



# Determine Your Optimal Price Structure

Finding the right price for your product or service isn't an exact science. To some extent it begins with a hunch, followed by a trial period of new pricing. Take 10 minutes to complete the worksheet below and find out if your business could benefit from experimenting with a new price structure.

1) List four direct competitors and the prices they list for the same products or services you sell.

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2) For each competitor, list the differences between what you provide and what they provide for the same product. (For example, you may both sell candles. But do you offer more skilled or specialized salespeople? Does a competitor offer free gift-wrapping? Etc.)

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3) Do you know the man-hours required to develop your product or service? If not, consider factors such as idea development, execution and employee training, which all go into the final product. Does the price of your product seem reasonable for the amount of work that goes into it? Does your profit margin seem reasonable for the number of man-hours?

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4) Do you know how your customers feel about the cost of your product or service? If not, brainstorm ways to gauge their feelings on this issue. (For example, using a brief questionnaire, having employees ask casually about pricing, etc.)

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5) Do any of your prices seem out-of-line with one or more of the above questions? (For example, are your prices a lot lower/higher than competitors or do your customers feel very strongly that you are over/under priced?) If so, it may be time to talk with a consultant or begin your own in-depth research on pricing alternatives.