

Syllabus for the Pricing Issues Module

Welcome to Pricing! You are now well into the program, and we are excited to be helping you to master some of the most misunderstood concepts in all of entrepreneurship! You see, prices can be too low! That's right! Prices can be too low! Most people think that prices should be extremely low to attract business, especially when you start a new business! Not necessarily so! Prices should be consistent with the overall image of the business. In fact, if you are following our advice and seeking out a business niche, then your prices should probably be high! Prices tend to be higher in a niche, because you are pursuing a unique approach to business. Finally, we must tell you that prices have very little to do with cost. It really does not matter what things cost you; what matters is what people want to pay you for the goods and services that you sell. (You can't sell for less than your costs, of course.) The most frequent mistake we see when we work with entrepreneurs is pricing. Let's get started and make sure that you don't make those mistakes!

First, download the *Plan Outline*. If you downloaded this document in the *Start Up Module*, then you already have it. As we said in that Module, this document lists the steps in the Venture Planning Process, and the contents of a written Business Plan, and we want you to keep it beside you as you move through the process, and keep the questions in the Venture Planning Process foremost in your mind as you study and learn. These are the key issues which you must master in order to open that door to the future!

Secondly, download the sample *Business Plans*, unless you have already done so in an earlier Module. As we have said, these are actual plans, so you must keep them confidential. They are not a blueprint, they are just illustrations. We find that reading a few plans is a good way to take the mystery out of the process!

Third, view the Pricing video. Read the pdf text which accompanies it. This video will remove all the mystery and mysticism about pricing and help you to understand how you really set prices for a real business! Think about your venture as you go through this video!

Fourth, view the Costing video. Read the pdf text which accompanies it. This video is one of the most important in the entire program! You must know what costs you are going to incur in your venture, and you must be able to estimate those costs in order to determine the feasibility of the venture! This video will teach you how to do exactly that for any venture you might plan!

Syllabus for the Pricing Issues Module

Fifth, view the Competition video. Read the pdf text which accompanies it. Everyone talks about competitors, but they are talking about Direct Competitors. Those are easy to see and easy to study! We want you to understand them, of course, and be able to identify their strengths and weakness, and this video will teach you that. However, we also will teach you about Indirect Competitors. These can be almost invisible, but they can devastate your plans if you do not plan a strategy to handle them. When you hear someone say, we don't really have competitors, you are listening to an entrepreneur who really does not understand the competitive environment at all.

Finally, continue the *Venture Planning Process* for your venture. We hope that you began this process in the *Start Up Module*. There, you would have developed a vision statement. You would have sought out a partner with whom to share ideas, discuss issues and concepts. You would have determined a location for your venture, and you would have determined the people and skills that you need.

In this Module, we want you to continue *Venture Planning* by investigating and estimating all of the costs which you will incur when you launch your business, both start up costs, and recurring costs. Make records! You may change some of these later, as you shift the scale of operations or make other changes to your plans, but this is a critical step in the ultimate launch of your business!

Identify the direct competitors and the indirect competitors for your venture. If possible, go to see these competitors; shop there; learn all you can about them. Seek out their strengths and weaknesses. Write these down! Determine how you will craft a distinctive competency which can take market share away from these competitors!

Think about the image that you want to portray in your venture. Decide it, design it, write it down, and determine a pricing strategy which will complement that image! Pricing is one of the most critical aspects of image, and this decision will be one of the most important that you make!

Continue your meetings and discussions with your venture partner and make these decisions all part of the ideas that you exchange. The more you talk about it, the better you will feel about the final determinations that you make. That's what *Venture Planning* is all about! It is an iterative, ongoing process of mentally building your venture so that you can literally build it later!