

Dear Small business owner,

Hope this finds you well.

Some sole trader business owners forget to include their labour cost (at market rates) into their costing to arrive at price to charge. It is easy to forget this because you're doing it yourself and you are focusing on the profit as your earnings.

The importance to including this is;

1- You arrive at realistic market pricing because not including it is missing out a key cost of production/ provision of the product/ service

2- In case you are ill or otherwise unable to work and you must hire someone to do your work, and you'll have to pay him/her market rate.

3- Following from point 2 above, when you hire someone, you won't have to adjust your price as the cost would already be included.

4- You price better (higher) and would be able to put away more money in reserves for periods you're unable to work or just want a decent break

In other words, just because you're not employing someone to do the work you do, it doesn't mean the cost is not being incurred. You're simply not charging for it.. 🤔💯.

For sure market forces (including competition) will have a big say on pricing, but still full costing is always key to pricing and decision making, especially with the unpredictable market and economic circumstances we are experiencing.

If the above makes sense, check out our website at www.haupaassociatesltd.co.uk 😊