

# Buying Merchandise and How to Make a Profit for Your Business

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FOR THE LIFE OF YOUR BUSINESS

# Topics

- Vendors
- Suppliers and Quantity
- Pricing
- Inventory Management
- Question & Answer

# Vendors

- Have several vendors to compare products save money by comparing.
- Find the right vendor with the best pricing for your product line.



# Suppliers and Quantity



- Consider the freight cost vs a local supplier.
- Your goal is to buy the right quantity at the right price level.

# Pricing

- What gross profit margin are you aiming for to cover your expenses and end with a profit?
- Determine the markup price that is comparable to the market price.
- Price your items at a competitive level.

$$\text{Gross profit} = \text{Net sales} - \text{COGS}$$

$$\text{Markup \%} = \frac{\text{Selling Price} - \text{Cost}}{\text{Cost}} \times 100$$



# Pricing



- Take some items that are your best sellers an increase margin on those.
- Offer special discounted pricing at certain times of the year as an incentive.
- Offer quantity price discounts on large orders.

# Inventory Management

- Clean up poor-selling items.
- Never be out of your best-selling items.



**#1 Best Seller**

# Question & Answer



# Thank you for your Time and Attention

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