

# EXPLORE YOUR ENTHUSIASM

## EPISODE 151: ONE PRICING STRATEGY DOES NOT FIT ALL

I often get asked: how should I price my work? What should I charge for my time? Is there a formula I can use?

And the answer is: it depends.

In this episode, we'll discuss pricing strategies, why you should avoid formulas you find on the internet, and how to charge for your time.

For the entire month of March we've been talking about money and profit in your business. And I know you have questions, about profit margins, bookkeeping, all of it - so tomorrow, April 6th, I'm going to hold a live webinar where I answer all your questions and give you first access to my most popular class, Pay Yourself. To sign up for the webinar, go to [TaraSwiger.com/podcast151](https://TaraSwiger.com/podcast151). If you're listening to this after April 6th, you can still head to that page and sign up for a load of free resources about profitability!

Along with the transcript of today's podcast, I'm also including a worksheet so you can keep track of any questions you have - you'll find the worksheet at the end of this transcript.

Now, let's talk about pricing. I get asked all the time, "Is this a good price?" And my answer is always: I don't know, I gotta see all the numbers.

Now you will find articles and blog posts everywhere that say "this is how to price your work." I found one recently that called itself "how to pay yourself" and gave a pricing formula. But I've read dozens of those articles and found that none of them work for over 50% of the makers, artists and designers I work with.

Why? Because they assume their product (or experience) is like yours.

And it's not.

### Let's think about it:

I have clients who sell hand dyed yarn. They can dye 10 skeins at a time, but their supply cost is \$10 per skein of yarn.

I have another client who blows glass. She makes tiny stitch markers, that each take quite a while to complete, but the glass that goes into them isn't very much at all per item.

I have another client who draws. Her supplies are the paper and paints, and she may spend 30 minutes to 3 hours on a project.

Should all of these makers use the same formula?

*Of course not.*

### Your pricing needs to take into account:

Your Cost of Goods Sold (In my class, Pay Yourself, I teach you how to find this number.)

The time it takes you to make one item

Your overhead

Your income goal

And, maybe most importantly, how many of these you can really make in a month or a week or a day.

This last consideration is important. I learned this when I quit my day job to spin yarn full time. I'd been doing it on nights and weekends for three years and I knew that it took me about an hour to spin a skein, once the wool was already dyed (and I could dye pounds of wool at one time). If I worked 5-7 hours a day, you'd assume I could spin 5-7 skeins a day, right?

*Wrong.*

I only ever seemed to be able to spin 3 skeins a day, no matter how much I tried.

Why? I had to answer emails, get wool dyeing, hang it dry, label the finished yarn, photograph it, upload it, make an etsy listing. And in the days before smart phones (remember, this is 2009-ish), I had to connect my camera to my computer and spend time importing and editing photos. If I had done my math on 5 skeins a yarn, I would have never broken even or made enough to pay myself.

But by looking at my daily (or weekly) limitation, I could price the yarn appropriately to build my business.

Now, the other reason a simple formula won't work for everyone is your BRAND - what your company stands for the people who love it. Your brand is the perception customers have based on your price, your product, and your positioning. So you can't use someone else's formula without considering how it impacts your brand.

Think about the products you know and love and how their price is in alignment with their brand. Apple computers, the Macbook I'm recording this on, have built a brand that allows them to charge way more than my Google Chromebook.

Or think of craft supplies at big box stores. Michael's is the one near me and I can tell you that Michael's brand hole punch or paper or stickers cost about \$2 less than Martha Stewart brand products. And the Martha Stewart brand is usually sold out.

So if you can't use just anyone's formula and strategy, how do you figure out a price? In my class, Pricing 101, I teach 3 pricing formulas, and ask you to do the math for all three of them and then do the break even point math in your business - so you can land on a price that makes sense with your supplies, time, etc.

After you've done your math, we discuss pricing strategies and how it fits together with brand building.

This class is only available to Starship Captains and as a bonus to Pay Yourself. Pay Yourself is going to open up again this week; to learn more, join me on the webinar tomorrow and I'll answer all your questions. Remember that to sign up, you only need to go to [TaraSwiger.com/podcast151](https://TaraSwiger.com/podcast151) and fill in the form - you'll get the webinar, today's transcript and a worksheet to fill in any of your questions.

I'll see you in the webinar - have an enthusiastically profitable week until then!

# YOUR PROFIT AND PRICING

Do you currently keep track of your expenses and income?

Circle all of the following that you want to learn more about:

Your Cost of Goods Sold for one product?

Your business's Net Profit Margin?

Your break even point?

How many products you need to sell in one month to pay yourself what you want to make?

How do you feel about your pricing and profit margin?

How do you feel about how much your business pays you?

What questions do you have about the numbers in your business?

Do you have any questions about the class Pay Yourself?