

**Submitted by:** Rob Potts

**Strategy Name:** AP Economics Profitability project

**Purpose/Objectives:** Students will develop their knowledge in the following areas:

- Revenue
- Fixed costs
- Variable costs
- Short-term v. long-term business planning
- Profitability
- Corporate goals other than short-term profitability
- Corporate philanthropy

**Materials needed:** Textbook, internet access for research

**Process:** The students will have information on the revenue of Cisco Systems. They will also have information on their costs, as well as some of the philanthropic activities that they engage in, such as their working relationship with Michelle Clark High School in Chicago. The students will receive detailed information as to what Cisco does with Michelle Clark, the time commitment involved, and what Cisco takes away from the relationship.

There will be 2 teams of 4, one in favor of continuing this relationship, and one in favor of abandoning it. Both teams need to integrate revenues and costs into their arguments, and factor in the short versus long term impacts of initiatives such as these. Each team will have 7 minutes to state their case, and then an additional 3 minutes each of rebuttal after the other team has presented. The order of presenting will be decided by a coin flip.

The rest of the class will act as the Board of Directors at Cisco, and will be required at the end of the presentations and rebuttals to take a vote as to whether to continue the program. The Board will meet for 10 minutes to discuss the vote before each member casts his or her ballot. With each ballot, each Board member will submit a one paragraph explanation of the reasoning behind their vote, including an argument from the other side that they found most persuasive.