

Pricing a Service Business Worksheet

Pricing a service business is different than pricing a product. You need to consider what your rate is per “billable hour” - each hour that you dedicate specifically to your client’s business. Very often, service providers will underprice themselves, forgetting that they also need to cover their expenses. This worksheet should help you determine what your target hourly billable should be.

To Calculate Your Hourly Rate:

- Estimate your target annual salary
- Estimate your annual expenses (see list below)
- Use the three steps below to calculate billable hours
 - 1) Add annual salary goals to annual expenses and divide by 12. This will provide a monthly gross income figure.
 - 2) Calculate your anticipated number of monthly billable hours. Keep in mind that your billable hour figure will be significantly smaller than your total hours figure. Billable hours do not include administrative or business development time.
 - 3) Divide salary plus expenses by anticipated monthly billable hours to calculate your billable hourly rate.

Expenses (examples included here)

Accountant
Equipment leases
Insurance
Legal costs
Marketing
Postage
Rent or lease payment
Stationary
Telephone
Travel
Utilities
Other services