
PRICING PERFECTION

The workbook



www.theseirlsmeanbusiness.com.au

PRICING PERFECTION

Getting in the right frame of mind.

Before we get started I want to talk about the fact that this is not going to be easy.

Pricing is something that many struggle with and we will look at exactly why. But I want to put it out there that we are not going to try and sugar coat this for you. Sometimes you just have to say it how it is. You need to understand the facts about having a business. And sometimes that isn't pleasant.

The best thing about understanding your pricing is that once you have it sorted you can forget about pricing and **concentrate on getting more work**. Your price list will never bring you more work. Your pricing will bring you financial rewards if it is carefully planned and considered and if you understand why you charge what you do.... But it will never bring you more work.

And yet we spend so many hours deciding what to offer, what to charge, what to value add!!
Imagine if you had perfected your price list. You have great offerings for your clients, things that you love. Your client love what you have to offer and the price they pay is keeping your business prosperous. How would that feel? How would it feel to know that you would never have to contemplate redoing your pricelist yet again? Sure you can tweak it and change it from time to time but imagine if this was something that was easy to do.

Now imagine going to a trade show and seeing a great new product that you want to offer your clients. Imagine being able to quickly do the calculations in your head of what you would need to sell that product for in order to make money from it. Being able to quickly decide if a product has a price tag that you feel comfortable with instead of have a guess at what you could sell it for. How easy would it make your life!!

That is what this Ebook wants to help you with most. You might need to do some work to get this just right but in the long run it will be so worth it.

We are going to start with an overview. We have 3 elements that help us to find our price point that we MUST do. You can adjust each of these 3 elements to change the way profit is produced but each one of these will help you to work out how much to charge and what to charge for.

But the very first thing that we need to tackle is why creating our pricing is so difficult and why it absorbs so much of our time. This is big. So big we have create 3 rules that you need to keep in mind when as you move forward.

Getting in the right head space:

1. We need to forget is what we think our work is worth, or what we would pay for the same service and not try to guess what people are prepared to pay for it.
2. Don't compare or copy others – you have no idea how and why other charge what they do!! They might have copied someone else and be struggling to pay their own bills.
3. This is a mathematical exercise and the photography plays no part in this at all!!

If you don't look at this issue logically it will cost you to be in business. Your business is taking your time, energy and money to run. If it is not profitable then why would you run a business at all?

One of the hardest things about being a business owner is being a business owner. We get so caught up in the day to day running of our business that we often forget that we are business owners and not just employees of our own business. How often have you known that you really need to work on the business but the technical stuff gets priority! The client shoots, edits, post production and delivery of your product must be done in a timely manner. It's called giving your clients great service. But we often put this work before everything else. We like being busy doing the work that our clients will love us for. And the business stuff isn't any fun so we often put it off. But being a business owner means taking responsibility for the health of your business as a whole. If you don't look after your business, there might not be a business at all.

Let's have a long hard look at these rules and why we need them. We are in business for a reason. Before we even start to look at what we need with the pricing triangle we need to spend some time and understand what is blocking us. So many photographers and small business people in general have blocks when it comes to pricing. By talking about what blocks us we can be free of these issues.

Rule number 1.

We need to forget what we think our work is worth, or what we would pay for the same service and not try to guess what people are prepared to pay for it.

When was the last time you splashed out on something that a once in a life time purchase? A trip away, a dinner out? The Louis Vuitton bag? How much did it cost you? I spend more at my hairdresser in one visit than what some photographers charge!! Just because you think you wouldn't pay that much doesn't mean others wouldn't! You need to stop thinking that clients have no money~ if they indeed don't have money then you need to find the clients that do!! And that is a marketing issue not a pricing problem. Remember that for some people having photography done is a once in a lifetime expense. It's not something they do every 6 weeks like going to the hairdresser!! The service you provide gives your clients memories that will forever be handed down in their family. They will become something that can never be replaced. In 20yrs time they will be priceless.

Rule number 1 is one of the big blocks that we put up when we decide what we will charge for our services and products. If we are not honest with what it actually costs us to be in business we might be losing money with every client. Our time is valuable. Don't be in a situation where it is costing you money to have a business.

Rule number 2:

Don't compare or copy others – you have no idea how and why other charge what they do!! They might have copied someone else and be struggling to pay their own bills.

Why photographers spend so much of their time checking out what others are doing astounds me!! If they spent that time marketing to get more work they would be doing so much more for their business. You only see their show reel and you then compare it to your behind the scenes!! Stop it now!! If you want to check out other photographers, look at the big names in the industry, not your neighbours business. Watch creative live, or some YouTube videos to learn new skills but don't stalk your local competition. The only time you should even concern yourself with what is happening locally is when you are first starting out and you need to assess what other services might be in your local area. More for research while putting together a business plan than looking at how much they charge!!

When you understand and know why you charge what you charge, you will feel more confident about your prices.

Rule number 3:

This is a mathematical exercise and the photography plays no part in this at all!!

It doesn't matter what you sell. If you are not honest with yourself for this exercise you are only doing yourself an injustice.

Let's consider other trades. Do you think that a plumber wonders or hopes that each client will spend? Every time the plumber sees a new customer they have different needs and different expectations. But they know what they need to charge to make their business viable. That's why they have a call out fee or minimum spend!! I bet your thinking to yourself "but people need a plumber and have to call one if they need their plumbing fixed, photography is different". And you are right but we are talking about knowing your numbers here, not what the business is but how it works out pricing.

What about a restaurant? They have a menu. Do you think that the restaurant owner has guessed what to charge? They know what their overhead are and how many guests their restaurant needs each night with a minimum spend of X? It's all about having a good understanding of how much a business needs walking in the door to make money.

Photography is no different. If you want to be treated like a business, you need to behave like a business. You need to change your mindset to enjoying the challenges that a business will bring. This doesn't mean it has to be boring and a drag. You can easily make marketing for instance a creative pursuit. Most processes in your business only need to be done once. Once you have your process ready to go and documented you can easily revisit it anytime without the stress associated with creating the process in the first instance.

So why is pricing such a hard thing to tackle - apart from what has already been mentioned, we often want to have a solution for every client. We want to have a product that will suit everyone. We want it all. But that is not the best way to create pricing. By trying to please everyone with a product that everyone might like, we simply confuse people and then they don't want to buy anything. We need to think about our ideal client. That one person that we market too. What would they want? What could they use? And WHY??

Our products should be a decision of what we want to see our clients buy and what they will want to buy. Our prices should be a decision of how much we must make each week to keep our business viable. Our pricing structure should be built around a sales goal.

We are in business for a reason. What is your reason? Is it to supplement the family income? Is it the only income you have? Is it to add value to your life by going on holidays, paying for kids schooling, buy that something special for yourself. **Charging what you deserve takes courage and confidence.** But it's not just about what you deserve – it's about what you must charge to stay in business.

To create our prices we are going to go back to the drawing board. And we are going to start with your favourite product and work out a price for that. By starting with understanding what our sales goal is we can then work out what will be our most attractive price point on our price list.

But what if your product is digital files only!! That is ok. What if your product is prints only! That is ok too. A product is a product is a product. If you sell digital files, as long as you understand your pricing strategy for them then that is fine. In fact I have seen photographers that sell prints for close to cost that make less than some selling digital.

But before we decide on products to sell we also need to work out our sales goal, our premium product and our starting price.

Our starting price is the product that is the cheapest thing you can buy from your business. It's our "my prices start at" or "the minimum product spend with me is".

The Premium product is something in your pricelist that is amazing but expensive. It's quite possible that you might never sell this product but it is amazing and you would love to sell it.

Our sales goal is where our sweet spot for our price list sits. We need to make this the most attractive price point and what most clients will start their spending at.

Let's start thinking about what we want as products.

Do you want them to hang your work on their wall? Do you want them to share your work with their friends?? Where do you see your services best used in your client's lives? What is your work doing to enrich the lives of your clients? What makes them want to use your services?

What do I want my clients to do with their photographs?

Which of the 3 rules do I know I will have trouble with?

Why is the above chosen rule so important to be followed?

What is currently my favourite product that I sell to my clients?

Finding your sales goal

There are 3 components that you need to fully understand before you can find your perfect price point. These are:

- Cost of Goods
- Cost of doing business
- Number of clients per week.

You can adjust each of these 3 things to change the way profit is produced.

Understanding each of these components and how they work together will help create a successful pricelist for your business.

Cost of goods: is exactly what it says – how much does it cost you to deliver your product to your client? We need to dig down into the maths here and work out what the percentage of sale price our Cost of Goods (COG) is for each of our products. We need to look at this regardless of whether its packages or al a carte menu pricing. If we need more money coming into the door we can increase the price we charge or reduce the cost of goods.

Cost of doing Business (COB): you must understand what it costs you to do business without a single clients walking in the door. This includes things like advertising, business cards and stationary, phone, computer, camera and lighting equipment, props etc. anything that we will spend money on regardless of whether we have any clients or not. Knowing how much it costs each week before you even have a client walk in the door is an essential part of this equation. You must then also decide how much you want to pay yourself in this equation. There is no point being in business if you are not making money for yourself. You need to include your wages AND you also need to add profit to this equation.

Number of clients per week: We can in increase the number or decrease the number depending on how many clients we can (or we are) photographing every week. We need to find a number that we feel comfortable with. A number that means we can look after our clients and not work ourselves into the ground. How many clients we look after each week also includes what the target goal for our average sales price. Once we have a goal for average sale and number of clients per week we can work to make that our marketing and sales goals. And if we carefully plan and understand our price list we can adjust this number up and down to fit how we want our business to run.

You can move and shift each of these elements. When you do something differently in one it will make a change in the others. Using these 3 elements to find your goal price point you will have a starting point to making your price list. You will also understand the reasons that you will be charging the prices in your price list.

The Cost of Doing Business:

Now this is one of the hardest things you will ever have to do for your business but it is also a game changer. When you work out how much your business costs you to run without a single client you get a true understanding of where the money you make goes.

If you have been in business more than a year you can look back over your previous years and see where some of these costs might be.

So here is some of my costs directly from last year's book keeping. And these are pulled straight from my spread sheet. My expenses don't include rent, electricity, water, gas etc that you might have if you have a premises. This list will change for each person but this is exactly how I work out what I need each and every week. ***Not only do I use this as a cost of doing business but it also then becomes my budget for the year.***

Advertising/promotion	4812.49
Business Related	498.56
Education	2984.98
Equipment	1236.86
Industry	1044.41
IT Infrastructure	1070.84
Phone	1601.07
Postage	316.45
Props	1739.77
Software	1330.12
stationary	754.18
templates	116.95
website	814.74
Internet	605.94
Bank Fees	807.93
Total	19735.29

If I round that up to \$20000 and divide by 52 weeks its \$385 per week before I even have one customer. I can reduce my weekly overheads or I can make more money to spend more on overheads but I cannot and I MUST NOT ignore that it costs me every day to be in business.

This can be quite an eye opener. So before I even make any money each week I need to bring in \$385 to my business. If I am shooting and burning disks for \$100 per disk that's 3.85 clients I need each week before I can even see any of the money. If I have \$1000 coming in each week it really is only \$615. If I take a week off then I need to make sure that I have covered myself for the week of expenses.

Expense	Amount	Description of what it includes.
Advertising/promotion		EG. Business cards, flyers, markets, expos
Business Related		Business name registration. Insurance. Legal fees.
Education		Seminars, workshops, subscriptions, creative live, etc.
Equipment		Including repairs and replacement.
Industry		AIPP, Awards etc.
IT Infrastructure		Computers printers, cables, card reader, cards etc
Phone		
Postage		
Props		Make a budget and stick to it. We all like pretty props and it's easy to get carried away.
Software		Adobe, Microsoft, etc
stationary		
templates		
website		
Internet		
Bank Fees		
Total		

What is your best estimate of your cost of doing business?

Per Year:
Per Month:
Per Week:

How many client per week?

The most important thing to understand here is how much time you have to devote to your business. Are you are work from home mum that has 2 days a week when the kids are in childcare to work? Are your kids at school so want to work from 9 till 2.30 each day? Can you work it like a 9 till 5 job? You work part time so only have one weekend each fortnight that you can devote to your business? All of these are different ways that we can not only have a great business but one that fits into our lifestyles. What commonly happens is that we want to work x amount of hours but we underestimate what is required by your business from you and often double or triple the amount of time we spend. We can look at all the reasons this happens but let's just look at how this affects our prices.

This might take some time to work out where you are spending your time on so that should give you some indication as to how much time each client requires for you to give them great service. Consider into the equation time for social media, marketing and networking, professional development, weeks off etc. and work out how many clients you feel you could comfortably look after each month, each week or each year. Remember that the more clients you need, the more marketing you need to do to bring them to you.

For me its 2 per week. I can work 9am till 3pm 5 days a week and 2 clients per week is a good fit for me. I can do 4 if I need to squeeze people in but I must have 2. To work out this number I had to work out how much time I can dedicate to my clients each week. I took into consideration all of the other time consuming things like social media, marketing, networking, client contact and meetings, shooting, editing, post production etc and decided that my target was a conservative 2 clients per week. I can take up to 4 per week but I have done my figures at what I think is easily achieved. Some months its more, some it's less. And sometimes I need to work harder if the promotion that I have done falls flat!! But again that is marketing stuff, not pricelist stuff. I also take off January every year to spend with the kids. It's the quiet time of year and I still often have a job or 2 during this time but have the majority of the month to spend with my children.

The importance of understanding the numbers

This is where we need to start to understand the importance of numbers. I want to explain that the cheaper you make your prices, the more clients you need to keep your business going and to make an income. It's a volume or quantity vs quality issue.

Let's have a look at some basic numbers and how it works.

If I want to make \$2000 per week as a photographer I can either find 1 client per week that will spend \$2385(2000 sale goal plus 385 other costs), or 2 that will spend \$1192.50 or 4 that will spend \$599.

How much time will I use shooting and selling to the 4 clients compared to the 1 client!! I might have to work harder to find my perfect market with the \$2385 client but I would have that time because I wouldn't be shooting and editing and selling and ordering for lots of clients.

Get what I mean. **Work smarter not harder.**

Work out how much work you can do each week plus all the other stuff that goes with a photography business, and **find your market in that bracket!!**

If you know your craft and you are a good photographer then the price you charge should reflect the market that you are after and not your thoughts about what you would pay for your services.

If you know what you need to bring in to pay the bills each week you will be in a much better position to run a profitable business.

Answer the following:

How many hours each week can you devote to your business?

How many clients do you comfortably believe you can service each week?

How many clients have you shot in the last 3 months and what was the average sale?

If your phone was ringing hot with clients what is the maximum number of clients that you could look after each week in your current set up?

COG: Cost of Goods.

We need to know how much we are spending to deliver our goods to our client. We want to measure how much of the sale price we use to pay for the goods we deliver. We can measure this as a percent of the sale price.

We need to do this so we can work out what we want the percentage of our sale price taken up by the COG. It makes it easier to work out what we need to sell a product at, and if that product will give us a good return in our business.

I like to keep my COG at 7% but will go up to 15% if I really love the product or if the product is popular. It tends to then average out around the 10% mark. If at the end of the financial year my COG was over 10% then I need to look the following year at either finding a cheaper product, negotiate a better price from my suppliers, or put up my prices.

It's easy to work out this for each of your products.

Here are a couple of examples:

(**These prices are for example only. Please check for exact prices from your own supplier)

Product Name	Portfolio box	\$1295
What is included	Cost of components	
10 7x5 prints (the edge) including delivery	20	
Portfolio box (seldex) including delivery	55	
CD/DVD	5	
	Total cost	80
	After -COG	1215
	Percentage of sale price	6.18%

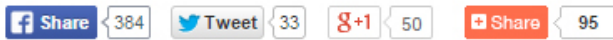
Product Name	Canvas package	\$1695
What is included	Cost of components	
40x40 canvas	295	
CD/DVD	5	
	Total cost	300
	After -COG	1395
	Percentage of sale price	17.7%

(**These prices are for example only. Please check for exact prices from your own supplier)

Now according to the rules that I use in my business the canvas package is not falling into my less than 15% rule so by using the <http://percentcalculator.com/> I can calculate where this package should be.

Percentage Calculator

This percentage calculator calculates percentages based on various inputs including ratios, fractions, percentage grades, statistics and percentage increase/decrease.



is what percentage of ? Answer:

What is % of ? Answer:

is % of what? Answer:

We measure our cost of goods by how much the COG is of the sale price. We can then see where we are getting the best profit margin. This is so important. Imaging having a framed print product that is the same price as a portfolio box – the framed print product has 50% cog and the portfolio box 8% but they are the same price in your price list. Your framed product is the most purchased item you have. Are you really selling it at the right price if it is costing you half of what you are charging?? So by understanding percentage of sales price, we can see where our best profit margins are and make sensible decisions about what we should be charging.

Now you can see that the percentage of the 2 products is very different but the actual profit is not. If I sell lots of canvas prints at this price my average sale price would include around 17% cost of goods. Doing this exercise has made me realise that I need to put my canvas package up to \$1995 because that will give me 15% and I try to work under 15% for my cost of goods for all my prices. I suspect that the cost of goods have increased since I worked out my prices a few years ago and that they all might now need revisiting. My goal is to hit 7% as COG where I can.

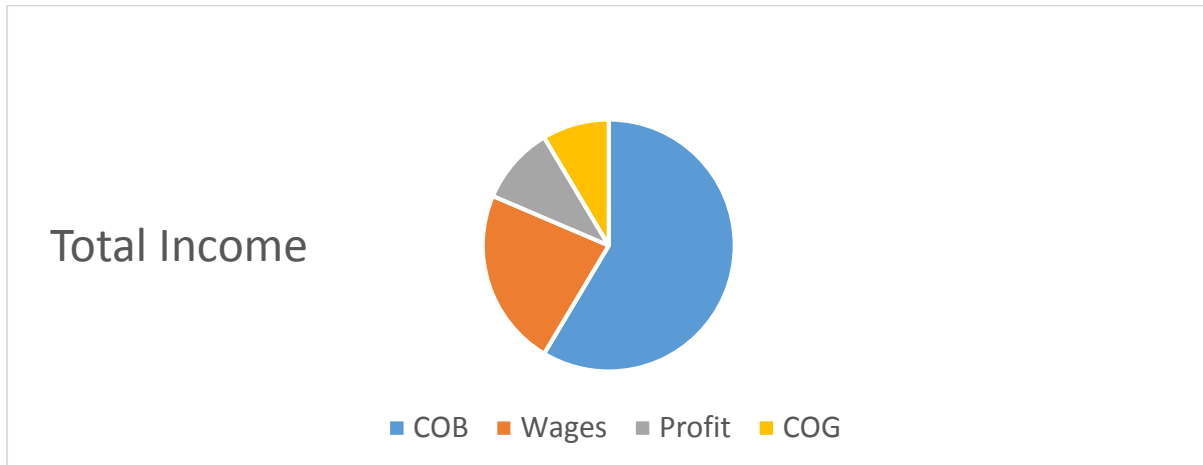
My other options would be: to look at the size of canvas that would bring the COG down into the 7-15% range, or find a cheaper supplier, or increase my price.

A great tool to help you work out where you should be at is:

<http://percentcalculator.com/>

Why do we work with percentages?

Before we go any further it's important to understand why we are about to look at some figures in percentages.



By working on percentages we can see visually where our money is going. 100% of the money coming in means that we can only allocate 100% to go out. And when I say out that also means profit and wages. So a percentage of our money would go for cost of goods, a percentage for cost of doing business, a percentage to go to profit, a percentage to go to wages. So having a percentage based plan for cost of goods helps you to work out what you have to charge for what products you will offer as well as fit in to the overall plan.

If you only sell digital files please pick a product that you might like to offer. It doesn't mean you have to offer this, but for the exercise it's great to have a look at what you would charge for a product.

Exercise: COG

I want you to choose just 1 of your favourite products and do this bit of mathematical work on it to see just how much of your sales prices is the percentage of COG. Don't go doing all of your pricelist. You can work on that after you know what else you need to understand in the pricing for profit triangle.

We want you to truly know what you are charging and why to make sure that you understand why you charge what you charge.

In the first worksheet we asked what your favourite product was. It is now time to work out the maths for that product and to find out what percentage of the sale price your cost of goods. Its percentage can be worked out here: (<http://percentcalculator.com/>)

Product Name		Price:
What is included	Cost of components	
	Total cost	
	After -COG	
	Percentage of sale price	%

What are you going to include for wages?

We know what it costs us to run a business without a single customer. That is a magic number because if we can get that coming in the door each week then anything above that is going to be bankable.

We know how many clients we could get through the door each week.

We have decided on our percentage of COG

The time has come for us to ask the really hard questions: what wage do we want to make in our business.

If we are going to be an employee in our own business we need to pay ourselves. We might be a business owner but we also work in the business not just on the business.

This needs to be our goal. We need to be paid for the work we do and we need to also consider the tax that we might be charged at the end of the year. If you live in Australia, Paycalculator.com.au is a great way to work out tax. If you live anywhere else in the world please check with your local tax office. Most countries have an online calculator to work this out.

The following has been worked out for an Australian for 2015:

- If you want to make \$500 per week you will need to generate \$28000 (\$2000 tax) or about \$540 per week plus your cost of doing business.
- If you want to make \$1000 per week you will need to generate \$66500 (52000 + 14500 tax) or about 1280 + your cost of doing business.
- If you want to make \$10000 per week you will need to generate \$ 961000 + 440,837 tax) or about 18,480.77 per week plus your cost of doing business.

Minimum wage in Australia is just under \$17 per hour. If you are making less than this you are better off going and working for someone else and letting them have the stress of running the business. You also need to consider if you needed to bring in someone to cover you in your business because of illness or accident. How much would you pay them if you had to? remember that if things get busy and you need to look at staff then you need to add this into the wages equation as well.

Exercise:

I want to make \$_____ per week

I will make \$_____ per year and will need to generate \$_____ for taxation purposes.

What will bringing this wage into your weekly budget mean to you?

Time to talk about that dirty word – PROFIT.

You are not a not for profit organisation. Business's need to make a profit. For some reason small businesses in particular hate talking about profit, like its being greedy or something, but you are not. Profit enables you to grow your business and pursue other goals that you might have.

If you were to make big profits, imagine what that would mean to you. You could sponsor your favourite charity, employ somebody, or buy yourself a car

So why do we struggle with profit.

- We don't want to take money away from our clients having a good life because we love them so much
- We value quality of quantity and will go out of our way to produce the best product for the best price
- We take on work to keep busy and sometimes when times are tough and we need money coming in the door we take the work instead of using the time to market to the work we want to get
- We discount because we don't want the cheap photographer to get the work
- We don't work out the true cost of business.

Often at the heart of bad business decisions is a fear of losing business or missing opportunities. Something that is not profitable is not an opportunity and in fact losing unprofitable business is a very good thing.

If the first conversation I have with a client is about money, then they are not my client!

If you do not make a profit in your business then you are just making a job for yourself without all the rewards of being a true business owner. If what we are doing is good, then we need to grow so that we can do more good.

If you are in the first few years of business you might find profit a small percentage as you need to reinvest more into the business in the first few years but over time the profit should increase and then stabilise.

"A dream business that doesn't make money is a living nightmare."

–Habeb Akande

How to bring it all together

So how do we now bring this all together? And how do we make a shift in each of these to make our profit.

Step 1: set your cost to run a business: We can reduce those costs or increase them as we feel we need to but this will stay fairly much unchanged once we work it out. That means that we set this first before we look at the next component. This then becomes a budget for our business.

Step 2: Time is also something that we have in a limited capacity. Only you can work out what your time commitment to your business is. Be realistic. If you can only shoot one client a week then work your prices on that. If you increase it to 2 clients a week over time then you will simply be bringing in more money to your business, without the concern that you are having to find the work. I like this to be the second thing that I set. I have a number of things that I enjoy doing outside of my business and as I am getting older I am finding that I love my business, but I want it to give me more time to enjoy doing other things. So I have set my client requirements to just 2 clients a week. That's 104 clients a year. I need to be mindful that the weeks that I am away, or on holidays etc, I need to fit those clients into other weeks to ensure that the maths stacks up.

2 clients a week gives me time to shoot, edit, market, do the books, email, promote, do the social media and blogs etc. if I get more clients than that each week that's fine, but I know that my clients will bring me a certain amount of income if I then work at a sweet point for my prices.

So my overheads are \$385 and I need to bring in \$1300 each week as a wage. That means that I need to have my clients spend \$1685 per week within my business. Plus I then need to add what the COG is and add that to the equation as well and ensure a make some profit.

So I have 2 clients that need to spend \$845 each plus COG. That is what I must have. Now I have switched that up a bit and want \$1295 to be my sweet spot. I have done that because when times are tough I have a little padding in there that will keep me going if I have a bad promotion, or low sales etc. and I love props so I can afford more if I add a bit extra in there, and of course I need to have some profit. So I want the best value to be at the sweet spot.

It's taken a bit of work to get to this point but we can now work out what our sweet spot/sales goal for the business will be.

<p>My number of clients each week is 2 I Will need to pay \$_____ tax My cost of doing business every week is \$_____ Total amount that I need to come into my business each week. \$_____</p> <p>Now divide this total by the number of clients each week that you will do. \$_____ + your cost of goods percentage _____% (\$_____) = \$_____</p>

Exercise: finding your sweet spot.	
My weekly wage	
TAX	
Weekly cost of doing business	
Total	
Total multiplied by weeks of the year	
What percentage will you make your goal for profit	
Divide by how many clients per year	
+ cost of goods percentage	

There is a number of ways that you can do this. You can do this by creating a product that is very wanted at this price point. I use the Portfolio Box or Book in a package with all the digital files (usually 20) as a package at this price. Up until that price you can purchase individual prints (digital files come with any purchase) but my first package starts at my sweet spot. I don't include the shooting cost in my calculations because I have a number of gift vouchers/cards/certificates that bring the work to me.

Example

My number of clients each week is 6

I want to make \$ 5000 each week and I

Will need to pay \$1873 tax

My cost of doing business every week is \$ 750

This is the amount that I need to come into my business each week.

Total \$7623

Total x52 = \$396396

+10 percent for profit \$39639 = \$436035

Divided by clients per year 312 = \$1398

+cost of goods percentage +10% (140)= **\$1538**

Example

My number of clients each week is 5

I want to make \$ 600 each week and I

Will need to pay \$ 57 tax

My cost of doing business every week is \$ 200

This is the amount that I need to come into my business each week.

Total \$857

Total x52 = \$44564.00

+10 percent for profit \$4457 = \$49020

Divided by clients per year 260 = \$189

+cost of goods percentage +10% (19)= **\$210**

Example

My number of clients each week is 2

I want to make \$ 1000 each week and I

Will need to pay \$ 280 tax

My cost of doing business every week is \$ 385

This is the amount that I need to come into my business each week.

Total \$1665.00

Total x52 = \$86580.00

+10 percent for profit \$8658 = \$95238.00

Divided by clients per year 100 = \$953.00

+cost of goods percentage +10% (95.23)= **\$1048.00**

Now we know the facts we can sit down and work out exactly what you must make on average each client to make the wage that you want. If you charge less, you need to find more work. That might be exactly what you want to do in your business. You might want to do 1 weekend each month with 10 shoots on that weekend that has a average sale of \$500 per person because that suits what you want to make with your business.

You might want to work once a fortnight and have your average spend be a certain amount.

You might only want to work 40 weeks instead of 48 weeks a year so you would need to make adjustments for that.

Now is the crunch time. Are you brave enough to work out all of this? You need to before you can even look at what products you sell.

The sweet spot and sales targets

We now have the magic number that is our average sales target. We need to make a sweet spot in our price list to help us achieve our sales target.

Now if I was only selling prints I would still need to make sure that my sweet spot was my sales goal. So for instance I might make \$1000 my sales goal. How about individually files are \$ 100 each of 15 for the price of 10!

Or my packages could start at \$1000 because there is always more value in a package than buying individual images.

Or I might set a booking (session) price of \$500 with a minimum spend of \$500.

Or I might make the digital files available on all orders over \$1250.

All of these would get me to my goal. And there are probably a few other options out there as well. It is your business and you need to feel comfortable with what you decide to sell and the price point that you decide to sell at.

Some business models use upselling to make their target goal. This involves a low price point entry and you then need a sales strategy to add on to this sale. For many years this has been the norm in the photography industry and if you use this model there is absolutely nothing wrong with it. There are other ways of doing things that you need to be open to. Some photographers don't do add on sales and presell there packages. They entice their clients with great work, service and packages and the clients are presold on what they will be buying even before the shoot occurs. Sales systems can be anything you want your sales system to be. It does not require hard line face to face selling if you do not want it to. But if you are going to presell then you need to also look at the rest of your business systems so that everything you do works together like clockwork to achieve your goals. Preselling requires having shooting systems setup for different scenarios so that a client can choose before a shoot the best way for the shoot to progress depending on what they plan to do with the images. But selling is an entirely different topic so let's get back to setting our price list up first. We can decide on our sales strategy once we have our prices in place.

So let's go back to your favourite product that we looked at earlier. If you work out a price based on the percentage of cost does it fit into your sweet spot? If it goes over then that is fantastic. If it doesn't you need to work out how you can sweeten the deal to get your clients to spend your target goal.

There is one thing that we haven't talked about yet as far as you're pricing goes and that is your ideal client. Pricing is about what you want to offer to your clients as much as what and more importantly WHY your client would spend money with you.

Inspire your clients with ideas on what they can use their photographs for, not by how much it's going to cost them.

If you don't know who your ideal client is then now it the time to find out. If you create your offerings and pricing based on a single ideal client you will find that more than just your Ideal client will want what you have to offer

"The smaller the group, the bigger the bull's-eye."—Jay Conrad Levinson (Guerrilla Marketing, 4th edition: Easy and Inexpensive Strategies for Making Big Profits from Your SmallBusiness)

This is about pricing not about getting to know your ideal client. Let us know if you need assistance with that as we have an entire program to help you work it out.

We need to consider what our ideal client wants – not what they are prepared to pay for it but what they want. We also need to consider that we do have a price point and need to market in the right places to attract clients that are happy to spend what we need them to spend to make our business profitable.

But just because we now can work out what we want to offer and what our clients want to buy doesn't mean that we just put it out there and hope people will buy from us. We need to make it easy to buy from us. We need to make the decision an easy one. One that won't confuse our clients. We also need to decide on a starting price for products and a premium product.

There is no formula for deciding on your starting price point. ¼ of your sales goal is as good a place as any to start. Some businesses have not barrier to work with them and will set a low starting price point. The higher your sales goal, the more you need to have a starting price point.

If I have a sales goal of \$20 for example then setting a starting price seems a little unnecessary as the price is already very low. However if my sales goal is \$2000 then a starting price of \$500 would rule out many that don't believe your product is worth that. Remember back when we were talking about that dirty word profit - Something that is not profitable is not an opportunity and in fact losing unprofitable business is a very good thing. You need to keep that in mind when you are working out your starting price and whether you need one or not.

Same goes for your premium product. Very few people will go for the premium product but the fact that you have one means that they can if they wish to. It will help make the rest of what you offer look more attractive and better value for money in the eyes of some.

Let's delve a little deeper into the psychology of creating a simple and easy way for your clients to purchase from your price list.

We want to make our best value for money point and our sales goal the same thing and what our clients want the most.

Ever read the price list of a Tupperware party?? It is so confusing. And all of it means nothing.

0. Convenience Canister...	1.05 Ea.		71. Crisp-It...	2.09 Ea.	131. Pie Wedge...	.59 Ea.
1. Canister Set (3)...	5.49 Set		72. Easy Crisp...	4.25 Ea.	132. 12" Pie Taker...	4.49 Ea.
2. 20-oz. Canister...	.79 Ea.		74. Grater Bowl...	4.25 Ea.	137. 30-oz. Square Rounds (3)...	2.59 Set
5. 20-oz. Servaliers (3)...	3.89 Set	3.89	75. Thin-Stor...	2.98 Ea.	138. 64-oz. Square Round...	1.15 Ea.
6. Servalier Bowl Set (3)...	7.49 Set	7.49	79. Dip-N-Serve...	2.79 Ea.	139. Ice Tups (6)...	1.39 Set
7. Small Wonderlier Set (3)...	3.59 Set		80. Condimate Set...	3.75 Set	140. Ice Cream Keeper...	2.35 Ea.
8. Large Wonderlier Set (3)...	4.98 Set		81. Egg Tray...	4.25 Ea.	141. Hamburger Freezer Set...	2.19 Set
9. Fix-N-Mix Y G...	5.49 Ea.		82. Party Susan...	3.75 Ea.	142. Hamburger Press...	1.49 Ea.
10. Cereal Bowls (6)...	2.39 Set		83. Suzette...	2.09 Ea.	145. Baking Set...	8.03 Set
11. Seals for Cereal Bowls...	.29 Ea.		84. Flavor Saver...	4.98 Ea.	147. Get Acquainted Set...	12.36 Set
12. Small Mixing Bowl...	1.39 Ea.		85. Serve-ette...	2.09 Ea.	163. Stow-N-Go Bl Br...	2.79 Ea.
13. Medium Mixing Bowl...	2.09 Ea.		86. Decorator Salad Set...	9.59 Set	164. Floralier...	3.19 Ea.
14. Large Mixing Bowl...	2.79 Ea.		87. Seals for Salad Bowls...	.49 Ea.	169. Shape-O...	3.59 Ea.
15. Refrigerator Bowls (3)...	2.09 Set		90. Parfait Set (6)...	4.25 Set	170. Eggsters...	2.98 Set
19. 1-qt. Beverage Container...	1.59 Ea.		91. Dessert Set (6)...	4.25 Set	171. Zoo-It-Yourself...	4.29 Set
10. 2-qt. Beverage Container Y W...	2.98 Ea.		92. Par-T-Jel...	4.25 Set	184. Bird Watcher...	3.19 Ea.
11. 6-oz. Tumblers (6)...	1.29 Set		93. Jel-N-Serve...	3.55 Set	187. Busy Blocks...	5.98 Set
12. Seals, 6-oz. Tumblers (6)...	.39 Set		94. Jel-ette Set (6)...	2.89 Set	188. Pop-A-Lot...	2.65 Ea.

Giving a client a list of numbers and names of stuff means nothing to them and can put them off and make ordering even more difficult for them.

Pricelists need to be kept simple. If you want to offer 15 different packages and 45 different products that is fine but don't give you prospective client a 6 page table of all that you have to offer. It means nothing to them.

You need to not only list out what you have to offer but also show them.

We are selling photographs, which means we can take great photographs so the best thing you can do for your pricelist is to take great photographs of what you are selling. Fully explain with words and pictures what you are selling. Inspire your clients with ideas on what they can use their photographs for, not by how much it's going to cost them. Tell them the story about why they want this product. Not just the facts of dimensions and online galleries. That means nothing to anyone except another photographer.

I am going to say it again: . Inspire your clients with ideas on what they can use their photographs for.

Let's summarise what you need to do.

- You have worked out your sales goal
- You have chosen a product range based on what you want to sell and what your ideal client would like
- You have worked out how much you are going to sell it for
- You need to not confuse your clients.
- Now you need to inspire your clients with ideas on what they can use their photographs for.

So how do you inspire your clients!! Easy. You have chosen products for a reason and you have a "why" to what you are selling. Tell the world why you sell what you sell. How it will work for your clients, how it will be used as a product. Write blog posts, Facebook pictures of images being used in a client's home, on show in your sales area, mock ups of your images in stock photos. Talk about why you have chosen particular products. Is it the quality, the décor possibilities, the flexibility of doing it themselves!! Only you can answer why you have particular products and why you have included them in your offerings.

If a client goes and looks at your website can they imagine what products they will get from you with their images on them? Is there somewhere that they can visually see what products you sell? Or is your site filled with pretty pictures but with no info about what you sell.

Imagine going to a site that sells gollygolly plastic ware and the list says:

Starter set.

3 small wonderliner fandangles,

1 large easy spin dowhap

and a Suzette.

\$250

Do you think you would go "great where is my credit card"! Um NO! perhaps another gollygolly plastic ware person might know what all this means but if you have never used it before then you have no idea what it is all about.

But if it had an explanation of what each item is used for, tell the story of how it could be useful, and show pretty pictures of it being used or the item itself then you might think about it, especially if someone you know recently got the start set and was raving about how great it was!!

We need it to be crystal clear about what and why we sell what we sell.

And remember that the more options you have, the more confused a client can get and in the words of Sue Bryce “a confused mind says no”!

**"A business without a path to profit isn't a business, it's a hobby."
—Jason Fried(Rework)**

If you honestly think that your work can't be sold at the price that you need it to be because you are not skilled enough yet then don't sell it. Master your craft first. You can't be worrying about the quality of the product when you are in business. Another quote from Sue Bryce is “you can't sell a shit product.

If you feel ready to sell your work but don't think you can charge what you need to yet then read this:
<http://thesegirlsmeanbusiness.com.au/564/>

I am just starting my business. How can I build my business while I am learning without looking cheap?

This is a great question and one that we get asked so often. It all comes back to knowing what you need to make each week and building to that price.

The key when you are starting out in business is knowing what you need to get to, to make your business profitable. If you know what your end game prices are you can then offer reductions for portfolio building sessions and reduce that reduction as you move forward.

Let me explain what I mean. If you know that your sales goal is \$xxxx.00 and you know how many sessions each week you need then that is a start. If you don't know that then check out the understanding pricing for profit video series. This series talks about what you really need to know about business to be in business and is free to all access members ([click here if you're an all access member](#)). Not a member, try out our 14 day trial to get access.

Let's assume that you know what your sales goals and client numbers are each week (watch the video series mentioned above to understand what we are talking about). You can advertise portfolio building sessions to build up your experience and your portfolio. You might offer a complimentary session (never say FREE), a complimentary print or/and a percentage off of normal prices. You might be offering 70% or even more off of your normal prices initially, and then each time you advertise for another portfolio building exercise you increase your number until you are no longer doing portfolio building but doing actual paid clients.

Why would you want to do that? So that the clients you photograph understand that they are getting a bargain and will not get angry that you have "put your prices up". It lets them know what to expect once you are up and running at a fully functional business.

We all need to start somewhere and by setting low prices your market will expect that to be what you will charge in the future. Be honest with yourself as to where you want your target pricing to be and work toward that goal from the very beginning.

So we now know exactly what we need to charge, we have made a price list to suit what we need to charge, we have prepared information so our clients know what we sell and why we sell it.

All that is left to do is start getting the work. And that is all about marketing!!

Once you have this all set up keep it somewhere safe so you can revisit it each year if you wish, but you will know the why's and how's as to its set up and work with it accordingly. If you don't know all of this it doesn't matter how much work you might bring to your door, if you're not charging correctly you might be losing money without even know it.

And remember

- We need to forget is what we think our work is worth, or what we would pay for the same service and not try to guess what people are prepared to pay for it.
- Don't compare or copy others – you have no idea how and why other charge what they do!! They might have copied someone else and be struggling to pay their own bills.
- This is a mathematical exercise and the photography plays no part in this at all!!

Finally Checklist.

- ✓ Know your ideal client
- ✓ Understand your cost of doing business without a single client
- ✓ Know how many clients you want to see each week (be honest with yourself and set realistic goals)
- ✓ Have a sales goal
- ✓ Know your starting price
- ✓ Have a premium product
- ✓ Entice your clients to spend what you need them to.

And above all be a business owner.

What are we doing for others that is making a difference to others so much so that they will pay us to provide that product or service?

We need to be crystal clear with our purpose for our business, who the people are that love us and what products we are going to offer them. We need to simplify what we do, who we do it for and why to make it easy for us to decide what to offer.