

Teacher Overview

Marshmallow Towers is an activity that allows your students to gain a basic understanding of different business structures. Students, working in groups, are randomly assigned a business structure. The goal of their business is to build the tallest tower using only the provided resources.

STUDENTS GAIN A BASIC UNDERSTANDING OF DIFFERENT BUSINESS STRUCTURES

There are a number of debrief topics that can be covered at the conclusion of Marshmallow Towers. These include, but are not limited to, the advantages and disadvantages of different business structures, using sound judgment to make decisions, communication, and leadership.

When to Use This Lesson

You can use this lesson anytime depending on what you want to emphasize. If you are going to focus on team building, leadership, and Foundational Values, it is recommended you do Marshmallow Towers during the first few weeks of class. However, if you are going to focus on the business structures and short term vs. long term gains, you can do it during the during the first quarter or while discussing the key partners segment of the Business Model Canvas.

Time



BEFORE CLASS PREPARATION

- > Review the activity instructions. Make sure you are familiar with the activity as well as the talking points.
- > Make sure your room is set up to allow your students to work in groups.
- > Make sure you have purchased all supplies and they are ready for the start of the activity.

MATERIALS

- > Toothpicks - enough for each group to have 20
- > White marshmallows - enough for each group to have 20
- > Color marshmallows - enough for each group to have 20
- > Tape measure
- > Timer
- > Deck of playing cards
- > YE currency

KEY TERMS

- > Sole Proprietorship
- > Partnership
- > Limited Liability Corporation
- > S-Corporation
- > C-Corporation
- > Subjective Value

FOUNDATIONAL VALUES

- > Sound Judgment
- > Win-Win Focus
- > Opportunity

LEARNING OBJECTIVES

Principled Entrepreneurship LO 2a, 6a

ACTIVITY DIRECTIONS

- > Begin by telling your students they will be forming companies. The goal of each company is to build the tallest marshmallow tower.
- > **The Rules:**
 - You will have 10 minutes to build your tower.
 - Towers must be built using ONLY the resources provided; toothpicks and marshmallows.
 - Towers must stand with NO other supports during the measurement process.
- > Let's determine the companies!
 - **Pro-tip:** Have a deck of playing cards handy (perhaps a deck of YE playing cards). Have each student draw a card. Divide them into companies based on the card they drew.
 - Aces - Sole Proprietorship
 - Kings - Partnership
 - Queens and Black Jacks (all on one team) - LLC
 - Red Jacks, Tens, and Nines (all on one team) - S-Corp
 - Eights through Twos (all on one team) - C-Corp
 - Give your students time to move around the room so they are sitting with those they are in business with. Once they are situated make sure they know their business structure.
 - Both S-Corp and C-Corp must first elect a Board of Directors. All decisions MUST be made by the Board of Directors and voted on by the members. Give the S-Corp and C-Corp time to elect their Board of Directors.
 - Now give them time to name their businesses.
 - It is now time to construct your marshmallow towers. Remember the rules! You may only use the tooth-picks and marshmallows provided. Your tower must be free-standing during the measurement process. Your 10 minutes to work starts NOW!
 - Start a 10 minute timer. Give your students regular updates so they know how much time they have remaining. Circulate the room to make sure they are only using provided toothpicks and marshmallows. You will also want to make sure the S-Corp and C-Corp are not doing anything unless it is approved by the Board of Directors first.
 - After 10 minutes of building, tell the businesses to stop. Do not touch the towers!
 - Measure each tower. Remember, the goal is to have the tallest marshmallow tower so measure from the bottom to the tallest point.

ACTIVITY DEBRIEF

- > What was your business' ownership structure?
 - How did this business structure help you in reaching your goal of building the tallest marshmallow tower?
 - How did this business structure hurt you in reaching your goal of building the tallest marshmallow tower?
- > S-Corp and C-Corp businesses - What was it like to have a Board of Directors? How did it make you feel? Did it help or hurt you in your efforts to build the tallest marshmallow tower?
- > What was your business's competitive advantage?
- > What was your comparative advantage as a partner in your business?

