



UNIT 6: PRICE



1. Know the Cost of Your Product or Service.
2. Reduce Costs.
3. Increase Prices or Sales by Adding Value.
4. Have More Than One Supplier

REPORT

Last Week's Promises:

Business Plan: I will record my sales and expenses at the point of purchase.

I will keep an Income & Expense Log for my business.

I will create an Income Statement for my business for last month.

Home Quality of Life Plan: Choose to improve a specific area from your Home Plan.

Savings: Save money, even just a coin or two.

REPORT

ACT:

Business Spotlight presentation

REPORT:

COMMITMENTS CHART			
<i>Name</i>	<i>Business</i>	<i>Home</i>	<i>Savings</i>
John C.	yes	yes	yes
Maria T.	no	yes	no
Your Name	?	?	?

DISCUSS:

- What did you learn last week as you kept your promises?
- What problems did you have as you tried to keep your commitments?
- What can we do to help everyone keep weekly promises?

**ACT:**

- Learn the four principles of Price.

DISCUSS:

- Would more trips to the fish market help John make more money?
- Why should we find out what the full cost of our product or service is before we set the price?

Principle 1

KNOW THE COST OF YOUR PRODUCT OR SERVICE

CODE:

- Turn to page 20 in your workbook to discuss following four paperwork forms:
 - Current
 - Reduce Costs
 - Increase Prices
 - Reduce Costs & Increase Price

Principle 1

KNOW THE COST OF YOUR PRODUCT OR SERVICE

CODE:

- Let's look at the Current log and statement and answer some questions.

Principle 1

KNOW THE COST OF YOUR PRODUCT OR SERVICE

JOHN'S FISH BUSINESS: CURRENT

Income & Expense Log				
Date	Description	Expense	Income	Balance
Starting Cash Balance				+500
	300 Raw Fish	-300		+200
	Market Stall Rent	-60		+140
	Cooking Oil	-5		+135
	Transport	-20		+115
	Spices and Paper	-5		+110
	Fuel	-10		+100
	300 Cooked Fish Sold		+300	+400
Ending Cash Balance				+400

Income Statement	
Starting Cash Balance	+500
Income	
Cooked Fish Sold	+300
Total Income	+300
Expenses	
Raw Fish	-300
Supplies	-20
Rent	-60
Transport	-20
Total Expenses	-400
Profit (or Loss)	-100
Ending Cash Balance	+400

Principle 1

KNOW THE COST OF YOUR PRODUCT OR SERVICE

DISCUSS:

- How much income does John earn if he sells 300 cooked fish?
- How much do 300 raw fish cost John?
- What are John's other costs (or expenses)?
- Is John making a profit or losing money?

Principle 1

KNOW THE COST OF YOUR PRODUCT OR SERVICE

ACT:

- Turn to page 20 in your workbook or another notebook.
- Take the next two minutes and write down as many of your business costs as you can think of.
- Share with the group some of the costs you wrote down.
- After hearing others' business expenses, can you think of any more costs you should write down?

Principle 2
REDUCE COSTS

CODE:

- As a group choose three of the costs you discussed.
- Read aloud the warning on page 21 in your workbook.

Principle 2
REDUCE COSTS

DISCUSS:

- What are some fixed costs that business owners can have?
- How can you avoid or reduce these fixed costs?

CODE:

- Look at the Reduce Costs form in your workbook or on the next slide.

Principle 2

REDUCE COSTS

JOHN'S FISH BUSINESS: REDUCE COSTS

Income & Expense Log				
Date	Description	Expense	Income	Balance
Starting Cash Balance				+500
	300 Raw Fish	-150		+350
	Market Stall Rent	-60		+290
	Cooking Oil	-5		+285
	Transport	-20		+265
	Spices and Paper	-5		+260
	Fuel	-10		+250
	300 Cooked Fish Sold		+300	+550
Ending Cash Balance				+550

Income Statement	
Starting Cash Balance	+500
Income	
Cooked Fish Sold	+300
Total Income	+300
Expenses	
Raw Fish	-150
Supplies	-20
Rent	-60
Transport	-20
Total Expenses	-250
Profit (or Loss)	+50
Ending Cash Balance	+550

Principle 2
REDUCE COSTS

ACT:

- Commit to look for ways to reduce your business costs.

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

CODE:

- Turn to page 22 in your workbook or on the next slide and look at the Increase Price form.

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

JOHN'S FISH BUSINESS: INCREASE PRICE

Income & Expense Log				
Date	Description	Expense	Income	Balance
Starting Cash Balance				+500
	300 Raw Fish	-300		+200
	Market Stall Rent	-60		+140
	Cooking Oil	-5		+135
	Transport	-20		+115
	Spices and Paper	-5		+110
	Fuel	-10		+100
	300 Cooked Fish Sold		+450	+550
Ending Cash Balance				+550

Income Statement	
Starting Cash Balance	+500
Income	
Cooked Fish Sold	+450
Total Income	+450
Expenses	
Raw Fish	-300
Supplies	-20
Rent	-60
Transport	-20
Total Expenses	-400
Profit (or Loss)	+50
Ending Cash Balance	+550

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

DISCUSS:

- Looking at the Increase Price form in your workbook, how much did John increase the price of his cooked fish?
- How much income does John get when he sells 300 cooked fish?
- Is John losing money or making a profit?

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

CODE:

- Looking on page 22 in your workbook at the last box or on the next slide, what is John's cost for 300 raw fish in the Reduce Cost & Increase Price box?

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

JOHN'S FISH BUSINESS: REDUCE COSTS & INCREASE PRICE

Income & Expense Log				
Date	Description	Expense	Income	Balance
Starting Cash Balance				+500
	300 Raw Fish	-150		+350
	Market Stall Rent	-60		+290
	Cooking Oil	-5		+285
	Transport	-0		+285
	Spices and Paper	-5		+280
	Fuel	-10		+270
	300 Cooked Fish Sold		+450	+720
Ending Cash Balance				+720

Income Statement	
Starting Cash Balance	+500
Income	
Cooked Fish Sold	+450
Total Income	+450
Expenses	
Raw Fish	-150
Supplies	-20
Rent	-60
Transport	-0
Total Expenses	-230
Profit (or Loss)	+220
Ending Cash Balance	+720

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

DISCUSS:

- What is his cost for transport?
- How much do all of John's costs total now?
- Should John accept the fisherman's son's offer? Why or why not?

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

ACT:

- Turn to page 23 in your workbook or another notebook.
- Write or draw different ways you can reduce costs or increase prices for your business.

Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

CODE:



Principle 3

INCREASE PRICES OR SALES BY ADDING VALUE

DISCUSS:

- How did John add value?
- How can you add value to your product or service.

ACT:

Turn to page 23 in your workbook or another notebook. Write or draw what you can do to add value to your business.

Principle 4
HAVE MORE THAN ONE SUPPLIER

CODE:

DON'T CLOSE YOUR BUSINESS: PART I

VIDEO SUMMARY



JOSEPHINE: Hey Grace. What's the matter?
GRACE: I have to close my business.
PRISCILLA: Oh Grace, I am so sorry. But why?



GRACE: The man I buy pure water from just raised his prices. I used to buy from him for 7.00 and sell for 10.00. But now he's raised his price to 10.00!



PRISCILLA: Grace, Have you talked to him?
GRACE: I haven't. Why would I? His prices are his prices.

Principle 4
HAVE MORE THAN ONE SUPPLIER

CODE:

DON'T CLOSE YOUR BUSINESS: PART II

VIDEO SUMMARY



PRISCILLA: You need to talk to him and tell him you are one of his most important customers. Always talk to your suppliers and ask for the lowest price.



JOSEPHINE: And remember you have other options. I know somebody that can sell water to you for 5.00. I will introduce you to them, okay?



GRACE: Please do! And I will talk to my supplier. Thank you, girls. I will see you later.
PRISCILLA: See you later. Bye now.

Principle 4

HAVE MORE THAN ONE SUPPLIER

DISCUSS:

Important things to ask suppliers:

- How much do you charge?
- Do you offer any discounts?
- Do you sell on credit or cash?

Principle 4

HAVE MORE THAN ONE SUPPLIER

DISCUSS:

Important things to ask suppliers:

- Who are your competitors?
- Why are you my best option?
- How much can you supply?

Principle 4

HAVE MORE THAN ONE SUPPLIER

ACT:

- Turn to page 24 in your workbook.
- Write down your current and potential suppliers and choose some of the questions you will ask them.
- Get with a partner and tell each other what your businesses are.
- One of you will pretend to be the supplier of the other. Take turns practicing asking these questions.

PRICE PRINCIPLES SUMMARY

1. Know the Cost of Your Product or Service.
2. Reduce Costs.
3. Increase Prices or Sales by Adding Value.
4. Have More Than One Supplier.

COMMITMENT

Business Plan Commitment:

- I will calculate the true cost of my product or service this week.
- I will find at least two ways to add value or reduce costs to increase my profit.

COMMITMENT

Home Quality of Life Commitment

- I will thoughtfully choose one or two areas of my Quality of Life Wheel and write down goals to improve this week.
- I will be specific with my written goals and follow through.

Savings Commitment

- I will add to my savings – even if it's just a coin or two

COMMITMENT

DISCUSS:

- Who would like to share their Home Quality of Life Commitment this week?
- Which commitment will be the easiest to keep for you this week?
- Which commitment will be the hardest?

COMMITMENT

ACT:

- Meet now with your Action Partner for this week. Discuss your business ideas and decide how you will contact and encourage each other during the week to keep your commitments. Say your commitments out loud.

