



The Joy of Business

# Sweetspot Pricing

Julia Chanteray

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# Contents

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What is this book about?	1
Who is this book for?	3
Why you should read it	4
How you should read it	5
What is your sweetspot price?	6
Why pricing is important	7
The difference the right price makes	10
How much do you want to earn?	16
The first step: your survival income	18
The second step: your good income	20
The third step: what would success look like?	21
What are your three levels of income?	29
What are you spending at the moment?	31
Step one: what's really going on with your money?	33
Step two: the big cull	36
What happens if there's a massive gap here?	39
It's time for some upside-down accounting	41
How to work out the exact numbers for you	43
The next step: your overheads	44
How does all of this fit into how you set your prices?	51
How far are you from your target income?	57
What does this look like for different types of businesses?	59
John's story	62
My central message – and what you can do to get your pricing right	65
A quick note on hard work	67
What we'll look at in the rest of the book	69
How to feel good about charging more	70
Get better at what you do	75
How to get people to pay more	80
Make it look good	82
Make your customer feel good	88

Demonstrate the value of what you sell.....	93
The problem with “faster, cheaper, better” .....	98
How you can appear to be faster.....	99
Make it look slower.....	102
Make it look like there’s a limited supply.....	104
Be remarkable.....	106
Be indispensable .....	113
Who you’re selling it to.....	116
Working out who your target client is – and why they want to buy from you.....	118
Rejection is okay.....	122
The clever stuff – how to change your pricing.....	124
Lifetime value.....	129
Bundles.....	133
Ongoing chunks.....	136
Anchoring.....	138
Tiered Pricing.....	146
Recurring income streams.....	150
Upsells.....	154
Online products.....	157
Tripwire products.....	163
Every business needs a value ladder.....	166
Productised consulting.....	169
Productised services.....	174
Success fees.....	179
Deferred fees.....	183
Showing your true worth.....	187
The final hurdle .....	191
How to test your sweetspot price .....	196
How to get some more help setting your pricing sweetspot.....	197

# What is this book about?

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I'm Julia Chanteray and I've been running a company called the Joy of Business for the past 16 years. I'm on a crusade to help people build their businesses: the Joy of Business is all about helping little companies grow up to be bigger companies. My job is to help people make more money and have more fun. This book gives away one of my secret weapons. Here it is:

.....

## **You probably need to charge more money**

.....

Not exactly rocket science, is it? It's pretty obvious that if you charge more, you'll make more money. So that saves you having to spend any money on actually buying this book, doesn't it? You're all set now. Right? All you have to do is... (probably) charge more money.

Except you need to work out exactly how much to charge. You need to work out the right prices for you and your business. And you need to work out how to use pricing in a clever way, along with the rest of your marketing, so that people want to buy from you at a price which is going to earn you the right amount of money.

That's why you need this book.

Another "secret weapon" I use with lots of my clients is this:

.....

## **Your pricing is (part of) your marketing**

.....

What you charge for the stuff you sell affects how your customers see you. If you charge bottom dollar, your customers probably won't appreciate you, and may well not see what you sell as being as good as one





of your competitors. Your stuff might be a million times better than the other guy's – but if you price it cheaply, they won't think it's as good.

This book is all about getting to grips with those two issues: I'll help you work out how much more money you need to charge and how to feel confident that you're charging the right price for your business. Not too much and not too little – but the right price for you.

We'll also work on what you need to do to revolutionise your business so you will feel confident about charging the right money and bringing in customers who don't think twice about paying it.

## Who is this book for?

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This book is not for people who work in big companies. If you have more than 150 staff, you probably have esoteric pricing matrices and goodness knows what to help you with setting your price. If you're reading this and you work for a corporate firm, put the book back on the shelf right now – unless you're thinking about leaving that world and setting up your own company.

.....  
**This book is for people  
who want to get serious  
about their business**  
.....

Maybe you're a freelancer who wants to be paid what you're worth, but you're not really sure what that is. Maybe you've got a business which is doing okay, but you know that it could be making more money. You want the first and most obvious way of increasing turnover (that's increasing your prices, by the way) but you're not sure by how much or whether it's too cheeky. Or maybe you've got a business which is in serious trouble, and you want to know if it's because your pricing is all wrong. Quite possibly, it is. This book will help you to work all these things out.

As you read more, you'll see that I'm very serious about helping businesses to make more money. I've had sleepless nights in the past because of cash flow nightmares, and it was horrible. I don't want anyone to have to go through that. I think we all deserve to make decent money and not have to worry about cash flow, making payroll or our long-term financial security. This book (and my mentoring and consultancy work at the Joy of Business) is all about helping people do this: to create enough money to live a good life and not worry about whether you can afford to invest in your marketing or pay your rent.



## Why you should read it

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There are lots of books and blogs out there about pricing. There are lots of sets of instructions from business schools on how to do pricing “properly”. I’ve read them.

This book takes all of that knowledge, throws out the out-of-date and crappy thinking about pricing, and distils it into a short, easy-to-read manual for small businesses who want to grow into bigger businesses.

If that describes you, a friend of yours or your partner (or your boss), then you should be reading this book. It helps if you pay for it too. Not just because I’d like some money for all the hours I spent on it (although I would) but because if you pay money for it, you’ll take more notice of it. Because:

.....  
**Your pricing is (part of)**  
**your marketing**  
.....



## How you should read it

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When we were young, we were told to read a book from the beginning and continue until we got to the end.

In my experience, that doesn't work for business books. They are usually too long; I never get to the end. However, some of the good stuff in this book is right at the end, so I encourage you to skip the bits which don't apply to you and get straight to the good stuff. For example, if you're already up for increasing prices and want to get on to how to set the right price for your business, you'll probably want to jump right over the first section.

Likewise, I want to make sure that everyone understands the effect that pricing has on their business – but if you're an accountant or have an MBA you probably don't need the bits about gross profit.



## What is your sweetspot price?

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There's a certain sweet spot in pricing. That point where your price feels okay, where it's doable for your customers and they're happy to pay it. It doesn't feel too cheap, it doesn't make them feel like they're getting ripped off or really going to hurt. It's also the price where they're happy to come back to you again and again, and are likely to recommend you.

.....  
**We're looking for the sweet spot  
where you can get the right number  
of customers at the best possible  
price**  
.....

Depending on your business, this sweet spot might be high enough that your customers have to think for a while before committing. That's okay, as long as your price is something that they'll think about, but not so high that they will be put off forever. If you're doing the right marketing, they'll already want to buy from you, they'll be emotionally committed, but they might have to rearrange a budget, get permission from someone else or take a deep breath.

To get to that sweetspot we might have to do some work. This book will take you through what you need to do. This might include having to:

- Change your price
- Test your new price
- Maybe change it again
- Improve what you're selling so that people are happy to pay more
- Improve your marketing so that people are happy to pay more – and more people are happy to pay more





We'll talk about lots of things, but first I want to talk to you about what a difference it makes when you get your pricing right.

# Why pricing is important

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In the past 13 years of working with hundreds of businesses doing all sorts of different things, I'd say that pricing is the number one thing that people get wrong. Unfortunately, this is not just a little thing to get wrong: your pricing has a massive effect on your business and its health. And because your business's health has a direct relationship with your bank balance and your mental health, pricing can also affect everything in your life – from what cereal you can afford to give your kids in the morning to where you can afford to be buried. And how soon you'll need that cemetery plot, because life expectancy is linked to your bank balance.

Pricing is the one thing which we don't think too much about as business owners. We probably set the prices when we first set up the business, and they stay pretty much the same for the rest of eternity. Until you go bust, of course.

Often, fairly randomly, we say:

"I'm going to charge 35p for carrots."

"I'm going to charge £60 per hour."

"This piece of software should be £35 per month per user."

Maybe we put our pricing up 5% every April. Maybe we'll give a new product some extra thought – but its price will probably be in line with our other products.

"Parsnips, they're a bit like carrots. I'm going to charge 35p for parsnips."

Apart from that, people don't think that much about their pricing.



When I come along, asking nosy questions about how the business is running, asking “how do you set your prices?”, these are the sorts of answers I get:

“Well, it’s probably about the middle of the market.”

“I need to be a bit cheaper than Fred; he’s the best.”

“We charge cost x 1.64.”

(Honestly, that’s a real answer, cost multiplied by 1.64. When I asked why 1.64, my client said that that was what his dad had told him to do.)

“It’s £180 for a half day – we’d never get away with any more than that.”

When I go away and do some research (and get my friend Vicky, the secret shopper, to make some phone calls) I find out that my client is not in fact at the middle of the market but pretty near the bottom.

Or I discover that there is, in fact, no such thing as “the market rate”, and that my client’s competitors are charging a wide range of prices. Perhaps you didn’t research the market that much when you set your prices (you had a business to set up, after all) and then it’s all changed over time. Meanwhile, Vicky phones up Fred, who’s charging double what my client is.

The point here is that clients usually think that they have based their pricing on a completely rational process. We tell ourselves that we’ve made a scientific decision based on clear information, but of course, we haven’t. We humans are rubbish at making scientific decisions and we rarely have clear information, but we are very good at telling ourselves that that’s what we’ve done.

Clients—are often surprised when I dig out even a little bit more data to inform their pricing decisions.

So, just to be clear:



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**Do not base your prices  
on your competitors. You're  
not the same as them**

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We have some much better ways to calculate the best price for you.



## The difference the right price makes

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Paul had been working hard on growing his business. He was doing well, he'd moved into new premises, he'd got an office manager, five people to make the software, and he was getting lots of orders. Lots of orders. More orders than he could cope with, in fact. Tremaine Productions was very popular indeed.

Paul couldn't work out why he didn't have any money. He was working all the time; the orders were coming in, the customers were happy. At first, he thought it was because he'd spent lots of the business's money (and quite a lot of his own savings) on repairing the roof of the new premises and because he was waiting for some of his customers to pay him. And he'd had to pay for some new computers and ergonomic chairs, all of which were pretty pricey.

But it had been 18 months now. Surely the business would be able to afford to pay him soon. But no. In fact, the business needed him to make a further director's loan of 10k to bail it out.

I saw Paul on a Friday, and we started chasing the money. Where could it be?

On Monday morning, he called me for an emergency meeting. He'd cracked it.

He turned up, holding out his laptop with all the figures on it. Paul had spent all weekend going over each and every job Tremaine Productions had done in the last 18 months. And none of them had made a real profit. Some of them had broken even – they'd paid for the staff time – and some of them had even made enough to contribute something to overheads.

But none of these jobs had made any money for Paul. No wonder the customers were all so happy; they'd got some lovely work at a brilliant



price. No wonder the order books were full, and people kept coming back for more. They would, wouldn't they?

Paul worked out that he needed to double his prices to make a profit. We tested this out, to make sure that he wasn't making the same mistake again, and he did indeed need to double prices.

Very bravely, Paul decided that he would charge at least double for all quotes from that day. If the customers didn't like it, he said, they could fuck off. (Those were his words: he was a bit riled by now, having been up all weekend finding out that the last 18 months were a complete waste of time.)

He gave himself six weeks to start making a profit or he was going to run off and do something completely different. Something about robbing the rich and living in a forest, I think it was.

That was a year ago. Paul's now making a nice profit. The order books are still full, and the customers didn't fuck off, they just accepted the new prices – and more customers came in because of the beautiful work Tremaine Productions was doing.

Paul had a holiday recently for the first time in years.

Again, I'm not suggesting that you double your prices. It's not that simple, and you might not be able to get away with it. But this story, including the swearing, demonstrates that changing your pricing is the single biggest thing you can do to change the fortune of your business.

Here is another example:

I started working with a young woman who had a pretty successful virtual assistant business. She was good at what she did, and her customers liked her, so she had plenty of work. She definitely didn't need my help in marketing or networking.



But Tracey wanted to change her business. She knew that there was a ceiling on how many hours she could work, and therefore how many hours she could bill for. Virtual assistants are like many people who get paid by the day or by the hour, and no matter how successful you are, there's always going to be a limit on how much you can earn. Tracey was both ambitious and pregnant. She wanted to scale up the business so that she could employ other people virtually, and get them to do the work.

Like most people when confronted with the change from being a freelance business to employing other people, she was nervous about three things:

1. All the legal hassle of employing people
2. Where to find good people she could rely on
3. Being able to pay them at the end of every month

Tracey had a bit saved up, enough that she could pay somebody else the equivalent of a full-time salary for three months. Although she was busy herself, she wasn't confident that she had enough work to be able to pay a full-time person, and of course, she didn't want to risk her savings.

We took Tracey's business apart and looked at exactly how it worked. I knew that for Tracey to feel more confident about paying salaries for the first time, she would have to feel that there was more money flowing into the business.

The first thing I recommended was to change the virtual assistant's average hourly rate from £25 to £29 and to make it that Tracey's clients had to book a minimum of 2.5 hours. Of course, Tracey didn't like this, and we had a long discussion about these two issues.

Tracey quickly agreed that her clients would accept the price rise to £29. She knew that she had a solid list of existing clients and that there





were new enquiries every day. There's a basic law of economics which says that if you are offering something which is in demand, you can gradually push up the pricing. Usually, you can go quite far with this until people start to notice, and then you can go a little bit further before people start to question whether they want to use you.

But Tracey was not at all happy about the minimum 2.5 hours. In particular, she was worried that new clients would want to try her out on a small job first but not commit to 2.5 hours of work. She pointed out that many people had come to her this way – they just needed an extra pair of hands or for Tracey to do something for them that they couldn't do themselves, such as set up an email autoresponder. I thought this was very interesting – and, to be honest, I hadn't thought about it before. So we decided to allow first-time users of Tracey's services the opportunity to buy a quickie. We didn't call it a quickie, although we did have a bit of a giggle about that in our meetings. We made a list of all the "quickies" we could think of: first requests that people had come to Tracey with in the past and a few more complicated things that we thought people might not think of, but if they saw them, they might want. Once we had the "quickies" Tracey was happy for all subsequent jobs to be a minimum of 2.5 hours.

This was a pretty easy thing for Tracey to roll out very quickly. She gave notice to her existing clients that the price would be going up to £29 per hour, and several people congratulated her on being so busy. She added the quickies to her website with a button saying "buy me".

We did lots of other things with Tracey's business, but those two things together – putting up the hourly rate by 4 pounds an hour and, more importantly, making sure people had to buy a minimum of 2.5 hours – started a mini revolution: Tracey's turnover increased by 20% in the first two months.



But the really interesting thing was that because we'd put the quickies on the website, those little things that people could buy as a test, the number of new business enquiries went up by 82%.

Tracey had come to me because she was nervous about scaling up the business and taking on other people – but now there was so much new work coming in, she had to take new people just to keep up with it.

Here is one last story. One of my specialist areas is working with smaller scale e-commerce retailers. I did some work with a great company which sells golfing accessories – and learnt far more than I needed to about golf.

They had been doing very well importing golfing accessories from overseas. They had some specialist items which were difficult to find elsewhere but were very popular with people who take their golf seriously. In the three years that the company had been going, they had been selling more and more every year. In fact, in the last 12 months they had more than doubled their turnover. When they'd been smaller, they had made a tidy profit, and the husband and wife team owners had been able to take 50k each out of the company and build up a bit of a surplus as well.

But now they were turning over more than a million – yet the company had made a net profit of just £6000.

We looked into it, and I spent a happy afternoon listening to Bach cello concertos while getting to grips with the big spreadsheet. And we found a problem. Despite very healthy sales, Mr and Mrs Golf hadn't taken into account all the extra little costs that came about when they expanded. This, by the way, is something which frequently occurs when you grow from a little business into a bigger business.

We looked at all the little tiny costs and transactions, everything that it took to get a golfing accessory from the warehouse to the customer. We timed how long it took to pick an order and package different items.



Some of the things they sold were a weird shape and took a long time to pack up safely, along with a whole bunch of bubble wrap and tape. We found that because they'd moved to a bigger warehouse in order to buy at a lower price by buying in more, it took a lot longer to dispatch the orders. And when they bought in larger numbers, the items weren't individually wrapped when they came from the manufacturer – so it took longer and cost more to wrap them up.

It turned out that Mr and Mrs Golf had very much underestimated what their cost of sales were. They were still selling the golfing accessories at around the same price that they had been when they had a little warehouse, and they were still doing much of the picking and packing themselves.

I then spent more time with JS Bach, testing out how easy it was to find a particular golfing accessory online if I'd wanted to buy one. It turned out not to be easy at all, unless you went to Mr and Mrs Golf. Most of the other golfing accessories could be easily found but this one was kind of special, at least in the UK and Europe. You could buy very cheaply from America but then you had to pay loads to get it delivered if you wanted it in the UK or Europe, and it would take two weeks to get here.

We had a very difficult meeting during which I suggested adding 35% to the cost of the specialist item, and increasing the price of every other item in line with what it actually cost for all the little bits and pieces of packaging and the time taken to get it packed up and sent to the customer.

It took ages but we changed all the prices and took the opportunity to round them up as well, so that we weren't charging things like £6.52 but a nice round £6.99.

Mr and Mrs Golf continue to expand the business – and because I've changed their names here and of course they don't sell golf accessories at all, I can tell you that they made a 20% net profit last year.





## How much do you want to earn?

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This is one of the most important parts of the book. Whenever I'm working with my mentoring clients, I always start off the pricing process by embedding it in what my clients want to earn. We'll need this information to set your prices – and it gives us a great baseline to work from because we know what we need to achieve. In fact, I would strongly argue that the whole purpose of running a business is to make sure it generates the right kind of money for you. You might have other additional purposes: the way you run your business or what you sell might be making the world a better place. Or you might be on a mission to have your product in every home in London. Or you might want to have a good lifestyle of flexible working, so you can fit work around spending more time with your children. Or maybe you're running your business so that you can build it up and sell it for a nice wedge of cash in ten years' time.

Whatever your reason for running a business, it has to be a business. That means that it needs to make money. If you're spending money on the business and working hard, the business needs to reward you by paying you some nice profits. Otherwise, it's not business; it's a hobby. And businesses like these can be quite expensive hobbies.

When I ask clients about how much they want to earn, they usually look a bit blank. Sometimes they look a bit nervous, and sometimes I can see a bit of guilt on their faces for even daring to think about making some money. It's very rare that someone will be able to tell me exactly how much money they want to make after tax in the next year, or in the next three years. When they do, I instantly know I'm talking to somebody who is already pretty far along in their business journey.

So let's move you along in your business journey by getting to grips with this pesky issue: how much money you want and need to earn.

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## **We're going to start off by setting three different target incomes**

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Why three? You ask. Why not just go for the big target straight away?

Our three levels represent the different stages of developing your business. You may already be well past our first target, the survival income, or your business may not be at this level yet, but that's a good place to start. Your survival income tells you the minimum amount of money your business needs to create for you.

Our next level is your good income. This is the amount of money the business needs to create for you so that you can have a good life. This might be a life where you don't have to worry about money every day, or where you can start to afford some treats for yourself. Or it might be how much you want to earn to match your last paycheck from a "real" job, or enough money for you to start saving. Your good income is how much money you need to live a good life.

Some people are happy when they get to their good income, and that's enough for them. Other people find that their good income changes over the course of their life, for example when they want to save for a deposit to buy a house or have children. Or when their children go to university and start costing serious money. That's why we include a third level: your great income. This is your ultimate target.

We will use all three of these to set your pricing levels and, of course, to work out how much you need to sell in the business to get to these levels.

As you're working through these first exercises, don't worry if the amounts we're talking about seem either ridiculously small or scarily large. It's just really important that you have the three targets to form a baseline which is right for you – and so we have something to aim for as we find your pricing sweetspot.





## The first step: your survival income

This is what you need to live on: the basics. It includes your rent, mortgage, bills, food, loan repayments, a little bit for going out and maybe a basic level holiday. Don't forget about toiletries, clothes and shoes, and things you don't necessarily buy every month. Your list might also include childcare, things you need to look after yourself, such as acupuncture or yoga, school fees and subscriptions like Netflix or Spotify.

If you're the main breadwinner, remember to include the stuff your partner needs too, but add the amount your partner earns to your income total. Don't include any business expenses here, especially not that bit about "working from home allowance" that the accountants love. Keep that for your tax return.

Everyone has a different list, because we all have a different idea of what's essential. I've seen people whose survival income is 5k a month because they have teenage children and a big mortgage, people who include their pilates classes and painting equipment as essential for their physical and mental health, people who spend just £20 a month going out, and people who would find it very difficult to not go to at least one nice restaurant a month.

We're all different, and there's no right or wrong in your list; it's what's important to you, at this point in your life. We're not making any judgments here, we are just trying to get a grip on what your absolute basic minimum earning requirements are.

A note: if you bought this book from Amazon, this version doesn't include the big resource pack. If you want to get serious about all of this and start working on the spreadsheet, you can upgrade your book to the big resource pack version, by going to my website [www.thejoyofbusiness.co.uk](http://www.thejoyofbusiness.co.uk), clicking on products, and buying the Big Resource Pack version of *Your Pricing Sweetspot*. Use the code B447IIOKMV to get £12.99 off the

cost of the Big Resource Pack. If you didn't pay £12.99 for this because you borrowed the book from the library, got a deal on Amazon or stole it from a friend, then well done for saving some cash.

Most people find that using the checklist or spreadsheet makes it a lot easier to get a firm figure for their target income, plus once we start getting clever with your pricing, the resources in the Big Resource Pack version quickly calculate (and test) your pricing sweet spots for you.

But you can roughly do this on a piece of paper or your own spreadsheet – just make sure that you've included all those pesky bits and pieces that come out of your bank account which you tend to forget about, such as insurance policies or loan repayments.

You now have your survival budget in hand. You might be making more than this already – congratulations! Or you might be around that amount but not quite there. Or you're nowhere near this and you need to get your business in shape, giving you more money as soon as possible.

But...

.....  
**we want you to do more**  
**than just survive**  
 .....

We want you to have enough money to live a healthy, fulfilled life where you feel financially secure. In fact, we want you to feel successful and generous with your money. Let's set another target income.



## The second step: your good income

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Your good income is what you need to earn to live a decent life. The first target was about surviving day to day. It didn't have anything extra for those rainy days when the washing machine breaks and you have to buy a new one. It didn't have anything in it to pay for taking time out from work to renew and reward yourself with a good holiday or buy yourself those shoes you don't need but look so pretty in the shop. But your good income isn't about mega success, gold-plated taps, second homes or being greedy. It's about working out what you need to live a decent life. This is probably the budget you're going to aim for.

Start with all the things you have to pay for, your survival budget. Then add in the extra bits which would make your life more fun. Again, this is different for different people – for me, the extra bits are about holidays, being able to spend £350 on a nice suit without worrying about it or putting it on the credit card. And not having to worry about buying the nice olives in Waitrose.

Fill out the next part of the spreadsheet or make some more notes and add up your desired figure for your healthy and fulfilled target income.





## The third step: what would success look like?

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Now let's think about what your life would be like if your business were truly successful. What would you do with the extra money? You can have some fun with this one, and set some targets for the future.

Maybe you want to save for a deposit for buying a house. Maybe you want to put some money by for the future and set up that pension you've never quite got round to paying into. Maybe you're thinking that you'll have a baby in a couple of years, and you want a chunk of cash put by so you can afford to take a year's maternity leave. Or your children are teenagers now and you need to save for university fees. Maybe you want to dramatically change the sort of holidays you take, so instead of a B&B in Wales, you'll be able to afford that three-week trip tracking lions in Kruger National Park.

If you're a visual person, you can set up a Pinterest board with the lifestyle that you'd like to have, the holidays you'd like to take, or the home/car/clothes/shoes you see yourself in. If Pinterest isn't your thing, just make some notes about what would be truly meaningful to you.

Spend some time on this – try on the new lifestyle.

Don't worry when you get those doubts about how far away you are from all of this. Right now, we're just having some fun. And don't worry that you're being greedy – I've done this with dozens of clients and the most extravagant desire I've ever seen was someone who wanted to spend 100k on a loft conversion with a fancy balcony. It looked amazing when she got it built, by the way.

This can be a very interesting exercise to do with your business partner and/or your spouse. It's fascinating what happens when you each do your own version first and then compare notes.

I've done my version of the three targets in the appendix, just to give you an idea, but yours is likely to be very different indeed, depending on your tastes, priorities and where you live. And, the big difference, if you have children, which can change what you need to earn quite dramatically indeed.

Yes, you do have to fill out the forms

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Quick note – I've read hundreds of business books in my time and I confess that I've skipped a lot of the exercises in them. Or I've just done a quick set of notes in the margin or thought it through for a couple of minutes. I'm busy, I don't have time to do this properly – or I'm reading the book for inspiration and I don't want to do the work.

But do yourself a favour – because this “exercise” is very powerful and could change your life forever. If you don't want to make your lists right now, that's fine. But make a note or set a time in your diary to do your financial targets at some point next week. I promise you it's one of the most important things you can ever do for your business: it will change how you think about your prices and, even more importantly, it will change how you think about the money coming in and going out of your business, and what it can do for you.

Wealth calculator

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If you have the big resource pack version of this book, I've included a great spreadsheet which will do all the adding up for you and take you through the process. Get that spreadsheet out and start working out the three incomes we've been talking about. If you don't have this version, then get some lined paper from your daughter's school exercise book or use the whiteboard in your office. Either way, let's work out some numbers that mean something to you.

The next resource I want to give you is a little exercise that will help to get your success budget in place. This is the budget that lots of people find difficult – so I have found a way of helping them become clear



about what having a lot more money would mean for them. This is different for all of us, and it's fascinating what people include once they start to envision what success looks like.

## Are you sitting comfortably?

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Make sure that you're sitting in a nice comfy chair and that you're all warm and toasty. It might help if you've got a cup of tea or maybe a little piece of chocolate to stir your creative juices. Or do some star jumps beforehand to get your brain working.<sup>1</sup>

Get into my Time Machine. Yes, a time machine is included with every purchase of this book. Enter the number of years that you want to go forward into the control mechanism of your time machine. This is the one that looks a bit like the settings for a microwave oven.

We'll go forward in time, for as much time as it will take you to be successful. I'm guessing this is somewhere around 3 to 5 years, but you might also be looking long term for the serious money.

I want you to imagine that you're in bed. It's a lovely comfortable bed, and the sun is shining in through the windows. You can feel how soft and crisp and clean the sheets are against your skin. You smile when you think of the day ahead.

Now I want you to imagine getting out of bed and the different steps that you take. You might be in the house that you live in now or we might be living in a completely different place; it's up to you. We're imagining Tuesday morning in the future with you as a successful business person.

Tell me out loud what your morning is like. Tell me about going downstairs, what you have for breakfast, who you have breakfast with, and the kind of clothes that you put on as you get ready for work. Tell me about your journey to work, even if that's going upstairs to your study.

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1 By the way, do not do what one client did and smoke a big joint before doing this. It won't help, and you won't remember what you thought about.



Describe your day: I want to hear all the details of what it's like. In particular, I want to hear what your day's like for all your four senses. If you have coffee for breakfast, describe what the coffee smells like. If you walk downstairs from your bedroom to the kitchen, tell me what the floorboards feel like underneath your feet. Tell me what your kitchen looks like, and what the view is from your window. And I'm very interested in finding out how a successful person's breakfast tastes.

How do you spend your day? Are you out and about at meetings? In the office working with others? At a warehouse, supervising your team dispatching all the lovely things you've made? How big is your warehouse? A converted garage or a big industrial unit? Or are you cosied up in your home office working on your writing projects? Or are you out at lots of networking meetings, meeting with new clients or giving talks at conferences?

Tell me about how your week divides up. Do you work Monday to Friday, or do you have a day off in the middle? Is every day in the same place or is it always different? Are you even in the same country week to week?

How do you spend your evenings? And your holidays? How much time do you spend on leisure and fun – and what kind of things do you do? Are you a regular at the beach in Brighton or at a different sunny resort four times a year? Are you a hillwalker or a paraglider? Or are you more of a wine region tour kind of person?

By now, you're probably starting to wonder a) Why I'm so nosy about your dream lifestyle, and b) What the hell this has got to do with setting your pricing sweet spot?

I'm asking you to get in the time machine so that we can look into the future and make some choices about what kind of business you're working to create, and how much money you want to earn from that business. Using the time machine helps us to focus on what we want to build for the future. It helps you work out how you want to spend your



time, what your business is going to grow into and what role you're going to play in it.

Spending a few minutes in the time machine also helps you work out what's going to be in your life and how much money your business needs to generate for you to pay for this. People with a very strong visual sense particularly like this exercise. Some people come out of the metaphorical time machine with a determination to travel more, buy a house with a garden or have a couple more children! Knowing what's important for you can help you set your income targets at the right level. And that means that we can set your prices at the right sweet spot for you, rather than having to constantly increase your prices as your targets change.

You can do this exercise in two ways. There's the modern way, where you go over to Pinterest and capture lots of interesting pictures of the things that would be in your life if you were at the peak of your success. You can pick your dream house, happy smiling dog, the kind of gin you'd like to drink, the kind of woman you'd like to marry, or a picture of the woman that you're already married to. You can keep your Pinterest board completely private: this is yours; you don't have to show me or anyone else. It's your space – so you can go as wild as you want.

Then there's the traditional way. This is exactly the same but instead of using Pinterest, you collect a pile of magazines or print things out from the Internet and stick them onto a piece of card. I think I like this way better because if you can't find a picture of a vegetable garden (a bigger garden is definitely on my success wish list) you can just draw one in felt tip. It doesn't have to look like a vegetable garden, because this exercise is a secret one. Nobody else needs to see it.

Keep hold of your Pinterest board or your bit of cardboard with your pictures stuck onto it. (If you don't want it hanging around, take a photo of it on your phone so you can refer back to it.)



Now, go back to your spreadsheet and see if there's anything that you would change in the success line. If there was a happy smiling dog or a gurgling baby on your board, you're going to have to include a budget for pet food, vet's fees and nappies. Adjust your spreadsheet, and remember that it's absolutely fine at this stage if it all seems completely beyond what you could possibly achieve. That's the point.

I've put together a very long list of things that might be on a successful wish list, including my own choices, things that clients have put down, plus the very scientific methodology of asking my friends to do this exercise in the pub after a few beers. So, here are some creative ideas for things that you might want to be able to finance if your business were to create some more money for you.

If you have the big resource pack version of this, you can print out and highlight the ones that you find attractive or meaningful. If any are particularly important or stand out for you, put a big star next to them. If any are repugnant or fill you with doom, feel free to cross them out with a big black marker pen.

Here are the suggestions:

- A bigger house
- A house with a garden
- My own flat instead of sharing
- A deposit to buy my own house
- A year off from work
- A month off from work
- A ten-day holiday four times a year
- A trip to Antarctica
- Be able to afford to give 10% of my profits to charity
- Buy a rental property, to give me an income in my old age



- The ability to spend thousands of pounds a year on new clothes
- Put 20K pa into an ISA
- Only work four days a week
- Take every Monday off
- Take every Friday off
- Leave work at 3:30 PM every day to pick up my kids
- Put 20K pa into my pension
- Make 50K per year of additional voluntary contributions to a pension for the next five years
- Pay off my mortgage
- Afford a deposit on a rental property for my daughter who is going to university, so she has somewhere to live, and I get a long-term asset
- Be able to give 10% of my income to the church
- Be able to give 10% of my income to political causes I believe in
- Be able to help save for my dream holiday, which costs XX amount
- Be able to afford private health insurance (approx £110 per month)
- Be able to afford to get my hair professionally styled every week (£30)
- Be able to afford laser eye surgery (approx 2K)
- Be able to afford hair implants (approx 10K)
- Retire at the age of [insert your desired retirement age here]
- Be able to go back to university and finish the degree I didn't complete
- Build a loft extension in my house



- Buy an expensive guitar
- Pay for my parents' retirement home
- Buy a pedigree dog
- Buy a horse and be able to afford to look after it
- Buy a fancy stereo
- Buy a new car [insert here what kind of car and the model, along with the price tag]
- Put solar panels on my house
- Build a treehouse for the kids
- Get my garden designed professionally and re-made
- Not have to worry about how much I spend on books/music
- Be able to take my partner out for dinner at a Michelin-starred restaurant
- Be able to treat my partner to a wonderful holiday to New York, flying business class
- Pay for my mum's hip operation, so she doesn't have to wait any longer
- Buy my mum a new house
- Pay for my kids to go to private school
- Pay my kids' university fees, so they don't have to go into debt to study
- Get a whole arm tattoo done by a top tattoo artist
- Buy a whole new set of sheets from the White Company in their most expensive range
- Set up a social enterprise
- Set up a charity
- Buy a campervan





## What are your three levels of income?

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If you've worked through this you will now have three numbers in mind for the money that should land in your pocket to pay your bills and provide for the good things in life. In the next section, we'll translate this into what your business needs to create in terms of net profit, and how much you should expect the tax man to take.

Write down for me what your survival income needs to be

Write down for me what your good income needs to be

Write down for me what your successful income would look like



Top tip: it's useful, especially if your business is already generating your survival income and perhaps your good income, to have a range of success incomes here.

For example, my own success income figure starts at 60K. This lets me do pretty much all the things I would want to do, such as new shoes and nice holidays, and means I don't have to worry about buying a nice meal out once in a while. But I still have a target after that figure to keep me going. For me, that means being able to put more money into long-term savings and charitable contributions.

Next, we're going to work out what the gap is between your spending at the moment and your three levels of income, so we can check where you are and if there are any changes we need to make to our targets.

