Slides 7.8: Know Your Customer and Price It

Slide outline for Lesson 7.8. **Day 1 is slides 1 to 7. Day 2 is slides 8 to 14.** In the 13-day calendar, which runs this lesson as one period, use slides 1 to 7 plus slides 9, 10, and 11 (the worked example) and skip slides 8, 12, 13, and 14; those belong to the Numbers Clinic in Lesson 7.10 Day 1.

DAY 1: The customer

Slide 1: Know Your Customer

- Unit 7, Lesson 7.8, Topic 7.2 FACS Shark Tank
- Today: three people who are not on your team tell you whether your idea is worth money
- Write down what they say, including the parts you do not like Image: two people talking across a table, one writing. Notes: Team folders with the signed filter sheets out. The rotation written on the board.

Slide 2: Do now

- Your team thinks somebody will pay for your idea
- Name that person. **Not “everybody.”**
- One person, and how you know them Notes: Take four. If any team says “everybody,” say the line: “Everybody is not a customer. Everybody is what you say when you have not asked anybody.”

Slide 3: What we think we know

- Who is our customer?
- What will they pay?
- What do they do about this problem right now?
- Fill this in BEFORE you ask anybody Notes: This is the before picture. At least one of the three lines will turn out wrong, and that is the whole point of the period.

Slide 4: The customer profile: five specifics

1. **Who?** A role, not a name
2. **Age or stage of life?**
3. **What do they already do about this problem?**
4. **How much can they spend?**
5. **Where would they hear about you?**

- Weak: people who are hungry
- Strong: a parent picking up a child at 3:15 who has 20 minutes and $6.00 and right now buys a bag of chips at the deli Notes: Number 3 is the one to stop on. What the customer already does about the problem **is your real competition.** Say it in those words.

Slide 5: The three questions. Same three for every team.

1. **Do you have this problem? Tell me about the last time**
2. **What do you do about it right now?**
3. **If this existed, what would you pay for it, and what would make you not buy it?** Notes: These stay the same all period. Do not let teams improvise better questions; the whole class comparing the same three answers is what makes the debrief work.

Slide 6: Write what they SAID

- Weak note: *he liked it*
- Strong note: *he said "I would pay two dollars but not three, and only if it fits in my bag"*
- Use quotation marks
- If the interview is in Turkish, Portuguese, or Spanish, write it in that language Notes: Model a bad note and a good note on the board from one sentence you say out loud. Then the rule: you are a recorder, not a summarizer.

Slide 7: Three interviews. Rotate on the signal.

- 3 minutes each
- One member of your team moves two tables clockwise when I say
- The person in front of you is never your teammate
- **You are asking, not selling** Image: a simple room diagram with arrows showing one person per table moving two seats clockwise. Notes: Circulate and say one word when you hear a team pitching instead of asking: "Ask." Then, at the end, the debrief: one thing you now know that you did not know at the start, and one thing you are changing because of it.

DAY 2: The money

Slide 8: Do now

- Your idea costs you something to make
- Write down every single thing you would have to buy to make ONE of them
- **Be annoying about it. Include the tape** Notes: Take two teams' lists and add the thing they forgot out loud. It is always packaging, or the bag, or the sign.

Slide 9: Some of you are about to find out your business loses money

- Yesterday somebody told you what they would pay
- Today you find out whether that number is enough
- **Finding that out on paper today is the cheapest way it will ever happen to you** Notes: Say this plainly and without drama. A team whose numbers fail today has a real result, not a failure, and Lesson 7.11 accepts an honest pitch that says so.

Slide 10: The worked example. A custom drawstring tote bag.

Line	Amount
Fabric for one bag	$1.80
Cord	$0.30
Thread and needle share	$0.10
Printed paper tag	$0.05
UNIT COST	**$2.25**
PRICE	**$6.00**
MARGIN (price minus unit cost)	**$3.75**

Notes: Whole class, same lines, same time, in pen, labeled EXAMPLE. This uses Unit 5 skills on purpose. Do not move on until every pencil has stopped.

Slide 11: Fixed cost and break-even

- **FIXED COST:** a $15.00 stencil kit. You pay it once, no matter how many bags you make
- **BREAK-EVEN IN UNITS:** $15.00 divided by $3.75 = **4 bags**
- **Say it with me: "We stop losing money after the fourth bag"**
- **Why rounded UP?** You cannot sell part of a bag Notes: Have the class say the sentence out loud. Then give the uglier version: if margin were $3.40, then $15.00 divided by $3.40 is 4.41, so the answer is **5 bags**, because at 4 you are still behind.

Slide 12: Your own numbers. CFO leads.

- Unit cost, line by line
- Price, from what your customers actually said
- Margin
- Fixed cost (write $0.00 if there is none)
- Break-even in units, rounded up

- **All three of you write the numbers. A judge will ask the CEO what the margin is** Notes: Circulate with two questions only: “What did you forget to count?” and “Say your break-even as a sentence.”

Slide 13: The one-month projection

- Units sold in a month, times margin, minus fixed cost, equals the month’s profit
- **The unit number needs a reason that is not a guess**
- A guess: “we will sell 200”
- A reason: “there are 88 students in our grade, all three people we asked said they would buy, so we projected 30, which is about a third” Notes: This one rule is the difference between Meets and Approaching on criterion 4. Say it once and then ask two teams for their reason out loud.

Slide 14: Peer number check, then CFO signs

- Read your four numbers out loud to another team
- They check the arithmetic and ask one question: **“Where does that number come from?”**
- Fix any error in red
- **CFO signs. No signed numbers page, no deck** Notes: Then the closure: every team says its break-even sentence to the room, in order, fast. Ten different numbers for ten different businesses in ninety seconds.