

Part I:

- Open *Virtual Business* (Start, Programs, Knowledge Matters, Virtual Business).
- Select Open an Activity.
- Select Forecasting.
- Click OK.

Part II:

Your store, Yours! Inc, has just opened. The store is already stocked with the inventory it needs but there’s only about \$1,000 left in cash. The store will have fixed costs, such as rent, wages, and advertising, of about \$4,250 per week. Pricing is set to give a gross margin of 33 percent.

Your partner, the sales “wiz,” has given you the following sales forecast. Remember, it is a forecast so expect some variation.

Directions: Complete the following chart. Explanations for how to calculate gross margin and profit are provided below.

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7
Revenue (as predicted by your sales “wiz”)	\$500	\$1,500	\$3,000	\$5,000	\$8,000	\$11,000	\$14,000
Gross Margin ¹							
Fixed Expenses ²	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Profit ³							
Cumulative Profit ⁴							

¹ Gross Margin = *Revenue* × *percent of gross margin (33%)*. Your textbook calls this “gross profit on sales” and it is defined on page 526.

² Fixed Expenses: Your textbook calls this “operating expenses” and it is defined on page 526.

³ Profit = *Gross Margin* – *Fixed Expenses*

⁴ Cumulative Profit = *sum of all your weekly profits*

- Based on your calculations, how much money will your store need until it reaches profitability? (Keep in mind that your sales forecast is an estimate, not an actual figure, so be sure to provide some extra cash for the difference in predicted sales vs. actual sales.)

Cash Requested: \$ _____

- Give this completed form to your teacher so your store can receive the amount of cash you are requesting.
- Once your teacher has provided your store with the cash requested, run your store until it becomes profitable or goes out of business.
- Click on the Vital Signs icon so you can view your progress toward profitability.