



*jumpstart*

**What's My Profit Plan?**

# Agenda

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- Pricing
  - Types
  - Value-based Pricing
- Creating your Profit Plan
  - Marketing
  - Revenue
  - Costs
  - Summary
- Action Items

# Pricing Strategies

## Cost-plus

= Costs + (1 + XX%)

- Pros:
  - Simple
  - Consistent
- Cons
  - Ignores customers
  - Might not cover all costs
- Good ex: [Everlane](#)

## Competition-based

≈ Competitors

- Pros
  - Simple
  - Evolves with market
- Cons
  - Ignores customers
  - Relying on competitor research

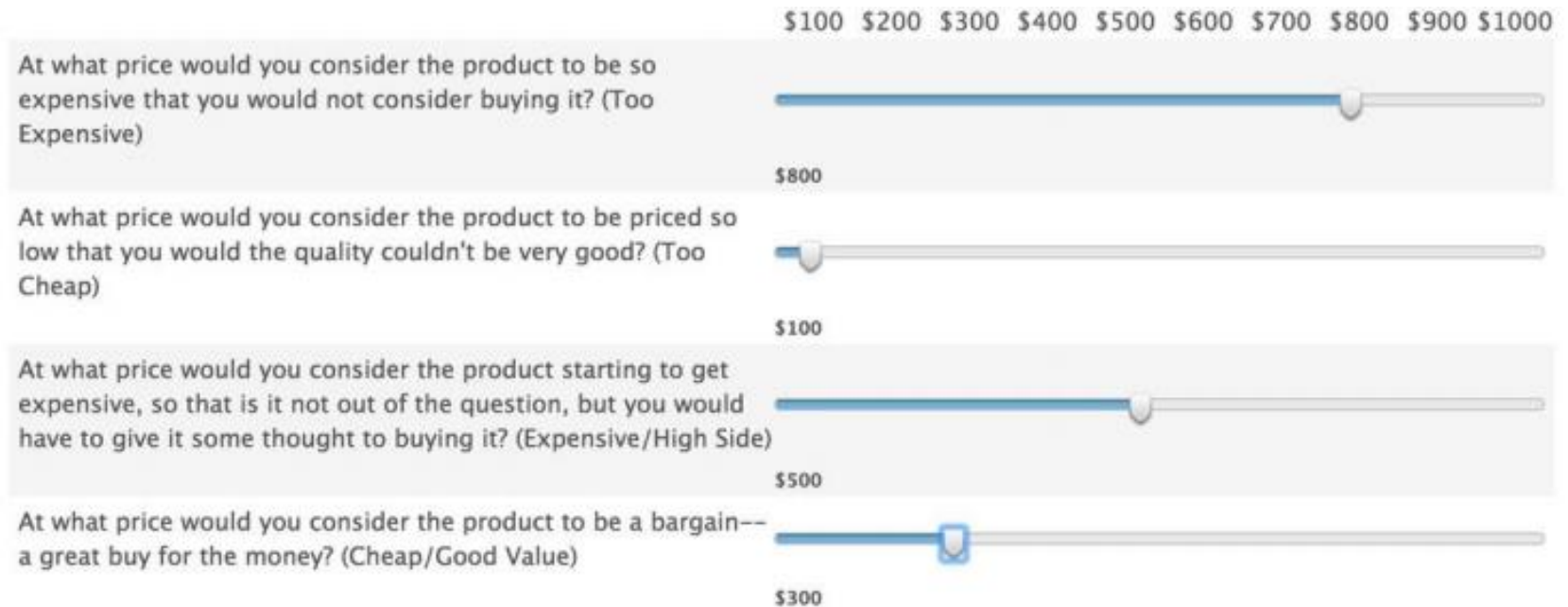
## Value-based

= Customers' WTP

- Pros
  - Customer-focused
  - Evolves with customer
- Cons
  - Takes time & effort

# Value-based Pricing

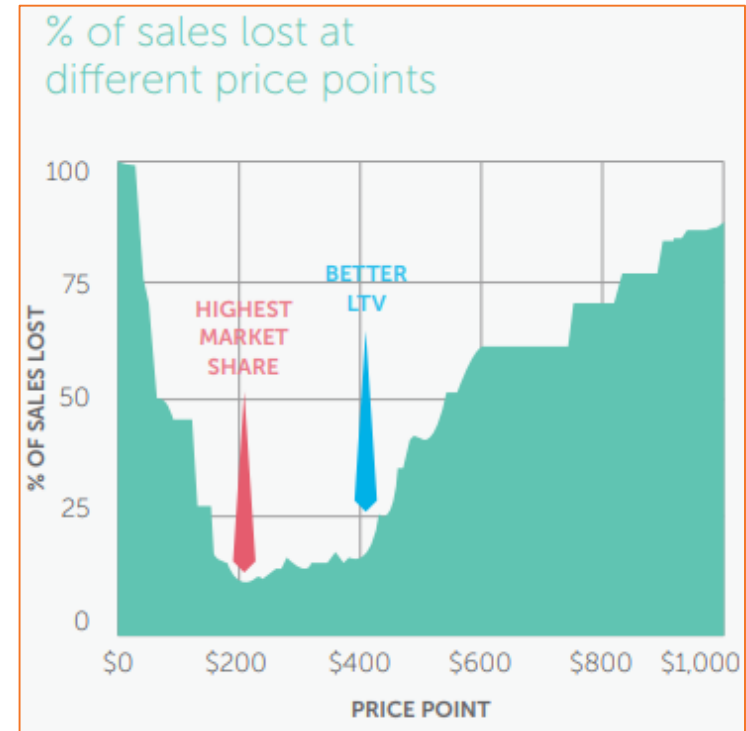
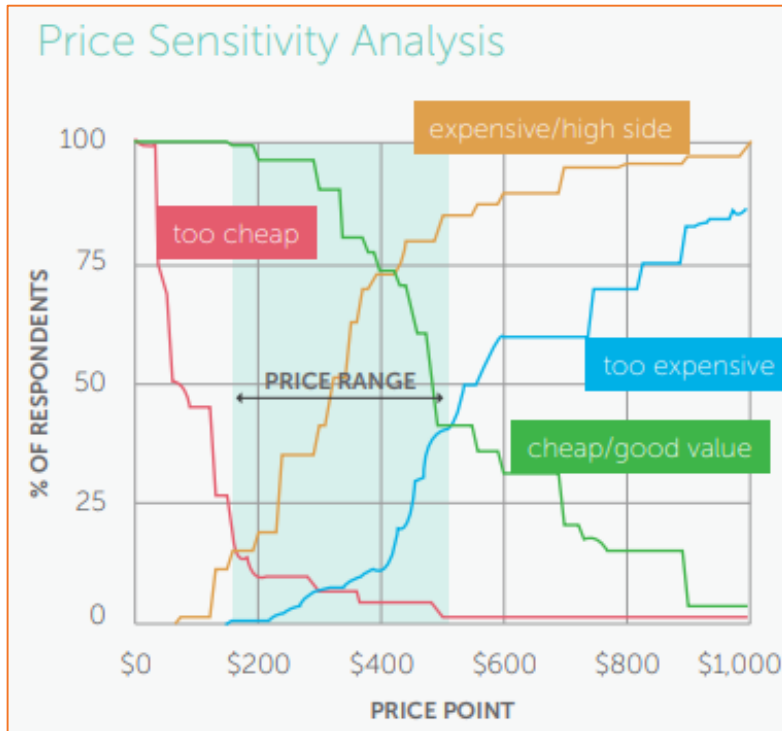
## Willingness To Pay



Source: [The Anatomy of SaaS Pricing Strategy](#), pg. 42

# Value-based Pricing

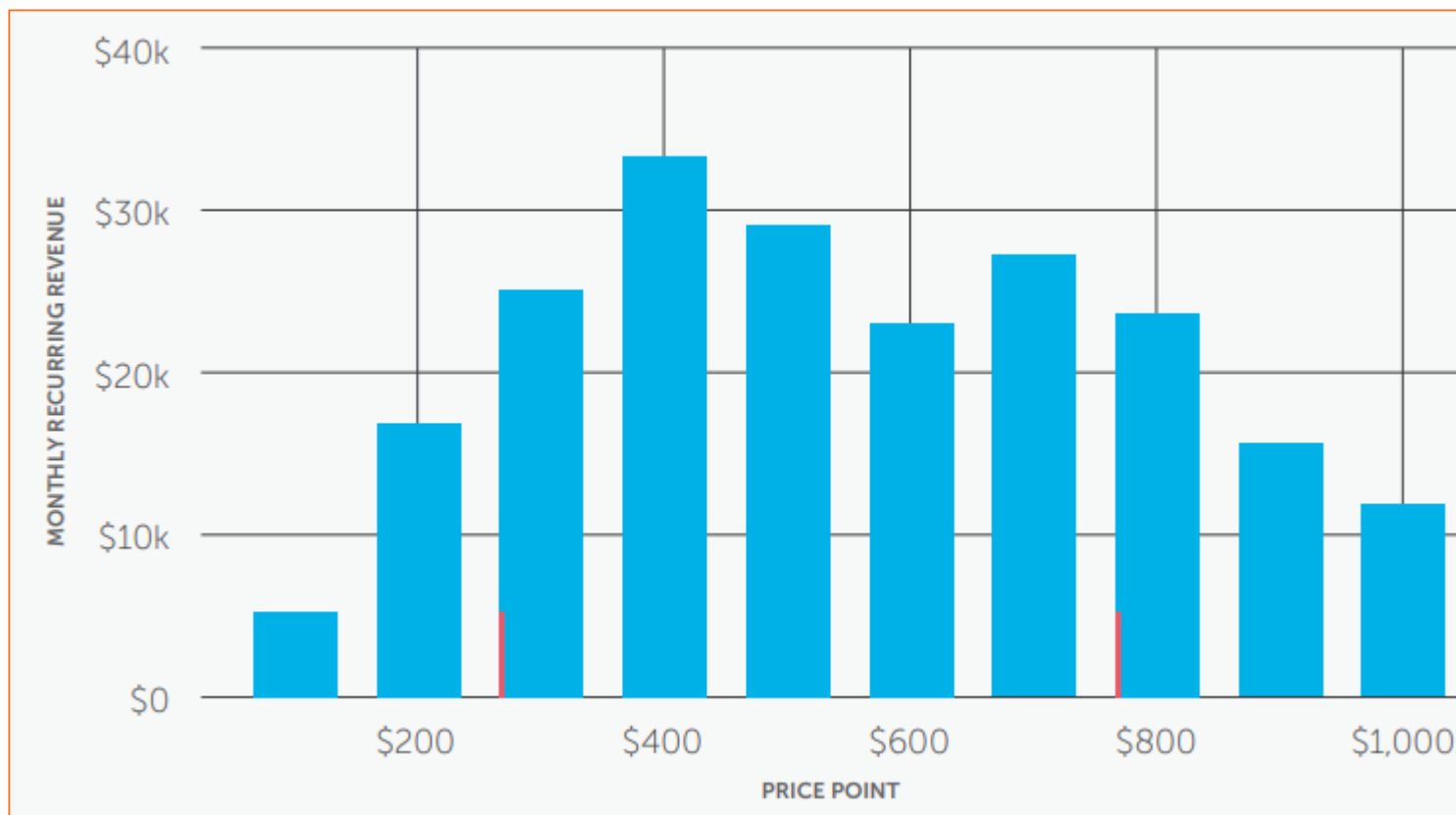
## Your Price Range



Source: [The Anatomy of SaaS Pricing Strategy](#), pg. 43

# Value-based Pricing

## Optimal Price



# Value-based Pricing

## Value Proposition

### RELATIVE WILLINGNESS TO PAY BASED ON VALUE PROPOSITION



N = 4,814 Current, Former or Prospective Customers of Asana and Basecamp

Value Proposition Chosen



Source: [SIMPLE VS. COMPLEX PRICING: BASECAMP VS. ASANA](#)



# Pricing Summary

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- Value-based Pricing = Customer-focused
- Willingness to Pay
- Pricing = % market X potential revenue
- Value Proposition is super important



# Creating a Budget Profit Plan

AKA Financial Projections, Financial Model, Forecast, Pro Forma

[Maximum Value Partners  
podcast link](#)

# Profit Plan

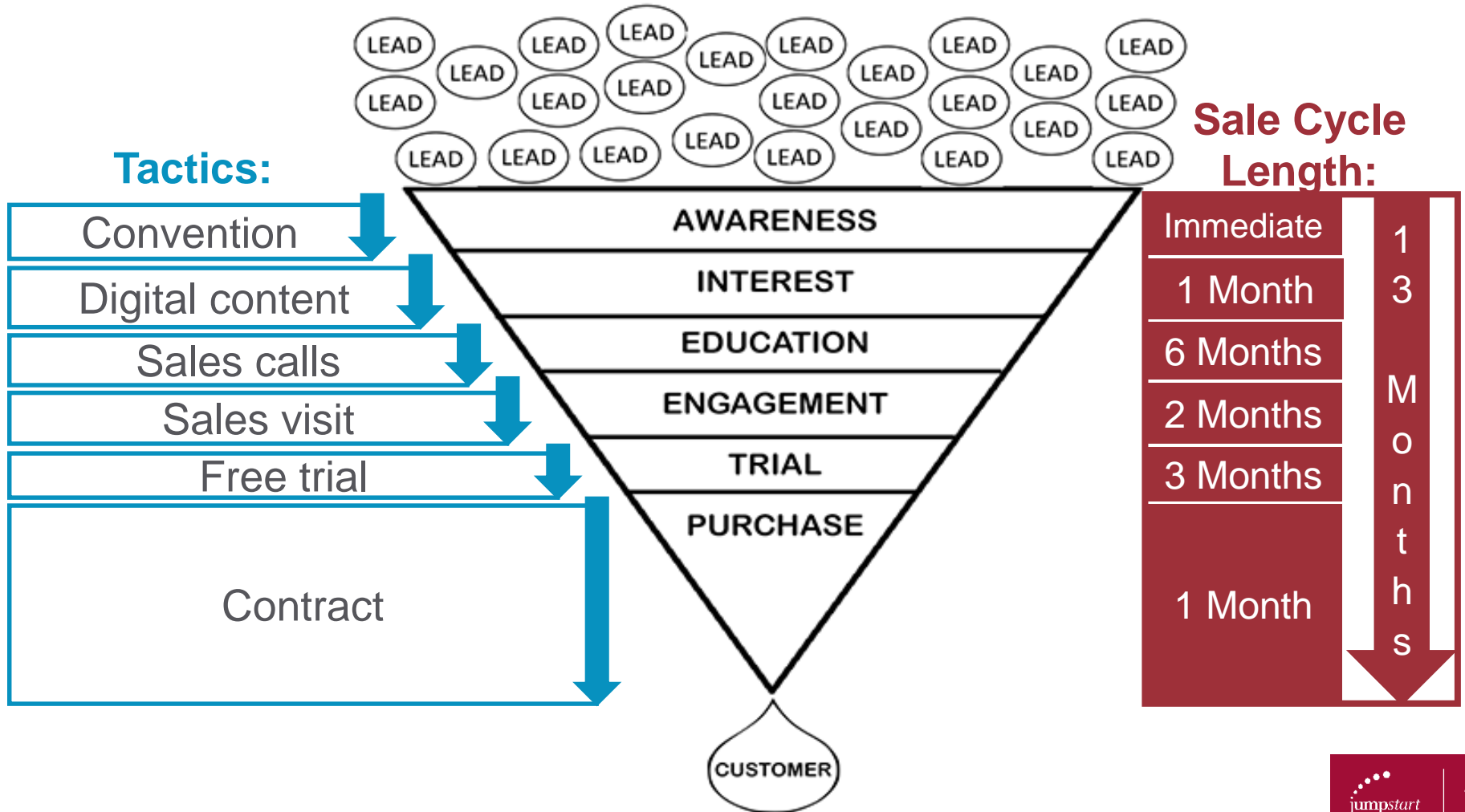
## Revenue & Marketing

Revenue = Units X Price

Units = Marketing X Conversion Rates

# Profit Plan

## Sales Funnel – Idea



# Profit Plan

## Sales Funnel – Numbers

Telesales		Jan-21	Feb-21	Mar-21	
		# of callers:	1	2	3
Calls / Caller / Mo	600				
Prospect conversion %	5%	# of prospects:	30	60	90
Opportunity conversion %	30%	# of oportunities:	9	18	27
Sale conversion %	50%	# of sale conversion:	5	9	14
Cost /caller / month	\$ 2,600	CAC	\$520	\$578	\$557
Email Campaigns		Jan-21	Feb-21	Mar-21	
		# of campaigns:	4	3	5
Contacts/campaign	200				
Open Rate %	10%	# of prospects:	80	60	100
Click Rate %	20%	# of opportunities:	16	12	20
Sale conversion %	17%	# of sale conversion:	3	2	3
Cost of a campaign	\$ 200	CAC	\$267	\$300	\$333

# Profit Plan

## Which Units?



		Jan-20	Feb-20	Mar-20
Total Units Purchased		103	91	130
Sales breakdown				
Wraps	31%	32	28	40
Headbands	22%	23	20	29
Luxe Headbands	12%	12	11	16
Baby Headbands	20%	20	18	26
Scrunchies	12%	12	11	16
Kinky Curly Frontal Wig	1%	1	1	1
Kinky Straight Frontal Wig	1%	2	1	2
Water Wave Wig	1%	1	1	1
Total		100%		
Prices				
Wraps	\$ 30.00	947	837	1,196
Headbands	\$ 20.00	459	405	579
Luxe Headbands	\$ 40.00	496	438	626
Baby Headbands	\$ 15.00	304	269	384
Scrunchies	\$ 7.00	87	77	110
Kinky Curly Frontal Wig	\$ 175.00	197	174	249
Kinky Straight Frontal Wig	\$ 215.00	323	286	408
Water Wave Wig	\$ 150.00	113	100	142
Revenue		\$ 2,927	\$ 2,586	\$ 3,694

[Perfect Pineapple Wraps link](#)

# Profit Plan

## Direct Costs

Direct Costs = directly related to creating or acquiring the product / service

- AKA
  - Cost of Goods Sold (COGS)
  - Variable Costs
  - Cost of Sales
- Examples:
  - Direct Labor
  - Direct Materials

# Profit Plan

## Indirect Costs

Indirect Costs = almost everything else

- AKA
  - Operating Expenses
  - Fixed Costs
  - General & Administrative Expenses
  
- Examples:
  - Insurance
  - Rent
  - Management salaries
  - Accounting
  - Office supplies
  - Marketing



# Profit Plan

## Monthly Summary

	Jan-20	Feb-20	Mar-20
<b>Revenue</b>			
Private Sessions	\$ 3,950	\$ 4,135	\$ 4,789
Yoga	\$ 800	\$ 950	\$ 2,100
Retail	\$ 275	\$ 275	\$ 629
<b>Total Revenue</b>	<b>\$ 5,025</b>	<b>\$ 5,360</b>	<b>\$ 7,518</b>
<b>Direct Costs</b>			
Retail	\$ 163	\$ 163	\$ 373
Trainers	\$ 500	\$ 500	\$ 1,000
<b>Total Direct Costs</b>	<b>\$ 663</b>	<b>\$ 663</b>	<b>\$ 1,373</b>
<b>Gross Profit</b>	<b>\$ 4,362</b>	<b>\$ 4,697</b>	<b>\$ 6,145</b>
Gross Margin	87%	88%	82%
<b>Indirect Costs</b>	<b>\$ 10,039</b>	<b>\$ 5,039</b>	<b>\$ 4,918</b>
<b>EBITDA</b>	<b>\$ (5,677)</b>	<b>\$ (342)</b>	<b>\$ 1,227</b>
EBITDA Margin	-97%	3%	12%

# Action Items

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- Pricing
  - Talk to customers
  - Use the pricing spreadsheet
  
- Profit Plan
  - Create sales funnels
  - Estimate %s sold
  - List direct costs
  - List indirect costs
  - Create a monthly Profit Plan



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Phelan Spence

[Phelan.spence@jumpstartinc.org](mailto:Phelan.spence@jumpstartinc.org)