





Leo's  
Time



Winston's  
Money

If they pool their resources to start a business



Forgone  
Salary



Jose's  
Land



Forgone  
Rent



Forgone  
interest





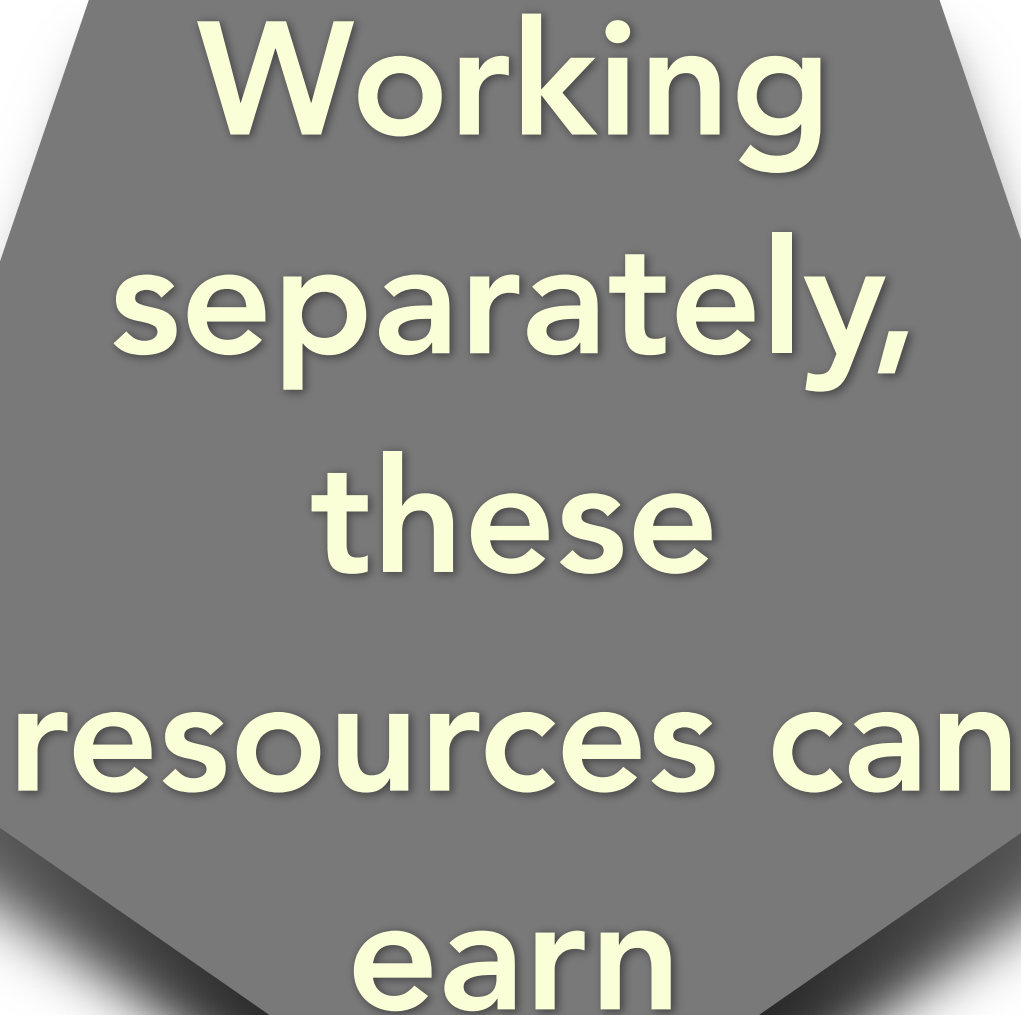
**\$80,000**



**\$50,000**



7% of  
\$100,000



**Working  
separately,  
these  
resources can  
earn**

$$80,000 + 50,000 + 7,000 = 137,000$$

# The Implicit Costs of Running a Business

There is  $\mathcal{NO}$  explicit cost but there is an implicit cost for each

\$137,000



# The **Implicit** Costs of Running a Business





