

The Business Napkin

Revenue – Expenses = Profit. Profit ÷ Revenue = Margin. Then it's worth something.

The actual napkin I did with my son at our kitchen table:

\$2,100,000	→	revenue
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-1,500,000	→	salary
-14,400	→	food (etc.)
-200,000	→	rent
-20,000	→	landscape
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\$ +365,600	←	profit

$$\frac{\text{profit}}{\text{revenue}} = 17.4\%$$

margin

$$\text{Valuation} = \$1,095,000$$

Revenue \$2,100,000 – Expenses \$1,734,400 = Profit \$365,600 • Margin 17.4% • Worth ≈ \$1,096,800

The Business Napkin

Revenue – Expenses = Profit. Profit ÷ Revenue = Margin. Then it's worth something.

Your kid's turn. Pick a business they'd start — lemonade, dog-walking, drawing, anything.

Our business: _____

Revenue \$ _____

COSTS (write what you'll spend money on)

– _____ \$ _____
– _____ \$ _____
– _____ \$ _____
– _____ \$ _____

Profit (Revenue – Expenses) \$ _____

Margin = Profit ÷ Revenue = _____ %

What it's worth (Profit × 3) = \$ _____

ONE THING WE LEARNED
