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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Business Management and Administration |
| **Course Name** | Virtual Business |
| **Lesson/Unit Title** | Fees and Pricing (Research and Setting) |
| **TEKS Student Expectations** | **130.141. (c) Knowledge and Skills**  (4) The student develops contracts appropriate for virtual business office services provided;  (C) The student is expected to set appropriate fees for virtual business office services provided.  (5) The student establishes pricing, billing, and collections procedures;  (A) The student is expected to research pricing and billing practices of a virtual business office. |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Performance Objective**  Upon completion of this lesson, the student will be able to research pricing and billing practices of a virtual business office and then appropriately set fees for a provided virtual business office.  **Specific Objective**  The student is expected to research and set pricing and billing practices for a virtual business office. |
| **Rationale** | In a virtual business, failure to set appropriate fees, deliver bills in a timely fashion and collect payment promptly—or even in full—cuts into a business’ profitability, hurting the business. This lesson will show how to research pricing and billing practices for a virtual business and then appropriately set fees. |
| **Duration of Lesson** | 150 minutes |
| **Word Wall/Key Vocabulary**  *(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | **Terms**   * **Billing**–the process of generating an invoice to recover sales price from the customer * **In-House Billing**- done or existing within an organization * **Outsourced Billing**- the practice of sending all clients' billing information to a separatecompany, who then handles drawing up, sending and receiving the bills. * **Invoice**-a list of goods sent or services provided stating the sum due for these; a bill * **Purchase Order**-a buyer generated document that authorizes a purchase transaction; whenaccepted by the seller, it becomes a contract binding on both parties. * **Billing Practices**-the process a company uses to receive payment from billed/invoicedcustomers * **Fee**-a payment made for professional advice or services * **Late Fee**-a monetary charge assessed on an account holder who has not made a payment onthe account by the expected due date * **Billing Cycle**-number of days between one invoicing period (during which invoices areprepared and dispatched) and the next * **Payment Due Date**-the date when payment should be received * **Outstanding Accounts**-money which is owed to a company by a customer for products andservices provided on credit * **PayPal™**-a global e-commerce business allowing payments and money transfers to be madethrough the Internet * **Bank Card**-a card issued by a bank to identify a customer * **Credit Card**-a plastic card issued by a bank, business, etc., for the purchase of goods orservices on credit * **Market Exchange**-when a seller and buyer agree on a dollar amount in exchange for a goodor service * **Pricing**-decided amount required as payment for something offered for sale * **Direct Costs**-a price that can be completely attributed to the production of specific goods orservices; refers to materials and labor/expenses * **Indirect Costs**-a dollar amount that can be assigned to areas such as depreciation oradministrative expenses and cannot be directly attributed to the production of specific goods or services * **Labor**-the collective amount of all human physical and mental efforts used in creation of goodsand services. * **Operating Costs**-ongoing operational expenses incurred by a business; these can bereferred to as operational costs and include items such as utilities, rent, and subscriptions. * **Profit**-the surplus remaining after total costs are deducted from total revenue, and the basis onwhich tax is computed and dividend is paid * **Discount/Markdown**-deduction from the face amount of an invoice made in advance of itspayment. * **Inflation**-a continuing rise in the general price level usually attributed to an increase in thevolume of money and credit relative to the available goods and services * **Odd Number**-refers to setting prices just below even dollars ($9.95 rather than $10.00) * **Volume Pricing**-a pricing strategy that allows discounts for bulk purchases; typically, thegreater the number of units purchased, the greater the discount allowed * **Unit**-a definitive or determinate quantity adopted as a standard of measurement and exchange * **Retail Price**-the price of a good or product when it is sold to the end user for consumption andnot for resale through a third-party distribution channel * **Wholesale Price**-the cost of a good sold by a wholesaler (wholesaler is the middle manbetween the producer and the retailer) * **Variable Expense**-an expense that is directly proportional to the volume of output produced. * **Fixed Expense**-a cost that is fixed in total for a given period and for given productionlevels * **Product Life Cycle**-there are five stages of a product life cycle: Introduction, Growth, Maturity,Saturation, and Decline. Pricing typically fluctuates due to the current product stage. |
| **Materials/Specialized Equipment Needed** | **Instructional Aids:**   * Online Websites listed in the References Section   **Equipment Needed:**   * Instructor Computer/Projection Unit |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | The main purposes of this lesson are to give students the opportunity to research and find out about pricing and billing practices of virtual business offices, and then use that information to help them come up with their own pricing and billing practices for a virtual business.  **Ask** Did you know that all companies have a pricing strategy?  **Ask** Did you know that all companies have a billing strategy?  **Ask** Can you think of any examples of a company’s pricing strategy?  **Ask** If you were selling a product or service, do you know what you would charge for it?  **Ask** If you were selling a product or service, what different forms of payment would you accept? What would you definitely not accept?  **Say** A company’s financial model, in relation to billing and pricing strategies as well as in other areas,is one of the most important pieces of the company puzzle. In this lesson, we are going to research at least one company to see if we can find out specific examples of their billing and pricing strategies, delve into learning a little about pricing strategies, and then finish up with having each of you decide your own pricing and billing strategies for a given virtual business. |
| **Direct Instruction \*** | 1. Vocabulary/Personal Word Walls 2. Introduction (Ask and Say) 3. Discovery Activity – Walmart, 5 Questions 4. Pricing Strategies Information, Practice, and Assignment    1. You can use any business you think would be appropriate. You can have students do this individually, in partners, or in groups. Assign each individual student, partner group, or team a question to do online research, locate any information related to the company’s pricing strategy and/or its billing practice, and then report the findings to the class. 5. Billing Practices Information and Assignment    1. Go over the information. You can go through the practice with the students, and then they can do the assignment. The first item is the exact item listed in the practice, but the item name has been changed. You can provide your own numbers and items, if it is better for you/your students. 6. Review and Evaluation 7. Extensions.   *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  This lesson may be modified to accommodate your students with learning differences by referring to the files found on the Career & Technical Special Populations page of this website (http://cte.unt.edu/). |
| **Guided Practice \*** | **Discovery Activity**  Have students review a company’s website (the example provided is for Wal-Mart, but you can use any virtual business website, or you can use a variety of businesses) and research answers to the five questions. A document has been provided, that gives an example of how to answer.  **Information - Pricing Strategies**  **Information-Billing Practices**  Share this information with your students in preparation for the assignment. |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | **Assignment - Pricing Strategies**  Use the provided document to determine total sales revenue amount and a price per unit amount on given items.  **Assignment-Billing Practices**  Have students answer and provide reasoning for their answers. |
| **Lesson Closure** | Review the lesson’s purpose and evaluate its effectiveness. |
| **Summative / End of Lesson Assessment \*** | * Pricing Strategies Assignment and Key * Fees and Pricing (Research and Setting) Virtual Business and Key |
| **References/Resources/**  **Teacher Preparation** | **References**   * Free Dictionary, The. (2013). Retrieved from http://www.thefreedictionary.com/ * Investopedia (US). (2013). Retrieved from http://www.investopedia.com/ * SCORE Association. (2013). Pricing Products and Services. Retrieved from http://[www.score.o](http://www.score.org/)rg * WebFinance, Inc. (2013). *Business Dictionary*. |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** | **English:**   * 110.34 (b) (1). Reading/Vocabulary Development. Students understand new vocabulary and use it when reading and writing. * 110.34 (b) (12) Students use comprehension skills to analyze how words, images, graphics, and sounds work together to impact meaning. * 110.34 (b) (17). Students understand the function of and use the conventions of academic language when speaking and writing. Students will continue to apply earlier standards with greater complexity. * 110.34 (b) (18) Students will write legibly and use appropriate capitalization and punctuation conventions in their compositions. Students are expected to correctly and consistently use conventions of punctuation and capitalization. * 110.34 (b) (19) Students are expected to spell correctly, including using various resources to determine and check correct spellings. * 110.34 (b) (22) Students clarify research questions and evaluate and synthesize collected information. |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy**  **Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication**  **90 Second Speech Topics** |  |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) | * Have students create a list of 10 items for their new business. Using the simple method, we used in this lesson, determine a price per unit for each item. All information needs to be included: Cost to Make, Weekly Operating Expenses, Weekly Projected Sales, Weekly Target Profit, Total Sales Revenue, and Price Per Unit. * Have students type up a billing procedures information document for their customers. |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of America  Future Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)