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Lesson Plan

Finding the Money to Start a Business

70 Minutes

Prerequisite: Lesson 2 & 3 Venture: Entrepreneurial Expedition®

Instructions

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. This lesson plan is designed to support students with the process of finding money to start their own businesses. This lesson plan is also an extension of designing a business pitch with lesson 2.

Objectives

Students will be able to...

- Explain why startup funding matters when launching a business.
- Compare different ways entrepreneurs can raise money to start a business.
- Identify low-risk or creative funding options that may work for teen entrepreneurs.
- Explain why access to business loans is not always equal or fair.
- Use trusted sources to research funding options.
- Create an actionable startup funding plan for a business idea.

Materials

- Student Worksheet: Finding the Money: Startup Funding Plan
- Internet-connected devices
- Projector or board
- Timer
- Optional: printed source excerpts from approved sources
- Optional: sticky notes or chart paper

Lesson Overview

Students will explore how entrepreneurs find money to launch a business. They will learn that funding can come from many places, including personal savings, small loans, community support, grants, crowdfunding, pitch competitions, presales, partnerships, and reinvesting early sales. Students will also examine fairness in lending and consider why some business owners, especially entrepreneurs from marginalized communities in the United States, may face more barriers to traditional loans.

Students will research trusted sources and create a funding plan that matches their business idea, startup needs, and risk level.

Background Knowledge Required

Students should have completed the digital lesson **From Idea to Launch – Planning Your Business**, including business opportunity, customer segment, value proposition, costs, revenue, pricing, promotion, and business model. This lesson extends that learning by asking: **Once you have a business idea, where does the startup money come from?**

<table>
<tr><th>Section</th><th>Description/Format</th><th>Duration</th></tr>
<tr><td>Opening</td><td>Ask students:
Imagine your business idea is ready. You know the customer, the problem, the price, and how you'll promote it. But you need $150 to get started. Where could that money come from?

Have students brainstorm possible answers.

Examples may include:
Save money from a job or allowance
Ask family or friends
Sell something early
Take preorders
Apply for a grant or competition
Borrow money
Partner with someone
Start smaller
Use recycled or borrowed materials
Crowdfund
Reinvest early sales
Explain:
Entrepreneurs do not all start with the same access to money. Today, we'll explore different ways people fund a business, why some options are riskier than others, and how to create a funding plan that is realistic and fair.</td><td>5 Mins</td></tr>
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Section	Description/Format	Duration
Vocabulary	**Key Terms** **Startup Costs** The money needed to begin a business before it can earn enough revenue to support itself. **Funding** Money used to start or grow a business. **Bootstrapping** Starting a business with limited outside money, often by using savings, early sales, borrowed supplies, or help from people you know. **SCORE** describes bootstrapping as starting with little or no outside cash or support, often using the founder's own resources, friends, family, and careful spending. [score.org] **Loan** Money that must be paid back, usually with interest. **Grant** Money that usually does not need to be paid back, though grants often have strict rules and are competitive. The **U.S. Small Business Administration** notes that it generally does not provide grants for starting or expanding a business; most SBA grants support research, exporting, manufacturing, or entrepreneurship-support organizations. [sba.gov] **Crowdfunding** Raising small amounts of money from many people, often for a project, product, or community idea. **SCORE** describes types of crowdfunding, including rewards-based crowdfunding, equity crowdfunding, and peer-to-peer lending. [score.org] **Fair Lending** The idea that lenders must treat applicants fairly and not discriminate. The **Consumer Financial Protection Bureau** explains that the Equal Credit Opportunity Act makes credit discrimination illegal, including for business loans. [https://files.consumerfinance.gov/f/documents/cfpb_credit-inclusivity-deck_2024-07.pdf]	**For Reference**

Introduction to New Material	Mini-Lesson: Funding Is a Choice, Not Just a Number	10 Mins

Mini-Lesson: Funding Is a Choice, Not Just a Number

Before reviewing this content with students, complete Part 1 of the Student Worksheet. Explain that not all funding options are equal. Some give more freedom. Some create debt. Some require giving up part of the business. Some are realistic for teens, while others may not be.

Use this comparison:

Funding Option	How It Works	Teen-Friendly?	Main Risk
Save and start small	Use your own money and reduce costs	Yes	Growth may be slower
Preorders	Customers pay before the product is made	Yes, with adult/school approval	Must deliver what was promised
Early sales	Start with a tiny version and reinvest earnings	Yes	May take time
Family or community support	People you know contribute or lend money	Sometimes	Can create pressure or unfair access
Pitch contest	Win prize money by presenting an idea	Yes	Competitive
Grant	Apply for money that may not need repayment	Sometimes	Hard to find and often restricted
Crowdfunding	Many people contribute small amounts	Sometimes, with adult help	Public promises and platform rules
Loan	Borrow and repay with interest	Usually not alone for teens	Debt and approval barriers
Investor	Someone gives money for ownership or future return	Rare for teens	Loss of control

Tell students:

A smart funding plan is not always “get the most money.” It is “get enough money in a way that fits the business and does not create unnecessary risk.”

Research Activity		25 Mins

Approved Source Set

Students should use at least <u>two</u> of these source types to fill out Part 2 of the student worksheet:

1. **Government small business resources**
   - The **U.S. Small Business Administration** explains loan programs, microloans, investment capital, grants, and local assistance for small businesses. [sba.gov]
   - The **U.S. Small Business Administration** explains that SBA-backed loans reduce lender risk and that microloans can be $50,000 or less for small improvements or startup needs. [sba.gov]

2. **Consumer protection and fair lending**
   - The **Consumer Financial Protection Bureau** works to increase transparency and awareness in the small business lending marketplace. [consumerfinance.gov]
   - The **Consumer Financial Protection Bureau** explains that credit discrimination is illegal under the Equal Credit Opportunity Act and that protections can apply to business loans. [https://files.consumerfinance.gov/f/documents/cfpb_credit-inclusivity-deck_2024-07.pdf]

3. **Research on small business credit access**
   - The **Federal Reserve Board** explains that small businesses often need financing to launch and grow and reviews types of credit providers and credit products. [federalreserve.gov]
   - The **Federal Reserve Board** notes that many entrepreneurs rely on personal savings, personal loans or credit cards, home equity loans, or funds from friends and family. [federalreserve.gov]

4. **Research on barriers and fairness**
   - The **Urban Institute** reports that Black-owned businesses tend to be smaller than white-owned businesses and that challenges like access to capital can have disproportionate effects on Black business owners. [urban.org]
   - The **Ewing Marion Kauffman Foundation** reports that lack of access to capital is a major barrier for entrepreneurs and that many entrepreneurs do not access bank loans or venture capital when starting up. [kauffman.org]

Section	Description/Format	Duration
	• The **Ewing Marion Kauffman Foundation** found that entrepreneurs across racial backgrounds rely heavily on personal and family savings, but different groups rely on financing sources differently, and minority-owned businesses are more likely to report that lack or cost of capital hurts profitability. [kauffman.org] 5. **Entrepreneurship support** • **SCORE** explains bootstrapping and startup financing, including personal savings, friends and family, and careful early-stage planning. [score.org] • The **U.S. Small Business Administration** lists local support options such as SCORE mentors, Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and APEX Accelerators. [sba.gov] **Student Research Task** Students complete Part 3, Part 4, and Part 5 of the worksheet. They must identify: • One funding option that could work for a teen business • One funding option that may be risky or unrealistic • One fairness issue related to business funding • One alternative funding strategy that does not rely on a traditional bank loan Teacher prompt: *As you research, look for funding ideas that are realistic, responsible, and fair. Do not just search "free money." Look for what a real entrepreneur would need to do.*	

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<tr><td>Group Discussion</td><td>Put students in groups of 3–4.
Each student shares:
1. One funding option they researched
2. One risk or challenge
3. One fairness issue
4. One alternative option for someone who cannot get a traditional loan

Discussion prompts:

• Why might “just get a loan” not be realistic for everyone?
• Why might relying on family money create unequal opportunities?
• How could a teen start smaller instead of borrowing money?
• What funding option feels most responsible for your business idea?</td><td>10 Mins</td></tr>
<tr><td>Activity</td><td>Practice: Build a Startup Funding Plan
Students use their research to create an actionable plan in Part 6 of the student worksheet.

Their plan must include:
• Estimated startup cost
• Three possible funding sources
• Pros and cons for each source
• One funding source they would choose first
• One backup plan
• One step they can take this week to reduce startup costs
• One fairness or access issue they should keep in mind

Teacher framing:
Your plan should not assume unlimited money. Entrepreneurs often have to start with what they can access, test small, and grow from early wins.</td><td>15 Mins</td></tr>
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Section	Description/Format	Duration
Closing	**Students complete the reflection:** The most realistic way to fund my business is ________ because ________. (Questions 1 &2 in part 7.) Complete questions 3 or 4 of Part 7 Student Worksheet if there is time. Optional exit ticket: • One funding option I understand better now is: • One funding option I would avoid or use carefully is: • One fairness issue in startup funding is:	**5 Mins**