

Establishing market driven external sales rates

In order to price an external sale activity, the unit must meet the following criteria:

- The prices charged (rates) for the goods or services should fully cover all direct and all indirect costs associated with the sale and should be priced comparable to the public market.
- An external sales rate is determined by first calculating the internal sales rate, then adding overhead, unallowable costs for internal sales and a profit margin.
- The profit margin will bring the price in line with the same or similar good or service in the public market.

The following method should be used to price based on market:

- Compare price to a similar good or service from a outside vendor used by your department or another department at the university
- Call and request a quote from a outside vendor
- If activity is not available outside of the University, determine a similar effort with similar skill levels and request quote from a outside vendor
- Request information about pricing from the University of Minnesota Purchasing Department