

**Workshop Title: Strategies for Successful Product Pricing**

**Speaker & their title:** Michelle Wolff Certified coach..lead trainer for business training for NS farmers.

**Executive Summary :**

Part one of a two part workshop.

Relationship between quality and price a formula, and why is a formula useless if your idea is ideas...

**Notes:**

**Pricing ideas**

slide 1. Price and quality are directly correlated and they must stay consistent. You run into problems and risk a disconnect leading people to fail without this. High quality product and mid or low range price.

slide 2.. a pricing formula to love..any one doing value added use wholesale X 2 =retail formula.

slide three...fixed costs vs variable costs... how do you come up with fixed costs? If just starting your business, you will need to guesstimate...

slide three :Costs...if you have fixed costs and you add up what it costs to run your business, pay attention to this figure.

slide four...Variable costs... do not forget the small stuff. Every successful entrepreneur knows how to run the numbers..it needs time and effort. (relates her own story) I looked at my numbers ! Heartbreaking....

slide 5..set a labour price into your price..commit to pay yourself in three months that rate of labour. Stop,do not pretend..look for the holes~ and pretend that present rate 6.00 ..your business is a colinder and you want to make it a bowl ...Btraining ...will help you. Hobby or business? The difference is \$\$, so if you do not like how it feels..make changes.

slide 6...Imagine...it is easy to give product away to smily happy people.but imagine yourself giving away product to those who you do not really enjoy seeing each week. BINGO.

Slide 7..profit margin

slide 8...pay yourself back for your initial investment, PM is the only part you get back to reinvest if you wish to.

slide 9...business or hobby ?? Because we matter...do not tell yourself half truths~ you have a disconnect.

Slide 10...wholesale..costs can be less than times two..include cost of table fee too, vehiclule, farm market dues, time selling..put that in your final equation.

Slide 11...WOW factor...herbs(products)..and value added was creating products ie soap.(covering your costs) which gave a segeway to bring discussion for me and get them in to the other products where I could charge much more and make \$\$ WOW factor..over the run of your business, make it work with what you are

comfortable making \$\$

slide 12. understanding \$\$ and price...

slide 13 benefits and results...go to a market..wow, 3\$ for a lb of potatoes, and nobody buys. This is not a pricing issue, the seller needs to communicate a message to the buyer that explains the terms. What is meant by organic ? Local ? Explain what they are really buying.

slide 14...Which means what you say and every thing you write is about benefits and results so start thinking value...and saying it..so that price point goes up...don't make the mistake that you are in the high end of price simply because you are local..EXPLAIN

slide 15...be of service...people either need it, love it or use it ! To be in business, others have to want it~

slide 16...money mindset...what are we worth, can they pay? If you do not value what you do, you will be left out...Follow those you want to learn from ...

**Questions from the floor.**

**Q..**as organic growers...how does one relate it to price ? do we have to be thinking about it ?

**A.** Organic is a label about production not necessarily the product. Organic growers need to explain a why...explain to them , reach the next group, branding and story telling.

**Q** Do you recommend farmers to compare prices with other farmers ?

**A** Some products you can price higher, some lower. It is a mistake to be comparison pricing..from producer to producer and undercutting on everything...feels like it. If occasional items are higher or lower, ideal clients shop from you for more reasons than price. Some producers come from afar, some are near... so costs vary for each. Always have WOW factors in your product mix...so as to maximize profitability.

**Q..**could you mention variable and fixed costs when you have product and you have value added .

**A** Yes, we did run it all as one farm.

**Q..** explain profit margin

**A..**their is no standard PM. Start at 3 or 4 if you wish...standard small business. Aim for 8-10% . One cost is staffing...labour rate for you and one for staff. I recommend tracking hours , a couple of times per year, of everyone who is working for you...generous rates

**Q** is that the same for value added ?

**A** yes

**comments...**

Use one for production and one for value added

Look at Class function in Quikbooks

Add a wholesale cost. A cost of buying raw materials from yourself needs to be in there.