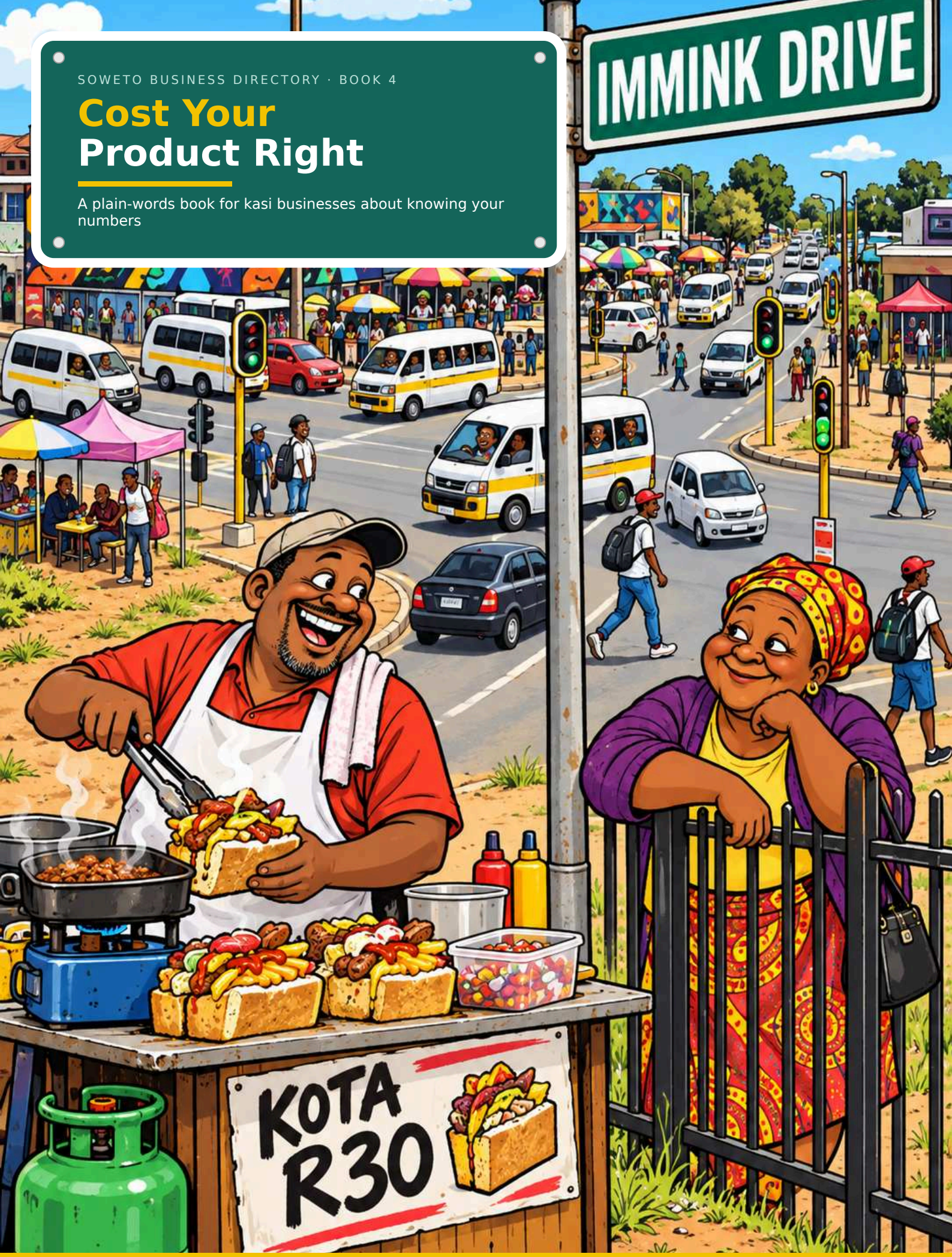
SOWETO BUSINESS DIRECTORY · BOOK 4

Cost Your Product Right

A plain-words book for kasi businesses about knowing your numbers



By Mendi Taukwena

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SOWETO BUSINESS DIRECTORY

Cost Your Product Right

Illustrated edition

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Chapter 1: The Guessed Price

Why working hard is not the same as making money

You can sell out every single day and still go backwards. It happens all the time, to people who are not lazy and not stupid. The queue is there, the stock moves, the hands never stop - and at the end of the month there is nothing to show for it. Not because business is bad. Because the price was a guess.

Bra Vusi sells kotas outside the rank, and business looks good. From twelve o'clock the queue forms: scholars, taxi drivers, two nurses on their break. He charges R25, because the guy two stalls down charges R25, and that is how the price was decided - one look sideways. He is busy until the bread runs out. But month-end comes, and month-end is honest: the money is not there. He works harder the next month. Same result. **Mama Rose**, across the road, sells scones with a quieter table and a shorter line. She just bought a second-hand freezer, cash. The difference is not luck and it is not hustle. Mama Rose knows what one scone costs her - down to the spoon of sugar and the plastic bag. Bra Vusi's price came out of the air.

Quick numbers, just to feel it

Bra Vusi: 50 kotas at R25 = R1,250 in sales. Counted honestly, one kota costs R27 - the ingredients, plus his share of the gas, the taxi, the bags and his own hours. 50 x R27 = R1,350. He is R100 down for the privilege of working all day.
Mama Rose: 20 scones at R15 = R300 in sales. Counted the same honest way, one scone costs R8 - the ingredients, plus her share of the gas, the taxi, the bags and her own hours. 20 x R8 = R160. Her profit for the morning is R140, after all of those costs.



Full hands, leaking pocket.

What the price forgot

Copying the neighbour's price copies his problems too. You do not know his costs. You do not know his rent, his deal with the wholesaler, or how many months he has been sinking while looking busy. Maybe he is also guessing, and his guess is also wrong - now there are two of you, selling at a loss, wondering where the money goes.

> **His price is not a fact. It is just his answer to the same question you have not asked yourself yet.**

The small things are not small. The atchar, the plastic bag, the gas, the taxi fare to the wholesaler and back, the airtime for taking orders, the kota that burns and the one that goes to your nephew - none of them arrive with an invoice, so none of them made it into the R25. But every one of them was paid for, out of the same till. A cost you forget is still a cost. It just becomes a surprise at month-end.

> **Busy is not the same as paid.**

A queue feels like winning, and that feeling is exactly the trap. If every kota carries a hidden loss of two rand, then a longer queue does not fix anything - it just loses money faster, with better music. The number decides whether the queue is building something or only keeping you too busy to notice.



She knows the cost of one. That is the whole secret.

A price you can explain is a price you can stand behind. Mama Rose is not cleverer than Bra Vusi. She just asked one question he has not asked: what does one actually cost me? Chapter 2 starts there. We take your best seller and count everything inside it, line by line, until the real cost of one is looking at you from the page.

Sho't left, do this today

1. Pick your best seller - the one thing you sell the most of.
2. Take one clean page. List everything that goes into making one: the big things like bread and filling, and the small things like atchar, the bag, the gas, and your taxi fare's share.
3. Under the list, write the price you charge. Next to it, write your honest guess of what one costs you. Do not count yet - just guess.
4. Keep the page somewhere safe. In the next chapter we count it line by line, and you will see how close your guess was.

Bra Vusi and Mama Rose are made-up characters, and the numbers above are just to show the idea. The guessed price is real - most of us picked ours by looking at the stall next door.

Chapter 2: The Cost of One

Counting your best seller, line by line

The guess ends tonight. Take out the page from Chapter 1 - the one with your best seller, your price, and your honest guess of what one costs you. Make some tea. We are going to count the real number, as honestly as we can.

Bra Vusi could not take one more month-end surprise. So one Tuesday he closes the stand early, carries his exercise book across the road, and asks Mama Rose to show him. She does not even touch a kota. "We count the whole day first," she says, "then we divide by what you actually sold." Down the page they go, everything that day cost him: the bread R225. The fillings - polony, cheese, atchar, sauces - R500. The chips R275. The plates, bags and serviettes R75. The gas R25. The taxi fare to the wholesaler and back R50. The airtime for taking orders R25. The corner he rents from the butcher R75. Then Mama Rose asks the uncomfortable one: "And your time?" Vusi decides his morning of prepping, cooking and selling is worth R100 to him - not a wage, just an honest allowance so his own hours are not free on paper. **The page adds up to R1,350. He sells 50 kotas in a day, so one kota costs R1,350 divided by 50: R27. He has been selling it for R25.** Vusi stares at the book. "So the customer was eating my two rand." Mama Rose sips her tea. "Every day, my broer. You just never sent it an invoice."

"Wait," says Vusi. "Do we not add the burnt one? And my nephew's free one?" Mama Rose shakes her head. "Already inside. We counted everything you made, and we divided by what you sold. Count them there - never twice."



The kota was robbing him - with his own hands.

The divide game

Everything big divides into one. Count the whole day, or the whole batch, first - the bread, the fillings, the gas, the lot - then share it over what you actually sold. The gas bottle lasts so many days, so each day's gas divides over the kotas sold that day. The taxi fare, the airtime, the rent for the spot: the same treatment, until every cost has its small share of one item. There is no fancy maths here. The till slips tell you what the day cost, the calculator on your phone does the sharing, and the answer is just the answer.

> **Count what you sell, not what you make.**

This is the quiet rule behind the whole page. You made 52, you sold 50 - so the day's costs divide by 50. The burnt ones and the free ones are counted in that moment, once, because their costs land on the ones that did sell. Add them again as a separate line and you are charging yourself twice for the same kota. And if you sell more than one thing, pick one honest way to share the costs between them - say the gas goes by how much cooking each product takes - then keep that same way every month, so this month's page can talk to last month's page.

Your own hours get a line too. Just an allowance you choose for yourself, so the business stops pretending your morning was free. Some lines will be estimates, and that is fine: write your best honest estimate, write the date next to it, and fix it when the real slip arrives. **The page can only be as true as what you write on it - so give it your best truth.**

The number is the truth, not the verdict. Finding R27 on the page does not force you to do anything tonight. It does not mean "charge more tomorrow" - maybe the answer is a smaller portion, or a different supplier, or dropping the item that never carried its weight. All of those are Chapter 3. Tonight the only job is to know. A cost you have counted can be managed. A cost you have guessed manages you.

> **If you have never counted one, you do not have a price - you have a hope.**



Every big price gets divided into one.

A counted cost cannot surprise you twice. Chapter 3 picks up from the painful part: what to actually do when the real cost comes out higher than the price - portions, suppliers, and raising a price without losing the queue.

Sho't left, do this today

1. Take out your Chapter 1 page - best seller, price, and your guessed cost.
2. Write down everything the day (or the batch) costs you: today's till slips, or phone the wholesaler and ask. Every line on the page.
3. Divide the total by what you actually sold, not what you made. The calculator on your phone is enough.
4. Check that the invisible lines are in: the gas share, the transport, airtime, your spot's share of rent, and your own time allowance - what your morning is honestly worth to you.
5. Write the real cost next to your price, date the page, and look at the two numbers without flinching. Change nothing yet. Knowing comes first.

Bra Vusi and Mama Rose are made-up characters, and their prices are just to show the method. The till slips are real - yours are waiting to be counted.

Chapter 3: When the Number Beats Your Price

Portions, suppliers, and raising a price without losing the queue

So the page told you the truth, and the truth is rude: the thing costs more to make than you sell it for. Now what? This is the chapter where most people panic and do the one thing that kills a business quietly. Do not panic. There are three doors, and we are walking through all of them.

Bra Vusi slept badly after the R27. His first thought was the dark one: smaller kotas, less cheese, thinner atchar - the quiet shrink, where the customer pays the same and gets less, and nobody says anything. Mama Rose killed that idea before his tea cooled. "The day your customer notices the kota shrinking is the day she starts eating elsewhere, and she will never tell you why." Instead they opened the exercise book again and worked the three doors. **Door one: shrink the cost, not the kota.** He joined the butcher's bulk run, so the bread dropped from R225 to R200 and his taxi fare from R50 to R25. A different wholesaler took the fillings from R500 to R450. An honest scoop - the same scoop every time, not a smaller one - settled the chips at R250. New day cost: R1,225. One kota: R24.50. **Door two: move the price, in the open.** The kota goes from R25 to R30, with a small neat sign: "Kota R30 - same size, same taste, still worth it." **Door three: change the menu.** The ribs special got its own page, the way Chapter 2 taught - and its page never balanced, so the ribs went. It changed nothing on the kota's numbers; it just stopped eating his gas and his attention. New maths on the kota: R30 minus R24.50 is R5.50 on every one. If the 50 keep coming, that is R275 on a full day - from minus R100 in Chapter 1 to plus R275, with the same hands. Whether the 50 keep coming is a question only the week can answer, so Vusi counts again on Saturday.



Three doors, one page of numbers.

The three doors

Door one: shrink the cost, not the customer. Every big line on your page has a question hiding in it. Can the same thing come from a cheaper supplier? Can a bulk trip be shared with the business next door? Is a portion bigger than it needs to be - not smaller than promised, just honestly right-sized, the same every time? Shaving R125 off Vusi's day changed his whole month, and no customer tasted the difference. That is the rule: the saving must be invisible to the customer, or it is not a saving - it is a slow goodbye.

Door two: move the price in the open. If the price has to go up, say so, once, in one honest sentence - and then keep the quality where they can see it. Some people will grumble for two days. Vusi's queue stayed, because his kota is worth it - but yours is a different queue, so test it. Watch the week, then count again: if fewer sell, the rent and your hours divide over fewer kotas, and the cost of one climbs. Check the new page before you celebrate. What never comes back is the customer who felt fooled. Five small silent cuts will lose you more people than one honest increase.

> **If the price has to move, move it in the open - never shrink the kota quietly.**

Door three: change the menu without mercy. Some items are passengers. They take shelf space, gas and attention, and their page never balances. Cost every item on its own page, the way Chapter 2 taught you - yes, even the scholar special before you promise it - and drop the ones that never carry their weight. A small menu of winners beats a long menu of hopes.



The price moved. The queue stayed.

And the R275 is not pocket money. Remember what is already inside the page: the day's sales first replace the day's costs - the stock, the gas, all of it - and Vusi's own hours are already covered by his R100 allowance. What is left is the business's own money: for the rainy day, for growing, for the chance he cannot see coming yet. Chapter 4 is where the profit gets its jobs, before the pocket gets ideas.

Sho't left, do this today

1. Take out your Chapter 2 page and circle the three biggest cost lines.
2. Next to each one, write one saving idea: a cheaper supplier, a shared trip, or an honest portion. Savings the customer cannot taste.
3. If the price must move, write the new price and the one honest sentence you will tell your customers. Say it out loud until it sounds like you.
4. Cost every item on your menu on its own page - including any cheap special before you promise it. Drop what never carries its weight.
5. Run the changes for one week, then count again. The page will tell you if it worked.

Bra Vusi and Mama Rose are made-up characters, and their prices are just to show the method. The three doors are real - most of us have stood in front of them.

Chapter 4: The Profit Gets Its Jobs

Rainy day, growing, and a reward you can enjoy without guilt

Making profit is not the finish line - it is the start of a new danger. Money with no job disappears. It does not get stolen; it just gets spent, small-small, on things nobody remembers. This chapter is how you keep what you finally earned.

Bra Vusi's first profitable Friday felt like a wedding. Five good days, R275 a day, and a clean week behind it: every customer paid cash, the wholesaler and the butcher were settled, and nothing else was owed. The costs had already gone back into the stock, the gas and the rent - that is the page doing its work. His hours were already paid by his R100 allowance. What was left, truly free, was R1,375 of pure profit. His phone has a cracked screen, and the shop at the mall has a new one for R1,500. The phone was basically bought already - until Mama Rose asked one question over the fence: "Which job is that money doing?" Vusi had no answer. That is when she brought out **the three tins.**



Every rand gets a job before it gets an excuse.

The three tins

Tin one is the rainy day. The fridge that dies the week before Christmas. The storm that soaks the weekend's stock. The quiet week when it rains and the rank is empty. This tin is for the shocks - not the scheduled things. The gas bottle that finishes on a Sunday is no surprise; it belongs on the page as a normal cost, with its money already reserved there. The rainy-day tin belongs to the business, and it is touched only when the business is breathing or dying. First target: one quiet day's costs. Then one quiet week. After that, sleep becomes cheaper than worry.

Tin two is the grow money. This is the tin that buys the discount. Chapter 3 showed what a bulk run and a new wholesaler did to Vusi's page - the next level of that needs cash saved on purpose. Stock bought double at a better price. The second crate. The proper fridge. Small money, gathered weekly, turns into the exact savings that made Chapter 3 work. The grow tin is how next year's page beats this year's page.

Tin three is the reward - small, planned, and enjoyed in the open. Vusi's hours are already inside the page; this tin is the business saying well done. Because it is planned, there is no guilt in it - and because it has a limit, it cannot eat the other two. Vusi split his R1,375 like this: R500 rainy day, R500 grow, R375 reward. The cracked phone is not dead; it is simply scheduled. If the Fridays keep treating him like this one, three more reward tins and it is his - bought with money that finished its other jobs first.

> **Give every rand a job before the pocket gets ideas.**

One warning before the tins open: they only share what is truly free. Whatever is still owed - the wholesaler's book, the money your brother lent you, the share you put aside for the taxman - gets settled or reserved first, and tomorrow's replacement money stays where Chapter 2 put it. The tins share what is left. Never what is owed.

The split happens the same day, not from memory. Profit that sleeps in the sales tin becomes tomorrow's bread money by accident - mixed money is mystery money, and Book 2, our money book, has a whole chapter on that heartbreak. So the rule is simple: when you count the day, you move the profit into its tins the same evening, and you write the three numbers on the page. Decide the shares once, when you are calm - then the week does not get to renegotiate. And if one day the profit is small, the tins get small shares, not skipped. The habit is the asset.



Three more Fridays, my guy. The tins have spoken.

So the price is right, the page balances, and the profit has its jobs. But there is one sweet danger left, and every kasi business knows it by name: the discount. The auntie who wants a family price, the scholar special, the bulk order for the stokvel. Chapter 5 is how to be kind without going broke - how to cost a deal before you promise it.

Sho't left, do this today

1. Write down the three jobs for your profit: rainy day, growing, and your reward. Choose your shares once, while you are calm, and write them on the page where you count.
2. Get three tins, three envelopes, or three phone notes - label them today, even if they are empty tonight.
3. When you count today's page, move the profit into its three jobs the same evening. Same day, not from memory.
4. Set the first rainy-day target: one quiet day's costs. Then one quiet week. Write the target on the tin.
5. When the reward tin pays for something, enjoy it in the open. It was planned - that is the whole point.

Bra Vusi and Mama Rose are made-up characters, and their amounts are just to show the method. The three tins are real - ask any gogo who raised a family on a stokvel.

COST YOUR PRODUCT RIGHT

Chapter 5: The Kindness Has a Price Tag

Discounts, family prices and bulk orders - how to be kind without going broke

A working price attracts a crowd, and a crowd attracts requests. The same Friday that Vusi's tins got their jobs, three people tested them. Auntie Dolly leaned on the fence: "Family price, my boy." Two boys from the high school held up R15 between them and hoped. And MaNgcobo from the Tuesday stokvel wanted twenty kotas for Saturday's meeting - "at a bulk price, of course." Vusi's heart said yes to all three. Mama Rose said what she always says: "Wonderful. Now show me the page."

First, know the room. The kota sells at R30 and costs R24.50 - the R5.50 between them is the rand profit on every kota, and the only room the kota has. Some of that R5.50 is already spoken for: the tins, the quiet days, the future. Every discount anyone ever asks for comes out of that room. Nowhere else.



The heart says yes. The page says how.

The three requests

The family price is a gift - so give it like one. Auntie Dolly at R25 leaves Vusi fifty cents over the full cost. The kota survives it, but R5 has left the room, and R5 a plate, every day, is real money by month-end. So Vusi made the kindness a decision instead of a leak: two family plates a day, R10 of profit he chooses not to take. Not a cost - the costs were counted already - but its own line under the profit, next to the three tins. When the two plates are gone, the answer is a warm "tomorrow, Aunty" - not a quiet bleed.

The scholar special is not a cheaper kota - it is a different product. Chapter 3's rule stands: never shrink the kota quietly. So the boys did not get a R30 kota for R15. They got the Scholar - a genuinely smaller thing with its own page, counted the Chapter 2 way: a soft roll, polony, a small scoop of chips, atchaar, the paper, the gas - R11 inside - plus R1 for its share of the transport, rent, airtime and Vusi's minutes. Full cost R12, all in; price R15; and R3 goes into the pot. It runs from three to four, after school, never more than ten a day - and the two boys share one, cut in half down the middle. One test every special must pass: it must add eaters, not move them. If the regulars start ordering Scholars, the special is eating the business - count again and close it.

The bulk order pays its own way - all of its own way. Vusi's first quote for MaNgcobo's twenty was R25 each, "because bulk is cheaper." Then the page talked. What goes inside one kota costs R20, so twenty need R400. The day's shared costs - rent, taxi, airtime - are already carried by the regular fifty, counted once across the combined day, so the twenty do not pay them again. But everything the order adds goes on its own page: the big pot hire and packing boxes (R25), two extra morning hours of his time (R40, counted like all his hours), and the delivery trip there and back (R30). True extra cost: R495. At R25 each, the whole morning would have earned him five rand. The real savings are honest: twenty guaranteed sales, no leftovers guessing at the weather, one trip instead of twenty queues - and the prepaid money is a cash-flow blessing, not a discount reason by itself. So the discount stayed small, because the savings were small: R29 each - R580 against R495 - leaving R85 of extra profit on top of the regular day, after the order's own extra costs. That R85 stands only while the twenty fit his spare capacity and no regular sale goes unfilled - displace the queue or miss a cost, and the page must be counted again. MaNgcobo paid gladly: still under R30, delivered, and hot. The rule above all: the stokvel gets its twenty after the regular fifty are safe - a bulk order that empties the crate for the queue is a very polite robbery.

> **Kindness is a line on the page, not a hole in the page.**

And that is the whole book. Vusi started with a price he had guessed, R25, and a cost he had never counted, R27. He learned to count one - everything, over what he sold. He learned to fix the number without stealing from the customer. He gave the profit its three jobs. And now the kindness has a price tag too, which is exactly why he can afford to keep being kind. Know the cost of one. Let the number tell the truth. Give the profit its jobs. Make the kindness a decision. That is costing your product right.



Everybody ate. Everybody paid. The page balanced.

Sho't left, do this today

1. Write down your room: your price minus the full cost of one. Every discount comes from that amount and nowhere else.
2. If you give a family price, give it its own line under the profit, next to the tins - how many plates a day, at how much each. It is profit you choose not to take, so choose it on purpose.
3. If you want a scholar or pensioner special, build a smaller product with its own page, its own full cost and its own price - never quietly shrink the real one.
4. Before you quote a bulk order, give the order its own page: inside costs, plus the extra equipment, hours and delivery the big run adds. The discount still comes from the room - the page tells you how big that room is. Small savings mean a small discount, and that is honest.
5. Feed your regulars first. No special and no bulk order may empty the crate for the queue that built you.

Bra Vusi, Mama Rose, Auntie Dolly and MaNgcobo are made-up characters, and their amounts are just to show the method. The aunties, the scholars and the stokvels are real - ask anyone who has ever sold food near a school gate.