

# **The New Totally Awesome Business Book for Kids (And Their Parents)**

## **by Arthur Bochner and Rose Bochner**

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Commentary by Leo Schreven

This month we are going to do a fun book for parents and kids. Often in our live seminars when I talk about my daughter and the little businesses that she runs, people come and ask me for ideas. So this is the best book that I know of to help people in this process.

There's a lot to running any business, even a small one for kids. You have to think of a way that works to make money, find people to work with, get supplies, be on time, keep records, speak up for yourself, use the telephone, and do many other things both small and large. The new edition of this book also focuses on the environmental issues that many in society are concerned about. This makes it a very positive book for kids who cannot only feel good about building a business, but also making a difference in the world. It is helpful that the book comes from a perspective for both boys and girls.

There are three questions they raise in the introduction. The first one is about the big picture. The big picture is seeing all the important things about a business—things such as the cost of the business, where to get the supplies to run it, the way it would work in your area, do you need other people to help make it work, what skills are needed. In other words, can I do the job? Looking at the big picture is very important.

The next question is, to run my business do I need to work with my parents? And the answer in most cases is yes. But this is a very important tool for young people because the skill of working with other people is called human relationships and is one of the most important skills a young person needs to learn.

The third question is about the real secret of business success. They bring out a very important point in the book—the biggest secret to

success is attitude. A failure mentality leads to failure. Successful attitudes help you succeed. Creating a clear, specific name for the work you do and being positive about it is the main ingredient.

In the next chapter in the book you will find a letter to mom and dad. It discusses the importance of parents getting involved in their children's financial education. Like any other aspect of parenting, this takes work on the parent's part. If you feel a little intimidated by this, recognize that you can learn with your children. You don't have to have all the answers. You will have to help them with things such as signing contracts, teaching them to pay on time, showing them how to complain if the service they receive or products are not correct, etc. It is also a golden opportunity to teach your children values such as integrity, honesty, and responsibility, while helping them develop skills such as public speaking, writing, and math. But one of the greatest gifts for life that you can give your children is the self-esteem and control they will feel when they run a successful business.

You have probably heard the statistic that the fastest-growing area of business in the United States is with women. This revelation has shown us that success in business is not limited to gender, skin color, or whether you grew up rich or poor. It's available to everybody.

But recently, the interesting thing in our culture is that business has almost become a dirty word. Often business is looked at as something sleazy and beneath them. This is something that children will face, and it is very sad. So one of the greatest jobs you will do as a parent is to reprogram the negativity that your kids will encounter in the educational system, the media, and their friends around them. The book also focuses on building businesses at home. This removes the risk of your children working with strangers.

What I like about this book also, is that it teaches us to take personal responsibility. They emphasize that one must get out of the blame game where they blame everyone else for their failure. Saying that other people have all the luck, or they were born rich, or she married a wealthy husband, or if I had what they had, is all an excuse and you have to train your children not to get into this mentality. The cure for this is to expect a lot from your kids. Help them accomplish tasks that they think are impossible. Constantly give your kids situations they

can master. Success breeds success and gives your kids an unshakable confidence. Parents should include their children in all their financial decisions. Don't hide your financial situation from them, even in rough times. Every time you allow your child to handle something big or small, it reinforces their mastery of life situations. If you need to fly for a business trip, ask them to help you with the arrangements. Then they learn all about airline schedules and talking to other business people. If you need to buy supplies for your office show them how to find suppliers. Helping them experience success in small increments is the key to making them successful.

What your children think of themselves while they are learning, what they say to themselves about themselves while they are running a business is very important. The concept of self-worth, self-appreciation, and self-confidence is the essence of success in business. A child who says, "I can't" never will. The lack of success in even one area will lead to the child underperforming and the defeat spiral will deepen. So it is imperative for parents to notice what their children are thinking and how they are relating to life.

The book then begins with a review of business in general and how it works. There are a number of special skills, such as using the telephone and the Internet correctly to get information. These skills are needed not only in business but in many things we do every day. Then different businesses are described. Once you have chosen your favorite business or two, you'll need the skills to make the business a success.

Let's begin by asking what kind of business is this? Most people think of business as something that makes money. But it is broader than this. Just as there are many different kinds of people there are many different kinds of businesses. Let's discuss the main three.

1. **A trade**. This is a business that is engaged in selling something. This kind of business is in the retail trade which means you sell directly to the public. Another type of trade is supplying something. Suppliers sell to retailers. An example would be a store like Circuit City that is a trade business. But the Sony Company, as a supplier, sells Circuit City cameras and videos which they turn around and sell for retail.

2. **A service**. A service business sells help, not things. For example, hairdressers, lawyers, and car mechanics sell their services to you.

3. **A producer**. A producer manufactures things that you or service businesses use.

The trend today is to have a business that does all three—sell, service, and manufacture.

Nearly all the successful businesses in the world create a brand—an image. As soon as you see the brand or hear the name it gives certain feelings of happiness, contentment, satisfaction, or other good feelings.

The most important question to answer is what is business? The answer is **business is people**. Without people there is no business. Therefore, every business has to have five things: A body which is a legal entity, a personality which is its brand image, a goal which is the business purpose, and a heart which is the people who believe in what they're doing. Also, there is one more part that is often overlooked, and that is a conscience. Does the business know right from wrong? This is called business ethics and in today's world it is one of the most important ingredients.

Chapter 2 introduces the body of the business. Things like corporations, partnerships, and sole proprietorships. Businesses have their own names—they file their own taxes, and have their own address. They even continue to live after the person who created them dies. A business has a life of its own, and there are many types of business entities. Let's deal with the three main ones.

### **Corporations.**

A Corporation is a business entity in which stock for shares of ownership in that corporation are issued. The people that own these stocks are the true owners of the corporation. A closed corporation simply means only a few people own all the shares and they are restricted from being sold to others. Then there is a public corporation that will sell its shares to the public.

To form a Corporation, people must have a business idea or purpose. Then you have to file a business certificate in the state in which the corporation calls home. It then gets a registered name and applies for a tax notification number. Once this is done a corporation acts just like a person and can conduct business just like a person. Obviously the corporation needs real people like you to think and act for it and to sign it. These people are called the Officers and Directors. Small corporations have only one person, and that one person can wear many hats—President, Vice-president, Treasurer, Secretary, and any other officers in the company.

Larger corporations have many officers and directors. The top dog is the chief executive officer, or CEO. He runs the entire company, does the hiring, and makes the big business decisions. The next powerful person is the chief financial officer, or the CFO. He handles all the money.

### **Partnerships.**

Another type of legal entity is the partnership in which two or more people are the owners. No shares are issued. This is usually done with a written contract. Partnerships can work wonderfully or they can be the biggest curse on earth. It is hard to find good people to work with. Being fair and keeping everybody happy occupies a lot of time. A partnership agreement that spells out the rules is critical. Just remember 4 important points.

1. Who does what.
2. Who brings what to the business.
3. Who gets what.
4. How the profits will be divided.

I know very few Partnerships that have ever worked out. Be extremely careful and put every detail, to the smallest item, in writing.

### **Sole proprietorships.**

A sole proprietorship is the easiest of all business entities to start. One person owns and runs everything. They may hire employees, but he or she owns the business. For most kid's business, a sole proprietorship is the easiest to start. The good news is these can

grow and later become corporations or partnerships.

Chapter 3 then gets into the **mind** of the business. To really have a business, you need to have an idea that lives, a purpose to what you're doing. If the purpose is a good one and the idea behind it is smart you will have a successful business. If the truth were told, the mind of a business is much more important than the body.

The main thing for business purposes are:

- Gathering raw materials to be used in manufacturing
- Supplying raw materials
- Manufacturing
- Wholesaling
- Retailing
- Consulting
- Servicing
- Telecommunications
- Construction

The one important principle in all this is, no matter how advanced businesses get, all businesses depend on one another in some way. They either trade or sell, they either service or help, or they manufacture and make things. The sellers need the manufacturers, the manufacturers need the traders and the traders need the service people and they all use telecommunications and e-mail in order to make their work easier and to communicate. This is known as the business circle and it is always good to understand in which category your business will fall. It's also good to figure out what other businesses you will need to make yours work.

The next chapter talks about the benefits of a home-based business. Believe it or not, some of the biggest retail businesses do not have stores. In fact, before the Industrial Revolution nearly all businesses were in people's homes. But in the last few years there has been another revolution. Because of computers and telecommunications, people are starting to work from home again more and more. My business and ministry is one that I carry in my backpack and it goes all over the world with me. This is the nature of the new revolution we live in.

Chapter 5 talks about the heart of a business which is people. No matter what the policies are of any business, everyone has to agree that the people are still the heart of a business. In upper management, you need officers like a president, vice-president, treasurer, and directors. These people make top decisions about the business as a whole. In middle management you have departmental heads and vice-presidents. These people carry out the decisions of upper management, and support and supervise the staff. Then you have support staff such as secretaries, receptionists, administrators, bookkeepers, computer operators, factory workers, and just about anybody else who is not management. Obviously, businesses know that they are better and more productive when their workers are happy.

Businesses can't do just anything they want. They are under a lot of regulation from the government. There is a lot of opinion about how much control the government should have over business. My personal opinion is the less the better. But the main thing that kids need to know is that a business has an obligation to do the right thing even if it means making less profit.

Okay, with this background let's turn to the next section of business skills. We're going to go to several specific ones.

1. Speak up:

Why don't most people speak up about problems? The main reasons are they don't think it's worth the effort, they don't know how or where to complain, they don't think it will do any good, or they are afraid they will get yelled at or laughed at when they speak up. In business you need to know it is worth the effort—it will do some good. It's easy to learn how and when to talk. In business you must be able to communicate.

2. Budget:

The next part of the book deals with making business budgets. A business budget is a way of figuring out whether you are making or losing money in your business. It is one of the most important things you must learn to do. To begin, it is important to understand cash flow. Sometimes you spend and get paid at the same time. But if you have to spend before the money comes in, you have a cash flow

problem. **If I were to give you one single important rule in business, you must take cash flow into account.** Even if you make more money each month than you spend, you may still get a bill that you cannot pay on time because your cash is not coming yet. So the first rule in business areas is to make sure you have cash so you can pay any bill anytime it comes in.

For kids, it is simple to make up a budget of income and expenses. Show them how to write down all the things that make money which is called income, and then write down how much money you spend called expenses. Show them how to subtract the expenses from the income. If there's money left over you are doing well and made a profit. If you have made no profit and no loss, you have a balanced budget. But if your expenses are greater than your income then you have to figure out a way to reduce spending and increase the income. It also teaches children the absolute necessity of honesty when it comes to business—honesty with themselves first of all. Budgets are the only way to set and achieve financial goals. Putting together a budget before you start a business helps you know where you are before you start. This is called a preliminary budget.

### 3. Records:

The next chapter deals with the importance of keeping records. Records are the life of your business. Records tell you what people owe you, sometimes called Accounts Receivable. How much people have paid you already is referred to as Income. How much you owe others is called Accounts Payable, and how much you have paid others is called Expenses. You also need to keep track of your business budget, your suppliers' names and addresses and your customers' names and addresses. You also want to have a Profit and Loss record. It is also good to keep Time Sheets which help you know how much time you are spending on your business, and whether the product you are making is worth your time. It is also good to have a Filing System. You can use computer programs or just a simple piece of paper.

### 4. Telephone Skills:

The next skill you will develop is communicating by telephone and e-mail. Being able to communicate is a key skill in any business. When you're on the phone with an adult, don't be afraid to speak. If the adult



you're speaking to laughs a lot, it is not to make you embarrassed. Most adults are just dazed and amazed when a kid does business and they love it. Always speak slowly and clearly. Speak with confidence and power. When you talk on the phone about a business matter, always have a pen or pencil and a piece of paper so you can take notes—the same for e-mail. Your e-mail should be polite, professional, and free from any spelling mistakes. It is also important to give a word of caution here. For kids doing business, it is important to remember that not everyone you talk to will have good intentions. Some grownups take advantage of kids and will hurt them. It is very important to check with your parents, and never give out any of your personal or business information to someone that you do not know or trust.

#### 5. Getting Information:

Another skill is getting information. Finding good information is critical to doing good business. The telephone book and Internet are your best resources. Telephone books contain an amazing amount of information. In the white pages you can find a listing of businesses in your area. Blue pages will list all the federal, state, county and local government offices in your area. The Yellow Pages can tell you the products and services available in your area. You can also find a list of zip codes for your state, maps of local parks, area attractions and museums. The Internet provides search engines like Google which can help you find just about anything that exists in the world. You can look at other people's websites, get into their chat rooms and learn from them. The best news is it's all free. The same caution needs to be given here again about safety. The Internet is a wonderful blessing, but it is also a very dangerous tool. Parents should be sure that they have installed the proper software to protect children from the predators, porn, and other items that could hurt them.

#### 6. Negotiation:

The book then talks about negotiation. Negotiation is simply the way you work out a contract. It's a discussion between two or more people or groups about the terms of an agreement. Making deals and signing contracts are crucial steps for a kid to learn. The most important step here is to know what you want. Always make this clear and direct at the start of negotiations. Recognize that most people will not be willing to give you everything you ask for. It is also important in

order to negotiate a contract to know what the other person wants. So listening is a very important skill in negotiation as well. When negotiating, don't be intimidated by the other person if they are adults. When you negotiate, always hold your ground and don't give up easily on what you want.

Perhaps the most important chapter in the book is Chapter 13. This discusses how to put everything in writing. As a businessman myself, all I can tell you is that this skill is the most important skill I have ever learned. After negotiating a contract, you should always put your agreement in writing. Put down every detail in writing. When you do that, your agreement becomes a contract that you can count on. Remember, if nothing is in writing, it's just the other person's word against yours. If you don't put things in a written contract, the other person might do something you didn't agree that they should do. You might lose money. The main reason to have a contract is to avoid misunderstandings and to prevent fights and lawsuits. Always put in the names of the people who are involved and the date the contract is signed. Detail what the people involved have to do, such as the time in which the people have to finish their task, how much the people involved get paid, who will pay them, and when. And remember that a contract is a living, breathing entity. It can be changed, added to, renegotiated or canceled. I can't tell you how many times a contract has saved my life. Many times people are reluctant to sign contracts and will say things like, "Don't you trust me?" "Do you really think we have to have a contract?" "I only make deals with a handshake," etc. Don't fall for any of these! When a person is not willing to sign a clear contract it is a perfect indication that you do not want to do business with them.

Now that you're ready to go, your next step is to pick a target market. A target market is a group of people who are just the kind of people who may want to use your product or service. To find them, you have to imagine who they are. For example, if you are pet sitting, you may want to look for people who have pets and are going on vacation. Sometimes you can test a market of different age groups, and/or gender groups, and keep records who bought from you. You make more money faster if you define the target group who want you, or your product. It is good to ask the question, what makes your target market want what you have to offer? Some people may be interested

only in a good price and don't care about the quality. Others don't mind the high price as long as the job is done very well. For others getting the job done quickly is what is most important because their time is at a premium. To have a successful business you have to be able to accommodate your best customers and give them what they want.

Once you figure out your target audience, marketing is the most important part of business profitability. How to advertise is a critical question. And there are many answers that change with the circumstances—from radio and newspapers, to posters on telephone poles, the advertising methods are endless. The Internet, business cards, flyers, word-of-mouth—no matter what way you try, it is critical to discover the most effective advertising at the cheapest price you can find. You can also use free publicity. If you have a unique product or service you can often get newspapers, radios, and TV stations to do interviews with you and get your information out to the public. You do this by creating a press release. There are seven important items in a press release:

1. The name of the business
2. How to obtain the product
3. Where to get the product
4. Date of events if any
5. A catchy title
6. Something unique
7. A quote

You can also do promotion and give away free items, get a famous person to appear at your event, or give some of your profits to charity. Similar to this is special incentives by offering something extra with every purchase. The word, "Sale" is a magic word in business. To get good ideas about good ways to offer incentives look at your newspaper, TV, or Internet advertisements that make you think, "Wow that is a good deal!" Notice how advertisements are worded.

Advertising is not hard. A couple of little tips that can help you are to create a logo or a symbol that signifies your business, a picture of your face on your brochure or ad, and listing the three most important benefits of what you are selling. Also be sure that your ad tells your readers how to find you and what your goods or services cost. You

could also use testimonials from someone that has used your product or service.

The next chapter discusses the power of networking. Networking is a way to expand your business by helping others. The bottom line to successful networking is to meet as many people as you possibly can. Keep names of your suppliers. Do special things for other people. Qualify the people you network with and make sure that they are honest, fair and reliable.

In all these little skills, human relations are required. Human relations are the way that people interact with each other. One of the most important skills is to know and understand the other person's need. This is the number one rule of business—find a need and fill it. If your business suits the needs of your community, you will do well. It is very important to know the habits of your customers and potential customers.

Okay, that pretty much covers Part Two. The book then goes into Part Three with listing 20 super-businesses which as a kid you can start right now. I'm going to make comments on these based on personal experience as well as what the book teaches.

**Business #1.** Lucrative lemonade. The interesting part about this is that lemonade has been around for a long time. But a new version of it is modern, health-conscious, preservative free, low sugar lemonade—fresh lemons, filtered water, and other things that reach a health conscious mind. Set up in a good location. Work with a public organization and share a small percentage of your profits if they let you use their property to sell on—for example, outside of the school when the kids get out. Learn to franchise your business so others open up their own little stands and you get a small cut from each one.

**Business #2.** Designer dollars. This is a good business for people that enjoy artistic things. You create sweatshirts and T-shirts with your own unique designs on them, or you can make personalized shirts by putting on whatever the customer wants. This is a good business to take on the Internet. The capital you need to start this business is quite high. It also requires a little bit more business savvy than most businesses.

**Business #3.** Basic yard work. It requires very little capital investment, just a rake, a shovel and some basic tools. Obviously in some climates this is a seasonal business—the same for lawn mowing. Dependability and consistency are very important in these jobs.

**Business #4.** Nursery duty. You can offer two different services. The first service is nursery cleaning. You can create a unique niche by choosing to use environmentally safe products that are non-toxic and are better for babies. The second service is to sell environmentally safe cleaning products that the customers can use themselves.

**Business #5.** Good garbage. This is really called the composting business. When you let leaves and other organic materials get attacked by heat, they rot and form a rich, dark, dirt-like material called compost. People who like to garden will buy your product because it really helps the plants. This is a great business because profits are high and you don't have many costs. You can get a group of people that you know to save all their organic material such as banana peels, leftover food from plates, fruit, vegetables, leaves that are raked, etc., and once a week make a trip to collect from them. Other people's garbage becomes your profits.

**Business #6.** Outdoor and indoor plants. This business can often be started in your own house, and can grow to a big, profitable business very shortly. You can also capitalize on where you live. For example, if you live in an inner-city area, you can take indoor plants to people and to offices as well. If you live in the country, you can always begin starter plants that the people can transplant into their gardens a couple months later. One of the best inner-city businesses is to start gardens on the roof tops of buildings. The customers each get a garden plot and it is a great way to relax.

**Business #7.** Garage sales. You can begin by going to your own house and picking out the things you don't need or want anymore. You can also sell on websites like eBay. You can go to other people's homes and ask for the junk they want to get rid of and have a sale once a week. Your biggest expense is advertising where your sale will take place.

**Business #8.** Starting your own bookstore can also be a profitable business. People often have tons of books they want to get rid of. Getting these books for free or for a very low price and reselling them for a profit is a great business for kids. You can also add CDs, videos, DVDs and other forms of media.

**Business #9.** The food business is a great one for kids and has many variations. You can start with your own home and your eating habits. You can offer your services as a shopper for people that don't have time to go grocery shopping and deliver the food to their home once a week. You can buy food in bulk and sell it in smaller quantities for a profit. You can grow your own fruits and vegetables and charge the regular store price and make that profit margin.

**Business #10.** Along with the food business, you can also use coupons. It takes time to find, cut out, and organize coupons. That's why lots of people don't use them. But that's where you can start a business by finding coupons in the mail, in newspapers and magazines, and shopping for the people using the coupons. You have to create a coupon filing system and be able to track how much money you saved the people by using the coupon. You keep this profit margin.

**Business #11.** Then there is recycling. You can recycle containers, aluminum, and many other things. Go to your neighborhood and ask the people to put recyclable items in separate trash cans that you will go through once a week.

**Business #12.** One of my favorite kids' businesses is a used children's clothing store. You can run this on consignment—just get a bunch of people to donate their used kids' clothing that the kids have grown out of. You can expand to include shoes, purses, hats, baby strollers, playpens, etc.

**Business #13.** Another great business is to be a waste management consultant. This is where you sell your good ideas about how to cut costs or make money by stopping waste. What's good about this business is you can also help others save money while you make money.

Generally what you do is a survey to see what is wrong or can be improved in a person's home or business. You write these things down clearly so your customer can understand the problem. There might be water-wasting leaks, loose doors and windows that waste heating, and many other items. Then you have to know how to solve the problem and how much it will cost to fix.

As a consultant, you can be paid in four different ways:

1. By the hour
2. By the audit
3. A flat price
4. By percentage which means you get a percentage of what you save the person.

Remembering all that, you need to know what it costs to start the business and keep going. Your capital investment is almost always money, but for some it is time. Businesses that take little capital have a low startup cost, and those that take a lot of capital have high startup costs. Businesses that work with larger amounts of your time are labor intensive. Businesses that take little time or capital are called cost-effective.

**Business #14.** The next area is to be a waste detective. This is a way to detect waste in homes and make money at the same time. Ask people where they can save the most money—things like phone, water, electricity, etc. Phone is a big one. Check all competition in a regular phone, cell phone, etc. Check the web for the best deals. Learn to read bills.

**Business #15.** The office is next. A lot of waste can go on in an office. Research is the main skill you need here. You need to find better ways of doing things, better places to buy things. Ask questions like, what work is being done? What paperwork is being done? In what part of the home is the work being done? Where do the people buy their stuff? How much do they spend on certain items that are used on a regular basis? What other supplies are used? Look around and see what is wasteful and come up with solutions. Find the best deals for everything.

**Business #16.** Wasted water—in most cities, water costs a lot. So you can fix leaks. Learn how to read a water meter. It can tell you if you have a leak. The toilet is the most common leak. Change shower heads.

**Business #17.** A Restaurant—many families eat out a lot. You need to track how often you eat out, where, and how much is spent. Find the average cost. Find what the same meal will cost at home. Save by not buying drinks. Set a budget.

**Business #18.** Heating—the Utility Company will do a free audit for you in this and you can go from there. This business takes skill and time. You have to learn to read an electric meter and gas meter. Determine what kind of heat you use? Who supplies the fuel? Do you have storm windows? Are there air leaks? Is the ceiling insulated enough? Is the water heater insulated? Do you need to clean the furnace? Use weather stripping? How much electricity can you save? What kind of light bulbs? The clothes dryer costs about 50 cents an hour—why not hang the clothes? How about doing the comparison shopping for others to get the best price?

Business is not a matter of luck, inheritance, or education. It is a matter of doing common sense things right all the time, so it is important to develop good business habits.

1. Thank someone. Thank them in person or in writing. It can win you new customers. It can lead to referrals. The people you thank remember you. It makes you stand out from all the negative grouches out there.
2. Do something nice for someone. Nice guys and gals finish first.
3. Keep records and know how the business is doing. From invoices, to income, expenses, contracts, and inventory, keep good records.
4. Write down your business purpose and concentrate on that. Concentrate on where the most money is made. Talk to others and learn from them.



5. Innovate. Constantly try to get others to let people know of your business. Try to come up with one new idea a week.
6. Think of new ways you can make money. A good business tends to expand into other areas.
7. Be cost effective—each week look for one useless or inefficient thing you are doing and get rid of it. This requires changing habits or rituals so it takes extra work.
8. Start one new time saving item each week—learning a new skill, buying in bulk, etc.
9. Compete. Look at pricing, quality, hours of operation, advertising, and marketing.
10. Play pricing games. To lower prices, you have to buy raw material cheaper. Is it worth it? Will it result in higher volume?

The one final item I will add to all this is Network Marketing. The book does not cover this, but personally I think this is one of the best businesses for kids. It teaches them so much that other businesses do not. Things like the power of a corporation, leveraging people and time, residual income, business systems, tax advantages, etc. Most network systems also have excellent training material that is better than any college education could ever give them. Networking trains them how to face rejection, how to work hard, and how to get paid more than once for their efforts. Every young person should be running at least one network business.

That's it for this month. Thank you all for being part of our All Power Family and supporting us!

Blessings and best wishes,

Leo