



CLASSROOM ACTIVITY

Show Me the Funding

OBJECTIVES

Students will be able to:

- Identify reasons why businesses require additional funding
- Define common forms of business funding, including bootstrapping, family and friends, business loans, crowdfunding, investors, and grants
- Craft a logical argument for why an entrepreneur would choose one form of funding over another

GRADE RANGE

6–12

DURATION

45–60 minutes

OVERVIEW

In this activity, students begin by considering how a would-be entrepreneur can obtain funding. Each student is then assigned one of six videos from the Million Stories' series Ramen Profitable. With other students that watched the same video, they reflect on why and how the business obtained funding. Using a jigsaw strategy, students form new groups with one person from each of the previous video groups. In their new group, students discuss six forms of business financing: bootstrapping, family and friends, business loans, crowdfunding, investors, and grants. In addition to pointing to examples of each from the videos, students consider the benefits and tradeoffs of each option.

STANDARDS CORRELATION

National Standards for Business Education

Entrepreneurship Levels 1, 2, and 3

- Explain the role of seed or startup money for an entrepreneurial venture
- List common sources from which entrepreneurs can secure funding
- Differentiate between debt and equity financing
- Explain the advantages and disadvantages of primary sources of borrowing
- Discuss potential sources of funding (e.g., mortgage, short-term loan, long-term loan, grants, angel network, investor, credit line, crowdfunding, etc.)
- Discuss the concept of bootstrapping

MATERIALS

- **Devices with internet access**—one per group
- **Watch It. Write It. Student Capture Sheet**—one per small group
- **Types of Business Funding Student Capture Sheet**—one per student
- **Venture Valley Connect: *Borrowing to Grow* Student Capture Sheet**—one copy per student (optional)

ESSENTIAL QUESTION

Where do businesses turn for money?

TEACHER PREPARATION

This activity involves students watching videos from the [Million Stories](#)' series [Ramen Profitable](#). As written, students are assigned to watch one of six videos. They can watch these independently or with the other students who are assigned the same video. If devices are limited, consider allowing time for students to watch the videos on the same device one at a time. As with all videos for classroom use, watch each of the videos before assigning them to your students.

If you are not familiar with the jigsaw teaching strategy, consider reading more about the strategy and/or watching a brief video on it, such as [this one](#) from Harvard University or [this one](#) from the University of Michigan.

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

PROCEDURE

Engage

- Invite students to imagine that they are starting a business. They have a fantastic idea and are sure that it will be a success. There's just one challenge. To get it off the ground, they will need some funding to cover the start-up costs. Where will they get the money?
- Call on volunteers to offer their ideas one at a time. Direct them to only provide answers that have yet to be mentioned. Discuss ideas as they are mentioned and/or ask students to clarify their responses.
- Inform students that they are going to watch a video about a business. Direct them to pay attention to the entrepreneur's need for funding, how they got it, and what they did with it.
- Assign one of the videos below to each student. Provide time for them to watch the videos on their own or in groups.
 - [Flikshop: The Tech Startup Sending Postcards to Prison](#) (6:14)
 - [Mozzeria: The Deaf Chef Who Turned a Liability into Profit](#) (9:34)
 - [Shine Turbine: The Company Crowdsourcing Clean Portable Energy](#) (7:36)
 - [Tanoshi: 10-inch Tablets Closing the Education Gap](#) (6:22)
 - [Toybox: The 3D Printer Disrupting the Market](#) (7:26)
 - [WearWorks: Technology That Unlocks Independence](#) (7:15)

MILLION STORIES

Million Stories offers videos on a range of personal finance and entrepreneurship topics. The channel is free-to-access and has no advertising. The videos in this activity come from the series [Ramen Profitable](#) which features early-stage founders as they strive to turn a profit. Other entrepreneurship-focused series that might interest students include:

- [Make it Work](#): The unexpected stories of how big-name companies started out as something completely different
- [Wags to Riches](#): A docuseries about animal-loving entrepreneurs who turn a passion into a business
- [Make it Count](#): Stories of entrepreneurs working to help the environment
- [Goal Getters](#): How hustle, persistence, and entrepreneurial mindset turned people's dreams into reality
- [Do the Hustle](#): Advice from entrepreneurs and creatives who've achieved the impossible: turning their side gig into their dream career

EXPLORE

- Invite students who watched the same video to form a group. Provide a copy of the **Watch It. Write It. Student Capture Sheet** to each group.
- Direct each group to answer the questions. If needed, they can rewatch the video or portions of it.
- Ask each group to nominate a spokesperson to briefly summarize the video they watched and the sources of funding they identified. Call on each spokesperson to share.
- Inform students that they will now form new groups. Task each group with assigning a letter to each group member (A, B, C, etc.). Form new groups with all of the students with the same letter. In other words, all of the students who were given the letter A in their original groups will form the A group. Each "letter" group should now have someone from each "video" group. If you have a few students left over, double up on some letters in certain groups. (**Note:** *You may be familiar with this strategy, often referred to as the jigsaw approach.*)
- Let students know that they have watched videos together featuring entrepreneurs who used many forms of business funding. Together, they will explore the more formal names for these forms of funding and consider the benefits and tradeoffs of each.
- Distribute a copy of the **Types of Business Funding Student Capture Sheet** to each student. Challenge students to complete the grid with the information they learned from watching the videos. Each student should be able to offer the business they watched as an example of one or more forms of business funding. Students should discuss what they saw in the videos and their own ideas about the benefits and tradeoffs of each form of business funding.
- If time allows, direct students to return to their "video" groups and compare and contrast how the entrepreneurs in the video they watched sought funding as compared to those in other videos. Did the entrepreneur make a good choice in how they sought funding? What sources of funding did they not consider? Could one of those have benefited the company?



EXTEND

- **Venture Valley:** The game, [Venture Valley](#), allows students to simulate decisions made by real-world entrepreneurs. After playing several rounds of the game, invite students to share whether or not they borrowed money to expand their businesses. If so, did this decision pay off? Do they think borrowing money for business expansion is a good strategy in the game? Why or why not?
- **CrowdFund It:** Invite students to explore and compare crowdfunding platforms, such as [Indiegogo](#), [Seedinvest](#), [Mightycause](#), [StartEngine](#), [Kickstarter](#), [GoFundMe](#), and [Patreon](#). What types of businesses are raising funds on each platform? Is there an idea that you might consider worthy of an investment?
- **Local Banker:** Contact a local bank branch and ask if someone who handles business lending would be available to speak to your class. Ask them to share what they look for when deciding whether or not to lend money to a business or entrepreneur.
- **Debt vs. Equity Debate:** Most business funding falls into one of two categories: debt or equity. In the case of debt financing, the business owes money that must be repaid—generally with interest. Equity financing involves giving a percentage of the company's ownership or equity to whoever provides the funding. Invite students to divide into groups and debate which is better for a business: debt or equity financing.

VENTURE VALLEY CONNECT

In *Venture Valley*, students encounter several choices related to financing their business. For example, they can take out a business loan to fund more locations or expand product lines. They also make decisions about how much of their profits to reinvest in the business or transfer for personal use. If your students are able to play *Venture Valley*—either in the classroom or on their own time—use the **Venture Valley Connect: Dive into the Finances Student Capture Sheet** as a way for students to consider the decisions they made in the game and to describe the impact. Consider opportunities for students to share their reflections and discuss how they might approach similar choices in future gameplay and/or in the real world.

Watch It. Write It.

Directions: Watch one of the videos then answer the questions below.

[Flikshop](#)



[Mozzeria](#)



[Shine Turbine](#)



[Tanoshi](#)



[Toybox](#)



[WearWorks](#)



Video Title	
What product or service does the business provide? Briefly describe it.	
Why did the business need funding?	
Where did the business turn for money?	
How much money did the business raise? <i>(If the video doesn't say, put N/A for not applicable.)</i>	
How was the money used?	



TYPES OF BUSINESS FUNDING

	Bootstrapping using your own money to start the business, also known as self-funding	Family & Friends money from loved ones can be gifted or offered as a loan	Business Loan getting a loan requires proof of a solid business plan and an ability to repay the loan plus applicable interest	Crowdfunding websites like Kickstarter and GoFundMe connect businesses with people willing to fund them	Investors venture capitalists, angel investors, and accelerators offer funds in exchange for ownership in the company	Grants money from sources such as government, universities, and foundations that doesn't need to be paid back
Examples						
Benefits						
Tradeoffs						

Venture Valley Connect: Borrowing to grow

You've played the game, now make the connections!

In *Venture Valley* and the real world, businesses can obtain loans to help their businesses thrive or (in some cases) survive. Some businesses turn to bank loans as a way to purchase new equipment or space. Others get lines of credit in order to help with cash flow challenges. However they are used, most bank loans have one thing in common: they need to be paid back with interest.

Respond to the following prompts and demonstrate your understanding of how business loans work and what you think about them.

1. Think back to the businesses you established in Venture Valley. Did you ever use a business loan to expand one of them? Why or why not?
2. Explain in your own words how a business loan works.
3. When do you think it is a good idea for a business to consider a loan? When might a loan not be in the best interest of the business?