Charge What You Deserve

The Lifestyle Fee-Setting Formula for Rapid Profits

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The Lifestyle Fee-Setting Formula

So, is there really a formula that you can use to set your fees? Yes!

I call this Lifestyle Fee-Setting.

The idea is that you have to first be very clear on how much you want to make. Unless you can define your ideal income, how can you ever achieve it owning your own business? And I really mean your IDEAL income. This is your sandbox, so create the life that you want.

Not only do you need to clarify your ideal income, but you also need to clarify what your work week will look like.

- How many hours do you want to work with clients?
- How much time are you going to dedicate to marketing and networking?
- What tasks are you going to delegate?

You will have to figure out on your own the amount of "busy" time that you spend per paying client. For example, how much time is spent behind the scenes to cover for follow-ups, billing, reading e-mails, marketing, time between calls, networking, working on your own web copy, writing newsletters, ezines, and articles, etc?

Again, this will depend on what you have delegated and what you do yourself. It's important not to underestimate the amount of time spent on tasks outside of client work that are part of the weekly routine. They will stack up pretty quick if you let them.

The best way to control them is to hire a virtual assistant, web designer, accountant, etc or at the very least you can purchase time-saving tools such as The Coaches Console. Just be sure to account for the time spent on non-revenue generating activities.

The first example is for hourly based services such as accounting, virtual assistance, etc.

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Ok…let's get down to brass tacks.

Make sure to work out your ideal number of hours per week first. Subtract out of that all of the "busy work" that you can think of. Again, this can add up very quickly if you aren't careful.

For the example below we will assume that you spend an additional 15 minutes of non-billed time per 60 minutes of billed time. That's 75 minutes or 1.25.

Here's the formula.

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Ideal annual income / 52 = ideal weekly income

Ideal # of hours / 1.25 to compensate for busy work = billable hours

Ideal weekly income / billable # of hours = Ideal hourly fee.

****

Ideal income: $65,000 per year

Ideal number of hours per week: 40 hours per week

Ideal number of billable hours per week: 40 / 1.25 = 32

$65,000 / 52 = $1250 per week

$1250 / 32 = $39.06 per hour. Let's call it an even $40/hour!

You may find that you spend far less or even more time on tasks outside of client work. This is for you to experiment with, but if you want a business that is profitable and enjoyable, be sure to allow for this time. Forewarned is forearmed ;-)

Now play with the numbers on your own and create your ideal fee. Don't worry about what you "think" your market can afford. It's not your checkbook they are spending. Don't assume to know their budget. Set your fee and over deliver the value.

I will put my coaching hat on for a moment and state that it's much more empowering to set your ideal fee and then ask yourself what you need to do to achieve it rather than keep your fees too low assuming that nobody will pay you any more.

By the way, at the time of writing this I happily pay $55 per hour for my virtual assistant.

Profit Step

Now it's your turn to figure out your lifestyle fee.

Ideal annual income: _____

Ideal number of hours per week: _____

Number of hours spent on busy work _____

****

Ideal annual income / 52 = ideal weekly income

Ideal # of hours / 1.25 to compensate for busy work = billable hours

Ideal weekly income / billable # of hours = Ideal hourly fee.

****

Ideal annual income_____ / 52 = ideal weekly income_____

Ideal # hours_____ / 1.25 (or subtract busy work) = billable hrs_____

Ideal weekly income_____ / billable hours_____ =

Ideal hourly fee_____

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This next example is for coaching or other fee-based service professionals such as holistic consultants, counselors, etc.

WARNING~

DON'T take your ideal income and divide it by your ideal number of clients before figuring out your ideal number of hours to work per week.

The reason is that you will pick a higher client number than you can handle for the number of hours that you want to work and then divide that number into your ideal income and now your monthly fee is too low.

Make sure to work out your ideal number of hours per week first. Subtract out of that all of the "busy work" that you can think of. Again, for coaches, this could easily be equal to the number of hours spent with clients.

That being the case, simply take the number of hours and divide by two to get the number of clients you can fit in to your schedule. That's your number.

Here's the formula.

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Ideal annual income / 12 = ideal monthly income

Ideal monthly income / ideal # of clients = Ideal monthly fee per client.

****

Ideal income: $100,000 per year

Ideal number of hours per week: 30 hours per week

Ideal number of clients: 15 full fee clients per week

$100,000 / 12 = $8333 per month

$8333 / 15 = $555 per client per month.

Notice I'm not concerned with hourly income. I only use the hours of the week to determine a reasonable number of clients that can be handled. You may find that you spend far less or even more time on tasks outside of client work.

That's great. You now have time to develop group programs, information products and other highly leveraged streams of income.

Profit Step

Now it's your turn to figure out your lifestyle fee.

Ideal annual income: _____

Ideal number of hours per week: _____

Ideal number of clients: _____

****

Ideal annual income / 12 = ideal monthly income

Ideal monthly income / ideal number of clients = Ideal monthly fee per client.

****

Ideal annual income_____ / 12 = ideal monthly income_____

Ideal monthly income_____ / ideal number of clients_____ =

Ideal monthly fee per client_____

These two examples should get you on tracking to charging what you deserve very quickly. The goal with your business is to charge a fee that will allow you to own a profitable business and fill your fee with tremendous value.

I want to take the time to thank you for purchasing this series and I hope that this will lead you to charging what you deserve and getting it in the shortest amount of time possible.

To discover more tips on how you can charge what you deserve and get it, visit: http://chargewhatyoudeserve.com.

Cheers and Success

Tom Buford

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