**Financial Planning – Dragon’s Den** **Name: \_\_\_\_\_\_\_\_\_\_\_\_**

1. **Pricing**

 One of the most important decisions you will make with your business is what price to charge for your product or service. You will need to know what your competitors are charging and decide whether you will charge a lower or higher price. This means you will have to do research on

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| --- | --- |
| **Price for your product or service** | **Reasoning** (why did you choose this price? Did you consider the cost of providing your service or product? What are your competitors charging for a similar service or product?  |
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**Total cost to make your product (*You might have to modify this list depending on your product/service.)***

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| --- | --- |
| **Supplies** |  |
| **Marketing** |  |
| **Storage** |  |
| **Shipping** |  |
| **Packaging** |  |

**Competitor’s pricing**

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| --- | --- |
| **Competitor #1 (Low pricing)** | **Competitor #2 (High pricing)** |
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1. **Making a deal with the Dragons:**
2. Determine the cost per unit (example: how much does it cost to make 1 pencil?)
3. Determine the sale price: How much are you selling it for?
4. Calculate your profit per unit: Sale price – cost per unit
5. Use Excel to determine your annual profit for the next 5-10 years!
6. Come up with a deal for the dragons. Example:

Assume you are making a profit of $30 000 in year 1, $40 000 in year 2 and $50 000 in year 3. Your total profit is $120 000.

What percentage of your company do you have to offer to the dragons if you ask for an investment of $50 000?

? x $120 000 = $50 000

? = $50 000 / $120 000

? = 0.416

You would have to offer the dragons 41.6% of your company to make their money back within 3 years.

1. **Investors:**

On Dragon’s Den, you will hear entrepreneurs will ask the investors to pay a certain price for a certain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of their company.

This price is linked with what the entrepreneur believes their company is worth.

For example, let’s say an entrepreneur is offering 10% of their company for $100. That means that their company is valued at…

|  |
| --- |
| $$\frac{10}{100}=\frac{100}{?}$$ |

**How much is your company worth?**