



Your First Big Purchase

EPISODE #403

ACTIVITIES & LESSONS

LESSON LEVEL

Grades 9-12

KEY TOPICS

- Budget
- Research
- Ownership
- Negotiation

TIME NEEDED

Preview & Screening:
45 minutes

Activity #1:
45-60 minutes

Activity #2:
60-90 minutes

EPISODE SYNOPSIS

You'll want to understand the important steps to take before your first big purchase, whether you're buying the latest computer, a new smart phone, or a car. You will learn about budgeting, researching, negotiating, and more. Find out how a teen photographer upgraded his camera and a 15-year-old aviator purchased an old airplane!

LEARNING OBJECTIVES

1. Learn how to budget for a big purchase
2. Researching thoroughly before making a big purchase
3. Learn about shopping for financing
4. Understand how to negotiate the best deal possible
5. Realizing when a big purchase is too expensive

EPISODE ENTREPRENEURS & STORIES

- *Car Buying Brothers*: Paying cash vs. financing a vehicle
- *The Gothard Sisters*: Reinvesting in a business
- *Automotion Photo*: Weighing pros/cons of business decision
- *Chelsea the Car Buyer*: Researching pricing, financing car
- *Aviator*: Developing a unique plan of ownership
- *Master Negotiator*: Mastering the art of negotiation

CONTENTS

- Lesson Prep & Supplies
- Preview/Screening Notes
- Activity #1
- Activity #2
- Biz Terms Vocabulary
- Resources



LESSON PREP & SUPPLIES

Getting Started

1. Familiarize yourself with *Biz Kid\$* Episode #403 by watching it ahead of time. The episode will serve as a springboard for student learning, discussions, vocabulary exploration, and related hands-on activities.
2. Determine what equipment is required to show the episode in the classroom and request it if needed.
3. Choose an activity and gather supplies. Have fun exploring “Your First Big Purchase.”

Equipment & Supplies for Preview/Screening

Time Needed:
45 minutes

Arrange to borrow a TV/DVD player if one is not readily available. Or, if you have a computer, Internet access, and a projection system, the episode can be streamed online at www.bizkids.com/ey. You will need to enter the password of “ey.”

Items needed for class:

- TV/DVD Player or Computer/Internet Set-Up
- DVD of Episode #403
- Set of car keys

Supplies for Activity #1: Jasen’s Business Decisions

Time Needed:
45-60 minutes

Items needed for class (each group):

- Print one copy of each of the following informational sheets for each group of four students:

+ Nikon D90 Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product/Digital-SLR-Cameras/25446/D90.html>

+ Nikon D200 Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product-Archive/Digital-SLR-Cameras/25235/D200.html>

+ Xbox 360 250GB Console with Kinect Sheet:
<http://www.Xbox.com/en-US/Xbox360/Consoles/Bundles/Xbox360250GBwKinect>

+ Nikon Lens Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product-Archive/Camera-Lenses/2159/AF-S-DX-VR-Zoom-NIKKOR-18-200mm-f%252F3.5-5.6G-IF-ED.html>

Items needed for each student:

- Pencil
- Highlighter marker
- Photocopy of worksheet/instructions (pages 5-7)

Supplies for Activity #2: The Well-Informed Wizard

Time Needed:
60-90 minutes

Items needed for class:

- Computer/Internet Access

Items needed for each student:

- Pencil
- Photocopy of worksheet/instructions (pages 10-14)

Optional Items for Quidditch Match

- 6 hula hoops
- Fishing line
- Scissors
- 1 tennis ball
- 1 knee-length gym sock
- 1 large foam soccer ball for the “Quaffle”
- 4 smaller foam balls (about 8 in. in diameter) for the “Bludgers”
- 14 brooms (used or new)
- 7 pinnies, all the same color
- 7 pinnies, in a second color, all the same
- A yellow pinnie (or t-shirt) for the person playing “Golden Snitch”



PREVIEW & SCREENING

Introduction

Welcome the students and introduce yourself. Briefly explain what Ernst & Young does and describe your job. Explain that *Biz Kid\$* is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money.

Episode Preview Activity

Before you show *Biz Kid\$* episode #403, “Your First Big Purchase,” lead your students in a discussion using a set of car keys as a conversation starter and the questions below:

- I’ve got a set of car keys in my hand. Who wants to make a guess about the kind of car that I own?
- Actually, I drive a _____. Does anyone else here own that kind of car?
- With a show of hands, who here owns their own car?
- What were some of the things you considered before purchasing your vehicle?

About the Episode

In this episode, you’ll learn about the B.R.O.W.N. acronym, which is an easy way to remember the important steps to take before you make a big purchase. (Each letter represents a different step.) It’s up to you to be a smart consumer and to make sure you have considered all of the costs involved (short-term and long term) when buying an expensive item. Having “buyer’s remorse” isn’t a good feeling, so this episode is designed to help prepare you for making your next big purchase — whatever that item might be.

Next Steps

Summarize the discussion and play the *Biz Kid\$* episode.

Activity #1:

JASEN'S BUSINESS DECISIONS

Activity Learning Objectives

- Learn the importance of considering needs vs. wants.
- Understand how to weigh the pros and cons before making a business decision.

Supplies

Items needed for class (each group):

- Print one copy of each form for each group of four students:
- + Nikon D90 Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product/Digital-SLR-Cameras/25446/D90.html>
- + Nikon D200 Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product-Archive/Digital-SLR-Cameras/25235/D200.html>
- + Xbox 360 250GB Console with Kinect Sheet:
<http://www.Xbox.com/en-US/Xbox360/Consoles/Bundles/Xbox360250GBwKinect>
- + Nikon Lens Informational Sheet:
<http://www.nikonusa.com/Nikon-Products/Product-Archive/Camera-Lenses/2159/AF-S-DX-VR-Zoom-NIKKOR-18-200mm-f%252F3.5-5.6G-IF-ED.html>

Items needed for each student:

- Pencil
- Highlighter marker
- Photocopy of worksheet/instructions (pages 5-7)

About the Segment: Automotion Photo

Jasen, a creative young photographer, turned his hobby into his business by approaching car lots and offering to take professional photos to highlight each lot's vehicle inventory. When he was ready to upgrade his camera equipment, Jason read customer reviews and conducted some comparative research between camera options. He also weighed his desire to purchase an Xbox against his knowledge that a new lens would positively affect his business. In addition to taking photographs of cars, Jasen plans to expand his business.

Biz Terms

- Comparative Research
- Expand
- Inventory
- Reviews
- Upgrade

Biz Terms & Segment Review

1. Jasen started his business by taking photos of car lot inventory and posting the photos to eBay. What is "inventory?"
2. Which two camera models did Jasen use to conduct comparative research and what are the benefits of this research?
3. Jasen specifically read reviews written by fellow photographers and camera owners. How can reading reviews be beneficial?
4. How could upgrading his camera equipment and accessories positively affect Jasen's bottom line?
5. Jasen weighed the decision of purchasing Nikon D-90 vs. the Nikon D-200 and he also weighed the pro and cons before choosing between the Xbox and a new lens. Why do you think Jasen went through so much deliberation before making his purchases?
6. What are Jasen's plans for expanding his business?



JASEN'S BUSINESS DECISIONS

INSTRUCTIONS FOR STUDENTS

Introduction

Prior to making a business-related big purchase, Jasen evaluated all of the potential pros and cons before purchasing upgraded camera equipment and accessories.

Directions

The transcription for Jasen's segment is provided below. Read the transcription and highlight information directly related to the pros and cons of:

- Purchasing the Nikon D-90 Camera Vs. the Nikon D-200
- Purchasing an X-Box Vs. a new camera lens.

Transcription

I'm Jasen. I'm the owner of Automotion Photo, and I'm a Biz Kid. I've always loved cars since I was very young. And then I just started picking up a camera taking pictures of cars on the street. And then it eventually escalated to everyone knowing me as "The Car Photographer."

The first job I actually got was at a car dealership. I took pictures of their inventory. I put it on eBay. It turns out they sold a lot of cars and they called me back. I made my first paycheck. So I knew I needed to buy a better camera. Before I went ahead and spent that money, I needed to research what camera I wanted and what were the accessories and lenses that I needed to continue taking pictures.

I have to work hard, save money, save money from birthdays and Christmas. I was busy looking at reviews, you know, reviews from other owners and other photographers. I narrowed down my choices between a Nikon D90 and a Nikon D200.

I thought about the different prices I could get on new and used. So, I went ahead and bought the D200 because it's just a better camera, it's more professional, and I know I can use it for many years to come. When, you know, I would need to upgrade more frequently if I went ahead and I bought the lower-level camera.

Ever since then, my company has just been getting calls non-stop. Photography equipment is extremely expensive. I realized that early in my hobby, so I didn't want to put the burden on my parents. I needed to make a decision about buying an X-Box or buying a new lens. I knew that this decision would basically decide my future for a long time.

I basically thought about it really hard and I ended up buying the lens. After I bought the lens, the quality of my pictures improved. More clients started recognizing I had new equipment. They had that urge to hire me and see what I had.

The key to getting my gear to run my business was budgeting, saving, and researching. My plans for the future are to launch my new website and I'm also starting to expand into real estate, model portraits, and Automotion Photo is a brand that Miami already knows and it's here to stay.

Hey Biz Kid...if you want to make a big purchase, do your research!



JASEN'S BUSINESS DECISIONS

Using the details you highlighted on the transcript, along with the information from the photocopied handouts provided by your EY Volunteer, complete the cost-benefit table below and answer the questions.

Nikon D90:

- 12.3 megapixel digital single-lens reflex camera (released by Nikon in August, 2008)
- Model replaces the Nikon D80 and fits between Nikon's entry-level and professional DSLR models
- Estimated Selling Price in the U.S. as \$899.95 US for the body (without the lens)

Nikon D200:

- 10.2 megapixel digital single-lens reflex camera (released by Nikon in November, 2005)
- Model falls between entry-level/midrange DSLR cameras such as the Nikon D40, Nikon D40x, and D80 and high-end models such as the Nikon D2Hs and D2Xs
- Initial estimated selling price of \$1699.95

Potential Action	Cost of Purchase	Pros	Cons
Purchase of Nikon D90			
Purchase of Nikon D200			

1. Although the Nikon D200 costs more initially, how can the camera pay for itself in the long run?

2. If Jasen had decided to purchase the lower level camera, how could this choice have ended up costing him more in the long run and financially impacted his business?



JASEN'S BUSINESS DECISIONS

Using the details you highlighted on the transcript, along with the information from the photocopied handouts provided by your EY Volunteer, complete the cost-benefit table below and answer the questions.

AF-S DX VR Zoom-NIKKOR 18-200mm f/3.5-5.6G IF-ED Camera Lens:

- Online Price Range: \$800-\$950

Xbox 360 250GB Console with Kinect:

- Retail Price: \$399

Potential Action	Cost of Purchase	Pros	Cons
Purchase Nikon Lens			
Purchase Xbox			

Every choice has consequences – even business decisions. What things are Jasen potentially giving up by not purchasing the Xbox?



JASEN'S BUSINESS DECISIONS

Activity Wrap-Up

Thank the students for their participation, and encourage them to weigh the pros and cons before making any big purchase.

Remind them that Jasen's short-term sacrifices were ultimately worth it in the long run. By budgeting and saving his money and doing some comparative research, Jasen was able to improve the service he offered to his clients.

Activity #2:

THE WELL-INFORMED WIZARD

Activity Learning Objectives

- Learn how to utilize the Internet for consumer detailed research.
- Evaluate different vehicle (broom) options.
- Understand the importance of considering needs versus wants when making a big purchase.

Supplies

Items needed for class:

- Computer and Internet access

Items needed for each student:

- Pencil
- Photocopy of worksheet/ instructions (pages 10-14)

Optional Items for Quidditch Match:

- 6 hula hoops
- Fishing line
- Scissors
- 1 tennis ball
- 1 knee-length gym sock
- 1 large foam soccer ball for the “Quaffle”
- 4 smaller foam balls (about 8 in. in diameter) for the “Bludgers”
- 14 brooms (used or new)
- 7 pinnies, all the same color
- 7 pinnies, in a second color
- A yellow pinnie (or t-shirt) for the person playing the “Golden Snitch”

NOTE: Contact the High School’s Physical Education Department about borrowing equipment & team pinnies.

About the Segment: Harry Potter Sketch

Based on author J.K. Rowling’s *Harry Potter* series, this **Biz Kid\$** sketch features a conversation between Harry Potter (Kaelon), Hermione Granger (Miriam), and Ron Weasley (Alex) regarding Harry’s desire to purchase a new broom. Although Hermione warns Harry about the expenses associated with buying a custom-made broom, Harry reassures her that he has been conserving his potions carefully, has considered buying a used broom model, and has researched the process of obtaining a loan from the Toad Wart Credit Union. Hermione reminds Harry that he needs to factor in the cost of flying insurance and on-going maintenance costs.

Biz Terms

- Conserve
- Credit Union
- Custom-made
- Insurance
- Loan
- Maintenance Costs

Biz Terms & Segment Review

1. When an item is custom-made, how is the pricing for that item generally impacted?
2. What are the financial advantages associated with buying a used vehicle versus a new vehicle?
3. Explain how a loan from a financial institution works.
4. What is a credit union?
5. How can conserving resources (in Harry’s case, his potions) help someone’s budget?
6. What is vehicle insurance and why is it needed?
7. Setting the broom aside for the moment, what are some typical maintenance expenses car owners must factor into their budgets?

THE WELL-INFORMED WIZARD

INSTRUCTIONS FOR STUDENTS

Introduction

In the Biz Kid\$ Harry Potter sketch, Harry took several factors into consideration before purchasing a new broom:

- debated buying a used broom instead of a new broom
- researched loan financing at the local credit union
- started cutting back on his regular toad budget & started conserving his potions wisely
- factored in flying insurance and maintenance costs

Like every smart consumer, Harry knows that research is vital before making a decision and proceeding with a big purchase. In fact, even author J.K. Rowling understands the importance of doing one's homework before purchasing a new broom!

In several of Rowling's books, Harry and other wizards peruse the pages of *Which Broomstick? Magazine* — a monthly magical magazine catering to broomstick riders that provides information about different broom makers, and broom making companies.

Directions — Part One

Although price is definitely a factor, lifestyle needs to be considered when a wizard decides to purchase a new broom. There is a wide variety of broom types available – including beginner brooms (for young children just learning how to fly), racing brooms, endurance brooms, high-climbing brooms, and sport brooms (particularly for those Quidditch players).

Using these websites for research, consider the three different scenarios presented on the following pages.

1. Fill in details about each broomstick to complete each table.
2. Evaluate which broomstick is the best purchase from the options provided based on the scenario.
3. Answer the questions below each table.

Research Websites:

- http://en.wikibooks.org/wiki/Muggles'_Guide_to_Harry_Potter/Magic/Brooms
- <http://www.the-leaky-cauldron.org/wiki/index.php?title=Broomsticks>
- http://harrypotter.wikia.com/wiki/Nimbus_2000
- <http://harrypotter.wikia.com/wiki/Broomstick>
- <http://harrypotter.wikia.com/wiki/Category:Broomsticks>
- http://en.wikipedia.org/wiki/Magical_objects_in_Harry_Potter
- <http://www.hp-lexicon.org/wizworld/brooms.html>
- <http://en.wikipedia.org/wiki/Quidditch>
- http://twiki.tv/wiki/Broomsticks_in_Harry_Potter



THE WELL-INFORMED WIZARD

Scenario # 1

You are a wizard and a parent. Your six-year-old daughter is just about to start her first year of school at Hogwarts. Knowing that she's has been enrolled in flying lessons, you want to send her to the Hogwarts Express Platform 9 $\frac{3}{4}$ with her very first broom.

Broomstick Model	Manufacturing Company/ Broom-maker	Flying Capabilities/ General Usage	Brand Reputation	Special Features	Categorize Price as Low/Med/High
Cleansweep Eleven					
Shooting Star					
Nimbus 2001					

For this scenario, which broomstick is the best choice? Explain your rationale for this choice.



THE WELL-INFORMED WIZARD

Scenario #2

You are a young wizard and aspiring star Quidditch Player who has just been placed in the Slytherin House by the Sorting Hat. You've saved up your golden Galleons and you're prepared to buy a new broom so you can help Slytherin's Quidditch team smash your Gryffindor rivals!

Broomstick Model	Manufacturing Company/ Broom-maker	Flying Capabilities/ General Usage	Brand Reputation	Special Features	Categorize Price as Low/Med/High
Bluebottle					
Moontrimmer					
Firebolt					

For this scenario, which broomstick is the best choice? Explain your rationale for this choice.



THE WELL-INFORMED WIZARD

Scenario #3

You are a wizard in your late twenties who has been hired to assist Professor Minerva McGonagall in your new role as Assistant Professor of Transfiguration at Hogwarts. Until you move your residence to your new living quarters at Hogwarts, you will be commuting to and from your current home about 30 miles away. Since you recently finished your graduate studies and you are just starting your teaching career, you only have enough saved for a modest down payment.

Broomstick Model	Manufacturing Company/ Broom-maker	Flying Capabilities/ General Usage	Brand Reputation	Special Features	Categorize Price as Low/Med/High
Comet 290					
Oakshaft 79					
Nimbus 2000					

For this scenario, which broomstick is the best choice? Explain your rationale for this choice.



THE WELL-INFORMED WIZARD

Optional Activity — High School Level Quidditch Game

Quidditch isn't just for wizards anymore! The popularity of J.K. Rowling's Harry Potter series has brought this fictional game to life.

Directions

1. Watch this on-line Mojo.com video showing how Quidditch was originally played at Hogwarts as depicted in the Harry Potter movie series: <http://www.5min.com/Video/How-to-Play-Quidditch-170658925>
2. Next, watch this online Howcast video showing how Quidditch can be adapted for Muggles to play in the real world: <http://www.youtube.com/watch?v=xRfkG6Zxkc0>

Note: Capturing the Golden Snitch is worth 150 points in the book series.

3. Expand the section below the video player to see the printed steps on how to play the game.

Players in the Game

A total of 15 players are needed:

- There are two teams.
- Each team has 7 Players: 3 Chasers, 2 Beaters, 1 Seeker, & 1 Keeper
- 1 Golden Snitch
- 1 Referee

Fun Fact: Quidditch in College

Believe it or not, the Harry Potter series inspired the creation of the International Quidditch Association:

<http://www.internationalquidditch.org/>

Check out full-contact Quidditch at the College Level:

<http://www.youtube.com/user/IQAQuidditch?blend=7&ob=5#p/a/f/0/u328sd-cgx8>



THE WELL-INFORMED WIZARD

Just for Fun

If you were a young wizard in the Harry Potter series, which broomstick would you own? Take this quick on-line quiz and find out:

<http://quizilla.teennick.com/quizzes/1627304/the-broom-closet-which-broomstick-would-you-own-awesome-pics>

Activity Wrap-Up

Thank the students for their participation, and remind them that although the research process can be time-intensive, having the right information about a product can save time and money in the long run when considering a big purchase.



BIZ TERMS VOCABULARY

- **Conserve:** to use or manage the amount of something wisely
- **Credit Union:** a member-owned financial institution and cooperative (when members deposit funds into a credit union account, as partial owners they share in the credit union's profitability)
- **Custom-made:** made to the specifications of an individual order (not mass-produced)
- **Insurance:** a policy (or contract) an individual pays for (generally on an annual basis), to provide financial protection or reimbursement against losses
- **Loan:** in this case, the act where a financial institution gives money to an individual in exchange for future repayment of the principal amount along with interest and/or finance charges
- **Maintenance costs:** on-going expenses associated with maintaining a purchase (such as a car or other vehicle) over time (including oil changes, tire rotations, routine repairs, etc.)
- **Comparative research:** a research methodology in which comparisons are made between several different things or items
- **Expand:** to increase, grow, or widen in scope
- **Inventory:** goods that are considered to be a portion of a business's assets that are ready for sale
- **Review:** a critique or evaluation (in this case regarding a customer's experience with a particular piece of equipment)
- **Upgrade:** an improved model or a new version



RESOURCES

Bankrate.com Auto Calculator

<http://www.bankrate.com/calculators/auto/auto-loan-calculator.aspx>

Beat the Car Salesman

<http://beatthecarsalesman.com/school/step5-10.html>

Cars.com Calculators

<http://www.cars.com/go/advice/financing/calc/loanCalc.jsp?mode=full>

CNNMoney: Money 101: Lesson 22: Auto Insurance

<http://money.cnn.com/magazines/moneymag/money101/lesson22/index.htm>

Consumer Reports

<http://www.consumerreports.org>

Consumer Reports Lesson Plan 3: All About Cars

<http://www.consumersunion.org/other/teaching/3-1.htm>

Consumer Search

<http://www.consumersearch.com/>

EconEdLink: Car Loan Project

<http://www.econedlink.org/lessons/index.php?lid=386&type=educator>

Kelley Blue Book

<http://www.kbb.com/>

Learning to Give: Installment Credit: Lesson 3

<http://learningtogive.org/lessons/unit351/lesson3.html>

Mind Tools: Cost / Benefit Analysis: Evaluating Quantitatively Whether to Follow a Course of Action

http://www.mindtools.com/pages/article/newTED_08.htm

MoneyInstructor.com: Purchasing and Financing a Car

<http://www.moneyinstructor.com/wsp/purchasingcar.asp>



Produced by: *Biz Kid\$* LLP

Funded by:



Co-Produced by:



Distributed by:

