

Cindy Drozda "The Fine Art of Woodturning"

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Pricing your product:

Your shop rate per hour	
	Multiply by:
Number of hours to make one item	
	Equals:
Labor cost per item	
	Add:
Materials cost per item	
	Equals:
Subtotal	
	Add:
5-10% Profit	
	Equals:
Wholesale price for the item	
	Multiply by:
Retail markup (usually 2-2.7 times)	
	Equals:
Retail price for the item	

Wholesale price is what you will charge for the item when you sell it directly to a store or gallery.

Retail price is what your work will sell for at a gallery, show, or exhibition.

Most stores will mark up your work by 2-2.7 times to cover their overhead. If a gallery sees you selling your work at a show or on the internet for less than it is sold for in the gallery, they will feel like you are trying to compete with them and they won't like it!

Sales commission is the difference between your **retail** and **wholesale** prices.

Profit is an extra amount (after everyone has been paid) that allows your business to replace worn out machinery and to grow.

Remember:

Lowering your prices without cutting expenses is the same thing as taking a pay cut at work! Think of this the next time someone asks you to "take less" for your work.

If you want to offer discounts or negotiate your prices, be sure to add in extra to cover it.

Because of inflation, if your prices are not going up at a rate of 3-5% per year, they are going down!

