

**To:** Michael Giberson, BECO-4310-010  
**From:** Joseph Shrike  
**Date:** October 4, 2016, 2016  
**Re:** George's T-Shirts

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Based on the information that was provided, as well as the analysis of it, George Lassiter is recommended to purchase and sell 5000 t-shirts at the upcoming concert. Due to the uncertainty and potential losses of other orders, this is Mr. Lassiter's best option. If Mr. Lassiter is willing to accept more risk than normal, the 7500 sized order is recommended over the 10000.

As shown in the attached decision tree (table 1), both the 7500 and 10000 orders do have a high estimated value, and do have a potentially larger opportunity for profits. However, they also both have a potential to post losses. Based on Mr. Lassiter's past experience and actions, neither of them possess enough of a benefit to outweigh his concerns and hesitation to take risks. Should he decide to, though, the 7500 t-shirts are the most likely to make the highest profit. Mr. Lassiter's initial concern that the concert's attendance would need to be 75,000 to justify the order size is not entirely founded as, shown on Table 1, if his shirts are moderately popular, of which there is a 60% chance of occurring, he can make more money if the concert has 70,000 attendees than he could with the order for 5000 shirts. That number is also, based on Mr. Lassiter's estimations, more likely to occur.

However, Mr. Lassiter has relied on being conservative in the past, and is likely more predisposed to do so. While the order for 7500 shirts makes more money than 5000 at both the higher estimations of concert attendees, it makes less at the lowest attendance, with the exception being if the shirts are more popular than usual. The order for 10000 shirts only makes more money than the other two at the highest levels of popularity and attendance. Based on this analysis, and taking into account Mr. Lassiter's typical behavior, it is not only more likely he will purchase the 5000 t-shirt order, it is also the best overall option and the one that eliminates the possibility of operating at a loss. Due to this, Mr. Lassiter is recommended to purchase 5000 t-shirts for the special event.

Table 1

Order Size	EV of Attendance	Attendance # & % chance	Popularity % x profit	Popularity h to l	Revenue - Expenses
5000 Shirts			\$2,390.00	15000 @ 10%	\$23,900.00
	\$7,170.00	100000	\$14,340.00	10000 @ 60%	\$23,900.00
		30%	\$7,170.00	5000 @ 30%	\$23,900.00
			\$2,390.00	10500 @ 10%	\$23,900.00
Expected Value	\$10,413.00	70000	\$14,340.00	7000 @ 60%	\$23,900.00
\$20,313		50%	\$4,096.00	3500 @ 30%	\$13,655.00
			\$2,390.00	6000 @ 10%	\$23,900.00
	\$2,730.00	40000	\$10,242.00	4000 @ 60%	\$17,070.00
		20%	\$1,020.00	2000 @ 30%	\$3,400.00
7500 Shirts			\$3,725.50	15000 @ 10%	\$37,225.00
	\$9,631.65	100000	\$22,335.00	10000 @ 60%	\$37,225.00
		0.3	\$6,045.00	5000 @ 30%	\$20,150.00
			\$3,725.50	10500 @ 10%	\$37,225.00
Expected Value	\$13,491.50	70000	\$20,286.00	7000 @ 60%	\$33,810.00
\$25,240.75		0.5	\$2,971.50	3500 @ 30%	\$9,905.00
			\$2,698.00	6000 @ 10%	\$26,980.00
	\$2,117.60	40000	\$7,992.00	4000 @ 60%	\$13,320.00
		0.2	-\$102.00	2000 @ 30%	-\$340.00
10000 Shirts			\$5,117.50	15000 @ 10%	\$51,175.00
	\$12,279.00	100000	\$30,705.00	10000 @ 60%	\$51,175.00
		0.3	\$5,107.50	5000 @ 30%	\$17,025.00
			\$5,117.50	10500 @ 10%	\$51,175.00
Expected Value	\$12,781.25	70000	\$18,411.00	7000 @ 60%	\$30,685.00
\$26,552.85		0.5	\$2,034.00	3500 @ 30%	\$6,780.00
			\$2,385.50	6000 @ 10%	\$23,855.00
	\$1,492.60	40000	\$6,117.00	4000 @ 60%	\$10,195.00
		0.2	-\$1,039.50	2000 @ 30%	-\$3,465.00