MODULE 4 EXERCISE

**- Costs -**

**1. Take a few minutes to think about all the costs involved in
Marketing, producing, and delivering your product or your service?** ( your “cost of sale”) You may want to look back to your drawing of your business model.

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**2. Next, think about all the other activities that will support the day-to-day running of your business. What are these monthly costs?** (your ”overhead costs”)

Consider: *Accounting Fee; Administrative Costs; Bank Charges; Computer Expenses (Software subscriptions, website fees); Training; Consulting Fees/ Freelancers; Couriers & Postage; Entertainment Insurance; Legal fees; Marketing & Branding; Office Expenses (Cleaning, coffee/tea/ milk); Parking; Petrol; Printing & Stationery; Rent & Security; Salaries & Wages; Staff Welfare; Tax; Telephone & Internet; Travel & Accomodation*

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**3. Finally, are there any costs that you have to pay before you can start producing and selling your product or service?** (buying equipment, software development etc)

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**4. Remember that Break-even point = Gross profit (Income - Cost of Sales) - Overhead costs.** Therefore to break-even or become more profitable, you need to ensure you keep your costs to a minimum, but without compromising on quality.

*Which are your largest costs?*

*Identify the most important costs in delivering your business model.*

*Which costs can be reduced or shared? (Partnerships/ using public resources etc.)*

**Once you are happy with the costs associated with your business you can write a description of your costs in the Costs block of your Canvas.**