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**CLASSROOM**

*ABJ* speaks with Susan Beacham



## EDITOR'S Note

**AS AMERICA CONTINUES** to struggle while pulling itself out of the recession, here at the *American Business Journal* we find ourselves asking the question: what is the answer? Despite the vast number of great American businesses that have triumphed in times of adversity, financial illiteracy and the related economic effects is a lingering problem.

Our cover story this issue investigates a growing movement that stresses the importance of financial education. Read about an innovative entrepreneur, Susan Beacham, who shaped her business around these principles, as we examine the state of financial literacy in America.

Always keeping abreast of new business opportunities, the largest expansion of generic top level domain names (gTLDs) thus far is about to hit the Internet. *ABJ* is thrilled to have a legal contribution this month from William Schultz, a specialist in online trademark and copyright litigation matters. Check out the article on page 12 for all the information your business needs to know about this new ruling.

Our monthly State Focus takes us to Georgia, where we profile some strong municipalities, and follow an innovative park revitalization initiative in Atlanta. And as always, *ABJ* continues to profile many more of those innovative and successful companies that are the foundation of our business community.

Sara Kopamees

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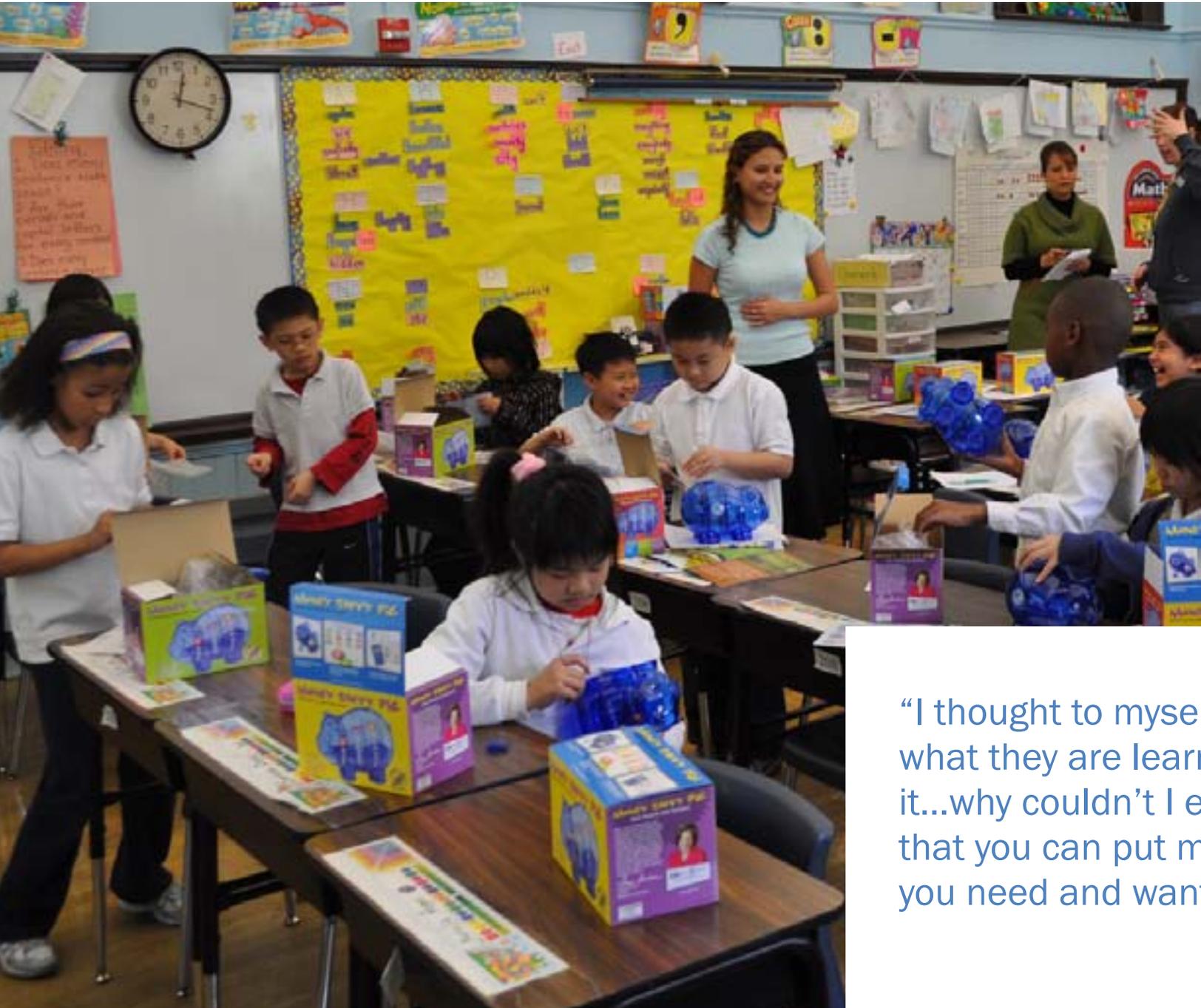
SUSAN BEACHAM, FINANCIAL EXPERT AND CREATOR OF MONEY SAVVY GENERATION

Why the answer to the  
**FINANCIAL CRISIS**  
might be in a

# FIRST GRADE CLASSROOM

By Christina Bruce

Americans just can't seem to get a grip on their personal finances. Despite numerous well-intentioned advocacy groups, the recession has proven one thing—we haven't learned. As the country rounds the first corner out of the worst economic downturn in years, one exacerbated by millions of Americans taking mortgage loans they could not afford, statistics continually prove that financial literacy has a grim forecast.



“I thought to myself, what are they learning...why couldn't I learn it...that you can put money together for what you need and want.”

**THE HIGHLY PUBLICIZED** passing of the Consumer Protection Act in 2010 was intended not only to protect people from certain unscrupulous individuals on Wall Street, but to protect consumers from themselves. Basic financial

competency is not a place where America scores highly. A study out of Georgetown University shows that consumer debt grew nearly five times in size from 1980 (\$355 billion), and today stands a staggering \$2.4 trillion.



If: look at first graders and see learning and how they are learning empower children with the idea money away for the things that at 10 years from today?"

### —Susan Beacham

Does that number even mean much to the average American? While much-needed advocacy groups are scrambling to educate the adult population about making smart financial decisions, there is a growing movement that is shifting the

focus to youth education, for as young as four and five year olds. Could the answer to the financial crisis really be in a first grade classroom?

At the helm of this movement is Susan Beacham, financial expert and creator of Money Savvy Generation, a program she created using age-appropriate instructional materials to teach kids about the value of money. Once a major player in the corporate world, Beacham now spends her days not managing investments, but in a classroom.

### From boardroom to classroom

Beacham's successful career began in wealth management, a place that was a noticeably male-dominated industry. After 18 years in the industry, Beacham began to realize just how uninformed the world outside her small corporate bubble really was. "I would see a lot of men about money management but not that many women, and the women were usually widowed or divorced," Beacham recalls. "I would watch women struggle with the issue of money at a point of crisis in their lives and it made [my job] so much more difficult."

Drawing inspiration from two young daughters at home, Beacham began to shape an idea in her head that would lead to a career changing epiphany. "I thought to myself: look at first graders and see what they are learning and how they are learn-

ing it...why couldn't I empower children with the idea that you can put money away for the things that you need and want 10 years from today?"

The revelation eventually led Beacham to develop her idea into something tangible. Given access to a classroom through her daughter's school, she began the process of launching her business. This laid the groundwork for developing the curriculum of Money Savvy Generation, and creating the Money Savvy Pig in 2002—voted by Business Week as one of the biggest products of that year and later winning a host of other consumer accolades. Since then, Beacham has been steadfastly trying to convince corporate America of her cause.

### **Just like brushing your teeth...**

At the core of Beacham's philosophy is teaching money management early in life. "If we teach very young children, very early on, something that we have choices about—money—what we have done is help a child learn a critical life skill, and that is the critical life skill of delayed gratification," says Beacham. "It's just that simple."

This is a different approach to other education programs throughout the country, which begin the process at a much later age or counsel those already in financial trouble. "We wait until children are readers and they can understand decimal

points and percentages," says Beacham. "Money behavior, according to the research, is set by age 13." The result is that well-meaning education programs are arriving too late along the developmental process.

Approaching teens about money management can be made easier and have higher rates of success when there is a foundation to build upon. "When we try and teach teenagers about money



management we are changing behavior, not molding behavior,” Beacham explains, noting that changing behavior is “much, much harder to do.”

The research supports her claims. Delayed gratification studies (such as the infamous Stanford marshmallow study) have been replicated time and again, proving the value of regulating impulse from a very young age, something highly related to money management. Beacham is

not discounting financial education all the way through to adulthood, and in fact emphasizes the importance of continuing with the foundation.

“When schools, corporate sponsors, and families intervene and teach a child to self-regulate early on, that child is going to be wealthier, healthier and a more stable adult.” The Money Savvy Generation curriculum is now being taught in more than 27 states, and is one of the more successful programs being used in schools throughout the country.

### **The cost of curriculum reform**

Mandated curriculum reform as a whole has been slow moving and a dedicated course is only required by three states, according to the Jump\$tart Coalition for Personal Financial Literacy, a non-profit group. Although there are 18 other states that incorporate some kind of lesson into other courses, a study released by Visa at the Global Financial Literacy Summit this year found that 85 percent of parents want a dedicated course in personal finance to be a high school graduation requirement.

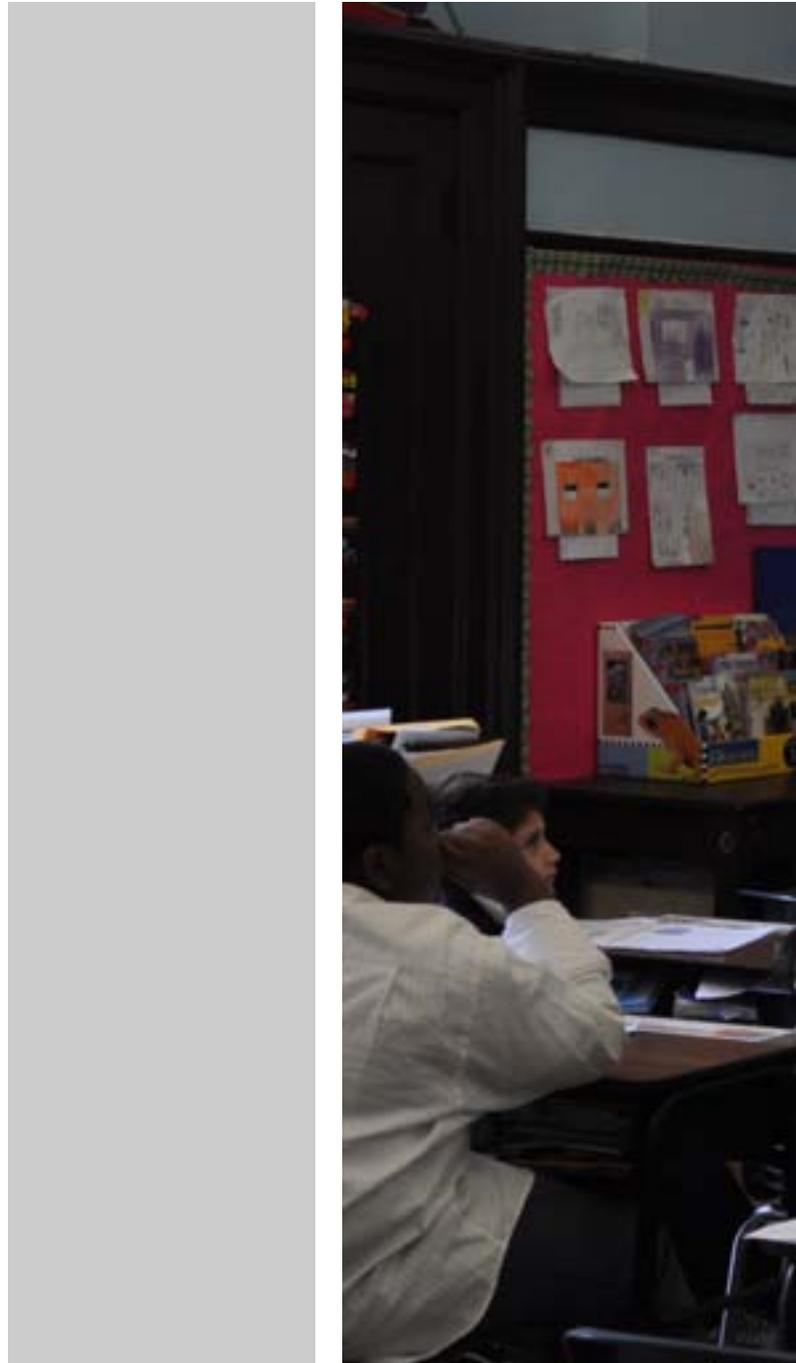
Annamaria Lusardi, professor at Dartmouth College and a research associate at the National Bureau of Economic Research, studies financial illiteracy and speaks frequently on the subject. She agrees with the notion. “Changes in financial



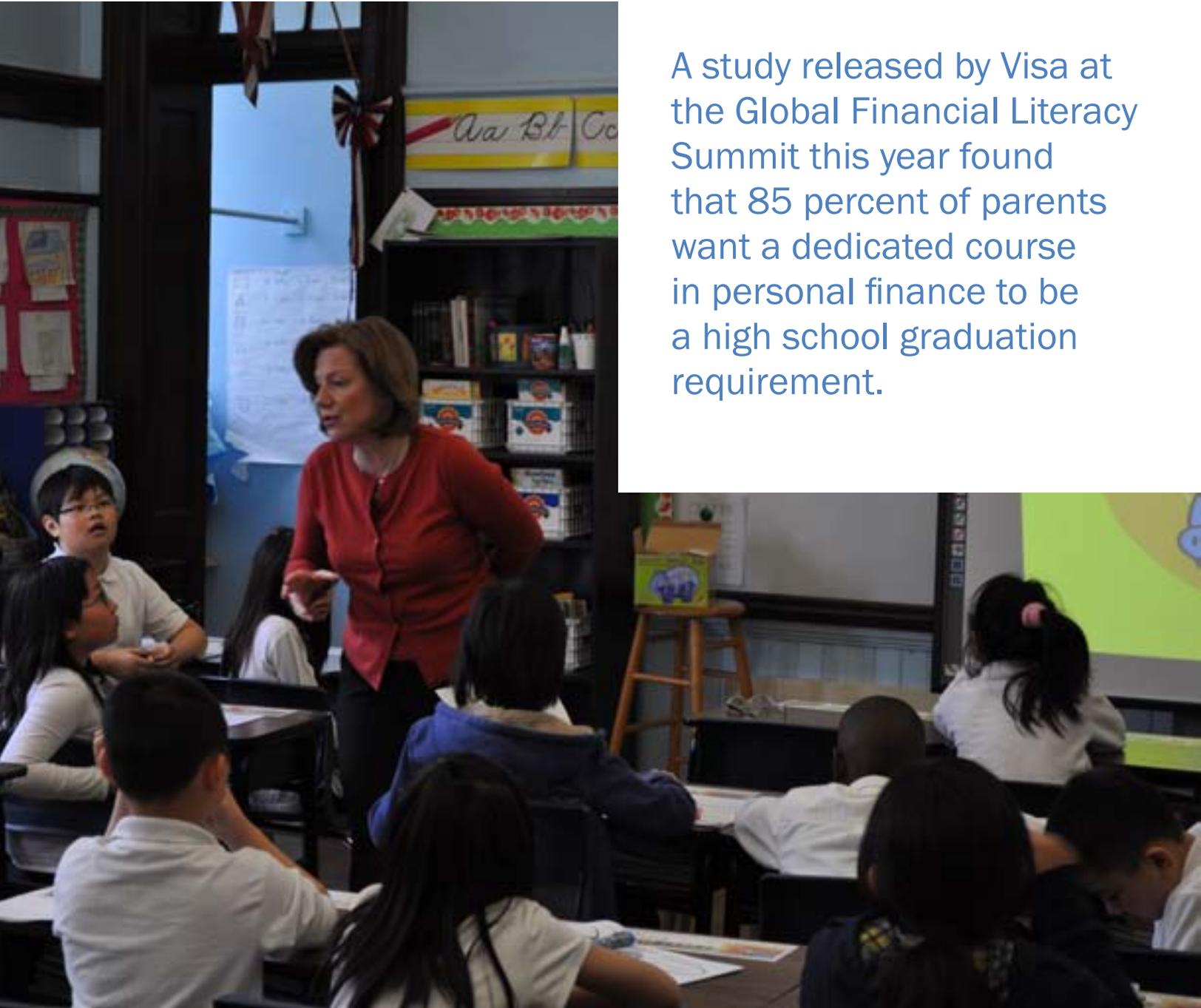
markets have shifted the responsibility of financial well-being from the government and employers onto individuals. However, this has not been accompanied by changes in school curricula or workplace programs to equip people to deal with increased personal financial responsibility.”

There are those organizations across America that have embraced the notion. The Chicago City Treasury headed by Stephanie D. Neely, as an example, has been working with Beacham rolling out her program into Chicago public schools. The partnership received national recognition because of its successful launch into a large, urban school system—something often viewed with a critical eye because of the associated costs of curriculum reform and an already jam-packed school day.

“There is a big complaint that there is no time in the school day and I just want to debunk the myth,” states Beacham. “What we have done in Chicago is gone into library time and worked with librarians, integrating the materials into the school day without disrupting class time. Teachers saw librarians were doing it and then when classroom teachers saw how effective it was they wanted to make time for it.”



Experts agree that integration of financial literacy into school curriculum is entirely possible. “We can and should provide financial literacy in schools to prepare young people for the new world they are facing,” says Lusardi. “Education is going to deliver results in the long run, yet very few



A study released by Visa at the Global Financial Literacy Summit this year found that 85 percent of parents want a dedicated course in personal finance to be a high school graduation requirement.

politicians or institutions have a long-run horizon. I think that the financial crisis has shown us that it is too expensive not to do financial education.”

### **Connection to corporate revenue**

What about the sentiment that financial institu-

tions want to keep consumers in the dark as a ploy to generate revenue? The argument is largely unfounded, as increased financial literacy ultimately leads to a healthier economy. Consumers are better educated about how to spend their money—and actually have it to spend. “There

is myth out there that corporate America wants America to stay dumb—that is a myth. I was in corporate America. We want people to be as smart as they can be,” says Beacham.

Money spent wisely on products that can grow an individual’s wealth and investments garner dramatically higher returns for banks than those spent on penalties. “It is not in the financial industry’s interest for people to be maintaining a ‘survival lifestyle’,” says Beacham. The argument is persuasive—and is precisely what she uses to get corporate sponsors on board with her initiative.

“We want people to have money we can manage. We want people to have money so they can participate in all the products and solutions that we have to offer in the corporate world.”

Beacham spends her days trying to find a sympathetic ear in the corporate community. Luckily, she speaks their language.

“There is big benefit here to your bottom line as a corporate sponsor; this is a three-tiered customer acquisition network. You teach a child something that a parent thinks is worthy and they are forever grateful to you in a way that is quite unique and distinct. They will use you as their bank or their money manager because you

## THE MONEY SAV



Meet the little pig that started a big movement. Entrepreneur Susan Beacham’s first product was her own little invention that became much more. A simple visual tool designed to make the abstract concept on money into something concrete, the clear piggy bank has four columns on the side: save, spend, donate and invest. This interactive tool can be used with very young children and their teachers, parents, grandparents,

# MY PIG



or any adult. The product went on to win a Business Week's "Best Products" award the year it was introduced. Beacham turned this into Money Savvy Generation, a company providing a range of solutions promising to help adults teach the kids in their lives how to manage money. There is the proven curriculum for teachers, a book series, a successful phone app, and the Cash Cache, a personal finance organizer for the tween and teenage years.

have taught their child something of value," says Beacham. "The corporate sponsors who work with me are visionaries in that they understand this is a long-term plan."

It is a view that is fortunately becoming more widely accepted, but has traditionally run into road blocks: political hurdles and objections to the expense. But the snowball effect seen during the last recession has shown that there is a problem. 51 percent of people do not have precautionary funds put away in case of sickness, job loss, or an economic downturn, according to the 2009 FINRA Financial Capability Study.

Basic building blocks of personal finance are evidently missing from the public mindset. In today's complex financial environment these basic principles have had such a profound impact on the economy (i.e. soaring consumer debts, faulted mortgages) that we cannot help but step back and look at the bigger picture.

## **Big banks on board**

Clearly the financial institutions of the world are on board with the logic. PNC Financial Services Group recently launched its 'Grow Up Great' campaign in conjunction with a long-time childhood favorite: Sesame Street. The educational DVDs are designed to teach basic money management principles to very young children. The bank and



other partners will distribute 1 million bilingual kits (English and Spanish) and 15,000 English kits free of charge—an overall 10-year, \$100 million investment.

“Every dollar invested in early childhood education represents as much as a \$16 return to society and that investment produces a productive and employable people. For us, it’s the smartest

investment we can make and it’s the right thing to do,” Jim Rohr, PNC Chairman and CEO, said in a statement.

The financial literacy movement also has the backing of the White House, which officially declared April of 2011 National Financial Literacy Month. “As we recover from the worst economic crisis in generations, it is more important than ever to

“There is big benefit here to your bottom line as a corporate sponsor; this is a three-tiered customer acquisition network.

—Susan Beacham



be knowledgeable about the consequences of our financial decisions,” said President Barack Obama in a statement.

It may be moving slowly, but the winds of change are clearly blowing. When major financial institutions sink millions of dollars into educational programs and the White House becomes involved, it serves as proof that there is something to be said

for teaching kids these principles. The epiphany that struck Susan Beacham so many years ago might just be the remedy for the increasingly perilous financial environment of today. **ABJ**

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