

Role Description – Factory Owner in Europe

Your task is to instruct your employees in a way that your factory produces the number of cell phones you are able to sell at a good price.

Your employees cut out cell phones from a paper sheet and paint them in the “colour of the season” which is announced by the instructor of the game. Furthermore, they have to add a logo which is also defined by the instructor. You have to make sure that the cell phones are of good quality. Only high-quality cell phones can be sold. Moreover you have to inform your employees how many phones they are supposed to produce to make sure that you do not end up with too many phones. An employee should be able to produce 9 paper cell phones in the first year. In the following years you can expect that they produce more cell phones each year due to the learning effect.

You also have to pay your employees. In the first year the wage is £ 12.50 for each cell phone produced. For a employee each paper cell phone represents 250 real phones. For you, one employee represents 1,000 real employees. Which means that for you one paper cell phone equals $250 \times 1,000 = 250,000$ cell phones. Example: If your employees have produced 30 cell phones in the first year, you have to pay wages for 750,000 cell phones. That is £ 93,750,000.00 in total. The wages can vary in following years. It is up to you to negotiate wages. Keep in mind: Only satisfied employees will do a good job. But keep also an eye on your expenses. Normally, wages should increase at least 10% compared to the previous year

Through negotiations with the intermediary you can get a first impression of the amount and the prices of cell phones you can sell. So don't produce too many cell phones. An overproduction only causes expenses: You are not able to sell them in the following year because they will be out of fashion. After the production phase you can sell the finished phones to the intermediaries and fill the return in the calculation sheet.

Besides wages, additional costs arise: Variable costs emerge from every cell phone produced. The variable costs are £ 4.00 in the first year.

The fixed costs are independent from the number of cell phones produced. They arise every year (for example the rent for the factory). They add up to £ 15,000,000 in each year.

At the end of each year you complete your calculation sheet and you carry forward your total capital into the next year. Your goal is to make as much money as possible.

Factory Owner in Europe

Year	Notes
Expenses	
_____ · 250 · 1,000 phones = _____ phones at £ _____ per phone = £ _____	
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+ fixed costs	= £ 15,000,000
+ variable costs _____ phones at £ 4.00 per phone = £ _____	
= total expenses	= £ _____
Revenues	
_____ · 250 · 1,000 phones = _____ phones at £ _____ per phone = £ _____	
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= total revenues	= £ _____
Accounting	
Funds at the beginning of the year	= £ _____
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- total expenses	= £ _____
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