Snowman Soup

A Lesson on Economics & Entrepreneurship

Adapted by USOE
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This lesson is a hands-on activity for 7-12 grade students that allows students to make the decisions necessary to create a business. They must be flexible and make future decision based on the results of their prior choices.
PRICE LIST FOR SUPPLIES

Generic Hot Chocolate  .10
Brand Name Hot Chocolate  .20
Mini Marshmallows – per 5  .01
Ziploc Bags  .03
Candy Cane – each  .03
Label  .03
Scissors  .20
Markers  .10

Product Name:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
1. How would you price your product if you expect to sell 1? 4? 8? 12?

2. Based on the sale price you set, what will your profit be if you sell 1? 4? 8? 12?

3. Why does the cost of markers and scissors stay the same versus the cost of stickers as you make more packets?

<table>
<thead>
<tr>
<th>Cost per Number of Units</th>
<th>1</th>
<th>4</th>
<th>8</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Chocolate</td>
<td>.10</td>
<td></td>
<td></td>
<td>$1.20</td>
</tr>
<tr>
<td>Marshmallows</td>
<td>.01</td>
<td>.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bags</td>
<td>.03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Candy Canes</td>
<td>.03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labels</td>
<td>.03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scissors</td>
<td>.20</td>
<td>.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markers</td>
<td>.10</td>
<td>.10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total Cost               | .50 |     |     |     |

| Sale Price Per Unit      |     |     |     |     |
SNOWMAN SOUP
CASH FLOW

MONEY OUT: Costs/Expenses
Cost for each product or service $ ___________
How many products will you produce? X ___________

Total Cost of Supplies
for all Products & Services $ ___________

MONEY IN: Revenue/Sales
Price for each product or service $ ___________
How many do you expect to sell? X ___________

Total Expected Money In: = ___________

BOTTOM LINE:
Which is higher, Costs/Expenses or Revenue/Sales?
_____________________________________________________

How many products would you need to sell:
To break even? ___________
To make a profit? ___________
SNOWMAN SOUP
Product Name Ideas

Winter Water
Joy Juice
Mistletoe Milk
Jingle Juice
Daily Doses
Snowman Surprise
Chimpy Chocolate
Liquid Beach
Cocoa-riffic