

Entrepreneurship 173

In this class we learn about companies, the best way to sponsor, start and run them. We were supposed to pick a few ideas for companies and think about which one of them were the best one to work with and make a company out of it.

We sorted out of the pile of ideas an idea of a cinema and another one about a dog-care home. We introduced ideas to the rest of the class with a slide-show and a lecture.

After we had taken a better look at our ideas we decide to go with the cinema idea over the dog-care home. The reason was its a lot easier to figure out the expenses and stuff like that for the cinema, but the main reason was there has been a cinema here before but never a dog-care home. That's why we chose the cinema business.

After we chose our final idea, we were supposed to orchestrate it. We had to find a house and do a cost estimate. We talked to a man named Gunnar Ingi, he ran the last running cinema in Höfn. He gave us his papers over the accounting, where we could see the income and expenses.



After we looked through those files and talked to Gunnar Ingi we knew it is very difficult to run a cinema in Höfn. The population is small so it's very difficult to get many people to each show. Gunnar Ingi told us that there were few regular costumers that showed up on every show that was on, but most of them were students, and they don't have much money to spend every day. So, they could only afford to go to the cinema two times per month.

There are three companies in Iceland that rent out movies to the cinemas. One of them, we shall call it company Y, is the most expensive out of these three. There you have to pay fixed fee for every movie. That amount is around 15-20.000 ISK (168-225 Euro, 227-304 US Dollars.) If the income for each show is more than the fixed fee, you have to pay 50% percent of the income to the company. For example, if we pay 168 Euro for fixed fee for a movie called X, and the income is 179 Euro, we must pay the company a half of it, around 90 Euro. Then our income would only be around 90 Euro, before we psych out the store and payments (salary).

So that's why we never thought to deal with this company we call Y. We will rather deal with the other two.

The group is thinking about maybe doing business with foreign companies, buy the films straight from the movie-making companies, so we don't have to pay to someone else.

We are still working on the project.

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