

# Patterns and Profits - Brown Eyed Quilter | Worksheet

Capital Expenditures and Resource Management

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## Venture Vocab

Match the definition in Column A with the term in Column B.

### Column A

- \_\_\_\_\_ Acquiring assets to support business growth.
- \_\_\_\_\_ Efficiency or profitability of an investment.
- \_\_\_\_\_ Daily costs to keep business running.
- \_\_\_\_\_ Allocating resources with an expectation of profit.
- \_\_\_\_\_ Long-term investments in essential assets.

### Column B

- a. Capital Expenditure (CapEX)
- b. Operational Expenditure (OpEx)
- c. Investment
- d. Resourcing
- e. Return on Investment (ROI)

## Startup Scenario

As a young entrepreneur at HighFly Innovations, a startup focused on designing and manufacturing customizable drones for recreational use, you're tasked with analyzing the company's spending to ensure it aligns with both innovation and market trends. HighFly is catching the wave of drone racing and aerial photography, making drones that appeal to teens and young adults. Your challenge is to categorize the following expenses into Capital Expenditures (CapEx) or Operational Expenditures (OpEx). Write either "CapEx" or "OpEx" next to each item.

- Software to design drone development
- Rent for the workshop and design space
- Salaries for engineers and designers
- Prototyping materials for new drone models
- Marketing campaign targeting teen audiences
- Investment in advanced 3D printing technology for parts manufacturing
- Internet and utilities for the office
- Sponsorship of a local drone racing event
- Bulk purchase of batteries and small electronics
- Training sessions for the sales team on the latest drones

## Entrepreneurial Insight

Consider how the Brown Eyed Quilter invested in capital to expand her business. In a detailed paragraph, analyze how her investment impacted her business. How is resourcing important to business growth? What risks are involved? Did she make a good choice? Will she receive a good ROI? What other investments could she have made?



## Answer Key

### Venture Vocab

Match the definition in Column A with the term in Column B.

#### Column A

- d. Acquiring assets to support business growth.
- e. Efficiency or profitability of an investment.
- b. Daily expenses to maintain business operations.
- c. Allocating resources with an expectation of profit.
- a. Long-term investments in a company's growth.

#### Column B

- a. Capital Expenditure (CapEX)
- b. Operational Expenditure (OpEx)
- c. Investment
- d. Resourcing
- e. Return on Investment (ROI)

### Startup Scenario

- CapEx - Software licenses are a capital investment in the company's design capability.
- OpEx - Rent is an ongoing operational expense necessary for daily operations.
- OpEx - Salaries are a regular expense for staffing needs.
- CapEx - Prototyping materials can be considered a capital investment when creating new models.
- OpEx - Marketing expenses are operational and aimed at generating sales.
- CapEx - The 3D printer is a long-term investment in manufacturing efficiency.
- OpEx - Utility bills are an ongoing operational cost.
- OpEx - Event sponsorships are considered marketing expenses, thus operational.
- OpEx - Purchasing consumables like batteries is an operational need.
- OpEx - Training is a short-term expense to improve sales effectiveness.

### Entrepreneurial Insight

*Responses may vary but should include some or all of these ideas.*

The Brown Eyed Quilter's capital investment most likely boosted efficiency and output, fostering business growth. Resourcing is vital for competitiveness and scalability and enabled her to make more and better quilts. She should see a favorable ROI as profits will increase above and beyond what she spent on her longarm quilter. Given her situation, investing in equipment was most likely her best choice over marketing or some other expense.