

The OUT OF THE BOX Factory ©

Intended outcomes

The student will:

- Have the opportunity to meet others in the group and practice team skills
- Practice critical thinking and creative problem solving skills
- Practice decision-making skills
- Learn the components of a basic business plan
- Plan and present a commercial
- Learn the components of a basic advertisement
- Apply different learning styles to complete a task

Writing a business plan is often a daunting experience for young entrepreneurs. The following activity is not only a hands-on way to introduce writing a basic business plan, it also builds creative problem solving and teamwork skills. THE OUT OF THE BOX FACTORY activity has been used with all ages, from third graders to adults.

Participants work in teams of 2-4 members with each team given a \$1.00 limit for "purchasing" productive resources. Each team must create a product or products, complete the simplified business plan, and design an ad or commercial within a thirty-minute time period. Teams need not spend the entire \$1.00. At the end of the thirty minutes, teams present their ads or commercials.

After the team presentations, debrief the exercise with questions such as:

- Which products are functional?
- Which are whimsical?
- Which have market potential?
- Did each team use the pencil or did some teams go "out of the box" and create something unique?
- Are any products aimed at seasonal demand?

Talk about the choices teams made:

- Were the choices made based on price?
- Does the product have multiple uses?
- Are other styles available?
- Which products have clever, catchy names?
- Which ads and commercials were the most effective?
- Which products would the participants themselves buy?
- What changes would enhance the marketability of the products created?

Below is listed a (suggested) list of supplies with prices from which each team will choose. Post the list near the resources so teams can "shop."

PRODUCTIVE RESOURCES

Pencils • Red - 5 cents each

- Silver - 10 cents each
- Black - 15 cents each

Feathers • Less than 3 inches long - 5 cents

- Three inches long or more - 20 cents

- Eraser Caps 5 cents each
- Buttons 25 cents each
- Paper Clips 3 for 10 cents
- Clothespin 19 cents each
- String – 5 cents per foot
- Pipe Cleaners •Primary Color - 5 cents each
 - Neon Color - 10 cents each
 - Metallic Color - 15 cents each
- Use of pair of scissors 15 cents
- Glue 10 cents



THE BASIC BUSINESS PLAN

1. The first basic economic question: WHAT TO PRODUCE

- PRODUCT DESCRIPTION (Be specific! Your words should enable us to visualize your product.)

- UNIQUE SELLING POINT (What makes this product different from the COMPETITION? Tell what is special about your product. Price alone may not make a product unique.)

- CATCHY OR CLEVER NAME for your product or business _____

2. The second basic economic question: FOR WHOM TO PRODUCE

- TARGET MARKET (Be specific! Who would buy your product? Think of the demographics: age, sex, race, economic status, location...)

- Is there a SPECIAL NICHE for your product?

3. The third basic economic question: HOW TO PRODUCE

- What resources will be used up in production?

- What is the TOTAL COST of these goods? \$ _____

- How many items can you make for this TOTAL COST? _____ items
 Divide your total cost by the number of items you have produced to give the UNIT COST.
 _____ o/o _____ = _____ UNIT COST
 A tip for calculating SELLING PRICE without adding in labor costs:
 UNIT COST X 2 = SELLING PRICE _____ X 2 = _____ SELLING PRICE

- At this SELLING PRICE, how many must you sell to BREAK EVEN?
 (This is the point where sales = costs.)
 Divide TOTAL COST by the SELLING PRICE to find the BREAK-EVEN POINT.
 _____ , _____ = _____ BREAK-EVEN POINT

- What CAPITAL GOODS (tools and equipment) were used to produce the product?

- Who provided the LABOR?
- Who is taking the risks and responsibilities of organizing these productive resources in hopes of making a PROFIT? _____ This person or this team is the ENTREPRENEUR.
- If you were to go into business and produce the product in quantity, where would you get your financing?
- How will you let people know what you are selling? How will you advertise?
- DESIGN AN AD or A COMMERCIAL. MAKE SURE YOU TELL:
 - * WHAT IS FOR SALE – Tell the name of the product as well as what it is
 - * WHY THE CONSUMER SHOULD BUY THE PRODUCT/WHAT IS UNIQUE ABOUT THE PRODUCT
 - * WHERE THE PRODUCT IS AVAILABLE
 - * THE SELLING PRICE

Source: Ronni Cohen, Executive Director, Delaware Financial Literacy Institute/ Delaware Money School, and former teacher at Claymont Elementary School, Claymont DE.