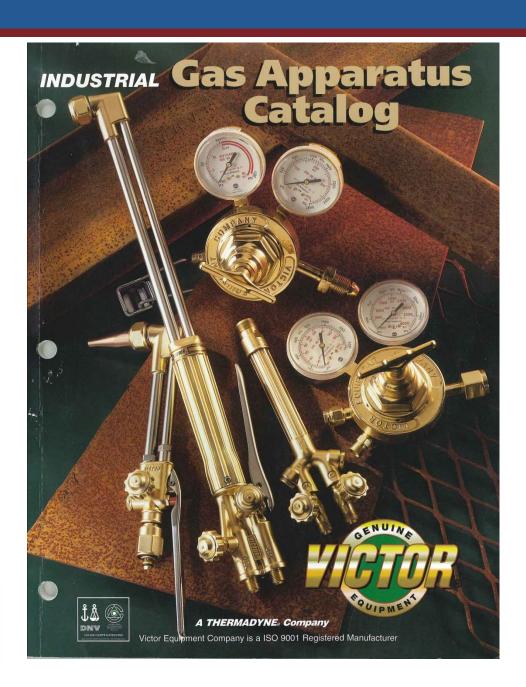
Pricing for Predicted Profit How Much Should I Charge?



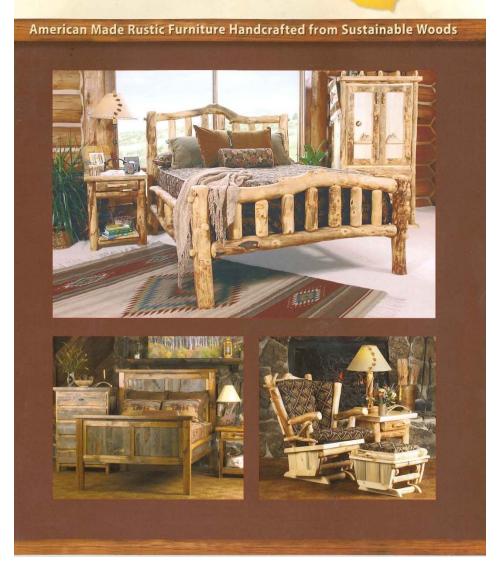
My small business path...







MOUNTAIN WOODS





Cabelan Mountain Woods Aspen Collection



Mountain Woods Aspen Bedroom Collection

The unique character and rich, natural hues of 100% pure Rocky Mountain aspen gives his sturning collection at look that's as rustic as it is elegant. Each handcrafted piece bears markings, so not wo are exactly alike. Plus, they're all hand-sanded, kiln-dried and finished with a protective layer of beeswax, linseed oil and other organic materials. Surfaces that are likely to get wet are also finished with an extra layer of waterproof polyurethane. The box-spring supports are natural timber. The underdresser fits under all bed sizes. We've added a two- and three-drawer nightstand as well as a log chest with cedar lining and an armoire with adjustable shelves. Bunk Beds - Everyron will appreciate the delire as an aspen log carefully peeled with cedar lining and an armoire with adjustable shelves. Bunk Beds - Everyron will appreciate the delire as an aspen log carefully peeled with cedar lining the time-bested mortise and tenon construction technique, with both glue and screws employed for strength and longwity. To further enhance the natural look, each piece is hand-rubbed with a combination of linseed oil and besexwax. Choose from three configurations, each of which employs the headboard and footboard areas of the bunk as a ladder. Cross slats for mattress support are included. Parts marked for each sexpense was employed for children's years and older. Twin over Twin Bunk (72*H x 67*W x 86*D), Full over Full Bunk (72*H x 67*W x 86*D), Full over Full Bunk (72*H x 67*W x 86*D) applies to the control of the control of

Aspen Log Bed Order Number	Twin (446) Full	(855) Quee	n (805)	King (298)
GSM- 61-3917* GSM- 61-3922-674*	\$999.99 \$1,1		\$899.99 \$899.99	\$1,399.99
Aspen Log Furniture Order Number	e Description	Dimensions (H x W x D)	Flat (201)	
GSM- 61-3921*	Nightstand	30" x 24" x 21"	\$699.99	\$699.99
GSM- 61-3925*	Dresser Mirror	33" x 39" x 3"	-	\$599.99
GSM- 61-3924*	72" 6-Drawer Dresser	36" x 72" x 21"	\$1,749.99	\$1,799.99
GSM- 61-3923*	54" 6-Drawer Dresser		\$1,449.99	\$1,499.99
GSM- 61-5257*	Cedar-Lined Chest	24" x 48" x 24"	-	\$1,299.99
GSM- 61-5256*	Armoire	76" x 40" x 22"	-	\$2,199.99
GSM- 61-3919*	5-Drawer Chest	51" x 40" x 21"		\$1,399.99
GSM- 61-3918*	4-Drawer Chest	42" x 40" x 20"		\$1,299.99
GSM- 61-3920*	6-Drawer Chest	60" x 40" x 21"	\$1,449,99	\$1,499.99
	3-Drawer Nightstand			
GSM- 61-5509* GSM- 61-5255*	2-Drawer Nightstand	24" x 28" x 22"		
A Bunk Bod				

Twin/Twin (446) Twin/Full (264) \$1,899.99 \$2,099.99 Q – Quick Ship items will be delivered within three to five weeks upon receipt of order.







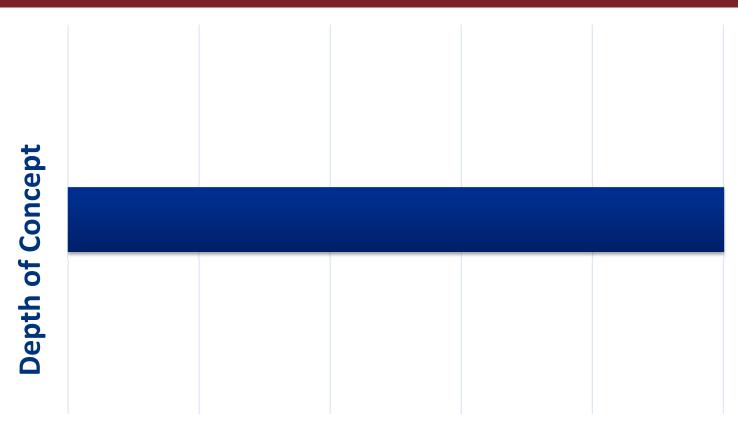
Pricing Prerequisites:

 Your Business Strategy / Competitive Edge

2) Work on the other "4-P's" of Marketing



Clients Coming In...



Breadth of Concept



Clients Going Out...

Depth of Concept

Breadth of Concept



Toothpaste Market - 1975



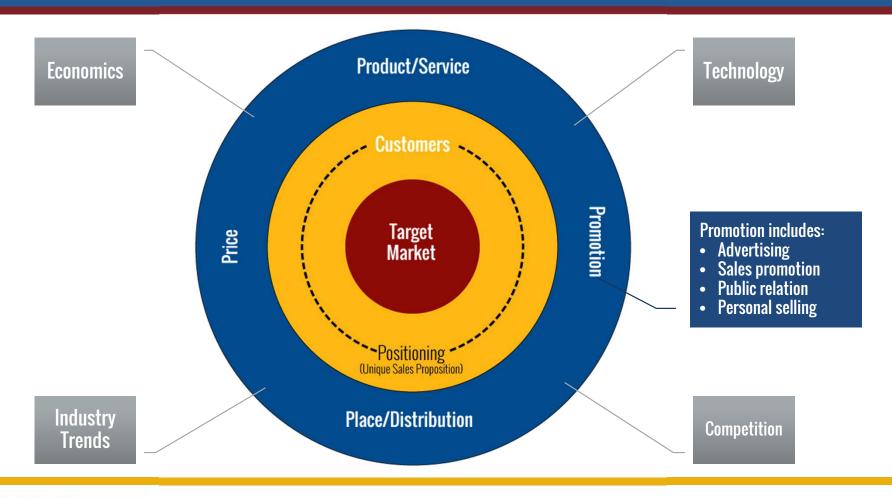


Toothpaste Market - Today





The "4-P's" of Marketing





How to think about your pricing....



My Top 6 List of how

businesses get into

trouble....



1) Not putting enough

value on your goods

and services.





My former boss once said:

- 1) Delivery performance
- 2) Quality product
- 3) Lowest price

"I can give you two out of three. Which two do you want?"



Myths about Pricing:

"Everyone knows that actual profits and the profits anticipated in my planning will be different. That's just a part of small business, right?"

"As long as I price every deal myself, we stand a chance. But when somebody else puts together the price, we either drive off the customer or make the sale and wish we hadn't because we don't make money."

"It's OK to pretty much break even on my core business, because we'll make up profits with special orders. Isn't that how everybody does it?"

"I made more money when I was just a man and a truck."



"Red Flags" for Pricing Issues:

- Receiving a high percentage of quoted jobs.
- Selling out of your goods/services.
- Leadtimes stretching out.
- Profit margin deterioriation.
- Haven't implemented a price increase in "a long time".



Proper Pricing is a marriage of:

- Knowledge of your competitive position
- Understanding the realities of your cost structure
- Taking an assertive "always looking to improve" attitude on pricing.
- Your strategic direction

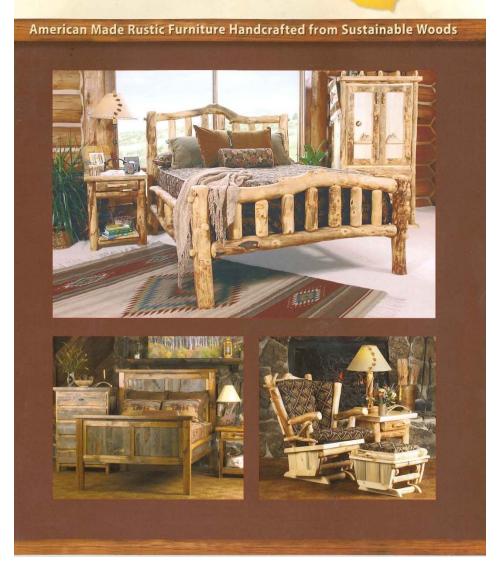


Requirements to Get Started

- 1. 12-Months Profit & Loss Statement
- 2. All Reasonable Variable Costs Shown as Cost of Goods Sold, identified as "percent of sales".
- 3. Unique Selling Proposition practice well underway
- 4. General understanding of your competitive position.



MOUNTAIN WOODS





Case Study - Mike's Pizza

- Annual Sales \$500K
- Makes 400 pizzas a week, or about 20,000 pizzas a year.
- Pays rent of \$4K per month, or \$48K per year (fixed cost).



Case Study – Mike's Pizza

- Variable Costs Cheese, meats, veggies, flour, direct labor, etc
- Fixed Costs Lease, insurance, vehicle, owner/manager pay, etc
- Costs probably increasing about 3% per year (whether he knows it or not).



Case Study – Mike's Pizza

- Needs to make sure lease costs are "fully absorbed" in his pricing.
- \$48K lease costs / 20,000 pizzas equals about \$2.40 per pizza.
- Same process applies for owner pay, insurance, marketing expenses, etc



A powerful way to analyze costs, as a % of Sales:

	20	2016		2015	
Sales	\$52	\$525 K		\$500 K	
Variable Costs:					
Cheese	\$60 K	11.4%	\$50 K	10%	
Meats	\$40 K	7.6%	\$35 K	7%	
Direct Labor	\$82 K	15.6%	\$75 K	15%	
Fixed Costs:					
Lease	\$60 K	11.4%	\$50 K	10%	
Owner Pay	\$50 K	9.5%	\$50 K	10%	



Automate

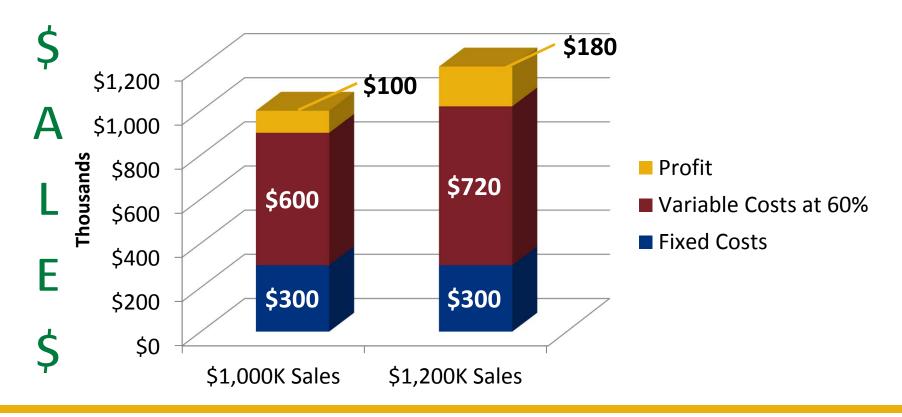
This sounds like a job for Excel





Benefit of Over-Absorption of Overhead (Fixed Cost)

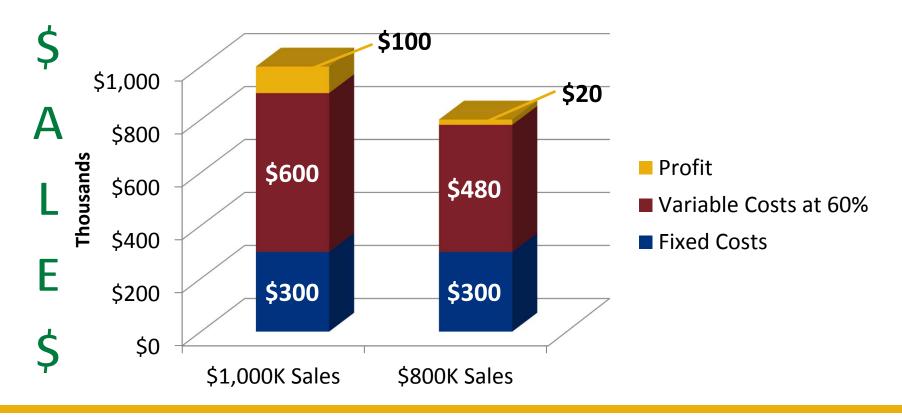
20% Sales Increase Yields 80% Profit Increase





Curse of Under-Absorption of Overhead (Fixed Cost)

20% Sales Reduction Yields 80% Profit Decrease





Getting over the emotional hump:

But what if someone complains?



Which customer are you reacting to?

The 10-15% who love your business?

The 65-70% who think your business is a good value?

The 10-15% who buy on price only?



Case Study - Mike's Pizza

- Annual Sales \$500K
- Mike implements at 4% price increase - a large pie increases from \$15.00 to \$15.60.
- Annual benefit to the business -\$20,000 !!!



But What About When Things Change?

- Overhead absorption rate will change -Why?
- Labor costs will change Why?
- Competitors will force change.
- Owners expectations will change.



Key Points to Remember:

- 1) Approach Pricing as an ongoing actionoriented discipline.
- 2) Know your cost structure.
- 3) Manage Fixed Costs at \$, Variable costs at %.
- 4) Know your competitive position
- 5) Get comfortable with the "gray"
- 6) Gently "push the envelope" on price



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