Business Superhero

ANSWER KEY

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PRODUCTS	TANGIBLE OR INTANGIBLE
GOODS	TANGIBLE
SERVICES	INTANGIBLE

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SUPPLY PARTS, INGREDIENTS, RAW MATERIALS	SELL AUTOMOBILES	PURCHASE AND USE AUTOMOBILES
SUPPLIERS	DEALERS	CONSUMERS

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PLACE WHERE CONSUMERS CAN VIEW AND PURCHASE PRODUCTS	SELLING DIRECTLY TO CONSUMERS	BUSINESS THAT SELLS PRODUCTS MADE BY OTHERS
STORE	DIRECT SALES	RESELLER

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USES A PRODUCT	NOT AN INDIVIDUAL CUSTOMER	BUYS A PRODUCT BUT MAY OR MAY NOT USE THE PRODUCT
CONSUMER	ORGANIZATIONAL CUSTOMER	CUSTOMER

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MONEY IN	$100	$1,000	$500
MONEY SPENT	$70	$800	$400
PROFIT MONEY IN – MONEY SPENT	$30 = $100 -- $70	$200 = $1,000 -- $800	$ 100

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REVENUE FROM PRODUCT SALES	$200	$1,000	$500
MONEY SPENT TO MAKE AND SELL PRODUCTS	$150	$600	$300
PROFIT	$50 = $200 – $150	$400 = $1,000 – $600	$200

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REVENUE FROM SALES	$400	$1,000	$500
COST OF OPERATING THE BUSINESS	$350	$500	$200
PROFIT	$50 = $400 – $350	$500 = $1,000 – $500	$ 300

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INVESTMENT MADE IN THE BUSINESS	$500	$600	$1,000
SELLING PRICE OF BUSINESS	$800	$1,000	$2,000
PROFIT	$300 = $800 – $500	$400 = $1,000 – $600	$ 1,000

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PRODUCT SELLING PRICE	$10	$50	$100
QUANTITY OF PRODUCTS SOLD	5	20	50
REVENUE	$50 = $10 x $5	$1,000 = $50 x 20	$ 500

PRODUCT SELLING PRICE	$10	$10	$20
COST TO MAKE AND SELL PRODUCT	$9	$11	$22
PROFIT	$1 = $10 – $1	– $1 = $10 – $11	$ -22

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VALUE OF BUSINESS	$10	$10	$20
NEW PROFIT FROM SELLING PRODUCTS	$2	$5	$4
NEW VALUE OF BUSINESS	$12 = $10 + $2	$15 = $10 + $5	$ 24

VALUE OF BUSINESS	$20	$20	$50
MONEY RAISED SELLING SHARES	$3	$5	$6
NEW VALUE OF BUSINESS	$23 = $20 + $3	$25 = $20 + $5	$ 56

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NUMBER OF CUSTOMERS	100	100	100
PURCHASE FROM BUSINESS A	70	50	30
PURCHASE FROM BUSINESS B	30	50	70
MARKET SHARE BUSINESS A	70% = 70 ÷ 100 x 100%	50% = 50 ÷ 100 x 100%	30 %

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PLEASED CUSTOMER	CUSTOMER THAT REPEATEDLY BUYS FROM SAME BUSINESS	TYPE OF FREE ADVERTISING
SATISFIED	LOYAL	WORD OF MOUTH

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NUMBER OF SHARES	100	100	100
SHARES OWNED BY PERSON A	70	60	50
SHARES OWNED BY PERSON B	30 = 100 – 70	40 = 100 – 60	50

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PROFIT EARNED BY BUSINESS	$100	$100	$100
PROFIT ISSUED AS DIVIDENDS	$40	$70	$50
PERCENTAGE OF BUSINESS OWNED	10%	10%	10%
AMOUNT EARNED BY SHAREHOLDER	$4 = 40 x 10%	$7 = 70 x 10%	$5

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MARKET DEMAND	$50	$40,000	$300,000
PRODUCT PRICE	$10	$20	$1,000
PRODUCT UNITS SOLD	$ 5	$ 2,000	$ 300

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PRODUCT PRICE	$3	$30	$1,500
PRODUCT UNITS SOLD	50	1,000	150
REVENUE	$ 150	$ 30,000	$ 225,000

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PRICE	$50	$15,000	$700
COGS	$20	$8,000	$825
PROFIT	$ 30	$ 7,000	$ -125

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PRICE	$50	$15,000	$700
COGS	$20	$8,000	$825
ALL OTHER EXPENSES	$12	$8,000	$200
NET PROFIT	$ 18	$ -1,000	$ -325

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NUMBER OF PRODUCTS MADE	100	5,000
COST OF GOODS	$2,000	$5,000,000
SALES & MARKETING	$2,000	$1,500,000
OPERATIONS	$1,000	$1,000,000
ALL COSTS Add the three costs above	$ 5,000	$ 7,500,000
COST PER PRODUCT ALL COSTS divided by NUMBER OF PRODUCTS MADE	$ 50	$ 150
PRICE SHOULD BE HIGHER THAN	$ 50	$ 150

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ALL COSTS	$40	$12,000	$500
20% DESIRED PROFIT	$ 8	$ 2,400	$ 100
PRICE	$ 48	$ 3,600	$ 600

ALL COSTS	$40	$12,000	$500
CONSUMERS WILLING TO PAY	$52	$14,000	$750
PRICE	$ 52	$ 14,000	$ 750

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RETAIL PRICE	$20	$5,000	$1,000
SELLING PRICE	$ 16	$ 3,500	$ 600
DIFFERENCE RESELLER DISCOUNT	20% = $4	30% = $1,500	40% = $400

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CONSUMER GROUP	PRICE	BRAND	TASTE	HEALTH
GROUP 1	100%	0%	0%	0%
GROUP 2	80%	10%	10%	0%
GROUP 3	60 %	0 %	0 %	40 %
GROUP 4	0 %	100 %	0 %	0 %
GROUP 5	10 %	80 %	10 %	0 %

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STRATEGY →	Very healthy product but somewhat expensive	Product that tastes great at an average price	Balance of taste and health at an average price
PRICE	HIGH	MEDIUM	MEDIUM
HEALTH	HIGH	LOW	MEDIUM
TASTE	LOW	HIGH	MEDIUM

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STRATEGY →	Very healthy product but somewhat expensive	Product that tastes great at an average price	Balance of taste and health at an average price
HEALTH	100 %	0 %	50 %
TASTE	0 %	100 %	50 %
TOTAL	100%	100%	100%

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STRATEGY→	Balance of taste and health at an average price	
PRICE	Above Average	OFF TARGET
HEALTH	Average	ON TARGET
TASTE	Average	ON TARGET

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STRATEGY→	Balance of taste and health at an average price	
PRICE	Above Average	REDUCE PRICE
HEALTH	Average	CONTINUE
TASTE	Average	CONTINUE

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UNITS PRODUCED	50	800	350
UNITS SOLD	35	650	350
UNITS IN INVENTORY	15	150	0

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UNITS PRODUCED	500	500
CONSUMER DEMAND	300	550
MISSED SALES	0	50
PRODUCT SELLING PRICE	$3	$5
MISSED REVENUE	$ 0	$ 250

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UNITS PRODUCED	300	850	1,500
UNITS SOLD	250	780	1,200
UNITS IN INVENTORY	50	70	300
PRODUCTION COST PER UNIT	$10	$20	$50
CARRYING COST PER UNIT	$2	$3	$5
AVERAGE SPOILAGE 10%	5	7	30
COST OF INVENTORY	$ 150	$ 350	$ 3,000

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MARKET DEMAND YOU EXPECT TO WIN	$200	$700	$40,000
PRODUCT RETAIL PRICE	$5	$25	$150
UNITS EXPECTED TO BE SOLD This is how many you should produce	40	28	267

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	UPPER INCOME MOSTLY URBAN	LOWER INCOME MOSTLY RURAL
FITNESS EQUIPMENT	Yes	No
SOLAR PANELS	No	Yes
SPORTS CARS	YES	NO
FARM EQUIPMENT	NO	YES

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TERRITORY	USA	CANADA
UNITS DISTRIBUTED	700	200
CONSUMER DEMAND	750	150
MISSED SALES	50	0

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EMPLOYEES HIRED	1	5	8
HIRING COST	$1,000	$5,000	$8,000

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EMPLOYEES DISMISSED	1	3	7
SEVERANCE COST	$2,000	$6,000	$14,000

EMPLOYEES	1	3	5
SALARY COST	$30,000	$90,000	$150,000

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SALARY COST	$30,000	$40,000	$60,000
BENEFITS COST %	10%	10%	10%
BENEFITS COST $	$3,000	$4,000	$6,000

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TOTAL EMPLOYEES	100	100	200
TURNOVER RATE	10%	15%	10%
EMPLOYEES REPLACED	10	15	20

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PRINCIPAL	$10,000	$25,000	$20,000
INTEREST RATE PER YEAR	10% COMPOUNDED YEARLY	10% COMPOUNDED YEARLY	20% COMPOUNDED YEARLY
AMORTIZATION PERIOD	1 YEAR	1 YEAR	1 YEAR
INTEREST PAID	$1,000 $10,000 x 10 ÷ 100%	$2,500	$4,000

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SHARE PRICE	$3	$5	$10
NEW SHARES ISSUED (SOLD)	1,000	1,000	2,000
MONEY RAISED	$3,000	$5,000	$20,000

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COMPANY VALUATION	$60,000	$100,000	$200,000
SHARES ISSUED & OUTSTANDING	1,000	100,000	2,000
SHARE PRICE	$60	$1	$10

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TOTAL PROFIT TO BE DISTRIBUTED	$20,000	$30,000
TOTAL SHARES ISSUED & OUTSTANDING	1,000	3,000
EARNINGS PER SHARE	$20 = $20,000 ÷ 1,000	$10

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TOTAL PROFIT TO BE DISTRIBUTED	$20,000	$20,000	$20,000
TOTAL SHARES ISSUED & OUTSTANDING	1,000	1,250	2,000
EARNINGS PER SHARE	$20 = $20,000 ÷ 1,000	$16 = $20,000 ÷ 1,250	$10

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SHARE PRICE	$10	$15
TOTAL SHARES ISSUED & OUTSTANDING	100	100
COMPANY VALUATION	$1,000 = $10 x 100	$1,500
NEW SHARES ISSUED (SOLD)	20	20
PRICE PER SHARE SOLD	$10	$15
NEW MONEY RAISED	$200 = 20 x $10	$300
TOTAL SHARES ISSUED & OUTSTANDING	120 = 100 + 20	120
COMPANY VALUATION	$1,200 = $10 x 120	$1,800

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BUDGET SPENT	$30,000	$50,000	$60,000
REVENUE	$20,000	$20,000	$25,000
LOSS	– $10,000	– $30,000	– $35,000

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COUNTRY	CURRENCY
FRANCE	EUROPEAN EURO
GERMANY	EUROPEAN EURO
ITALY	EUROPEAN EURO
INDIA	INDIAN RUPEE
SOUTH AFRICA	SOUTH AFRICAN RAND
SAUDI ARABIA	SAUDI ARABIA RIYAL
EGYPT	EGYPTION POUND
PHILIPPINES	PHILIPPINE PESO
BRAZIL	BRAZILIAN REAL
ALGERIA	ALGERIAN DINAR
RUSSIA	RUSSIAN RUBLE

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COUNTRY	CURRENCY	EXCHANGE RATE SELLING US DOLLARS
USA	US Dollar	1.00
CANADA	Canadian Dollar	WILL VARY BY DATE
AUSTRALIA	Australian Dollar	WILL VARY BY DATE
UNITED KINGDOM	British Pound	WILL VARY BY DATE
JAPAN	Japanese Yen	WILL VARY BY DATE
MEXICO	Mexican Peso	WILL VARY BY DATE
CHINA	Chinese Yuan or Renminbi	WILL VARY BY DATE

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CASH FLOW	APR	MAY	JUN
MONEY IN	$13,000	$14,000	$15,000
MONEY OUT	$12,000	$12,000	$17,000
MONEY IN – MONEY OUT	$1,000	$2,000	$-2,000

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CASH FLOW	JUL	AUG	SEP
MONEY IN	$22,000	$21,000	$18,000
MONEY OUT	$20,000	$20,000	$20,000
MONEY IN – MONEY OUT	$2,000	$1,000	– $2,000
BALANCE Starting Balance = $0	$2,000	$3,000	$1,000

CASH FLOW	JUL	AUG	SEP
MONEY IN	$22,000	$21,000	$18,000
MONEY OUT	$20,000	$20,000	$20,000
MONEY IN – MONEY OUT	$2,000	$1,000	– $2,000
BALANCE Starting Balance = $2,000	$4,000	$5,000	$3,000

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MONEY INVESTED	$50,000	$30,000	$18,000
SALES REVENUE	$52,000	$45,000	$8,000
PROFIT (LOSS)	$ 2,000	$ 15,000	$ -10,000

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REVENUE	Product Sales $8,000	Product Sales $6,000 Sale of Services $2,000
COGS & EXPENSES	COGS $2,500 Expenses $1,000	COGS $3,000 Expenses $6,000
PROFIT	$ 4,500	$ -1,000

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REVENUE	$8,000	$6,000
COGS	$2,500	$3,000
GROSS PROFIT	$ 5,500	$ 3,000
EXPENSES	$2,000	$4,000
NET PROFIT	$ 3,500	$ -1,000

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REVENUE	Widget Sales $7,000	Widget Sales $6,000
COGS & EXPENSES	COGS $3,000 Expenses $2,000	COGS $5,000 Expenses $3,000
OTHER INCOME	Bank Interest $750 Grant $750	Bank Interest $1,000 Grant $1,000
NET PROFIT	$ 3,500	$ 0

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	YEAR 1	YEAR 2	YEAR 3
NET PROFITS	$2,000	$4,000	$3,000
DIVIDENDS	$0	$1,000	$2,000
RETAINED EARNINGS	$ 2,000	$ 5,000	$ 6,000

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ASSETS	Cash $8,000 Furniture $700 Computer $400	Cash $12,000 Unpaid Sales $1,000 Land $10,000
LIABILITIES	Bank Loan $2,500 Credit Card $900	Bank Loan $9,500 Owed to Suppliers $6,000
EQUITY	$ 5,700	$ 7,500

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BALANCE SHEET		
ASSETS	Cash $8,000 Furniture $1,000 **Patents $2,000**	Cash $12,000 Land $10,000 **Customer Contracts $2,000**
LIABILITIES	Bank Loan $7,000	Bank Loan $12,000
EQUITY	$4,000	$ 12,000

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	YEAR 1	YEAR 2
ASSETS	Cash $8,000 **Computer $900**	Cash $8,000 **Computer $400**
LIABILITIES	Bank Loan $7,000	Bank Loan $7,000
EQUITY	$1,900	$ 1,400

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ASSETS	Cash $5,500	Cash $2,500 Computer $300	Cash $3,500 Furniture $500
LIABILITIES	Bank Loan $1,500	Bank Loan $2,000	Bank Loan $2,000 Credit Card $500
EQUITY	$4,000	$900	$1,000
IN OR OUT OF BALANCE?	$ 0	$ 100	$ 500

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	BEFORE $2,000 DIVIDEND	**AFTER $2,000 DIVIDEND**
ASSETS	Cash $7,000	Cash $ 5,000
LIABILITIES	Bank Loan $2,000	Bank Loan $2,000
EQUITY	$5,000	$ 3,000