The Lid Launch

Weigh the risks and gains of a new product.

E.C.7.5 "Analyze the potential risks and gains to entrepreneurs establishing new businesses or inventing a new product."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline possible gains, circle possible risks, and write 1 beside a choice that could reduce a risk but also limit a gain.

Will Elena's Lid Sell?

1. At a crowded bus stop, commuters often spill coffee when disposable lids loosen. Elena designs an adjustable silicone lid meant to fit several common cup sizes. She pays for prototypes and tests them with volunteers, then plans to sell lids through neighborhood cafés. If commuters like the fit, one design could reach customers at several shops. That wider market could raise sales and help cafés offer fewer disposable lids. But a promising idea is not a guaranteed business: even a lid that works during a short test may leak after months of washing and reuse.

2. Before ordering a large batch, Elena asks a manufacturer for a price and estimates what cafés might pay. A larger order lowers the cost per lid, but it also ties up more of her savings. If sales are slow, unsold lids and production bills could leave her with a loss. She could borrow money instead, but repayment would still be due even if customers buy fewer lids than expected. A small first order limits that financial risk, although it may cost more per lid and leave too little stock if demand rises quickly.

3. Elena also learns that cafés may hesitate to sell an unfamiliar product because they do not want complaints about spills. She arranges a limited trial at one café and asks customers to report leaks and cleaning problems. Positive feedback could persuade other cafés to stock the lid, giving Elena a chance to expand. Negative feedback would mean redesigning it, which takes time and money, but finding a flaw early could prevent a larger loss. Another company might offer a cheaper lid, so Elena must weigh possible sales against testing costs, competition, and uncertain demand.

2 ANSWER WITH EVIDENCE

Use the passage

1. What could Elena gain by making a lid that fits several cup sizes, and what problem could put that gain at risk?

2. How does the size of Elena's first order change both her financial risk and her chance to make sales?

3. Why could borrowing money increase Elena's risk, even if it lets her pay for production?

4. How could the one-café trial affect Elena's potential gain and her risk of loss?

3 YOUR TURN

Your own words

Imagine you plan to start a weekend bicycle repair stand. In four or five sentences, explain one possible gain, two distinct risks, and a choice that could reduce one risk but also limit a possible gain.

ANSWER KEY

The Lid Launch

HIGH SCHOOL · E.C.7.5

PART 1 · READ AND MARK

Underline possible gains, circle possible risks, and write 1 beside a choice that could reduce a risk but also limit a gain. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What could Elena gain by making a lid that fits several cup sizes, and what problem could put that gain at risk?	**One design could reach customers at several shops and raise sales, but the lid might leak after repeated washing and reuse.**
2	How does the size of Elena's first order change both her financial risk and her chance to make sales?	**A small order puts less of her savings at risk but costs more per lid and may leave her short of stock. A large order costs less per lid but puts more savings at risk if sales are slow.**
3	Why could borrowing money increase Elena's risk, even if it lets her pay for production?	**She would still have to repay the loan if customers bought fewer lids than expected.**
4	How could the one-café trial affect Elena's potential gain and her risk of loss?	**Positive feedback could help her expand into other cafés. Finding a flaw early could prevent a larger loss, though redesigning the lid would cost time and money.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A weekend bicycle repair stand could earn income from riders who need quick fixes. I might lose money if few riders come, and an unexpected cost for replacement tools could reduce my profit. I would buy only a small supply of parts at first to avoid paying for parts I cannot sell. That choice might force me to turn away customers if several riders need the same part.

Accept other passage-supported risks and gains in Part 2. For Part 3, look for a plausible gain, two distinct risks, and a choice with both a risk-reducing effect and a cost to a possible gain.