



## LESSON 10: BUSINESS EXPENSES PART II

**Duration:** 50 minutes

**Overview:** Students will learn about a unit of sale. The concept of a unit of sale can be complicated because one object does not necessarily equal one unit of sale; a unit of sale can vary. For example: Imagine a pencil factory. It could sell just one pencil in its gift shop. That is its unit of sale. It could also sell a pack of 12 pencils. The unit of sale is not 12. The unit of sale equals one pack. It could also sell a box of 10,000 pencils to a school, and the unit of sale would still be one.

**Essential Question: How do we decide how much to charge?**

**Objectives – Students will:**

- Identify specific types of expenses to analyze and establish units of sale (or a fundraising target, if appropriate).

**Materials:**

- Student Workbooks
- Lesson slide deck
- Calculator
- Pencil or pen
- Optional: computer for final presentation deck

**Beforehand:**

- Gather Student Workbooks
- Gather calculators
- Review lesson, slide deck, and teacher notes

**Teacher Notes:**

- Lesson Vocabulary:
  - **Unit of Sale:** What a consumer gets when they pay for something.
  - **Contribution Margin:** The amount of money made after selling one unit of sale and subtracting the variable costs. What remains are funds to cover fixed costs or become profit. This is calculated using the following formula:  $\text{Unit price} - \text{variable costs} = \text{contribution margin}$ .
- Students will continue developing concepts of their real food business plans. The information they develop will be used in their final presentations. You may choose to have student groups work directly on their final presentation decks in PowerPoint or Google Slides.

**Introduction (10 minutes)**

1. If needed, ask for a student to raise their hand and restate the design challenge set forth during the first lesson. Ensure that students can articulate the design challenge concept.
2. After you've reintroduced the design challenge, instruct students to open their Student Workbooks to Lesson 10. Review today's Essential Question and Objective.
3. Give students 5 minutes to complete the Launch, during which students will review the expense vocabulary using their own words. This challenge could be played like the game Taboo. Students would need to write new definitions without using any words from the original definition.
4. After 5 minutes have passed, ask for teams of students to share their answers. Ensure that all student groups share at least one term's definition.



### Classroom Lesson (30 minutes):

1. Review lesson vocabulary with students: unit of sale and contribution margin. Ensure that students understand these concepts. Project the definitions or write them on the whiteboard, if needed. Lead a discussion so students can generate examples or definitions that make sense to them.
  2. Have students complete Step 2 in their Student Workbooks. Give students minutes to complete this task. Review answers as a class. All examples are true.
  3. Break students into their working groups and let them know they will now begin working on Step 3, which will ask student groups to define their unit of sale. Give groups 5 minutes to discuss and decide on their unit of sale. This may also be unique to specific items in the garden such as: three cucumbers, four tomatoes, one pound of potatoes. Allow students to compare these answers until consensus is reached (alternatively, certain groups could be responsible for setting a unit of sale based on what is in a particular garden bed).
  4. Assign each group a column in the expenses table to complete based on the activity from the previous lesson. Let students know that groups will pair up and share their expenses with other students.
  5. Give students 5-10 minutes to complete Step 3. (Students may need access to additional resources in order to accurately predict the cost of some of these items.) Then ask students to form groups of three with one member from each column of expenses and share with each other, or share as a whole group.
- \*Note:** This entire activity could be done as a large group or led by a guest speaker who may have direct knowledge of some of these costs.
6. Break students back into their working groups. Let students know that they will now complete Step 4 by calculating their contribution margins.

### Student Reflection (10 minutes)

Students should consider the outcome of the expenses activity, reflect on the following questions, and record adjustments in the Student Workbook:

1. Do you need to change your price?
2. Can you lower your variable expenses?
3. Can you lower your fixed expenses?

