Skittles Investment Risk Game

In finance, risk versus return is the idea that the amount of potential return is proportional to the amount of risk taken in a financial investment.

Conventional wisdom says that the riskier the investment, the higher the payout. But the opposite is also true. The riskier the investment, the bigger you can lose. The odds are good that if an investment carries a lot of risk, that it could go very well, or very, very badly for you.

Is it better to invest in low-risk investments with low returns to assure that you preserve your capital (the money you invested in the first place), or are high-risk investments better performing choices over the long run?

Playing the Risk Versus Return Game

Object of the Game

Learners are trying to get the most candy by the end of play.

Learners earn a predetermined number of candies each time they correctly predict which number will be rolled on a dice. More candies are rewarded if they guess correctly with fewer tries.

Each Learner is given 20 candies to begin the game.

The skittles at the beginning of the game represent investment capital.

The game will be played in 10 short rounds. (Adjust to suit your schedule)

Players must "pay to play". 1 candy is subtracted from the tally sheet during each round of play.

The object is to see who has the most candies at the end of the game, and to keep track of the way they earned their candies. The Learners get to keep and eat their candies at the end of play. If you are playing with a large class, you may need to adjust the numbers, or buy a very large bag of candy.

Note: this game could also be played with paper money from a novelty store.

Number of Players

You may play with as many Learners as you like.

Supplies for Learners

- Tally chart for each Learner
- Pen or Pencil
- 20 candies per Learner

Supplies for trainers

- A large bag of candy
- A standard, six-sided die, preferably a large one.

How to Play

    A. Explain to Learners that they are going to play a risk versus return game.

    B. They will each start the game with 20 candies. They can choose to play as many rounds as they wish, or not. Playing costs 1 piece of candy.

    C. During each round, they will have a chance to predict the number you will roll on the die. Before the round begins, each Learner must decide how many guesses they will use, then mark their numbers on the tally sheet. The numbers on the sheet represent the numbers on the die.

    D. The more guesses a Learner selects, the less candy they will get for their correct prediction. If they don't guess the correct number, they will lose candies during that round.

        In summary: Fewer guesses means higher risk, but greater reward. More guesses mean lower risk, but also lower reward.

    E. The worksheet is a tally sheet for each Learner and provides a place for them to total their game score. The ROI Chart shows the number of candies (the return) that Learners can get for their risk-taking. Each Learner will tally their progress during each round of the game using simple addition and subtraction. (See Tally Sheet)

    F. Have each Learner keep track of the numbers they want to guess before you roll the die.

Rules

Learners guess as many numbers as they want. Learners Mark an "x" in the box showing their number guess(es). The more numbers they guess, the more chances they have to win, but the fewer possible candies they can win. See the ROI Chart.

Playing the Game

- Roll the die and announce the number you rolled to the Learners playing the game. Enlist the aid of a helper if this makes the game more exciting.
- Put an "O" next to the number rolled.
- Each round, keep track of how many candies you win in the Candies Won box.
- Have the Learners track the number of candies they won during each round, then add up their totals at the end of the game.
- Each Learner should receive the number of candies they won during the game. You may want to have sandwich bags or disposable cups on hand to hold their winnings.

Note:

For safety Reasons when playing with Candy, make the investment capital "Virtual", until the end of the game. This will reduce the passing of candy from hand to hand.

After Game Play - Debriefing

If you have a large class, ask the Learner with the highest and lowest returns about their game strategy.

Did they have a strategy?

What was their strategy and why?

Did their strategy work? Why or why not?

How does risk impact financial objectives?

What conditions can cause company success or failure?

What are the different roles and responsibilities involved in risk decisions?

Related Activities

- Create a chart showing each Learner's total number of guesses compared to their total return. Try to determine if there is a correlation.
- Ask Learners to explain in their own words how this game relates to investing money.
- How did their respective strategy pay off? Did they have more skittles at the beginning or the end of the game?
- Which Learner won. What strategy did they use?
- What if someone decided not to play at all. What are the pros and cons of this approach?

When do the risks outweigh the rewards?