


# Financials for New Business

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## Primary tabs

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Every successful business has to plan its finances. What is the best strategy to follow? Learn about how fixed versus variable costs can affect the financial results of a given company. Costs need to be monitored so that they are part of the success of a company rather than a risk.

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## Take a look at this presentation.

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It will take you through the main issues of business costs. How can we categorise different types of costs? Which is the best strategy for each company regarding pricing?

[Download the File](#)

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Now that you have acquired some knowledge, let's see how to put this theory into practice. Go through these steps together with your buddy:

### Step 1

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Make a list of different costs of your new business. Initially focus on direct costs. Then on indirect costs. Which ones can be considered variable costs? Which ones are fixed?

### Step 2

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Using your experience, as well as referring to research, create an estimate of how much it will cost you to produce 100 units of your given product.

Tip: You can use one of the ideas you had created with your buddy in the first learning unit of this competence!



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Have a quick discussion with your buddy on whether you would prefer to focus on a costs-driven approach or a value-driven approach or a mixed approach of both. For the former, what ways can you think of decreasing costs? Which ones can also be applied to a business that focuses on high value?

**Make a financial plan by taking note of all costs and your pricing strategy and have it uploaded in the work.it area.**

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**Think of businesses you like!**

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Do you think they involve costs or are they value driven? Can you think of alternative products or services that are of lower or higher value? What different customers do they attract? Are there differences in age or place of residence?

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