

Creating a Business Plan Lesson 7: Account for What You Do

SUBMITTED BY: K@WHS Summer Educator

SUBJECT(S): Accounting, Entrepreneurship

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In this lesson of the unit Creating a Business Plan, students will learn about the accounting that goes into developing a business plan.

≡ WHARTON GLOBAL YOUTH PROGRAM ARTICLE:

- [“A Maker Develops the Business Plan for His Latest ‘Eye-pad’ Innovation”](#)

NBEA Standard(s):

- Recognize that entrepreneurs must establish, maintain, and analyze appropriate records to make business decisions.

Common Core Standard(s):

- CCM Standard for Statistics and Probability: Summarize, represent, and interpret data on two categorical and quantitative variables.

Objectives/Purposes: In this lesson, students will learn about accounting, specifically different types of costs revenue. Students will also learn the importance of recording and keeping a

systematic approach. This lesson will be further developed in the following lesson.

Other Resources/Materials:

- Computers with excel and Internet access (if possible)
- Calculators
- PowerPoint *Understanding Accounting & Financial* part I and II. If not available, use the slides attached to end of lesson.
- <https://globalyouth.wharton.upenn.edu/glossary/financial-accounting/>

Activity:

Activity PowerPoint

1. Do Now: What do you think the word accounting means? Record answers in journal or on a separate sheet of paper. (5 min)
2. Teacher will play the short video “Financial Accounting” featuring Professor Wayne Guay. After watching the video students should revise their answer(s) to the do now question. After they do that, the teacher should open it up for students to share. After two or three students share, the teacher can play the video one more time if they think it will help. (5 – 10 min)
3. Teacher will go over the ideas of costs (fixed and variable), revenue and balance. The teacher should use the power point *Understanding Accounting & Financial Planning Part I: Costs & Revenue*. If this is not available, the teacher can use the attached printout of the slides. The teacher should go over each item, give examples and ask students for examples.

Costs (expenditures)

- i. Fixed Costs
 - ii. Variable Costs
- Revenue (income)
- Balance

It is important that the teacher make sure students understand there is a lot more to accounting, but for our purposes we are just going to start with the basics as we build our first business plan. As they move forward they will have to think about the general list of items that need to be accounted for when a business is constructing an accounting plan. (15 min)

4. After going over costs, revenue and balance, the teacher will go over a simple way of organizing the information into a spreadsheet. The teacher could use the power point *Understanding Accounting & Financial Planning Part II: Keeping Track of our Costs & Revenue*. Using the example of having a lemonade stand, students will learn about how to organize costs and revenue into a spreadsheet. Go over the model together as a class. (15 min)
5. If time allows, each group should work together to try and come up with a list of the different costs (fixed and variable) that they need to account for. (5 – 10 min).
6. Wrap-up: Go around the room and each student has to give an example of a cost and stating if it is fixed or variable.

Practice Outside of the Classroom:

As students begin to develop their financial plan, they will need to do some research to find out the cost of different items. An extension for this lesson is for students to take one or two of the costs they identified with their group and do some research on their own about how much it will cost. It will also prepare them for the following lesson.

What Worked and What I Would Do Differently:

This lesson and the next lesson do have some math computations. The teacher should consider how comfortable students will feel with the math and if there are any connections to students' math classes.