



FINANCE GUIDANCE AND TEMPLATE

PURPOSE: TO HELP STUDENTS UNDERSTAND BUDGETS AND SETTING A RETAIL PRICE

OVERVIEW OF FINANCIAL LITERACY REQUIREMENTS

The Design Ventura brief requires students to develop a product that could be sold in the design museum shop for around £10.00. That 'product' could be anything from a piece of textile design to a board game. Each team needs to produce a simple financial plan based on a total production budget of £1000.

DESIGN VENTURA BUDGET

The Ventura brief advises that students should work within a budget of £1000. Half of this money (£500) should be allocated to pay for research, prototyping and development.

This means that the remaining £500 can be used to budget for materials, manufacturing and marketing of their final products. Judges will look for sensible and evidenced costings, so if the balance between expenditure on development and production is different, this is fine. A sample summary budget and a blank budget template can be seen on page 3 of this resource.

KEY FINANCE QUESTIONS TO THINK ABOUT

To be successful in the competition, each team will need to think about the business aspects of their idea. The following questions indicate some of the things they may wish to consider:

- How much will it cost to make all of your products?
- What will be the cost price of each individual product?
- How long will each product take to make?
- How will people find out about your product?
- What will the retail price of your product be?
- How many products will you need to sell to make a profit?
- Which charity will you donate your profits to?

COST AND RETAIL PRICES: AN EXPLANATION

The cost price is what a product actually costs to make, package and transport.

The retail price is the cost price plus an additional fee that enables the shop to make a profit.

In retail, the general rule is that the cost price is 50% of the final retail price.

For example, if a bag costs £5.00 to make, transport and market, the retailer will sell it for £10.00 in their shop.

Under normal business circumstances, some of this cost will go towards the running costs of the shop (salaries for staff, rent for the shop space, cleaners, security etc.). The final retail cost will also include VAT where relevant.

continued overleaf...

In Design Ventura, all of the profit will be donated to a charity chosen by the winning team. We have decided to do this so that there are not problems with tax, and issues with fairly distributing the money to young people. VAT does not need to be accounted for in your final retail price.

WORKING OUT THE COST PRICE OF YOUR PRODUCT

The cost price is what a product actually costs to manufacture, assemble and package. This is different to the retail price that you will eventually sell your product for.

In order to fit within the Design Ventura budget guidelines, you should aim to spend £500 or less on materials, tools, labour and transportation for your final products. The remaining £500 of your budget should be reserved for prototyping and development

To work out the cost price of your product you will need to know the cost of the following things:

1. Materials
2. Tools and equipment
3. Labour (the number of hours a person will spend working on the production and assembly of the product)
4. Packaging, marketing and transport

You will also need to decide how many products you are going to make and sell. Remember the minimum number is a batch of 6 copies/editions, but you can make more if you wish.

Here is a list of material costs for reference. You may need to do your own research to find out the costs of specific materials that you use.

| MATERIAL | DIMENSIONS/DESCRIPTIONS | SUPPLIER | COST |
|-----------------------------------|--|----------------------|--------|
| A1 White Foam Board | | Specialist Crafts UK | £3.75 |
| A1 Black Foam Board | | Specialist Crafts UK | £6.26 |
| Card - Corrugated Card 'Sandwich' | 1.5mm Thick. White One Side, Buff On Reverse With Corrugated Card Centre | 4D Modelshop | £1.70 |
| Adhesives | Spray Mount | Specialist Crafts UK | £4.73 |
| Adhesives | Double-Sided Tape | Specialist Crafts UK | £1.89 |
| Adhesives | PVA Glue (600 ml) | Specialist Crafts UK | £1.05 |
| Adhesives | Pack of 25 regular Glue Sticks for Hot Glue Gun | Specialist Crafts UK | £4.03 |
| Blank Fairtrade Cotton T-Shirt | 10 shirts | cottonprint | £44.22 |
| Laser Grade Birch Plywood | 600 x 450 x 6mm | Specialist Crafts UK | £4.51 |

continued overleaf...



ventura.designmuseum.org | [@DesignVentura](https://twitter.com/DesignVentura) | [#DesignVentura](https://facebook.com/DesignVentura)

| | | | |
|---------------------|------------------------|----------------------|--------|
| Acrylic Sheet | 500 x 500 x 3mm | Specialist Crafts UK | £12.38 |
| Polypropylene Sheet | 840 x 594 x 3mm | Specialist Crafts UK | £8.09 |
| Photo Paper | A4, 20 Sheets, 150 Gms | Ryman | £8.99 |

the
DESIGN
MUSEUM

+

BORN TO BE
The Deutsche Bank youth
engagement programme

