PROBLEM? RELAX. YOU'VE GOT THIS!

I Set My Prices and Always Throw in My Own Time for Free

How to Price Services with Preparation, Revisions, and Overhead in Mind, and Build a Clear Offer Without Letting Awkwardness Set Your Rates



Max Paradox

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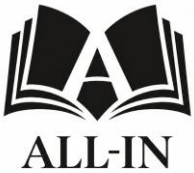
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ISBN: 9788384839829

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INTRO

The assignment was supposed to be an eight-page brochure. Nothing complicated. The client supplied the photographs, you agreed on the layout, and everyone seemed delighted with the price. Then the photographs turned out to be unsuitable for printing. The text needed rewriting. Someone from management decided the company logo looked tired, which apparently made its redesign your responsibility. By the time the brochure was finished, you had also attended three unexpected meetings and participated in a surprisingly emotional discussion about whether the background should be cream, ivory, or what the marketing director called “confident oatmeal.” The client loved the result. You delivered everything on time. And somehow, despite producing considerably more than you had agreed to, you earned exactly the same amount.

Welcome to the strange economics of selling services, where your invoice records the official transaction while your calendar tells a considerably more disturbing story. You charge for designing a brochure, repairing a system, planning an event, or providing professional advice. Yet the visible task is only part of what makes the service possible. Someone must understand the request, organize the work, prepare the necessary resources, communicate with the client, handle reasonable revisions, and deliver the result properly. Frequently, that someone is you. Unfortunately, the price you confidently calculated on Monday may have accounted for only the enjoyable middle section, when you were actually doing the work you thought you had sold.

Consider a hypothetical assignment priced at $1,800. You estimate nine hours of work and congratulate yourself on earning $200 an hour. Not bad. Except that the assignment eventually consumes twenty-three hours once preparation, coordination,

necessary checks, and the remaining obligations are included. Your revenue per hour of actual effort has fallen to approximately $78, before accounting for business expenses and applicable taxes. That figure may still be acceptable in your circumstances, but it is not the figure on which you based your decision. You did not necessarily calculate incorrectly. You calculated something smaller than the actual job. Your calculator performed flawlessly, which is more than can be said for the information you gave it.

This confusion becomes particularly expensive when you work for yourself. Revenue arrives in your business account, and for a glorious moment it looks like money you have earned personally. Then the software subscription renews, equipment needs replacing, insurance becomes due, and your accountant sends an invoice with the punctuality of someone who genuinely understands cash flow. You also need to compensate yourself for the work you performed, including activities that were never directly billed to a customer. What remains after the relevant costs and obligations is not automatically the same as the original payment. Revenue, compensation for your labour, and business profit serve different purposes. Treating them as interchangeable is an excellent way to build a busy company that cannot explain where its money went.

There is also a problem that spreadsheets cannot solve by themselves. It appears when a prospective customer asks, “How much would that cost?” and you suddenly become remarkably uncomfortable with the idea of receiving money. You know your calculations. You have considered the scope. Nevertheless, the number sticks in your throat. Perhaps you soften it with “roughly,” apologize for it before anyone objects, or offer a discount that nobody requested. A customer can merely be thinking about the proposal while you interpret their silence as a full-scale financial emergency. Within seconds, you negotiate against yourself and emerge victorious on the customer's behalf. The awkwardness

disappears quickly. The lower fee has a much longer life expectancy.

Of course, customers are not villains for asking questions, comparing offers, or having limited budgets. Someone who cannot afford your service is not automatically disrespecting your expertise. Someone requesting a revision may genuinely believe it was included. And sometimes you should provide additional help without charging separately, particularly when doing so is reasonable and consistent with your commitments. The difficulty is knowing the difference between a deliberate business decision and an automatic surrender. Generosity is easier to manage when you understand what you are giving away. Otherwise, you may discover that your most popular product is unlimited access to your professional attention, generously bundled with every purchase at no additional cost.

Simply raising your prices is not a complete answer. A higher fee cannot rescue every assignment if you continue accepting undefined responsibilities, overlooking overhead, and promising deadlines you cannot realistically meet. Nor can you assume that customers will pay whatever figure you produce from a spreadsheet. They have alternatives, expectations, and their own financial constraints. A workable price needs an economic foundation, but it must also make sense within the market and correspond to something the buyer actually values. Sometimes the solution is a different price. Sometimes it is a clearer offer, a smaller scope, better scheduling, or the decision not to accept a particular job.

This book is about developing the judgment to recognize those differences. You will learn to see the work hidden behind the finished result, distinguish direct expenses from the broader costs of running a business, and make more realistic allowances for uncertainty. You will also examine why different assignments may call for hourly billing, fixed project fees, or ongoing arrangements,

and why a profitable contract on paper can still create serious cash-flow difficulties. More importantly, the calculations will connect to decisions you actually face: what to include in a proposal, how to handle unexpected changes, when to discuss additional compensation, and what to do when your original estimate turns out to be wrong.

None of this requires becoming a ruthless negotiator who regards every customer conversation as a battle for economic supremacy. You can be approachable, cooperative, and genuinely interested in helping people without offering unlimited work under increasingly mysterious conditions. A clear proposal benefits the buyer too. It explains what is being purchased, what information is needed, which responsibilities belong to each party, and what happens when the requirements change. Customers do not have to enjoy every price you quote, but they should be able to understand what the price covers. That is considerably better than discovering halfway through the project that you and the buyer have been imagining two different services.

Before going any further, think of an assignment you completed recently. Not necessarily your worst experience, or the one that made you question your career choices. Choose an ordinary job. Remember how the work began, what happened between acceptance and delivery, and which tasks required more attention than anticipated. Then ask yourself what you knew when you set the price and what you learned afterward. Perhaps your estimate was accurate. Perhaps a recurring task took longer than expected. You may discover that the financial problem was not the original fee at all, but the way the project expanded. This is not an invitation to reconstruct every minute of your life. It is a chance to notice which assumptions deserve another look.

Real businesses operate under real constraints. You may need income immediately, have little negotiating leverage, depend heavily on one customer, or work in a market where price

competition is fierce. A polished pricing formula cannot eliminate those circumstances. Sometimes you will accept less favourable terms for a legitimate reason. Sometimes a customer relationship will become more demanding than expected. And sometimes an honest calculation will reveal that a service simply cannot be delivered sustainably at the available price. The aim is to make those choices with a clearer understanding of their consequences, rather than discovering afterward that desperation, politeness, or misplaced optimism quietly made the decision for you.

You do not need perfect estimates, universal approval, or an impressive collection of business jargon to become better at pricing your services. You need to understand what you are committing to, what it costs to deliver, and what makes the arrangement worthwhile. You need enough confidence to explain your terms without treating the conversation as a referendum on your personal worth. And you need the freedom to choose when an extra favour is genuinely a gift, rather than something you gave away because asking for payment felt uncomfortable. Your time is valuable, but it is also finite. There is no obligation to include the remainder of your working life as a complimentary accessory with every invoice.

Chapter 1 - The Beautiful Invoice and the Ugly Economics Behind It

The invoice says $4,800. The client paid promptly, the work was delivered on schedule, and the project photographs look magnificent. You have every reason to feel pleased. You might even treat yourself to dinner somewhere that serves vegetables arranged with tweezers and describes the portion as an experience. Then you examine what it actually took to complete the assignment. There were materials to purchase, subcontractors to coordinate, equipment to rent, and several days of your own work. Your original estimate assumed three straightforward site visits. The project required six. By the time you finish adding everything together, the impressive invoice has lost most of its charm. The client purchased a professional service. You appear to have purchased an expensive lesson in arithmetic.

This is one of the stranger features of running a service business. The number customers see is usually clear and uncomplicated. The amount you genuinely earn from that number is buried beneath decisions, expenses, obligations, and assumptions. You can charge thousands for an assignment and end up with disappointingly little compensation for your own effort. You can also charge a relatively modest fee for a carefully designed service and achieve an excellent result. The size of the invoice alone tells you remarkably little about the health of the transaction. It is a headline, not the entire financial story.

Consider a hypothetical independent specialist who charges $2,400 for a project expected to take twelve hours. Dividing the price by the estimated time produces an attractive figure of $200 per hour. Unfortunately, the specialist spends eighteen hours completing the work, another four coordinating the assignment, and three resolving delivery requirements. The twenty-five hours

of actual involvement reduce revenue per hour to $96. That calculation still ignores relevant business expenses. It does not establish whether the job was profitable, but it reveals something important: the initial hourly figure described a project that never existed. The real assignment was larger than the one used to establish its price.

The distinction between revenue, compensation, and profit becomes essential here. Revenue is the amount earned from selling the service, subject to the appropriate accounting and tax treatment. From that amount, the business must meet its expenses and obligations. The owner's labour also has economic value, even when the owner does not receive a conventional salary. Profit is not simply whatever happens to remain in the business bank account on Friday afternoon. Its precise calculation depends on the accounting framework and business structure, but economically it must be distinguished from payment for the owner's work and from money needed to cover operating costs.

The business expenses that never appear in the sales pitch

Imagine a freelance technical consultant who works from a spare bedroom. There is no commercial office lease, no reception desk, and certainly no decorative bowl containing individually wrapped sweets for visiting executives. The consultant concludes that overhead must be negligible. Yet the business relies on professional software, insurance, telecommunications, bookkeeping, equipment, data storage, and occasional specialist training. Some expenses are paid annually, others monthly, and several arrive irregularly. They are easy to ignore when pricing an individual job because none has a convenient label saying, "Please charge this amount to your next customer."

Overhead does not have to be billed as a separate item to every customer. In many cases, doing so would make the offer unnecessarily confusing. However, the business must recover those costs across its work if it expects to remain sustainable. A project

that covers only the visible labour and materials may contribute something toward operating expenses, but it has not necessarily generated the profit its owner imagines. The reverse mistake is possible too: assigning the entire monthly software bill to a single client and then charging everyone else for it again. Accurate pricing requires sensible allocation, not a creative competition to see how many times one expense can appear.

Another complication is that different expenses behave differently as sales increase. Some costs rise with each additional assignment, such as materials purchased specifically for that customer. Others remain relatively stable over a normal operating range, such as a monthly subscription or fixed premises expense. Understanding this distinction helps explain why a job can make a positive contribution toward overhead without fully covering the business's financial needs on its own. It also explains why accepting more work does not always improve results proportionately. Once additional projects require another employee, larger premises, or more expensive equipment, the cost structure can change abruptly.

You might reasonably ask whether every assignment must deliver exactly the same profit percentage. It does not. A reliable recurring service might have a lower margin than a highly specialized engagement requiring substantial expertise and carrying greater uncertainty. Some assignments help maintain continuity during quieter periods. Others introduce new capabilities or strengthen an established customer relationship. Those differences can justify different commercial decisions. The danger lies in accepting a poor result accidentally, then inventing a strategic explanation afterward. Calling an underpriced job a "relationship investment" does not automatically create a relationship worth investing in.

When being busy becomes a misleading achievement

There is a particular kind of service business that looks successful from every angle except the owner's finances.

Appointments are booked weeks ahead. Emails arrive continuously. Customers recommend the business. The owner says things like, "It's absolutely manic at the moment," with an expression suggesting both pride and a mild request for rescue. Yet the monthly results remain disappointing. The business has achieved an impressive level of activity without necessarily improving its economic performance. A full schedule proves that someone wants the service at the offered terms. It does not prove that those terms are good for the provider.

Suppose a professional completes twenty assignments at $500 each, with $300 in directly attributable costs per assignment. The total contribution remaining after those direct costs is $4,000, before overhead and other relevant obligations. Now imagine sixteen assignments priced at $650, each carrying the same $300 in direct costs. The corresponding contribution is $5,600. The second scenario produces more money toward overhead and profit while involving fewer assignments. These figures are illustrative, not evidence that raising prices will preserve demand. Actual customers may respond differently. The example simply demonstrates why order volume cannot be considered separately from the economics of individual jobs.

Workload has another consequence that does not always appear in the accounts immediately. When every available hour is occupied, your ability to respond to an attractive new opportunity becomes limited. You may have to reject a better-fitting assignment because your schedule is filled with low-contribution work. That does not mean you should leave half your calendar empty in anticipation of a magnificent customer arriving on a white horse carrying a purchase order. It means capacity is a scarce resource, and the way you allocate it affects future choices. Selling all of it cheaply may create certainty about being busy while reducing flexibility about everything else.

This becomes particularly important when customers require very different amounts of attention. Two contracts worth $3,000 might not be equally attractive. One could involve a clearly defined deliverable, predictable communication, and a straightforward approval process. The other might require extensive coordination, frequent meetings, complicated reporting, and several separate decision-makers. Neither customer is necessarily behaving badly. Their needs simply create different costs of delivery. If you price both assignments as though they require identical resources, you are allowing the differences to affect your earnings without acknowledging them in the offer.

The price someone else charges is not your business model

Comparing your prices with competitors can provide useful market information. Customers do have alternatives, and understanding how other providers describe and position their services matters. Trouble begins when you treat a competitor's published fee as a complete explanation of their economics. You rarely know their exact costs, workload, customer mix, or contractual obligations. A provider quoting $700 may have streamlined the process so efficiently that the fee is attractive. Another may be struggling financially while charging exactly the same amount. The price alone cannot tell you which story is true.

Competitor comparisons are also easily distorted by differences in scope. One service includes two planning meetings and post-delivery support. Another includes only the final deliverable. A third uses a standardized process that requires far less individual attention. All three might appear under the same category in an online search, but treating them as interchangeable creates a misleading comparison. Before deciding that your offer must be cheaper, ask what the customer actually receives from each alternative. Sometimes the problem is your price. Sometimes the problem is that nobody can see what makes your service different.

There is a corresponding danger in assuming customers will happily pay whatever your internal calculation produces. They will not. Your preferred income, business expenses, and financial goals do not create an automatic obligation for someone else to purchase your service. A price must also make sense in relation to the customer's needs, perceived value, alternatives, and budget. If the sustainable cost of delivering a service consistently exceeds what suitable customers will pay, the business model requires attention. You may need a different process, scope, audience, or offering. Simply producing a more persuasive explanation of your electricity bill will not necessarily solve the problem.

Separate the disappointing result from the actual loss

Words matter when analyzing financial performance. A project that produces less profit than expected is not necessarily loss-making. A project that covers its direct expenses but contributes little toward overhead presents a different problem from one that fails to cover the additional costs of completing it. And an assignment that compensates you poorly for your own labour deserves a different diagnosis from one that creates immediate negative cash flow. These distinctions help you respond appropriately instead of describing every disappointing job as a disaster and every large invoice as a triumph.

You also need to account for uncertainty. Estimates depend on assumptions about the work, the customer, available resources, and the conditions under which delivery will take place. Some variation is unavoidable. An occasional difficult assignment does not necessarily mean your entire pricing approach is defective. Repeatedly achieving much worse results than expected, however, suggests that important costs or requirements are being overlooked. The useful question is not whether every estimate was perfect. It is whether the differences reveal something you can identify and improve.

One practical starting point is to review three recently completed assignments that represent ordinary business activity. For each, compare the quoted price with directly attributable expenses, actual involvement, and a reasonable share of operating costs. Distinguish confirmed figures from estimates rather than pretending your records are more precise than they are. Then ask which assumptions proved accurate and which did not. You may find that a service you considered unattractive was actually efficient, while a prestigious assignment produced surprisingly little compensation. These discoveries are more useful than deciding in advance that every price must rise.

Look for meaningful patterns rather than dramatic individual stories. If one assignment required unexpected specialist materials, that may be an exceptional event. If most assignments require several additional coordination sessions, your original estimates probably fail to reflect normal delivery conditions. If one category of service consistently produces healthy results, understand why before changing it. Better prices come from learning which economic assumptions survive contact with reality, not from declaring war on every expense that appears in the accounts.

A well-run service business does not need every invoice to look spectacular. It needs a collection of assignments whose financial results support the owner's labour, the necessary operating resources, and the business's wider objectives. You can still take pride in an impressive sale, but the celebration should survive a reasonable examination of its costs. Otherwise, the invoice belongs in a frame while the financial results belong in a cautionary tale. And expensive framing, regrettably, would only make the original problem worse.

Chapter 2 - The Work Between the Work: Finding the Hours Your Quotes Forgot

A private language tutor finishes a fifty-minute lesson and closes the video call. The student has practised conversation, received corrections, and completed a useful exercise. Everything went well. According to the tutor's appointment calendar, the session occupied fifty minutes. According to the tutor's actual day, it also involved selecting appropriate reading material, adapting an exercise, reviewing homework, sending follow-up notes, and arranging the next appointment. The student purchased a lesson. The tutor delivered an entire small production, complete with preparation, performance, and administrative credits. Unfortunately, the calendar records only the performance. If anyone asks how many hours the tutor worked, the calendar confidently provides the wrong answer while looking exceptionally organized.

This distinction between visible delivery and supporting work appears throughout the service economy. Customers usually encounter the finished result or the period during which the professional works directly with them. They rarely see everything required to make that experience possible. A tutor arrives prepared. A technician brings the correct tools. A consultant understands the client's background. An event organizer knows where everyone is supposed to stand. Good preparation often becomes invisible precisely because it has been done well. Nobody applauds the absence of confusion, even when preventing that confusion required considerable effort.

When estimating a service, the mind tends to focus on its central activity. You picture yourself teaching, repairing, advising, or producing something tangible. Supporting tasks appear separately, if they appear at all. They are dismissed as quick preparations or

minor administration. Yet an assignment has a beginning before its main activity and an ending after that activity stops. Some of the necessary work is predictable; some depends on what happens during delivery. Understanding this wider process is essential because forgotten work does not become economically irrelevant merely because it lacks a convenient appointment in your calendar.

Before the customer sees anything

Consider the tutor preparing a personalized course for an adult who needs to communicate confidently during international business meetings. The first lesson may require an assessment of existing skills, discussion of specific situations, selection of appropriate vocabulary, and preparation of exercises that reflect the learner's work. None of these activities takes place during the paid lesson itself, but they contribute directly to its usefulness. If the tutor regularly provides such preparation, the service costs more to deliver than the appointment duration suggests. That does not necessarily mean the customer should receive separate invoices for assessment, preparation, and teaching. It means the total price should reflect the actual service being offered.

Preparation also varies between assignments. A tutor delivering a familiar beginner course may reuse established material with modest adjustments. A specialist preparing an unusual technical-language lesson might require substantially more research. Charging identical prices can still be a reasonable commercial choice, but only if the tutor understands the differences and accepts their consequences. Sometimes standardized services can be delivered efficiently enough to support more demanding assignments elsewhere. Sometimes the supposedly standard price quietly subsidizes a level of customization the business cannot sustain. Without recognizing the preparation involved, there is no way to tell.

The period before a customer commits creates another category of work. Answering inquiries, discussing requirements, checking

availability, and preparing proposals all consume time. Some conversations lead to paid assignments; others do not. Those unsuccessful inquiries are not necessarily wasted effort. They are part of acquiring customers and operating the business. However, their cost must be supported by the business's overall economics. If every inquiry requires several hours of unpaid specialist analysis, the sales process itself may become financially burdensome, particularly when only a small proportion of inquiries turn into orders.

There is an important difference between explaining what a service offers and actually performing the service during the sales conversation. A prospective customer can reasonably expect enough information to decide whether to buy. But if preparing an accurate proposal requires a substantial diagnostic assessment, the provider may need a separately agreed initial engagement. For example, a specialist asked to recommend a detailed solution for an unfamiliar system might first offer a paid assessment with a defined deliverable. The customer receives useful findings, even if they decide against further work. The arrangement is appropriate when the assessment genuinely provides value, not when a provider invents a charge merely for answering an ordinary question.

What happens after the obvious work is finished?

The closing stages of an assignment are equally easy to overlook. A service might require final checks, organized handover materials, instructions for the customer, secure storage or disposal of relevant information, and appropriate documentation. Some of these activities may be essential to completing the agreed obligation. Others are part of maintaining the business more generally. They cannot all be treated as interchangeable, but neither should they disappear from your understanding of the work. Delivering a finished product without a usable handover can be rather like