

Handout 7.6: Four Questions and Profit Example

Name: _____ Date: _____ Period: _____

Unit 7, Lesson 7.6. Calculators allowed and encouraged, all period, for everybody.

Part 1: The four questions every business has to answer

#	The question	What it means
1	What _____?	Something that is wrong, hard, or annoying for a real person.
2	Who _____?	A specific kind of person, not “everybody.”
3	What do you _____?	The thing you make (a product) or the work you do (a service).
4	What does it _____, and what do you _____?	Cost is what you spend. Price is what you charge.

Product or service? Write one of each from your own work this year.

A **product** I made this year: _____

A **service** I could do for somebody: _____

Customer means the person who _____. It is not always the person who _____.

Part 2: The problem behind five real businesses

Work in your team. Five rows in five minutes. One sentence each. Move fast.

Business	What problem does it solve?	Who has that problem?
A barber shop		
A phone repair counter		
A school bus company		
A bakery		
A lawn mowing crew		



The push question, for every row: would somebody pay to make that problem go away, and about how much?

Part 3: Revenue, cost, and profit. One clean example.

The class T-shirt.

One shirt

Line	Amount
Blank shirt	\$4.00
Printing	\$2.50
What it costs to make ONE shirt	\$_____
What you charge for one shirt	\$12.00
Profit on ONE shirt (\$12.00 minus your cost)	\$_____

Forty shirts, and you sell all forty

Line	Math	Amount
Revenue (money in)	40 shirts times \$12.00	\$_____
Cost (money out)	40 shirts times \$6.50	\$_____
Profit	revenue minus cost	\$_____

Write the formula from memory:

_____ minus _____ equals _____

Now it breaks. You ordered 60 shirts and you only sold 40.

Line	Math	Amount
Revenue (you only sold 40)	40 times \$12.00	\$_____
Cost (you paid for 60)	60 times \$6.50	\$_____
Profit	revenue minus cost	\$_____

What happened? Write one sentence.





Hold up your answer for the 60-shirt profit on the count of three.

Part 4: Business or hobby?

A **hobby** costs you money and you do it because you like it. A **business** brings in more than it costs, and somebody else decides whether it is worth paying for.

A hobby is not worse than a business. Most of what makes life good is a hobby. This is a question about money, not about worth.

Vote on each. Then write your decision with a reason that uses one of the four questions **and at least one number**.

#	The situation	Business or hobby?	Why? Use a question number and a number.
a	A student bakes cookies for their family every Sunday.		
b	A student bakes cookies and sells them at a school event for \$1.00 each. They cost 35 cents to make.		
c	A student makes bracelets, gives them away, and spends \$30.00 a month on string.		

For situation b: if they sell 40 cookies, what is the profit?

Revenue: 40 times \$1.00 = \$_____ Cost: 40 times \$0.35 = \$_____ Profit: \$_____

Exit card

Fold over and hand in.

Name: _____

1. One real problem you have seen this week that somebody would pay to have solved, and who would pay:

Problem: _____

Who would pay: _____

2. The profit formula, from memory:

Word bank [check with a native speaker]

English	Turkish	Portuguese	Spanish
entrepreneur	girişimci	empreendedor	emprendedor
business	işletme (iş)	negócio	negocio
problem	sorun (problem)	problema	problema
customer	müşteri	cliente	cliente
product	ürün	produto	producto
service	hizmet	serviço	servicio
revenue	gelir (satış geliri)	receita	ingresos
cost	maliyet	custo	costo
profit	kâr	lucro	ganancia (beneficio)

Sentence frames: “The problem is . ***The person who has it is .***” / “Revenue minus cost equals profit.”

Teacher key

Part 1, the four questions: 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**?

Customer means the person who **pays**. It is not always the person who **uses it**. (School bus: the district pays, the student rides. Kids' cereal: the parent pays, the child eats it.)

Part 2, sample answers. Accept any answer that names a problem a real person has. The strong answers are the ones that say what happens if nobody solves it.

Business	Problem	Who has it
Barber shop	Your hair grows and you cannot cut the back of your own head.	Anybody with hair, especially people who have to look a certain way for work or school pictures.
Phone repair counter	Your screen broke and a new phone costs hundreds of dollars.	Anybody with a phone. People who dropped it and cannot afford to replace it.
School bus company	Children live too far from school to walk and their adults are at work at 7 a.m.	Families and the school district. The district pays; the student rides.
Bakery	You want fresh bread or a birthday cake and you do not have the time, the oven, or the skill.	People with a celebration, people in a hurry, restaurants that resell it.
Lawn mowing crew	Grass grows every week and somebody has to cut it, and not everybody can or wants to.	Homeowners, older adults, businesses, people who work six days a week.

Part 3, the arithmetic:

One shirt: cost to make **\$6.50** (\$4.00 plus \$2.50). Profit on one shirt **\$5.50** (\$12.00 minus \$6.50).

Forty shirts, all sold: revenue **\$480.00**; cost **\$260.00**; profit **\$220.00**.

The formula: **revenue minus cost equals profit**.

Sixty ordered, forty sold: revenue **\$480.00**; cost **\$390.00** (60 times \$6.50); profit **\$90.00**.

What happened: you paid to make 20 shirts that nobody bought, which cost \$130.00, so the profit dropped from \$220.00 to \$90.00. Accept any answer that says you paid for shirts you did not sell.

The hold-up check: the right answer is **\$90.00**. If more than a quarter of the class holds up \$220.00, they have not separated cost per unit from total cost. Reteach in 60 seconds using

ten shirts: “You ordered 10 at \$6.50, that is \$65.00. You sold 6 at \$12.00, that is \$72.00. Profit \$7.00, not \$33.00.” Then return to the 60-shirt version.

Part 4:

#	Answer	Why
a	Hobby	No customer, no revenue. Question 2 has no answer: the family is not paying.
b	Business	All four questions are answered. Margin is 65 cents a cookie; 40 cookies is \$40.00 revenue, \$14.00 cost, \$26.00 profit .
c	Hobby	Money goes out and none comes in. Question 4 is answered only on the cost side. It may still be worth doing; that is not what the question asks.

Situation b arithmetic: revenue **\$40.00**, cost **\$14.00**, profit **\$26.00**.

Watch for this: a student who argues that (c) is a business because the bracelets have value. That is a good argument and the right response is question 4: what does the maker charge? Nothing. Then it is a hobby until they charge something. Do not shut the argument down; it is exactly the reasoning the criterion wants.

Exit card scoring: line 2 is right or wrong, and it is a five-second check that tells you whether Lesson 7.8’s numbers work can move at speed. Line 1 is not graded; **keep every card**. Reading eight of them aloud at the start of Lesson 7.7 starts the brainstorm from a warm place and saves about four minutes.

The handout as a whole is scored complete, partial, or missing for daily work.

Grade 6: three businesses instead of five. Use the ten-shirt version of the T-shirt example throughout (10 blanks at \$4.00, printing at \$2.50, cost \$65.00; sell 10 at \$12.00 for \$120.00; profit \$55.00). The 60-shirt twist is optional.

Grade 8: add the fifth question after the four: **what stops somebody else from doing the same thing tomorrow?** Answer it for two of the five businesses. Also compute break-even on the T-shirt example if there were a \$60.00 one-time design fee: \$60.00 divided by the \$5.50 margin is 10.9, so **11 shirts**, rounded up, because you cannot sell part of a shirt. That previews Lesson 7.8.