TARGET: HOW AND WHAT TO CHARGE

Session Notes

Debt Financing

Financers: Lenders, banks; Government loans; Organizations; Friends, family, crowd

Pros: Obligation to lender ends once debt paid; Many types of terms/lengths to choose from; Builds business credit; May be crisis relief & forgiveness options

Cons: May be difficult to qualify; Regular payments usually begin immediately; Missing payments can hurt credit

Equity Financing

Financers: Venture capitalists, firms; Angel investors; Accelerator programs; Friends, family, crowd

Pros: No immediate payments; Investors can provide connections & mentorship; Investors have alternative ways of selecting candidates

Cons: You give away a share of your business; Could lose control of your business; Only an option for high-scale, high-growth businesses that have an exit strategy; Time consuming

Reducing Expenses

Sources: Service providers; Landlords; Lending institutions; Staff costs

Pros: Quick decision; No obligation to provider in exchange; Flexible

Cons: Usually requires sacrifices; Savings may be small; May force you to extend contract commitments; Could negatively impact your staff

Contributions

Financers: Grantors; Foundations; Donors; Contests/Competitions

Pros: Not required to repay or give away ownership; You can receive a generous amount of money; Can help build your visibility and credibility

Cons: May limit how you can use funds; Time consuming; Competitive; Unreliable in shifting economy; May not be available for all businesses

TARGET: HOW AND WHAT TO CHARGE

Session Notes

Revenue

Financers: Customers; Partners; Government Contracts

Pros: Belongs to you and can be used however you want; Sustainable funding source; Validates the need for your solution!; You have the *most control* in this option

Cons: Shifting markets can present new challenges that you will need to work around; Usually slower growth than debt or equity financing

In an unpredictable market, it's often best to focus on what you can control: revenue

Add Your Own Notes Here:

TARGET: HOW AND WHAT TO CHARGE

Session Notes

Business Model

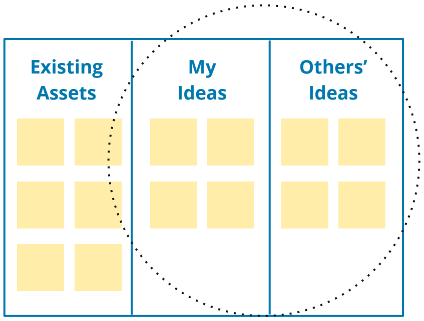
Who will exchange money?	How will you make money?	How will you price?
B2B Business to Businesses	**TRANSACTION-BASED** Charging a one-time sale or fee	**FLAT PRICING** Standard, uniform sale price
B2C Business to Consumer	**SUBSCRIPTION/LICENSE** Charging for access to or usage of solution	**DEPENDENT PRICING** Pricing based on time, distance, or other factors
C2C Consumer to Consumer	**DONATIONS/GRANTS** Funds that doesn't need to be repaid	**TIERED PRICING** Pricing levels or packages
B2G Business to Government	**ADVERTISING** Selling access to your customer base	**FREEMIUM PRICING** Free version with upgrade option(s)
	CONTRACT Selling your expertise or capacity to accomplish a project or outcome	**ENTERPRISE PRICING** Unique pricing for large customers

What are your current revenue stream(s)?

What new revenue stream(s) could you consider?

TARGET: HOW AND WHAT TO CHARGE

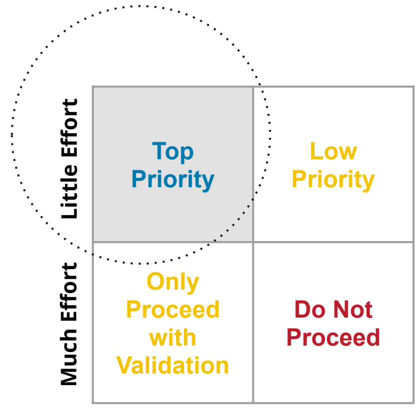
Next Steps, Part 1 **Identify one or more potential revenue streams** for each of the pivot opportunities you outlined in your asset map in Module I.



Asset / Pivot Opportunity	Potential Revenue Stream(s)		
Add a pivot opportunity that you identified in Module I to each row	*Checkmark the business model option(s) in each column of the chart below that would best fit this pivot opportunity.*		
	Who will exchange money?	**How will you make money?**	**How will you price?**
	B2B **B2C** **C2C** **B2G**	**TRANSACTION-BASED** **SUBSCRIPTION/LICENSE** **DONATIONS/GRANTS** **ADVERTISING** **CONTRACT**	**FLAT PRICING** **DEPENDENT PRICING** **TIERED PRICING** **FREEMIUM PRICING** **ENTERPRISE PRICING**
	Who will exchange money?	**How will you make money?**	**How will you price?**
	B2B **B2C** **C2C** **B2G**	**TRANSACTION-BASED** **SUBSCRIPTION/LICENSE** **DONATIONS/GRANTS** **ADVERTISING** **CONTRACT**	**FLAT PRICING** **DEPENDENT PRICING** **TIERED PRICING** **FREEMIUM PRICING** **ENTERPRISE PRICING**

TARGET: HOW AND WHAT TO CHARGE

Next Steps, Part 2 **Assemble a simple budget** for your "top priority" pivot opportunities (those in your "High Impact/Little Effort" quadrant), including your anticipated costs and anticipated revenue per sale.



START-UP EXPENSES ***(One-time development costs)***		
	Expense	**Amount**
	i.e. Hiring a web designer to set up your website	*$500*
	TOTAL STARTUP EXPENSES	$

Add your anticipated startup expenses for this potential pivot here.

Calculate a sum total of all of your anticipated startup expenses here.

Note: *Because business pivots usually require an initial investment in the form of* ***startup costs****, it may take a few months before your pivot is profitable.*

You can calculate your ***"break-even point"*** *(the month in which your monthly profit will cover your startup costs) by dividing your total startup expenses (on this page) by the total monthly profit you calculate on the next page.*

This calculated amount is the number of months it will take to "pay off" your startup expenses!

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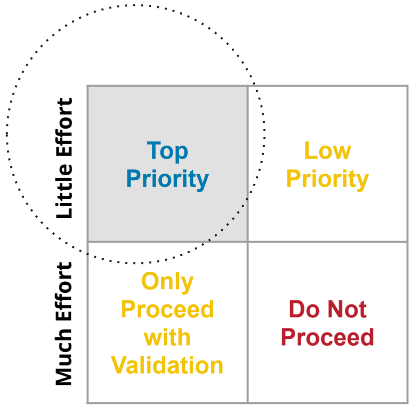
TARGET: HOW AND WHAT TO CHARGE

Next Steps, Part 2 **Assemble a simple budget** for your "top priority" pivot opportunities (those in your "High Impact/Little Effort" quadrant), including your anticipated costs and anticipated revenue per sale.



MONTHLY EXPENSES		
	Expense	**Amount**
	i.e. Storage facility monthly rental fee	*$400*
	TOTAL MONTHLY EXPENSES	$
MONTHLY REVENUE		
	Revenue Stream	**Amount**
	i.e. B2B monthly sales of eco-friendly cosmetics	*$2,000*
	TOTAL MONTHLY REVENUE	$
MONTHLY PROFIT		$

Add your anticipated monthly expenses for this potential pivot

Calculate a sum total of all of your anticipated monthly expenses

Add your anticipated monthly revenues for this potential pivot

Calculate a sum total of all of your anticipated monthly revenues

Calculate your revenue minus your expenses to see your anticipated monthly profit

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TARGET: HOW AND WHAT TO CHARGE

Next Steps, Part 3 **Understand how your competitors make money!** Conduct a competitive analysis to research how alternative solutions are priced and sold.

Hint: Consider <u>any</u> potential alternative your customer may buy.

Step 1: Make a list of your **direct competitors**, or the alternative solutions that *closely resemble* the solution you will provide.

<u>Direct Competitors</u>

- *i.e. Lyft is a **direct competitor** to Uber*
-
-
-
-
-

Step 2: Make a list of your **indirect competitors**, or the alternative solutions that *look or function differently* from the solution you will provide, but that customers may substitute anyway.

<u>Indirect Competitors</u>

- *i.e. a personal car and a public bus are **indirect** competitors to Uber*
-
-
-
-
-

Step 3: **Research** your direct and indirect competitors' revenue models. Track your research on the chart on the next page.

<u>Try to Answer these Questions about Competitors:</u>

- What products/services do they offer?
- What do these products/services cost?
- Who is exchanging money? (B2B, B2C, C2C, B2G)
- How are they making money? (transaction-based, subscription/license, donations/grants, donations/grants, advertising, contract, other?)
- What is their pricing model? (flat pricing, dependent pricing, tiered pricing, freemium pricing, enterprise pricing, other?)

TARGET: HOW AND WHAT TO CHARGE

Next Steps, Part 3 **Understand how your competitors make money!** Conduct a competitive analysis to research how alternative solutions are priced and sold.

Hint: Consider any potential alternative your customer may buy.

Step 4: **Take notes** on the insights and big ideas that you uncover during your competitive analysis using a **competitive landscape chart** like the one below. If you need more room, create your own chart in Google Sheets.

Competitor Name & Website	Products/ Services	Product/ Service Prices	Who Exchanges Money?	How Do They Make Money?	What is Their Pricing Model?
Example: DreamLights	*Solar outdoor safety lights*	*$99 for a set of 4 lights*	*B2C*	*Transaction-based*	*Flat pricing*

Step 5: After your research, **document any changes or new ideas** that you can incorporate into your business model, pricing, and revenue streams.