

## **Pricing Your Work and Your Worth**

One of the most common topics I am usually asked advice about when it comes to freelancing or business has to do with money and how to price your value, your services or your products. And we should be asking these questions because so many times, people poorly evaluate what they have to offer due to a lack of confidence and experience.

I used to be one of the people who would shamefully make an excuse for my prices; prices that were already so small. I didn't believe in myself and would negotiate horribly, giving way more for less. I worked harder than ever and went above and beyond on my projects. People loved the results and I built a great reputation for myself, but reputation alone doesn't pay the bills or keep you from losing everything you own.

The first ten years I spent in business were for paying heavy dues and penalties. The next ten I've earned more than I ever dreamed about and I'm not slowing down. The principles I am sharing with you today come from two decades of failures and successes.

Wherever you are on your journey, you can always learn. Lets start thinking differently about your worth and the value of your work. First, I want to share three rules I live by.

## **The First Rule: You are in business to make money. Period!**

You are not starting a business for fun or awards or high fives - you are in business to make money and earn a good living. If you think otherwise you need to work for a company and collect your paycheck.

Starting or running your business can be fun, exciting, and filled with passion. The rewards can be freedom or making your own rules. A business can be fulfilling despite the hard work and long hours you will put in, but make no mistake, you must make a profit.

Realizing this truth can be difficult for some of us. Sometimes we only see the desire for doing our own thing or giving the finger to the “Man”, but if you don’t pay your bills and yourself, then your freedom journey will be short lived.

## **The Second Rule: Your time don’t mean crap.**

Let me be honest. Your clients or customers don’t care about how much time you have spent learning your skills or developing their project. They don’t care if you work late nights or weekends. They care about results and the end product.

This is where SELLING VALUE (not price) comes into play and why you need to sell your product or services based on what it does for them or the overall value they receive from what you are offering. If you do this, you will create a win-win situation.

I learned this lesson from an ornery, old man and this illumination dramatically changed the way I do business.

What I discovered was that clients do care about what you can do, but they are focused more on what you are going to do for that price-tag than what it takes to do it or that you had to stay up all night to complete the job. And if you are going to stay up all night, you better be paid well for it!

Don’t sell your time. Communicate and market that you sell something valuable.

## **The Third Rule: Your money must come first.**

I love the tattoo on Jesse James' hand. It reads "Pay Up Sucker" with a neatly designed dollar sign.

This rule applies in a variety of ways. I've heard so many excuses over the years; *the check is in the mail, I will pay you soon, let's go ahead and get started the accounting department is delayed, I never got an invoice, we pay 60 days after, we must see ideas or concepts first*, and so on...

Never, ever, ever begin a project or do any work without being paid at least half upfront. You run your business your way. You dictate the terms and you should walk away if they aren't met. I've been taken many times and so have others. Your professionalism will be evident when you set the guidelines and make people adhere to them. Make no exceptions.

## **The Price is Right .. or is it?**

The three rules I gave you are going to help you get in the right mindset for pricing your work and determining the value of your worth in the market place. Now lets talk some about the numbers and what you need to earn.

## **What Do You Have to Make?**

There is a difference between the amount that you have to make in order to stay in business and where you can actually turn a profit. If your goal is to just stay in business then trust me, you are better off working for a company with set hours and benefits. Just paying the bills is not where your focus should be, but just so you know what that is, here is a basic formula:

Divide all your expenses (including rent, utilities, insurance, salary, business equipment, promotion, taxes, etc) by 1,000 hours (realistic billable time per year) if you are a solopreneur.

Expenses & Salary: \$80,000 divided by 1,000 = \$80 per hour

But ... add 15% for a profit margin (don't you want to profit) to the \$80K which is an additional \$12,000. Now you do the math:

$\$80K + \$12K = \$92,000$  divided by 1,000 = \$92 per hour to make money

Obviously once you come up with an hourly fee, you have to hit that number with your projects. And remember when you are the solo person, you won't be working 35 actual hours per week!

Many people get excited making \$25 - \$50 per hour, but as you can see, this won't end up paying you a salary and your expenses.

### **Think About Money Differently.**

What if you threw out this limited hourly mindset? What if you focused on selling value or benefits on a per project instead?

The average brochure website build using a theme/template on average is \$1,500. This is for a static, 10 page website with a contact form, graphic implementation, and set-up.

If you develop a great business system and can complete the site in 8 hours, that's \$187.50. If you can complete the work in four hours that's \$375 per hour!

Just two websites per month at this rate would be \$3,000 with approximately 16 hours worked. Of course there will be many variables that can change and affect this such as non-billable time, revisions, and client communication, but at least you would do better than trying to bill by the hour or solely based on the hourly mindset.

*Let me put it another way ...*

The more efficient and faster you are, the more you make per hour! You can earn a better living by doing less. This is how I built a great living from Branding Shed, my old branding firm. It doesn't mean I didn't work hard, I worked smarter.

So let me ask again ... what if you could streamline your process, get faster and still provide great results and get more work?

### **Pricing in the Web Design Industry**

The ranges of web design service pricing is all over the board. I see solopreneurs charging less than a \$1,000 for custom sites to reputable companies charging upwards from \$8,000 for custom solutions. Why such a huge discrepancy? I believe it comes down to business experience.

Companies who have been around know the ins and outs of working with web design clients and they understand the pitfalls. New designers or developers haven't experienced that yet ... and they also tend to place a lower value on their abilities because they are so new. And while it's true that younger companies with less credibility might not command the prices of veterans, they can negotiate higher fees than they think.

### **What I see as being "fair" price ranges in this market:**

Blog installation and minor customization - \$450 - \$750

Blog installation and minor CSS/Graphics customization - \$950 - \$1,250

Smaller semi-custom sites built w/standard plugins or features - \$1,500 - \$2,000

Semi-custom sites with more customization and features - \$3,000

Custom sites built on WP or other CMS systems - \$3,500 - \$6,000

I believe the sweet spot to be in is the \$2,500 - \$4,500 range. Any less may not be worth it depending on the client and any more requires more experience and knowledge PLUS potential hand holding.

### **Here are some thoughts to help you earn more ...**

**Don't play the low price game.** This is a double edged sword because it takes away profit from you (remember you are in business to make money) and it also cheapens the services/skills of others. Lowest pricing messes it up for you and others.

**Don't be quick to negotiate.** When a potential client starts to balk, don't talk. Sometimes the best thing you can do is let them set or you kindly thank them for their time and walk away. If you end up having to negotiate, take away benefits or features first to lower a price.

**Don't show all your cards.** Be careful of the information or signals you give to potential clients. Don't give clues that you are hungry, desperate, the work will be simple, or anything that would give customers the opportunity to exploit.

**Don't lose confidence.** If you have great confidence, but lack all the necessary skills, you can still close on a great deal. Always exude confidence.

## **So where does that put you?**

You have to believe that what you are offering is worth more than you think. You have to believe that you can get great work, for great fees. In my personal opinion here is what I think you can gauge as a base line for the worth of your work ...

1-3 years with minimum experience ...\$48,000 year

1-3 years with the minimum experience but with the right training and knowledge ...

\$60,000 - \$90,000 (four sites per month @1,500 = \$72,000 yr.

2-3 years with moderate experience ... \$120,000 - \$180,000

5 years and up with experience, training, and the right projects ...\$200K - \$250K

This is based on YOU wearing most of the hats. If you have a team who can help you build a business, then there is no doubt you could make over \$500K. Of course the better you get, the higher priced projects you can do and do less of as well!

## **To wrap it up ...**

You have to determine what it is you want out of your business and skill sets. You will have to work hard but there is a huge amount of opportunity waiting for you. You can achieve a wonderful living if you play your cards right.