**Component Cost Worksheet**

Typically, the product or service you sell is made up of components. A hamburger is made from a beef patty, a bun and condiments. A dress in the store is “made from” a dress that is purchased. Some services do not have components – discrete things that are used each and every time the service is provided – such as accounting. Other services, such as spreading mulch, do have components. Labor is typically not included – at least not here. The exception is labor that is contracted for the service. An example would be a landscaper who contracts out the plumbing work every time it installs a sprinkler system.

This worksheet helps determine your cost. You can also use it as the basis for cost-based pricing. In some industries, there is a typical markup (price increase over cost). For example, retail stores frequently mark up products by 100% of their wholesale (component) cost. In restaurants, the conventional wisdom is 1/3, 1/3, 1/3 – food costs 1/3, labor costs 1/3, overhead and profits 1/3, so prices are 3 times the component cost of the food (a 200% markup).

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| **Your Product** | **Component** | **Unit** | **Number** |
| Gold Liqueur  | Raw Grapes | 1 case of 100 KG | 15 |
|  | Bottles w/tops and labels | Case of 40 | 3 |
|  | Packaging case of 40 bottles | Each | 3 |
|  | Yeast | 1 pound | 4 |
|  | Special Ingredient | 1 case of 100 KG | 15 |
| Platinum Liqueur | Raw Cherries | 1 case of 100 KG | 21 |
|  | Bottles w/tops and labels | Case of 40 | 3 |
|  | Packaging case of 40 bottles | Each | 3 |
|  | Yeast | 1 pound | 5 |
|  | Special Ingredient | 1 case of 100 KG | 21 |
| Diamond Liqueur | Raw Strawberries | 1 case of 100 KG | 24 |
|  | Bottles w/tops and labels | Case of 40 | 3 |
|  | Packaging case of 40 bottles | Each | 3 |
|  | Yeast | 1 pound | 6 |
|  | Special Ingredient | 1 case of 100 KG | 24 |

This worksheet addresses how you purchase components. If you are a restaurant, when you buy frozen hamburger patties, you buy by the case. A case can be 80 patties of a certain size and grade or 20lbs worth of patties of a certain size and grade, but you are not buying individual patties. For this worksheet, specify the component, the supplier, the price, the unit of purchase (e.g., case of 80) and the number of components per unit of purchase (80 patties – if a single patty is the unit specified in the preceding worksheet.

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| **Component** | **Supplier** | **Price** | **Unit of Purchase** | **Use unit per purchase unit** | **Minimum Order Quantity** |
| Raw Grapes | <http://www.ers.usda.gov/media/133287/eib71.pdf>  | $1.55 | Ib | 3,306 Ib | N/A |
| Raw Cherries | <http://www.ers.usda.gov/media/133287/eib71.pdf>  | $3.51 | Ib | 4,630 Ib | N/A |
| Raw Strawberries | <http://www.ers.usda.gov/media/133287/eib71.pdf>  | $3.28 | 2 Ib | 5,291 Ib | N/A |
| Bottles w/tops and labels | http://www.fusion-glassworks.com/ | $9.00 | Case | 40 bottles  | 100 |
| Packaging case of 40 bottles | Yebo Custom Boxes and Packaging | $9.00 | Box | 40 | 100 |
| Yeast | Wyeast Laboratories, Inc | $8.00 | Ib | 15 | N/A |
| Special Ingredient |  | $1.00 | Ib | 13,227 | N/A |
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