

LEVELED BOOK • X

# Making Big Bucks

Bolstead



Written by Rus Buyok • Illustrated by Mike LaRiccia

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## Bolstead

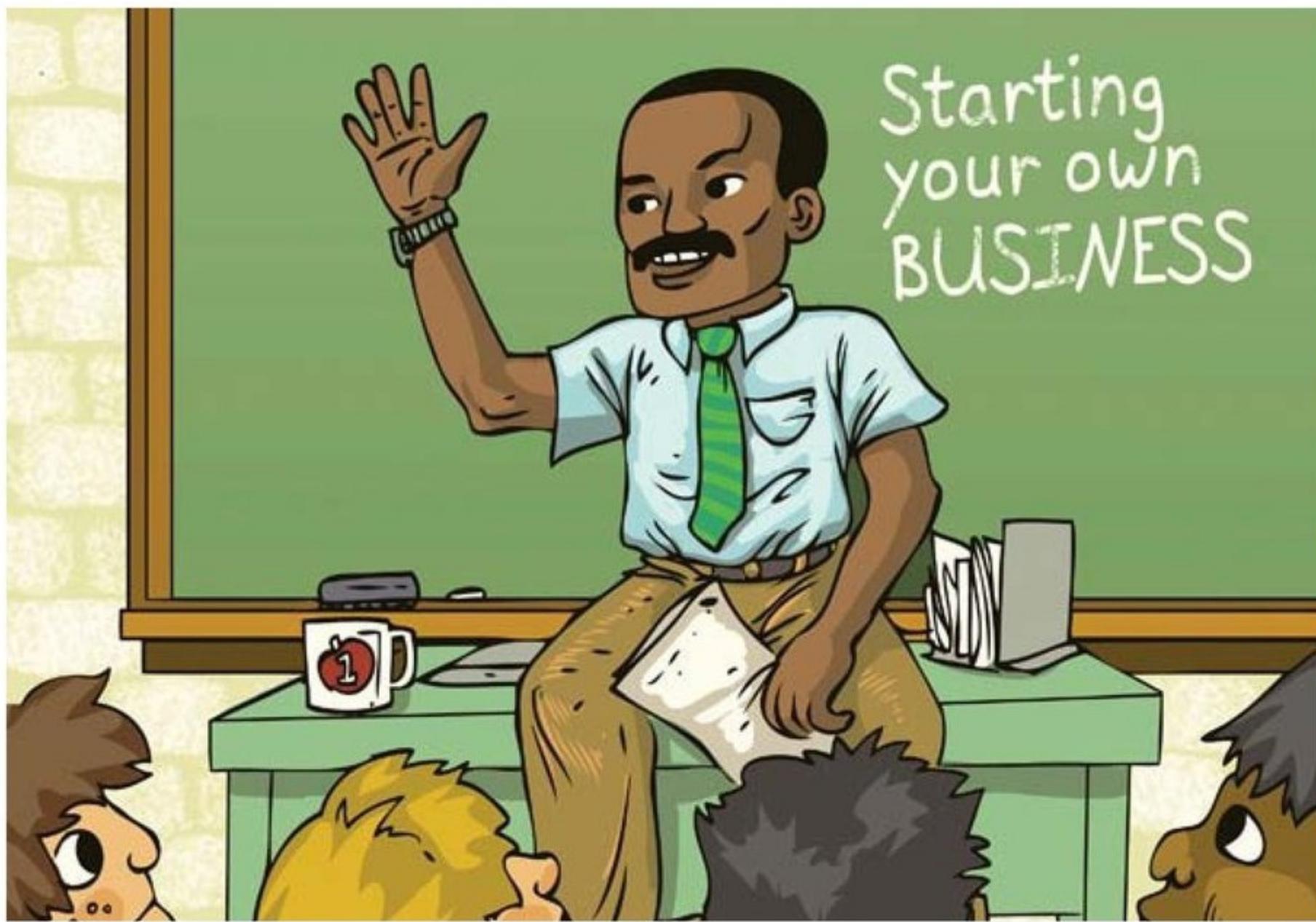


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## New Business Blues

"Who here has ever wanted to start their own business?" Mr. Bolstead asked, raising his own hand. I looked around, but only one or two people in the class had their hands up—including Shelly Hammond in the front row. (She was *such* a teacher's pet.)

"I've always wanted to design and sell my own dolls," she said, her hand still waving in the air. "I want to be a millionaire by the time I'm fifteen."

Mr. Bolstead laughed and said, "Well, Little Miss **Entrepreneurial Enthusiasm**, you're going to get your chance because your assignment for this unit is to start your own business."

Shelly almost squealed with delight, but I heard more than one groan in the classroom. I had to admit, this sounded like a lot of work. It would probably be about as much fun as when we had to memorize the multiplication tables.

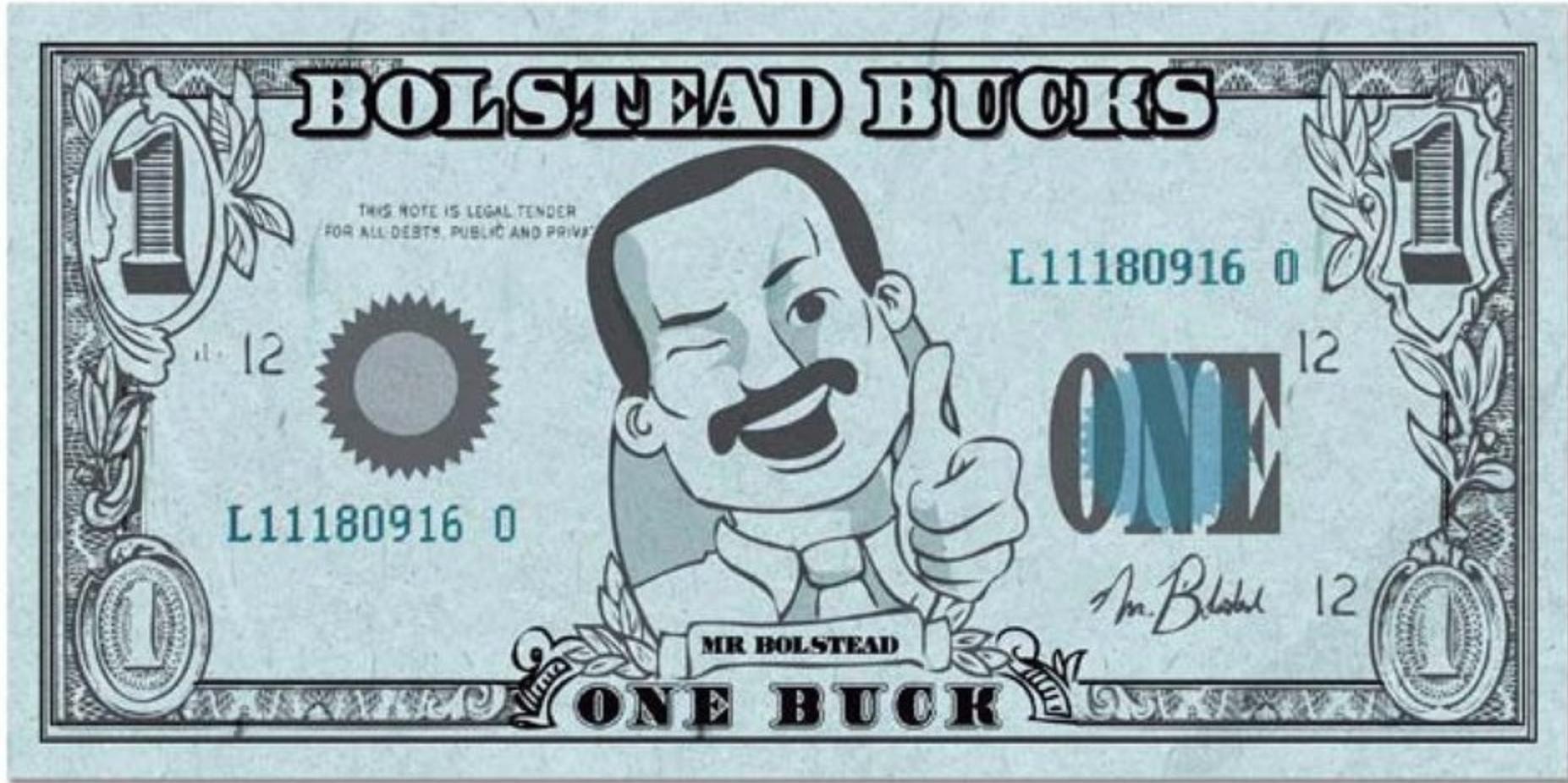
“Here’s the deal,” Mr. Bolstead began, “we’re going to set up our own **mini-economy** that will teach you the basics of how **capitalism** works. Who can give me an example of a capitalist country?”

“The United States?” I ventured.

“Very good, Leon. In the United States, businesses are owned by private citizens or corporations that compete against one another on the **free market** for **consumers**. ”

We all stared blankly at Mr. Bolstead, wondering what foreign language he had started speaking. Even Shelly looked a little confused behind her smile.

“Don’t worry—it will all make sense soon enough. You’ll be breaking into six groups of three, and each group will be starting its own business. You have a week to prepare your goods and services, which you will then sell during this period next Friday. Each group will set up a booth in the gym.”



## The Group

Mr. Bolstead reached behind him and pulled out a blue piece of paper, about the size of a dollar bill, with "20" written on it next to a small picture of himself. "As you know, you get stars on the chore wall every time you help out the teachers or janitors," he said. "You probably didn't know that every student in the school will get one Bolstead buck for every star. They will be using these Bolstead bucks to buy your goods and services next Friday. The business that makes the most money will get to have a pizza party."

Everyone liked the sound of that—a few people even applauded.

Mr. Bolstead separated us into groups, and of course I ended up with Shelly Hammond. Our group also had Marcus Tyler, who was pretty funny—except he never did his homework.



"I'm the manager here, and you guys better work hard," Shelly hissed at us. "I'm not going to let you ruin my chances of being a millionaire."

"You know it's not real money, right?" Marcus asked.

"I don't care. I want to prove that I can run my own business, and you two better not get in my way."

"Yes, Ma'am, Colonel Ham! Your confidence in us is duly noted," Marcus said, taking a jab at Shelly's last name. I attempted not to laugh but failed. Shelly tossed her hair, slowly crossed her arms, and leaned back in her chair.

It was going to be a long week.

## Supply and Demand

Mr. Bolstead handed each group five twenty-dollar Bolstead bucks and a list of items.

"This is your **capital**—one hundred Bolstead bucks," he explained, "which you will use to start your business. I'm giving you this seed money as an **investor**. I'm putting money into your business because I believe in all of you—and because I hope to make a **profit** in the end. Think of this money as a small business loan, and the extra twenty Bolstead bucks you'll pay me after this is all over as **interest**."

Shelly quickly scribbled some numbers on her notepad and said, "A twenty percent interest rate? That's ridiculous!"

"Well, I'm the only bank in town. Take it or leave it," Mr. Bolstead replied.

Shelly slumped back down in her seat.

### Do You Know?

*Interest* is the amount of money people or companies are charged when they borrow money from other people or from banks.

If a company fails to make enough profit to repay its loans and interest, it will go out of business.

“So the first thing you need is a good or service to sell,” said Mr. Bolstead. “You’ll spend the rest of class figuring out what that is. Keep in mind that you have to make something people want to buy and are willing to pay for. If the consumers don’t want to buy what you’re selling, or if they’re not willing to pay the price you’re asking, you’re not going to make any money. Does this make sense?”

“Uh huh, yep,” Shelly said, furiously scribbling notes.

“No,” Marcus said.

“Okay, who likes pizza?” Mr. Bolstead asked. Everyone raised a hand. “What’s your favorite pizza place?” Students called out the names of many different restaurants. “Since everyone likes and wants pizza, there’s a high **demand**. If the town only had one pizza place, there wouldn’t be much **supply**, so people would probably be willing to pay more for their pizza. However, we have many pizza places, which means that the supply of pizza has probably matched or exceeded the demand. What does that mean?”

Shelly waved her hand, and Mr. Bolstead nodded toward her.

“Pizza costs less!” she exclaimed.

“Yep, pizza costs less because people know there are other pizza places to eat at, and the prices there might be cheaper. The pizza places are competing to get customers by having good food and low prices, but they still need to make a profit, which means prices can only go so low.”

“Now, some places might charge more for their pizzas, and people will pay it because they prefer the more expensive pizza to the cheaper pizza. This means you might be able to charge a little more, but the better pizzas probably have more expensive ingredients, which eat into the profits.”

Marcus groaned and mumbled, “Too much information.”

“Also, keep your costs in mind,” Mr. Bolstead continued, “because you have to pay to make these **products**—not only in money, but also in time. If you make something that only costs a few cents but takes four hours to put together, it might not be profitable in the end. You’ll be paid out of the profit you make. We’ll talk about profit later.”

“That’s a lot to keep in mind,” Marcus said, and I had to agree.

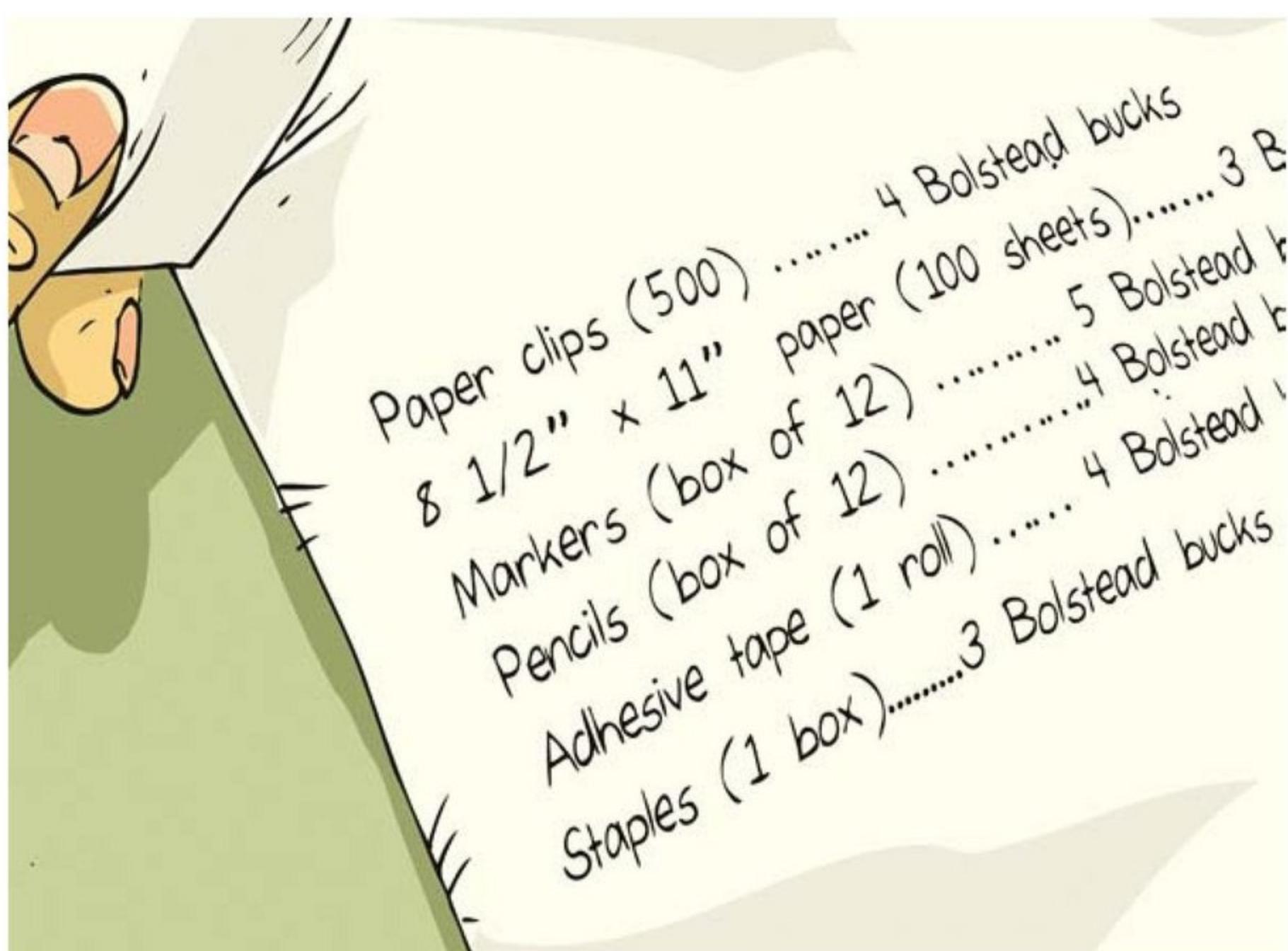
## What to Make?

Mr. Bolstead explained how we had to make our product out of the items listed on the sheet he'd given us, and how the price and amount of each item was listed beside it.

"Oh, fantastic—I adore math," Shelly said.

Marcus rolled his eyes and said, "Of course you do."

"We'll design paper dolls," Shelly said, ignoring Marcus. "Paper and markers are really cheap on this list, and the dolls will be absolutely adorable little families. Each will be handmade and special, and everyone will love them. We'll sell a million and be a sensation!"



"I'm not spending the next week coloring cute dollies," Marcus said.

"I don't think that will work," I agreed, but decided to take a more tactful approach. "It would take forever to make all those dolls by hand."

"Do either of you have a better idea?" Shelly asked.

I examined the list, which looked like a normal list of school supplies: four Bolstead bucks for a box of five hundred paper clips, three Bolstead bucks for one hundred sheets of paper, five Bolstead bucks for a box of twelve markers, and so on. The next page had art supplies, such as paints and brushes, construction paper, and glue, which were slightly more expensive. The last page read like a grocery list: five Bolstead bucks for a dozen eggs, four Bolstead bucks for a gallon of milk, four Bolstead bucks for a pound of sugar.

"We have a lot to choose from," I said.

"Let me have a look," Marcus said and grabbed the list from me. He looked at it for a moment, but not long enough to actually read it. "We should make totally awesome skateboards."

"We don't know how to make skateboards," Shelly said.

"We could learn—this is school, after all," Marcus retorted.

"There's no way we could learn how and make enough skateboards to sell. Plus, none of the stuff we'd need is on the list," I said.

"Then we'll sell instructions on how to make a skateboard. Even better, snowboards are like skateboards without wheels, so they would be easier."

The conversation went on, with the three of us tossing around idea after idea, but when class ended, we were no closer to a decision. All the other groups had decided what they were going to sell, and each left smiling about their secret moneymaker. Our group left grumbling after agreeing that each of us would bring our top three ideas to recess the next day.

### What Products to Make?



## Inspiration

By the time recess rolled around the next day, I was still no closer to having a good idea, let alone three of them. Marcus came with plans for a snowboard, which was a drawing of him with a Mohawk, standing on a plank of wood that was strapped around his snow boots.

“I knew you two wouldn’t come through,” Shelly said with a shake of her head. “It’s a good thing I always do my homework. My three ideas are: paper dolls, paper dolls, and paper dolls.”

“So you couldn’t think of anything new, either,” I said.

“It’s a good idea,” Shelly said.

“Seriously, guys, people would pay for this,” Marcus said, admiring his drawing.

“We need to think of something that students really want—something they can’t get at school,” I said. “It’s supply and demand.”

I looked around and saw people eating fruit and vegetables on the playground. Last year, the school had removed all of the candy vending machines, and now students had to buy fruit and vegetables from the lunch ladies—or try to sneak candy past the teachers in their backpacks.

"How much would you give for some candy, even if it's just for one day?" I asked.

"Anything!" Marcus said. "I miss sugar."

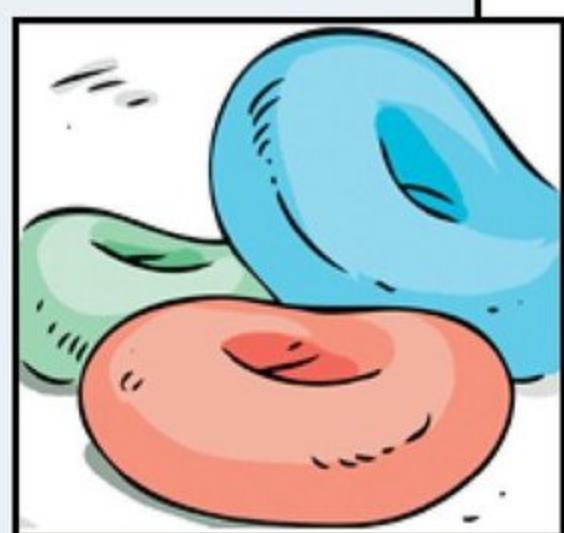
"I think we have our product," I said.

"It's not as good as paper dolls, but if you both agree, I guess I'm overruled," Shelly said with a shrug, though I could tell she thought it was a really good idea, too. "First we have to figure out what kind of candy we're going to make."

We threw around some ideas of simple desserts we had made with our parents and ended up choosing peppermint patties—mostly because Shelly could remember the recipe. She scribbled it down and wandered off to math class to figure out just how much we could make with our one hundred Bolstead bucks.

## How Many Peppermints?

If 1 can of condensed milk costs 5 Bolstead bucks and makes 2 batches, 1 bag of confectioners' sugar costs 5 Bolstead bucks and makes 2 batches, and 1 bottle of peppermint flavoring costs 8 Bolstead bucks and makes 6 batches, how many batches can they make with their 100 Bolstead bucks without having any leftover ingredients? How much will it cost? How many Bolstead bucks will be left over?



## Too Much Money

Marcus and I were walking into class that afternoon when Shelly pulled us aside.

"We have money left over," she said and told us how much. "What else should we spend it on?"

"Our booth should look professional," Marcus remarked, "like with advertising and stuff."

"Good idea," I said, "since we have enough left over for decorations." I took a quick look at the list, and the three Bolstead bucks for one hundred sheets of paper jumped out at me. "Hey, why don't we print up the recipe and sell it, too? If we printed four recipes per sheet and sold them for one Bolstead buck, we'd be rolling in it!"

Shelly scribbled on the sheet and said, "We also need to put the mints in something, so I'll order some plastic bags—and look at that, we have just enough to buy some food coloring to make the mints different colors!"

### How Much Can They Make?

If a team has 100 bags of mints, and they sell them for 3 Bolstead bucks apiece, how much money will they bring in?



## How to Make a Profit

At the end of class, we handed our list of supplies, along with our five blue Bolstead bucks, to Mr. Bolstead. The next day, we came to class and found a bag of supplies at each group's desks. Looking around, I saw that one of the other groups had bought nothing but decorations, and another just stacks and stacks of paper. I couldn't get a good look at the rest before Mr. Bolstead started to speak.

"Quiet down, everyone. I know it's very exciting, but I still have a class to teach."

He waited until the class fell quiet before beginning. "Now that you have what your business plans to sell, let's talk about pricing and profit. Who can tell me what profit is?"

"How much moolah you make," Marcus said, and a few people giggled.

"Close, but it's how much money you make minus your costs." Mr. Bolstead started writing on the board. He explained how all the money it takes to run a business, such as paying workers or buying an office or factory, has to be included in the costs.

"So how does anyone make any money?" Shelly asked.

"By pricing their goods and services correctly," Mr. Bolstead replied, "which is what you need to figure out next. Don't forget about all your costs, including the interest on your loan. A good place to start would be to figure out how much you have to charge just to break even."

"We can make three hundred patties," Shelly began, "but they're not very big. We should put three in a bag, so we'll have one hundred bags."

"Ugh! Too many numbers!" Marcus moaned. "Math scrambles my brain!"

Shelly's eyes narrowed, "This is the easy stuff—you didn't have to figure out how many batches we could make for one hundred Bolstead bucks and not have any leftovers."

"Math. Numbers. Brain. Scrambled. Me. Gone," Marcus said and fell over on his desk.

Shelly and I worked together and quickly found out how much we needed to charge for our mints to break even. Then we agreed to charge three Bolstead bucks and figured out our total profit.

"That doesn't sound like much," Marcus said.

"Don't worry, we have a secret weapon," I said, tapping my finger on the stack of paper.



## The Big Day

It was finally Friday, and students were lined up in front of the office to pick up the Bolstead bucks they had earned for doing chores around the school. A few even tried to sneak in a few more projects to earn some extra cash.

I was incredibly anxious—a lot more than I thought I'd be—probably because Shelly and I had entrusted Marcus to bring all the patties and decorations from his house, where we'd been working the night before. Shelly met me on the way to the gym and gave me an uneasy look that spoke volumes—she was as terrified as I was.

We found nothing in the gym: no Marcus, no decorations, no patties. Shelly's eyes grew really wide, her face turned red, and she started breathing funny. I would have laughed if I weren't going to fail, too. The other students were already setting up their booths. One looked like a fortune-teller, another like a skateboard shop with handmade posters. The booth across from ours looked like a clothing store. They were obviously selling paper dolls, which did nothing to help Shelly's mood.

Suddenly, the doors opened, and Marcus yelled, "Hey guys, I need your help!" He had all our decorations and a big box of mints, as well as the paper recipes. "I was working on our sign this morning, and I missed the bus. What do you think?"

"It's amazing!" I said. Marcus had made our sign look as though it came from a real candy store. It said, "Little Dollies' Mints" in different-colored letters. "You're a fantastic artist."

"We never actually talked about a name, and I thought Colonel Ham would appreciate this," Marcus said.

"It'll work," Shelly said, though she couldn't hide her smile.



We had barely finished setting up when students began to flood the gym. They wandered around for awhile, examining each of the booths. Then, as if someone had shot off a starting pistol, they went on a spending frenzy. By the end of the period, we had only two bags of mints and ten recipes left.

Shelly and I each totaled up how much money we had made and figured out our profits. It seemed like a lot to us, but we didn't know how much any of the other booths had earned. We gave our money to Mr. Bolstead and, with a sigh of relief, went to our next class.



## The Announcement

Monday was torture until we made it to Mr. Bolstead's class. Everyone sat quietly, too nervous to talk, waiting for him to announce the winner. Mr. Bolstead came in carrying three whole pizzas.

"I know what you're all waiting for," he said, standing at the front of the class, "but I can't tell you till the end of the period." The class groaned in unison, and Mr. Bolstead laughed. "You all are just too easy. Okay, the winner is—" he paused and looked around the room before announcing in a loud voice, "Little Dollies' Mints!"

### Figuring the Profit

If Marcus, Shelly, and Leon sold all but 2 of their 100 bags of mints for 3 Bolstead bucks, and all but 10 of their recipes for 1 Bolstead buck apiece, how much profit did they make?

Hint: Don't forget to subtract the business costs.

Shelly and I cheered—Marcus dived for the pizza. He took one slice and then started handing the boxes around to the class.

“Selling the recipes was really a stroke of genius,” Mr. Bolstead said. “It made a lot of money.”

“Maybe you’ll be a millionaire, too,” Shelly whispered to me, “but only if you have a great manager like me and a great worker like Marcus.”

## PEPPERMINT PATTIES

Ingredients:

- 3/4 cup sweetened condensed milk
- 3 cups confectioners’ sugar
- 1 tsp peppermint flavor
- food coloring (optional)

Put 1 cup of confectioners’ sugar into a bowl. Slowly add 3/4 cup condensed milk while stirring. Then, slowly add the remaining 2 cups of confectioners’ sugar until the mixture starts to thicken. Stir in the peppermint flavoring and a few drops of food coloring.

Use a scoop or your hands to roll small balls of dough. Press them into flat circles on wax paper to dry.

## Glossary

<b>capital</b> ( <i>n.</i> )	money or property used to start or run a business (p. 8)
<b>capitalism</b> ( <i>n.</i> )	an economic system in which the means of production are controlled by companies or individuals rather than the government (p. 5)
<b>consumers</b> ( <i>n.</i> )	people who buy or rent goods or services and use them (p. 5)
<b>demand</b> ( <i>n.</i> )	the need or desire for a good or service among people who can pay for it (p. 9)
<b>economy</b> ( <i>n.</i> )	the circulation of money in industry, trade, and finance in a country or area (p. 5)
<b>entrepreneurial</b> ( <i>adj.</i> )	of or relating to a person who takes on the risk of creating or managing a business (p. 4)
<b>free market</b> ( <i>n.</i> )	an economic system in which individuals and businesses freely compete for customers (p. 5)
<b>interest</b> ( <i>n.</i> )	money paid by a borrower for the use of loaned money (p. 8)
<b>investor</b> ( <i>n.</i> )	a person, company, or organization that puts money into a business hoping to make a profit (p. 8)
<b>products</b> ( <i>n.</i> )	things that are manufactured or produced, usually for sale (p. 10)
<b>profit</b> ( <i>n.</i> )	the money earned from a business or investment after all costs are paid (p. 8)
<b>supply</b> ( <i>n.</i> )	the amount of something available for sale or use (p. 9)

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