**Part III**

**Spring Small Business Series: Seedling to Start Up**

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***Using Market Research to Test and Validate Your Business/Product Idea***

**Reflection Questions**

**Module Four: Creating Financial Constructs for Your Business**

To help you apply the concepts presented in the online presentations, watch each online session listed below and prepare your responses.

***Session 10: Introduction to Basic Financial Terms***Briefly define each of the following financial terms and give an example related to your business.

1. Income Streams
2. Start Up Costs
3. Fixed (Overhead) Costs
4. Variable (Cost of Goods Sold) Costs
5. Annual Sales Revenue
6. Average Gross Profit
7. Net Profit
8. Break-Even Point
9. Profit/Loss Statement (P&L Statement)
10. Cash Flow Projection

***Session 11: Identifying Your Income Streams***

1. Review your Product/Service Hypothesis and identify what you are selling. Are you selling: products, services, technology, consulting services a system or a comprehensive solution?
2. List potential income streams for your business.
3. If you have several potential income streams, organize your income streams into categories such as: product lines, distribution channels, market segments or combining products and services.
4. Brainstorm some potential ***variable*** costs associated with your different income streams. Examples include labor costs, raw materials, packaging supplies, shipping costs and marketing and promotion expenses.

***Session 12: Developing Your Pricing Strategy***

1. There are a variety of factors that can influence your pricing strategy. These factors include costs (variable and fixed costs), competition, the type of product your sell, your pricing philosophy, your value proposition and supply and demand. Briefly describe the key factors that will influence your pricing strategy.
2. In the presentation, I provide examples of how you can set the price for your **services** using two different formulas – *the Billable Hours Formula* and the *Market-Based* Formula. Which formula are you more likely to use to set prices for your services?

***Session 13: Preparing Bids and Responding to RFPs***

1. Which of the following billing options makes the most sense for your business? Flat Fees. Hourly Billing or Retainer Arrangement.