

# HOW TO SET YOUR PRICES

*even when you don't know where to start*



**I guess nearly every women in business has asked this question at some point – how do you decide what to charge, when you don't know where to start?**

**I know it's a big issue because I get questions about it every week on my Facebook page [www.facebook.com/thegirlsmeanbusiness](http://www.facebook.com/thegirlsmeanbusiness) so let me help. Let me share what I teach my clients about pricing so you can get a better feel for where to start and how to make a profit.**

## **PRICING STARTS WITH KNOWING YOUR COSTS**

**It's the only place to start, because if you don't know what it costs you to make a product or provide a service, how can you possibly know if you are covering your costs at all, let alone making a profit?**

I know lots of women who really struggle with this side of things because they are scared of the numbers, so if you feel this way you're definitely not alone.

However, I'm not letting you off the hook. Time to put on your big girl knickers and get brave, face the numbers and get some clarity in your business



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## WHAT ARE THE COSTS IN YOUR BUSINESS?

In my business my costs are heat/light, electricity, my equipment (computers/phones, tablets and microphone for podcasts), my support team (website lady, designer, business manager, virtual assistant), my coach and advertising, specifically Facebook advertising. I don't have premises, so no rent, rates or taxes to pay there.

Now look at YOUR business. What do you pay out every month or every year?

Some will be direct costs, meaning they are directly related to producing a product or service. These might be:

- Stock
- Ingredients
- Components
- Staff time
- Your time
- Travel / fuel
- An hourly venue rate if you hire premises by the hour

Other costs like:

- marketing
- rent
- rates
- taxes
- phones
- broadband
- utilities
- vehicles ...

and other things that you need to pay but that are not directly related to producing a product or delivering service still need factoring in.

Speak to your accountant about how best to do this for your business but a simple way would be to work out roughly what this would cost you in a year (as best you can) then

divide it by 12 so you know roughly how much per month you need to make before you have sold anything.

These are your overheads. You need to cover the cost of your overheads before you can make a profit.

## WHAT'S NEXT?

**Ok, you are doing brilliantly so far. It's not so scary after all, and even if you don't have exact figures an educated guess based on the information you have is much better than doing nothing.**

Now you need to work out what it costs you to PRODUCE OR DELIVER your product or service.

If it's a handbag, you'll have fabric and components such as the clasp, thread and your time.

If it's an hour of coaching, you need to factor in your preparation time (there's always some, even if it's just revisiting the notes from the last session) and the time delivering the coaching/training plus travel time/costs.

If you're a florist you'll have the cost of the flowers, the sundries, your time AND things like rent, rates, marketing and utilities. Do you get the idea?

## HOW DO I PRICE MY TIME?

**If you're a maker/crafter/artist or you sell your time you're going to have to put a price on it. Where do you start?**

Well a good place to start is by looking at jobs – if you were going to take a job what is the minimum hourly rate you would be comfortable with? £10 per hour? £20 per hour?

Whatever you'd accept, start pricing your time in YOUR business the same way. As you get more confidence you can increase your hourly rate but if you've been avoiding the 'my time' issue and NOT pricing it in at all, using the 'what would I work for someone else for' method is a GREAT place to start.

What often happens is we get a HUGE shock because when we price our products properly with a decent hourly rate because the price they OUGHT to be nearly makes us fall off our chair.

It's way higher than we've been charging. And that sets off the mind monkeys in our head who tell us no-one will ever pay that, who do we think we are?

The trouble is, if you've been under-pricing, which is usually the case then you're kidding yourself. You're not running a business; you've got an expensive hobby. That's a wake-up call, if ever you needed one.

## **YOU CAN'T UN-KNOW IT**

**Once you know what it really costs you to make or deliver your product or service, you can't un-know it, which means you HAVE to put up your prices.**

Now before you go and hide in the cupboard with a tub of Ben & Jerry's, don't despair. You've already made a huge leap by getting clear on your costs – loads of small business owners never get that far. Stop worrying that nobody will ever pay your new prices and start working on your Super Customer (there's a BLOG here all about that – if this is all new to you, I suggest you pop over and read it now). Your Super Customer is your BEST FIT customer – the type of person you'd love to have more of. They love what you do, they spend lots, they tell their friends, they keep coming back – they are a JOY to work with. Sadly, not every person out there is a Super Customer or even a good fit but here's the thing – if you MARKET TO ATTRACT your Super Customers, you'll get more of them. Makes sense, right? Whereas, if you market to anyone and everyone, you'll get whoever walks through the door, good or bad. Which would YOU prefer? Exactly.

Stop hedging your bets. Start marketing to the people you'd actually LIKE to attract and you'll attract more of them. Other people will still come, it's not like you have to turn anyone away, this is just about where you spend your precious marketing time, money and energy.

## **WHY SUPER CUSTOMERS ARE IMPORTANT IN YOUR PRICING**

**OK now you understand the concept of Super Customers, let me explain why they are so important in your pricing.**

You know now that you have to price properly which means your prices will be higher than the hobbyists and the uninformed out there – rest assured they are losing money.

You also know who your Super Customer is. Now you need to work out why they will happily pay more for what you sell.

### **Let's look at some examples:**

When Chloe was a baby I spent a FORTUNE on prams, on all sorts of equipment (most of which I never used) on clothes – I always got the best I could afford, even when money was tight.

These days I don't value that stuff at all. If you GAVE me a £1000 buggy I would have no use for it. I might give it away or sell it but I certainly wouldn't keep it or value it because it's not important to me now.

I have a little dog, a Jack Russell /Chihuahua cross called Meg. Rather than buying cheap dog food, I always get really good quality dog food from places like Lily's Kitchen. It's NOT cheap, it's blummin' expensive but it's important to me to get good quality because I've committed to looking after this little dog for life. I value her welfare. Where Meg is concerned, money isn't really an issue. Before I had a dog,

you could have given me £1000 worth of Lily's Kitchen dogfood and I would not have valued it.

The things I value change over time, depending on my needs. When something is important to me, I spend as much as I can afford on it. Price is less of an issue than VALUE – how well it meets my needs.

Do you see? You just need to work out who VALUES you and price becomes a secondary issue.

When have YOU spent MORE on something (even when it was a real financial stretch) because it was IMPORTANT to you?

What do YOUR Super Customers value about your products / services and why?

- What will make them happily spend more with you?
- Is it your quality?
- Your service?
- What is it about what you sell that makes people come to you rather than other (possibly more convenient) suppliers?

I know I'm making you do lots of thinking but I promise it's for the right reasons because when you know what it costs you to produce something AND you know you have people out there who will happily pay the right price (i.e. a price that easily covers your costs and gives you a profit) then it's happy days.

## **HOW NOT TO PRICE YOUR PRODUCTS OR SERVICES**

**Have you ever wondered how your competitors price their products/ services, especially if they are way lower than yours?**

Well, what usually happens is they look around to see what everyone else is

charging, then they figure out where they are in the pecking order (better than HER, not been around as long as HER) and they pitch their price somewhere in between, usually at the bottom end.

The trouble is, everyone they are looking to for pricing usually set THEIR prices the same way. So nobody has costed out their time, they are all running at a loss and the only way they can drive more business is to drop their prices AGAIN, making even more of a loss.

### **Do you see now why that is a bad idea?**

If you price this way – by looking around and deciding where you fit in the pecking order, rather than looking at where you ADD VALUE - there is nothing that makes you stand out. People don't look at your value, they are shopping around on price. When your only selling point is price, the only way you can compete with other businesses is to CUT your prices. And if you haven't been costing properly, it won't be long before you are PAYING customers to take your stock. Hmmm.

When you price your products or services like that, based on what everyone else is charging, you are not factoring in your ME factor. You're not looking at your Super Customers. You're not looking at value.

So, that's a long answer to a short question but it's important you understand this. Start pricing properly NOW, look at where you add value, look at why your Super Customers come to YOU, love you and value you (read my blog if you're struggling) and before you know it your attitude to pricing will have turned on its head. You won't care what others are charging, you will be able to charge a good price and make a good profit and your Super Customers will be happy as clams.

Try it, I think you'll like it.



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## ABOUT US

**Claire Mitchell is a marketing and business coach, an Amazon best-selling author and mum.**

She works from home in a little village by the river in the North East of England with husband Mitch, daughter Chloe and dog Meggie. She's been featured in Marie-Claire, The Guardian, Closer, Essentials and the Huffington Post. She's been featured on TV-AM, Radio One and The Apprentice.

## ABOUT THE GIRLS MEAN BUSINESS

**Created by Claire Mitchell, The Girls Mean Business is an online business school for women. She runs a number of courses and classes including:**

### THE GIRLS MEAN BUSINESS CLUB

**An AMAZING group of women business owners who are determined to build their business, no matter what!**

This is SUPPORT ON STEROIDS! Learn all about business and marketing with people who KNOW what it's like to feel flat, isolated or out of your depth – who GET what it's like to build a business when life gets in the way and who WANT to learn and help others do the same. It's AWESOME! A monthly class and challenge get you motivated, little surprises through the mail make you happy and likeminded people to hang out with make you SUCCESSFUL. Yay!

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## **30 DAYS TO BOOST YOUR BIZ**

**The 30 day motivation programme for women business owners.**

30 days, 30 mini lessons, lots of motivation and a fantastic, supportive Facebook group = HUGE progress and the foundations for AWESOME success.

## **SMALL BUSINESS SUCCESS CAMP**

**The ULTIMATE BUSINESS SUCCESS COURSE for beginners (or those who are rusty and need to start again properly).**

7 modules, over 100 bite-sized videos and a whole bundle of planners, cheat sheets and workbooks. Perfect if you don't have time to waste – you can just pick a mini-class on the topic you're struggling with and watch it right now. Job done, move on. Or you can work through all the modules and watch yourself morph into a successful business owner before your very eyes! Yay!

## **THE BIG GIRL KNICKERS BUSINESS ACCELERATOR**

**The SERIOUS BUSINESS BUILDER'S COURSE for seasoned business owners who are a bit flat or stuck in their business and are ready to be bold, brave, put on their big girl knickers and step up to the next level.**

12 modules, over 100 mini- videos, monthly challenges, regular bum kicks and NO EXCUSES! If you are serious about building this business, if you've HAD IT with getting by, if you're DONE with doing OK, it's time to get those big girl knickers on and show the world what you're made of!

**We've also got Online Coaching Made Easy and Supercharge Your Sales as well as lots of other amazing free and paid resources on our website. What's not to love?**

**No excuses, time to build that AWESOME business!**

*love, Claire xx*



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