



# PRICING WITH INTEGRITY

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# INTRODUCTION

Before we dive into this guide, I'm going to ask you to do me a favor;  
**bear with me, and go through the entire workbook.**

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The Pricing With Integrity model starts with figuring out how much money you need...and in order to do that, you're going to need to take a good solid look at your money. Which, not surprisingly, intimidates a LOT of people.

***But you can do this, I know you can.*** Not only that, but after you've done it, you'll be MUCH better off than all the people who were too afraid to face it. The thing is, it doesn't need to be scary... people tend to be afraid to look at their finances because they think it says something about who they are as a person; "I'm no good with money, I'm irresponsible, I'm a failure." Blah blah blah.

***It's NOT true.***

What is true is that the vast majority of us are never taught how to handle money. We're taught all sorts of shit that isn't true (like, "how much money you have is a measure of your worth"), while completely missing what is true (like, "how much money you have is a measure of how much money you have").

We certainly aren't taught how to figure out how much money we need, how to make sure we have that much money, how to account for irregular expenses, how to make sound decisions about where and when to invest our money, how to decide when to take on debt vs when to avoid it, so on and so forth.

But you? You've taken the first step towards gaining control of your money and your finances, in a way that aligns with your values.

**YOU are going to build  
a business and life based  
on integrity.**

So rock on with your bad self, embrace these exercises, and know that you'll come out the other side smarter, wiser, and hell - better looking too! (After all, stress causes worry lines, and few things stress us out more than money, right? ;) )





# FIRST, A QUICK LOOK AT HOW MOST ENTREPRENEURS MANAGE PRICING... AND WHY IT FAILS



Pricing is something that all entrepreneurs struggle with - even those of us who've been in business for years.

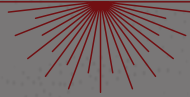
No matter how you set your prices, there's always a fear that it will be too much or too little. Hardly ever does someone set their prices and think, "yes, that's perfect!"

So how do we come up with a pricing structure? The most common methods are as follows;

- + Look at what the competition is charging, and either...
  - undercut everyone so you have the lowest price
  - set your prices HIGHER than everyone else (then talk about how much better you are to justify your prices)
  - set your prices somewhere in the middle and hope for the best
- + Set your prices based on your previous, employed, wage... completely forgetting that you'll be paying the wage taxes your employer used to pay
- + Decide how much you're "worth" and charge that
- + Make up a number because you have no bloody idea

There are *so many* things wrong with all of these methods, I'm not even sure where to start...

# FOR STARTERS



- + When you base your prices on the “competition” - whether you run low, high, or in the middle - you give away your authority and autonomy. You anchor your value in someone else's work, rather than in your own work and the value of that work.
- + When you set your prices based on what you “used to make” at a job, you shortchange yourself and set yourself up for financial problems once tax time comes around.
- + When you try to determine your “worth” in order to set your prices, you inadvertently tie your sense of self to your business, which sets you up for an incredibly painful roller coaster of self-doubt any and every time someone doesn't buy from you.
- + When you simply make up a number... well, there's no way to have confidence in a made number, and potential clients are rarely convinced to buy from someone who doesn't even believe in their own product / service.

But here's the biggest one, by far;

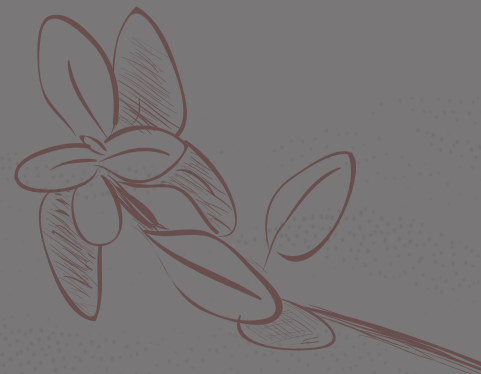
**When you set your pricing based on arbitrary numbers, those numbers lack the confidence needed to convince customers of the value of what you offer.**

Which is why the Integrity Based Pricing model works so well; it gives you numbers you can feel good about, both in the sense of being aligned with your Values and Integrity, AND in the simple fact that you can be confident about your pricing.

*So, without further ado, I give you The Process!*



# THE PROCESS



ONE



*Determining how  
much you **need***

TWO



*Deciding what you  
want to support*

THREE



*Considering how  
much time you have*

FOUR



*Doing the math*

FIVE



*Tweaking  
the math*



# HOW MUCH DO YOU NEED?



## PART ONE

### The first step in Pricing With Integrity is figuring out how much money you need.

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To do that, we're going to put together a rough budget for you. And yes, I know, nobody likes the word "budget" (except maybe geeks like me who used to do bookkeeping for a living).

But I promise this won't be painful... or at least, not too painful. ;)

We'll start with your monthly expenses. Use the following worksheet to figure out how much you need each month to cover your basic cost of living. You know, things like rent / mortgage, utilities, telephone, groceries, etc.

Some of these will be the same every month, others will vary from one month to the next.

Figuring out your average is a good place to start, though to be safe, I'd rather see you estimate high (and end up with more than enough money to cover expenses), vs underestimating and ending up eating Ramen by the caseload (no judgment if that's where you are now, I've totally been there myself - try adding an egg and some veggies, it's a game changer! <3).

The more accurate you can be here, the better. But if you find yourself struggling to find exact numbers, make your best guess... then add 10%.



For bonus points, separate out your regular monthly personal expenses from your regular monthly business expenses. It'll come in handy later in the guide. :)

Remember, this isn't just about getting you enough money to "survive." Quality of life (and sometimes our sanity) depends on having ALL of your needs met; getting help around the house, even "non-essential" items that perk you up and make you feel more like you, whatever you need to feel like you're truly THRIVING are all important to include in your Goal Budget.

(Just be sure you don't get caught up in Jones-ing, throwing in all sorts of fancy budget goals because you see someone else sharing about their awesome whatever-the-hell and it makes you feel momentarily inadequate because you don't have a whatever-the-hell.

A good rule of thumb is to start by determining how much the item or service would be worth to YOU.

For instance, maybe you see someone on social media sharing photos of their fabulous luxury vacation, and you think, "that looks amazing, I should include a luxury vacation in my budget!" So you start to research destinations, and costs... and as the numbers add up, you find yourself thinking of all the other things you could do with that money. Like put a down payment on a house...

Turns out, those photos might have triggered your FOMO (fear of missing out), but the reality is that you'd much rather spend the money elsewhere.

#### TIP

If there are regular expenses that you'd like to take on - say for things like hiring a housekeeper to come in once a week, or getting your hair done once a month - include these in your worksheet.

**I know that some people get extremely stressed out looking at their money. If you find yourself becoming anxious or overwhelmed, try this quick grounding exercise, and remind yourself; there's no judgment, only numbers**

If you DO feel like it would be an item or service you'd value, then weigh the value of the item / service against the cost of the service.

For instance, if you really LOVE the idea of having someone come cook dinner for you and your family on a regular basis, but it turns out the only option in your area charges \$100/hour... well, then it's up to you whether or not that service is worth that cost. (Of course, you could always look for alternatives, like hiring one of the local culinary students to do the work for less - just be sure you're still paying a fair amount, and not letting your desire overcome your ethics. Guilt is not a tasty seasoning. ;)

## MONTHLY MONEY WORKSHEET

[illegible]



Now that you've figured out your regular monthly expenses, let's look at a category that often trips people up; the less frequent expenses that crop up once or twice per year (or once every 2 -3 years!).

Things like automobile registration, property tax bills, business license renewal, business insurance and bond fees -these show up like clockwork, but since we get a good 11.5 months (or more) from one bill to the next, it's easy to forget about them... until the next bill shows up in the mail!

If you aren't prepared -and are already juggling bills -these forgotten expenses can be a major source of stress.

Turns out, those photos might have triggered your FOMO (fear of missing out), but the reality is that you'd much rather spend the money elsewhere.

### **But not for you! You're going to be prepared, starting right now.**

The first step is to list all of your irregular expenses, how much each one is expected to cost, and how often you get the bill.

Then you'll take the cost and divide it by how many months between bills to get your average "monthly" cost (in other words, how much would you need to save up each month to have the money set aside in time to pay the bill when it arrives).

Again, just like with your regular monthly expenses, make a note of which expenses are personal, and which are for business.

Tip: Be sure to include Professional Development expenses -any conferences you'd like to attend, programs you'd like to participate in, Masterminds you'd like to join, etc. Activities and expenses such as these (when chosen wisely) will help you grow your skills and your business.

Also, things like an annual family vacation, birthday and holiday-related expenses, anniversary presents and the like. Remember, we're not aiming for "making ends meet" -you work hard, you deserve to have a life with at least some comforts!

## IRREGULAR MONEY WORKSHEET



BUSINESS OR PERSONAL?	EXPENSE	EXPECTED COST	FREQUENCY	AVERAGE MONTHLY COST
P	Example: Car Registration	\$250	Every 12 months	\$250 / 12 = \$20.83
TOTAL MONTHLY COST OF IRREGULAR EXPENSES				\$
TOTAL PERSONAL MONTHLY COST				\$
TOTAL BUSINESS MONTHLY COST				\$



## NOW WE GET TO MY FAVORITE PART- FUTURE PLANNING!



Someday you'll need to pay for things like retirement... or helping your children head out towards their own future... or caring for aging parents.

The benefit of thinking about these things now is that you can build your business to support your future needs, as well as the current ones.

As an added bonus, a number of Future Planning Expenses can be used to reduce your annual income tax bill, and that is never a bad thing!

### Directions:

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Take a bit of time to reflect on your future goals. What are the big expenses that you'll want to save up for?

- + Do you dream of buying a home?
- + Would you like to help your children pay for college, or for a year of traveling after high school, or some other potentially life-changing experience?
- + If your parents are alive, will they need help with finances in their old age?





Once you have your list of Future Goals to save up for, consider how much you'll want to put towards them each month.

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One note of caution; you may find yourself balking at this stage of the Future Goal planning process. As exciting as it is to consider what you could do in the future, putting dollar signs in front of it starts to feel rather intimidating... after all, when you're just making ends meet, the idea of putting \$1000 a month (or more) into a retirement account feels damn near impossible!

It can be tempting to play it small, to decide you'll only put \$100 in instead, or maybe you'll just put it into the "someday" folder in your brain, to come back to later...

### DON'T.

Instead, tap back into the excitement of "what could be" and enter your numbers as if money isn't an issue.

**If the monthly number you come up with feels intimidating, or impossible, that's OK.**

The final step of the Pricing With Integrity model is tweaking the numbers. I'll show you how to adjust your numbers so that you have a final price point that covers your needs, without making you want to throw up. ;)



## FUTURE MONEY WORKSHEET

[illegible]

# UNEXPECTED EXPENSES

The final step in figuring out how much you need each month is to create a bit of a “buffer” for unexpected expenses.

Now, obviously there's no way to know exactly how much you'll need for an expense you aren't expecting. But there are some good rules of thumb for figuring out how much of a “safety net” to plan for.

**First, consider things like insurance;**

- + If you have car insurance, how much is your deductible?
- + How much is your copay for health insurance, and what is your annual deductible?
- + What about homeowner's or renter's insurance? If a tree falls through your roof, how much do you have to pay before insurance kicks in?

Next, consider the cost of maintaining your current assets (things like your house or car);

- + How old is your car, and how much do you drive
  - The more you drive, the more likely you are to have an accident, and the more frequently you'll need to pay for things like routine maintenance and repairs.
  - Older cars are more likely to need expensive repairs, as major parts wear out and need to be replaced.
- + How old is your house, and how well built is it?
  - Are you always fussing with the plumbing? Is the wiring a little wonky?

Do you rent? If so, how much would it cost if you had to find a new place next week?

- An unfortunate reality of renting is that you're at the mercy of the landlord -if something in their situation changes, you can find yourself looking for a new place to live with very little warning, even if you've been a model tenant.

As an entrepreneur, you don't pay in to things like government-run Unemployment and Disability. Nice to *not* have those come out of your paycheck... but not so nice if you ever find yourself unable to work for a time.

There's no perfect formula to prepare for unexpected issues that prevent you from working, but at the very least, I recommend having a couple month's worth of expenses saved up.

The good news is, the longer you save without needing to dip in to your Unexpected Expenses stash, the more you'll have to fall back on when you need it.





EXPENSE	DESIRED BUDGET	FREQUENCY	AVERAGE MONTHLY COST
Example: Car repair fund	\$1,500	Every 12 months	$\$1,500 / 12 = \$125$
TOTAL MONTHLY COST OF UNEXPECTED EXPENSES			\$

Phew! Ok, I know that was a LOT of work, and not all of it was exactly fun... but the good news is, you're past the worst of it.

Next up, we'll take a look at what you'd like to *support* in the world, and how you can begin to build that into your budget.

# DECIDING WHAT TO SUPPORT



As people who are called to make the world a better place, there are inevitably multiple causes that we'd like to support.

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There's only so much work we can do on our own, after all, and supporting charitable organizations -as well as other world-changing entrepreneurs -is one of the ways that we can expand our impact.

That's why it's so important to build support for the work of others into our Goal Budget.

Start by listing the causes that are near and dear to your heart. If you already know which organizations you want to support on an ongoing basis, fill them in on the following chart. Otherwise, you can use a service like Charity Watch or Charity Navigator to research well-run charities that focus on your chosen causes.

I also recommend you take the time to consider other entrepreneurs doing meaningful work that speaks to you. While many of these may fall into one of your regular monthly expense categories (for instance, a copywriter for your business who happens to also be doing important work in the world of diversity and equality), it's likely there are other entrepreneurs -particularly artists, authors, and the like -whose work you admire and appreciate, but who don't exactly fall into "normal" expenses.





Support for artists and their art is something that we tend to think of as frivolous, but in reality, artists pave the way for meaningful change.

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That's why I highly encourage my clients to build it into their budget. As a bonus, you get to enrich your own life with the works of art you purchase. ;)

There's no simple way to figure out how much to give in support of charitable causes and other world-changing entrepreneurs. You could choose to allocate a certain percentage of your monthly income, or set a goal of a flat amount each month. I know many people who aim to raise a set amount of money each year for their birthday, say \$1,000 for each year they've been alive.

Ultimately, it's up to you to decide how much feels right to give.

- + One method that's been useful for me is to look at the figures provided by an organization I want to support. For instance, Charity: Water's website states that \$30 will give one person clean water. So if I donate \$30/month, I know that every single month I'm giving someone clean water.
- + For supporting artists, you could see if they have a Patreon account, or something similar. If not, consider the pieces they offer for sale, and decide how many you'd like to purchase in a year. Then budget accordingly.



ORGANIZATION/BUSINESS	DESIRED BUDGET	FREQUENCY	AVERAGE MONTHLY COST
Example: Charity: Water	\$3,900	For my birthday	$\$3,900 / 12 = 325$
TOTAL MONTHLY COST OF GOOD WORK SUPPORT			\$



# HOW MUCH TIME DO YOU HAVE?



## PART THREE

Now that you've come up with a BUNCH of numbers to figure out how much money you need and want to make, it's time to figure out how much time you have to make that money.

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This step is especially important for entrepreneurs -we tend to both undervalue our time, and overestimate how much time we have. Together, that's a recipe for financial disaster.

So to avoid that fate, we're going to play around with your schedule a bit.

The first step is to figure out what your general weekly schedule is;

**A.** How many days each week do you work? \_\_\_\_\_

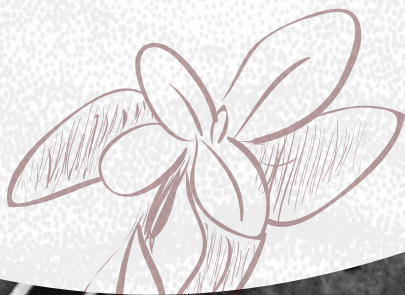
**B.** How many hours each day do you work? \_\_\_\_\_

**C.** How long of a lunch break do you take? \_\_\_\_\_

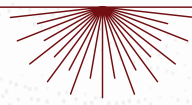
Of course, we aren't going to work the same schedule all year long.

+ As parents, we'll inevitably take time off -whether it's for holidays, or family vacations, or simply a few days here or there for a mental refresh.

+ As entrepreneurs, there are likely going to be business trips that interfere with our regular work routine. Even if you're getting work done on a trip, it won't be the same as when you're at home.



## THE NEXT STEP IS TO FIGURE OUT ROUGHLY HOW MANY WEEKS PER YEAR YOU EXPECT TO WORK



Personally, I plan to take approximately 4 -6 weeks off each year;

2 for the end of year holidays

.....

1 -2 for family vacations

.....

And another 1 -2 spread out amongst various business trips

+ the occasional "mental health" day

I average it out, and call it 5 weeks over the course of the year.

Now let's do a little bit of math;

**Figure out your average weekly hours worked**

*Example; I work 5 days a week (A), for roughly 6 hours a day (B), with a 1 hour lunch break (C)*

$6 - 1 = 5$  hours a day...  $5 \text{ hours} \times 5 \text{ days} = 25$  hours each week

**Now figure out how many weeks per year you'll be working**

*Example; I plan to take about 5 weeks off throughout the year*

$52 - 5 = 47$  weeks worked each year

**Multiply the number of hours each week by the number of weeks each year**

$25 \times 47 = 1,175$  hours each year

**Then divide the number of hours by 12**

$1,175 / 12 = 97.9...$  we'll call it 98 hours each month

In the above example, I can plan on working an average of 98 hours each month.

But wait! There's one problem with the math, and it's NOT so little...




For most entrepreneurs, not all of the hours you work will be “billable;”

.....  
...meaning that some of the hours that you work will earn you money directly, like when you're interacting with a client, but *other* work only earns you money indirectly -like when you write a blog post, which is shared for free and might lead to being hired by a new client, but isn't guaranteed to bring in any money at all.

Administrative tasks are also generally considered “non-billable” -for instance, when I was doing bookkeeping, I didn't charge my clients for the time it took to do things like add up my hours, invoice them, or update my software.

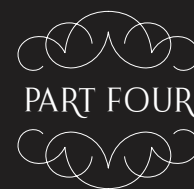
Depending on how you charge for your products / services, there are a couple ways to deal with billable vs non-billable hours;

- + If you charge hourly, you'll need to estimate the number of *billable* hours you work each month, and use that when calculating your Base Hourly Rate
- + If you charge a flat fee or sell physical / virtual products, you can stick with the monthly hours worked number you just calculated (just remember to account for the non-billable hours when estimating how much time you need to allow for each “package” or product you offer)



Alright, now we can  
move on to the really  
interesting math!

# DOING THE MATH



In order to figure out your Integrity-based rates, we're going to divide your Monthly Budget by the number of hours you work each month.

Of course, some months you might work more, and other months you'll work less. But because you've done the work of accounting for all expenses, even the irregular and unexpected ones, you'll be bringing in more than enough to cover even the "slow" months, when you work less and take more time off.

## Calculating Your Base Hourly Rate:

First, let's add up all your totals from your monthly worksheets:



Irregular Monthly Money	\$
Monthly Money	\$
Future Monthly Money	\$
Unexpected Monthly Expenses	\$
Good Works Monthly	\$
<b>TOTAL</b>	<b>\$</b>

### Hate math? No worries.

I've built an online calculator to do the work for you—though you will need your monthly figures from the exercises above.

[Take me to the calculator!](#)



Now that you have a total number for all of your monthly money needs,  
we're going to have to do a bit of fancy math.

If you've been in business awhile, you already know that there's one particular  
annual expense that can be a nasty surprise, if you aren't prepared for it...

**THAT'S RIGHT, TAXES.**

But you're a smart one, and this whole guide is based on making sure you are  
prepared... so let's do the fancy math!

Remember how I had you separate your business expenses from your personal *expenses*? This is  
where that's going to come in handy;

Take the total monthly amount from above and subtract the business expenses to get your monthly  
taxable income.

$$\begin{aligned} &\text{Total Monthly Expenses} - \text{Total Business Expenses} \\ &= \text{Monthly taxable income} \end{aligned}$$

Now, you can get really fancy and look at tax tables to figure out what your tax rate on that income  
is going to be and figure out exactly how much you'll be paying in taxes. If you do, be sure to multiply  
your monthly taxable income by 12 to get your annual taxable income.

Otherwise, you can do a "quick and dirty" estimate to figure out *roughly* how much you should set  
aside.

For the quick and dirty route, multiply your Monthly Taxable Income by 35% and add that to your  
monthly budget to get a new total

$$\begin{aligned} &\text{Monthly Taxable Income} \times .35 = \text{Estimated tax liability} \\ &\{\text{Monthly total for all expenses}\} + \{\text{Estimated tax liability}\} = \\ &\quad \text{Total Monthly Budget} \end{aligned}$$

## NOW FOR THE GOOD STUFF...



Take that total, and divide it by the average number of hours you expect to work each month:

$$\frac{\text{Total Monthly Budget}}{\text{Monthly Hours}} = \text{Hourly Rate}$$

**Note:** If you're currently working a Day Job, while running your business on the side, you have a couple options.

- + If you have no desire or intention to leave\* your Day Job any time soon, you can reduce your Total Budget by the amount you bring home in your Day Job, thereby reducing your Hourly Rate.
- + If you plan on going full time in your business in the near future (within the year), calculate your Hourly Rate normally, as though you don't have any other income to rely on.

**\*Keep in mind that nothing is guaranteed.** No matter how much you love your Day Job, you never know when something could happen to take that job away. For that reason, I generally recommend the second option, even if you aren't planning on leaving your Day Job anytime soon -unless you know with at least 99% certainty that you could replace that Day Job before running out of reserve funds, and you REALLY like having a Day Job to supplement your business.



# FLAT RATE BILLING:

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If you prefer to bill at a flat rate, say for monthly service packages, or on a project basis, you'll need to do a bit more math.

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Luckily, it's fairly simple math, though you do need to have a good sense of how much time you expect to put in to each service package or project.

Basically, you take your Base Hourly Rate, multiply it by the number of hours you expect to spend on each service package or project, and voila! You have your Base Flat Rate Fee.

If you tend to suffer from scope-creep, you can add a "buffer" of a few extra hours or so... though preferably, I recommend you improve your client boundaries to avoid scope-creep from ever happening.

## For example;

In my 3 month coaching package, I know that I'll be doing approximately 15 hours worth of scheduled calls. I also provide a certain number of "on the spot" coaching calls, as well as email support. I use previous client experience to estimate how many additional hours that support will take, add it to the 15 scheduled hours, and multiply that total by my Base Hourly Rate. And voila! I know how much to charge in order to provide the level of service I want my clients to have while receiving the level of financial compensation necessary to meet my own needs. There's no perfect formula to prepare for unexpected issues that prevent you from working, but at the very least, I recommend having a couple month's worth of expenses saved up.

The good news is, the longer you save without needing to dip in to your Unexpected Expenses stash, the more you'll have to fall back on when you need it.



## CHARGING FOR PHYSICAL PRODUCTS:

The only change you'll make for selling physical products is to make sure that you add the cost of materials. Essentially, your formula will look like this;

$$\text{Base Hourly Rate} + \text{Cost of Materials} = \text{Final cost of the physical product}$$

If you create reproductions of original works (for instance, prints of original paintings, books of poetry or prose, recordings of songs, etc), there are a few ways you can price the reproductions;

- + If you'll be doing a limited run (as with prints of original paintings), consider how many you'll be creating, then divide the Final Cost by the number of reproductions
- + If you'll be doing ongoing reproductions, consider how long you want to offer the reproductions for, and how many you think you can sell each month or year. Then do the math!
  - Example; if I planned on selling prints of an original painting, and I figure I'll be happy to keep the prints in my "catalog" for 5 years, and I figure I'm likely to sell 2 per month (based on past sales), I can figure I'll sell around 60 prints. If my Final Cost was \$12,000, then each print should sell for \$200.
  - Keep in mind, with this formula, you'll need to plan on selling other work as well during this time... otherwise you'll only be looking at \$400/month from this one print, which is not nearly enough to meet your needs. So be sure to take into account your other income sources. If this will be your only income source, you'll need to adjust your prices accordingly.

### NOTE

For some items -say a book, or cards  
-you may feel limited by standard market prices. If that's the case, never fear! You have options! Let's explore those on the next page.



# EXPLORING THE OPTIONS

Use the standard market price to figure out how many of the item you need to sell in order to meet your Final Cost

- + For example, if books in your market tend to go for around \$15, and your Final Cost came out to \$15,000, then you know your goal is to sell at least 1000 copies.

Find a way to add to the perceived value of the item, so that you can charge more than the standard market price

- + For example, if you REALLY want to sell your book for \$25, you could create a bonus audio recording of you discussing key points in the book, bundle the two together and sell them that way. Producing the audio would raise your Final Cost slightly, of course, but since you only need to create it once, it shouldn't be significant.

Include the item as a bonus for some other service, thereby adding to the perceived item of both

- + Example; if you want to sell prints of your art as cards, but the standard market price is only \$5, and your Final Cost is \$10 per card, you could make the card a bonus for signing up under your Patreon account (or some similar service) at a \$10 or higher level. Even if a buyer (or "patron" in this instance) only maintains their account for one month (long enough to get the card), you've at least made your goal Final Cost.

## NOTE

This also works for virtual products, which are essentially reproductions of original works, whether it's a video series, an e-book, a guided course, etc. The one differentiator would be if you plan on providing additional 1:1 services with your virtual product, be sure to add an additional fee to cover the 1:1 time.





Now that you've come up with a BUNCH of numbers to figure out how much money you need and want to make, it's time to figure out how much time you have to make that money.

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If it's a number that feels a little uncomfortable, that's a good thing. It means you'll feel pulled to give your absolute best, in order to return the value to your clients and customers.

But what do you do if the final cost feels more than just a little uncomfortable? What do you do if it feels WAY TOO HIGH, like you kind of want to throw up and there's no way you could possibly charge that much?!?!?!?

Or, conversely, what if the number feels too low -perhaps you're financial situation is such that you don't need very much money, and you know that everyone else in your market charges so much more than your Base Hourly Rate, you're afraid nobody will take you seriously...

Here is where you get to play with the numbers.

Let's start with the first scenario (since, let's face it, hardly anyone is going to end up with a number that feels uncomfortably low).

## What do you do when your base hourly rate makes you want to throw up?

Ultimately, there are four ways to "fix" a base hourly rate that feels unreasonably high.

- + Reduce your monthly expenses
- + Increase your monthly hours worked
- + Implement a "stepped raises" approach to your fees
- + Get over your fear of being well paid

Of course, you can mix and match the three to really finesse the numbers and get to the sweet spot that feels right.

Let's take a moment to look at each of these a little closer.



# 1. REDUCE YOUR MONTHLY EXPENSES

Take some time to review the expenses you laid out in Parts 1 and 2. For any “non-essential” expenses (i.e. anything other than food, shelter, and basic clothing), I have my clients check in with their **Values and Anti-Values**. Often times, we find that they’ve fallen into certain financial habits that aren’t entirely aligned with their values, and they’re able to reduce expenses in a way that actually feels *good*.

An example from my own life and budget; I have a soft spot for making my kids happy, and both my boys are young enough that it doesn’t take much - a new tractor toy is one of my oldest son’s favorite “treats.” I can easily make his day by picking up a \$5 - \$10 tractor toy from the nearby Farm Store.

Of course, \$5 and \$10 tractor toys can add up quickly (especially when you have a 5 year old who wants a new toy nearly every day, and of course if you get a toy for one kid, you have to get one for the other, or it wouldn’t be fair)... and truth be told, buying them doesn’t really align with my Values. They tend to be poorly made, meaning they break quickly and end up in the garbage.

That means my son now wants a new tractor toy, for another \$5 or \$10, but more to the point, I now feel guilty for adding to the ever-growing piles of cheap garbage taking over our planet.

While my son doesn’t exactly love the new “no cheap toys” policy, I feel much better knowing that the toys I do buy him (though purchased less frequently) will last much longer, reducing the amount of waste we produce. And in the meantime, I can save a few hundred dollars a month! (Ok, that’s a *slight* exaggeration... most months);)

As you review your expenses, you can often find a little here and a little there that can be trimmed to bring the total down.

The one thing I *never ever* want to see you do is cut out your Future Planning expenses. This is by far the easiest category for people to cut. Usually we think something along the lines of, “it’s ok, I can make up for it by putting more in later, when I have more wriggle room with finances.”

The problem is, “later” often translates to “never” - and even if it does eventually come around, and you do start putting away for your Future Planning expenses, you’ll find that you have to put away a HELL of a lot more in order to make up for lost time. Especially when you’re looking at things like a retirement account; due to the exponential effect of rate of return, the earlier you start the more you’ll end up with... you can even end up with more by putting in *less*, when you start earlier rather than later.

## 2. INCREASE YOUR MONTHLY HOURS WORKED

The next option is to increase how much you work. This isn't an option for everyone, especially when you have young children.

And while *many* online business gurus will spout ideas of working late into the night, or waking up early to get in some extra time, I generally caution against this advice. Getting adequate sleep is essential to being able to make efficient and effective use of your time; getting up 2 hours early will be a waste of time if you spend the first hour and a half blearily rubbing your eyes and desperately downing coffee in an attempt to wake up.

**So, given that most of us aren't getting enough sleep *already*, getting LESS sleep is a horrible idea.**

However, there are some ways you can get a bit creative with your schedule.

- + You could bribe your kids with a couple hours of cartoons on Saturday mornings, in exchange for them letting you spend that time getting work done.
- + You could set up a play-date exchange with another parent -one day a week they can bring their kid over for a few hours at your house (which you'd normally spend watching the kids anyway), and then another day you take your kid to their house (giving you that few hours to get some work done)
- + You could multi-task work projects during personal time -say, dictating email responses on your phone while you cook dinner

Granted, none of the above options are ideal. After all, we want you to have time for your business AND your life, without having one distracting you from the other.

Getting creative with your schedule is fine from time to time (say, when you're working on a new product launch), but as a regular thing, it's a shitty way to solve the problem of a Base Hourly Rate that feels too high.

Which is why my *favorite* way to "add" hours to your schedule doesn't actually add any hours -rather, it increases the number of billable hours by reducing the number of non-billable hours.

For example, I *could* spend roughly an hour a week preparing my blog article for publishing (i.e. putting it into WordPress, selecting a photo and editing the photo to fit my format, inputting the post and the photo into my newsletter service, preparing a handful of social media posts to share the article, etc).

But none of that time is *billable*-I can't charge any of my clients for that time.

Unlike *writing* the article, however, none of those tasks actually need to be done by me. They can easily be hired out to a VA. And while a VA does cost money, it's far less than the amount I can make during a *billable* hour.

The more non-billable tasks you can delegate to someone else, the more time you have to spend actually *earning* the money you need. Without having to work more hours, or get "creative" by taking time away from your family.





### 3. IMPLEMENT A “STEPPED RAISES” APPROACH TO YOUR FEES



There are a few instances in which I recommend what I call a “stepped raises” approach when you end up with a Base Hourly Rate (or Flat Rate) that feels *beyond* uncomfortably high;

1. If your current rates are *significantly* lower than the number you came up with (and by significant, I mean *less than half*), AND you have a decently large following that’s already aware of your current rates
2. If you’re just starting out AND you know you still have work to do to get your skills up to par
3. If you included a significant number of “new” expenses that aren’t yet part of your regular budget (such as a weekly housekeeper, a VA, or bi-annual family vacations), AND none of these new expenses are *currently crucial* to you being able to do your work without burning out

The idea behind a “stepped raises” approach is to raise your rates from *where they currently are* up to *where they need to be*, by breaking the difference up in 2 -3 “steps.”

The specific approach you’ll take depends a bit on why you’re breaking up the increase rather than doing it all at once;

- + If your current rates are significantly lower, you could implement one increase now, and another in 6 months.

- Keep in mind, you *will* need to decide how to handle current clients; will you “grandfather” them in at the current rate? (For hourly clients, **ONLY** do this for a brief period of time, otherwise you run the risk of ending up with “old” clients that you resent working with, once you get more clients at the new rate.)
- Note: do NOT break your raises up into a bunch of little raises -a couple of large increases are much less noticeable than constantly making little increases.
- Also, you’ll need to decide whether or not you “warn” your audience. If you sell physical or virtual products, and you have a current “inventory” that you wouldn’t mind selling at old prices, this can be a good way to get an influx of cash. If you sell long-term service packages however, I would *advise* against giving them a head’s up and the chance to pre-purchase at the current price, unless you include terms or limitations that will keep you from being flooded with a year’s worth of work at your current too low rates (see warning about “grandfathering” above).

- + If you’re just starting out, I would set your Base Hourly Rate as your Goal Rate... and then ask yourself, “what would I need to do to feel confident charging this rate?” Now make a plan that will get you to that point within 6 months to a year, commit to doing the work, and schedule your Goal Rate to go into effect at that time.



+ If you're just starting out, I would set your Base Hourly Rate as your Goal Rate... and then ask yourself, "what would I need to do to feel confident charging this rate?" Now make a plan that will get you to that point within 6 months to a year, commit to doing the work, and schedule your Goal Rate to go into effect at that time.

- For instance, if you make jewelry, but you know that you're soldering skills aren't up to par, meaning that your pieces don't quite have the clean finish you want, you'll know that you need to practice your soldering, maybe take a class or two, and work on improving that skill.
- If you're a life coach, but you're still working on fine tuning your approach to get your clients the results you really want for them, you might need to take a class that shows you how to focus your client's efforts, or hire a business coach to help you focus your framework.

+ If you included new expenses in your budget, you can organize them by urgency and by value; if any of them will significantly add to either your quality of life, or your ability to make money, put them at the head of the line (for instance, that VA or the housekeeper). Create a new Base Hourly Rate using only the most crucial and valuable "new" expenses, then make a date to reassess in 6 months.

Then again, all of the above approaches to dealing with a "too high" rate are totally valid... but they won't deal with the most common cause of discomfort; you're afraid to ask for more money.

Which is why I *always* recommend that my clients consider option 4, whether they utilize one of the approaches above or not.



## 4. GET OVER YOUR FEAR OF BEING WELL PAID



The final option for dealing with a Base Hourly Rate that feels too high, is to look at why it feels too high.

Now granted, if you end up with a rate of \$100,000 an hour, you're probably right about it being too high. Unless you serve multi-billion dollar corporations, you're going to have a hard time finding clients with a rate like that.

But let's be honest. Your Base Hourly Rate was not \$100,000 an hour. I'd be surprised if it was even \$1,000 an hour.

Unfortunately, there's a long-standing tradition of change-makers feeling deep guilt over getting paid for their work. We tend to feel like the work we do is *a calling* -it's work we would do for free, if we could afford to...

**But you *can't* afford to.**

And *trying* to do your work, for anything less than what you need to meet your own needs, sets you up for failure. Most importantly, it sets you up to burn out in a way that will keep you from being able to make the difference you yearn to make.

If you aren't being paid well enough to support yourself, your family, and the causes you care about, you won't be able to support your clients and customers.

**Receiving support *from* your customers is necessary in order for you to give support to them.**

Now, I know that one of the biggest hurdles to embracing a higher-than-comfortable rate is the fear that you'll be excluding people who can't afford your rates.

**And that is a valid fear.**



## THERE *WILL* BE PEOPLE WHO CAN'T AFFORD YOUR RATES.



But that's true whether you charge \$1,000 an hour, or \$10 an hour. Someone, somewhere, will need the type of help you can give, but won't have the money to pay for it.

But consider this; when you charge enough to cover your needs, with money left over for emergencies and a solid safety net, you create the security you need to be able to support those who can't afford your standard rates in other ways.

For instance, when you're billable hours cover your financial needs, you can better focus your creative work to provide valuable free resources for those who can't afford to hire you.

You can build lower-cost resources, like group courses and workshops, which will provide the guidance necessary to get them to a point where they can afford your standard rates.

**Charging too little will never give you the resources you need to create more accessible resources for those who can't currently afford to hire you.**

As a bonus, you can promote those who do similar work, other change-makers whose work compliments the work you do, without feeling fear that they'll take much-needed money away from you.

All because you honored your needs, made sure they were met, and freed yourself from the stress and struggle of charging *barely enough to survive*.

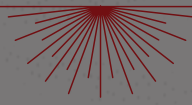
### For further reading...

...on getting over the guilt of being paid for your work, check out "[It's OK to get paid for world-changing work](#)".





## WHAT TO DO WHEN YOUR BASE HOURLY RATE MAKES YOU FEEL LIKE AN AMATEUR?



**Bonus:** if your Base Hourly Rate feels too high, and you still haven't come to terms with being well paid, read this section as well. We'll talk a bit more about why you need to be well paid.

While it almost never comes to pass that a client ends up with a Base Hourly Rate that's too low, it has been known to happen.

### So how does this happen, and what do you do about it?

The most *common* clause of "too low" rate is being too conservative with your monthly needs; underestimating regular expenses, not wanting to include "frivolous" expenses like regular haircuts, or figuring you can stretch out irregular expenses like getting your car's oil changed.

The second most common cause is taking on too many hours for work; scheduling yourself to work 6 days a week, or 10 hour days... or both!

I get it. When you're used to "scraping by" and you feel *called* to do the work you do, it's easy to dismiss your own needs, and it's *especially* easy to overwork yourself.

### DON'T.

Remember that you **MUST** have your needs taken care of if you ever hope to serve your clients and make a positive difference in the world.

Making "just enough" to get by means that you'll forever be in a place of fear; worrying about the next job, the next pay day, hoping it comes *before* you run out of money to pay bills. And when your brain is distracted by money-fears, you can't focus fully on your work.

Let me say that again; **when you're busy worrying about money, your work suffers.**



# HERE'S WHAT I WANT YOU TO DO



## Go back to the monthly needs worksheets, and take a good hard look at your numbers

- + Did you budget enough money to comfortably take care of your needs, or are they just scraping by numbers?
- + Were there items you left off because they felt “frivolous” or left you feeling guilty?
- + Were there irregular expenses you under-budgeted, figuring you could stretch out things like car and home maintenance?

### Ask yourself, “would I want my best friend to live like this?”

- + We're often much harder on ourselves than we are on others, so don't judge your expenses based on your own ability to suffer in silence.

### Ask yourself, “what would I need in order to feel fully supported, fully energized and empowered to support my family and my clients?”

- + Framing your needs in light of how having them met will benefit others can often help you overcome the guilt you feel at taking care of yourself.



## 2

### Now take a look at your weekly schedule

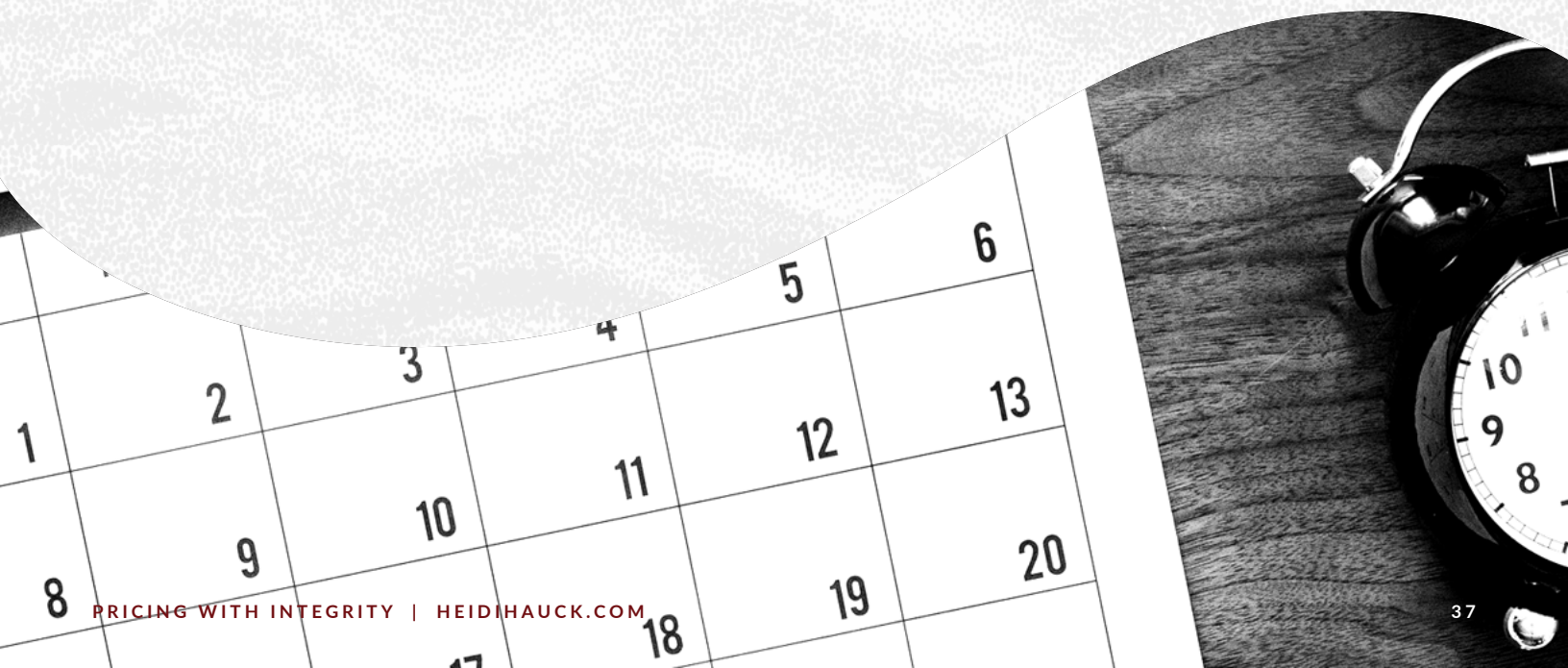
- + Are you allowing yourself time to spend with your family?
- + With your friends?
- + What about time to take care of your physical needs -time to exercise, time to relax and recharge, time to rest, time to play?

### Is this schedule aligned with your Values?

- + Is there time to attend to the things that matter deeply to you?
- + Are you allowing things that other people think “should” matter to take precedence in your schedule?

Ask yourself, “what would I tell my best friend if they were working a schedule like this?”

Ask yourself, “what kind of schedule would allow me to do the work I want to be doing, without leaving me feeling burnt out and exhausted?”



## 3



## Make whatever adjustments feel right for **you**, and see how the math changes

Finally, if you end up with a number that still feels “too small” to be taken seriously, you have a couple of options...

Generally speaking, I (almost) never recommend charging less than the “going rate” in your market -not for any reasons of comparison, since there’s no such thing as competition.

Rather, there’s a somewhat unfortunate thing that happens when potential customers see a “too small” price tag; because our society has MAJOR stories built around “getting what you pay for,” we naturally assume that low cost = “cheap” (rather than inexpensive).

If what you offer has a high worth, but the cost doesn’t match the value, you’ll lose business because people will assume that the offer has a value consistent with the cost -which is to say, low.

This is why I (almost) always recommend that you raise your Base Hourly Rate to a fee that feels more aligned with the value of what you offer, and plan on putting the “extra” into either your emergency fund, your Good Work support fund, or a combination of the two.

However... IF you’re confident that you’ve accounted for all your needs, the money and the math are right, AND it feels aligned with your Values to do so, then keep the lower rate and to hells with the “market standard.”

Just be sure that you share the reasoning behind your pricing, so that potential clients understand that it’s based on meeting your own needs, not the “value” of the offer.



# FINAL NOTE ON TWEAKING THE MATH

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Now that you've done all this horrendous math, gotten over your own fears and guilt around being well paid, you're good to go and done forever, right?

Not so, my dear, not so.

Life inevitably leads to changes, and your current Base Hourly Rate isn't guaranteed to cover your needs forever.

- + You might have another kid
- + One of your kids might take up a new activity that costs money
- + You might discover a new passion that takes money
- + Your kid could be accepted to a prestigious school or training program, and you want to help them cover their expenses.

Whatever it is, inevitably, at some point, your needs will change.

That's why I HIGHLY recommend you make an annual date with your numbers, to go over your monthly needs and your hourly schedule, and adjust your rates accordingly. If a major life change occurs before your annual date, set aside some time and do it early.

A dangerously common mistake that entrepreneurs (at all levels of experience) make is failing to raise their prices. I did this myself when I was a freelance bookkeeper -I'd been doing bookkeeping for 5 years before I ever raised my rates, despite having invested in training and software, and having significantly increased my skills and productivity during that time.

**Side Note;** If you charge by the hour and get faster over time, but don't ever raise your rates, you're effectively giving yourself a pay decrease. Don't do that, it sucks.

I know it can be scary to raise your rates -you're afraid existing customers will drop you, you won't get any new clients to replace them, and before you know it you'll be out of business...

**That's NOT what happens!**

First, by the time you raise your rates, your existing clients will already know the value of your work, and they'll be more than willing to pay a bit more.

True story; when I changed my rates in my bookkeeping business, I didn't just raise my hourly rate, I also implemented a minimum monthly flat rate. I kept getting faster at my work, which made me feel like I was losing money when getting paid hourly... plus, I HATED tracking my hours, so the minimum monthly fee assured that I was making at least enough to be worth my energy as well as my time.

Shortly after raising my rates, one of my long-time clients made a comment about my fees being "some of the highest in the area"... now, obviously this was an attempt at getting me to lower my fee, without coming right out and asking me to charge her less.

I didn't take offense, after all, she was just looking out for her needs. But I was confident in what I was charging; I knew that anything less would lead me to resent doing the work, which would cause the work to suffer (and make me miserable). So I told her that I would understand completely if she needed to hire someone else, if money was an issue.

She decided it was fine -she liked working with me and felt my work was worth the price, and it was never an issue again.

**As for new customers, by the time you need to raise your rates you'll have plenty of satisfied reviews from existing customers, which will more than convince potential customers that you're worth the cost.**

Historically, what we see happen again and again is that raising your rates actually increases your desirability, leading to more customers.

Of course, we're not going to raise our rates just to seem more "desirable" (that wouldn't be pricing based on Integrity, after all)... but when the time comes that it is necessary to raise your prices in order to meet your growing needs, know that this will be a good thing for your business.





# CONCLUSION

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Alright my dear, we have been through a LOT the last 42 pages.

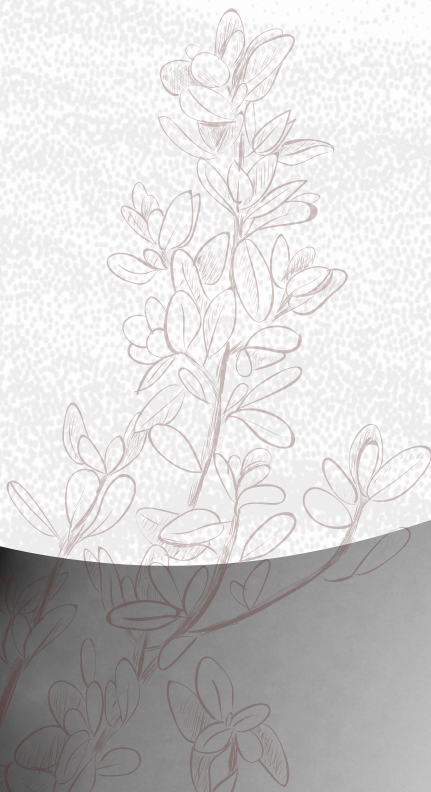
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I know this money stuff can be intimidating and stress-inducing, so I am wildly proud of you for sticking with it, doing the money math, and coming up with an Integrity Based Pricing structure that will meet all of your needs.

Now that you've done the work, **be confident in your fees.** When someone asks how much you charge, you can answer firm in the knowledge that the prices you've set are based in honoring your own needs so that you can support their needs.

And remember, the world *needs* people working to make it a better place, which is why your work is so very necessary... which is why being paid enough for your work is so necessary.

**Sally forth dear one, embrace the value of your work, be well paid for your work, and spread the wealth to others who will join you in doing Good Work in the world.**



# FINAL THOUGHTS



The Pricing With Integrity framework is something I've developed to help clarify the process of pricing your offers, products and services in way that will allow you to grow a business that supports *your* personal version of success -including having a positive impact on the world, being engaged with your loved ones' lives, AND making the time for tending to your own needs.

In the end, it's all about creating a life & business that reflects your personal values and purpose in the world.

But while I've done my best to synthesize the ideas into a "step-by-step" process, it's important to recognize that this is NOT a "one and done" thing. Over time, you're Values shift & evolve, your Purpose grows, your idea of the ideal Big Picture life will change. As your children get older, or if you have children for the first time, your financial needs will change... same with the business, as it grows & evolves.

That's why it's absolutely essential to make regular dates with yourself, to assess each of the steps and make sure that your pricing is still meeting your needs.

Personally, I like to set aside a bit of time at the beginning of every Quarter to assess the previous Quarter, my goals for the new Quarter, & how I can best support my forward movement. Then I set aside a larger chunk of time at the end of each year for a more thorough review of where I'm and what changes I'll need to make to continue moving forward.

At the very least, definitely set an annual date with yourself. Even if you get a little off course during the year, the Annual Check-in will keep you from ever getting too far away from your ideal Big Picture.

If you find yourself dreading the idea of having to do a review of your finances, remember; this is all about creating a life & business you LOVE, that supports you and the things most important to you. If it helps, combine the dreaded review process with something you love -take yourself out to ice cream and do the review while eating a delicious treat. As Mary Poppins famously said, a little sugar makes the medicine go down! ;)

**On that note, thank you for joining me on this wild ride!** I hope you found this guide useful in your journey to a world-changing business that supports your entire life.

I've packed in as much information as I possibly can (without turning this into a damn book... I am working on a book, but that's gonna be a while), but there's only so much I can fit (especially considering this guide is already about 5 times longer than I originally envisioned). In fact, keeping to the "Quick" part of this guide was a serious challenge for me -there's just SO MUCH that I have to say and share.!

If you have any questions, or thoughts you'd like to share, please reach out -I always enjoy hearing from my fellow Badass Bleeding Hearts!







THANK YOU SO MUCH!





## HEIDI HAUCK

### **BLEEDING HEART BUSINESS COACH, MOTHER, CHANGE-MAKER**

**A Multi-Passionate Introvert and Entrepreneurial Maven, I've spent my life fascinated by business and psychology, and all the ways they intersect.**

With a gift for synthesizing ideas and simplifying complex concepts, helping other entrepreneurs build thriving businesses around their passions and values makes me feel like I'm using my Super Powers for good.

As a "bleeding heart", my not-so-secret wish to heal the entire world has led me to work exclusively with entrepreneurs who also yearn to make a difference in the world -it's one of the ways I balance being a business coach with knowing that Rampant Capitalism is one of the leading causes of many of the world's ills. By teaching other business owners how not to join the Dark Side of business, I affirm my own commitment to positive impact.

As the mother of two beautiful boys, having personally experienced the challenges of trying to "juggle" raising children with building a business has inspired me to share what I've learned about "making it all work" with other entrepreneurial parents. We are raising the future after all, and we deserve to be supported in our efforts.

With love & gratitude for all your hard work,

♥ H

**Do you have questions, need support, or just want to share your experience with the guide?**

I would love to hear from you -I read every email & respond to all of them! Ok, well most of them. As long as yours isn't of the NSFW variety, I can pretty much guarantee I'll respond.

