



Pricing Worksheet

To begin with we need to determine how many hours a year you wish to work.

One year equals 365 days. Then you will subtract weekends, assuming you do not wish to work weekends and national holidays like Christmas, New Years and Thanksgiving. Then subtract how many vacation days you want to take.

So here we go:

One Year = 365 days - 104 weekend days = 261 days
- 8 national holidays = 253 days
- Number of vacation days =
Total number of days available _____

Then determine how many hours you are going to work each day. Multiply that by the number of days available you came up with above.

Total number of available days x daily work hours = Total number of available work hours. _____

Next think about how many hours each day you spend on things other than making your work that you can't bill for. This will include things like making phone calls, sending emails, shopping for supplies, writing blogs, newsletters or other marketing efforts, networking and anything else that you can't bill the client for. For many that will be half or more of your hours each day. Once you have that daily figure multiply it by your available working hours that you figured above.

Daily billable hours x total number of available working days
= Total yearly billable hours _____

If you have employees add up the number of hours they work a year for you. Then add their hours to your yearly billable hours.

Next you need to decide how much money you want to make a year before taxes.

I want to make _\$_____ a year.

Now we need to discover how much it costs for your space and the supplies to run your business. I am not including the materials that go into your products here. Just the costs for office supplies and the space you work in.

Fixed Overhead - Fixed overhead includes those expenditures that must be paid even if there is no income coming in. How much do these things cost per month?

This includes the following monthly expenses:

Fringe Benefits - Do you want to give yourself or your employees health insurance, savings plans, or any other benefits? How much do these things cost per year? __\$_____

Rent

Advertising and promotions costs

Capital investments: Cars, Equipment

Utilities

Insurance

Office Expenses

Tools

Internet

Bank fees

Education

Your website

Email program

Travel Expenses

Professional services

Add up all monthly overhead expenses. \$_____

Multiply by twelve to come up with yearly overhead expenses. _\$_____

If you have employees add up how much their salaries are per year. Add that figure to your overhead.
\$_____

Now divide your total yearly overhead by your number of art making or billable hours.

Total yearly overhead cost divided by total yearly billable hours

= _\$_____ per hour

Divide projected yearly salary by number of art making or yearly billable hours = \$_____ per hour

Lastly, Add your divided expenses figure including your employees to your divided salary figure, this should be your minimum hourly income. $\$ \frac{\text{Total Expenses} + \text{Salary}}{\text{Hours}} = \text{Minimum hourly income}$

To come up with your pricing, keep track of the time it takes you to make your product. Then multiply that production time by your minimum hourly income, then add the cost of the materials for that piece and that is the least amount you should be charging for your work.

Most businesses then add on at least 10% for profit.

The profit is for special expenses in the future - a new computer, lighting, a special kiln, a trip abroad to paint, any up coming expense that will improve your business. If you do not plan that money into your income it will not be there.

For some of you it may take time to feel comfortable charging this amount for your work. Start out increasing your prices by 10%. Keep it at that price for 6 months and then try increasing it again by 10% until you get your pricing to where it ought to be to make the yearly salary that you desire.

If after you come up with the minimum price for a piece you think you can get more for it by all means charge more for it. This formula is to help you find the minimum your work should sell for. Your experience and expertise will often allow you to ask for higher prices and that is what you ultimately want. I put this formula together because I found many of my clients were simply guessing at what they should charge and often asking much too little for their work.

If you do not understand this formula or need assistance figuring out your pricing please contact me and we can set up an appointment to go over this one to one. I hope this helps.



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