
Profit Margins

When Manufacturing your product

To calculate your profit margins

1. Create a list of your ingredients below.
2. Then using the **Cost of product formula** calculate how much you pay for each ingredient.
3. Tally up the cost of all ingredients.

Create a list of your ingredients below:

Ingredient
Price
Size of ingredient

(i.e. Milk 4.00/ gallon)

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2. Use the **Cost of product Formula below** to calculate how much each exactly you spend on each ingredient to make your product:

Convert

Size of ingredient to units used in recipe (*i.e. 1 gallon = 16 cups*)

Multiply

Multiply converted units by number of products recipe yields = **total number of products you can make with this ingredient** (*i.e. 16 cups x 1 dozen = 192*)

Divide

Cost of ingredient divided by total number of products you can make with this ingredient = **How much this ingredient costs you** (*i.e. \$4.00/192 = \$0.02*)

<p>1. Convert</p> <p>2. Multiply</p> <p>3. Divide</p>
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3. Tally up the totals from each of your ingredients-**How much does it cost you to make each product you sell?**

<p>\$:</p>

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Dropshipping your product

Create a list of vendors you would like to purchase your products from:

Best Prices

1.

Fastest Delivery Window

1.

Best refund/return policy

1.

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How much will it cost you to purchase this product from your vendor?
(include sales tax and shipping)

\$:

Market value

How much do you want to charge for your product?

\$:

How much are your competitors charging for the same product?

List three of your **competitors prices** below:

1.
2.
3.

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Congratulations!!! You have done the bulk of the work that will assist you with all other areas of your business going forward. Pat yourself on the back for taking the time to do the work.

CHEERS!!!  