

This mark will
be given to
you later by
your teacher!!

Business Entrepreneur



What is economics?

Man with a plan ...to jam in business

Mike's an *entrepreneur* with an idea. He wants to set up a business making jam to sell at the local market. There are lots of things to think about before he can achieve his goal. Many of them involve figuring out how much things will *cost*, from his *resources* to *setting the price* for the jam.

Once upon a time...

story
starts
here



I love Granny's jam.
I think everyone else
will love it, too. I'm
going to use her recipe
to make lots of jam.
Then I'll sell it!

Mike is a man with an idea for a business.

Mike thinks it through...

Natural resources:
Fruit and sugar to
make the jam.



Human resources:
A cook, and people
to fill and label jars.



Capital resources:
Pots, pans, jars, a
delivery van.



Entrepreneurship:
The idea,
and Granny's
recipe.



He works out what he will need.

...and does some calculations





 = Production COST

All this is going to cost a lot! How can I keep costs down?



Natural resources: I wonder if I can do a deal with a local farmer to get cheaper fruit?



Human resources: If I persuade my family to help me, I won't need to pay for staff.



Capital resources: I already have cooking equipment. I'll buy a secondhand van.



Entrepreneurship: My time is worth money but the recipe was free!

He figures out the cost of everything, including the cost of his time and effort.

A month later

Now we're cooking!

Mike cooks up a batch...

The next week

My product is ready. I'm off to market!

... and takes it to market.

Very early one morning...

I reckon it costs me 90¢ to produce each jar of jam. How much should I charge?

Mike has to set the price of his jam.

Later that morning...

\$2

Pricey jam. I'd like some but not at that price.

Price too high
Mike would make lots of profit with a high price, but nobody's buying the jam, so he makes no money at all.

Mike tries to sell the jam for \$2 a jar.

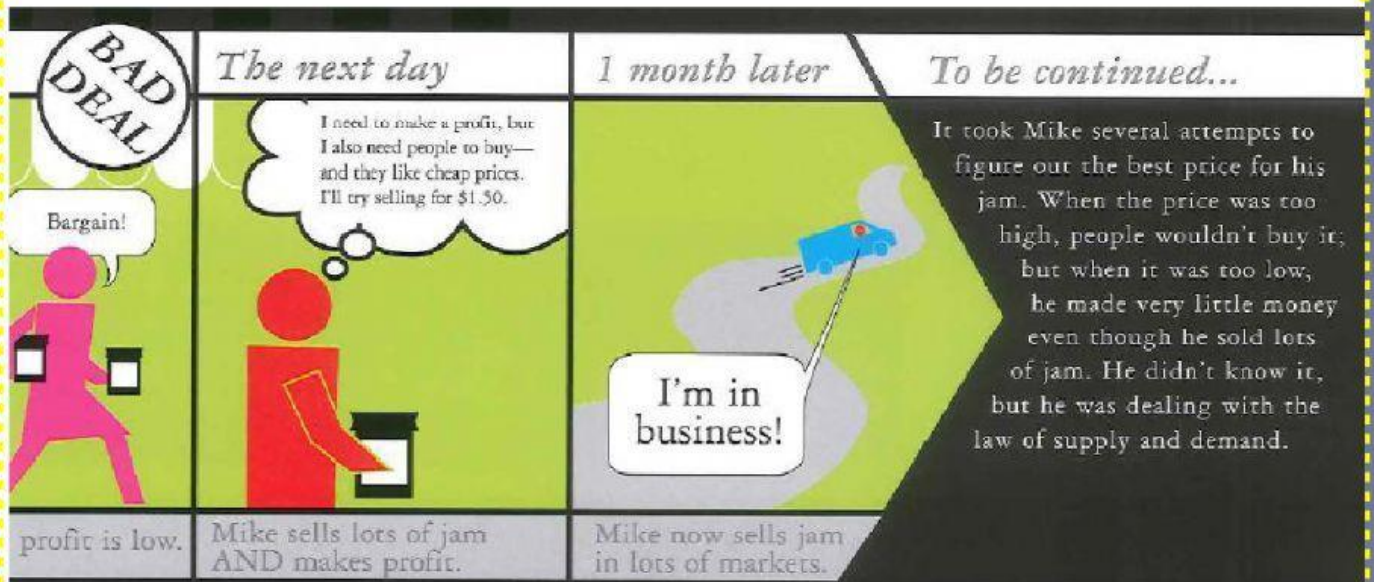
NO DEAL

That afternoon

\$1

That's cheap! I'll take two.

At \$1 a jar, Mike sells lots of jam but his...



In your own words - what do you remember?

[click here](#)

