

Lesson 7.6: What a Business Is: Problem, Customer, Product, Price

Unit: Unit 7, Launch: Career Readiness and FACS Shark Tank (capstone; draws on Individual Growth and Life Readiness) **Topic:** 7.2 FACS Shark Tank **Grade:** 6 to 8 (written at grade 7; see Differentiation for the grade 6 support and grade 8 stretch) **Days:** 1 class period of 40 minutes **Room:** Classroom

Standards

- NYS module line: NYS IGLR 5. Career Pathways b) Examine the skills needed to become an entrepreneur
- NYS module line: NYS IGLR 4. Financial Readiness b) Create and follow a budget
- CTE theme line: CTE CCO 1. The Work World a) Describe reasons for working in paid and unpaid work environments
- CTE theme line: CTE FCL 4. Buying Goods and Services a) Define the term “consumer” and describe the role of the consumer in the economy
- NYS FACS Learning Standard 3 (Intermediate), Key Idea: Students will understand and be able to manage personal resources of talent, time, energy, and money and make effective decisions in order to balance their obligations to work, family, and self.; Performance Indicator: Students understand the resources available to them, make informed decisions about the use of those resources, and know some ways to expand resources.
- CDOS Standard 2 Integrated Learning: Students will demonstrate how academic knowledge and skills are applied in the workplace and other settings.
- National FCS 3.0: 3.1.2 Examine openings for jobs and for starting a business.
- National FCS 3.0: 2.5.1 Examine how resources get used when individuals, families, and communities choose among needs and wants.
- National FCS 3.0: 2.5.2 Examine the parts individuals and families play in the economy.

Enduring understanding and essential question

Big idea: A business exists because somebody has a problem they will pay to have solved. No problem, no business. That is the whole thing, and everything else is arithmetic.

Essential question: What problem is this business actually solving, and who is paying to have it solved?

Objectives

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

1. (Low) State the four questions every business has to answer (what problem, who has it, what do you make or do, what does it cost you and what do you charge) and define revenue, cost, and profit.

2. (Mid) Given five real, familiar businesses, name the problem each one solves and who has that problem, and compute profit from a given revenue and cost in one worked example.
3. (High) Evaluate a given idea and decide whether it is a business or a hobby, and justify the decision using the four questions and at least one number.

Vocabulary

Tier 2 (general academic): solve, evaluate, justify, compare Tier 3 (FACS): entrepreneur, business, problem, customer, product, service, revenue, cost, profit. See Vocabulary 07.md.

Materials and setup

- Handout 07.06 - Four Questions and Profit Example.md, one per student
- Five business cards printed large enough to read from the back of the room and taped to the board in a row before class: a barber shop, a phone repair counter, a school bus company, a bakery, and a lawn mowing crew. *[Sal: swap in five businesses inside a mile of your school. The activity is better when students have walked past all five.]*
- Rubric 07 - Career Readiness and Shark Tank.md returned at the door with criteria 1 and 2 scored, plus the stapled Topic 7.1 sets
- One real receipt from anything, held up, for the revenue and cost example. A supermarket receipt from the Unit 6 project works and connects the two units.
- Slides: Slides 07.06 - What a Business Is
- Timer
- Setup notes: put the five business cards up before the bell so students read them on the way in. Write the four questions on a side board as numbered blanks; fill them in during Step 1 in students' words. Allergy check: none.

Pre-assessment

Do now: the difference between what students think a business is (a store, a building, a logo) and what it actually is (a problem somebody pays to solve) is the whole gap. The do now surfaces it in 90 seconds. Also, a hand count on "who in here has made money from somebody who is not a relative?" The hands that go up are the students who already have a business and do not know they do; use them in Step 4.

Do now and hook (Time: 5 min)

On the board: "Name a business you have been inside in the last month. In one sentence, what does it do?"

Debrief: take six answers. Most will describe what the business sells. Write each answer on the board. Then the hook: cross out each description and rewrite it as a problem. "Cuts hair" becomes "your hair grows and you cannot cut the back of your own head." "Sells coffee" becomes "you are tired at 7 a.m. and you do not have twelve minutes." Say the line:

“Every one of these exists because somebody had a problem and would pay to make it go away. Today we find the problem behind five of them, and then you find one of your own.”

Procedure

Step	Teacher will	Students will	Time
1. Direct instruction: the four questions	Give the four questions and write them in numbered order: 1. What problem? 2. Who has it? 3. What do you make or do? 4. What does it cost you, and what do you charge? Teach product versus service with two examples from this course (a sewn tote bag is a product; sewing a repair for somebody else is a service). Teach customer as the person who pays, which is not always the person who uses it.	Copy the four questions onto the handout. Write one product and one service from the year's own work next to questions 3.	7 min
2. Fast round: the problem behind five businesses	Assign teams of three by table. Point at the five cards. Set the timer for five minutes: for each of the five, write the problem it solves and who has that problem. One sentence each, ten answers in five minutes, moving fast. Then take one card at a time and collect the best answer from two different teams.	In teams, fill the five-row table on the handout. One reporter per team gives an answer when called.	9 min

	Push once per card: “Would somebody pay to make that go away? How much?”		
3. Direct instruction: revenue, cost, profit, one clean example	Do the arithmetic on the board with one example the whole class does together in their own handout. The example: a class T-shirt. The blank shirt costs \$4.00. The printing costs \$2.50. That is \$6.50 to make one shirt. You charge \$12.00. Revenue for one shirt is \$12.00. Cost for one shirt is \$6.50. Profit on one shirt is \$5.50. Then scale: 40 shirts sold is \$480.00 revenue, \$260.00 cost, \$220.00 profit. Then break the example on purpose: “You ordered 60 and sold 40. Now your cost is \$390.00 and your profit is \$90.00. What happened?” Name the three words on the board as students say them.	Fill the three-line calculation on the handout with the teacher, then do the 60-shirt version alone and write one sentence about what changed.	10 min
4. Business or hobby	Give the distinction in one sentence: a hobby costs you money and you do it because you like it; a business brings in more than it costs and somebody else	Vote on each of the three. Write the business or hobby decision with a one-sentence justification using the four questions and at least one	5 min

	decides whether it is worth paying for. Put three ideas on the slide: (a) a student who bakes cookies for their family every Sunday, (b) a student who bakes cookies and sells them at a school event for \$1.00 each when they cost 35 cents to make, (c) a student who makes bracelets, gives them away, and spends \$30.00 a month on string. Ask for a vote on each, then a defense. Call on the students who raised a hand in the pre-assessment: "You said you have made money from a stranger. Which of the four questions did you already answer?"	number.	
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Do now 5 plus 7 plus 9 plus 10 plus 5 is 36; the closure below is 4 minutes. Total 40.

Questions to ask

Monitor understanding:

- What are the four questions?
- Is a haircut a product or a service? What about a hair dryer?
- Revenue was \$480 and cost was \$260. What is the profit? Say the subtraction out loud.
- Who is the customer of a school bus company? Who pays, and who rides?

Deepen learning:

- Two bakeries on the same street sell the same bread. Why does one of them close?

- You ordered 60 shirts and sold 40. Whose mistake was that, and which of the four questions would have caught it?
- Is a hobby worse than a business? Make the case that a hobby is the right choice sometimes.
- Your family pays somebody to do something you could do yourselves. What is the problem they are paying to make go away, and is it worth the money?
- Which of the six things this class covered this year (food, money, family, home, clothing, work) has the most problems in it that somebody would pay to solve?

Check for understanding

Whiteboard or handout hold-up at the end of Step 3: every student writes the profit on the 60-shirt version and holds it up on a count of three. The correct answer is \$90.00. A class where more than a quarter of the hands show \$220.00 has not separated cost-per-unit from total cost, and Step 4 opens with a 60-second reteach using ten shirts instead of sixty. Then a second check in Step 4: the thumb vote on business or hobby, followed by one student defending a minority vote.

Closure (Time: 4 min)

Exit card, two lines: **1** name one real problem you have seen this week that somebody would pay to have solved, and say who would pay; **2** write the profit formula from memory. Two students read line 1 aloud. Keep every card. The problems on these cards are the seed list for tomorrow's Big Idea Factory, and reading them out loud tomorrow is faster and better than starting a brainstorm cold.

Differentiation and supports

- ELL: the nine Tier 3 words are on the handout with Turkish, Portuguese, and Spanish from Vocabulary 07.md, and the five business cards each carry a simple picture description so the business is recognizable without reading. Sentence frames in all four languages: "The problem is . ***The person who has it is*** ." and "Revenue minus cost equals profit." The T-shirt example is numbers, which crosses languages, so an ELL student can succeed fully on objective 2 today.
- IEP and 504 (general): the T-shirt calculation is pre-labeled on the handout with the three lines named and only the numbers to fill in; a calculator is allowed and encouraged for every student, so nobody is singled out; the five-row table may be completed with three rows instead of five; the team reporter role can be taken by a student who prefers to read a written answer rather than speak spontaneously; extended time to finish the business-or-hobby justification during Lesson 7.7's brainstorm.
- Grade 6 support: three businesses instead of five, and the T-shirt example uses ten shirts instead of forty so the multiplication stays inside a grade 6 comfort zone. Grade 6 students write the profit formula and one business-or-hobby decision; the 60-shirt twist is optional.
- Grade 8 stretch: the fifth question. After the four, grade 8 students add "and what stops somebody else from doing the same thing tomorrow?" They answer it for two of the

five businesses. Grade 8 students also compute the break-even in units on the T-shirt example if the shirts had a fixed \$60.00 design fee, which previews Lesson 7.8 Day 2.

- UDL checkpoints used: multiple means of representation (the same idea as words, as five physical cards on the board, and as one arithmetic example) and multiple means of engagement (five real local businesses students have been inside, and the argument in Step 4 where a minority vote gets to defend itself).
- No-presentation accommodation: nothing is presented today. Team reporting in Step 2 is one sentence from a seat, and a student may hand the answer to the teacher to read instead.

Assessment

Objective	Standards met	Learning task	Assessment (formative or summative; tool)
1. State the four questions; define revenue, cost, and profit	IGLR 5. b); FCL 4. a); CDOS 2	Step 1 handout; the exit card formula	Formative; exit card line 2 checked right or wrong. It is a five-second check and it tells you whether Lesson 7.8 Day 2 can move at speed
2. Name the problem behind five businesses and compute profit	IGLR 5. b); CCO 1. a); FCL 4. a); National FCS 2.5.1, 2.5.2	Step 2 five-row table; Step 3 T-shirt calculation	Formative; the hold-up check on the 60-shirt profit, plus the handout scored complete, partial, or missing for daily work
3. Decide business or hobby and justify with the four questions and a number	IGLR 5. b); IGLR 4. b); Std 3 PI B; National FCS 3.1.2	Step 4 vote and written justification	Formative; the justification is read on the handout. It is the thinking that Rubric 07 criterion 3 assesses in the business brief

No formal check today. Topic 7.2's checks are Rubric 07 criteria 3 to 6, scored across Lessons 7.10 and 7.11.

Homework

None. Optional and genuinely useful: ask one adult who runs anything (a business, a food truck, a side job, a household) what their biggest cost is. One sentence. Bring it tomorrow.

Connections

Inside the building: math. Revenue minus cost equals profit is a two-step expression with a unit rate inside it, and the 60-shirt twist is the difference between a per-unit cost and a total cost, which is a common grade 7 error worth naming in both rooms. FACS gives math a context where the wrong answer costs somebody real money; math gives FACS the vocabulary of rate and expression. Social studies covers markets, supply, and demand; this lesson is the household-scale version of the same content. Community: any local small business owner, for a five-minute visit or a three-question email about their problem, their customer, and their biggest cost.

Sources

- NYS Middle Level CTE FACS Content Module 01, Individual Growth and Life Readiness, lines 5. b) and 4. b).
- NYS Middle Level CTE Theme Module 01, Career and Community Opportunities, line 1. a); Theme Module 03, Financial and Consumer Literacy, line 4. a).
- NYS Learning Standards for FACS (1996), Standard 3, Intermediate. NYS CDOS Standard 2. Wording per 02 Standards/STANDARDS SOURCES - web research.md. *[Sal: confirm against the NYSED PDFs.]*
- National Standards for FCS Education 3.0 (LEAD FCS Education, 2018), competencies 3.1.2, 2.5.1, and 2.5.2.
- Sal's own materials: his Brentwood business packet "So You Want to Start a Business?", which supplies the entrepreneur, business, product, service, customer, profit, revenue, and expense definitions and the risk and opportunity framing. Rewritten here with a teacher side the packet did not have and with the problem-first order, which is the change: the packet starts with the idea, this lesson starts with the problem.
- Sal's own background: Penn State BS in Corporate Innovation and Entrepreneurship, Penn State MBA, business development at Oracle, a financial services license, and seasonal bar and hotel management. The four questions are how he was taught to look at a business and they are the reason this unit exists.

Teacher notes

- The crossing-out move in the hook is the lesson in thirty seconds. Do not skip it and do not explain it first. Cross out "cuts hair" and write the problem, and let the room react.
- Say the four questions in the same order every day for the rest of the unit. They are the spine of the project sheet, the numbers page, and the pitch, and the repetition is what makes the pitch writable in Lesson 7.9.
- Use real local businesses. A student who has been inside the place can find the problem in four seconds; a student reading about a generic "bakery" is guessing.
- The 60-shirt twist is where the arithmetic becomes real. Do not rescue it too fast. Let them find \$90.00 and be annoyed by it. That annoyance is what makes break-even make sense in Lesson 7.8.

- Do not let the business-or-hobby distinction become a judgment about hobbies. Say plainly that most of what makes life good is a hobby and that the distinction is about money, not worth. One student every year hears “your thing is just a hobby” as an insult.
- *[Sal: you have the receipt from the Feed the Class project in the Unit 6 folder. Hold that up in Step 3. Those are real costs the class already paid, and the cost-per-person number the class computed in Lesson 6.17 is the first food cost they ever calculated. Name that out loud; it makes this lesson a continuation instead of a new subject.]*
- Keep the exit cards. Reading eight of them out loud at the start of Lesson 7.7 starts the brainstorm from a warm place, which is worth about four minutes.