**LESSON 7**

**CREATING A BUSINESS PLAN**

**Student Objectives**

**.** Identify choices that must be made by entrepreneurs before deciding to start a business.

**.** Identify the basic questions that should be considered by entrepreneurs:

1. What to produce?

2. How to produce it?

3. Who will consume it?

**.** Describe sole proprietorship, partnership, and corporation.

**.** Define stocks, shares, interest, and dividends.

**.** Understand the role and importance of the business plan.

**.** Complete a job application, resume, and interview.

National Content Standards in Economics

Content Standard 13

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn depends primarily on the market value of what they produce and how productive they are.

Content Standard 14

Students will understand that entrepreneurs are people who take the risks of organizing productive resources to make goods and services. Profit is

an important incentive that leads entrepreneurs to accept the risks of business failure.

Economic Concepts

**Producer:** a business or person who makes a good or service for consumers.

**Entrepreneur:** a person who takes a risk to operate a business in which they hope to make a profit.

**Basic questions that should be considered by entrepreneurs:**

1. What to produce?

2. How to produce it?

3. Who will consume it?

**Sole proprietorship:** a business owned by one person.

**Partnership:** a business owned by two or more people.

**Corporation:** a company chartered by the state and owned by stockholders.

**Stockholders:** people who are part owners of a corporation.

**Suggestion:** The corporation concept is difficult for younger student to grasp. It is suggested that you teach the concept. However, it is best to stress the “Sole Proprietorship and Partnership concepts.

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**Stock:** a certificate that shows part ownership in a corporation.

**Franchise**: the right to sell a company’s product in a specified region.

**Dividend:** the part of a corporation’s profits that is paid to the stockholder.

**Interest**: fee charged for using borrowed money.

**Market Survey:** a survey conducted to determine the choice of many people.

**Revenue:** payment received by businesses from selling goods and services.

**Profit**: the difference between total revenue and the full cost involved in producing the good or service.

Background

The students are going to become entrepreneurs. They must answer three questions before starting a business. What to produce? How to produce it? Who will consume it?

The students will choose a form of business ownership: sole proprietorship, partnership, or corporation. A business plan must be written before investing in a business. The cost of producing the product should be determined before starting a business.A market survey will evaluate the supply and demand needed for the product.

**Prepare**

-Obtain permission from the administrator for the class to make and/or sellgoods or service. -Invite a banker and/or a stockbroker to speak to the class.

-Make one copy for each business of **Forms 7-1, 7-2, 7-5, 7-6, 7-7, 7-8, 7- 9,7-10, 7-11,7-12,**

**7-13, 7-14, and 7-15 (or 7-16).**

-Make copies of **Form 7-3** and **Form 7-4** for all students.

-Provide one manila envelope or folder for each business.

-Obtain a picture of ice cream or print out **Form 7-17**.

**Teach**

Introduction

After teaching Lesson 7, the students are ready to be entrepreneurs. Explain to the students that they are going to become producers and/or entrepreneurs. Each student is to decide the product they want to produce. Each student or group will form a company. Before becoming entrepreneurs, the students will choose a form of business ownership and write a business plan. The class will be divided into their selected business groups. After teaching **LESSONS 1-7** and briefly discussing each activity in the lessons, the students should be capable of working on their own.

**Activities**

Day 1

1. After introducing the vocabulary words, discuss local businesses and entrepreneurs.

2. Before people become entrepreneurs, they should answer three questions.

What to produce? How to produce it? Who will consume it?

3. The students are going to become entrepreneurs. Discuss **what to produce**.

The teacher may want to use ice cream as an example of what will be produced. Display the picture of ice cream (**Form 7-17)**. Discuss resources (natural, capital, and human resources) needed to produce the ice cream to sell. (cones, napkins, ice cream scoops, toppings, ingredients for ice cream, refrigerator or ice cream maker, workers, and etc.).Dip into Economics

4. Discuss **how to produce** the product and review the **Business Organizations.**

Discuss how each person or group will finance their project. Require students to take notes on the organization of a business. The students must make a decision as to how they will finance the business.

**Sole proprietorship**: The one owner has complete control of the business. The sole owner receives all the profits or suffers all the losses. The teacher or one student (president of the company) in each group could finance the business from private savings or by taking out a loan from the student bank or a local bank. The parents or teachers

may need to co-sign the loan. Interest must be paid on borrowed money. The students will receive the profit or cover all losses of the project. The workers will be paid a salary. The owner of the business determines the salaries.

**Partnership:** Two or more members (or all members) of the group could share the cost of operating the business. The students may combine personal savings or take out a loan from the student bank or a local bank. The partners will receive the profit or accept the losses of the business after interest on the borrowed money is paid. Use **Form 7-1, Partnership** **Agreement** for this type of business organization.

**Corporation:** A corporation is a company that is chartered by the state and owned by stockholders. The stockholders can buy shares of stock (part ownership in the corporation). Potential stockholders would be parents, relatives, neighbors, teachers, and other students. Stockholders have voting rights according to the proportion of stocks they own. Stockholders elect a board of directors to oversee the operations of the company and they make major decisions. The stockholders bear the risk of the success or failure of the business. They will receive dividends (profits) or accept losses of the business. Provide each stockholder a certificate, **Form 7-2 Stock Certificate.**

**Franchise:** A franchise is the right to sell a company’s product in a specified region. A franchise may operate as a sole proprietorship, partnership or corporation. The owner of the franchise is still considered an entrepreneur because of being responsible for the startup costs (usually expensive) and daily operation of the franchise. The franchisee usually has to pay an initial fee, startup costs, daily operation expenses, annual fee, and a percentage of the total annual sales. The parent company that issues the franchise has an interest in the success of the franchisee because they want to protect the company’s name and make a profit. The success of the business is generally high because the company selling the franchise has an interest in seeing the business succeed. Examples of companies that sell franchises are McDonald, Papa John’s, Dillard’s, Radio Shack, and Dippin’ Dots.

5. Review the ways to raise money to start a business. Be sure the students understand that interest must be paid on borrowed money. If the students want to be a franchisee, they must pay the cost that the franchiser charges.

6. The class should discuss **who will consume the product**. The students should refer to the lesson on **“Marketing**”.

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7. Tell the students to decide which form of business organization they are going to use for their businesses (sole proprietorship, partnership, or corporation).

8. Discuss personnel (human resources) that will be needed for the corporation with the entire class. Write the jobs and descriptions that may be needed on the board. Ask the students to take notes. The teacher should ask members of community businesses to interview and select the president for the company. Then the president and personnel manager will hire students for the other positions. They should study the resumes and job applications before hiring. If time allows, they could interview the candidates for the other positions.

**\*Suggestions:**

* **President of the Company**: Request two or three local business people to interview and select the president of the company. The president is responsible for the operation of the entire company.

**Personnel Manager**: This position is responsible for overseeing the staff and reporting to the president of the company. Request that the local business leaders select three candidates for this position from interviews or studying resumes. Ask them to meet with the new **President of the Company** and discuss qualifications for personnel manager. The business leaders and the new president will hire the personnel manager.

* **Marketing Committee:** Members of the marketing staff will conduct market surveys, compile information, and advertise. Taking surveys may need two or more people. (Refer back to Marketing Lesson.) Each company may need to make two committees: **One committee for market survey and another committee for advertising. Marketing group works with what and how much consumers will pay should complete Forms 7-14, 7-15, and 7-16. The advertising group should complete Form 7-7 and the advertisements for the company.**
* **Purchasing Agent:** The purchasing agent will make a list of supplies needed and purchase all the supplies. A larger company may need two or more people for purchasing. Purchasing Agent and his/her workers should complete **Form 7-6.**
* **Accountant:** The accountant will keep all financial records, (cost of supplies, revenue, and profit).
* **Producers:** Everyone may help produce the product or may assign certain people to produce.

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* **Production Supervisor:** A person who will make sure everything is satisfactorily completed. (A quality control inspector could be added.)
* **Salespeople** - person or people who will sell the product. Assign one person to keep records of the amount each person sold. This information will be turned over to the accountant.

Day 2

9. Assign the students to their groups. Give each group a copy of **Form 7-5** **Business Plan**. Each business will need one copy of **Form 7-6, Form 7-7**, **Form 7-8,** and **Form 7-11**. Some companies will need **Form 7-1, Form 7-2**, and **Form 7-10**. Tell the students to complete the **Business Plan** and other forms, then put it in a manila envelope. Do not share the plan with other groups.

Day 3

10. Distribute **Form 7-3, Job Application** and **7-4, Resume** to all students. It might be best to assign this as an out of class project (homework). The applications and resumes should be given to the teacher. Then give the job applications and resumes of the corporation to the interviewers to select the president and personnel manager. The president will announce the positions for the company.

Day 4

11. Students should be selected for positions in the company. Suggestions: Ask local business people to look at applications and resumes to select the President. The interviewers and the president may hire the personnel manager. Then the president and personnel manager may hire other workers.

12. For **proprietorships and partnerships**, they should complete (**Forms 7-1** (partnership), **7-5, 7-6, 7-7, 7-8, 7-10, 7-11, 7-14, and 7-15)** The members of the corporations should complete **Forms 7-2, 7-5, 7-6, 7-7, 7-8, 7-9, 7-10, 7-11, 7-12, 7-13 or 7-14, 7-15, and 7-16**

**Some teachers may decide to end this lesson after this activity. This is for classes that do not plan to sell their product(s).** To complete the lesson, discuss each group’s business plan. (Do **not** discuss business plans orally if the class plans to continue the project.)

**If the class is going to complete the project and sell their product(s), allow time for the groups to raise money for their business. This has been decided and written on Form 7-5 Business Plan.**

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Day 5

13. Each group will have secured the money for the project by this time. The groups will discuss their plans for making their products. The purchasing agent will make a list of resources needed to purchase the produces from **Form 7-6, Production** **Cost.** The purchasing agent will present the cost of each item to the president of the company. The accountant will give the purchasing agent the money to purchase the items.

14. The employees and staff members will work according to their job description. The marketing departments will complete the advertisements.

15. Make the products. Decide on a date to sell to consumers. Check with principal.

16. During the sale of the product(s), the accountant or an assigned employee(s) will keep records of all sales. Use **Form 7-7, Sales Revenue Worksheet.**

17. The accountant will calculate the profit or losses by completing **Form 7-8,** **Profit Worksheet and Form 7-9, Balance Sheet.**

18. The president of the company and the accountant will distribute the profits or

collect for the losses. The business is dissolved.

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**Form 7-1**

**Partnership Agreement**

**I. Company Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Good or service for sale: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**II. Name and address of each partner:**

**Partner Name(s) Street Address City/State/Zip**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**III. Money Contributed by Each Partner:**

**Partner Name Amount of Money Contributed Percent of Total**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**TOTAL CONTRIBUTIONS $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 100%**

**(**Divide amount contributed by total contributions)

**IV. Duties and Responsibilities of Each Partner:**

**Partner Name Duties and responsibilities**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**V. Distribution of Profit and/or Losses will be based on percentage of initial**

**investment.**

**Partner Name Percentage of Profit (or loss)**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signed By and Agreed To By the Following:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Partner #1 Partner #2 Partner #3

Date Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-

**Form 7-2**

**Stock Certificate**

Incorporated in the State of Certificate Number

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Name of Company

***This certifies that***

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Name of Stockholder**

***is the***

***owner of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shares of common stock of***

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

The initial offering price of this stock is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ per share.

Issued this \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Accountant President

**Form 7-3**

**Job Application**

(All students must complete a job application.)

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ E-mail Address:\_\_\_\_\_\_\_\_\_\_\_\_

Job Title you are applying for: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(If you are a sole proprietor, write NA. Examples of other jobs – salesman, repairman, cook, & etc.)

List your qualifications for this job: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Why do you want this job? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

List other jobs that you have had. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

List two other jobs you would accept if this one is not available. .

(Proprietors - write NA.)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I agree that the information is true.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_

Signature

# Form 7-4

**Business Resume**

(All students must complete a resume.)

The resume is a brief summary of the objectives, abilities, accomplishments, and interests of a person seeking employment. Write your resume on another sheet of paper using the style below.

Your Name

Street Address, City, State, Zip Code

Phone Number Fax E-mail Address

Career Objective: (What position are you seeking? What company?)

Education: (Describe the education that you have received.)

Work Experience: (Describe any job that you have had.)

Special Skills: (Describe your skills that would make you good at this job.)

Interest and Hobbies:

References: (Give names, addresses, and phone numbers of three people who would

recommend you for this job.)

**Form 7-5**

**Business Plan**

**(TWO PAGES)**

**Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**I. Basic Information**

Name of Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address of Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Board Member(s) of Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Names of students in group)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Goals of Company\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Mission Statement) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**II. Description of the Business**

What will be produced? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Describe how the company will produce the product. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name the natural, capital, and human resources needed and cost of each.

(Complete Form 7-6)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What will it cost to produce each product?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Who will consume the product? (Complete Forms 7-8, 7-9, & 7-10 )

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

How many goods/services will be produced? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What would be the best price to sell your product? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**III. Description of Business Personnel**

Name the titles of the employees and the qualifications. Then write the salary for each employee. You may express it in percentage of total profit. Don’t forget the president’s salary. Be sure you do not exceed 100% of expected profit. (If more space is needed, write on another paper)

Title of Employee Qualifications for Position Salary

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**IV. Financial Information:**

Expense of Starting Business\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Complete forms 7-6 & 7-12)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Method Used to Finance Company: (Sole proprietorship, Partnership) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(If partnership, complete Form 7-1)

Does this business have a franchise? \_\_\_\_\_\_\_\_\_\_ If so, how much will you pay the parent company? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Describe how the money will be raised to start the business.

(Complete Form 7-11, if money is borrowed.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Projected Profit: (How much profit do you think you will make?) (Use Form 7-13)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**V. Description of Market Plan:** (List ways the company will persuade people to buy

the product, including ways the company will advertise. (Complete Form 9-7)

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**Form 7-6**

**Productive Resources and Cost**

|  |  |  |  |
| --- | --- | --- | --- |
| Productive **Resources** | Quantity (How many?) | Cost per unit | Total Cost Quantity X Unit Cost |
| Natural Resources (Land) |  |  |  |
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| Labor Resources (Human) |  |  |  |
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| Capital Resources (Man-Made) |  |  |  |
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|  |  | **Final Total** |  |

**Form 7-7**

**Marketing – Advertising**

**Name** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Good or Service** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Partner’s Name(s)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

(If corporation, name only Marketing Committee )

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Business Name** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Did you include the following information or techniques in your advertisements?**

Item Yes No

Business Name \_\_\_\_ \_\_\_\_\_

Address of Business \_\_\_\_ \_\_\_\_\_

Name of Product \_\_\_\_ \_\_\_\_\_

Price of Product \_\_\_\_ \_\_\_\_\_

Persuasive advertising \_\_\_\_ \_\_\_\_\_

Bright Colors (on signs & posters) \_\_\_\_ \_\_\_\_\_

Bold Letters (on signs & posters) \_\_\_\_\_ \_\_\_\_\_\_

Pictures (Drawing/Photographs) \_\_\_\_ \_\_\_\_\_

Word of Mouth \_\_\_\_ \_\_\_\_\_

Jingle or Rap \_\_\_\_ \_\_\_\_\_

“Catchy” Phrases \_\_\_\_ \_\_\_\_\_

Health or Beauty Focus \_\_\_\_ \_\_\_\_\_

Used famous names (celebrities) \_\_\_\_ \_\_\_\_\_

Honest (Not misleading) \_\_\_\_ \_\_\_\_\_

Wrote newspaper advertisement \_\_\_\_ \_\_\_\_\_

Prepared Television or Radio Ad \_\_\_\_ \_\_\_\_\_

Made signs/posters \_\_\_\_ \_\_\_\_\_

Made banner \_\_\_\_ \_\_\_\_\_

**What is your business slogan?**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Projected cost of advertising (include cost of all resources). This information should be on your production cost form (7-6 Production Cost). Don’t forget human resources! \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Attach examples of advertisement to this form.**

**FORM 7-8**

**Market Survey Data Collection Form**

(Be sure you know the cost of your product before you gather this information.)

I am conducting a market survey to gather information about a product that I am producing and plan to sell. Would you please provide me with some information?

How many \_\_\_\_\_\_\_\_\_\_\_\_ would you buy for the price of \_\_\_\_\_\_\_\_\_\_\_?

(Goods/Services)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Price | Person One | Person Two | Person Three | Person Four | Person Five | Person Six | Person Seven | Person Eight | Person Nine | Total |
|  |  |  |  |  |  |  |  |  |  |  |
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**Be sure you know the cost of your product before you gather this information. You want to make a profit.**

**FORM 7-9**

**Market Survey Summary**

1. In the blanks below put the total number of products that the consumers would buy at each price. To compute the third column, multiply the first two columns.

|  |  |  |
| --- | --- | --- |
| **Price** | **Total Number Consumers Would Buy** | **Amount That Would Be**  **Earned (Sales Revenue)** |
|  |  |  |
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1. At what price would the company earn the most? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

At that price how many products would be sold? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What amount would be earned? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Can my company make this product in the time we have for our business project?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. If not, how many products should we make? \_\_\_\_\_\_\_\_\_\_\_\_\_

At what price should the company sell them? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What amount would our company earn? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FORM 7-10**

**Graphing Market Survey Results**

**On the grid below, graph the results of your market survey. Use the prices and product totals that you put on the Market Survey Summary Sheet.**

**Price (Up and down)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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**Total Number Consumers Would Buy**

**(Across the Bottom)**

1. **At what price will the company sell the most products? \_\_\_\_\_\_\_\_\_**
2. **At what price will the company sell the fewest products? \_\_\_\_\_\_\_\_**
3. **What pattern do you see on the graph? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
4. **Where did the lines intersect? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

The **equilibrium price** (also known as the **market clearing price**) is the point on the graph where the consumers are willing to pay the price that the producer is willing to sell the product. Would this be a good price to charge for your product? \_\_\_\_\_\_\_\_

Explain your answer.

**FORM 7-11**

**LOAN AGREEMENT**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ agree to repay the money

**Name of proprietors or partners**

borrowed for my business \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name of business)

The money borrowed plus two percent (2%) interest will be repaid

from my business’ sales revenue..

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Names of sole proprietor or partners**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(Name of loaner) This includes parent/guardian, if entrepreneur borrowed money or if items for purchased for business.**

**Total Amount of Loan $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Interest (Loan X 2% or 0.02) + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**=\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Total Amount of Money to be Repaid**

**FORM 7-12**

**RENTAL AGREEMENT**

**(You may negotiate with your principal for the use of a space.)**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ agree to pay 10% of my profit**

**(Name of your company) (Multiple Profit X 0.10)**

**for the use of the space and utilities of your facility while selling a**

**product on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If any damages occur, my company**

**(Date)**

**will pay for repairs.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signature of Business Owner(s)**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Signature of Renter**

(Usually Principal of School)

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date**

**Form 7-13**

**Projected Sales Revenue**

**(Use this form if you did not have opportunity to make sales.)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Price per unit** | **Quantity Sold**  (May project) | Sales Revenue (Price X Quantity) |
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**Form 7-14**

**Sales Revenue**

**(Use this form if you actual made sales.)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Price per unit** | **Quantity Sold**  **(May project)** | Sales Revenue (Price X Quantity) |
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**Form 7-15**

**Profit Worksheet**

**(For Sole Proprietorship and Partnerships)**

**Total Sales Revenue (from Form 7-7 or 7-9) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Minus Production Cost (Form 7-6) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(Reminder: Include all human resources)**

**Minus Interest from Loan and Loan \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(If you did not take out a loan, put 0.)**

**Profit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**If you did not make a profit, stop here!**

**If you made a profit, continue:**

**Minus Rental Fee - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(Multiply your profit X 0.10, and**

**subtract from profit.)**

**Final Profit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Your Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Business Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Form 7-16**

**(Sole Proprietorship and Partnerships will not use this form.)**

**Balance Sheet for Corporation**

**Name of Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Total Cash on Hand**

**(from profit, stock sales, loans, etc.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Distributions**

**Paid to Stockholders (including dividends) and/or Employees (wages) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Paid to Bank (including interest) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Other Distributions, if any \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Total Distributions \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Profit Calculation**

**Total Cash on Hand \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Minus Total Distributions \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(Include Rent = Profit X 0.10 =)**

**Final Profit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**How will profit be used?**

### FORM 7-17

### PICTURE OF ICE CREAM

