

Module 8

HOW MUCH MONEY CAN WE MAKE?



Watch Module 8 Video at:
www.clubkidpreneur.com/resource-centre/

REVENUE

A business makes money by having customers pay for its product.

The total amount of money received from the products that are sold is called REVENUE.

The amount of revenue a business has earned is calculated using the formula:

$$\text{REVENUE} = \text{NUMBER OF PRODUCTS SOLD} \times \text{PRICE PER PRODUCT}$$





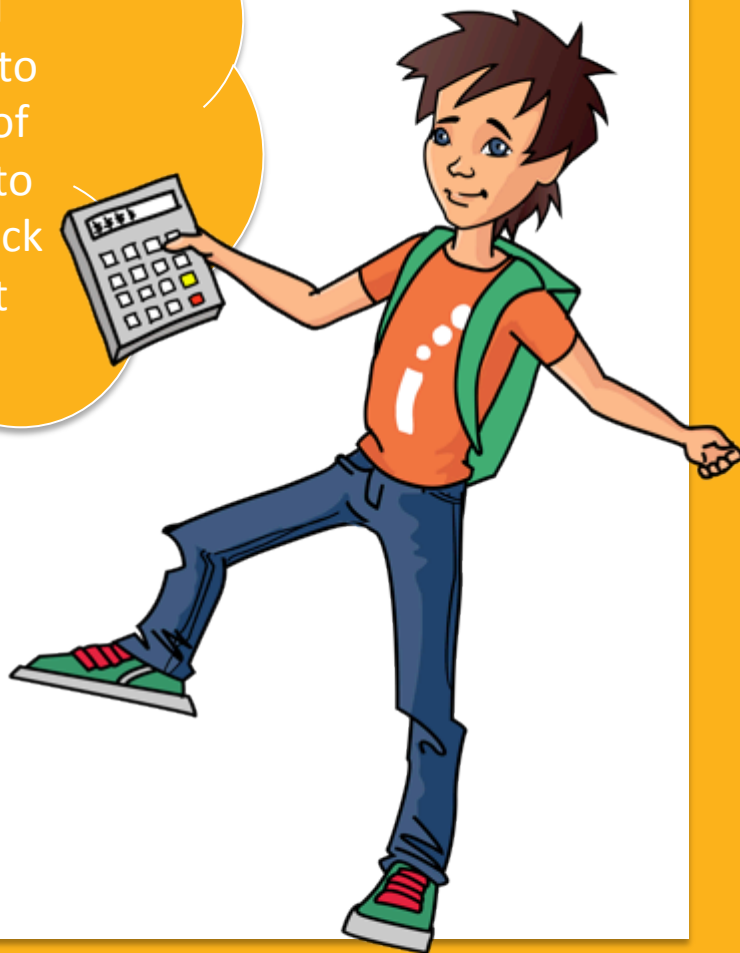
COSTS

But it costs money to make a product, because a business must pay for its raw materials, equipment and any people it pays to make products.

The things that need to be paid for to make a product are called **COSTS**.

In the CK Challenge, the costs your business needs to pay for are the costs of your CK Business Kit items (\$75). Your business can pay this to Club Kidpreneur from the money you make at your market day.

If you use any other raw materials that cost you money to get, you need to add this to the amount of costs your business has to pay and then also pay back the person who bought them for you.





PROFIT

Once you have earned REVENUE at your market day and paid your \$75 of COSTS to Club Kidpreneur out of this money, the amount of money you have left over is called your PROFIT.

PROFIT is the amount of money made from selling products after paying business costs.

The formula to calculate profit is:

$$\text{PROFIT} = \text{REVENUE} - \text{COSTS}$$

So in the CK Challenge:

$$\text{YOUR PROFIT} = \text{REVENUE} - \$75$$

SO WHAT IS PROFIT USED FOR?

There are three S's to help you remember what you can do with your business profit:

SAVE IT
in a bank account or money box to spend on something later

SPEND IT
on a gift for someone or something special for yourself

SEND IT
to a charity or worthy cause in your community

OR you can buy more materials to keep your business going and grow it bigger!



PRODUCT PRICING

So at your market day you need to make enough REVENUE to pay back your COSTS and then earn some PROFIT on top of this.

To do this you will need to think carefully about what price you will charge for your products.

The trick is to find:

YOUR PRODUCT PRICING SWEET SPOT

Not too low that you don't make a profit or you sell out too quickly

Not too high that customers don't want to buy from you



PRODUCT PRICE

You will get to experiment with your prices on your market day to find your sweet spot.





REVENUE & PROFIT CALCULATOR

Have a try calculating the revenue and profit for a few different businesses.

The revenue and profit for Curtis' business is shown for you.

Now you get to try calculating how much revenue and profit Harvey and Raglan could make.



CURTIS

Curtis is selling cards. He thinks he can make and sell 40 cards and is charging \$3.00 each. Curtis used a CK Business Kit to build his business so his costs are \$75.



HARVEY

Harvey is selling pot plants. She plans to sell 40 different plants at market day and will charge \$5 each. Her plants cost her \$75 to make using a CK Business Kit as she got the seedlings donated by local nurseries. How much revenue could Harvey make if she sells all her plants?



RAGLAN

Raglan is selling goat manure at his market day. He wants to sell 40 bags of manure at \$10 each. His costs are \$75 for a CK Business Kit plus he spent another \$25 on manure bags.
How much would Raglan’s revenue be if he sells all his bags?

	CURTIS	HARVEY	RAGLAN
NUMBER OF PRODUCTS SOLD	40 cards		
X PRICE PER PRODUCT	\$3.00 each		
= REVENUE	\$120.00		
- COSTS	\$75.00		
= PROFIT	\$45.00		

REMEMBER:
Curtis, Harvey and Raglan will only make this much revenue if they sell **ALL** of their products.

YOUR REVENUE & PROFIT CALCULATOR

Now it's your turn to try to calculate how much revenue and profit you could make at market day if you charge different prices. Try using the formulas for calculating revenue and profit to experiment with one high and one low price to see how much money you could make.

Which price will you choose?

NOTE: The formula is made for one product at a time. If you have more than one product, complete the below table for each product separately.

	LOWER PRICE	HIGHER PRICE
NUMBER OF PRODUCTS YOU PLAN TO SELL		
X PRICE PER PRODUCT		
= REVENUE		
- COSTS (\$75 for CK Business Kit plus cost of other materials you added)		
= PROFIT		

WHAT PRICE WILL YOU CHOOSE FOR YOUR PRODUCTS IN ORDER TO MEET YOUR SALES GOAL?



REMEMBER:

You will only make this much profit if you sell **ALL** your products. So make sure you pick a price that customers will be willing to pay. You can experiment with this at market day.



CK BUSINESS KIT ACTIVITY

Business Registration Certificate

PART 3 – LOAN AGREEMENT

After your market day you must pay for your business costs out of the revenue earned. You must pay the first \$75 back to Club Kidpreneur for your CK Business Kits. Complete part 3 of your Business Registration Certificate – your loan agreement to agree to pay your first \$75 to Club Kidpreneur after your market day.

GOAL KEEP



Will the price you have set and the number of products you have available to sell be the right amount to reach your sales goal from Module 2? If not, you may need to change your prices or make more products to sell.