

Business Plan Workbook #17	
Course	Pricing Your Dream
Topics Addressed	What if My Costs Are Too High?

Key Points

What if the Customer Isn't Willing To Pay Enough?

If you find yourself in a situation where the price customers are willing to pay is less than your costs, you have three options:

1. Cut your costs
2. Increase the value and the price
3. Discontinue the product or service

Where Can You Cut Costs?

A good first step to take is to look at all of your costs and see if you can find any way to cut them, in order to save money:

- Are there ingredients or materials that are not necessary?
- Is there a way to lower your labor costs?
- Can you cut down in other areas like marketing?

How Can You Increase Value?

Another way to get your costs and pricing to work together is to find a way to increase the value that customers see in your product. If you can make the product or service more attractive, then customers may pay a higher price.

What if You Can't Lower Costs or Increase Value?

If you have tried everything you can to increase the value of your product or cut your costs and you are still not making a profit, then your only choice is to discontinue that product or service altogether – **unless** it brings in all or most of your other business. If the unprofitable product helps bring customers into your business and generate other sales, then it may be worth your while to keep it.

Related Business Plan Questions

Below, you will see a list of business plan questions related to the topics noted above. If you print this worksheet, you can use the space below each question to write down some initial thoughts and ideas.

When you're ready to start working on your business plan, return to the course, and select "Open My Business Plan".

Q: How does your product or service compare in price to your competitors? Are your prices higher or lower? Will you have any special pricing (like sales or bundles)?

Q: Describe how you may change your prices if your customers agree to buy more of your product or service. Will you or can you offer volume discounts if they buy a lot?