

A05: Token Design Workshop

Design Your Own Cryptocurrency

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Learning Objectives

- Design a token with clear utility and value capture
- Create a fair distribution plan that sums to 100%
- Define vesting schedules that align long-term incentives
- Present and defend your design under peer critique

Assignment Details

- Time: 75 minutes
- Format: Groups of 3–4 students
- Difficulty: Hard
- Points: 50

Grading Breakdown

- Token utility clarity: 15 pts
- Distribution fairness: 10 pts
- Vesting schedule quality: 10 pts
- Incentive alignment: 10 pts
- Presentation: 5 pts

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Steps

- 1 Form groups and receive your project brief (5 min)
- 2 Complete the Token Design Canvas (30 min):
 - Token name, symbol, and blockchain
 - Clear utility statement (what does the token *do*?)
 - Total supply and distribution pie chart
 - Vesting schedules for each allocation category
 - Value capture mechanism (how does demand grow?)

Materials

- Token Design Canvas
- Pie Chart Template
- Vesting Timeline Template
- Project brief with scenario
- Markers and calculator

Critical Rule

Your distribution percentages **must sum to exactly 100%**. Double-check with a calculator before moving on.

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Distribution Categories

- Team/founders allocation (with vesting!)
- Community/ecosystem fund
- Public sale or airdrop
- Development treasury
- Liquidity provision
- Advisors/early contributors

Vesting Schedules

- Cliff period: time before any tokens unlock
- Vesting period: time for full unlock (linear or stepped)
- Example: 6-month cliff, 24-month linear vesting

Design Principles

- Clear utility: token must have a real purpose, not just speculation
- Fair distribution: no single entity controls majority
- Aligned incentives: founders vest long-term
- Sustainable: value accrues from actual usage

Value Capture

- How does the token gain value over time?
- Examples: transaction fees, staking rewards, governance rights, burn mechanisms

Preparation (5 min)

- 1 Assign presentation roles:
 - Pitcher: 2-minute token pitch
 - Distribution explainer: 2-minute distribution walkthrough
 - Responder: handle critique questions
- 2 Practice your timing

Presentations (30 min)

- 5 minutes per group:
 - Token pitch (2 min)
 - Distribution & vesting explanation (2 min)
 - Peer critique & response (1 min)

Peer Critique

After each presentation, other teams ask tough questions. Is the distribution fair? Are vesting schedules long enough? Does the token have real utility?

Deliverables

- Completed Token Design Canvas
- Distribution pie chart
- Vesting timeline
- Oral presentation

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Reflection Prompts

- 1 What was the hardest part of designing your token?
- 2 How did peer critique change your thinking?
- 3 What would you change about your design if you had more time?

Common Pitfalls to Avoid

- Distribution doesn't sum to 100%
- No clear utility ("it's for governance" without specifics)
- Team allocation too high with no vesting
- No value capture mechanism defined
- Vesting schedules too short (insiders dump immediately)

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Good Design Patterns

- Ethereum (ETH): gas fees + staking = natural demand
- Uniswap (UNI): governance + fee switch potential
- Chainlink (LINK): oracle payment creates utility demand
- Aave (AAVE): safety module staking + governance

Red Flags in Token Design

- Team holds >30% with short or no vesting
- No clear utility beyond “governance”
- Inflationary supply with no demand driver
- Majority allocation to private investors

Ask Yourself

Would anyone use this token if it weren't tradeable on exchanges? If not, there's no real utility.

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Presentation Tips

- Start with the problem your token solves
- Explain why a token is needed (not just a database)
- Show the pie chart visually
- Walk through one vesting schedule in detail
- Be ready for “why not just use ETH?” question

Design Tips

- Keep total supply simple (e.g., 1 billion)
- Use standard vesting: 1-year cliff + 3-year linear
- Reserve 10–20% for ecosystem growth
- Consider a token burn mechanism for deflation
- Think about day-1 circulating supply

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Assignment Page

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All Assignments

digital-ai-finance.github.io/crypto-economics/assignments/index.html

Form your team, grab your canvas, and start designing!

You have 75 minutes total: 35 min for design, 5 min preparation, 30 min presentations, 5 min reflection.

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