people.
Entrepreneurship Activities	<p><i>For All Youth</i></p> <ul style="list-style-type: none"> • Create business plans that require research, reading, writing, and math skills; • Have youth participate in additional school-based extra-curricular business-preparation clubs or programs; • Develop portfolio of student’s work during entrepreneurship program; and, • Use individuals from the community with knowledge of entrepreneurship and specific expertise, and industry representatives to review business plans and other aspects of the students’ work. <hr/> <p><i>For Youth with Disabilities</i></p> <ul style="list-style-type: none"> • Develop goals within the transition plan that reflect interest in entrepreneurial education (EE) and programs, and include participation in EE programs; • Identify reasonable accommodations needed to maximize the youth’s ability to benefit from the program; and, • Modify existing curricula to ensure full participation of youth with disabilities.

TABLE 2.3b: CAREER PREPARATION AND WORK-BASED LEARNING

General Requirements

Career preparation and work-based learning experiences are essential in order for youth to form and develop aspirations and to make informed choices about careers. These experiences can be provided during the school day or through after-school programs, and will require collaborations with other organizations. All youth need information on career options, including the following:

- Career assessments to help identify students’ school and post-school preferences and interests;
- Structured exposure to postsecondary education and other life-long learning opportunities;
- Exposure to career opportunities that ultimately lead to a living wage, including information about educational requirements, entry requirements, income and benefits potential, and asset accumulation; and,
- Training designed to improve job-seeking skills and work-place basic skills (sometimes called “soft skills”).

In order to identify and attain career goals, youth need to be exposed to a range of experiences, including the following:

- Opportunities to engage in a range of work-based exploration activities such as site visits and job shadowing;
- Multiple on-the-job training experiences, including community service (paid or unpaid), that are specifically linked to the content of a program of study and school credit;
- Opportunities to learn and practice their work skills (so-called “soft skills”); and,
- Opportunities to learn first-hand about specific occupational skills related to a career pathway.

In addition, youth with disabilities need to do the following:

- Understand the relationships between benefits planning and career choices;
- Learn to communicate their disability-related work support and accommodation needs; and,
- Learn to find, formally request, and secure appropriate supports and reasonable accommodations in education, training, and employment settings.

Entrepreneurship-Related Organizational Strategies

- Examine economic growth information and labor market information for demand and growth and tie activities to those industries;
- Identify individuals and companies in their areas that use industry standards in hiring, training, etc.;
- Develop simulation businesses, simulation exercises or school-based enterprises so youth can practice entrepreneurial skills;
- Have speakers or projects that explain legal and regulatory requirements of owning your own business;
- Include entrepreneurs and small business owners in job fairs and career days; and,
- Arrange job shadowing and internships at small businesses and with entrepreneurs.

Entrepreneurship Activities

For All Youth

- Read about entrepreneurs;
- Take Career Awareness Inventories to understand the characteristics of an entrepreneur and identify their own personal attributes and strengths;
- Participate in job shadowing and internships;
- Keep journals of work experiences and discuss with peers, teachers, and other adults in the youth’s life;
- Interview business owners and those that support business owners (accountants, lawyers, etc.);
- Participate in after-school programs such as DECA and Future Business Leaders of America;
- Assemble a team of professionals (in the school system and community), as well as caring persons in youth’s personal life to serve as a support system while attaining their personal career path; and,
- Use team of professionals and caring adults to assist in developing business plan and carving out steps to establishing and opening a business.

For Youth with Disabilities

- Participate in activities that promote self-determination strategies in disclosing disability-related needs, appropriate accommodations, services, and supports;
- Participate in the development of their transition plans and advocate for them;
- Look for industries with models for serving people with disabilities; and,
- Contact Work Incentives Planning and Assistance (WIPA) programs to discuss benefits in relationship to owning a business.

TABLE 2.3c: YOUTH DEVELOPMENT AND LEADERSHIP

<p>General Requirements</p>	<p>Youth Development is a process that prepares young people to meet the challenges of adolescence and adulthood through a coordinated, progressive series of activities and experiences which help them gain skills and competencies. Youth leadership is part of that process. In order to control and direct their own lives based on informed decisions, all youth need the following:</p> <ul style="list-style-type: none"> • Mentoring activities designed to establish strong relationships with adults through formal and informal settings; • Peer-to-peer mentoring opportunities; • Exposure to role models in a variety of contexts; • Training in skills such as self-advocacy and conflict resolution; • Exposure to personal leadership and youth development activities, including community service; and, • Opportunities that allow youth to exercise leadership and build self-esteem. <hr/> <p>Youth with disabilities also need the following:</p> <ul style="list-style-type: none"> • Mentors and role models, including persons with and without disabilities; and, • An understanding of disability history, culture, and disability public policy issues as well as their rights and responsibilities.
<p>Entrepreneurship-Related Organizational Strategies</p>	<ul style="list-style-type: none"> • Identify mentors and bring in business owners and other caring adults to work with young persons in developing business plans; • Participate in service-learning opportunities to learn about community; and, • Develop simulation businesses, simulation exercises.
<p>Entrepreneurship Activities</p> <p><i>For All Youth</i></p>	<ul style="list-style-type: none"> • Serve in different leadership roles in simulation businesses or actual enterprises, including chief executive officer; • Participate in career and technical education groups such as JA, DECA, and Future Business Leaders of America; • Visit community organizations and resources, such as banks and government agencies and have speakers from those organizations be part of programs; • Develop business ideas as part of a group which requires participation and collaboration of everyone in the group; and, • Make presentations to groups about business ideas.
<p><i>For Youth with Disabilities</i></p>	<ul style="list-style-type: none"> • Identify mentors and role models or business owners and other caring adults with and without disabilities to work with young persons; • Provide youth with information about entrepreneurs in a variety of careers, within the community, or famous entrepreneurs with disabilities; and, • Discuss public policy issues that affect youth with disabilities (i.e., benefits planning).

TABLE 2.3d: CONNECTING ACTIVITIES

<p>General Requirements</p>	<p>Young people need to be connected to programs, services, activities, and supports that help them gain access to chosen post-school options. All youth may need one or more of the following:</p> <ul style="list-style-type: none"> • Mental and physical health services; • Transportation; • Tutoring; • Financial planning and management; • Post-program supports through structured arrangements in postsecondary institutions and adult service agencies; and, • Connection to other services and opportunities (e.g., recreation). <p>Youth with disabilities may need one or more of the following:</p> <ul style="list-style-type: none"> • Acquisition of appropriate assistive technologies; • Community orientation and mobility training (e.g., accessible transportation, bus routes, housing, health clinics); • Exposure to post-program supports such as independent living centers and other consumer-driven community-based support service agencies; • Personal assistance services, including attendants, readers, interpreters, or other such services; and, • Benefits-planning counseling, including information regarding the myriad of benefits available and their interrelationships so that youth may maximize those benefits in transitioning from public assistance to self-sufficiency.
<p>Entrepreneurship-Related Organizational Strategies</p>	<ul style="list-style-type: none"> • Contact and develop relationships with organizations that focus on small business development, transportation, health, etc.
<p>Entrepreneurship Activities</p> <p><i>For All Youth</i></p>	<ul style="list-style-type: none"> • Learn about health/disability insurance options; • Learn about financial literacy and planning through budgeting exercises, visits to banks, filling out credit applications, and calculating interest payments on various purchases; • Develop lists of available resources in the community to see where unmet needs are (community mapping activities); • Learn about organizations and government agencies that provide services to entrepreneurs and small businesses; and, • Introduce concept of helping to develop the community in which they operate.
<p><i>For Youth with Disabilities</i></p>	<ul style="list-style-type: none"> • Contact and develop relationships with disability organizations that promote advocacy and empowerment for career choice such as Centers for Independent Living; • Visit a Social Security office or website to see Social Security funding tools and employment support programs; • Use transition plans to support success in entrepreneurship (consideration of transportation, job shadowing, work-based learning, etc.); and, • Connect to organizations that can provide assistive technology, orientation and mobility training, benefits planning counseling, and personal assistance services.

TABLE 2.3e: FAMILY INVOLVEMENT & SUPPORTS

<p>General Requirements</p>	<p>Participation and involvement of parents, family members, and/or other caring adults promotes the social, emotional, physical, academic, and occupational growth of youth, leading to better post-school outcomes. All youth need parents, families, and other caring adults who do the following:</p> <ul style="list-style-type: none"> • Have high expectations that build upon the young person’s strengths, interests, and needs and that foster each youth’s ability to achieve independence and self-sufficiency; • Remain involved in their lives and assist them toward adulthood; • Have access to information about employment, further education, and community resources; • Take an active role in transition planning with schools and community partners; and, • Have access to medical, professional, and peer support networks. <p><i>In addition, youth with disabilities need parents, families, and other caring adults who have the following:</i></p> <ul style="list-style-type: none"> • An understanding of the youth’s disability and how it affects his or her education, employment, and daily living options; • Knowledge of rights and responsibilities under various disability-related legislation; • Knowledge of and access to programs, services, supports, and accommodations available for young people with disabilities; and, • An understanding of how individualized planning tools can assist youth in achieving transition goals and objectives.
<p>Entrepreneurship-Related Organizational Strategies</p>	
<p>Entrepreneurship Activities</p>	<ul style="list-style-type: none"> • Hold parent nights as part of program so youth can explain their business ideas to family members; and, • Send information on starting a business to family members to increase their interest.
<p><i>For All Youth</i></p>	<ul style="list-style-type: none"> • Make presentations to family members on business proposal; and, • Ask for feedback from family members on business proposal.
<p><i>For Youth with Disabilities</i></p>	<ul style="list-style-type: none"> • Help family members understand how the youth’s entrepreneurial activities may impact their benefits and how available work incentives can be used to the young entrepreneur’s advantage; • Help family members understand the youth’s disability and how entrepreneurship can be a viable career option; • Provide family members with information and access to program services, supports, and accommodations; and, • Provide opportunities for family members to be exposed to entrepreneurs and business owners.

The *Guideposts* and Programs for Youth

The previous tables summarize some approaches that can be used to provide entrepreneurial programming to youth. Entrepreneurial programming for youth, however, is not new. The next few pages describe how different programs teach youth entrepreneurship. For example:

- several programs have created curricula that they sell while others provide instructor training, curriculum resources, and program design support;
- some include career assessments, using the variety of assessment inventories and surveys available to youth-serving organizations;
- some programs, working with younger students, use simulation as a way of introducing self-employment;
- a number of existing programs bring in business owners and other caring adults to work with young people;
- some programs help to develop the community in which they operate by developing businesses as a means of increasing local economic development;
- some programs place young people in an existing business model; and,
- some programs offer a connection to the faith-based community. They work with educators (home school included), faith-based leaders, and youth workers with entrepreneurship education as an outreach tool to the community and as a stewardship training program for youth.

The common connection for all the programs examined in this chapter is that their services support the *Guideposts for Success* for all youth. The information in the next chapter focuses on additional considerations for providing inclusive entrepreneurship programs for youth with disabilities.

There is no one program or set of activities that is right for all young people; rather, it is a matter of identifying what works for the young people served in your program. In making this decision, important considerations include:

- the age, abilities, and interests of the young people;

- the time they have to devote to entrepreneurial activities;
- the available fiscal and human resources (i.e., community support and business support);
- the expertise of staff, and the types of training and support they might need to conduct entrepreneurship activities;
- the effect program participation may have on youth supports and benefits;
- the availability of existing entrepreneurial programs in the area;
- the support of the program from the organization's leadership; and,
- the intended outcomes of the program/activities.

Using the National Content Standards and the *Guideposts*

This section describes how programs operating within the context of the *Guideposts* can support and direct entrepreneurship programming.

SCHOOL-BASED PREPARATORY EXPERIENCES

Literature around entrepreneurship suggests that one of the critical steps in developing a business venture or a school-based enterprise is the development of a business plan. A business plan precisely defines the business, identifies goals, and helps identify the enterprise to others. The basic components include a current and pro-forma balance sheet, an income statement, and a cash flow analysis. The business plan helps the entrepreneur allocate resources properly, handle unforeseen complications, and make good business decisions. Also, it informs sales personnel, suppliers, and others about operations and goals. A good business plan is also a crucial part of any loan application, although loans are not the only way to finance a business. More information on business plan components is found in Exhibit 2-3.

The business plan provides a means for entrepreneurial education programs to support and show that the young person is satisfying the general academic requirements that young people need to meet. Creating business plans requires the use of research, reading, writing, and math skills. Through the

development of a business plan, young people can see how academics being taught in the classroom have relevancy in the business world. Even those programs that only practice the skills needed by entrepreneurs introduce the concept of a business plan.

Some existing programs provide a competition where business plans are judged by a group of entrepreneurs or business persons and given awards or prizes. Business plans can also be part of a young person's portfolio showing postsecondary institutions or employers what they have learned and their accomplishments. School sponsorship of business-focused after school clubs, such as DECA, can also provide youth with additional entrepreneurship expertise and experience.

But business plans are not the only way in which entrepreneurship education can tie to school-based preparatory experiences. Reading in English class about business owners will give youth some idea of what is required, math problems that are rooted in business will show practical applications of math to students, and writing assignments can include the development of presentations about the business proposal.

CAREER PREPARATION AND WORK-BASED LEARNING

A stable, smooth, and supportive transition to employment can reduce the problems of unemployment and productivity that sometimes plague young workers, particularly those workers with disabilities. Helping youth make informed choices about what they want to do as adults begins with career exploration. What happens during the early stages of career development can significantly affect a young person's transition to employment.

Providers of direct services to youth — such as teachers, counselors, service practitioners, or intake coordinators — play a vital role in ensuring that youth have an opportunity to participate in activities and experiences that will expose them to a wide variety of possibilities. One of those possibilities can be self-employment. However, in order to prepare for and pursue self-employment as a career, youth need to know that such a possibility exists. While some youth know about self-employment and small businesses because they have family members or acquaintances

who own their own businesses, others will only learn about self-employment and entrepreneurship if they are exposed to it through career exploration activities. Quality work-based learning experiences help youth connect what they learn in the classroom to the world of work, learn skills that employers value, and lead to informed career choices.

Each young person should have access to information on many careers and have a variety of workplace experiences in order to make an informed career choice. How can young people gain experiences that will introduce them to self-employment? There are many possibilities: in the classroom, after-school, and/or during the summer by actually starting a small business or being involved in one that already exists.

Career assessment is a process to define and explore career options that are compatible with a person's goals, interests, and abilities. It is a key step in a continuous process to help young people make informed choices about their future. Organizations and programs can use a variety of assessment inventories and surveys with young people to determine if they have the personal attributes needed to be self-employed. These tools can help youth understand how their interests have direct application to making good academic and career choices. Most career interest inventories are designed to assist youth (and adults) to identify and better understand their interests and connect them to specific job fields or occupational clusters that align with their interests. Interest testing can provide youth with a meaningful starting point for other types of career exploration activities.

Career days and job fairs

Career days and job fairs bring guest speakers into a classroom or program to describe the work they do. A sole proprietor who owns a nearby store or restaurant frequented by young people may be willing to participate in a career day, as may locally, individually-owned, and family-owned businesses. If your organization purchases services from small businesses, these businesses may also be willing to participate.

Site visits and tours

Site visits and tours typically involve taking a group of young people to visit a workplace to learn about real-

life work environments. The visit is designed to give youth an overview of the different facets of a particular industry. In this way, young people can learn about the wide range of job opportunities within self-employment. For example, some cities have business incubators or locations for small businesses. There may be many different kinds of firms, in different phases of development, in one location for young people to visit.

Job shadowing

Job shadowing is designed to give youth a closer, more in-depth look at the world of work, while bridging the gap between academic learning and the world of work. During a job shadow experience, a young person accompanies an employee on a typical workday in order to learn about a specific occupation or industry. A young person who shadows someone who is self-employed can gain a better understanding of what self-employment entails. Sometimes, activities are scheduled around Groundhog Job Shadow Day, which occurs February 2nd; during National Mentoring Month, which occurs in January; or on Disability Mentoring Day, which occurs on the third Wednesday in October.

Internships (paid and unpaid)

Internships are situations in which students are trained to perform work for a specified period of time, in order to learn more about a particular industry or occupation. Activities may include special projects, a sample of tasks from different jobs, or tasks from one specific job. Internships in a small business provide a hands-on career exploration opportunity for young people interested in self-employment. Although internships are usually short-term, typically lasting for a few weeks to a few months, youth benefit by developing an understanding of what is required to be a successful employee. Internships can be arranged by the young person, by school personnel, by community organizations, or by One-Stop Career Centers. The success of internships is maximized when someone specifically prepares both the employer and the young person for the internship. By defining expectations, arranging accommodations if needed, taking care of administrative details, working with the employer and youth to set clear objectives, and providing both the youth and the employer with ongoing, post-placement supports, both youth and the employer are likely to view the internship experience favorably.

Simulation

One way younger students can be introduced to career exploration in self-employment is through simulation. Activities that simulate a business or economy, such as the Mini-Society, introduce the concepts of entrepreneurship, economics, and citizenship to students, ages 8 to 12. Other simulation programs allow young people to go through the steps of establishing a business while eliminating the risks involved in self-employment. Numerous simulation programs are described in the Resource Section of this Guide.

YOUTH DEVELOPMENT AND LEADERSHIP

Launching a business or school-based enterprise can also provide youth development and leadership opportunities. Such activities provide youth with invaluable experiences in organizational skills, task orientation, persistence, and determination as well as the ability to develop teamwork, problem solving, and critical thinking skills — skills valued by employers.

Internships and apprenticeships naturally generate both formal and informal mentoring between youth and adult workers. Such experiences can be enjoyable and instructive for both the young person and the employee. A number of existing programs bring in business owners and other caring adults to work with young persons as mentors. For example, Junior Achievement (JA), which offers both in-school and after-school programs, is taught by business volunteers.

In some situations, including the workplace, mentoring can be most effective when peers work together. By definition, peers are people from a like group where members have “equal standing.” In a work setting, these peer mentors are not supervisors, but are usually individuals who can orient their mentees to the company or the new position and assist them in managing work and social issues found in an organization. Business-based peer mentoring can be used for entry-level positions requiring limited training or education all the way up to executive positions (Timmons, J., Mack, M., Sims, A., Hare, R., & Wills, J., 2006).

In group business or school-based enterprises or entrepreneurial education programs young people can also take on different roles that exist within a company,

such as that of chief executive officer. These experiences provide not only an opportunity for young people to understand some of the skills needed in a small business, but in addition, provide a chance for youth to learn to communicate their ideas effectively and to learn skills that help to build self esteem, such as self-advocacy and conflict resolution. These are skills needed by young people no matter how they choose to earn a living.

Service-learning is another useful career exploration activity that yields positive results for youth. It is similar to work-based learning in that students work outside the classroom on community projects using work-related skills and knowledge. Some studies show that service-learning has positive impacts on student engagement and motivation, classroom attitudes and behaviors, attendance and school retention, and grades and achievement.

CONNECTING ACTIVITIES

As young people develop business ideas and plans, they are introduced to community organizations and resources, such as financial institutions and government agencies. A major component of some entrepreneurship programs is helping to develop the community in which they operate. For example, Rural Entrepreneurship Through Action Learning (REAL), now operated by CFED (first established as the Corporation for Enterprise Development), develops business as a means of increasing local economic development. CFED/REAL now serves youth and adults of all ages in communities of all sizes. Experiential education is at the heart of REAL. The REAL curriculum, which is activities-based, can be used in a variety of settings and with a variety of age groups including children (K-8), youth (9-12), and adults (in community colleges, four year institutions, and community-based organizations). For elementary and middle schools, REAL encourages children to create an in-school community with an entrepreneurial sector, court system, and bank that address community needs. For high school students, REAL guides students through planning and creating small businesses of their own, with the help of a community support team whose members serve as advisors and mentors.

Some programs place young people in an existing business model. For example, Ben & Jerry's Ice Cream has the PartnerShop Program. PartnerShops are Ben & Jerry's scoop shops that are independently owned and operated by community-based non-profit organizations. In this program, Ben & Jerry's waives the standard franchise fees and provides additional support to help non-profits operate strong businesses. PartnerShops offer supportive employment, and job and entrepreneurial training to youth and young adults who may face barriers to employment. As PartnerShop operators, non-profits retain their business proceeds to support their programs. For example, Juma Ventures operates three Ben & Jerry's PartnerShops in the San Francisco area, and uses a social enterprise model which promotes activities that create social value, while also improving the company's bottom line. It is part of their mission to improve transition for young people by helping them make choices about their future by exposing them to a variety of career options.

FAMILY INVOLVEMENT AND SUPPORTS

Participation and involvement of parents, family members, and/or other caring adults promotes the social, emotional, physical, academic and occupational growth of youth, leading to better post-school outcomes.

Financing new businesses for young people is one area that may require creative solutions, including the involvement of family members and other caring adults. Many entrepreneurs, regardless of their age, look to private sources such as friends and family when starting a business venture. Family members frequently "serve as the bank," by offering interest-free or low interest loans. The Education, Technology and Enterprise Center (EDTEC), an education and management consulting firm, suggests that in place of cash, young people barter for the goods and services they need, or work out sharing agreements with family members and others.

Family members can also help a young person learn about other potential sources of monies and why they may or may not work for the young person. Such avenues may include the following:

- **Personal savings** — Although not necessarily the case with youth entrepreneurs, the primary source of capital for most new businesses comes from savings and other forms of personal resources. While credit cards are often used to finance business needs, there may be better options available, even for very small loans.
- **Banks and credit unions** — Banks and credit unions, the most common sources of funding, will provide a loan if a business proposal is sound.
- **Microenterprise development organizations** — The idea of microenterprises has grown around assisting and supporting populations that have not traditionally shared in the American dream of owning a business—women, those who are economically disadvantaged, and minorities. A microenterprise is a business with five or fewer employees, which requires \$35,000 or less in start-up capital, and which does not have access to the traditional commercial banking sector (Association for Enterprise Opportunity). Financial support for microentrepreneurs can come from a mix of providers. An Association for Enterprise Opportunity (AEO)-sponsored study cites foundations as the most significant source of capital for microentrepreneurs, followed by the federal government—namely the SBA, the U.S. Department of Housing and Urban Development (HUD), and the U.S. Treasury’s Community Development Financial Institutions Fund. Besides these agencies, state and local governments have established microenterprise loan programs, often in collaboration with financial institutions, to further support the success of new small businesses. One such example is Antioch Microenterprise Network in Augusta, Georgia. This network offers business training, life skills training, technology training, and on-going business consultation to aid microentrepreneurs and small business owners in their efforts to launch, sustain, or expand businesses that grow to provide jobs for themselves and for other members and/or service practitioners of the community.

In addition, family members can also help youth interested in starting a small business identify the government agencies they may need to contact, and to understand the legal requirements they will need to

satisfy before their business can start operations. New and existing businesses need to comply with numerous local, state, and federal regulations. Youth interested in starting a business need to know how to research the applicable regulations, and how to comply with these regulations. In addition, they need to understand the consequences that stem from non-compliance. Regulations can be found in a variety of places and most, if not all, can be accessed through the Internet. Family members, as well as service practitioners, can also help connect young people to organizations that can provide more in-depth information, such as Small Business Development Centers and microenterprise development programs.

Getting Started

As seen in this chapter, entrepreneurial programs can provide valuable lessons to a young person. The action steps listed below can be undertaken by family members and/or services providers, to develop entrepreneurship experiences for youth.

1. Locate information sources — Many resources available to youth and adult entrepreneurs can be found in the Resource Section in Appendix A of this Guide. Youth service practitioners can help in determining the right information sources for the young entrepreneur. The Resource Section contains a listing of existing entrepreneurship programs. While this list is by no means complete, it does cover programs with national reach that serve a variety of young people. Programs and activities are available for all ages of youth; activities and duration of programs differ by age group and sometimes by gender or race. For example, Independent Means was started with an emphasis on providing young girls with programs about entrepreneurship, personal finance, investing, and philanthropy. Another organization, EDTEC, has published *Making Money the Old-Fashioned Way*, a history of entrepreneurship in the African American community. For Latino youth, the Girl Scouts of USA hosted the nation’s top young Latino entrepreneurs at the United States Hispanic Chamber of Commerce (USHCC) business training and scholarship competition.

Many programs/curricula are designed based on age. For example, elementary school programs, such as the

Mini-Society created by the Kauffman Foundation, introduce the concepts of entrepreneurship, economics, and citizenship to students, ages 8 to 12. In the Mini-Society program, children create their own self-organizing economic society from the ground up: they name it, create a flag, develop currency, form a government, and start their own businesses to meet market opportunities. Mini-Society is offered in both classroom and out-of-school settings.

Junior Achievement (JA) has programs for students from K-12. In elementary school, seven themes help children understand business and economics. JA uses a collection of short stories and hands-on activities. It also runs JA Enterprise Village, which is a simulated community where students assume the roles of workers and consumers. JA's high school programs for students in grades 9-12 include economic and business curricula, after-school student-led enterprises, and applied experiences in the workplace. They have both classroom and after-school programs and include job shadowing at a business site.

A number of programs work with high school-aged students, in both classroom and out-of-school settings. One program that uses both settings is the National Foundation for Teaching Entrepreneurship (NFTE). NFTE helps young people from low-income communities build skills and unlock their entrepreneurial creativity. NFTE teaches entrepreneurship to young people to enhance their economic productivity by improving their business, academic, and life skills.

Some programs are oriented to the summer, offering information and exposure in a camp setting. For example, YoungBiz offers Smart Start to Money Camp, a financial literacy day camp for middle and high school students.

2. Collaborate with existing programs in your area — There may already be programs in your area, such as JA, which are currently providing entrepreneurial training and activities for all youth. It is important to identify those programs that are already effectively including youth with disabilities and to partner with them for future collaboration. If the programs in your area are not currently working with youth with disabilities, you should encourage them to do so. In

this day and age of limited resources, collaboration makes sense. Collaboration is built on understanding and reaching agreement on different program and organizational goals, resources, and tasks among the partners. A key element of these collaborative relationships is the steady flow of information in both directions.

3. Start small — Have business people talk to the young people. Have young people visit a small business. Have a young person shadow an entrepreneur for a day and then report on it. Conduct simulations where students develop an idea and create a business plan.

4. Develop materials — Find and collect materials that can be used in entrepreneurial education activities. For example, there is a lot of material available on developing a business plan, which is an important activity for entrepreneurs. Case studies that young people can examine to see how others have succeeded are also useful. The Resource Section in Appendix A can assist you in this effort.

After completing these steps, you may wish to support the youth by expanding the scope of entrepreneurship education activities to include the development of group enterprises, perhaps based in the school, or other group or individual projects for young people. Organizations listed in Appendix A of this Guide can provide curricula and support.

Staff Preparation

A crucial component for staff and professionals who serve youth is that they must be prepared with current knowledge and practices as they relate to accommodations and financial planning for youth with disabilities. For most youth, youth service practitioners (adults who work directly with youth) are the face of the workforce development system. Staff members are often the first contact or “face” the young people will see. As success in the workplace for persons with disabilities often depends on the availability and effectiveness of accommodations and supports, staff must be knowledgeable about retaining and maintaining these supports. NCWD/Youth has developed Table 3-5 to show the knowledge, skills, and abilities that those serving youth need. Research has

shown that the professional development of staff leads to better practice with youth, improves program quality, and increases positive youth outcomes.

Just as youth seek to build the competencies they need to be successful in adolescence and adulthood, the practitioners working with these youth must build the knowledge, skills, and abilities (KSAs) needed to assist them in this endeavor. Youth service practitioners with the necessary KSAs can provide all youth with a wider variety of opportunities, resources, and services to maximize their potential and make a positive transition

to adulthood and the world of work. Programs and organizations can be more effective when youth service practitioners are equipped with the critical KSAs to do their jobs. Through the Knowledge, Skills, and Abilities Initiative, NCWD/Youth, in collaboration with ODEP, has identified key competencies which youth service practitioners, policymakers, organizations, and individuals can use to create effective service delivery systems and resources for all youth. The competencies are found in Table 2.5 and can be obtained by visiting <http://www.ncwd-youth.info/ksa/index.html> for more information.

TABLE 2.4

Synthesis of Competencies of Youth Service Practitioners

Competency Area I: Knowledge of the Field

KSAs Needed to Serve All Youth Effectively

- Knowledge of youth development theory, adolescent and human development;
- Understanding of youth rights and laws including labor, curfew, and attendance; and,
- Knowledge of self as a youth development worker, including professional ethics and boundaries, confidentiality, and professional development needs and opportunities.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Understanding of the values and history of the disability field;
- Understanding of disability laws including Section 504 of the Rehabilitation Act (Section 504), Americans with Disabilities Act (ADA), Individual with Disabilities Education Act (IDEA), and Ticket to Work and Work Incentives Improvement Act (TWWIIA);
- Knowledge of key concepts and processes including Individualized Education Program (IEP), Individualized Plan for Employment (IPE), transition, due process procedures, parents' rights, informed choice, self-determination, universal access, and reasonable accommodations; and,
- Understanding of privacy and confidentiality rights as they relate to disability disclosure.

Competency Area II: Communication with Youth

KSAs Needed to Serve All Youth Effectively

- Respect and caring for all youth, including the ability to be open minded and nonjudgmental, develop trusting relationships, and maintain awareness of diversity and youth culture;
- Ability to recognize and address need for intervention (e.g., drug or alcohol abuse, domestic abuse or violence, and depression); and,
- Ability to advocate for, motivate, recruit, and engage youth.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Knowledge of issues and trends affecting youth with disabilities (e.g., low expectations, attitudinal or environmental barriers, need for social integration);
- Understanding of disability awareness, sensitivity, and culture; and,
- Understanding of how to communicate with youth with various physical, sensory, psychiatric, and cognitive disabilities.

Competency Area III: Assessment and Individualized Planning

KSAs Needed to Serve All Youth Effectively

- Ability to facilitate person-centered planning, including the ability to assess goals, interests, past experience, learning styles, academic skills, assets, independent living skills, and needs (e.g., transportation, etc.);
- Ability to involve youth in their own planning process by helping youth to set realistic goals and action steps, make informed choices, exercise self-determination, and actively participate in their own development (includes financial/benefits planning and educational requirements);
- Knowledge of various assessment tools and strategies, and ability to administer assessments (or make referrals, as needed); and,
- Ability to track progress and change plans as needed.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Ability to ensure appropriate assessment of young peoples' disabilities (in-house or through referrals, as necessary);
- Understanding how to use information from assessments and records and recognize implications for education and employment, including any potential need for accommodations and assistive technology;
- Ability to assess independent/community living skills and needs, including accommodations and supports; and,
- Understanding of benefits planning, includes Social Security income and health benefits and their relation to working.

TABLE 2.4: SYNTHESIS OF COMPETENCIES OF YOUTH SERVICE PRACTITIONERS

Competency Area IV: Relationship to Family and Community

KSAs Needed to Serve All Youth Effectively

- Ability to engage and build relationships with family members or other significant persons;
- Ability to connect youth to community institutions, resources, and supportive adults including mentors and role models;
- Ability to engage youth in community service and leadership activities; and,
- Ability to involve families, guardians, and advocates (when appropriate), including connections to disability-specific resources and groups.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Knowledge of family advocacy, support and community resources, including disability-specific resources and organizations; and,
- Ability to match youth with disabilities with appropriate mentors and role models with and without disabilities.

Competency Area V: Workplace Preparation

KSAs Needed to Serve All Youth Effectively

- Ability to facilitate job readiness skill-building and assess employability strengths/barriers;
- Ability to teach job search skills, including use of technology and the Internet;
- Ability to coach youth, assist in job maintenance, and provide follow-up support;
- Ability to match youth with appropriate jobs and careers, including job analysis and skills standards; and,
- Ability to involve employers in preparation process.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Ability to conduct job analysis, matching, customizing, and carving for youth with disabilities, including accommodations, supports, and modifications; and,
- Knowledge of support required to place youth in jobs, including what employers need to know about reasonable accommodations, undue burden, assistive technology, funding streams, and tax incentives.

Competency Area VI: Career Exploration

KSAs Needed to Serve All Youth Effectively

- Knowledge of technology and online search skills;
- Knowledge of tools and processes for career exploration;
- Ability to engage employers in career exploration; and,
- Knowledge of workplace and labor market trends.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Knowledge of workplace and labor market trends, including options for youth with disabilities such as supported employment, customized employment, or self-employment.

Competency Area VII: Relationships with Employers & Between Employer and Employee

KSAs Needed to Serve All Youth Effectively

- Ability to develop relationships with employers;
- Ability to communicate effectively with employers;
- Ability to mediate/resolve conflicts;
- Ability to engage employers in program design and delivery;
- Ability to train employers in how to work with and support young people; and,
- Customer service skills.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Ability to identify, recruit, and provide support to employers who hire youth with disabilities;
- Ability to advocate for youth with disabilities with employers including negotiating job design, job customization, and job carving; and,
- Ability to train employers and their staff in how to work with and support young people, including providing disability awareness training and information about universal access and design, reasonable accommodations, auxiliary aids and services for youth with disabilities.

TABLE 2.4: SYNTHESIS OF COMPETENCIES OF YOUTH SERVICE PRACTITIONERS

Competency Area VIII: Connection to Resources

KSAs Needed to Serve All Youth Effectively

- Ability to identify a range of community resources (people, places, things, & money) that can assist youth;
- Ability to create relationships and network with other community agencies and potential partners;
- Ability to market own program as a valuable resource to community and a viable partner;
- Ability to build collaborative relationships and manage partnerships; and,
- Knowledge about different funding streams for youth.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Knowledge of community intermediary organizations to assist with disability-specific supports and resources.

Competency Area IX: Program Design and Delivery

KSAs Needed to Serve All Youth Effectively

- Knowledge of workforce development system, including technology of workforce development (service management, performance measures, and assessment);
- Ability to work with groups, foster teamwork, and develop leadership and followership among youth;
- Ability to manage programs and budgets;
- Ability to design programs using best practices (considering age, stage, and cultural appropriateness);
- Service management skills, including how to set measurable goals with tangible outcomes; and,
- Ability to evaluate and adjust programs based on outcome measurement and data.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Ability to access resources from special education, vocational rehabilitation, community rehabilitation programs, disability income support work incentives, and other disability-specific programs; and,
- Knowledge of universal access and design, reasonable accommodation, auxiliary aids, and services.

Competency Area X: Administrative Skills

KSAs Needed to Serve All Youth Effectively

- Ability to complete referrals and service summaries using common reporting formats and requirements;
- Written and verbal communication skills;
- Time management skills; and,
- Strong interpersonal skills/ability to work within a team.

Additional KSAs Needed to Serve Youth with Disabilities Effectively

- Ability to complete disability-specific referrals and service summaries, such as IEP, transition plan, IPE, and individualized work plan (IWP).

Research Findings and Implications

Influence of Entrepreneurial Education

When rooted in solid learning theory, entrepreneurial education develops entrepreneurs by increasing business knowledge and promoting the psychological attributes associated with entrepreneurs (Krueger & Brazeal, 1994; Kourilsky & Walstad, 1998; Walstad & Kourilsky, 1999, as quoted in Rasheed, H.S., *Developing entrepreneurial characteristics in youth: The effect of education and enterprise experience*). Studies of entrepreneurship have reported that role models have a critical influence on entrepreneurial aspirations and achievement. People who know someone who owns a business are more likely to be interested in starting a business because they have a role model to follow (Walstad & Kourilsky, 1999).

Gallup polls indicate that 69 percent of high school students want to start a small business, but 84 percent of those surveyed reported that they had no preparation to do so. The

study was commissioned by the Kauffman Foundation in Kansas City, Missouri. High school students, the general public, small business owners, and managers were questioned about their opinions and knowledge about small business (Consortium for Entrepreneurship Education, <http://www.entre-ed.org/_arc/home1.htm>).

Many high school students want to start a business of their own, be their own boss, and actually know how to start a business. A study (commissioned by the U.S. Department of Commerce in 1993) on the attitudes of minority youth and young adults toward business ownership also reported that youth's strong interest in starting a business was mainly attributable to the freedom associated with being one's own boss (Consortium for Entrepreneurship Education, <http://www.entre-ed.org/_arc/home1.htm>).

Business Terms, Definitions, and Terminology Activity

The following list of words will help youth understand the basics of business as they begin to explore entrepreneurship as a career option. These words can serve as the basis for a discussion with youth about business, economics, and general financial literacy.

Bank — A bank is an establishment traditionally known for the custody, loan, exchange, or issue of money; for the extension of credit; and for facilitating the transmission of funds.

Break-Even Analysis — The break-even analysis helps to determine the success of a business before it begins. It describes the number of units of a product or how many hours of a service must be sold to break even or to make a profit. It also describes the effect that changing a product's price or reducing expenses would have on profitability.

Business Plan — The plan defines the business, identifies goals, and helps identify the enterprise to others. The basic components include a current and pro-forma balance sheet, an income statement, and a cash flow analysis. The business plan helps the entrepreneur allocate resources properly, handle unforeseen complications, and make good business decisions. It also informs sales personnel, suppliers, and others about operations and goals.

Collateral — Collateral is stocks and bonds, or evidence of deposit, or other property pledged by a borrower to secure repayment of a loan. The main purpose of collateral in loan transactions is to assure a lender that a loan will be repaid in the case of default.

Cash Flow Statement — Cash is even more important to a business than profits; a profitable business may still be unable to pay its bills. The cash flow statement shows when the business will receive cash and when cash must be available to pay bills.

Income Statement — An income statement shows a business' financial activity over a period of time to determine if the business made or lost money. It matches expenses with business revenues. The income statement includes total sales, cost of goods sold, gross profit, indirect expenses, other expenses, pre-tax profit or loss, taxes, and net profit or loss.

Loan — A loan is money lent through a formal process that needs to be repaid with interest.

Marketing — Marketing is the detailed process involved with promoting, selling, and distributing products or services for the purposes of business.

Pro-Forma Balance Sheet — The pro-forma balance sheet is a snapshot of a business at a particular point in time. It shows a business' assets (what the business owns), liabilities (what the business owes), and owner's equity (what the owner is worth). A new business gets its first balance sheet when the business starts. It is updated annually thereafter, usually at year's end. The balance sheet shows the business' financial status and stability, and if the owner's equity is increasing. It consists of two parts: assets and liabilities, and owner's equity.

Risk — Risk is the chance of loss on an investment due to many factors, including inflation, interest rates, default, politics, foreign exchange, call provisions, etc.

Business Plan Components

The Executive Summary

The Business Description

- The Business
- Business History
- Form of Ownership — Sole Proprietorship, Limited Liability Company (LLC), General Partnership, C Corporation (Inc. or Ltd.), or Sub Chapter S Corporation (Inc. or Ltd.)
- Ownership Interest
- Industry Trends
- Background Information about the Owners

The Marketing Plan

- Products and Services
- The Target Market
- Business Location
- Competition
- Advertising and Promotion Strategies

The Operations Plan

- Inputs
- Facilities
- Operating Costs
- Licenses, Permits, Zoning, Insurance, Tax Number
- Capital Equipment
- Production Methods
- Management Methods
- Employees
- Outside Services

The Financial Plan

- Need for and Sources of Cash
- Equipment List
- Income Statement
- Break-Even Analysis
- Cash Flow Statement
- Balance Sheet
- Supporting Documents

Adapted from <<http://selfemploymenttraining.ruralinstitute.umt.edu/chapter6-intro.htm>>.