



PRICING OVERVIEW

PRICING & PROFITS COURSE

Neiru Biz Training Lesson by Elizabeth Morris

DESCRIPTION

The prices you put on your services aren't random, they're specific calculations.

OBJECTIVES

1. **Where do prices come from?**
2. **What are the 4 main factors that affect prices, an overview.**
3. **What do you need to prepare in order to be able to calculate your prices.**

LESSON TRANSCRIPT

Hi guys! Liz Morris here, your Neiru Biz Sensei. I'm excited to start this new course today. We just finished our menu creation course and today we start one of the most important sections of our Biz Training: Pricing! I would have to say that pricing is one of the top 3 things I get asked about regularly on my podcast The Nail Hub. Everyone has trouble picking the right price and many nail techs have no idea how much to even charge. This is such an important piece of a successful business. If you charge too much you might price yourself out of your market. Charge too little and you can't cover your costs.

I can't tell you how many nail techs come to me frantic and stressed because they are so confused as to why their business is struggling. They tell me that they feel like everything is great, they're fully booked, their clients are coming back, they're getting great reviews, yet they're barely scraping by month-to-month. This is normally due to not fully understanding their business financials. And pricing is one of the most important parts of our business financials. So how do we decide on prices for our services that we just created? Let's review the overall process so you can prepare for the detailed lessons ahead. Don't worry if



you don't like calculations or math. You don't have to feel intimidated. I have worksheets to help you calculate everything you need to know.

So let's start with the first step: understanding your costs. I am going to give you a bit of homework this week so that you are prepared for our next lesson. Your homework is to download the worksheet that's below this video and to fill it out to the best of your abilities. This worksheet will help you figure out all of your salon's costs and will also help you break them up into categories.

Your costs are a major key to figuring out how much you should be charging. You need to sum up all your monthly costs and calculate how much you spend either daily, hourly, or by service so that you know what is the minimum you need to make to cover all your expenses. Depending on the way you have your business structured this portion will vary slightly. If you are a nail tech who charges your clients by the hour then you'll want to also calculate your costs per hour. If you're a nail tech that charges by service then you'll want to calculate your costs down to the service level. But in general as long as you know what your daily costs are to run your business that is a great place to start. I love to get really granular with my business but starting with a daily estimate is a great starting point if this is your first time taking a deep dive into your company's numbers. The worksheet I've built will help you come up with these numbers so don't worry about a thing. All you need to do is fill in all the numbers and that will prepare for our next lesson where we dig into costs completely.

The second step in our pricing calculation is analyzing your local market. Every nail tech is in a different area. No two locations are alike and the cost of living and also the cost of running a business varies a lot between different countries, cities, and towns. Why is this market information important? Well if you're a nail tech in Wichita, Kansas vs. a nail tech in New York City, it's going to be much cheaper for both you to run your business in Wichita and also much cheaper for your clients to live in Wichita than it would be if you were located in New York City. A great way to measure these differences is to take a look at median household income. This means the average amount of money that a family or household is bringing in annually. In a small town the household income might be in the \$30,000-\$50,000 range whereas in New York City you might be looking at numbers in the \$200,000 dollar range. This difference has an effect on everything from how much housing costs, to groceries, to services, as well as rents for businesses. So your costs as a nail tech in Wichita



need to reflect your market. You aren't necessarily going to be able to charge the prices that a nail tech in New York City does because people in your town don't make the same amount of money. It doesn't mean that you are necessarily making less either because even though your prices are lower, it's because it's also less costly to live/work there. The prices in NYC are higher because costs are higher. The prices in Wichita are lower because costs are lower. But the net is going to be relatively the same. We are going to dig into this more in our market analysis lesson.

Step number 3 in our quest for the right price is to look at our personal skillset and our offerings. If you're a brand new beauty school graduate you may not be able to charge as much for your services compared to a more seasoned professional. Skillset definitely plays a role in how much you should charge, and it will also change your prices as you grow in your career. The more classes you take and the more knowledgeable you become the more you will be able to justify higher prices to your clientele. It makes sense right? A person who is an expert stands to be more expensive than someone who is a novice, and this applies to any field.

And finally step 4: your business type. Do you offer something special? The more unique, specialized, and detailed your business is the more likely it is your prices will be slightly higher than that of a typical salon. For example if you're a footlogix pedicurist your branded pedis are probably going to be more pricey than a typical spa pedicure somewhere else. Much like our discussion about how our menus can help change and form our reputations, so can our prices. Clients like things that make sense. If the cost doesn't match the experience then even cheap prices can be perceived as something bad. For example, if a Ferrari was only \$20,000 instead of \$200,000 you'd view it differently right? You wouldn't value it as much even if it was the most amazing automotive engineering feat. You'd think, eh, must not be that great if it's only a \$20,000 car. So pricing can have a great effect on how clients perceive our businesses.

Now this lesson is just an overview of what we are going to be digging into over the next few lessons. I want you to keep all these thoughts and ideas in your head as we move through each detailed lesson. I will break each of these pieces down for you and by the end of this course you will have developed your own prices specific to your business!

So don't forget to do your homework. Download the worksheet beneath this video and fill



out all your costs for me. I need you to figure out how much you spend each month on things like rent, utilities, supplies, etc. so we can start to calculate how much you should be charging for your services at the bare minimum. Alright?

So thanks for watching and I will be back with more education for you soon. Bye guys!

