

Objective 5.02 Content Outline

Knowledge/Skill

Understands concepts and strategies utilized in determining and adjusting prices to maximize return and meet customers' perceptions of value

Performance Indicators

Determine cost of product (break-even, ROI, markup) (PI:019)

Calculate break-even point (PI:006, PI LAP 4)

Set prices (PI:007)

Objectives

1. Define the following terms: break-even, ROI, and markup.
2. Explain the role of break-even in determining the cost of product.
3. Describe the use of ROI in determining the cost of a product.
4. Discuss the use of markup in determining the cost of a product.
5. Explain factors to consider in determining the cost of a product.
6. Demonstrate procedures for determining the cost of a product.
7. Identify examples of fixed expenses.
8. List examples of variable expenses.
9. Cite examples of mixed/semi-variable expenses.
10. Explain the importance of break-even in setting prices.
11. Calculate the break-even point for a product in units.
12. Calculate the break-even point for a product in dollars.
13. Define the following terms: floors, ceilings, and elasticity.
14. Describe the importance of determining pricing floors and ceilings.
15. Explain process for setting prices.
16. Estimate demand for product.
17. Implement process for setting prices.