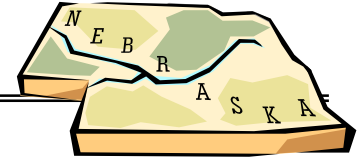


Lesson 4: In Your Own Backyard



Overview: In this lesson students will identify entrepreneurial opportunities that exist in their own community. Students will access web sites for information about population trends and demographic information about their community. From this information students will determine possible market niches and identify potential businesses that could be started to meet the demands of these niches.

Economic Concepts:

Competition
Incentives
Markets

Objectives: The students will be able to:

- 1) Assess the trends in population growth/decline and median age for their community
- 2) Identify market niches based on their assessment of the community
- 3) Identify the current market structure of businesses serving these niches
- 4) List potential businesses that could be started to fill unmet needs

Nebraska Standards:

SS/H—8.3.5, 12.4.17, 12.4.21, 12.4.26

R/W—005.01D, 005.01E, 005.02A, 005.02E, 005.03A, 005.03B,
005.04A, 006.01B, 006.01C, 006.02A, 006.02E, 006.03A, 006.03B

Materials:

- 1) Computers with internet access (one per group)
- 2) Poster board or flip chart paper for each group. (enough sheets to prepare their class presentations)
- 3) Markers and other materials (scissors, tape, glue) necessary to prepare poster board for presentation

Time required: 2 or 3 class periods

Procedure:

- 1) Ask the students how many of them are familiar with a United States one-dollar bill. (All of the students or nearly all of them should raise their hands) Tell the students that you are going to take a short quiz to see how well they really know the dollar bill so they need to number from 1-7 on a blank sheet of paper.
- 2) Ask the following questions (answers to the questions are in parenthesis): 1—How many eyes are there on the \$1 bill (4)? 2—What three words appear below the picture of George Washington (Washington, one, dollar)? 3—What are the titles of the two people whose signatures are on the bill (Treasurer of the United States, Secretary of the Treasury)? 4—What familiar Egyptian structure appears on the \$1 bill (pyramid)? 5—How many “ones” both numerals and words are there on every one dollar bill (17—remember “unum” is Latin for one)? 6—What city’s name is on every \$1 bill (Washington, D.C.)? 7—What does the eagle hold in its talons (olive branch, sheaf of arrows)? After the quiz review the answers with the students and ask how many they got right (it may be helpful to have a dollar bill available to verify answers).
- 3) Ask the students how their community is a lot like the dollar bill.
Make sure you direct the discussion to the fact that because we are so familiar with it we do not pay attention to the details and may therefore be missing out on potential business opportunities. Entrepreneurs who are aware of changes in a community are able to determine potential markets and capitalize on new opportunities.
- 4) Divide the class into groups of three or four students. Tell the students that you are going to do a demographic profile of their community and/or county. The purpose of the profile is to see what their community looks like now and how it has changed over the last 30 years. (This will allow your students to recognize and determine any trends that have taken place in their community.) Instruct students to focus their profile on the following areas: age breakdown, median age, number of people by gender, total population, projected population, employed persons and unemployment rate, income levels and median income, education level of population, and breakdown of industries and businesses.
- 5) Have the students conduct computer searches for information. Two very helpful web sites for this information are:

<http://business.neded.org/> (provides community profiles) and <http://info.neded.org/> (Nebraska Databook and Economy). Students could also visit the Department of Economic Development web site at <http://www.neded.org>. Note: If your school is in a large community or if no internet is available, you could use a city map and divide areas among groups.

- 6) Using the information that they find from their computer search, have the students prepare a presentation for the class on the poster board/flip chart sheets you have provided for them. Explain that each group will present their findings to the rest of the class in the form of a short oral presentation. Therefore, they not only need to record their findings on the poster board; they need to organize a short presentation to be given. (Each presentation should last between 3 to 5 minutes.) **Note: this could be given as an assignment for the next class period.
- 7) Have the groups present their community reports and trends to the rest of the class. After all groups have reported ask the following questions of the entire class and record their responses on the board: a.) What are the demographic trends in the community? b.) Based on these trends, what do you think the community will look like in 5-10 years? c.) Were there any demographic features of the community that surprised you? If so, what were they? d.) Why would information like this be helpful to entrepreneurs? *(It allows them to determine who their potential customers are so they can adjust to and meet the needs of the changing population of their community)*
- 8) Write the following on the board: **Markets—arrangements that enable buyers and sellers to exchange goods and services.** Then have the students list markets and potential markets that they feel exist in their community based on their demographic analysis of the community. Give them 5 minutes to list as many ideas as they can come up with. Then discuss the markets the students have come up with and list them on the board. (Remember to list all the potential markets regardless of how impossible or unrealistic they may seem or if it already exists.)
- 9) From the list developed in Step 8 discuss the markets that already exist in your community because they have both buyers and sellers and the businesses that are in competition with each other within those markets. (For example the food service market may have the

school cafeteria, fast food restaurants, quick shops, and formal dining services in competition with each other for those dollars)

- 10) Discuss potential markets on the list developed in Step 8 that are not markets because they do not have enough buyers to make the business successful or there are no sellers to meet the demands of the potential buyers. For the markets that have the potential buyers but no sellers, ask the students if they would consider opening a business that would meet the demands of the buyers. Have them explain why they would or would not open this business. (For example students might say that they would open this business if they could make enough or a lot of money, if they had an interest in this area, etc.) Explain to them that the reasons they gave are the **incentives** to open the business or the **incentives** not to enter into that market depending on their preferences.
- 11) Conclude the lesson with the following review: Markets exist when buyers and sellers can come together and exchange goods and services. Entrepreneurs will enter into potential markets when there are incentives that encourage them to allocate their resources in that market. This incentive is almost always the profit from their business. In order to maximize their profit, entrepreneurs need to be aware of changes and trends in the demographics of their community so they can better meet the needs of their potential customers.

Assessment:

- 1) The function that encourages an entrepreneur to allocate their resources in a particular market is the _____ function.
 - A. rationing
 - B. information
 - C. incentive *
 - D. absolute price

- 2) Arrangements that enable buyers and sellers to exchange goods and services.
- A. incentives
 - B. demographics
 - C. retail stores
 - D. markets *
- 3) Write a brief paragraph explaining why it is important for entrepreneurs to analyze their community. Use the appropriate conventions of writing when constructing your paragraph.

Extension Activities:

Have the class prepare a complete report of their demographic findings so that it can be presented to various community organizations such as the Chamber of Commerce or Rotary. Have them contact the organizations they would like to present to and set up a time that they can present to these organizations. This exercise will help them find out who the community leaders are in the business community as well as give them a chance to work on public speaking skills.