

# Juggling a Business

## Key financial ideas

- ★ Businesses need start-up capital to get the business under way and cover initial costs.
- ★ Business owners expect to take a share of the profit for their own use.

## You need

- ★ a calculator
- ★ a classmate



Anna is Rebecca and Connor's older sister. She is 16 years old. Anna enjoys making juggling balls, hacky sacks, and bungee balls in her spare time and has been selling these to friends and classmates to cover her costs. She sees Granny's gift of \$2,000 as an opportunity to make her hobby into a business.

## Activity One

### Juggling balls

For each set of 3 juggling balls, Anna needs:

- rice ( $\frac{1}{2}$  cup per ball)
- 12 balloons
- 3 supermarket plastic bags.

### Costs:

- 2 kilogram bag of rice (12 cups of rice): \$1.99
- 100 balloons: \$6.90
- supermarket bags: \$1.50 (30 bags).

### Selling price:

Anna decides to charge \$12 for a set of juggling balls.



- Anna uses some of Granny's gift to buy a 2 kilogram bag of rice, 100 balloons, and 30 supermarket bags.
  - How much does she pay altogether for these start-up materials?
  - What materials does Anna need in order to make 5 sets of juggling balls?
  - How many sets can Anna make before she has to replace some of the materials?
- After Anna subtracts her start-up costs, what profit would she get if she sells 8 sets of juggling balls?
- It takes Anna about 30 minutes to make a set of juggling balls. How much money does she make per hour of labour when she makes and sells 8 sets?
- Anna decides to pay herself \$16 per hour. How much money does she have left to reinvest in the business after selling 8 sets of juggling balls?



## Activity Two

To get her business going well, Anna needs orders, so she decides to advertise her juggling balls, hacky sacks, and bungee balls.

- 1 Discuss with a classmate the different ways and places in which Anna could advertise and the possible costs.
- 2 Anna asks her friend Gemma, a graphic designer, to design a leaflet advertising her products. She agrees to pay \$75 for the design. Discuss with your classmate what information Anna's leaflet should include.
- 3 Anna finds out the prices for photocopying.

Option 1, black and white:

Number of copies	<100	100–499	500–749	750–999	1 000+
Price per copy	10 cents	9 cents	8 cents	7 cents	6 cents

Option 2, colour:

Number of copies	<100	100–499	500–749	750–999	1 000+
Price per copy	\$1.99	\$1.49	\$1.19	99 cents	79 cents



- a. For each option, how much would it cost to make 100 copies of Anna's leaflet?
  - b. How much would it cost for 1 000 copies?
  - c. Which option do you think Anna should choose? Why? How many copies should she order?
- 4 Anna's cousin Taviti comes to stay during the school holidays. He agrees to deliver Anna's leaflets around the neighbourhood. She pays him 2 cents per delivery. How much would she pay him for a delivery of 1 000 copies?
  - 5 How much would it cost Anna altogether to do a 1 000 leaflet drop for:
    - a. black and white leaflets?
    - b. coloured leaflets?



**Reflective question** ★ What happens if a business does not cover its start-up costs with its start-up capital?