

## PRICING

There are numerous ways to price your work, she focused on doing it per piece, not through a business plan (i.e. you need to make 30K a year, then backing up from that). The method she uses is to add materials, labor, overhead, add 10% for profit (apparently a good profit margin to aim for) for the wholesale cost, then at least double that for retail (or more, depending on your market). Here's a breakdown of what she put in each category:

### A) MATERIALS (direct costs)

Supplies: including any shipping costs you pay (she had a lot of suggestions on organizing this kind of thing, if either of you are interested, ask me).

### B) LABOR (aka INCOME, as opposed to PROFIT)

Your hourly wage: this should be a living wage, no less than \$10 an hour. She uses \$20, for most things. Consider what you would pay an assistant, if you had to hire someone and pay yourself as much or more.

Special techniques: if you're doing something that's skilled, it should cost more, and that's something you can educate your clients on when you show your stuff (knotting techniques, etc.). Also design time, etc.

This needs to cover things like sourcing (shopping) time, shipping, marketing, accounting, postage, transport, maintenance of tools, phone time, computer time.

### C) OVERHEAD (indirect costs)

Studio rent, consumables (things that get used up fast--envelopes, printer ink, etc.), utilities, equipment, mileage, entry fees, advertising, insurance. If you've been doing this for a year, you can check out what your monthly costs for these things are in your taxes.

### D) PROFIT

Aim for 10%.

Sample she gave us, for a pair of earrings:

A) 23.00

B) 10.00

C) 1.00 (her general estimate is that her overhead costs are \$2 per hour)

Subtotal: 34.00

D)  $34.00 \times 1.1 = \$37.84$

Wholesale cost is \$37.84, Retail is at least \$75.68.

We went through a lot of talk about shifting prices through getting wholesale prices on materials, getting faster at production, and so on. She had numerous stories about folks who couldn't sell their jewelry until they'd priced them much higher than their comfort range, because people perceive more expensive pieces as worth the money, or want to hear why they are (handmade, one of a kind, etc.). She explained the difference between people who are just selling things cheaply so they can buy more beads, and those who are making a living at it—under-pricing hurts *everyone* in the market (I feel strongly about this since it's the same deal for graphic artists and I'm sure with any group of artists). She also suggested not giving more than 25% of a discount to friends/family. And, as we all know, it really comes down to self-esteem :).