

HOW TO PRICE YOUR WORK: (Step 2) The Rest of Your Expenses

Now that you have determined your hourly rate, and to find a price for your time and the work that you create, you must think about the following:

What are your wholesale prices?

Wholesale prices are determined by adding together your expenses for labor, materials, overhead and profit margins.

Labor Cost	is the total number of hours that you spent creating a finished piece x your hourly rate.
Material Cost	is the costs of supplies used creating the finished piece.
Overhead Cost	is usually a fixed cost which includes your rent for studio, phone, insurance, accounting fees, etc. A good measure is 20-25% of labor and material costs.
Profit Margin	20% is a good place to start. This number may be adjusted as you are setting a point price for your work.

Wholesale Price Formula:

Wholesale = Labor Cost + Material Cost + Overhead Cost + Profit Margin

What is a retail price?

Retail Price is usually calculated by doubling the wholesale price.

A **Quick formula** is Retail Price = Wholesale Price x 2.

Retail prices should generally stay the same regardless of how you are selling your work. The direct sales price (craft fair booth or out of your studio, etc.) should be the same as the indirect sales price that you may offer to a business (gallery, boutique). The business owner will automatically mark up the retail price for his/her customers. You can even suggest a sales price to the business owner.

If you find that you have not set an accurate retail price, and are not making a profit margin – then re-evaluate your pricing structure. There may be “hidden costs” such as booth fees, transportation, or store overhead. If you need to adjust your retail price, do so accordingly - don't shortchange or undercut the shop owner. That approach is short term – it is not beneficial to you in the long run. Maintain professional business practices and good personal relationships with your retailers.

HOW TO PRICE YOUR WORK:

Sample Worksheet

In order to determine a price for your time and the work that you create, you must think about the following:

What are your rates for labor?

For each person employed by you calculate the following:

1. Your hourly rate \$ _____ x #hrs per month _____ = **Monthly**
\$ _____

What is your productivity?

2. How many pieces do you make each month? _____

3. How many hours does it take to make one piece? _____

What are your material costs?

4. List each material/ or raw supplies that you need each month:

_____ \$ _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

What are your monthly overhead costs?

5. Studio rent or mortgage fee? \$ _____

6. Utility fees \$ _____

7. Telephone fees \$ _____

8. Office Supplies \$ _____

9. Postage \$ _____

10. Insurance, Accounting, etc. \$ _____

11. Membership fees, dues, course tuition, booth fees \$ _____

12. Marketing (brochures, hangtags, business cards) \$ _____

13. Online/Web \$ _____

14. Other (photography, etc.) \$ _____

What is your profit margin?

%