Starting a business: pricing your product

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Fixing the right price for a product is the most difficult task as it affects the volume of sales of the product of the firm as well as the profits of the firm. Although non-price factors have become more important in recent decades, price remains one of the important elements in determining the market share and profitability. Prices are set by a firm by taking into consideration factors such as costs, profit targets, competition, and perceived value of products. Taking into account the various factors, the steps generally followed in setting the price of a product are the following. Common start-up costs

Setting the pricing objective of the firm

It is the most important step as it varies from firm to firm. Setting a lower price may attract more customers and thus fetch a larger market share for the firm's product. But charging a higher price might reflect a high quality and prestige product.

Determining the demand for the product

Demand for the product sets a ceiling price. Penetration pricing is used when the product has a highly elastic demand and there is strong competition in the market. Under this policy, prices are fixed below the competitive level in order to obtain a larger share of the market. Once your product is in demand or is accepted in the market, the price of your product is increased. But when the demand for the product with respect to price is more inelastic, higher prices are charged for the product. This policy is generally followed during the initial stages of introduction of the new product.

Estimating the costs and profits

Costs set a floor price. Amount spent and return expected is the key factor in deciding the price. The various costs involved in producing the product must be covered in pricing the product. On a long-term basis also, the price must take into consideration the costs of doing business. This also includes sales forecast and profit margin.

Determining the competition for the product

Competitor's prices and the price of substitutes provide an orientation point. The number of competitors for the product in the market as well as the policy followed by them is also an important factor. Competitive pricing is used if the market is highly competitive and the product is not differentiated from that of the competitor's.

Considering the governmental regulations

Government policies and incentives are also taken into account. Prices are also affected by various tax liabilities which a company and the product is subjected to. It includes excise duty, sales tax, and local taxes like octroi.

Sales tax is levied on the sale of moveable goods in India at the rates which vary depending upon the type and nature of goods and the state in which sale has taken place. The central and state governments are both empowered to impose sales tax. The central sales tax deals with transactions in the nature of interstate sales, while the state sales tax deals with intrastate sales.

Octroi is a tax levied on the entry of goods into a municipality or any other specified jurisdiction for use, consumption, or sale. Goods in transit are exempted from it.

Selecting a suitable pricing method/policy

Right price for the product can be determined through pricing research and by adopting test-marketing techniques. The various pricing methods are:

- **Perceived value pricing**: in which a firm sets its price in relation to the value delivered and perceived by the customer. Perceived value is made up of several elements such as buyer's image of the product performance, warranty, trustworthiness, and esteem. Each customer gives different weightage to these elements. Some may be price buyers, others may be value buyers, and still others may be loyal buyers. If either the price is higher than the value perceived or the price is lower than the value perceived, the company will not be able to make potential profits.
- **Value pricing**: in which companies develop brand loyalty for their product by charging a fairly low price for a high-quality offering.
- **Going rate pricing**: is followed if it is difficult to ascertain the exact costs involved and the competitive response. Hence, firms base their price on competitor's price by charging the same, more or less than the major competitor.
- **Introducing a product at a premium price**: When a product is innovative and competition is low or nonexistent, this policy can be applied. Thus, profits are optimized. But when competition arises prices are lowered.
- **Ethical pricing:** Price is fixed keeping the welfare of the society in mind. For many life-saving drugs, this particular policy is used. The product is sold at the lowest possible price with either a very reasonable margin or no profit at all. Profit may be earned from other products.
- **Full line pricing:** If you are selling a range of particular product for example pickles, then you price the product in a particular range; this way you may earn more profit in one flavor and less on the other. But, you cannot sell only the one that gives you maximum profit, or else a customer may switch over to another brand where he would be able to exercise an option for other flavors.

Records management

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Records management (RM) is the practice of maintaining the records of an organization from the time they are created up to their eventual disposal. This may include classifying, storing, securing, and destruction (or in some cases, archival preservation) of records.

A record can be either a tangible object or digital information: for example, birth certificates, medical x-rays, office documents, databases, application data, and e-mail. RM is primarily concerned with the evidence of an organization's activities and is usually applied according to the value of the records rather than their physical format.

Definitions of records management

In the past, "records management" was sometimes used to refer only to the management of records which were no longer in everyday use but still needed to be kept "semi-current" or "inactive" records, often stored in basements or offsite. More modern usage tends to refer to the entire "lifecycle" of records from the point of creation right through until their eventual disposal.

The ISO 15489:2001 standard defines RM as "The field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records, including the processes for capturing and maintaining evidence of and information about business activities and transactions in the form of records."

The ISO defines records as "information created, received, and maintained as evidence and information by an organization or person, in pursuance of legal obligations or in the transaction of business." The International Council on Archives (ICA) Committee on Electronic Records defines a record as "a recorded information produced or received in the initiation, conduct or completion of an institutional or individual activity and that comprises content, context and structure sufficient to provide evidence of the activity." The key word in these definitions is evidence. Put simply, a record can be defined as "evidence of an event."

Practicing records management

A records manager is someone who is responsible for RM in an organization. The practice of RM may involve:

- Planning the information needs of an organization;
- Identifying information requiring capture;
- Creating, approving, and enforcing policies and practices regarding records, including their organization and disposal;
- Developing a records storage plan, which includes the short- and long-term housing of physical records and digital information;
- Identifying, classifying, and storing records;
- Coordinating access to records internally and outside of the organization, balancing the requirements of business confidentiality, data privacy, and public access; and
- Cxecuting a retention policy on the disposal of records which are no longer required for operational reasons; according to organizational policies, statutory requirements, and other regulations; this may involve either their destruction or permanent preservation in an archive.

RM principles and automated RM systems aid in the capture, classification, and ongoing management of records throughout their lifecycle. Such a system may be paper based (such as index cards as used in a library), or may be a computer system such as an electronic RM application.

ISO 15489:2001 states that records management includes

- setting policies and standards;
- assigning responsibilities and authorities;
- establishing and promulgating procedures and guidelines;
- providing a range of services relating to the management and use of records;
- designing, implementing, and administering specialized systems for managing records; and
- integrating RM into business systems and processes.

Managing physical records

Managing physical records involves different disciplines and may draw on a variety of forms of expertise. Records must be identified and authenticated. This is usually a matter of filing and retrieval; in some circumstances, more careful handling is required.

Identifying records

If an item is presented as a legal record, it needs to be authenticated. Forensic experts may need to examine a document or artifact to determine that it is not a forgery, and that any damage, alteration, or missing content is documented. In extreme cases,

items may be subjected to a microscope, x-ray, radiocarbon dating, or chemical analysis. This level of authentication is rare, but requires that special care be taken in the creation and retention of the records of an organization.

Storing records

Records must be stored in such a way that they are accessible and safeguarded against environmental damage. A typical paper document may be stored in a filing cabinet in an office. However, some organizations employ file rooms with specialized environmental controls including temperature and humidity. Vital records may need to be stored in a disaster-resistant safe or vault to protect against fire, flood, earthquakes, and conflict. In extreme cases, the item may require both disaster-proofing and public access. Civil engineers may need to be consulted to determine that the file room can effectively withstand the weight of shelves and file cabinets filled with paper; historically, some military vessels were designed to take into account the weight of their operating procedures on paper as part of their ballast equation (modern record-keeping technologies have transferred much of that information to electronic storage). In addition to on-site storage of records, many organizations operate their own off-site records centers or contract with commercial records centers.

Circulating records

Tracking the record while it is away from the normal storage area is referred to as circulation. Often this is handled by simple written recording procedures. However, many modern records environments use a computerized system involving bar code scanners, or radio-frequency identification technology (RFID) to track movement of the records. These can also be used for periodic auditing to identify unauthorized movement of the record.

Disposal of records

Disposal of records does not always mean destruction. It can also include transfer to a historical archive, museum, or private individual. Destruction of records ought to be authorized by law, statute, regulation, or operating procedure, and the records should be disposed of with care to avoid inadvertent disclosure of information. The process needs to be well-documented, starting with a records retention schedule and policies and procedures that have been approved at the highest level. An inventory of the records disposed of should be maintained, including certification that they have been destroyed. Records should never simply be discarded as refuse. Most organizations use processes including pulverization, paper shredding, or incineration. Commercially available products can manage records through all processes active, inactive, archival, retention scheduling, and disposal. Some also utilizes RFID technology for the tracking of the physical file.

Managing electronic records

The general principles of RM apply to records in any format. Digital records (almost always referred to as electronic records) raise specific issues. It is more difficult to ensure that the content, context, and structure of records is preserved and protected when the records do not have a physical existence. Particular concerns exist about the ability to access and read electronic records over time, since the rapid pace of change in technology can make the software used to create the records obsolete, leaving the records unreadable. A considerable amount of research is being undertaken to address this, under the heading of digital preservation. The Public Record Office Victoria (PROV) located in Melbourne, Australia published the Victorian Electronic Records Strategy (VERS) which includes a standard for the preservation, long-term storage, and access to permanent electronic records. The VERS standard has been adopted by all Victorian government departments. A digital archive has been established by PROV to enable the general public to access permanent records.

Electronic tax records

Electronic tax records are computer-based/non-paper versions of records required by tax agencies like the Internal Revenue Service (IRS). There is substantial confusion about what constitutes acceptable digital records for the IRS, as the concept is relatively new. The subject is discussed in Publication 583 and Bulletin 1997-13, but not in specific detail.

Businesses and individuals wishing to convert their paper records into scanned copies may be at risk if they do so. For example, it is unclear if an IRS auditor would accept a jpg, png, or pdf format scanned copy of a purchase receipt for a deducted expense item.

Global Brand Database

The Global Brand Database makes it easier to search around 11,820,000 records relating to internationally protected trademarks, appellations of origin and armorial bearings, flags and other state emblems as well as the names, abbreviations and emblems of intergovernmental organizations.The Global Brand database allows free of charge, simultaneous, brand-related searches across multiple collections.The Database page lets you easily search multiple brand-related data sources and receive instant feedback, letting you explore the brand landscape in a new and powerful way.

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