



Learning Conversations for Entrepreneurs and Their Partners

ADAPTATION GUIDE

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EXECUTIVE SUMMARY

The Barefoot MBA teaches business concepts to undereducated entrepreneurs through a collection of simple, contrasting stories. Each story is followed by discussion questions and an optional learning activity to further identify, isolate and apply the lesson. The context of the stories in this document reflects the cultural specifics of rural Thailand. The lessons from the stories are universal and, we hope, will lay the groundwork for Barefoot MBA curricula around the globe.

The goal of the Barefoot MBA curriculum is to provide people with the knowledge they need to make better business decisions, both as business owners and as advisers to others. To that end, we hope the information students learn helps them explore and confidently pursue business options that previously seemed out of reach. Time and again during our research, we heard about entrepreneurs who failed because they were too timid to take risks that would create better businesses in the long term. Opening the fifty-first banana stand, for example, appears less risky than opening the first orange stand, but it also is less likely to succeed. We want students of the Barefoot MBA curriculum to develop sufficient business acumen and confidence to make decisions and take informed, calculated risks that propel and sustain their business success.

There are several things this curriculum is not. It is not exhaustive. It is a first step at identifying and explaining the most basic concepts and addressing the most severe business skill deficiencies. It is not a textbook for students. It is intended to be a guide for teachers and development professionals to explain complex topics to motivated but undereducated people who likely are intimidated by formal classroom environments and teaching tools. Finally, it cannot exist in a vacuum. We know that our understanding of external factors is far from complete, so though we have tried to build our stories around critical cultural pieces, without physically being in each village to integrate what villagers need with what we have learned, we cannot do more than hope that the curriculum will be effective there with proper adaptation.

To that end, we adapted the Barefoot MBA to rural Thailand, where we worked with the Population and Community Development Association in the summer of 2007 to pilot and begin implementing the Barefoot MBA with rural villagers. We encourage others to use this guide to adapt it to the cultural and economic specifications of their audiences. We will continue to incorporate feedback from readers and users and to sharing the latest version of the Barefoot MBA with those who request it. We plan to make updates available at <http://www.barefootmba.org>.

AUTHORS' NOTE

The idea for the Barefoot MBA emerged from a trip in January 2007 with the Stanford Graduate School of Business's Service Learning Program, which aims to expose business students to ways to use their MBA skills to solve social problems. During a 10-day trip to Thailand and Cambodia, we took a first-hand look at the reality of poverty and met with social entrepreneurs working to alleviate it. In particular, we were impressed by the innovative approaches of Mechai Viravaidya, who in 1974 established the Population and Community Development Association (PDA) to control population growth and has since expanded its successful activities to include poverty reduction and micro-credit. In his presentation to our group in January, Khun Mechai* outlined much of PDA's work and mentioned the need for a "Barefoot MBA" to give the rural poor the skills they need to build and run profitable enterprises.

Khun Mechai challenged us to create a solution. We accepted. The Barefoot MBA is our solution.

We began our Barefoot MBA[†] project with broad, ambitious goals of developing a basic business curriculum and implementation plan for aspiring entrepreneurs. At the recommendation of representatives from PDA and other experts in international development, we focused our research on the training that accompanies micro-lending in developing countries. Through microfinance-related sources, we unearthed a massive amount of relevant materials whose substance we then cross-checked against basic business standards. From those resources and our own recent business school experiences, we developed a framework, compiled a list of topics and wrote the lessons and stories that became the Barefoot MBA.

Our sources consistently emphasized the need for just-in-time learning: teaching only skills and concepts so fundamental to the fabric of our subjects' immediate needs that they perceive no choice but to learn them. Understanding what those immediate needs are has been a daunting task. Though we have listed lessons in an order that makes sense for many, we intentionally have kept them short, allowing the local adapters to select and prioritize relevant lessons and to determine the timing of lesson delivery as circumstances dictate. For example, a village might teach a set of three lessons over one three-hour session on a weekend or over three one-hour sessions on weekday evenings.

Initially, we focus the curriculum on members of two of PDA's projects, the Positive Partnership Program (PPP, officially Positive Partnership: Microcredit Loans for People Living with and Affected by HIV/AIDS) and the Village Development Partnership (VDP). Both provide micro-loans. PPP lends to people living with HIV/AIDS and their HIV-negative business partners as incentives to work together to improve their economic situations and to reduce HIV- and AIDS-related stigma and discrimination. VDP is a community-bank system that lends to borrowers in a village to stimulate development of commercial activity and improve the economic situation of the village and its people.

We revised and refined the Barefoot MBA based on feedback from articulate yet business-naïve test subjects in the United States, from users and readers of the curriculum and especially from cultural insights from our contacts and experiences in Thailand. In July we returned to Thailand and PDA to refine and pilot the curriculum.[‡]

* Khun is a Thai honorific; PDA's staff refers to its founder as Khun Mechai, and so do we.

† We have maintained the original name as a tribute to the Khun Mechai and because it most appropriately describes the curriculum: a simple, comfortable and unmasked base of movement and change.

‡ See <http://www.barefootmba.org> for stories and more details from our pilot adaptation in rural Thailand in July 2007.

We hope that Barefoot MBA students internalize the lessons in this curriculum to make more informed business decisions. Though we hope the Barefoot MBA reaches students with a range of knowledge and abilities, our target population is among the least formally educated anywhere. Where a lesson lends itself to more nuanced topics, we have built advanced details into the corresponding questions, not into the facts of the stories, to keep the lesson applicable even to novices.

Understanding our students helped focus our stories on the needs, wants and cultural specifics of a subset of villagers, but we do not want our initial target population to limit the reach of the Barefoot MBA. We hope the curriculum we adapted for PPP and VDP participants can be expanded to serve aspiring yet undereducated entrepreneurs in Thailand and beyond. We already have received requests from microfinance and other organizations seeking to train similar groups of entrepreneurs around the world, and we are eager to share our work. We include at the end of this document a guide to adapting the Barefoot MBA elsewhere.

To that end, we consciously have chosen not to copyright the curriculum. We are proud of our work and appreciate credit where credit is due, but we recognize that this document is far from perfect. We would rather have our work distributed and improved upon by strangers than held so tightly that it cannot maximize its purpose of serving those who need it most. We know that we are far from those who ultimately will implement these lessons and that their additions and suggestions will add tremendous value.

This project has served as a broad and fulfilling capstone to our MBA experience. Simplifying and articulating basic business concepts has reinforced our own understanding of the lessons and distinguished them from the more complicated ones that we have elected not to include here. Ultimately, we hope that the beneficiaries of the Barefoot MBA reinforce their learning and enlighten those around them by relaying these lessons through retelling the stories in this curriculum. Years from now, we hope that every member of the first class of Barefoot MBA students is still running a successful business, that the curriculum has spread and been implemented in untested areas and especially that those who benefit directly from the curriculum have shared what they have learned to someone who has a better life as a result.

 
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BANGKOK, THAILAND
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AUTHORS' NOTE: ADAPTATION GUIDE

Hearing from people interested in our work and going into the field to help others adapt the Barefoot MBA underscores the importance of sharing what we have learned to make this tool useful for others. To that end, we have written this guide to help others understand our adaptation process and hope it helps you make our work applicable to yours. If you have questions or suggestions, please let us know – or post directly to our blog, at www.barefootmba.org. We will post updates as we receive them.

FEBRUARY 15, 2008

ADAPTATION GUIDE

The Barefoot MBA seeks to encourage more profitable, efficient activities than students would undertake without it. The elegance of the Barefoot MBA lies in its portability: it seeks to encompass a set of business concepts so fundamental that their comprehension benefits anyone anywhere. With portability, though, may come the assumption that the Barefoot MBA purports to be a one-size-fits-all curriculum. It does not. The Barefoot MBA's concepts are universal, but to be applied, the lessons must match the needs and context of its participants. Therefore, only the specific examples of the relevant lessons need adapting.

In practice, the Barefoot MBA is not the 16 lessons listed on page 9 and detailed on the subsequent pages. Even a comprehensive adaptation of the Barefoot MBA in a given place might not include more than about two-thirds of the total lessons because some lessons capture the same underlying concept and some might not be relevant there. Only by talking to people on the ground can a person determine which lessons are necessary and relevant. Local experts – especially those affiliated with an organization that has worked with the target population, is helping to implement the curriculum or both – are essential.

To most effectively adapt the Barefoot MBA, the lessons in this curriculum must reflect the context of local lives, businesses and markets. Think about what local people need to learn. Ultimately, remembering the keyword of each lesson is less important than understanding how to apply the underlying concepts. Emphasize procedural learning over declarative learning.

We hope that minor adjustments to this document make its content topically and culturally relevant wherever it ends up. The same adaptation process can transform the lessons contained herein to meet the needs of a rice farmer in Thailand, a sari weaver in India or a basket maker in South America. This document captures how we would adapt the Barefoot MBA to other regions.[§] Though we hope it guides future adaptations in new places, we do not intend the below to be more than a general guide.

There are 3 factors integral to implementing the Barefoot MBA:

1. Participants: Determine which lessons are applicable to the intended participants
2. Content: Adapt the details of the stories to match the local context of the participants
3. Learning conversations: Construct a discussion plan

1. Participants

The first phase of implementation of the Barefoot MBA is to understand the participating entrepreneurs. An ideal mix of participants contains at least two with any given type of business, so that each can provide support to the other, and at least two others with a different type of business, so the group can extend the application of the concepts beyond a single context. Though it may be difficult to control business types at any given time, where there is great demand, we recommend encouraging a diversity of business types by grouping participants together, not separating them into homogeneous groups.

Knowing the participants helps to determine which lessons will be used. In some cases, only a few lessons will be relevant, in others perhaps all but a few will be. However, there is no objective measure

[§] We include here our process and what we learned from our experiences. However, we are not teachers or development professionals. We defer to the latter groups of experts on questions of content and pedagogy. We also welcome and encourage their feedback.

of what is or is not relevant. Some lessons will be more relevant than others. While students may have preferences as to what they want to learn, often we have found that students can learn just as much from the lessons they do not want to learn.

More important is the issue of timing. Lessons on marketing are less relevant if the recipients are about to start a business and receive a loan. At this point more important lessons may include those on debt, opportunity cost and cost-benefit analysis. Similarly, more experienced business owners may benefit more from lessons on investment, production or marketing. The most relevant lessons will be those that match the phase of business of the entrepreneur, such that he or she can implement it immediately. Knowing basic details about the eventual recipients of the Barefoot MBA can shape its very core. Though the Barefoot MBA is designed to reach anyone, tailoring it to the people in question can improve its efficacy. Understanding who those people are is best done in person, by understanding their business and home environments, seeing their everyday successes and struggles and asking the right questions. For example:

- **What are their demographics?**
Many basic business curricula target women specifically. (Ours does not.) Older people may be more averse to formal classroom environments than younger ones because they have not encountered formal schooling in a long time, if ever.
- **How literate are they?**
The Barefoot MBA seeks to avoid literacy as a prerequisite to understanding its lessons, but even basic reading and writing skills expand the range of possible supplemental activities. Additionally, those who have not seen a classroom in a long time may be especially anxious about a formal teaching environment or may require culturally specific icebreakers to lessen their anxieties.
- **What, and from whom, do they learn skills and receive financial and business advice?**
The answer shapes the curriculum customization. Understanding what people know about business provides a basis for prioritizing and adjusting the remaining lessons. It does not mean that these lessons can or should be avoided to prevent reteaching subjects. As explained above and below, there can be great value in repeating lessons.
- **Have they received micro-loans?**
Especially where the Barefoot MBA is used in conjunction with a micro-loan program, a businessperson's stage in the micro-loan process shapes the needs that the Barefoot MBA can meet.
- **What do they need to know?**
In theory, the answer to this question should be the difference between the set of fundamental business concepts and the subset of concepts articulated in answering what the participants already know. But theory does not always translate perfectly into practice. Though we recognize that the Barefoot MBA is not perfect, we defer to the list of fundamental business topics on page 9 when determining the set of fundamental business concepts from which an adapter should subtract the subset that students understand already. It is easy to think that one can start with the list of topics on page 9, delete those that formed the answer to the above question about existing knowledge and be left with a curriculum appropriate for the target audience. Easy indeed, but not the best solution because simple deletion would overlook important details that the Barefoot MBA seeks to embrace.

To effectively benefit from this curriculum, students must be able to separate the lessons from the context of their personal experiences and see the concepts as independent – and thus applicable to any situation. Teaching concepts students may profess to already know can still prove beneficial. By freeing concepts from the context in which they have been learned, students can apply old concepts to new situations, helping themselves and others make better, more informed business decisions.

Because this is a generalized curriculum, not all lessons apply in all areas. For example, in areas with weather risk, it is important to teach diversification and, to avoid contradiction and confusion, may be more effective to skip specialization.

Some lessons reinforce the same general concept. For example, saving, interest and cost-benefit analysis all teach more efficient uses of money. In some circumstances, the three can be combined into a single lesson, whereas in others only one need be taught while in certain cases, teaching all three lessons might appropriately reinforce the similarities and differences among them.

Content

Once a set of lessons has been chosen, the details of each need to be changed to match the local circumstances as accurately as possible. Time after time, we heard from professionals that accuracy is paramount. Even a single error in accuracy, if significant, can derail conversation from the meaning of the lesson. Thus, adaptation of the details of each lesson should be based on data collected from within the community of participants.

First, the names in the stories should reflect the gender and regional popularity of the target population.

Second, the business examples, currency and market prices need to be changed. Farmers may be just as educated as factory workers nearby, but their different occupational contexts warrant different market examples – and possibly a different assortment of lessons. The types of local businesses also provide examples to populate the stories, both in business type and in accurate costs and economics of those businesses. Some useful data points are: local business types, raw material costs, production time and costs and costs of finished goods.

The lessons in the appendix of this document contain highlights of what might be changed. In addition, to help select appropriate local examples, we include at the end of each lesson a short note on characteristics of similarly appropriate businesses. Adaptation is not just a matter of replacing items and prices but also requires matching business types in the story with examples that have similar attributes and features. Thus, we include copies of the lessons in the appendix with highlights and notes to help in the adaptation process.

Learning Conversations

The location and timing of the learning conversations can play a large part in the success (or failure) of a curriculum implementation.

- **Location**

The Barefoot MBA can be taught anywhere people can gather relatively undisturbed in a circle. Ideally, the Barefoot MBA should be taught in a community center or multi-purpose room with which students are comfortable and where students can sit in a circle and interact with each other and with the facilitator(s). The site's physical proximity to its students' homes and work should be carefully balanced with the comforts of more formal, and perhaps distant, locations, as distance can and will dictate the timing of the lessons. (See below.)

- Tools

Though flip charts may be appropriate in some places, the Barefoot MBA is not designed to be taught in formal classrooms with desks and blackboards. Where possible, actual items should be used, or simple cardboard or paper cutouts. The more easily a participant can repeat the lesson, including replicating any tools or items in the activity, the more likely he or she is to share that lesson with others. Though videos, photographs and the internet have great potential to assist learning, they can also prevent learning from being shared when those technologies are rare or difficult for students to access independently.

- Timing

Will the lessons be taught in many short sessions over the course of several days or weeks (e.g., weekday evenings)? Will they be taught in a few long sessions (e.g., an entire weekend)? The practicalities of how far students will travel and what they have to forego to attend lessons can drive the format of the lessons. The same number of lessons taught over the same amount of time can be executed very differently if taught over many short sessions or a few long sessions. Each pair of lessons on page 10 should be able to be taught in about two hours. Combine or separate them to fit the needs of a specific community.

Pedagogy is just as important as, if not more important than, content. We designed the Barefoot MBA to maximize students' engagement without assuming any prior knowledge or even literacy. Depending on the circumstances or culture of a place or its students, the curriculum can and should be adapted to most appropriately meet the pedagogical needs and expectations of each target audience.

For example, in Thailand we discovered that even our storytelling-and-guided-discussion model was not sufficiently interactive. With the encouragement and guidance of our local experts, we created market-based simulations to accompany each day's lesson or lessons. A list of suggested lesson pairs from which integrative activities can be generated is on page 10. Other ways to involve students include acting out the stories in skit form and telling the stories using felt or magnet illustrations to bring the characters and objects to life. The lesson plans and props we used in the pilot sessions are included at the end of this guide, starting on page 10.

Each Barefoot MBA lesson notes an appropriate time for an activity. In most cases, we suggest engaging students in an activity after they answer basic questions that review the stories but before applying the stories' lessons to their own lives. The most effective activities reinforce the lessons through thoughtful actions so that students can answer the balance of the questions based not only on the substance of the stories but also on personal experience.

Icebreakers are another way to involve students – and familiarize them with each other and with the environment, which, if a classroom, most have not recently encountered, some left long ago with bad memories and others have not encountered at all. We entrusted local experts with explaining and executing simple activities that energized students and put them at ease.

CURRICULUM TOPICS

Factor: People

- Saving
- Investing
- Spending
- Opportunity cost
- Cost-benefit analysis

Factor: Businesses

- Planning and records
- Incentives
- Production
- Debt
- Interest

Factor: Markets

- Price and competition
- Marketing
- Specialization
- Price and quantity
- Profit
- Trade

For ease of planning, teaching and understanding, we categorized the Barefoot MBA topics into three factors affecting decisions: people, business activities and markets. Separately, the factors teach participants about running a business, from personal, internal decisions to external decisions relating to the businesses of others. Together, the factors build on each other to encompass the full spectrum of business fundamentals that the Barefoot MBA seeks to impart.

People: These are lessons that address the decisions of an individual, e.g., how to use extra money, how to decide among many options.

Businesses: These are lessons that address business activities, e.g., why keeping records can be beneficial, how to get and reward others for helping the business, how to use extra profits.

Markets: These are lessons that address the ways the businesses interact with other businesses in the market, e.g., what happens when other people sell similar items, how to decide what to sell or where to sell it, how to determine the right price.

SUGGESTED LESSON PAIRS

- Opportunity cost
- Spending

- Saving
- Investing

- Cost-benefit analysis
- Incentives

- Debt
- Interest

- Production
- Marketing

- Specialization
- Price and competition

- Trade
- Profit

- Price and quantity
- Planning and records

APPENDIX: LESSON ADAPTATION

SAVING

Saving resources now protects someone in case she does not have enough later. It also allows her to grow a business without borrowing. Saving is important to protect a person and her business from unpredictable events. The goal of this lesson is to learn the benefits of saving.

Background	
[Sit] and [Kalaya] have identical [soybean] businesses. Last year, there was a good [crop], and both made a profit. This year, there is a [drought], and neither gets a large [crop].	
Story A	Story B
[Sit] spent her profit from last year. After the [drought] this year, she has no money to buy food and medicine for her family.	[Kalaya] kept her profit from last year in a [jar]. After the [drought] this year, she still has money to buy food and medicine for her family.

Questions

1. What happened?
 - a. What does [Sit] do?
 - b. What does [Kalaya] do?
2. What is the difference between these two stories?
3. What is another reason for [Kalaya] to save her profit?
4. What is a reason for [Sit] to spend her profit?

[Optional activity]

Questions

5. How do you spend your money now?
6. Do you save your money now?
7. How can you save more of your money?
8. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
9. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
[Kalaya] understands the benefit of saving, so she kept her profit from last year in case something unexpected happened this year. When there is a [drought], she has money to buy food and clothing for her family. [Sit] does not understand the benefit of saving, so although she had money during the [strong crop] last year, she did not save any, and she does not have money when there is a [drought] this year. Saving can provide protection and security for the future. Also, saving can help buy more expensive items without borrowing or using debt.

Background: Any business is subject to unpredictable sales or other factors that can affect the business. Those factors include weather factors, customer trends and illness.

INVESTING

Investing is a way to use savings to earn more money or resources. The goal of this lesson is to learn how to use saved profit to make more profit and have more savings.

Background	
[Vanida] and [Pang] each has a [rice-growing] business. After paying for food, clothing and other basic needs, each has [500 baht] at the end of the [month].	

Story A	Story B
[Vanida] does not spend her [500 baht]. She keeps it for next year's [crop] in case she needs it.	[Pang] uses the profit to buy [catfish], which she [raises] and sells to other villagers. Each month, she pays [300 baht] for the [catfish] and receives [1,000 baht] when she sells them. [Pang] has profit of [500 baht] from selling [rice] plus a profit of [700 baht] from selling [catfish]. [Pang] now earns extra money she can save in case of [drought or flood], or invest in a [cow, a fruit tree or more fish].

Questions

1. What happened?
 - a. What does [Vanida] do?
 - b. What does [Pang] do?
2. What is the difference between these two stories?
3. Who makes more money/profit, [Pang] or [Vanida]? Who invests it?
4. If [Vanida] and [Pang] both buy something for [500 baht], after one month, who would have more left?

[Optional activity]

Questions

5. What do you do with your profits?
6. What can you buy with your profits to make even more profit/money?
 - a. What would you do with that extra money?
7. Why might you spend your profits instead of investing them?
8. Why might you save your profits instead of investing them?
9. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
10. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
[Vanida] saves her profit but it does not grow, so she has only what she saves. [Pang] uses her profit to invest in another business. [Pang] spends some of her profit to make even more profit. Now [Pang] owns two businesses and generates even more income. She can use the extra money to save or invest again.

Background: Any business that yields a profit.

Story B: Any item that is small enough to be available with a small amount of extra savings and also produces a reasonable profit in a relatively short amount of time. The story is effective when told with buying and selling something, like magazines, or investing in something that grows, like fish or seeds.

SPENDING

People choose how to spend their profit. There are many items that can be purchased at the market, some of which can help a person's family or business, and some of which are not as useful or helpful.

Background
[Kulap] and [Tola] each has [1,000 baht] in profit from selling [rice] . [Kulap] and [Tola] spend their profit at the same nearby market.

Story A	Story B
[Kulap] spends her profit on a [new mobile phone] . [Kulap] already has a [phone] but likes the new one because it has [new colors and features] .	[Tola] spends her profit on a [used bicycle] . [Tola] can use the [bicycle] to [take her goods to market] and [also to take her sick daughter to the hospital] .

Questions

1. What happened?
 - a. What does **[Kulap]** do?
 - b. What does **[Tola]** do?
2. What is the difference between these two stories?
3. How does **[Tola]**'s purchase help her?
 - a. What else could **[Tola]** purchase to help her business?
 - b. What else could **[Tola]** purchase to help her family?
4. How does **[Kulap]**'s purchase not help her?
 - a. What else could **[Kulap]** purchase that does not help her business?
 - b. What else could **[Kulap]** purchase that does not help her family?

[Optional activity]

Questions

5. What do you buy with your profits?
 - a. What do you spend money on that does not help you, your family or your business?
 - b. What could you spend money on that would help you, your family or your business?
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
[Tola] spends her money to help her family. Though [Tola] can choose to save her profit or invest it, she also can choose how to spend it. [Tola] chooses to spend her profit to help her business and family. [Kulap] decides to spend her money on something she already has. Because of [Kulap] 's choice, her spending does not help her, her business or her family.

Background: Any business that makes a profit.

Story A: Something that is popular to buy but does not improve the health or welfare of the owner, typically an unnecessary material item.

Story B: Something that can be used to help the family or the business.

OPPORTUNITY COST

Deciding to do something means deciding not doing something else. What someone decides not to do is the opportunity cost. The goal of this lesson is to learn how to think about the opportunity cost of business decisions.

Background	
[Narissa] and [Pang] each has a business [selling plates] in the market. Each earns [200 baht] per [day].	
Story A	Story B
Another businesswoman needs help [harvesting soybeans] and asks [Narissa] for help. The businesswoman will pay [150 baht] per [day] for [Narissa]'s help.	Another businesswoman needs help [harvesting soybeans] and asks [Pang] for help. The businesswoman will pay [250 baht] per [day] for [Pang]'s help.

Questions

1. What happened?
 - a. What does [Narissa] do?
 - b. What does [Pang] do?
2. What is the difference between these two stories?
3. Who has more at the end of the day, [Pang] or [Narissa]?
 - a. If [selling plates]?
 - b. If [harvesting soybeans]?
4. What is the cost not to sell goods in the market?
 - a. What does [Pang] give up (not have) by [harvesting soybeans]?
 - b. What does [Narissa] give up (not have) by [harvesting soybeans]?
5. What does each lose or gain by [harvesting soybeans]? Who gains more?

[Optional activity]

Questions

6. What have you given up to do something else?
7. What else could you do (or make or produce) instead of coming here?
 - a. What is your opportunity cost?
8. How can you use opportunity cost to make decisions that will make you more money?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)

Lesson
[Narissa] must choose between earning [200 baht] [selling plates] in the market and [150 baht] helping to [harvest soybeans]. If she chooses to [harvest soybeans], she gives up [200 baht] in exchange for [150 baht]. Her opportunity cost is [200 baht], and she makes [50 baht] less that day. [Narissa] still has the [plates] she can sell in the market (inventory) for [200 baht]. What [Narissa] should do here depends on how much she values helping someone else and how much she values the [150 baht].
[Pang] must make the same choice, between selling [plates] in the market for [200 baht] and [harvesting soybeans], this time for [250 baht]. If [Pang] [harvests soybeans], she gives up the [200

baht] (her opportunity cost) she would have made to earn **[250 baht]**, or **[50]** extra **[baht]**, **[harvesting soybeans]**. **[Pang]** also still has the **[plates]** she can sell in the market for **[200 baht]**. **[Pang]** should help the businesswoman because that gets her more money and allows her to help someone else.

The lesson here is not just that more is better. A businessperson should not always decide to do what will make more money. Instead, she should think about what she's giving up and make a conscious decision about her trade-off. If helping someone else is more valuable than making a little more money, she should help someone else.

Background: Any business that makes a daily (or weekly, monthly, etc., if the wording is changed) profit.

Story A: Any business that can be more productive with the help of another person. The compensation offered must be less than what can be made from the background business.

Story B: The same business as in Story A, but the compensation offered must be more than what can be made from the background business.

COST-BENEFIT ANALYSIS

The most beneficial decisions give the most value. If someone faces a business choice, he should compare the time and money of what they cost and what he would get from them. One might be more expensive or take longer, but it might create more profit. If two choices will give the same profit, doing the one that costs less is a more efficient use of resources. The goal of this lesson is to understand how to compare different choices and choose the one that is better for a person and his business.

Background	
A local market sells [baby pigs] for [1,000 baht] each and [grown pigs] for [3,000 baht] each. There are many [pigs] for sale. In their [villages] , [Mali] and [Daw] each can sell a [baby pig] for [1,040 baht] and a [grown pig] for [3,040 baht] . They can sell up to [three pigs] each.	
Story A	Story B
[Mali] goes to the market and sees a [farmer] selling [pigs] . [Mali] buys the [grown pig] , takes it to the village and sells it for [3,040 baht] . [Mali] now has a profit of [40 baht] .	[Daw] goes to the market and sees a [farmer] selling [pigs] . [Daw] buys the [baby pig] , takes it to the village and sells it for [1,040 baht] . [Daw] now has a profit of [40 baht] .

Questions

1. What happened?
 - a. What does **[Mali]** do?
 - b. What does **[Daw]** do?
2. Which **[pig]** costs more?
3. What does each profit?
 - a. If she buys the **[baby pig]**?
 - b. If she buys the **[grown pig]**?
4. Which would you buy?
 - a. If you had **[2,000 baht]**?
 - b. If you had **[5,000 baht]**?

[Optional activity]

Questions

5. What can your business buy that is more or less expensive but will make you more money? (Note: this can lead to a lesson/story about debt, a separate curriculum topic.)
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
The benefit to [Mali] and [Daw] is the same: each makes a [40-baht] profit. The costs are different: [Daw] needs only [1,000 baht] to buy the [baby pig] , while [Mali] needs [3,000 baht] to buy the [grown pig] . It is easier and more efficient to buy the less expensive thing if the profit will be the same. In other words, [Daw] can buy [three baby pigs] for the price [Mali] pays for [one grown pig] – and make a profit [three] times what [Mali] makes, which she can use for food or clothing or medicine.

Background: Any two items of different prices that can be resold for similar increases. The items do not need to be items that are related, though, like the small and large pigs in the Rural Thailand adaptation, they can be. The items can be common goods available at local markets.

Story A: An expensive item that cannot be resold for very much profit.

Story B: An item that is not very expensive and can be resold for a profit that is similar to the profit made from selling the item in Story A.

PLANNING AND RECORDS

Creating a budget and planning helps people understand if they will have enough resources to meet their future needs. Keeping records is an easy way of remembering what you have. The goal of this lesson is to learn how planning and keeping records now can help future business decisions.

Background

[Mali] and [Daw] each has the same business [growing rice]. Each wants to buy [baby catfish] to [grow in part of] the [rice field]. The [fish] cost [300 baht].

Story A

[Mali] does not keep records. [Mali] knows that she makes some profit each week but does not know how much. [Mali] knows she does not have [300 baht] and cannot afford the [fish] now. She also does not know how long it will take her to save [300 baht]. [Mali] does not buy the [fish] or plan to buy [fish] later. She continues to sell only [rice].

Story B

[Daw] keeps written records. [Daw] knows how much she has and how much profit she keeps at the end of every week. [Daw] knows she does not have [300 baht] now and cannot afford the [fish] now. However, [Daw] records show that she can save [100 baht] every week and will be able to use her extra profit to buy [fish] in [three weeks]. [Daw] buys the [fish] in [three weeks]. When the [fish grow fat], [Daw] can sell them for [1,000 baht], a profit of [700 baht].

Questions

1. What happened?
 - a. What does [Mali] do?
 - b. What does [Daw] do?
2. What is the difference between these two stories?
3. What does [Daw] gain from keeping records?
4. How can [Mali] plan better?
 - a. What kinds of records can [Mali] keep?

[Optional activity]

Questions

5. What do you keep records of?
 - b. What could you keep records of?
6. What are you going to do differently now that you know this?
 - b. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - b. Have each person support another student's idea.

Lesson

Written records provide information. The information in records makes it easier to plan and make better decisions. By keeping records, [Daw] can plan for the future. Because she can plan, she can make business decisions about things in the future. For example, if she knows how much she makes every [month], she can plan to buy something in the future that she cannot afford now without using debt.

Background: Any business that makes a profit. The item each person wants to buy should cost enough that it requires saving money time.

INCENTIVES

People do what they want. If a person gives someone else what that person wants in exchange for what the first person wants, she will do what the first person wants her to do. The goal of this lesson is to understand how incentives encourage people to work harder.

Background

[Solada] and [Kanya] are both [soybean farmers]. Each has extra [soybeans to farm] and wants help from a neighbor who is [also] [a soybean farmer]. Each asks the neighbor for a full [day] of help.

Story A

[Solada] offers the neighbor some of the [soybeans] that the neighbor [harvests] that day. [Solada]'s neighbor agrees to help for half of the [day] and returns to her own [farm] for the rest of the [day] because she can keep [all of the soybeans she harvests there].

Story B

[Kanya] offers the neighbor [milk] from [Kanya]'s [cows]. [Kanya]'s neighbor does not have [cows]. [Kanya]'s neighbor agrees to help for the full [day] because she does not have a [cow] and wants [milk] to [feed her family].

Questions

1. What happened?
 - a. What does [Solada] do?
 - b. What does [Kanya] do?
2. What is the difference between these two stories?
3. What does [Kanya] gain from offering [milk]?
4. What should [Solada] offer to encourage her neighbor to work the full [day]?

[Optional activity]

Questions

5. Who helps you?
 - a. What incentives do you offer the people who work for you?
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson

Incentives encourage people to work harder. Someone who values an incentive more will work harder. [Kanya]'s neighbor helps because she is getting something she does not have and otherwise would have to buy at the market. If a person offers someone else what she already has or can get easily, she might still accept the offer but probably will not work as hard as she would if he offered something she does not have or cannot get easily. [Solada]'s neighbor helps for only half a [day], but she does not want more [soybeans] than she already has and so prefers to work on her own [farm]. A good incentive can be used to get more help from people.

Background: Any business that can be more productive or benefit from the assistance of another person. Typically, the other person's assistance is in the form of manual labor, but it can be a related activity, like selling or transportation.

Story A: The business owner offers to give the neighbor something the neighbor already has.

Story B: The business owner offers to give the neighbor something the neighbor does not already have.

PRODUCTION

Producing goods from raw materials adds value to them. Customers will pay extra for that value. Because someone spends time making products, others do not have to. Customers will pay for the time someone else spends doing something. If the producer is really good and can produce quickly, she can produce more – and earn more. The goal of this lesson is to understand how production adds value to materials.

Background
[Kit] and [Tom] each [grows] the same amount of [bamboo]. [Ten-meter rods] of [bamboo] sell in a nearby market for [50 baht]. One [10-meter rod] of [bamboo] can make [20 baskets], which sell for [50 baht] each.

Story A	Story B
[Kit] [harvests] one [10-meter rod] of [bamboo] and sells it. [Kit] earns [50 baht].	[Tom] [harvests] one [10-meter bamboo rod] and makes [baskets]. He makes [20 baskets] from a [10-meter rod]. He earns [1,000 baht] by selling all the [baskets].

Questions

1. What happened?
 - a. What does [Kit] do?
 - b. What does [Tom] do?
2. What do these people do differently?
3. What do you have?
4. What do you produce?

[Optional activity]

Questions

5. What can you produce from what you have?
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
Production adds value to resources, allowing the producer to earn more. Especially in the case of common goods that people can buy from multiple sellers or [grow] themselves, like [bamboo], production creates useful, specialized goods that are more valuable to a buyer than the plain, raw goods are on their own. Making the [baskets] takes longer than just selling the [bamboo], but [Tom] earns [1,000 baht] from selling the [bamboo] he made into [baskets]. [Kit] earns only [50 baht] and must sell many more [bamboo rods] to earn enough money to feed his family. [Tom] can feed his family very well with the [1,000 baht] he earns from selling the [baskets].

Background: Any raw material that can be made into a good that can be sold at the market.

Story A: Selling the raw material for a very small profit.

Story B: Using the raw material to make a product that can be sold at the market for more profit.

DEBT

Someone who borrows can benefit from what she borrowed while she has it but must pay it back. The goal of this lesson is to understand how borrowing can help your business grow and also to understand that debt can be risky.

Background

A [pig] takes [one year] to become a [grown pig] [and have baby pigs]. Usually, a [pig] has [four baby pigs]. In these stories, [Som] and [Suchin] borrow one [baby pig] each. At the end of the [year], each must repay what she borrowed.

Story A

[Som] borrows a [baby pig] from [Kanya]. [Som] can use the [pig], but she has to pay back the [pig] in one [year]. [Som] [feeds and breeds] the [pig]. The [pig] has [four baby pigs]. [Som] does not [feed her pigs enough], and all the [pigs die]. [Som] is in debt to [Kanya]. At the end of the [year], [Som] wants to pay off her debt, but she cannot because all her [pigs died]. [Som] cannot keep any profits until she repays [Kanya].

Story B

[Suchin] borrows a [baby pig] from [Kanya]. [Suchin] can use the pig, but she has to pay back the [pig] in one [year]. [Suchin] [feeds and breeds] the [pig]. The [pig] has [four baby pigs]. [Suchin] is in debt to [Kanya]. At the end of the [year], [Suchin] wants to pay off her debt. She returns the [pig] she borrowed but keeps the [baby pigs].

Questions:

1. What happened?
 - a. What does [Som] do?
 - b. What does [Suchin] do?
2. What do these people do differently?
3. What have you borrowed? What have you paid back?
4. What have you loaned? What have you asked for in return?

[Optional activity]**Questions**

5. What can you borrow now to earn more in the future? What will you have to pay back?
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.
8. (Harder) What if instead of [not feeding the pigs right], [Som] let other people borrow from [Suchin], and they [have the accident]? What is the lesson for [Som]? What is the lesson for [Suchin]?)

Lesson

Debt can be used to generate more profits, but the borrower must pay back what she borrowed. Debt has risks, too: if someone borrows, she owes no matter what happens to what she borrowed. For example, if she borrows something and loses it, she still owes. Debt can have great benefits: If someone borrows a [pig] that has [four baby pigs], she still has to repay [one pig]. She can gain

from debt by keeping the other *four pigs*.

Background: Any item that becomes more valuable over time and can be divided into multiple parts over time, e.g., an animal that ages and has offspring.

Story A: The borrower loses the item or cannot get the item to become more valuable or multiply, so there is no benefit to the borrower and the borrower has a difficult time repaying the debt.

Story B: The borrower takes care of the item, it grows and becomes more valuable, and the borrower is able to repay the debt and keep some of the value.

INTEREST

When someone borrows, she has to give back not only what she borrowed but also what the lender would have had at the time she repays him. Interest represents how a borrowed item changes over time. The goal of this lesson is to understand how interest affects borrowing.

Background

A [*baby goat*] takes [*one year*] to [*mature and have baby goats*]. Usually, a [*grown goat*] has [*two baby goats*]. [*Kalaya*] and [*Pang*] have [*one baby goat*] each. Each lends her neighbor a [*baby goat*].

Story A

One year later, [*Kalaya*]’s neighbor returns a [*baby goat*]. [*Kalaya*] now has exactly what she lent her neighbor. [*Kalaya*] must wait [*another year*] before the [*goat*] is [*old enough to reproduce and fat enough to eat*].

Story B

One year later, [*Pang*]’s neighbor gives [*Pang*] one [*adult goat*] and [*two baby goats*]. The neighbor keeps the [*milk*] the [*goat*] produced. [*Pang*] now has what she would have had if she did not lend her neighbor the [*baby goat*].

Questions

1. What happened?
 - a. What does [*Kalaya*] do?
 - b. What does [*Pang*] do?
2. What do these people do differently?
3. How can we apply it?
 - a. What if you borrow [*seeds*]? In a year, what do you owe?
 - b. What if you lend a [*baby cow*]? In a year, what do you expect from the borrower?
4. What have you borrowed?
 - a. What have you paid back?
 - b. What should you have paid back?
5. What do others borrow from you?
6. Apply to loan: If you take out a loan from a bank, in a year, what do you owe?
7. Apply to entrepreneur: What do you need to borrow to make your business work?
 - a. What can you pay back?

[Optional activity]

Questions

8. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
9. What do you think of other people’s ideas?
 - a. Have each person support another student’s idea.

Lesson

In one year, a [*baby goat*] grows into an [*adult goat with two baby goats*]. If someone borrows a [*baby goat*] for one year, she should give back more than just the [*baby goat*] she borrowed. Instead, the borrower owes what a [*baby goat*] becomes in one year, which is what the lender would have had if she did not lend the [*goat*]. Because [*Kalaya*]’s neighbor repaid her with a [*baby goat*], not a [*grown goat*] and [*two baby goats*], [*Kalaya*] has less than she would have had if she did not lend the [*baby goat*] to her neighbor.

Background: Any item that becomes more valuable over time and can be divided into multiple parts over time. It can be the same item as in the debt lesson but does not have to be.

Story A: The borrower returns exactly what was borrowed, at the same size and value.

Story B: The borrower returns what was borrowed after it has become larger or more valuable over time.

PRICE AND COMPETITION

If someone is selling a product nobody else sells, she can charge more than if she's selling a product that others are selling. The number of other people who are selling the same product in the same location affects how much they can charge for it. The goal of this lesson is to learn how competition and price are related.

Background

[Tasanee] and **[Ratana]** have **[soybeans]** to sell in a market. There are two nearby markets, and one already has vendors who sell **[soybeans]**.

Story A

[Tasanee] sells in the market where other vendors sell **[soybeans]**. Because **[Tasanee]**'s price is higher than other vendors' prices, **[Tasanee]** has to lower her price to sell any **[soybeans]**. **[Tasanee]** sells fewer **[soybeans]** and only at a lower price.

Story B

[Ratana] sells in the market where no one else is selling **[soybeans]**. Customers pay **[Ratana]**'s price because **[Ratana]** is the only one selling **[soybeans]**. **[Ratana]** sells all of her **[soybeans]** at her original price.

Questions

1. What happened?
 - a. What does **[Tasanee]** do?
 - b. What does **[Ratana]** do?
2. What is the difference between these two stories?
3. Who has more competition, **[Tasanee]** or **[Ratana]**? Why?
4. Who sells more **[soybeans]**? Why?
5. Who earns more money? Why?

[Optional activity]

Questions

6. Where do you sell your product?
7. How many other people in the market sell a similar product?
 - a. What do others charge for the product?
 - b. What do you charge for the product?
8. Is there a market where no one else sells your product?
 - a. What could you charge for the product there?
 - b. What else could you gain by selling the product there?
 - c. What could you lose by selling in a different market?
9. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
10. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson

When products are the same, customers buy from the vendor who sells at the lowest price. Competition forces **[Tasanee]** to lower her prices because she otherwise would not sell any **[soybeans]**. **[Ratana]** sells more **[soybeans]** at a higher price because she sells in a market where

there is no competition. **[Ratana]** uses the extra profit to buy clothing and food for her family.

Background: Any item or business that is one of many in the market.

Story A: The business owner sells in the market where other people sell the same thing.

Story B: The business owner decides to move to sell in a market where no other people sell the same thing.

MARKETING

Customers buy products they want and need. The goal of this lesson is to understand that showing how a product meets a customer's wants and needs can improve sales of that product.

Background

[Pui] and **[Tao]** sell **[rain shelters]** for the same price. Each hopes **[food-stand owners]** will buy her **[rain shelters]**. The **[rain shelters]** are expensive. Without an explanation, **[food-stand owners]** do not understand why they should buy **[rain shelters]**.

Story A

[Pui] tries to sell **[rain shelters]** but does not explain to **[food-stand owners]** why they should spend their profit on **[rain shelters]**. As a result, **[Pui]** does not sell any **[rain shelters]** and makes no money.

Story B

[Tao] explains to **[food-stand owners]** what her **[rain shelters]** are and how they can **[keep the food-stand owners and their customers dry]**. **[Tao]** brings **[pictures of her rain shelters]** to the **[food-stand owners]** and **[invites them to visit rain shelters that other food stands use]**. As a result, she sells many **[rain shelters]** and can better support her family.

Questions

1. What happened?
 - a. What does **[Pui]** do?
 - b. What does **[Tao]** do?
2. What do these people do differently?
 - a. Why do customers buy different amounts from **[Pui]** and **[Tao]**?
3. What are your wants and needs?
4. Who are your customers?
 - a. What do your customers want and need?

[Optional activity]

Questions

5. How does your business meet your customers' needs and wants?
 - a. How do you market that?
 - b. Discuss within the group ideas for better understanding and meeting your customers' needs and wants.
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson

Marketing shows customers how a product meets their wants and needs. **[Pui]** and **[Tao]** have the same product, but because **[Tao]** explains how the product meets her customers' needs, they understand why paying for the product gets them more money. Marketing is about understanding wants and needs: If a customer understands why she needs a product, she will buy it. If a businessperson understands what her customers want and need, she can show them how her product

meets their needs. If she understands her customers better than her competitors do, she will have a more successful business.

Background: Any item that customers might not understand or want to buy.

Story A: The business owner does not explain to customers how the item is helpful.

Story B: The business owner explains to the customer how the item is helpful and can help the customer's business or quality of life.

SPECIALIZATION

Specialization allows a business to do something better or faster than others, so the business will have more customers and make more money. Customers value a better product or faster service and might pay more for it. The goal of this lesson is to understand the benefits of specialization.

Background	
[Pang] and [Mali] each has a [lunch cart]. Each sells lunch for [20 baht].	
Story A	Story B
[Pang] wants to get as many customers as she can, so she sells [rice, noodles, beef, chicken, vegetables, fish and eggs]. Other [street carts] nearby sell the same [meals]. [Pang] sells lots of kinds of [meals]. Each day, she sells [lunch] to [100 people] and earns [2,000 baht].	[Mali] sells just one [meal], of [rice and beef]. Other [street carts] have more choices, but her [meal] is the best [rice-and-beef meal] on the street. Because she has more experience with the one [meal], she makes [food] faster and better. Customers know that she specializes in the good [rice-and-beef meal]. She sells the [rice-and-beef lunch] to [200] people [each day]. She makes [4,000 baht] a day and uses the money to buy medicines for her children.

Questions

1. What happened?
 - a. What does [Pang] do?
 - b. What does [Mali] do?
2. What do these people do differently?
3. What do you do better than other businesses? What do you do faster than other businesses?
4. What do you do that's the same as other businesses? How can you do that better/faster?

[Optional activity]

Questions

5. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave the here? (Have each person commit to something specific.)
6. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
It is better to be the best at one business skill than only good at lots of them. If someone becomes an expert in something and does it better or faster, she has an advantage. She can be more successful by specializing in one thing and trading that with someone else who specializes in something else.

Background: Any business that has many possible variations or types of product.

Story A: The person chooses to sell a little of many different variations of the product, but all are of average quality.

Story B: The person chooses to sell very few variations of the product. The person becomes an expert at making or selling that product and can do it faster or better than most other people selling a similar product.

PRICE AND QUANTITY

Some items are rare and some are plentiful. Customers will pay more for items that are hard to find because many others also want them or because they are rare. Customers will pay less for items that are plentiful because not many others want them or because they are easy to find. The goal of this lesson is to understand how customer demand and availability of an item affect its price.

Background
[Tom] and [Suyan] both want to sell [fruit] in the [nearby business district] and need to decide what kind to sell. There are other [fruit vendors] on the [streets] . Most [fruit vendors] sell [pineapple and watermelon] . Only a few vendors sell [polamai] .

Story A	Story B
[Tom] decides to sell [pineapple] . Because many others sell [pineapple] , [Tom] does not have many customers. [Tom] does not sell much [fruit] . Also, some people want [Tom] to lower his price or they will buy from other vendors. [Tom] has leftover [fruit] at the end of many days and does not make much profit.	[Suyan] decides to sell [polamai] . There are not many people selling [polamai] because it is hard to find, but [Suyan] knows that people like [polamai] . [Suyan] can set the price for [polamai] above his costs and people will pay the full price because they cannot buy [polamai] elsewhere. [Suyan] sells all his [fruit] each day and makes a good profit, which he uses to pay for school for his children.

Questions

1. What happened?
 - a. What does **[Tom]** decide to sell?
 - b. What does **[Suyan]** decide to sell?
2. Why does **[Tom]** decide to sell **[pineapple]**?
 - a. Why does selling **[pineapple]** not work very well?
3. Why does **[Suyan]** decided to sell **[polamai]**?
 - a. Why does selling **[polamai]** work well?
4. What is the difference between these two stories?

[Optional activity]

Questions

5. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
6. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson
If someone wants something, she will pay for it. If she wants more, especially if there is not enough for others who want it, she will pay more. If someone is selling something popular, she can charge more for it than she can charge for something few people want.

Background: A business that has many different types of products and where there are similar kinds of businesses in the market or other place where the business has customers.

Story A: The business owner decides to sell the same type of product as other business owners.

Story B: The business owner decides to sell a different type of product and is the only business in the area selling that specific product.

PROFIT

Profit is the amount of money collected for an item after its costs are paid. To make a profit, customers must pay a price that is larger than what the seller paid for the goods. Costs include materials, electricity, tools to make the goods, and payment for the businessperson's time. The goal of this lesson is to understand how to calculate and earn profit.

Background

[Prahat] and [Sombat] each has a business selling [small bamboo baskets]. Each paid [20 baht] for one [basket] and charges [30 baht]. There are few customers today, and [Prahat] and [Sombat] have no savings to buy food. Each worries that he will not have enough money for food if he does not sell [baskets] today.

Story A

[Prahat] decides to sell a [basket] for [15 baht] so he will have money for dinner. [Prahat] has [15 baht] to buy food but lost [5 baht] because he paid [20 baht] for the [basket].

Story B

[Sombat] knows that he needs a [10-baht] profit to feed his family. [Sombat] refuses to sell a [basket] for less than [30 baht], which gives him [10 baht] in profit: [30 baht] minus the [20 baht] he paid. [Sombat] uses the profit to buy food for his family.

Questions

1. What happened?
 - a. What is the profit for [Prahat]?
 - b. What is the profit for [Sombat]?
2. What is the difference between these two stories?
3. How does [Sombat] benefit by not selling?
4. How can [Prahat] make a profit?

[Optional activity]

Questions

5. What do you sell?
 - a. What are your costs?
 - b. What is your price?
 - c. What is your profit?
6. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
7. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson

It is important to know what goods cost to set their prices above costs to make enough profit to buy food, clothing, books and medicines. If a businessperson sets prices below costs, the businessperson will lose money by selling items even if he has money from selling those items. If [Sombat] sells for less than [20 baht], he will lose more money than if he sells nothing. [Sombat] knows his costs and refuses to sell unless he makes a profit. [Prahat] sells more but lost profit because he sells for less than his costs.

Background: Any business that involves buying and reselling goods.

Story A: The business owner sells the item at a price lower than his cost.

Story B: The business owner sells the item at a price higher than his cost and does not sell the item if he cannot collect at least as much as he paid for it.

TRADE

Different people and businesses are better at different things. If they trade items that are worth the same amount, they both can gain more. The goal of this lesson is to understand how trade can save time and money.

Background

[Pui] and [Kalaya] each has a [rice farm]. During the [rainy season], the [crop] is strong, and each [harvests] and sells as much [rice] as he can on his own but does not have time to [harvest] or sell the entire [crop]. [Pui] and [Kalaya]'s [pigs] each had one extra [baby] this year. [Tom] and [Aran] own [pigs] that did not have [baby pigs] this year. One [baby pig] costs the same amount as paying someone to [harvest rice] for [one month].

Story A

[Pui] pays [Tom] to [harvest] and sell [rice] with him for [one month]. At the end of the [month], [Pui] has [harvested] and sold all his [rice] and [Tom] has earned enough money to buy a [baby pig]. [Pui] does not have enough money to buy food in the [dry season] and is left with one [extra baby pig].

Story B

Instead of paying [Aran] to [harvest] and sell [rice] with her for [one month], [Kalaya] gives [Aran] one [baby pig]. At the end of the [month], [Kalaya] has [harvested] and sold all her [rice] and [Aran] has [one baby pig].

Questions

1. What happened?
 - a. How does [Pui] pay for [Tom]'s time?
 - b. How does [Kalaya] pay for [Aran]'s time?
2. What is the difference between these two stories?
3. Who gains more? Why?
 - a. [Pui] or [Kalaya]?
 - b. [Tom] or [Aran]?
4. How could [Pui] gain more?
5. (Harder) If [Pui] and [Kalaya] had no money to pay someone to [harvest] and sell [rice], how could they pay for help?

[Optional activity]

Questions

6. What can you produce cheaper, quicker or better than others?
 - a. What can others produce cheaper, quicker or better than you?
7. What do you trade?
 - a. What do you have too much of?
 - b. What do you not have enough of?
8. What are you going to do differently now that you know this?
 - a. What will you commit to doing differently before you leave here? (Have each person commit to something specific.)
9. What do you think of other people's ideas?
 - a. Have each person support another student's idea.

Lesson

When two people trade, they both are more successful because each gives up something he has leftover or does better for something he needs or does not do as well. [Kalaya] and [Pui] each hire someone to help [harvest] her extra [rice crop so it does not go to waste], but [Kalaya] knows that her extra [baby pig] would be more valuable to [Aran] than [baht] would be. [Kalaya] and [Aran] gain more than [Pui] and [Tom] because each trades what he or she has for what the other needs. Because [Kalaya] trades her extra [baby pig] for [Aran]'s time, [Kalaya] has enough money to buy food in the [dry season] and no [extra pigs], and [Aran] has the [baby pig]. Even without money, people can trade valuable goods and make each other more successful.

Background: First is a business that benefits from another person's labor. The business owners also have a common good that may or may not increase in value over time. The third and fourth people also have a common good, but theirs does not increase in value.

Story A: The business owner pays the neighbor in currency but then has little money at the end of the year to pay for supplies in an emergency.

Story B: The business owner pays the neighbor with goods that he has and the neighbor does not. This allows the business owner to keep his money and instead pay with something else the neighbor values.