

■ Business Basics Cheat Sheet ■

Everything You Need to Know for the \$1 Challenge!

■ FIND PROBLEMS TO SOLVE

Ask: What do people NEED right now?

- Who's hungry? → Sell snacks!
- Who forgot supplies? → Sell pencils!
- Who's bored? → Offer entertainment!

TIP: The bigger the problem, the more you can charge!

■ MARKET RESEARCH

Before selling, FIND OUT what people want:

- Ask 5 people: "What would you buy?"
- Watch what people complain about
- Check what's already selling well

TIP: Don't guess - ASK your customers first!

■ PRODUCTS vs SERVICES ■

PRODUCTS: Buy things, sell for more

Ex: Buy candy pack → sell pieces

SERVICES: Use your time & skills

Ex: Organize desks, draw pictures

TIP: Services = no inventory needed!

■ PRICING STRATEGY

Price TOO HIGH = No customers

Price TOO LOW = No profit

Sweet Spot = What people will PAY

Desperate customers pay MORE!

TIP: Start higher - you can always lower prices!

■ PROFIT MARGIN

PROFIT = Money Earned - Money Spent

Example: Sell candy for \$0.25

You paid \$1 for 10 pieces = \$0.10 each

Profit per candy: $\$0.25 - \$0.10 = \$0.15$

TIP: Know your cost BEFORE setting prices!

■ BREAK-EVEN POINT

The moment you get your money back!

Formula: $\text{Cost} \div \text{Price Per Sale}$

Ex: $\$1 \text{ cost} \div \$0.25 \text{ each} = 4 \text{ sales}$

After 4 sales, everything is PROFIT!

TIP: The faster you break even, the better!

■ REVENUE vs PROFIT

REVENUE = All money that comes IN

PROFIT = What you KEEP after costs

Ex: Made \$3 (revenue) - \$1 (cost)

= \$2 profit (what you keep!)

TIP: Revenue is vanity, PROFIT is sanity!

■ RETURN ON INVESTMENT (ROI)

How much you made vs. what you spent

ROI = $(\text{Profit} \div \text{Cost}) \times 100$

Ex: $\$2 \text{ profit} \div \$1 \text{ cost} \times 100 = 200\%$

You DOUBLED your money!

TIP: Higher ROI = smarter investment!

■ GETTING CUSTOMERS

- Tell EVERYONE what you're selling
- Give great service → they tell friends!
- First customer is HARDEST to get
- Ask happy customers to spread word

TIP: Word of mouth is FREE advertising!

■ REINVEST TO GROW

Don't spend ALL your profit!

Use profit to buy MORE inventory

\$1 → \$3 → \$9 → \$27 → \$81...

This is how businesses GROW!

TIP: Reinvesting is how \$1 becomes \$1000!

■ THE SUCCESS FORMULA ■

Find a Problem → Create a Solution → Price it Right → Sell to Customers → Reinvest Profit → REPEAT!