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EBOOK

Pricing for Profit

How to price your products and services so every sale makes you money

nglancer.com

For Nigerian small businesses

Pricing for Profit
How to price your products and services so every sale makes you money

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Why most small businesses undercharge

Ask ten small business owners how they chose their prices and most will say one of three things: "I copied what others charge", "I added a little on top of my cost", or "I just felt it was right."

All three can work by luck. All three can also leave you busy every day and broke at the end of the month.

Undercharging happens for understandable reasons:

- **Fear.** "If I charge more, customers will go to the next person."
- **Forgotten costs.** Transport, data, packaging, your own time, the generator — small costs that never make it into the calculation.
- **Inflation.** A price that was fine six months ago may now lose money, because your suppliers have quietly raised theirs.
- **Bargaining.** Customers ask for "last price" and you knock off a little every time, until the discount eats your profit.

This book fixes each of these with a simple method you can apply in an afternoon.

> 💡 **TIP**
> Price is not just a number — it is a message. A very low price can make customers wonder what is wrong with your product or your work.

CHAPTER 1

Find your true cost

You cannot set a good price until you know what one sale really costs you.

Direct costs (per unit or per job)

These rise and fall with every sale:

- Materials and ingredients
- Packaging, nylon, labels, branded stickers
- Delivery or your transport to the customer
- Payment charges (POS, transfer or platform fees)
- Commission paid to a marketplace or agent

Overheads (per month)

These stay roughly the same whatever you sell:

- Rent, shop levies, security
- Electricity, generator fuel, internet
- Staff salaries
- Phone, subscriptions, software
- Equipment wear and tear (a ₦240,000 sewing machine that lasts two years costs ₦10,000 a month)

Your own time

If you do the work, your time has a price. Decide what you need to earn per month and divide by the hours you can realistically work.

📘 **EXAMPLE**

Chidi, a home-service electrician. Chidi wants to earn ₦300,000 a month and can do about 100 billable hours (the rest goes to travel, buying parts and chasing payments). His time is worth **₦3,000 per hour**. His overheads (phone, data, tools, transport card) come to ₦45,000 a month — another ₦450 per billable hour. So every hour he works must earn at least **₦3,450** before parts.

The full cost per unit

> **Full cost = direct cost + (monthly overheads ÷ units sold per month)**

If overheads are ₦90,000 and you sell 300 units a month, each unit carries ₦300 of overheads on top of its direct cost.

End of the free sample

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