LESSON 6

Costs, Pricing and Profit Per Unit

60 minutes (2 periods) **Running the Numbers and Reaching Customers**

WHAT THIS LESSON DOES

You'll learn to separate fixed costs from variable costs, set a justified price for your mini-business, and calculate whether each sale actually makes profit. Work through a smoothie cart example, then build your own budget.

WHAT STUDENTS SHOULD BE ABLE TO DO

- Distinguish fixed costs from variable costs and identify examples in a mini-business context
- Set a price using cost-plus, comparable products, or customer survey evidence
- Calculate profit per unit and break-even point, and adjust pricing or costs if necessary

BEFORE THE BELL

- The Budget Sheet is built into the lesson and saves each student's entries automatically, so there's nothing to pre-stage or hand out
- Have the smoothie cart worked example visible (board, projector, or printed handout)
- Optional: collect current local prices for a few common products to use as comparables during the lesson

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HOW THE LESSON RUNS

introduction	Getting Started
content	What You'll Learn
activity	Try It Yourself: the School-yard Smoothie Cart
worksheet	Build Your Budget Sheet
content	Think About It
summary	What's Next

TEACHING MOVES

- Walk the smoothie cart example through on the board step-by-step, especially the break-even division (fixed costs ÷ profit per unit). Pause after each calculation and ask students to check their own numbers
- When students get stuck on variable costs ('I don't know what a banana costs'), push them to estimate or do a quick 30-second online look-up; perfectionism kills momentum here
- Circulate while students fill in their Budget Sheet and listen for common misconceptions (labour costs, their own time as an expense, vague category names). Redirect gently and keep them moving
- Use the 'Think About It' section as a 5-minute whole-class share-out: ask 2-3 volunteers to name the line that surprised them and whether their customers would pay for it

WHAT TO WATCH FOR

- Students try to list labour or their own time as a variable cost. Clarify that they are paying themselves from profit, not as a cost line. Fixed costs and variable costs are what the business pays out, not what the owner takes home
- Students confuse price with profit. Remind them: price is what you charge; profit per unit is price minus variable cost. One number is what goes in the till, the other is what the business keeps
- Break-even calculation is flipped or forgotten. Model it once more: fixed costs (the big number) divided by profit per unit (the small number) = how many you must sell. If fixed costs are €70 and profit per unit is €1.20, you need about 59 sales

DIFFERENTIATION

- Support: For students struggling with the on-screen form, offer a printed copy of the budget grid or pair them with a confident peer to talk through each line before typing
- Support: If students have not completed the earlier survey, show them local examples of comparable products (high-street prices, cafés, online retailers) so they can justify their price that way instead
- Extension: Ask students to run a sensitivity test: 'If your variable cost went up by 20%, how many extra sales would you need to hit break-even?' or 'What if you could halve your fixed costs, how would that change your break-even point?'