

# The Real Investment



Given that the Program already includes enough lumber and hardware (working capital) to make the first run of furniture, even though there is a price paid for each program, it can be considered that the real investment is the Program price minus the market value of the furniture once put together and sold (see sample calculations below). That is, the value of the actual jigs, templates and manufacturing and selling methodologies and strategies which will not have to be purchased again when doing the second run of furniture. Assuming this concept, the entire investment would have been recovered by the second run of production. The concept doesn't include the time that will need to be invested to make the chairs.

<u>Program</u>		<u>Freedom</u>	<u>Basic</u>	<u>Basic Plus</u>	<u>Master</u>
Program Price	(a)	\$3,995	\$7,995	\$14,995	\$21,995
Lumber included on the Program [linear ft]	(b)	380	890	1808	2584
Approximate linear feet needed per Adirondack chair	(c)	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
Chairs that can be done with Lumber included	(d)=(b/c)	10	23	47	68
Price per chair - suggested retail price	(e)	<u>\$249</u>	<u>\$249</u>	<u>\$249</u>	<u>\$249</u>
Potential income from chairs done w/lumber included	(f)=(d*e)	\$2,490	\$5,727	\$11,703	\$16,932
<b>Real Investment</b>	<b>=(a-f)</b>	<b>\$1,505</b>	<b>\$2,268</b>	<b>\$3,292</b>	<b>\$5,063</b>

*Note: Calculations do not include indirect or labor costs*