

Effects of Hispanic-Owned Businesses on Markets: Shifting Supply and Demand

Lesson by

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Lesson description

This short lesson can serve as a great opening activity to review some of the determinants of supply and demand. In this activity, students listen to a short biography of a Hispanic-American entrepreneur. Based on the information in the biography, students will identify the market in which the company competes and the determinant of supply or demand indicated in the biography, and they will draw a graph of the effect of the firm on the market.

Concepts

Demand

Determinants of demand

Determinants of supply

Firm Market

Shift

Supply

Objectives

By the end of this lesson, students will be able to

- Define key terms such as supply, demand, quantity demanded, quantity supplied, market, firm, determinants of demand, determinants of supply, shift, movement.
- Analyze information about various firms and determine the product or service market in which they compete.
- Interpret informational text to identify a determinant of demand or supply alluded to in the scenario.
- Illustrate a market graph showing the change in demand or supply indicated by the scenario.

Related content areas

Economics, business

Time required

10–20 minutes; use as an opening or closing activity.

Materials

- Handout #1—Market Graph Template (at least one per group)
- Activity #1—Hispanic-Owned Business Scenario Cards
- Visual #1—Correctly illustrated market graphs
- Small dry erase boards or chart paper for each group
- Dry erase or chart markers for each group

Preparation

- *Print and cut out* Activity #1—Hispanic-Owned Business Scenario Cards. In addition to the paper copies of the cards, arrange to be able to project the scenarios as well as the answer keys for each graph.

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Procedures

1. Tell students that the period from September 15 to October 15 is recognized nationally as Hispanic-Heritage Month. Explain that you will observe this period by doing an activity about Hispanic-owned businesses in the United States.
2. Tell students that Hispanic-owned businesses are a major growth area for the U.S. economy. Share the following statistics from Geoscape and the Hispanic-American Chamber of Commerce:
 - a. There were 3.16 million Hispanic-owned businesses in the United States in 2013.
 - b. Between 2007 and 2013, there was an average annual increase of 6.66 percent in the number of Hispanic-owned firms in the U.S. compared to only a 3.14 percent average annual increase in new businesses overall.
 - c. In the Southern United States, the percentage increase in Hispanic-owned businesses from 2007 to 2013 was between 52 percent and 59 percent, the largest regional increase in the country.
 - d. In 2013, total sales for Hispanic-owned businesses were expected to be \$468 billion.
3. Ask the students if they know any businesses that are owned by people with Hispanic heritage. It is likely the students will list small businesses like restaurants. Tell them that there are quite a few examples of large businesses started by entrepreneurs who have Hispanic heritage. Explain that they will learn about some of these while they practice graphing supply and demand.
4. Divide students into small groups of three to four students. Give each group a small dry erase board or large piece of butcher block paper. Provide the appropriate type of markers to each group.
5. Distribute Handout #1—Market Graph Template. Tell students they should record all the information required by the template each time they graph one of the scenarios. Review each item on the template.
6. Select the scenario card for Company #1. Read the card to the students or ask a student volunteer to read the scenario to the class.
7. Ask the groups to create their graph of the scenario. You may want to make this a competition by awarding points to each group that graphs correctly.
8. After checking each group's response, display the correct answer and discuss as a class.
9. Continue this process until all four scenarios have been completed.
10. Ask students to share their thoughts about the entrepreneurs and the businesses. Ask questions like: How were these entrepreneurs similar and how were they different? What, if anything, surprised you about the information you learned?
11. Optional: Provide students with more information about the role of people of Hispanic heritage in the U.S. economy. The following websites and online publications can provide additional information to your students.
 - a. [2014 Geoscape Report](#)
 - b. [Official Hispanic Heritage Month Website](#)
 - c. [United States Census Facts and Figures for Hispanic Heritage Month](#)
 - d. [2014 Hispanic Business 500](#)
 - e. [Bureau of Labor Statistics Hispanic Heritage Month Publication](#)
 - f. [United States Hispanic Chamber of Commerce](#)

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Handout #1—Market Graph Template

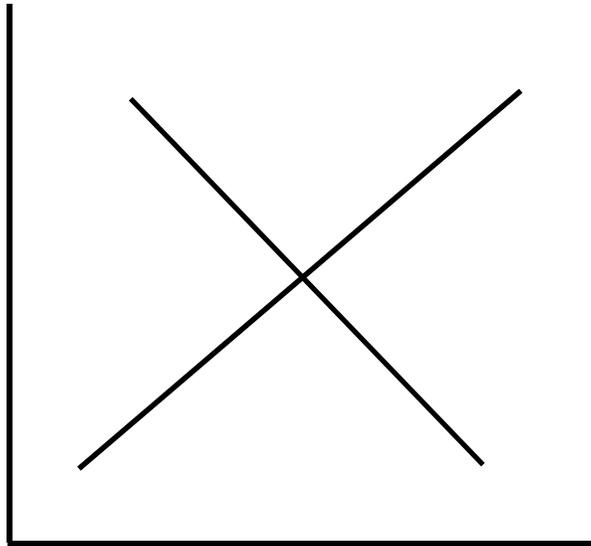
Graph— Company #

Market:

Curve Shifted:

Direction of Shift:

Determinant:



Activity #1 - Hispanic-owned Business Scenario Cards

Company #1

Hi, I am originally from northern Mexico and now I have a business headquartered in Norcross, Georgia. My business is one of the fastest growing Hispanic-owned businesses in the United States. In 1988, I decided to make some money for my family by selling corn tortillas on a street corner in Atlanta. It was really hard building a company, but now we have 1,600 employees. Consumers want my product because my tortillas taste more authentic than others on the market. We increased our company size over the years by making our products more appealing to consumers. We have a gourmet product line, a traditional product line, a budget product line, and a central American product line.*

Veronica Moreno, Ole Mexican Foods, Inc.

Annual revenue: \$257 million

***Based on the biographical information available at**

olemexicanfoods.com

Company #2

Hi, I am originally from Havana, Cuba. I started my discount pharmacies in Havana in 1940. In 1961, the new government in Cuba confiscated my businesses and my family left Cuba for Miami, FL. I had an insurance policy I cashed for \$4,000 and used this money to open my first pharmacy in Miami in 1961. As the Cuban-American community in South Florida grew, more people wanted to purchase items from my pharmacy. This growth in the number of buyer helped me grow my chain to a total of 28 stores. My family still owns 40 percent of the company making it the 18th largest Hispanic-owned company in the United States.*

Jose Navarro

Annual revenue: \$340 million

***Based on the biographical information available at**

navarro.com/about_us/

Company #3

Hi, my family arrived here in the USA from Cuba when I was a little boy. I knew I wanted to be an entrepreneur, but I also knew I needed to study hard and get experience before starting my business. I studied accounting and got an MBA. Although I worked for a large company, I was laid off in 2001. This was the moment that pushed me to start my business. Liberty Power, based in Fort Lauderdale, has grown to be the largest independent supplier of retail electricity in the USA. In many states, consumers have no choice from whom they buy their electricity. However, some states have opened the market to competition and we are successfully competing with companies in those markets.*

David Hernandez, Liberty Power

Annual revenue: \$795 million

***Based on the biographical information available at
libertypowercorp.com**

Company #4

Hi, I grew up on a farm in Puerto Rico during the 1930s and 1940s. I dropped out of high school and joined the U.S. Army. I served in the military for 30 years and fought in the Vietnam War. When I left the military, I knew I needed more education. I studied mathematics and computer science at University of Texas and got my master's degree in computer systems engineering from Southeastern Institute of Technology. My wife and I started a company called COLSA Corporation in Huntsville, Alabama. We provide engineering services to the U.S. military and NASA. We have grown to employ over 1,000 people. Part of our vision is to create a work environment designed to attract and retain the best talent. By increasing expertise and reducing turnover, we keep our costs lower and can provide a greater quantity of services.*

Francisco Collazo, COLSA Corporation

Annual Revenue: \$198 million

***Based on the biographical information available at
colsa.com/about.html**

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Visual #1 – Correctly illustrated market graphs

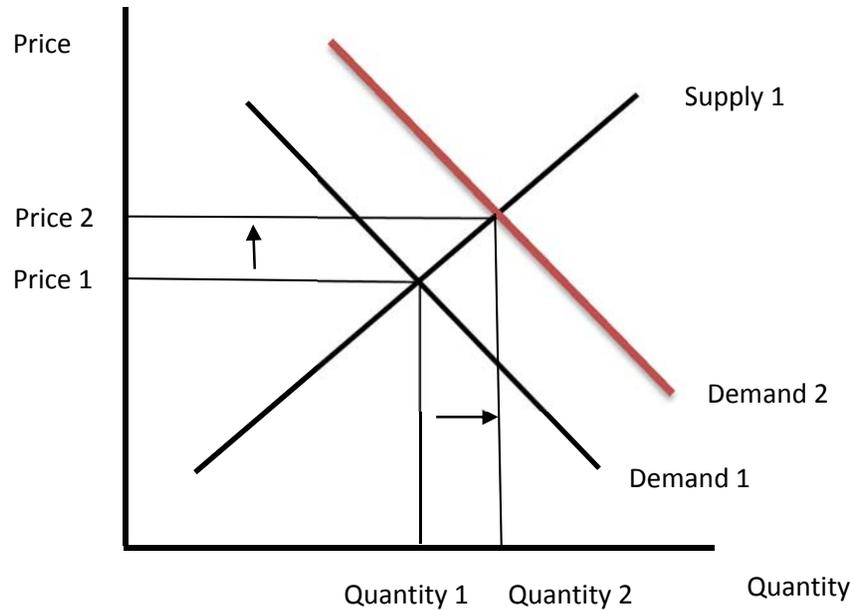
Graph Key – Company #1

Market: Tortillas

Curve Shifted: Demand

Direction of Shift: To the Right

Determinant: Consumer Taste or Preference



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Visual #1 – Correctly illustrated market graphs

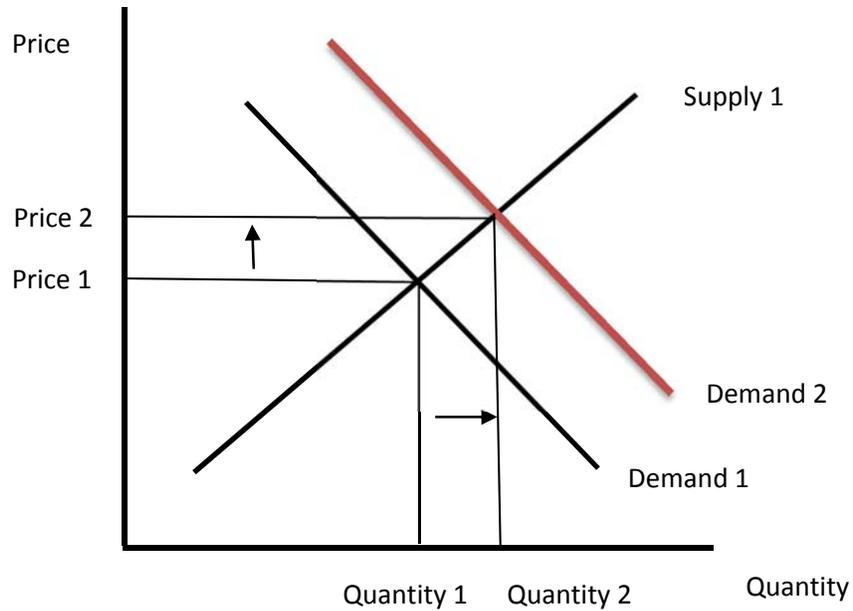
Graph Key – Company #2

Market: Pharmacy Products

Curve Shifted: Demand

Direction of Shift: To the Right

Determinant: Number of Consumers in the Market



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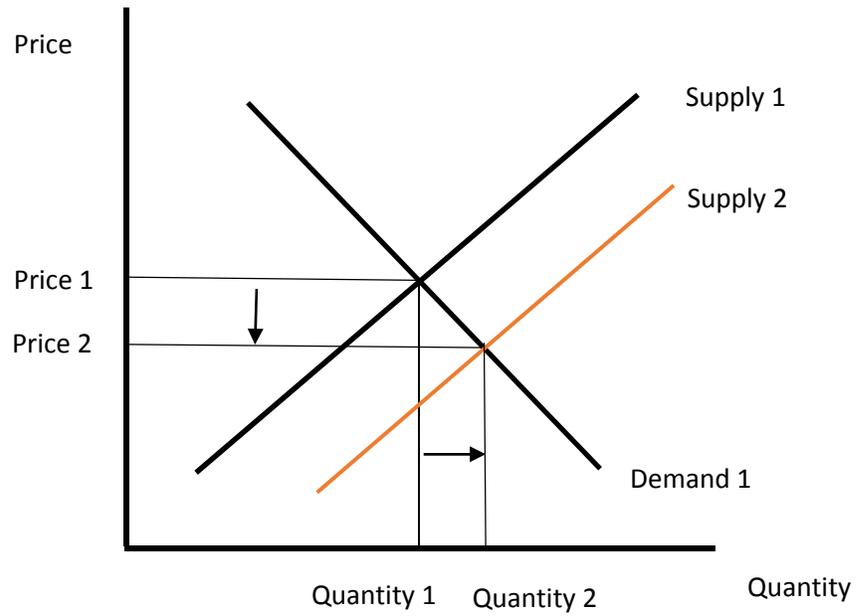
Graph Key—Company #3

Market: Electricity

Curve Shifted: Supply

Direction of shift: To the right

Determinant: Number of sellers in the market



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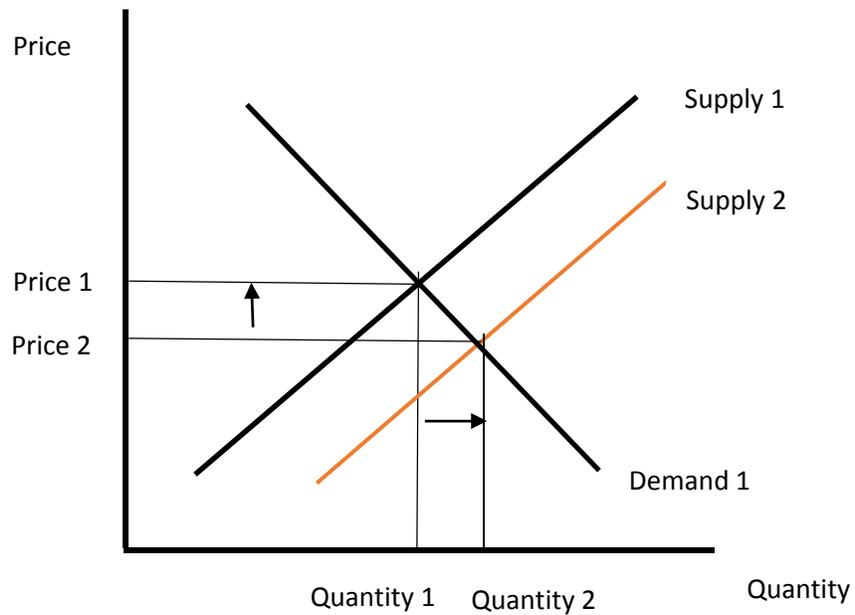
Graph Key – Company #4

Market: Engineering services

Curve Shifted: Supply

Direction of shift: To the right

Determinant: Decrease in the cost of factors of production



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Standards and Benchmarks

National Standards for Economic Education

Content Standard 8: Role of Prices

- a. Students will understand that: prices send signals and provide incentives to buyers and sellers. When supply or demand changes market prices adjust, affecting incentives.

Content Standard 14: Entrepreneurship

- a. Students will understand that: Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.
- b. Students will be able to use this knowledge to: Identify the risks and potential returns to entrepreneurship, as well as the skills necessary to engage in it. Understand the importance of entrepreneurship and innovation to economic growth, and how public policies affect incentives for and, consequently, the success of entrepreneurship in the United States.

Content Standard 15: Economic Growth

- a. Students will understand that: Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.
- b. Students will be able to use this knowledge to: Predict the consequences of investment decisions made by individuals, businesses, and governments.

Common Core Standards

Grades 6-8 Students	Grades 9-10 students	Grades 11-12 students
Integration of Knowledge and Ideas		
7. Integrate visual information (e.g., in charts, graphs, photographs, videos, or maps) with other information in print and digital texts.	7. Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text.	7. Integrate and evaluate multiple sources of information presented in diverse formats and media
Writing Standards for Literacy in History/Social Studies 6–12 Research to Build and Present Knowledge		
7. Support claim(s) with logical reasoning and relevant evidence, using accurate, credible sources and demonstrating an understanding of the topic or text.	7. Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.	7. Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.