
Overview

This unit is important as you need to properly define a product or service before you offer it so that you:

1. offer the right product or service for the market
2. charge the right price for it
3. sell enough to achieve what you want to achieve

You might do this if you are:

1. setting up a new business or social enterprise
2. expanding a business or social enterprise
3. changing or adapting the products or services offered by your business or social enterprise

This involves defining a product or service:

1. defining your product or service in detail and how it is different to other similar products or services
2. deciding how much to charge for your product or service
3. setting targets of how many or how much you will sell or distribute

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Define your product or service

Performance criteria

You must be able to:

- P1 decide on the detail of your business product or service and how it could be provided
- P2 find out who your competitors are and how their product or service differs from yours
- P3 work out who your customers will be
- P4 work out the likely demand for your product or service
- P5 decide how many you expect to sell or distribute
- P6 research all the costs of providing your product or service
- P7 decide what price to charge for your product or service
- P8 work out how much profit you may make from your product or service
- P9 work out and decide when and how you could sell or distribute the product or service
- P10 make sure you can achieve what you want to achieve from your product or service

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Define your product or service

Knowledge and understanding

You need to know and understand:

Products or services

- K1 how to describe a product or service
- K2 how to find out about the market and its prices in a sector
- K3 how to work out the cost of providing products or services
- K4 different ways to price a product or service and their benefits
- K5 how costs affect a product or service
- K6 how price affects sales

Competitors

- K7 where to find out about your competitors products or services
- K8 how competitors' products or services may differ (for example price, quality, delivery times, payment terms, level of service)
- K9 how to analyse the market and competition

Market research

- K10 how to find out who your customers might be
- K11 how you can find out what customers want

Selling

- K12 where and when a product or service can be sold
- K13 how to set realistic sales targets

Business focus

- K14 what you want to achieve from your product or service

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Define your product or service

Additional Information

Links to other NOS

1. WB1 Check what customers need from your business
2. WB3 Plan how you will sell your products or services
3. BD1 Check the likely success of a business idea

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Define your product or service

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Suite	Business Enterprise
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