

Costs

Fixed Costs

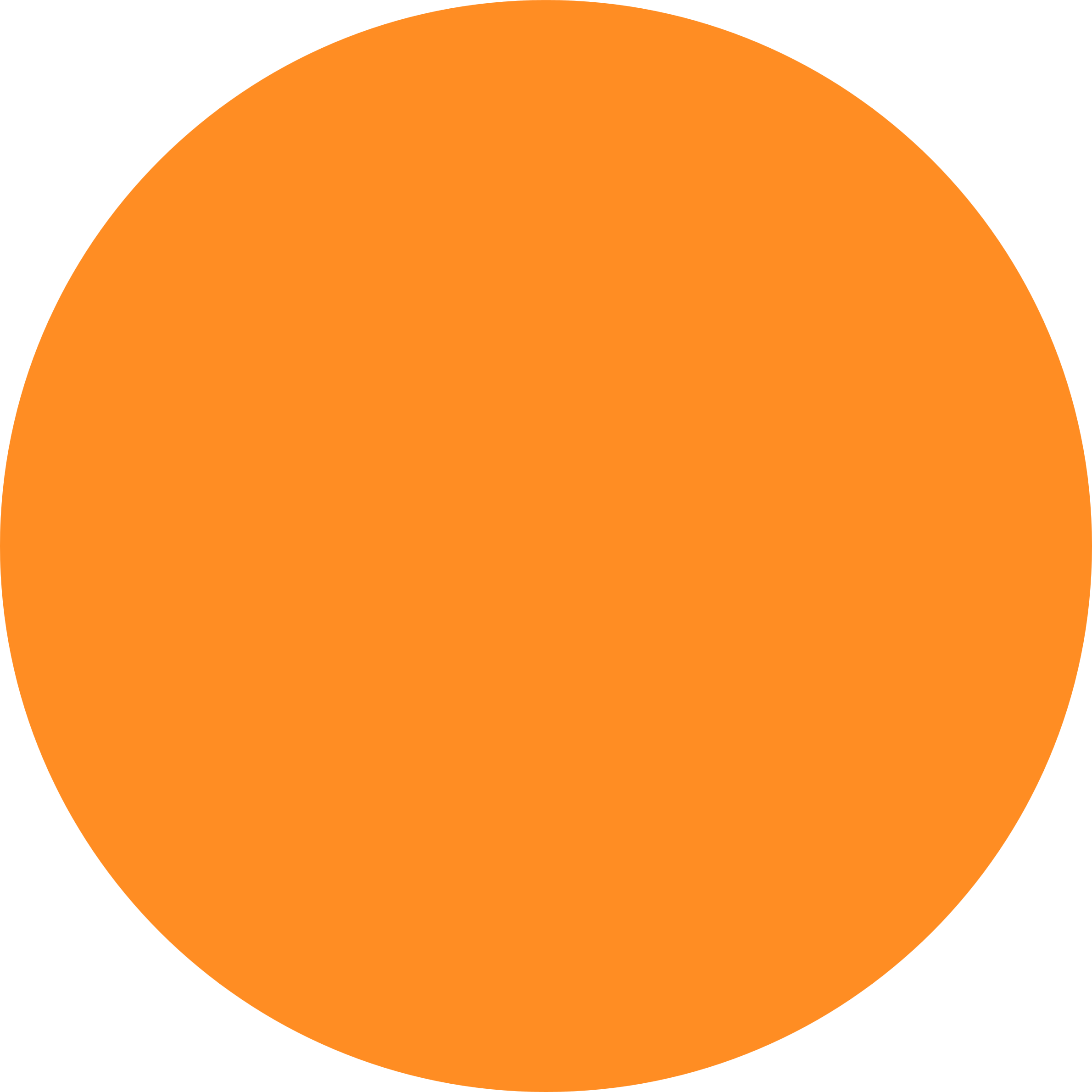
Examples

Any expense that a business incurs during the manufacturing or production process for its goods and services.

Expenses that remain the same no matter how much a business produces.

These costs are completely independent of a business’s specific activities.

* Rent
* Property tax / council rates
* Insurance
* Depreciation



COSTS



Costs

Variable Costs

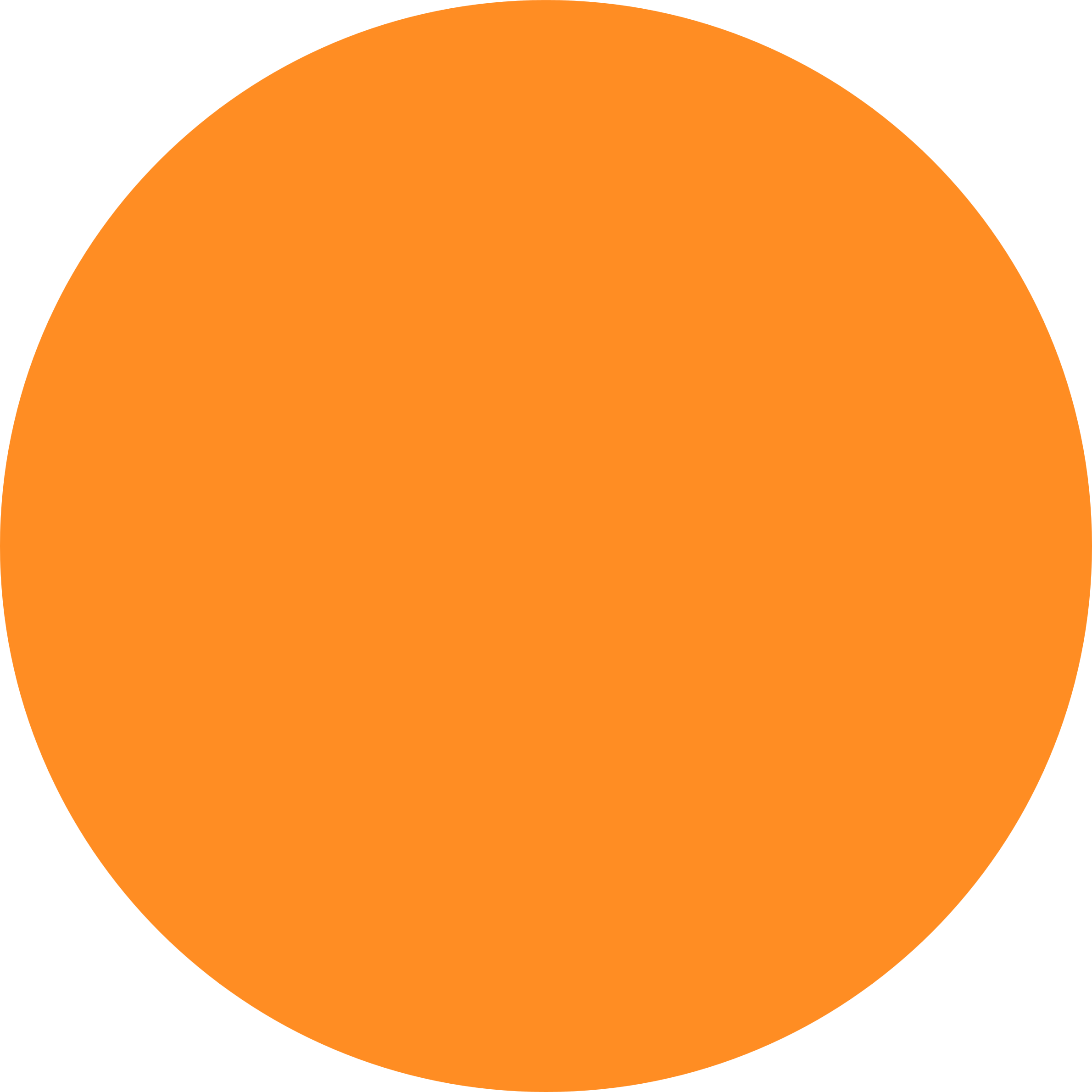
Examples

Any expense that a business incurs during the manufacturing or production process for its goods and services.

Expenses that change depending on how much a business produces and sells.

Variable costs increase as production rises and decreases as production falls.

* Labour / wages
* Utilities / electricity
* Raw materials
* Commissions



COSTS



Pricing strategy

Brainstorm

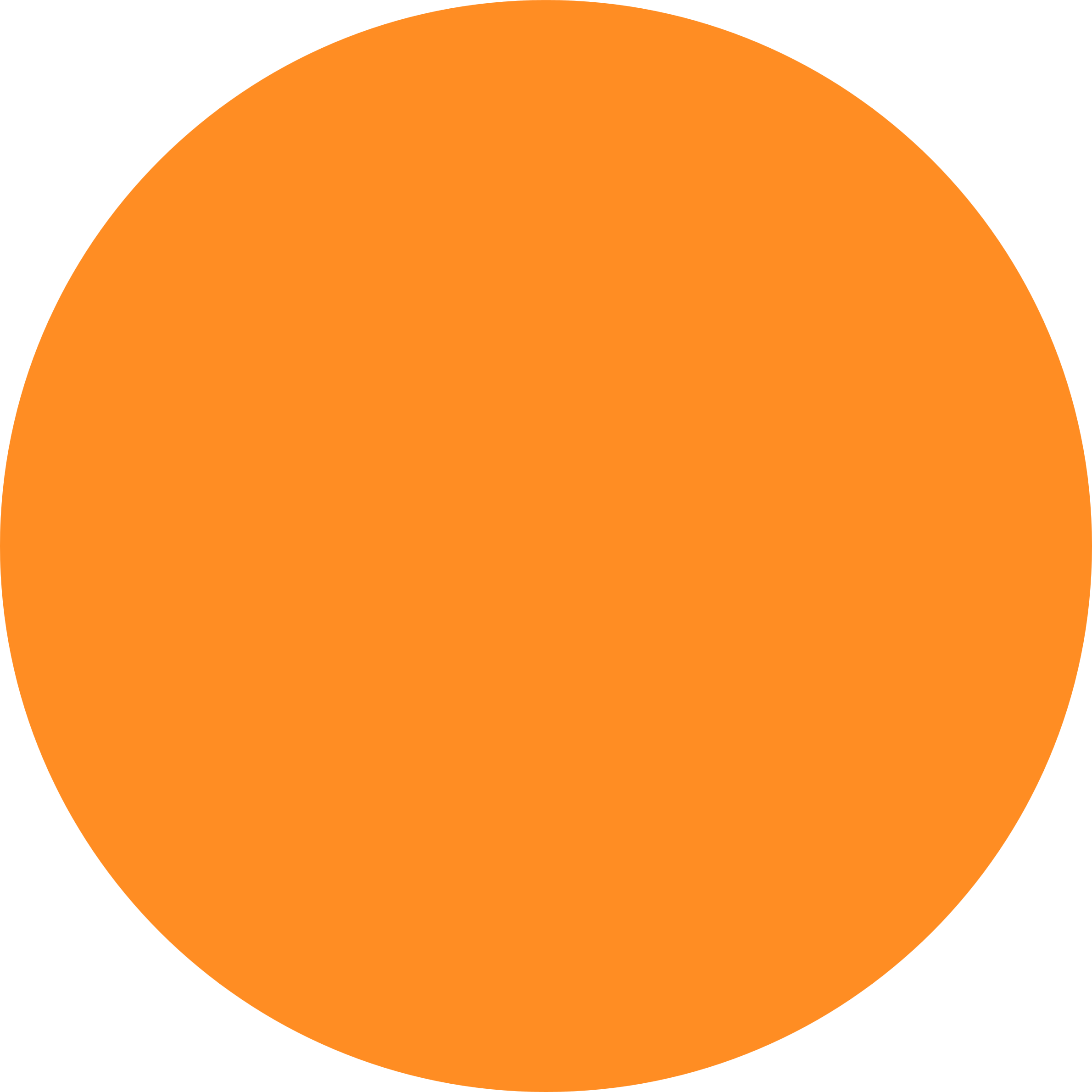
Examples

Research

A method to determine how much to charge for a product or service.

How much will it cost to make one unit? Determine a price to cover that and still make a profit.

* How much does a similar product or service sell for?
* How big is the market?
* Which pricing strategy would be best?
* Cost-plus pricing
* Manufacturer suggested retail prices
* Competitive pricing
* Premium pricing
* Value pricing

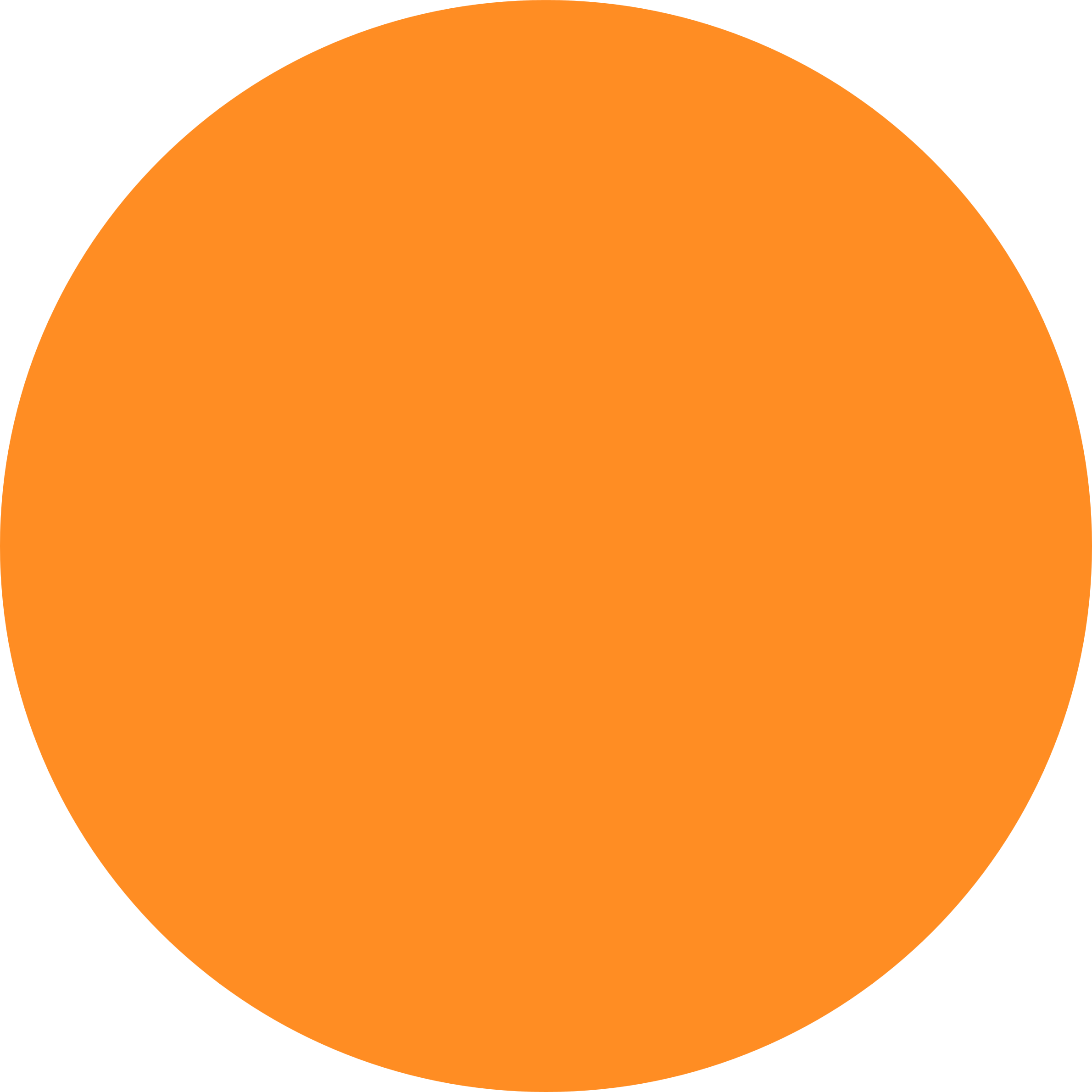


Pricing



Examples

* Retailers
* Manufacturers
* Fee for service
* Freemium provider
* Direct sales
* Franchise
* Subscription
* Bundling
* Razor and blades
* Marketplace
* Pay as you go



Business Models

**LIST THE…**

|  |  |
| --- | --- |
| **CASH INFLOWS:** | **CASH OUTFLOWS:** |
| Revenue streams:   * Direct sales * Value add ons * Licensing & media * Subscriptions | Expenses:   * Labour / wages * Commission * Advertising * Deliver / freight * Insurance * Legal fees (trademark etc) * Office / printing * Rent * Phone / internet * Utilities / electricity |
| Initial start up loan | Interest payable on loan from bank |
| Owner savings |  |
| Gift / crowd sourcing |  |

If you have a positive balance (cash in hand), then you have sufficient funds to meet our commitments.

If you have a negative balance (no cash in hand), you’re in trouble and will need to source additional funds (bank overdraft).