

PRICING

Your Work



01

STEP ONE

YOU NEED TO APPROACH EACH PROJECT WITH THE MINDSET TO IMPROVE BOTH YOUR SKILL AND EFFICIENCY WHICH IN TURN LEADS TO MORE VALUE FOR YOU AND YOUR CUSTOMER

02

STEP TWO

KEEP A DETAILED ACCOUNT OF HOW MUCH MATERIAL YOU USED AND WHAT KIND. THINK SQUARE INCHES OF SILVER OR A SIDE OF LEATHER FOR EXAMPLE

03

STEP THREE

TRACK HOW MUCH TIME YOU SPENT ON THE PROJECT BY HOURS AND WHAT YOU DID IN EACH TIME BLOCK

04

STEP FOUR

USE THE PRICING EQUATION ON THE FOLLOWING PAGE TO COME UP WITH A PRICE FOR YOUR ITEM

05

STEP FIVE

PRESENT YOUR ITEM TO POTENTIAL CUSTOMERS WITH PRIDE RECOGNIZING THAT YOUR SET PRICE IS JUST AN EXCHANGE OF VALUE, THE RIGHT CUSTOMER WILL SEE THAT VALUE

PRICING

Equation Explanation

1- MATERIAL

CALCULATE YOUR MATERIAL COSTS USED IN THE PROJECT. IF YOU USED SILVER, FOR EXAMPLE, HOW MANY SQUARE INCHES DID YOU USE? AFTER THIS DIVIDE THE TOTAL PRICE YOU PAID FOR THE SILVER BY THE SQUARE INCHES TO KNOW THE PRICE PER SQUARE INCH. THIS WILL PROBABLY BE MULTIPLE THINGS SUCH AS SILVER AND TURQUOISE STONES

$2.5" \text{ SQ. INCHES} \times \$4.50 (\text{PER SQ. INCH}) = \11.25

2- TIME

HOW MUCH TIME DID YOU SPEND ON YOUR PROJECT IN HOURS? TAKE THE DESIRED AMOUNT YOU WOULD REASONABLY LIKE TO GET PAID PER HOUR AND MULTIPLY TWICE BY 0.6. TO GET THE WAGE RATE. THEN MULTIPLY THE WAGE RATE BY THE HOURS SPENT. FOR EXAMPLE, WHEN I FIRST STARTED SILVERWORK I WANTED TO PAY MYSELF \$15/ HOUR. CHOOSE AN AMOUNT TO START WITH AND INCREASE IT AS YOU IMPROVE AS A MAKER

$\text{DESIRED PAY RATE} = \$15 \times 0.6 \times 0.6 = \5.40
 $6 \text{ HRS WORK} \times \$5.40 = \$32.40$

3- TOTAL COST

NOW ADD UP THE TWO AMOUNTS WE JUST CALCULATED FOR MATERIAL AND TIME. THIS SUM IS KNOWN AS YOUR TOTAL COST

$\$11.25 + \$32.40 = \$43.65$

4- RETAIL PRICE

RETAIL PRICE IS TAKING YOUR TOTAL COST AND MARKING IT UP TO PROVIDE YOU AS THE MAKER WITH A PROFIT ON THE MATERIAL YOU BOUGHT AND TIME SPENT. DIVIDE YOUR TOTAL COST BY 0.6 TWICE.

$\$43.65 / 0.6 / 0.6 = \121.25

5- ADD IN FIXED COSTS

THESE COSTS YOU MAY NOT HAVE TO WORRY ABOUT A LOT RIGHT NOW BEING IN HIGH SCHOOL BUT YOU NEED TO KNOW THAT WHEN YOU ARE OPERATING A BUSINESS THERE ARE COSTS YOU HAVE TO FACTOR IN SUCH AS ELECTRICITY AND INTERNET. FOR EXAMPLE, THESE COSTS ARE ALL THE ONES IT TAKES TO KEEP YOUR BUSINESS RUNNING BUT WE DON'T WANT TO MARK THESE UP JUST ADD A PORTION OF THEM INTO OUR PRICE

$\$121.25 + \$25 \text{ FIXED COSTS} = \146.25

6- SELL AT PRICE

YOU HAVE MADE IT TO THE FINAL STEP! WE HAVE TAKEN INTO ACCOUNT THE TIME AND MATERIAL COSTS, MARKED UP BOTH FOR A PROFIT AND FINALLY ADDED IN FIXED COSTS. THIS STEP IS WHERE WE USE OUR LOGIC AND DECIDE IF THE PRICE THAT WAS CALCULATED NEEDS TO BE INCREASED OR DECREASED SLIGHTLY AND MAKE IT A WHOLE NUMBER NOT A WEIRD AMOUNT.

$\$146.25$ I WOULD SELL THIS ITEM AT \$145



PRICING

Equation

1- MATERIAL

$(\text{AMOUNT OF MATERIAL}) \times$
 $(\text{PRICE PER AREA/NUMBER USED})$
 $= \text{MATERIAL COST}$

2- TIME

$\text{DESIRED PAY RATE } \$15 \times 0.6 \times 0.6 =$
 $\$5.40 \text{ WAGE RATE}$

$(\text{HOURS WORKED}) \times (\text{WAGE RATE}) =$
 TIME COST

3- TOTAL COST

$(\text{MATERIAL COST}) + (\text{TIME COST}) =$
 TOTAL COST

4- RETAIL PRICE

$(\text{TOTAL COST}) / 0.6 / 0.6 =$
 RETAIL PRICE

5- ADD IN FIXED COSTS

$(\text{RETAIL PRICE}) + (\text{FIXED COSTS}) =$
 FINAL PRICE

6- SELL AT PRICE

$(\text{FINAL PRICE}) >$
 $\text{ADJUSTED TO A WHOLE NUMBER}$
 $= \text{SELL AT PRICE}$