**Part 3: Factors of Production**

1. List the factors of production required to make your product. Indicate classification of cost using ‘F’ for fixed or ‘V’ for variable:

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Capital (machines, office, factory, etc.)** | | | **Labor (how many workers, what will they do?)** | | | **Land (raw materials like steel, iron, crops, etc)** | | | **Entrepreneurship- brains, management** | | |
| **Item** | **Cost** | **Fixed or variable** | **Item** | **Cost** | **Fixed or variable** | **Item** | **Cost** | **Fixed or variable** | **Item** | **Cost** | **Fixed or variable** |
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2. Create a marginal product schedule (you can make up the data but keep it realistic)

According to your marginal product schedule, how many workers are you going to hire?

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| **# of Workers** | **Total Product** | **Marginal Product** |
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3. Create a supply schedule and curve below that reflects how much you are able and willing to produce at each price:

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| --- | --- | --- | --- | --- |
| Sale Price $ | Quantity Supplied | Total Revenue | Cost of Production | Profit |
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Guiding Questions: what are the total costs of production? What are you fixed costs? What are your variable costs? What kind of capital and how much of it do plan to have? What is your total revenue and total profit per year at various sale prices?

**Part 4: What are some things that can affect your ability and willingness to supply the product or service?**

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| --- | --- |
| Input Costs | Ex: you have a peanut butter factory but the price of peanuts has gone up. Your input costs are going to be higher. |
| Labor Productivity | Ex: Everyone you hired is lazy. You’re producing at 25% capacity. |
| Technology | Ex: Instead of printing boarding passes, Virgin America Airline uses electronic boarding passes sent straight to your phone. People prefer this, Virgin America saves money on paper, everyone wins. |
| Government Action | Ex: President Obama puts $90 billion into funding alternative energy companies- good for solar power energy companies! |
| Producer Expectations | Ex: It’s tornado season and you’re pretty sure your crops are going to be swept away. You decide to store your wheat in a granary just in case. |
| Number of Producers | Ex: Brittney Spears thought she had a monopoly on being the only blonde producer of really bad music. However, Ke$ha and other bad blonde musicians started springing up out of nowhere to produce music that was equally terrible. This was bad for Brittney Spears. |

Guiding Questions: What are some things that can change your supply? Do you have a patent on this product or does everyone have rights to this idea? Are you going to introduce any complementary products?