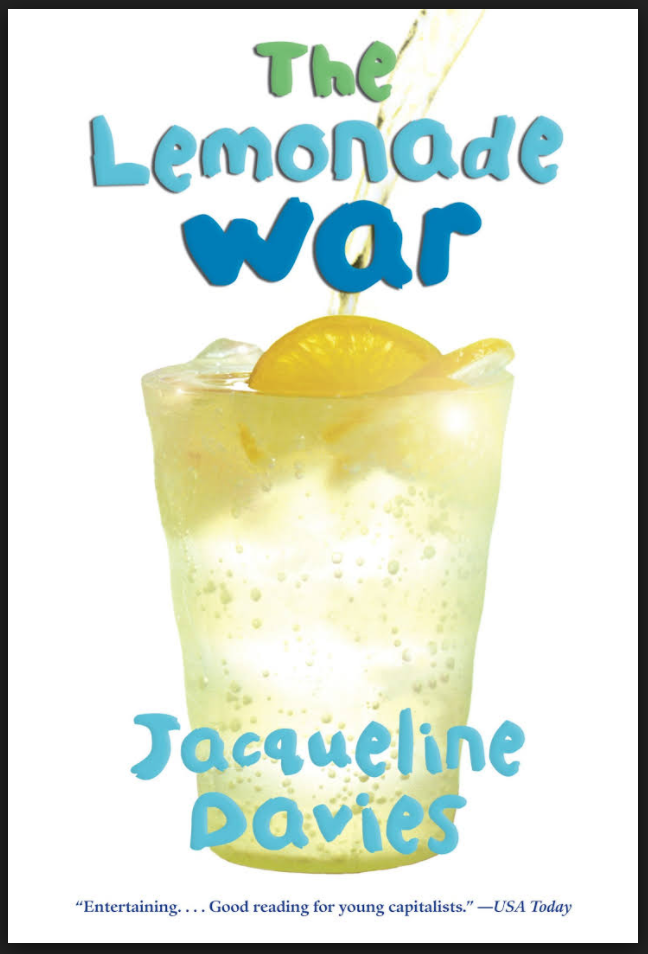
***The Lemonade War***

Jacqueline Davies

Houghton Mifflin, 2007



**Book Synopsis**: When Evan learns that his precocious younger sister, Jessie, will be skipping third grade to join him in fourth grade he is distressed. Feeling that she will make him look dumb in comparison, he becomes picky and competitive trying to prove that he is the superior of the two. The siblings devised a plan to see who can earn the most money before school starts. Both start selling lemonade using various business strategies and marketing techniques. They soon learn that Evan’s entrepreneurial nature and Jessie’s analytical skills are both needed to create a winning partnership.

**Grade 4-5 Chapter-by-Chapter Teacher Guide**

This book is rich with literature, math and economics and personal finance connections.  This guide focuses on economic and financial connections and also includes lessons featuring shorter, easily read books.

**Usage Notes:**

* It is assumed that the featured chapter has been read by or to the students. If not, it will be necessary to read the content to the students.
* The suggested classroom activity is meant to be quick and reinforce a specific concept. Additional Online Lessons are also provided for instruction to enrich economic concepts; many also include literature connections.
* The [**Financial Fitness for Life: Parent's Guide - Grades K-5**](https://www.econedlink.org/afterschool/parent-resources.php)published by the Council for Economic Education has helpful information and activities that can be used in the classroom as well. It is available in English and Spanish. Grades 3-5 is found on pages 35 to 62 with each covering Earning Income, Saving, Spending and Credit and Money Management. <https://www.econedlink.org/afterschool/parent-resources.php>

**Entrepreneurship – The Overarching Concept for The Lemonade War**

As your students work their way through the chapters, reinforce the concepts of entrepreneurship, trade, and business/economic development. Entrepreneurs are people who are willing to take the financial risk of starting, running, and managing a business. Often, entrepreneurs bring new goods or services to the marketplace.

Spending money and using resources to supply a product is risky, because costs are incurred before consumers decide whether they will purchase the product at a price sufficiently high to cover the costs. Starting a new business or producing an entirely new product is especially risky because in the case of a new product producers know even less about how consumers will react. Entrepreneurs accept the risks and organize productive resources to get products produced. Profits are the financial incentive and the income that entrepreneurs receive in return for their effort and risk if they are successful. If they aren't successful, losses are the financial incentives that tell entrepreneurs to stop using resources as they have been using them.

Understanding the roles of entrepreneurs, profits, and losses is important to workers, business owners, and consumers. Wages and employment opportunities at a business depend on the business' success in earning profits and avoiding losses. Similarly, public policies that affect the profitability of a business will influence not only the owners and employees of the business, but also the consumers who buy the products produced by the business.

**Economic Concepts**

Trade, entrepreneur, economic development

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.9 | Demonstrate knowledge of twentieth- and twenty-first-century Virginia by  d) identifying the political, social, and/or economic contributions made by Maggie L. Walker. |
| VS.10 | From the Curriculum Framework: Advances in transportation, communications and technology have facilitated migration and led to economic development in Virginia. |
| USI.8 | From the Curriculum Framework: Terms to know: Inventor: A person who is the first to think of or make something. Entrepreneur: A person who organizes resources to bring a new or better good or service to market in hopes of earning a profit. |

**Quick Classroom Activities**

The names of many entrepreneurs are familiar to students and the business practices of these famous men and women illustrate the risks and rewards of entrepreneurship. Encourage students to read biographies of Walt Disney, Bill Gates, Maggie Walker and Sam Walton among others. Ask the students to describe the ways in which their book’s subject became and succeeded as an entrepreneur.

Discuss the difference between an inventor and an entrepreneur. An inventor can develop a new product in his or her basement but will become an entrepreneur only upon moving the product from the basement to the marketplace. What characteristics separate the inventor from the entrepreneur? Can someone be both?

**Lessons**

US History: Inventors and Entrepreneurs - What’s the difference between and entrepreneur and an inventor? <http://www.econedlink.org/lessons/index.php?page=teacher&lid=62&comment=1>

Maggie Walker - <http://www.richmondfed.org/publications/education/maggie_walker/index.cfm>

Entrepreneur Video and 5 Question Quiz *(1:53)*

<http://www.econedlink.org/interactives/EconEdLink-interactive-tool-player.php?iid=212>

The Entrepreneur in You(video 1:50) - In this video a young woman starts her own business cleaning garages and does so well that she is able to expand her business <https://www.youtube.com/v/q7K9RXqAK6s>

Open for Business! - This lesson gives students the opportunity to identify risks and rewards of entrepreneurship and distinguish between entrepreneurs who start a business to produce a good or provide a service. <http://www.econedlink.org/teacher-lesson/920/Open-Business>

Spotlighting Entrepreneurs: a Technology “iCon”-This lesson introduces students to the economic concept of entrepreneurship and spotlights the life of a well-known entrepreneur: Steve Jobs. It also shows the impact of Mr. Job's life on the economy and how technology changes how we live and work.

<http://www.econedlink.org/teacher-lesson/1074/Spotlighting-Entrepreneurs-Technology-iCon>

Eli Whitley. – (video 10:58) Students learn how technology, exemplified by Eli Whitney's cotton gin (1793), increased productivity in cotton, which in turn had widespread effects on many aspects of American society early in the nineteenth century. The video starts with an introduction of an educator describing how she teaches the lesson (up to 1:47), followed by a demonstration of the lesson being taught to students in the classroom with the discussion of Eli Whitney beginning at 9:45. This is a high school lesson which can be adjusted for USI students. <https://www.econedlink.org/tool/375/Rising-Living-Standards-New-Nation-Lesson-Demo>

More information on Eli Whitney <https://study.com/academy/lesson/eli-whitney-lesson-for-kids-biography-facts.html> and <http://www.learnnc.org/lp/editions/nchist-newnation/5031>

Here is information on Eli Whitney <https://study.com/academy/lesson/eli-whitney-lesson-for-kids-biography-facts.html> and <http://www.learnnc.org/lp/editions/nchist-newnation/5031>

**Chapter 1: Slump**

In this chapter, we meet Evan and Jessie. Big brother Evan is a spender, while little sister Jessie is a saver. The concepts of personal finance and choices are overarching themes throughout the book. It is important for students to understand that choices, whether involving money, how to spend a summer afternoon or other decisions, have benefits and costs. Sometimes the impact of a decision is noticed immediately, and other times it isn’t fully understood until sometime in the future.

**Economic Concepts**

Decisions, alternatives, benefits, costs, opportunity cost, money, save, spend

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.1 & USI.1 | The student will demonstrate skills for historical thinking, geographical analysis, economic decision making, and responsible citizenship by h) using a decision-making model to identify the costs and benefits of a specific choice made. |

**Quick Classroom Activity**  
Making Decisions - Evan and Jessie are trying to decide what to do during their last days of summer break. Have students write a short paragraph comparing their wants in the summer months to those in the winter months. Then ask them to revisit what they have just written and circle the want they consider the most important want *for each season* (so they have two wants). Then have them choose the most important want and identify their opportunity cost. Write a concluding sentence explaining their choices.

**Lessons**

Rock, Brock and the Savings Shock *–* In the book, Brock and Rock have lots of choices to make. First, should they do chores for their grandfather? What should they do with the money they make? And just where should this earned money be kept? Learning how to use a PACED Decision-Making grid is a good way to help make these, and other decisions.

<http://vcee.org/elementary-school/reading-makes-cents/2016-17-featured-books/>

*Opportunity Cost Video and 5 Question Quiz (1:59)*

<http://www.econedlink.org/tool/190/>

Learn more about economic decision-making models here. <http://vcee.org/economic-decision-making/>

**Chapter 2: Breakup**

After Evan learns that his younger sister Jessie is going to move up to fourth grade and be in his class, he doesn’t want to play with her. Evan reaches out to his friend Scott and they decide to set up a lemonade stand to sell lemonade and make some money. This chapter begins to talk about how to produce lemonade and set up a lemonade stand business. Productive resources include human resources [people who do the mental and physical work to produce goods and services] (Evan and Scott at this time), natural resources [“gifts of nature” used in the production of goods and services] (lemons, water) and capital resources [goods that are produced and used to make other goods and services] (pitcher, spoon, measuring cups, table, ice chest, etc.) necessary to produce lemonade.

Note: Sugar and cups are not considered human, natural or capital. They are produced in a factory and are used up in producing a good or service. They are referred to as intermediate goods. The sugar does not come “directly from nature” unless you are using sugar cane and it isn’t a capital resource because it can’t be reused once in the lemonade. Neither is a paper cup a capital resource because it is not reusable; people will throw away their cup. A business owner would not be able to serve someone else with that same cup without properly washing it for health purposes.

Another important concept to introduce to 4th and 5th grade students is that the natural resource necessary to produce lemonade (lemons) do not grow naturally in Virginia which allows a great geography connection, also. We do grow many natural resources in Virginia that we send to other parts of the United States and around the world to satisfy the wants of consumers. Our economy depends on trade to be able to enjoy the products we enjoy in the market place.

This chapter also introduces students to the concept of expenses necessary to start a business. Scott’s mom is bankrolling their business, but people often must secure a loan to be able to purchase resources necessary to start a business.

**Economic Concepts**

human resources, natural resources, capital resources, production, trade, goods, services

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.4 | From the Curriculum Framework: people living in colonial Virginia depended on natural, human and capital resources to produce the goods and services they needed. |
| VS.10 | From the Curriculum Framework: Available resources (natural, human and capital) as well as geography, are major factors in what is produced in a state; Industries in Virginia produce goods and services used throughout the United States and the world; Virginia has increased trade relationships with other countries. |
| USI.3 | From the Curriculum Framework: Resources influenced what was produced and how it was produced. |

**Quick Classroom Activities**

Trading for Resources - For some of the natural and capital resources or products identified, if they were not able to go to a store and purchase them with money, how might they get them by bartering (who might they be able to go to and what might they have to barter with.) Is it usually easier to get what you need by buying it with money? Why?

Identifying Productive Resources - Give each student a piece of white paper. Have them fold the paper in half and then in half again to produce 4 sections. Challenge them to identify a human, natural, and capital resource used to produce lemonade. They should draw and label their pictures. The fourth section is where students would draw the lemonade, the good produced from the productive resources.

**Lessons**

Lemon Squeeze-The Lemonade Stand *- I*ncludes geography of where lemons are grown and a wonderful play. <http://www.econedlink.org/teacher-lesson/369/Lemon-Squeeze-Lemonade-Stand>

Students can [click on the Interactive Virginia Maps](https://www.agclassroom.org/va/teachers/map.cfm) found in the [Virginia Agriculture in the Classroom](https://www.agclassroom.org/va/index.cfm) website for a quick overview of some of the natural resources in our state and how they are shipped across the globe to produce goods and services. <https://www.agclassroom.org/va/index.cfm>

**Chapter 3: Joint Venture**

As Evan and Scott get more serious into producing and selling lemonade, they begin to experience real challenges. The challenges became even greater when Jessie also starts to sell lemonade and hopes for thirsty customers. Jessie and Megan set up their stand where more people will pass them first on this hot day.

**Economic Concepts**

economic wants, markets, consumers, producers, supply, demand

**Quick Classroom Activities**

Guided Questions - Ask students how weather impacts their desire for certain goods and services. In the winter time, when it is cold outside, would they want to wear shorts and flip flops? (*No*.) They would probably want gloves, caps, coats, and boots to keep them warm. In the summer time, when it is warm outside, would they want hot chocolate to satisfy their thirst? (*Probably not*.) What would quench thirst on a hot, sunny day? (*Answers might include: tea, soft drink, water or lemonade.*) This is a great opportunity for students to see how our wants (economic wants) change. Another example is seasonal holiday spending. Consider the cost of the chocolate Easter bunny before and the day after Easter. Swimsuits are in high demand in the summer but are often found on clearance during the winter months. Challenge students to look for examples of this over the course of this project.

Markets - This chapter also introduces the concept of a market. Think of the letter “X”. A market exists anywhere there is an exchange between buyer and seller. (Raise your left hand to represent the buyer and your right hand to represent the seller. If you cross them, students can actually visualize how the exchange occurs.) Markets can be face-to-face where we see the buyer and seller see each other like at the mall, grocery store, toy store, garage sale, or lemonade stand where you see the buyer and seller making the transaction of the good or service for money. Sometimes markets are not face-to-face when something is purchased online (eBay, Amazon, etc.)

Lemonade Stand - Challenge your students to operate their own lemonade stand with this computer simulation: <http://www.ae4rv.com/games/lemonade.htm> The activities in the lesson *NOT Your Grandma’s Lemonade Stand*  help you to reinforce economic concepts and provides a chart for your students to keep track of the information in the simulation

<http://www.econedlink.org/teacher-lesson/276/NOT-your-Grandma-s-Lemonade-Stand>

**Lesson**

Forecasting Economics *-* Can you learn economics from the weather? Students discuss economic wants and explain how wants are personal and may differ from person to person. It illustrates how weather can influence the choice of what to wear and how to play. Students can integrate science, math, and economics in this lesson. <http://www.econedlink.org/teacher-lesson/1062/Forecasting-Economics>

**Chapter 4: Partnership**

Jessie finds a partner to open her lemonade stand. At first, her friend Megan thought the idea of the lemonade stand sounded boring, and she could think of more exciting ways to spend her time, like going to the 7-Eleven to get a Slurpee. Jessie uses math to convince Megan to help her with the lemonade stand.

The concept of scarcity (that is, not being able to meet all wants at the same time because resources are limited) affects everyone and forces us to make choices. We cannot have all the things we want, so we have to make choices. Teaching students the need to make choices and using good decision-making tools to make a thoughtful decision is a valuable life skill. Three useful decision-making models can be found here. <http://vcee.org/economic-decision-making/> In this case, the cost/benefit model or the cost/benefit decision tree might be the most useful.

This chapter also introduces the concept of human capital (health, education, experience, training, skills and values of people) and how you can train your brain to become more skilled and equipped for jobs or tasks. Megan is very impressed by how good Jessie is with math. How could you improve your math skills to solve problems like Jessie? Some ways you could improve your human capital include watching a math video to help you solve problems, practicing problems to reinforce skills, or being tutored to get some special help. Introducing the concept of improving their human capital so they will be a better human resource can help them understand why school is valuable, and allows us to build on this understanding in later years. At the elementary level, human capital and human resource can be used interchangeably.

**Economic Concepts**

choice, decision, cost, benefit, opportunity cost, human capital

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.1 & USI.1 | The student will demonstrate skills for historical thinking, geographical analysis, economic decision making, and responsible citizenship by h) using a decision-making model to identify the costs and benefits of a specific choice made. |

**Quick Classroom Activities**

Human Capital - Pretend Jessie asked you to be her partner. What special skills could you take into the partnership? How could you increase your human capital to be a better partner? Write a quick note to Jessie explaining about your special skills that would make you a great partner.

Challenge students to list something they would like to learn to do. Have them list ways they can identify their human capital to achieve that goal.

Using a Decision Grid: If you were Megan, would you choose to set up a lemonade stand or go to 7-11 and buy a Slurpee? Before making a decision, it is good to consider the costs and benefits of a particular choice (the advantages and disadvantages, the pros and cons.) Use a cost/benefit grid to help students consider the costs and benefits of setting up the lemonade stand first instead of going to get a Slurpee.

|  |  |
| --- | --- |
| **Decision to be made:** Do I set up a lemonade stand first**?** | |
| Costs | Benefits |
|  |  |

Costs/Disadvantages of setting up a lemonade stand first. Some answers might include:

* Won’t be able to get a Slurpee now
* They might lose money and not be able to buy Slurpees
* A lemonade stand will take work (time and effort)

Benefits/Advantages of setting up the lemonade stand first. Some answers might include:

* If they don’t spend their money first on Slurpees, they will have money to set up a lemonade stand
* They could make more money so they could buy Slurpees and more

Ask students to indicate what choice they would make. Answers will vary. There isn’t a “right” answer. What is valuable is that students learn to think about the costs and benefits *before* making a choice so that their decisions are more thoughtful and not just based on impulse.

**Lessons**

More information for teachers on decision-making models can be found here. <http://vcee.org/economic-decision-making/>

Once Upon a Decision - How do you make tough decisions? Read and listen to this story about Ella, who has decisions to make, and learn about the tool that helps Ella solve her problems. <https://www.econlowdown.org/decision-making-elem?p=yes>

It Takes Two *-* A great partner makes any job easier. Video (3:33) <http://www.smckids.com/episodes/?vidlink=11> and Companion Lesson <http://smckids.com/learnandearn/images/stories/pdfs/SMC_Afterschool_Wb11_ItTakesTwo.pdf>

Learn, Baby, Learn (human capital) *-* Video (4:01): <http://www.smckids.com/episodes/?vidlink=13> and Companion lesson <http://smckids.com/learnandearn/images/stories/pdfs/SMC_Afterschool_Wb13_LearnBabyLearn.pdf>

**Chapter 5: Competition**

Jessie and Evan make a bet to see who can earn $100 selling lemonade. They cannot count money that has been given to them or money earned from other jobs. In the marketplace, competition is good for consumers because there are more options and generally better prices.

The chapter also introduces the concept of sharing money as Jessie speaks of donating part of her profit to an animal shelter.

**Economic Concepts**

competition, consumers, market

**Quick Classroom Activity**

Competition - Have students brainstorm examples of businesses that compete against each other. (Ex. fast food restaurants like Wendy’s, McDonalds, and Sonic or sneaker companies like Nike, Vans, and Adidas) Bring in old magazine, newspapers or use the internet to find ads from competing businesses and use them to create a matching game.

**Lessons**

Competition: Pizza! *–* This lesson shows how the opening of a second pizza shop in a small community affects prices, profits, service, and quality. <https://www.econedlink.org/teacher-lesson/383/Competition-Pizza>

Hey Pop! – The lesson demonstrates that competition takes place when there are many sellers of a similar product. Students compare several brands of popcorn in a taste test, and compare the responses of all students, and rank each product. After they have ranked their choices, they examine the prices for each and compare.<http://www.econedlink.org/teacher-lesson/453/Hey-Pop>

What is Competition? This lesson explains what businesses are, that a marketplace exists whenever buyers and sellers exchange goods and services, and that there is competition in the market place if you have more than one seller of the same item or similar items.

<http://www.econedlink.org/teacher-lesson/509/What-is-Competition>

**Chapter 6: Underselling**

This chapter allows students to examine how value added services and price impact sales for the lemonade stands. Those value added services often serve as an incentive to shape buying behavior. An economic principle states that people respond to incentives in predictable ways and incentives matter.

**Economic Concepts**

price, supply, demand, sale, incentives

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.1 & USI.1 | The student will demonstrate skills for historical thinking, geographical analysis, economic decision making, and responsible citizenship by h) using a decision-making model to identify the costs and benefits of a specific choice made. |

**Quick Classroom Activities**

Guided Questions - Remind the students that Jessie was looking for ways to make her lemonade stand more appealing to customers. What were some of the ideas Jessie and Megan had for adding value to encourage people to buy their lemonade? (*they included free snacks like chips and pretzels, make it a fun party with the stand decorated with steamers and balloons and playing music*) When a business adds value and provides incentives for consumers to buy their goods or services, what is one thing they need to think about? (*can they pay for the extra cost of what they are providing with the money they make from selling their goods/services?)* Jessie and Megan weren’t selling much lemonade despite all the free snacks and party atmosphere. What was the main reason for this? (*Evan was selling lemonade for a much lower price close by! 10 cents instead of 50 cents!)*

Advertisements - Look for examples of ads in the newspaper or magazines (or printed from the internet) that offer consumers incentives. (Buy One Get One Free, Percentage Off, Coupons, etc.) Share these with the students.

**Lessons**

Financial Fitness for Life: Parent's Guide - Grades K-5: Theme 3: Spending, pages 16-21, 49-55. Theme 5: Money Management, pages 29-32, 57-62. Teaching tips to reinforce the concept of spending, including advertising. Pencil activities that make great homework assignments. <https://www.econedlink.org/afterschool/parent-resources.php>

Believe it or Not? – Students will explain the role of advertising from the seller’s point of view; distinguish between fact and opinion in advertisements; and view advertisements with a healthy skepticism. <http://www.econedlink.org/teacher-lesson/647/Believe-it-Not>

Did You Get the Message?- Advertising is the main tool businesses use to tell consumers about the goods and services they sell and try to convince them to buy what they are selling. Advertisements do this by pointing out how consumers will benefit if they buy a product. These benefits are called incentives. This lesson introduces these two basic functions of advertising. Students view television commercials directed at them and identify various advertising techniques used to grab their attention and convince them to buy. <http://www.econedlink.org/teacher-lesson/634/Did-You-Get-Message>

How E-Commerce Influences Consumer Choice *-* Students learn decision making skills that will help them become better consumers. As consumers they have a variety of alternatives from which to choose. Through various activities, they learn about the importance of price information in making their decisions. <http://www.econedlink.org/teacher-lesson/559/How-E-Commerce-Influences-Consumer-Choice>

Incentives Influence Us! *-* Students learn that people respond predictably to positive incentives (rewards) and negative incentives (penalties). They identify incentives in their daily lives at home and school and discuss which incentives have worked to influence their decisions and why. <http://www.econedlink.org/teacher-lesson/378/Incentives-Influence-Us>

*Incentives Video and 5 Question Quiz (1:34):* [*http://www.econedlink.org/interactives/EconEdLink-interactive-tool-player.php?iid=188*](http://www.econedlink.org/interactives/EconEdLink-interactive-tool-player.php?iid=188)

**Chapter 7: Location, Location, Location**

Evan thinks he has found the perfect location to host his lemonade stand…the middle of town. Location is an important factor for a business owner to consider when trying to attract consumers. There is usually a financial cost for prime location in a shopping area. Evan has one small problem. He doesn’t have a permit to sell lemonade in town.

Officer Ken is the police officer whoexplains the law with Evan. Officer Ken provides a valuable service in protecting the city, enforcing the laws and keeping everyone safe. He provides a public service in that he works for everyone. He earns his income from the government. The government provides public highways, traffic lights, bridges, public schools, fire stations, public libraries and more for all to use.

**Economic Concepts**

public goods and services, decision, choice, opportunity cost

**Quick Classroom Activities**

Location, Location, Location! Have students explain what this phrase means to them in relation to business. Challenge students to make a list of features about a location that would make it a good spot to open a lemonade stand.

The Secret Millionaires Club Tackles Location **-** *Lemons to Lemonade -* Video (4:16) <http://www.smckids.com/episodes/?vidlink=01> Just like a store needs a good location to attract customers, students need to think about location too. Where is the best place to sit in the classroom? The better you are located and able to pay attention, the better you will do in school and learn the most you can.

**Lessons**

Who Pays for City Hall*?* Students take a virtual field trip to City Hall. This beginning civics/economic lesson will introduce your students to how city government and economics interact. <http://www.econedlink.org/teacher-lesson/281/Who-Pays-City-Hall>

Tic Tac Taxes! *-* This lesson will take you through the different types of taxes governments impose, and the goods and services the governments provide in return.

<http://www.econedlink.org/teacher-lesson/370/Tic-Tac-Taxes>

**Chapter 8: Going Global**

Jessie does her math calculations and realizes that she and Megan need help. She wants to get other girls to sell lemonade for Megan and her in exchange for keeping part of the profit. Many girls agreed and business boomed.

Students will quickly understand the idea that there are a number of businesses that have locations all across our state, nationally and internationally. Many follow the franchise concept that Jessie and Megan started in this chapter. This is a great time to research about a company that offers franchises like Wendy’s, McDonalds, Subway, or Sonic. Share the story of how the company started and grew. It’s easy to find the stories online.

Ex. Wendy’s: <https://www.wendys.com/en-us/about-wendys/the-wendys-story>

**Economic Concepts**

entrepreneur, globalization, franchise, productive resources, risk and reward

**Virginia Standards of Learning** – History and Social Science

|  |  |
| --- | --- |
| VS.10 | From the Curriculum Framework: Advances in transportation, communications and technology have facilitated migration and led to economic development in Virginia. |
| US1.5b | From the Curriculum Framework: specialization: Focusing on one or a few products; interdependence: Two or more people depending on each other for goods and services |
| USI.8 | From the Curriculum Framework: Terms to know: Inventor: A person who is the first to think of or make something. Entrepreneur: A person who organizes resources to bring a new or better good or service to market in hopes of earning a profit.  New technologies and their impact on society |

**Quick Classroom Activity**

Guided Questions – Jessie and Megan help set up 13 lemonade stands. What goods did they provide each stand? (lemonade, sign, cups) What did Megan and Jessie get in exchange? (money or a share of the profits). If Megan had called you and asked you to be part of their franchise would you have agreed? Do a cost/benefit analysis to help decide. Explain your choice.

Franchise - Review the definition of a franchise from the book. (The right to sell a company’s products and use the company’s name and logo) How well does Jessie and Megan’s lemonade stand fit this definition?

Specialization - Jessie, Megan and her friends specialize in selling lemonade. Explain that when we specialize we focus on one thing and get really good at that, rather than trying to be good at lots of things. Doctors specialize—eye doctors, ear doctors, foot doctors, etc. Restaurants specialize—hamburgers, Italian, Chinese, Mexican, etc. Discuss the benefits of specialization. One of the costs of specialization is that when we focus all our learning on one thing we have to count on others to do the things we don’t know how to do—such as grow our food, make our clothes, build our homes, build our cars, fix our cars etc. This is called interdependence. We are counting on others to specialize in those other things and they are counting on us to do the thing we’ve specialized in.

Give each student an index card. For homework, tell them they are to observe and write down the special jobs that the workers in the school do throughout the day. During the next class period create a class list of the various school specialists. For example: principal, custodian, librarian, cook, 4th grade teacher. Briefly list the responsibilities of each job. Note that each job carriers its own responsibilities; each worker in the school specializes.

A good place to observe specialization is in the school’s cafeteria. After lunch, discuss with the students the various specialists who made their meal possible. Students may note that the division of labor leads to a more efficient use of time, labor, and other resources.

**Lessons**

SPECIALIZATION - Lean On Me – We Depend on Each Other - The purpose of this activity is to demonstrate that the production of most goods can be broken down into a number of specific tasks (division of labor), with each of these tasks assigned to specific workers (specialization.) <https://www.econedlink.org/teacher-lesson/446/Lean-Me-We-depend-each-other>

Where Did You Come From? *-* United States farmers produce many fruits and vegetables and so do farmers in other countries. In this lesson, students learn why there is international trade of fruits and vegetables. California and Chile specialize in fruits and vegetables that can be traded in different seasons. This specialization leads to interdependence. When individuals or countries specialize, they concentrate their work resources in producing a few types of goods or services, instead of many. Interdependence means one country depends on another to provide the goods and services they want.<http://www.econedlink.org/teacher-lesson/448/Where-Did-You-Come>

**Chapter 9: Negotiation**

Evan has thought about his decision to start the lemonade war, and he now regrets his decision. Share with students that one economic principle is that choices have consequences that lie in the future. He misses having Jessie as his friend to do activities with, so he offers an opportunity to call the entire thing off. When Jessie mentions Megan’s name, it’s all O-N again.

**Concepts**

choice, benefits, costs, opportunity cost, decision

**Virginia Standards of Learning** – History and Social Science

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| --- | --- |
| VS.1 & USI.1 | The student will demonstrate skills for historical thinking, geographical analysis, economic decision making, and responsible citizenship by h) using a decision-making model to identify the costs and benefits of a specific choice made. |

**Quick Classroom Activities**

Choices have consequences - Challenge students to write a paragraph about a choice they made and the consequences of that choice they recognized in the future (either positive or negative.) (If students need help, one example would be not studying for an upcoming test. Maybe it was a low score on a test, or it kept them from the A/B honor roll. Or maybe it was being late for practice, and their choice resulted in them running extra laps or not playing in the upcoming game.)

Cost-Benefit Analysis and Opportunity Cost of a Decision - Share the following scenario:

*Sam has been saving his money for a new video game. He has worked hard raking leaves and doing jobs around the house to earn income and his saved the money he has received as gifts. Sam almost has enough money when his friend calls wanting to go to the movies. Sam really wants to see the movie and likes hanging out with his friend, but he also wants that video game.*

Use a decision-making model to make a list of the benefits and costs of each option for Sam and help him to understand what his opportunity cost would be for each choice. More information for teachers on decision-making models can be found here. <http://vcee.org/economic-decision-making/>

**Lesson**

You Decide – Students explore the P.A.C.E.D. decision-making model by using it to complete a personal decision. They will also use the model for a group decision activity and practice using the model to make choices within a budget. They also discover that all resources are scarce and as a result, choices must be made and recognize that when choices are made, something is given up. <http://www.econedlink.org/teacher-lesson/396/You-Decide>

**Chapter 10: Malicious Mischief**

Both Jessie and Evan have had their feelings hurt by one another. They didn’t use the decision-making grid to weigh the benefits and costs before making decisions they now regret. In this chapter Jessie puts dead fruit flies in Evan’s lemonade. This is a bad decision that she now regrets. Yet another chapter to reinforce the importance of considering the costs and benefits of your choice *before* you make a decision and good decision-making models to assist.

**Economic Concepts**

decision, choices, cost, benefits, opportunity cost

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**Quick Classroom Activity**

Cost-Benefit Chart - Explain to the students that all decisions have costs and benefits and that Jessie experienced some positive and negative things when she put dead bugs in the lemonade that Evan was going to sell. Create a simple cost/benefit chart by writing these statements “Benefits of adding dead bugs to Evan’s lemonade” and “Costs of adding dead bugs to Evan’s lemonade” on the board or a piece of chart paper. Record student suggestions for each column from. Using the information on the chart, ask the students if they think Jessie would have put the bugs in the lemonade if she had completed a similar chart before she did this deed.

|  |  |
| --- | --- |
| **Decision to be made: Should Jessie add dead bugs to Evan’s lemonade?** | |
| **Benefits of adding dead bugs** | **Costs of adding dead bugs** |
|  |  |

**Lessons**

Common Cents: An Opportunity Cost is an Opportunity Lost

<https://www.kansascityfed.org/education/resources/common%20cents%20free%20but%20what%20cost> (Page 3 of this publication has scenarios that ask students to make choices and identify the opportunity cost.)

The Big Trade-Off

* Video (3:57): <http://www.smckids.com/episodes/?vidlink=08>
* Teacher’s Guide: <http://smckids.com/learnandearn/images/stories/pdfs/SMC_Afterschool_Wb08_TheBigTradeOff.pdf>
* Digital Comic: <http://www.smckids.com/comics/?booklink=08>

**Chapter 11: A Total Loss**

As expected, there was no demand for the buggy lemonade. In business, the customer is always right and a business owner wants consumers to be satisfied. When the boy said he wanted his money back and the mother suggested he needed to dump out the lemonade to get rid of the 50 flies inside, there was a problem. Evan had spent $40 of his hard earned money on that lemonade and another dollar to buy cups.

**Economic Concepts:**

cost, benefits, decision, choice, opportunity cost

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**Quick Classroom Activities**

Guided Questions - Evan had a difficult decision to make. Was it fair to sell lemonade with flies in it even if people didn’t notice? Would he lose all his customers if they saw the flies? Would they ever trust the quality of his lemonade again? Do our decisions sometimes affect other people? Do they affect other people in good or bad ways? Challenge students to think of a decision someone else made, they had no input on, that impacted them in a positive or negative manner.

Customers - Explain the statement: *The customer is always right*. List things a store or business can do to reduce the number of consumer complaints it receives.

**Lessons**

Cancel My Reputation *–* the importance of being honest in all that you do, business or otherwise Video: (4:12) <http://www.smckids.com/episodes/?vidlink=26> Companion Activity: <http://smckids.com/learnandearn/images/stories/pdfs/SMC_Afterschool_Wb26_CancelMyReputation.pdf>

Sorry, I Can’t Hair You *–* the importance of listening to your customers if you want them to come back Video (3:58): <http://www.smckids.com/episodes/?vidlink=14> Companion Activity: <http://smckids.com/learnandearn/images/stories/pdfs/SMC_Afterschool_Wb14_SorryICantHairYou.pdf>

Satisfaction Please!- Even the savviest consumer has a problem with a good or service on occasion. It is a consumer’s right to complain when there is a genuine problem. In some situations, it is also a consumer’s responsibility. A problem can’t be fixed if no one knows it exists.

<http://www.econedlink.org/teacher-lesson/630/>

Common Cents: Money Ethics- Teaching Kids to Follow Their Moral Compass<https://www.kansascityfed.org/~/media/files/publicat/education/teachingresources/common_cents_money_ethics.pdf> (The third page has some scenarios that challenge students to identify the problem, consider the costs and benefits and make an ethical decision. Either assign all students the same scenario, or make enough copies for each student to draw and respond to an ethical issue.)

**Chapter 12-13: Waiting Period and Crisis Management**

Jessie had a miserable time at the beach with Megan because it was so hot and crowed and she felt miserable about what she had done to Evan. Evan didn’t have fun either playing basketball with his friends because it was so hot. But he looked forward to getting into his friend’s pool. He put the money from his lemonade stand under his clothes after he put on a bathing suit. When he went back to change his clothes, his money was gone! Both learned a valuable life lesson.

These chapters reinforce the idea that it is important to keep money in a safe place. It also is a great way for students to understand the concept of saving for future purposes.

**Economic Concepts**

saving, spending, banks, interest,

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| VS.4d | Describe how money, barter and credit were used. |

**Quick Classroom Activity**

Keeping Your Money in a Bank or Credit Union – Explain the benefits of placing your money in a bank account as opposed to placing in a jar at home. Using the chart found on page 13 of *Financial Fitness for Life: Parent's Guide - Grades K-5,*discuss that people often keep money that they plan to spend in their pockets. Discuss why they do not carry the money they plan to save in their pockets. (Possibly because it's too heavy, too easy to drop or lose, too easy to spend, too much of a problem when clothes are changed, and they won't be using the money soon.) The discussion can help students evaluate the best place to keep their money safe. <https://www.econedlink.org/afterschool/parent-resources.php> (p.13)

Where Should I Put My Savings? Brainstorm a class list of places to save money. (Piggy banks, credit unions, banks. savings bonds, etc.) Encourage creativity. Write a paragraph that explains which of these choices is a safe place to save your money. The discussion can also include the idea of saving for college and what options are available for this. In addition to the above, saving and investment options such as VA529 can be included. What are the advantages and disadvantages of this approach?

**Lessons**

Ella Saves Today

(This is a great online course you can show in your classroom on topics of saving, banks, interest, and more. You may also assign the course for students to work on independently.)

<https://www.stlouisfed.org/education/ella-saves-today-online-course-for-consumers>

Saving Strawberry Farm *-* students learn that saving is essential to economic well-being, especially in times of extreme economic downturn. They read Saving Strawberry Farm, a story about a Depression-era family attempting to save a neighbor's farm by waging a penny auction. Students hear about the lack of goods and services available and the high rate of joblessness during this terrible time. They simulate a bank run to see how even those with savings were affected. Finally, they learn that savings are safe in banks today.

<https://www.stlouisfed.org/education/saving-strawberry-farm>

There’s No Business Like Bank Business *-* Learning how a bank operates helps students see the relevance of banking in their lives to develop habits of saving and responsible spending. This role play introduces students to basic banking concepts in a fun and easy-to-read format. Through this role-play, students are introduced to the benefits of saving money in a bank. It explains earning interest, as well as paying interest for a loan. Grade Level: 3-5

[www.kansascityfed.org/publicat/education/teachingresources/No\_Business\_lesson.pdf](http://www.kansascityfed.org/publicat/education/teachingresources/No_Business_lesson.pdf)

**Chapter 14: Reconciliation**

Evan and Jessie both feel terrible about how they’ve been acting toward each other and decide to team up and create an entry for the Rotary Club Labor Day Contest. If Evan and Jessie had asked the Rotary Club’s “Four-Way Test” questions (see below) as they were making decisions, they might not have ended up in the trouble they found themselves throughout the book.

**Economic Concepts**

choice, decision, benefits, costs, opportunity cost

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**Quick Classroom Activities**

*The Four Way Test (stop at 2:00*) <https://www.youtube.com/watch?v=O1rQQIhVm3c>

Challenge students to find examples of these four questions in the story.

* Is it the TRUTH? (There are many examples of this in the story.)
* Is it FAIR to all concerned? (Putting bugs in the lemonade wasn’t fair. Taking Jessie’s money wasn’t fair. Both Jessie and Evan thought it was important to be fair to the customer. One example from the story addressed serving them a full glass for the price not a half glass. )
* Will it build GOODWILL and BETTER FRIENDSHIPS? (In the end, Megan and Jessie became friends and Evan and Jessie became friends again. Goodwill was actually seen in the book as Evan employed goodwill when determining the price for lemonade.)
* Will it be BENEFICIAL to all concerned? (In the end, the decisions Evan and Jessie make are beneficial. Along the way many decisions were not beneficial to all.)

*Meet an 11 Year Old Entrepreneur: Video: (1:29)*

<http://abcnews.go.com/WNT/video/11-year-entrepreneur-turns-lemons-lemonade-38069771>

**Post-Reading Summary Activity**

Give students one of the following sentence stems:

One thing I learned from the book is \_\_\_\_\_\_\_\_.

My favorite part of the book was \_\_\_\_\_\_\_\_\_\_\_\_\_.

One thing I learned about money is\_\_\_\_\_\_\_\_\_\_\_\_.

If I started a business, I would start \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ because \_\_\_\_\_\_\_\_\_\_\_\_.