

How to Start a Micro Business for Teens Class

Lesson One:

What is a micro business and what can you learn from starting one?

Have you heard the term “micro business”? Probably not, but you can imagine what it means. It is a very small business—smaller than a small business. The Small Business Administration, a branch of the United States federal government, defines a small business as having up to 1,500 employees and annual income of \$25 million, or more, in some cases. That's not very small, in my opinion.

Micro Businesses Are Popular

Micro business may not be a familiar term, but micro businesses are very common. MicrobusinessStrategies.com reports that:

- 1 in 8 adults in America own a micro business (thousands of teenagers too!)
- 95 percent of all American businesses can be classified as micro businesses (fewer than 10 employees)
- 90 percent of businesses have fewer than five employees
- There are more than 25 million micro businesses in America
- At least 49 percent (more likely 56 percent) of all businesses are home-based

Characteristics of Micro Businesses

Micro businesses are quite different from small businesses in several ways:

Simple and fast to start up

Only one worker, the owner

Usually home-based

Manageable

Little start-up money needed, or completely debt free

Teenagers love starting micro businesses because little to no initial money is needed. Starting a micro business should not mean taking on debt. Micros can be started with equipment the teenager already has at home, such as a computer, a kitchen stove, or a piano. Teenagers use knowledge they already possess, such as artistic talent or web design skills.

Here is a key principle:

Starting a micro business should not mean taking on debt.

If start-up funds are needed, there are several ways to raise the cash. Some students work a temporary job to earn money. The initial start-up funds might go toward advertising or purchasing the

first pieces of inventory for resale.

A micro owner can start with a small loan from mom and dad or grandparents. Borrow as little as needed and attempt to pay it back as soon as possible. Other teenagers try selling something to raise initial funds.

Here's a true story: Matthew started his micro business—at age 12—buying and selling pocketknives. He borrowed \$100 from his parents to buy his first knives and then sold them at enough profit to pay back his loan and buy more knives. The business was launched from there.

Low-risk

Teenage micro business owners do not want to take risks; they are in business to learn something and to earn money. Starting a business does not need to be risky. Certainly, some micro owners are entrepreneurial in spirit and risk-takers, but not all micro owners are entrepreneurs. As I stated earlier, micro business owners have a purpose—to learn—and usually have a set financial goal for their micro.

There is a misconception that a teenager starting a business must be on the road to greatness and have Microsoft founder Bill Gates as their idol. This emphasis on super-success can be intimidating to a teenager just trying to learn the ropes. Instead, a micro business can be quite simple. It can offer a tried-and-true method for a teenager to earn cash such as mowing lawns and babysitting.

Some teens fear starting a business because they feel inadequate. "I'm not an entrepreneur. I didn't invent anything," my daughter told me when we discussed means to make money.

"You don't have to be an entrepreneur or an inventor," I explained. "Just offer a service that people want."

Emily offered piano lessons. She did not invent anything new. She used the piano that sat in our living room and taught from the piano books that she already owned.

Key principle:

A micro business does not have to create a new product or an invention.

Learn While Earning

The main purpose of a micro business is to learn while earning money. Micro owners are interested in learning everything they can about running a business. They intend to make money from their micro, but learning is paramount in their minds. Matthew, the knife-seller, says that he learned more from running his business than he did in school!

The goal is to learn and earn.

Running a micro will teach you to:

- Manage time
- Serve customers
- Overcome shyness
- Be unique

- Track income and expenses
- Express yourself
- Gain confidence
- Balance commitments
- Overcome fear
- Market a product or service
- Multi-task
- And much more

It might be overwhelming to be stretched by doing new things, but it can also be exciting as you grow in confidence and success. Here is some encouraging advice from the Bible that the apostle Paul gave to his student, Timothy.

Don't let anyone look down on you for being young. Instead, make your speech, behavior, love, faith, and purity an example for other believers.

I Timothy 4:12

An investment in knowledge always pays the best interest.

— Benjamin Franklin

Some micro business owners see their businesses as a launching point for another business. They take what they learned from running a micro and start another business, adding to their knowledge as they go.

True Story: Phil was in high school when he discovered that he was good at buying small websites, revamping them, building up traffic, and then reselling the site for a profit. After a few years of running his business as a micro, Phil launched a larger website project using the profits from his micro business. He learned how to hire web designers, advertise on the Internet, and even how to pay taxes on his profit! After only two years, he was offered \$300,000 for his website.

Some micro owners have a specific financial goal for their business. Perhaps it is to buy a car, pay the insurance, and fill it with gas. Many students run a micro business to help pay for a hobby, a trip, or college, while others feed a love for music, iTunes, or text messages.

True Story: Yara was homeschooled and started a micro business offering babysitting during the day. Her goal for the micro business was to pay for her horseback riding lessons.

True Story: Linnea has a goal to visit her homeland of China. She started a micro business making and selling jewelry to save for her trip.

Here is your assignment before next week's lesson:

- Spend a little time reading about some teenagers who began a micro business at MicroBusinessForTeens.com. I think you'll find their stories inspiring.
- List why you want to start a micro business. Your reasons can be financial, but perhaps you want to try something or learn something.