

Bank for Education

KeikiCo Contest Finance Example



The first thing you want to do is figure out how many sales you think you will make each week. Multiple that number by 52 (52 weeks in a year) to equal the number of sales you are projecting for your first year.

Base your startup costs on having that many sales.

STARTUP COSTS

How to figure out your startup costs:

Figure out what items you will need to make your product/service for one year and how much each item costs.

ITEM		# OF ITEM		PRICE
Car wash \$8 (30 cars washed per bottle)	x	4	=	\$ 32.00
Sponge \$3	x	3	=	\$ 9.00
Bucket	x	1	=	\$ 5.00
Shami	x	3	=	\$ 30.00
Hose	x	1	=	\$ 15.00
Nozzle	x	1	=	\$ 5.00
	x		=	
	x		=	
	x		=	
	x		=	
The total cost of items needed:				A. \$96.00

Figure out what items you will need for marketing and how much each item costs.

ITEM		# OF ITEM		PRICE
Pack of paper	x	1	=	\$ 5.00
Roll of tape	x	1	=	\$ 2.00
Printing	x	1	=	\$ 0.00
	x		=	
	x		=	
The total cost of marketing:				B. \$ 7.00

Add up the total cost of all the items you will need for your product/service and marketing.

Formula: $A + B = C$. **\$103.00** (Your Total Startup Costs)

■ COST PER UNIT

How to figure out your cost per unit

To get the cost of all the items you will need to make your product or service, use your answer for letter A.

Figure out how many units you can make out of those items.

D. 104 (Number of Units)

Formula: $A \div D = E$. \$0.99 (Cost Per Unit)

■ PROFIT PER UNIT

How to figure out your profit per unit

Decide how much you want to sell your product or service for.

F. \$10.00 (Number of Units)

Subtract your cost per unit from your price per unit.

Formula: $F - E = G$. \$9.01 (Profit Per Unit)

■ SALES PROJECTION FOR 1 YEAR

How to figure out your sales projection for 1 year:

Decide how many units you think you will sell per week.

H. 2 (Sales Per Week)

Multiply the number of sales per week by 52 weeks in a year.

Formula: $H \times 52 = I$. 104 (Estimated # of Units/Sales Your First Year)

How to figure out how much you will charge customers in 1 year:

Multiply the number of units/sales for the first year by the price per unit.

Formula: $I \times F = J$. \$1,040.00 (Total Amount You Will Charge Customers Your First Year)

How to figure out how much it will cost you to produce enough product/service for 1 year:

Multiply the number of units/sales for the first year by the price per unit.

Formula: $I \times E = K$. \$102.96 (Amount it Will Cost You to Produce Enough Product/Service Your First Year)

How to figure out your total estimated profit for 1 year:

Subtract the amount it will cost you to produce enough product/service your first year from the amount you will charge customers your first year.

Formula: $J - K = L$. \$937.04 (Total Estimated Profit for Your First Year)

- A. \$96.00 Total cost of items needed to make enough product/service for 1 year.
- B. \$7.00 Total cost of marketing.
- C. \$103.00 Total startup costs.
- D. 104 Number of units/sales you can make out of the total items purchased.
- E. \$0.99 Cost per unit.
- F. \$10.00 Price per unit.
- G. \$9.01 Profit per unit.
- H. 2 Estimated sales per week.
- I. 104 Estimated number of units/sales you will have your first year.
- J. \$1040.00 Amount you will charge customers your first year.
- K. \$102.96 Amount it will cost you to produce your product/service for your first year.
- L. \$937.04 Total estimated profit for your first year.