

## Investments

### Why Companies Issue Stock

Name: \_\_\_\_\_

Partner Name: \_\_\_\_\_

### Investorville Entrepreneur

You live in Investorville where gold coins are the currency. You are a brilliant inventor who has created a new product that enables people to teleport instantly from one location to another. You have started manufacturing your teleportation device, using your own gold coins and coins borrowed from friends and family. If you are to succeed, you will need more coins.

Luckily, someone you know set up a meeting with Mark Cuban from the Shark Tank TV show. You now have the chance to convince him to invest in your company. Your goals are:

1. To get him to invest at least 3 gold coins in your company, which will allow you to finish production.
2. Not give up more than 20% ownership in your company in exchange for 3 gold coins. Whatever Mark receives as a % ownership share means he will get that % of future profits.

Based on your market research with potential customers, you have estimated that your company will generate 500 gold coins in profit over the next 3 years. So, if you give up 20% ownership of your company to Mark, he will get 20% of the profits, or 100 coins.

3. You are willing to sell up to 30% ownership for 5 coins which will allow you to start marketing your product as well.

### Final Deal

1. I sold Mark \_\_\_ % of the company for \_\_\_ coins
2. Mark is expected to earn \_\_\_\_\_ coins profit over the next 3 years (Hint: multiply Mark's % ownership by the expected gum profit)
3. I expect to earn \_\_\_ coins profit over the next three years (Hint: Subtract Mark's expected profit from the total expected profit)

## Questions

1. What negotiating techniques did you use to get your final deal?

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2. Could you have gotten a better deal? How?

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3. What are some key questions a company should ask investors before accepting a deal?

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## Investments

### Why Companies Issue Stock

Name: \_\_\_\_\_

Partner Name: \_\_\_\_\_

#### Investorville Investor

You live in Investorville where gold coins are the currency. You are Mark Cuban, a billionaire who is looking for new ways to invest.

Someone you know set up a meeting with an inventor and you are willing to listen to his idea and possibly invest in his company. Your goals are:

1. Find out how much profit he expects to make over what period of time. This will help you determine how much to invest and how much return you can expect to gain.
2. Get at least 15% ownership for 3 coins. Your % ownership share means you will get that same % of future profits.
3. You may be willing to invest more coins for more ownership, but that is up to you based on the potential profits. So, if you get 20% ownership of the company, you will get 20% of the profits.

#### Final Deal

1. I bought \_\_\_ % of the company for \_\_\_ coins.
2. I expect to make \_\_\_\_\_ coins profit over the next 3 years (Hint: multiply your % ownership by the expected profit)
3. My expected return is \_\_\_\_\_ coins (Hint: Subtract your initial investment from the expected profit)

## Questions

1. What negotiating techniques did you use to get your final deal?

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2. Could you have gotten a better deal? How?

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3. What are some key questions an investor should ask when investing in companies?

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