

# Create-a-Business Project

## DETAILED DESCRIPTION

The entrepreneur will invent a new product that he or she will sell at the Debbie Hayes Memorial Flea Market, which will be held at the Queens Lake Convention Center. Vendors will be able to purchase a booth at the convention center in order to sell their items. Also, all participating vendors will be able to purchase the products created by other vendors using "Panther Dollars" (each entrepreneur will be given \$60 to spend at the flea market). The product sold should be a new idea or an improved version of an existing item. The following steps should be used in order to complete the project:

### Step 1 - Entrepreneurship

Think of a product that you could make and produce, to be sold at the flea market. At least fifteen (15) items must be produced and the items should not have cost more than \$6.00 to create in total (not including sales tax). Why will you create and produce the product that you chose to produce? (If you decide to use a partnership, your minimum item number increases to thirty (30) and your cost limit is raised to \$12.00; Corporations must produce a minimum of forty-five (45) items and their cost limit is increased to \$18.00). Complete the attached COST FORM.

### Step 2 - Business Ownership

Now that you know what you want to produce, think of how your business will be owned. Will you have sole ownership (sole proprietorship) or will you find a partner to assist in the production of your product (partnership)? Perhaps you will decide to have a corporation handle your business. If you decide on a corporation, you must provide: (1) the name of the corporation, (2) the location of the corporation, (3) the number of shares of stock available to be sold, and (4) the price per share of the stock. REMEMBER to be REALISTIC!!! (You are only making items that will cost a total of \$18.00 to produce).

### Step 3 - Production

The "factors of production" must now be combined in order to produce your product. Make certain to provide the following figures:

Number of Items Produced (Fig A) \_\_\_\_\_  
Cost of ALL Items to Produce (Fig B) \_\_\_\_\_  
Cost per Item to Produce (Fig B divided by Fig A = Fig C) \_\_\_\_\_

### Step 4 - Advertisement

Now that the item has been produced and the costs have been analyzed, you must determine a SUGGESTED RETAIL PRICE at which to sell each item. Your suggested retail price is \_\_\_\_\_. Also, an advertisement should be created which will advertise your product at the flea market. It is suggested that you **NOT** put the price of your item on the advertisement (so you can raise & lower your price). PLEASE NOTE that the cost of the poster board does **NOT** need to be included in your cost limit!

### Step 5 - Sales

On **APRIL 12, 2002** the Debbie Hayes Memorial Flea Market will be held at the Queens Lake Convention Center in York County, Virginia. You will be allowed to purchase a vendor pass so that you can sell your products! While you are selling your items you **MUST** record at what price you sold EACH of your items! Following the flea market, you should make a listing of the prices that your items sold for and how many sold for each price. Then you should be able to provide the following figures:

Total Money Made at Flea Market (Fig D) \_\_\_\_\_  
Total Profit (Fig D minus Fig B = Fig E) \_\_\_\_\_  
Profit Made per Item (Fig E divided by Fig A = Fig F) \_\_\_\_\_  
\* Profit earned per share of stock (Fig E divided by # of shares = Fig G) \_\_\_\_\_  
(\* This is ONLY for those businesses owned by a corporation).

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## Report on Project

**DUE DATE: APRIL 23, 2002**

In order to summarize what was learned in this activity, each student must prepare a detailed report which contains the following:

1. COVER PAGE (title page).
2. ENTREPRENEURSHIP - Describe, in *detail*, what your product was. Why did you choose to create the product that you created?
3. BUSINESS OWNERSHIP - Describe, in *detail*, a description of the type of business ownership you used. What are the advantages to this form of ownership? What are the disadvantages?
4. CORPORATION INFORMATION (Only for those persons who chose the corporation method of business ownership) - List the (a) name of the corporation, (b) the location of the corporation, (c) the number of shares of stock available to be sold, and (d) the price of each share of stock.
5. COST FORM
6. SALES SUMMARY - Provide a detailed description of your experience at the flea market. Describe any alterations in your product pricing. This is much like a journal entry.
7. DEMAND CURVE - Create a LINE graph that shows at what prices your products were sold.
8. SALES FIGURES - Label (clearly) each of the following:

Number of Items Produced (Fig A) \_\_\_\_\_  
Cost of ALL Items to Produce (Fig B) \_\_\_\_\_  
Cost per Item to Produce (Fig B divided by Fig A = Fig C) \_\_\_\_\_  
Total Money Made at Flea Market (Fig D) \_\_\_\_\_  
Total Profit (Fig D minus Fig B = Fig E) \_\_\_\_\_  
Profit Made per Item (Fig E divided by Fig A = Fig F) \_\_\_\_\_

If you used a corporation form of business ownership:

Profit earned per share of stock (Fig E divided by # of shares = Fig G) \_\_\_\_\_

9. REFLECTIONS – Describe how this project helped illustrate many of the concepts discussed in your economics class (try to cover as many concepts as possible). What were the project's limitations? What did you find easy and what was difficult? What changes would you suggest for next year's classes that may help the project run more smoothly?