

C3 Small Business

- understand the start up and operating costs of a small business.
- use revenue and expenses to determine net income and break even point.
- explain factors that may impact the success of a small business.

Start Up & Operating Costs

To start a business there are often a number of expenses that are required before you can start your business. These are called start up costs. Sometimes financing may be required to cover these start up costs.

Start Up Costs: the goods and services you may need to purchase before you begin operating your business.

Once your business is up and running the regular costs of maintaining your business are called operating costs.

Operating Costs: the ongoing cost of space, equipment, supplies, and other items required to run a business.

Practice: Start Up & Operating Costs Assignment

Case Study - Successful Business?

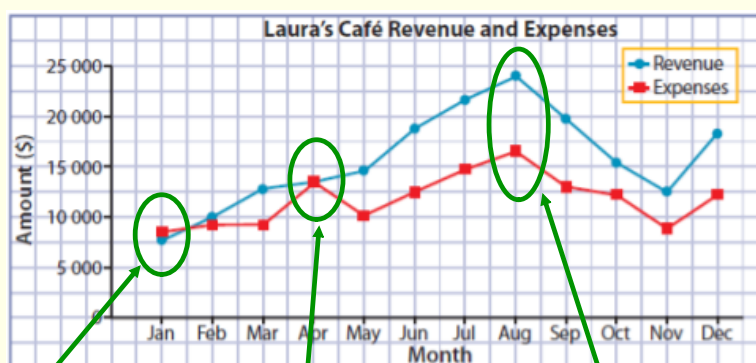
Three people have been keeping record of their business transactions but aren't sure whether their business is being successful or not.

You will be given the information for one of these business owners. Please advise them whether or not their business is making money, losing money or breaking even.

What might you suggest to improve their business?

Net Income

Net Income: a company's total profit or loss after subtracting expenses from revenue.



Loss:
Expenses more
than Revenue

Break Even:
Revenue equal
to Expenses

Profit:
Revenue more
than Expenses

Practice (Board Work)

Jennifer is a photographer. She runs a small business taking photos for special occasions and family events. Last year's revenue and expenses for Jennifer's Photography are shown in the table.

Math at Work 12 pg. 211

Month	Revenue	Expenses
Jan	\$300	\$25
Feb	\$525	\$100
Mar	\$125	\$75
Apr	\$325	\$85
May	\$800	\$75
Jun	\$750	\$85
Jul	\$1200	\$300
Aug	\$1200	\$300
Sep	\$200	\$75
Oct	\$0	\$0
Nov	\$0	\$0
Dec	\$1000	\$225

a) During which month did Jennifer's Photography show the greatest profit? How much was the profit?

b) Did Jennifer's Photography achieve a break-even point? If so, when?

c) Did Jennifer's Photography show an overall profit or loss for the year? How much?

d) In June, Jennifer spent \$35 on DVDs. What percent of her expenses were spent on DVDs?

e) What might be a reason Jennifer's Photography had neither expenses nor revenue for the months of October and November?

Practice: Text pg. 212-214: 1, 2, 4, 6, 7
Text pg. 215: 3, 4

Net Income Practice (Board Work)

Dil operates a small drafting company that does freelance work for architectural firms. His start-up costs were \$5675.00 and his operating costs are \$1275.00 a month. He earns an average of \$3200.00 per month. If Dil continues to earn \$3200.00 a month, how many months will he have to operate before he has earned back his start-up costs?

MathWorks 12 Text pg. 294

Net Income Practice (Mini Boards)

Francois makes and sells handmade clay pots. He charges \$45.99 per pot. His operating costs are \$1995.00 per month and it costs him \$27.87 to make each pot.

- a) He had created 130 clay pots for sale but he has only sold 102 of them. Has he covered his expenses? How much more or less than his break-even point has he sold?

- b) What must Francois have charged for his pots to break even after selling 102 pots?

MathWorks 12 Text pg. 295

Net Income Practice (Individual)

Three Ahs, a Vancouver rock band, are getting merchandise. They have made 100 CDs of their album and 50 T-shirts to sell on their road trip. Each CD costs them \$3.80 to make and each T-shirt cost them \$10.70 to make.

- a) What is the revenue for the band if they charged \$15.00 for each CD and \$20.00 for each T-shirt, and sold all of the products?

- b) On the trip, the band sells 42 CDs and 35 T-shirts. What was the band's profit or loss?

MathWorks 12 Text pg. 295

Business Analyst

Brainstorm important factors to consider as a successful business owner. What are things that can be done to improve business?

Record results in XMind.

Business Analyst

Rajveer runs a lemonade stand at Crescent Beach in White Rock, BC. He runs the stand from 8 am to 10 pm, 7 days a week, year-round. He employs 4 staff members. He is not breaking even, and needs to make some adjustments to the business to increase its profitability. Suggest 4 changes Rajveer could make to increase the profits of his lemonade stand. (MathWorks 12 Workbook pg. 317)