The Kiosk Decision

How one entrepreneur weighs costs, customers, and timing

GE.3.6 "Describe and evaluate how entrepreneurs form, fund, and operate businesses. Explain how they decide when to enter or exit a market."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one action Maya takes to form her business and one choice she makes to operate it, then circle the two sources she uses to fund it. Write 1 beside evidence she uses to decide when to enter the market and 2 beside evidence she would use to move or exit.

Repairs Before the Train

1. At a crowded train station, commuters sometimes discover flat bicycle tires just before work. Maya sees a chance to offer quick repairs from a small kiosk. Before opening, she interviews riders and counts how many bikes arrive on weekday mornings. She estimates that twelve customers a day would cover her rent, supplies, wages, and loan payments. Maya forms a limited liability company, or LLC, rather than operating as a sole proprietor. An LLC generally separates her personal assets from business debts, but it requires registration fees and records. She also checks station rules and obtains permission to use the space.

2. Maya needs $8,000 to get started. She uses $3,000 of her savings and borrows $5,000 from a community bank. A friend offers $5,000 for a share of the company, but Maya chooses the loan to keep full ownership. That choice means monthly payments even during slow weeks. She buys tools, orders replacement tubes, and hires a mechanic for morning rushes. Each week she tracks repair revenue, parts costs, wages, rent, and loan payments. If tube prices rise, she can negotiate with suppliers or change prices, but higher prices might send riders elsewhere.

3. Maya plans to enter the market in spring, when more riders use the station, only after her survey suggests enough customers and the station approves her kiosk. A nearby repair shop closes at 6 p.m., so she tests an evening shift to serve commuters that shop misses. After three months, she compares actual daily customers with her twelve-customer target. If demand stays below the target, she may move to a bus terminal or exit by selling her tools and ending the kiosk lease, subject to its terms. Strong sales would support staying or expanding, but they would not guarantee profit.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does Maya choose an LLC instead of a sole proprietorship, and what is one cost of that choice?

2. Why does Maya borrow from the bank instead of accepting her friend's offer? What risk does borrowing create?

3. If replacement tubes become more expensive, what could Maya do to keep operating? Explain one drawback of an option she has.

4. What evidence supports Maya's plan to enter in spring, and what result after three months might lead her to move or exit?

3 YOUR TURN

Your own words

Invent a business for your community. In 5 to 7 sentences, explain how you would form and fund it, one operating choice and its tradeoff, and the evidence you would use to decide when to enter, stay in, or exit the market.

The Kiosk Decision

PART 1 · READ AND MARK

Underline one action Maya takes to form her business and one choice she makes to operate it, then circle the two sources she uses to fund it. Write 1 beside evidence she uses to decide when to enter the market and 2 beside evidence she would use to move or exit. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does Maya choose an LLC instead of a sole proprietorship, and what is one cost of that choice?	**An LLC generally separates her personal assets from business debts, but it requires registration fees and records.**
2	Why does Maya borrow from the bank instead of accepting her friend's offer? What risk does borrowing create?	**The loan lets her keep full ownership, but she must make monthly payments even during slow weeks.**
3	If replacement tubes become more expensive, what could Maya do to keep operating? Explain one drawback of an option she has.	**She could negotiate with suppliers or raise prices. Raising prices might send riders elsewhere.**
4	What evidence supports Maya's plan to enter in spring, and what result after three months might lead her to move or exit?	**Her survey suggests enough customers, more riders use the station in spring, and the station approves her kiosk. Demand that stays below twelve customers a day might lead her to move or exit.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I would start a weekend dog-walking service as a sole proprietorship because it is simple to set up, although I would be personally responsible for business debts. I would use $400 in savings for leashes, advertising, and insurance instead of taking a loan with interest. I would schedule walks in small groups to limit travel time, but I would accept fewer dogs per hour. Before entering, I would ask 30 nearby owners about their needs and start only if at least eight request weekly walks. I would stay if the service earned more than its costs for three straight months. Otherwise, I would change my schedule or exit and sell any equipment I no longer need.

Accept different businesses and reasonable funding methods. Look for a clear formation choice, a realistic operating tradeoff, and specific evidence tied to entry and exit decisions.