
Every Naira Counts

A beginner's guide to costing and pricing products for Nigerian small businesses

OBUSKKO

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SAMPLE

Introduction

Your phone keeps buzzing with orders. You are buying supplies, making products, arranging deliveries and answering customers late into the evening. Money comes in, but when it is time to restock, pay for power or take something for yourself, there never seems to be enough.

If this feels familiar, you are not alone. A busy business is not necessarily a profitable one. You can sell regularly and still charge too little to cover what each sale costs you.

Every Naira Counts is for owners of small product businesses in Nigeria: food vendors, fashion makers, beauty-product producers, craftspeople and anyone turning materials, time and skill into something customers buy. You do not need accounting experience. You need a willingness to look closely at your costs, write things down and work through a few calculations.

Start with your costs, not somebody else's price

Looking at competitors can help you understand your market. It cannot tell you what it costs **your business** to produce and sell an item.

Another seller may buy ingredients in larger quantities, work from premises they own or use different packaging. They may also be underpricing without realising it. Copying their

price means copying a number without knowing what sits behind it.

The cost-first approach starts with a different question:

What does it really cost me to make one sellable product and get it ready for the customer?

That means looking beyond the most obvious materials. A lunch pack costs more than its rice and chicken. A dress costs more than its fabric. A jar of body butter costs more than its ingredients.

Your costing also needs to account for labour—including your own—packaging, transport, power, normal waste and a fair share of the expenses that keep the business running.

Once you understand those costs, you have a firmer starting point for choosing a price. You can then check whether that price makes sense for your customers and market.

What you will be able to do

By working through this guide, you will learn to:

- Calculate the direct cost of one sellable product, using realistic quantities and production output.
- Include your own production time rather than treating your labour as free.
- Give each product a reasonable share of shared business expenses.
- Understand the difference between **markup** and **margin**.

- Calculate possible selling prices and assess what remains after counted costs.
- Check whether bundles, discounts and delivery offers leave enough margin.
- Review costs when supplier prices, fuel spending or production conditions change.
- Communicate revised prices clearly and respectfully.

These skills support better-informed decisions. They cannot guarantee sales, profit or customer retention. Some customers may not accept a revised price, and a price that covers your costs may still be difficult to sell. The aim is to recognise those situations clearly rather than keep selling without knowing the result.

Choose one product to work through

Start small. Choose **one existing product** that you make regularly and understand reasonably well.

Define it precisely. “Clothing” is too broad. “One lined, short-sleeved dress in a specified size and fabric” gives you something you can cost. Other useful starting points include one standard lunch pack, one 200 g jar of body butter or one beaded bracelet in a particular design.

Write down:

- The product name and what is included.
- The unit you sell: one piece, pack, jar or set.
- The usual batch size, if you make several at once.

- The number of units normally fit to sell.
- The date of your costing.

Keep using this same product as you complete the worksheets. You can apply the process to other products afterwards.

Gather evidence, not just estimates

Bring together the records you already have: supplier receipts, transfer confirmations, invoices, delivery charges, packaging purchases, staff payments, electricity bills and generator fuel records. Add notes on production quantities, rejected items and the time spent making your chosen product.

Your records do not need to be perfect before you begin. Where information is missing, mark the figure as an estimate and note how you will check it. Measure your next batch, time your work or ask your supplier to confirm the pack size.

Keep a notebook or spreadsheet beside you. Read a section, do the calculation and record your assumptions before moving on.

Use the examples as practice

All worked naira examples in this guide are **hypothetical teaching examples, not current market prices**. They demonstrate the method; they are not recommended prices or supplier quotations.

Replace them with your own figures. Date your worksheets, keep your supporting records and revisit your calculations as conditions change. For accounting or tax questions specific to your business, seek advice from a qualified Nigerian accountant.

Your first goal is simple: complete one honest, usable product-costing sheet. Knowing where each naira goes gives you a stronger basis for deciding what to charge.

Chapter 1: Start with Your Records, Not Your Competitor's Price

A competitor sells a lunch pack for ₦3,000. You sell something similar, so you choose the same price.

But do you buy ingredients at the same rate? Serve the same portion? Pay the same rent? Use the same packaging? Perhaps your competitor produces many more packs at once, spreading certain costs across more sales.

Their price cannot answer these questions.

Your starting point is your own business: what you sell, what goes into it and what it takes to get it into a customer's hands. Before calculating a reliable product cost, you need a clearly defined product and records that show how you make it.

You do not need expensive software. A notebook, a folder for receipts and a simple spreadsheet can help you begin.

All naira amounts used below are hypothetical teaching examples, not current market prices.

Choose One Product and One Selling Unit

Do not begin with “food”, “clothes” or “skincare”. These categories are too broad to cost accurately.

Choose one product you already make regularly. Then describe exactly what the customer receives.

Business	Clearly defined product	Selling unit
Food	Jollof rice with one chicken portion, in a specified takeaway container	One lunch pack
Fashion	Unlined knee-length cotton dress in a defined size range	One dress
Beauty	Body butter filled to a declared net weight of 200 g, in a labelled jar	One jar
Crafts	Single-strand bracelet using a specified bead type and clasp	One bracelet

The **selling unit** is the quantity attached to your price.

If your price is for six meat pies, your selling unit is a pack of six—not one pie. You may calculate the cost of one pie first, but the final costing must include everything supplied with the six-pack.

Write down:

- The product name.
- The size, weight, portion or dimensions.
- The materials or ingredients used.
- The standard packaging.
- Any included extras.
- Whether delivery is included or charged separately.

Keep important variations separate

A dress made with customer-supplied fabric is not the same

costing job as a dress for which you buy the fabric. A bracelet in a gift box is not identical to one supplied in a pouch.

Where a variation changes the cost, give it a separate costing line or sheet.

Start with the standard version. Record optional extras separately rather than mixing several versions into one unclear average.

Map the Journey from Supplies to Customer

Now follow your chosen product through the business.

You are looking for every stage that uses **money, materials or time**, including work that happens before production starts and after it ends.

For a lunch pack, the journey might look like this:

Stage	What happens	Resources used
Buying	Order ingredients and collect supplies	Ingredients, transport, buying time
Preparation	Sort, wash, cut and measure	Water, labour, trimming losses
Cooking	Cook rice, sauce and chicken	Ingredients, gas or electricity, labour
Packing	Portion food and close containers	Containers, cutlery, labels, labour
Holding	Keep food suitable for collection	Power and suitable storage

Stage	What happens	Resources used
Handover	Check the order and arrange dispatch	Staff time, bags, delivery charges
Cleaning	Wash equipment and clean the workspace	Water, cleaning materials, labour

For a fashion business, the stages could include measuring, buying fabric, cutting, sewing, fitting, alterations, pressing and packaging.

For a beauty business, include preparation, production, filling, labelling and cleaning. For crafts, include sorting materials, assembly, finishing, checking and packing.

Ask yourself:

- Who does this work?
- How long does it take?
- What is used up?
- What equipment or space is needed?
- Does anything get damaged, rejected or wasted?
- Who pays for transport at this stage?

Do not worry about calculating everything yet. First, make the work visible.

Your own time belongs on this map too. If you spend two hours cutting fabric, write down two hours. Being the owner does not make that work disappear.

Gather Records That Match the Work

Choose a recent production period you can reasonably reconstruct, such as the last few batches or a recent month. Record the dates so that you do not accidentally mix old prices with current quantities.

Collect the following.

Supply and packaging records

Gather receipts, invoices, supplier messages and payment confirmations for:

- Ingredients, fabric, beads and other materials.
- Jars, containers, pouches, boxes, labels and bags.
- Delivery or collection of supplies.

Record quantities as well as amounts. “Fabric: ₦24,000” is incomplete without the length purchased. “Jars: ₦18,000” needs the number of jars and their size.

A bank transfer confirms money moved; it may not explain what you bought. Add that detail while you can still remember it.

Power, labour and running-cost records

Collect:

- Electricity payments and available meter readings.
- Generator fuel purchases and available usage records.
- Staff wages and payments to casual workers.
- Rent, business data, cleaning and maintenance records.

- Notes on your own production hours.

If electricity serves both your home and business, record that fact. Do not automatically charge the whole household bill to your products.

Production and stock records

For each batch or job, note:

- Materials taken into production.
- Production date.
- Quantity completed and fit to sell.
- Damaged, rejected or spoiled units.
- Finished units still unsold.

“Made 30 jars” and “sold 30 jars” are different statements. Keep production and sales quantities separate.

Where information is missing, mark it **estimated** and explain the basis. An honest estimate is more useful than a precise-looking figure with no support. Decide how you will measure it next time.

Separate Traceable Costs from Shared Overheads

Once you have gathered records, sort them into two broad groups.

Costs traceable to a product

These are costs you can reasonably connect to a particular

product, batch or customer job.

Examples include:

- Fabric used for a specific dress.
- Ingredients used in a recorded food batch.
- Jars and labels used for body butter.
- A worker paid specifically to assemble one batch.
- Delivery paid specifically to bring in materials for one job.

Your production time can also be traced to a job when you record it.

Shared business overheads

These support the business more generally and cannot easily be traced to one product.

Examples include:

- Workspace rent.
- General administration.
- Shared business data.
- Routine cleaning.
- Shared electricity.
- Equipment maintenance.

The boundary depends on how your business operates. Fuel measured for one production run may be traceable to that batch. Fuel used across several activities without separate measurement may need to be treated as shared overhead.

Use a method you can explain and apply consistently.

Give each expense one home

The rule is simple: **include each cost once, not twice.**

If you include a batch's measured generator fuel as a direct production cost, do not include that same fuel again in the shared overhead total.

Similarly:

- If a supplier's invoice includes delivery, do not add it again.
- If labels are included in the packaging price, do not enter another label charge.
- If staff pay has been assigned to production jobs, exclude that assigned amount from shared staffing costs.

For mixed expenses, record the total and how you split it. The parts should add back to the original amount.

Buying equipment also needs a separate record. A sewing machine or mixer supports more than one batch; do not treat its entire purchase price as materials consumed by the next order.

Understand What Money Movements Mean

A busy bank account can hide a weak business. To understand why, distinguish four things.

Sales receipts

These are payments received from customers. Record what each payment relates to and whether it is a deposit, part-payment or payment for a completed order.

A deposit for an unfinished order is not money you can safely treat as profit. You still have work and costs ahead.

Business expenses

These are costs incurred in running the business, such as rent, power and production labour.

Record what the expense covers—not just when you paid it. A rent payment may cover several months.

Stock purchases

Materials bought today may be used over several production periods.

If you buy 100 jars and use 20, all 100 have affected your cash balance, but only 20 have gone into that batch. The remaining usable jars are stock.

Keep purchases and usage separate so that one batch is not charged for supplies still on the shelf.

Owner withdrawals

Money taken from the business for personal food, school fees or household spending is an owner withdrawal. It is not automatically a product expense.

This is separate from recognising the value of your

production labour. Record your working time for costing purposes and personal withdrawals separately. A qualified Nigerian accountant can advise on the appropriate accounting and tax treatment for your business structure.

Why cash is not profit

Suppose you receive ₦120,000 from customers and pay ₦70,000 during the week. The ₦50,000 difference is a cash movement, not automatically profit.

Some receipts may be deposits. You may still owe a supplier. Some purchases may remain unused. Rent and your own labour may not yet have been accounted for.

Likewise, a low balance does not always mean a loss: you may have bought stock or equipment.

Your bank balance tells you what cash is available—not, by itself, whether your products are profitable.

Exercise

Choose one product and complete this starter worksheet.

1. Define the product

Question	Your entry
Product name and standard version	
Selling unit, size or quantity	
Included packaging and extras	
Delivery included or separate?	

Question	Your entry
Production period being reviewed	

2. Complete your product-and-records checklist

Tick each item when it is ready. Beside anything missing, write how you will obtain it and by when.

- ☐ Product journey mapped from buying to handover and cleaning.
- ☐ Supplier prices, purchase quantities and pack sizes collected.
- ☐ Incoming delivery and collection charges recorded.
- ☐ Packaging quantities and costs recorded.
- ☐ Electricity and fuel records gathered.
- ☐ Staff payments and production time recorded.
- ☐ Owner's production time recorded.
- ☐ Sellable output, waste and unsold stock recorded.
- ☐ Shared overheads listed.
- ☐ Direct and shared costs separated without duplication.
- ☐ Customer deposits and personal withdrawals identified.

3. Start a daily cost log

Use one row per purchase, expense or production activity.

Date	Item or activity	Quantity or time	Amount paid	Product/batch or shared	Evidence and notes
6 May	Jars purchased	50 jars	₦15,000	Stock for body butter	Receipt saved; 20 jars issued to batch BB06
6 May	Filling and labelling	1 hour	No cash payment	BB06	Owner's time; labour value to calculate

Record customer payments and personal withdrawals separately from this cost log.

For the next seven days, update your records before closing work. Where a figure is missing, write the question you need answered. Your immediate goal is not a perfect price: it is a clear, usable record of what your product takes to make and sell.