

Get Paid What You're Worth.

Setting Your Prices to Make a Living.

As a regular reader of the CHFI on-line forum I see the constant struggle to work out pricing. Workrooms are concerned they aren't charging enough, afraid they're charging too much and very often completely at a loss. A little over a year ago I signed up with my local small business development center (SBDC) for some free assistance in determining if I could make a profit at this business. My SBDC counselor was just what I needed. He went over my entire ledger with me with a fine tooth comb and helped me sit down and come up with a comprehensive price list. Now when I quote a client I know for sure I'm charging enough for each treatment. This two part worksheet will help you to first determine what you can and should reasonably charge an hour. Next months worksheet will help you determine what to charge for each treatment. Take your time completing the worksheets and BE HONEST with yourself.

#1 EXPENSES AND OVERHEAD

Lets start with your business expenses. Begin by breaking this into three different columns. These are expenses which occur over and over again. Phone, postage, insurance, advertising, networking, even bank service charges. Do not leave out anything you've paid for more than once and don't add one time expenses such as buying equipment or computers.

Expense/Overhead Breakdown

<u>Monthly</u>	<u>Quarterly</u>	<u>Yearly</u>
<i>Phone</i>	<i>Office Supplies</i>	<i>Magazine Subscriptions (Sew What, Window Fashions)</i>
<i>Insurance</i>	<i>General Sewing supplies</i>	<i>Conferences (CHFI, International Window Treatment expo.)</i>
<i>Monthly advertising (phone book, magazines)</i>	<i>Meals</i>	<i>Trade Shows</i>
<i>Web Site hosting</i>	<i>Sales & Income Tax</i>	<i>Networking organization fees</i>
<i>Bank Service Charges</i>	<i>Networking events</i>	<i>Other once a year events</i>
<i>Total =</i>	<i>Total =</i>	<i>Total =</i>

Add the three together and determine your total yearly expenses.

Monthly + Quarterly + Yearly = Total yearly expenses.

#2 SALARY

What do you need your yearly salary to be? Are you a supplemental income, primary income or supplementing your primary income?

I want a yearly salary of, _____ .

#3 PROFIT

A profit is the money you will be re-investing into the business or saving for long term business expansion. One way to determine what you would like to see is a yearly profit is to know what your goals for the next year, 5 years and 10 years are.

What equipment do you want buy, what sort of expansion are you looking to add, a shop an addition to the house for the workroom etc.

My yearly profit should be, _____ .

#4 HOURS

How many hours a day, week year do you want to work? This should be based on your lifestyle and availability for the business, (are you full time, part time, do you have children at home etc.) The true answer to this can affect how you decide to run your business and may even change your yearly goals.

I work ____ hours a day. I work ____ days a week. I want to work ____ weeks a year.(Don't forget to account for vacations and sick time.)

Hours a day _____ x Days a week _____ x Weeks of the year _____ = _____ hours a year.

#5 PUTTING IT ALL TOGETHER

Here's where we take all the above hard work and determine what your hourly charge should be. The following is a rather simple calculation. Add your total Overhead & Expenses plus your yearly salary plus your yearly profit. Divide that total by the number of hours you want to work a year. The result is an hourly rate.

$$\frac{\text{Total Overhead \& Expenses for the year} + \text{Yearly Salary} + \text{Yearly profit}}{\text{Hours worked per year}} = \text{Hourly rate.}$$

Part 2

Last month we calculated a reasonable hourly rate for your business. This month we're going to put that rate to use in determining what to charge for a treatment.

#1 WHAT DO YOU FABRICATE.

Your first step is to figure out what types of treatments you actually fabricate. This can be broken into several categories and sub-categories. If you only do window treatments, sub categorize it into shades, swags, panels, and valances. Do you do bedding, slipcovers, pillows? List them all and each type separately. Below is a sample of each of the categories and several subcategories I set up for my business.

<u>Slip Covers</u>
Ottoman Slip Cover - Ruffled Skirt
Dining Room Chair no Arms full cover
Box Cushions Price per foot, measure full perimeter w2 + l2 + total feet
Parsons chair cover
Arm Chair fitted slipcover
Dining Room Chair with arms, full slipcover
Love seat slipcover, fitted with zipper

<u>Table Coverings</u>
Napkins price per napkin
Placemat with batting or interling, price per placemat
Round Table Cover - Floor Length to 90" in diameter
Round Table Cover - over 90" in diameter, add price per foot
Table Runner to "144
Table cloth overskirt round or square to 36"

<u>Bedrooms</u>
Pillow sham - Welled Standard
Pillow Sham - Welled Euro
Pillow Sham - Welled King
Pillow Sham - Plain Standard
Pillow Sham - Plain Euro
Pillow Sham - Plain King
Pillow Sham - Ruffled Standard
Pillow Sham - Ruffled Euro
Pillow Sham - Ruffled King
Pillow Sham - Flanged Standard
Flanged Pillow Sham - King
Pillow Sham - Flanged Euro
Coverlet - King
Coverlet - Queen
Coverlet - Full
Coverlet - Twin
Duvet Cover with zipper - King
Duvet Cover with zipper - Queen
Duvet Cover with zipper - Full
Duvet Cover with zipper - Twin
Comforter King
Comforter Queen
Comforter - Full
Comforter - Twin
Bed Skirt - Tailored King
Bed Skirt - Tailored Queen
Bed Skirt - Tailored Full
Bed Skirt - Tailored Twin
Bed Skirt - Gathered King
Bedskirt - Gathered Queen
Bedskirt - Gathered Full

Bed Skirt - Gathered Twin
Box Pleat Bedskirt King
Bedskirt - Box Pleat Queen
Bed Skirt - Box Pleat Full
Bed Skirt - Box Pleat Twin
Blanket - Throw Twin
<u>Pillows</u>
Round Pillow 14"
Round Pillow 16"
Round Pillow 18"
Square Pillow 10"
Square Pillow 12"
Square pillow 14"
Square pillow 16"
Square Pillow 18"
Square Pillow 20"
Square pillow 22"
Square pillow 24"
Square pillow 26"
Square Pillow 28"
Square Pillow 30"
Speciality Pillows
Neckroll Pillow 12" x 16"
Neckroll 14" x 15"
<u>Window Treatments / Valances</u>
Window Valances, Speciality Designed, Price Per Foot
Window Valance, Basic Soft Cornice, Price per width
Window Valance, Swag and bell; Price per foot
Window Valance, Kingston, Price per foot

Window Valance, Murphy, price per foot
Window Valance, Empire and Empress; Price per foot
Window Valance, Pinch Pleat, Price per width
Window valance, Queen Anne price per width
Window Valance, Box pleat or inverted box pleat price per yard
<u>Window Treatments / Shades</u>
London Shade: Price per square yard
Stage Coach shade; Price per square yard
Stagecoach shade; price per square yard
Hobbled Roman price per square yard
Cloud Shade price per square yard
Roman Shade, price per square yard
Balloon Shade price per square yard
Soft Roman Shade, price per square yard
<u>Window Treatments / Scarfs</u>
Lined scarf with diagonal ends, price per yard
Lined scarf with straight ends, price per yard
<u>Window Treatments / Swags and Cascades</u>
Lined swag to 36"
Lined swag over 36" add price for each extra yard
Lined cascade to 36" price each
Lined cascade over 36" add price for each extra yard

<u>Window Treatments / Panels</u>
Rod Pocket Drapes - lined; price per panel width
Rod Pocket Drapes - unlined price per panel width
Goblet pleats, Price per panel width
Pinch or Euro (French) pleat , price per panel width
Cartridge Pleats; Price per panel width
Smocked drapes; price per panel width
Tab Top - unlined, price per panel width, up to 5 tabs per width
Extra tabs for tab top drapes - price per 5 tabs
Café Curtain - lined price per panel width
Café curtain - unlined price per panel width
Drapes plain no pleats; price per panel width
Drapes plain no pleats, no lining; price per panel width
Curtain tie backs price per tie back

#2 WHAT BASE MATERIALS GOES INTO EACH TREATMENT.

What are some of the materials your put into your regular treatments that you *would not line-item charge* a customer for. For example, a drapery panel usually two drapery weights, buckram, and hooks. A pillow may come standard with a zipper and a pillow insert. A bed skirt may come standard with lining. A shade may have a weight bar and eye hooks.

Next to each treatment write out what materials you use as your standards.

<u>TREATMENT</u>	<u>MATERIALS</u>
<i>Pinch or Euro (French) pleat , price per panel width</i>	weights, buckram (54"), hooks 7
<i>Square pillow 14"</i>	14" pillow insert, zipper.

#3 MATERIAL COSTS

Now here comes the real work. How much does each material cost you? Agin we are going to create a table to break this down. Determine who your favorite suppliers are for certain materials, what is the price of the supply, what does shipping cost, what is the complete total, then what is the total per item. This is only a very base price. Don't forget to add a couple dollars or cents to each item to add some profit to your bottom line.

<u>MATERIAL</u>	<u>FAVORITE SUPPLIER</u>	<u>PRICE PER BOX OR PUT UP</u>	<u>AMOUNT OF PUT UP OR # IN BOX.</u>	<u>SHIPPING COSTS</u>	<u>TOTAL SHIPPING + PRICE</u>	<u>TOTAL PER ITEM TOTAL PRICE ÷ # PER BOX OR PUT UP.</u>
Covered Buttons 1 1/8"	Rowley	21.30	100 per box	6.66	27.96	27.96 ÷ 100 = .27
Drapery Weights	Spillsbury	8.70	100 per box	5.50	14.20	.14
Pillow forms 14"	Bishops	3.45	1	3.00	6.45	6.45
Piping 12/32"	Conso	16.20	108 yards per put up	3.20	19.40	Price per yard .17

#4 HOURLY CHARGE FOR A TREATMENT.

Here's where those dreaded time studies come into play. Spend several weeks or months tracking every treatment you make and how long it takes to do it. If you work on several at a time then you can track the treatment by the hour. I keep a pad of paper near my work table and write the time I started and ended each project.

For example:

10/21/2003

12:00 pm to 3:00 pm Waldman valance

3:00 pm to 5:30 pm Jones pillow

When you complete a project go back and add up how many hours it took you to make the treatment. If you have never done a treatment you can guess based on similar treatments you have done (a 14" pillow isn't going to take much longer than a 10") Another place to find out how long it takes to make certain treatments is the CHFI online forums archives.

#5 THE FINAL PRODUCT PUTTING IT ALL TOGETHER.

Whew. You've done a lot of work. Lets put it all together into a price list you can use.

Treatment

hours to make it

your hourly charge

+ base materials & markup for materials =

YOUR PRICE PER TREATMENT

Square pillow 14" + 2 hours + \$25.00 an hour + pillow insert price & markup \$6.45 (+ 2.00) 8.45 = \$33.45 for a basic 14" square pillow.

As a final note because each treatment design is a little different any non-standard request (piping, buttons, velcro) is added up as its own labor and supply price. Below is my chart for my add-ons and extra supplies.

<i><u>ADD-ONS</u></i>
Add interling, price per width, foot or yard, based on item pricing
Hem / repair price per width
Banding
Cover Button
Rosette
Pre- Manufactured Fringe and Cord with lip, Item price per yard.
Ruffles price per yard
Tassels, Price per tassel
Gimp, Top Trims, cording (without lip), and other top trims, price per yard.
Piping / Welting custom made, price per yard
Zippers, Price per yard
Per hour measuring fees
Installation price per hour

<i><u>SUPPLIES</u></i>
Covered button 1 1/2"
Covered Button 1 1/8"
Covered Button 7/8"
Cotton piping 12/32" (3/8") price per yard
Cotton piping 16/32" (1/2) price per yard
Cotton piping 5/32" price per yard
Hook and loop tape (velcro)
Foam price per board foot; (Depth x Width x length ÷12 = board foot)
Drapery lining, Roc Lon 54" Rain no stain white and ivory
Interlining
Zipper price per yard

Additional sources to assist in pricing.

Kitty Stein's - **Price Your Work With Confidence.**

Debbie Green - **Minutes Matter® Quick Books System**

CHFI online drapery and slipcover Forum

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