

# How to Set & Raise Your Rates: A Woman's Guide

by **Mikelann Valterra**

By the author of *Why Women Earn Less: How to Make What You're Really Worth*



**Are you charging enough to  
earn what you're really worth?**

How to Set and Raise Your Rates: A Woman's Guide  
By Mikelann Valterra

ISBN-13: 978-0-9794597-0-2  
ISBN-10: 0-9794597-0-2

Published by  
The Women's Earning Institute  
1718 NW 56<sup>th</sup> St. Suite 306  
Seattle, WA 98107  
206-634-0861  
[www.womenearning.com](http://www.womenearning.com)

© 2007 Mikelann Valterra and the Women's Earning Institute

All rights reserved. No part of this book may be used, reproduced or transmitted in any form, by any means (electronic, photocopying, recording, or otherwise) without the prior written permission of the publisher.

**Contact the Women's Earning Institute to discuss bulk orders of this workbook. It can also be customized with your own organization or business information. 206-634-0861**

Mikelann Valterra may be available to speak to your group/organization. As a specialist in women's earning issues, she speaks and consults widely on how to earn at your potential and overcome self-sabotaging beliefs about money.

**Call: (206) 634-0861**

**E-mail: [Mikelann@womenearning.com](mailto:Mikelann@womenearning.com)**

**Visit: [www.womenearning.com](http://www.womenearning.com)**

## Table of Contents

How to Use This Workbook .....	3
Introduction.....	5
Chapter 1—Underearning.....	9
Chapter 2—Seven Ways to Make More Money.....	12
Chapter 3—Rate-Setting Ingredient #1: What Will the Market Bear?.....	17
Chapter 4—Rate-Setting Ingredient #2: What Is Special about My Business?.....	22
Chapter 5—Rate-Setting Ingredient #3: What Do I Need to Charge to Cover My Business Costs?.....	28
Chapter 6—Rate-Setting Ingredient #4: How Much Profit Do I Need and Want to Make? .....	32
Chapter 7—What We Charge versus How Many Hours We Work .....	40
Chapter 8—Pricing Psychology.....	46
Chapter 9—Price Resistance.....	56
Chapter 10—How to Talk about Price with Clients .....	60
Chapter 11—Eight Reasons to Raise Your Rates.....	63
Chapter 12—How to Tell Your Clients that You Are Raising Your Rates.....	67
In Closing.....	72
Key Questions and Actions.....	73
About Mikelann Valterra and the Women’s Earning Institute .....	74

## How to Use This Workbook

Everyone is at a different place in their life and their business. Some readers have been self-employed for many years and have particular questions and concerns. And some readers may only be considering self-employment and want some help in thinking about how they might charge for a service that they are thinking of offering. It goes without saying that some parts of this workbook will speak to you more than others. That is how it should be.

I recommend that you carefully read over the table of contents and then take your time reading through the entire workbook. Don't skip sections on the first read through, as there is a lot of valuable information throughout. I suggest reading with a pen, marking the text as you go. A workbook is a book to be used. When you are done, go back through the exercises. (You may want to jump right into the exercises as you encounter them. Perfect! Go for it! Do what works for you.) The true value comes in doing the exercises and seeing how this information applies to you. I know that a common temptation is to think just about the exercises, but if you take the time to do the exercises, you will be surprised at what you find! Again and again, people have told me that doing the exercises was invaluable.

Take your time. I've tried to make the exercises simple and straightforward, but when you are dealing with money, things often appear complicated. Relax. Just follow the instructions and do your best. Some of these exercises are designed to get at similar concepts in different ways, and some exercises will be more useful to you than others. Great! I recommend that you also spend some time journaling with some of the journal questions. There are often deeper feelings that belie seemingly simple money topics. Money seems to touch just about everything in our life, and it is never just about the money.

I'd love to hear what you found useful in this workbook. I am always teaching and writing about these topics, and my clients and seminar participants are my own best teachers. So go get a good cup of coffee or tea, and jump in! More money awaits you.

## Introduction

Years ago, when I started my first practice, I had to decide how much to charge my clients. I wanted someone to tell me how to set my rates and how to communicate these rates to my clients. I knew that if I didn't set my rates high enough, I wouldn't make enough money, but I was afraid that if I charged too much, no one would be able to afford me. After I started my practice, it eventually came time to raise my rates. Again, I was in a quandary. When should I raise them? How much should I raise them? And how should I go about telling my clients?

What you are holding in your hands is what I wish I had had all those years ago. As a specialist in women's earning issues, with a focus on self-employed women, I have worked with hundreds of women on their rates. And while all businesses are different, there are many commonalities when it comes to rate setting. (This workbook was written for women in fee-for-service businesses, but much of the information can apply to product businesses as well.)

As you read, keep a couple of things in mind. Women undersell themselves. Really. Countless research points to the same results: when left to themselves to determine how much they should charge, women pay themselves at least 20 percent less than they would pay other people. (See *Women Don't Ask: Negotiation and the Gender Divide* by Linda Babcock and Sara Laschever for a fascinating look at the current research.) The reasons for this go beyond this guide, but take a moment to think about this. Women do well when helping their friends and colleagues decide on their rates, but when it comes to themselves, they hit a blind spot and low-ball themselves again and again.

Whether you say that women don't believe they deserve more or simply can't imagine making more, the truth remains: women underpay themselves. Therefore, it is imperative that women do a few things before they set their rates. The first thing they must do is research comparable rates in their profession. When women see what others charge, they feel better about charging comparably. So consider the following words of wisdom.

**Don't trust yourself to set your own rates!**

I realize that sounds like a strange message, but as I said, left to themselves, women set their rates too low. When women think about how much their services are “worth,” they rarely think that their services can command as much as is really possible.

Here is another thing to keep in mind. Women tend to be perfectionists when it comes to their business. They always seem to have a good reason to wait to raise their rates. They never feel that they are quite good enough to command more money. The following litany of excuses may sound familiar: “I'll raise my rates when I have more experience, when I have more clients, when I finish my Web site, when I write a book, when I collect more testimonials, when I finish that certification, when I feel like I'm worth more money....” Men are not waiting! In my experience, self-employed men raise their rates more often than women and increase their rates by higher percentages. Stop waiting. The question is this: Are you good enough right now, just as you are, to charge more money? I believe you are. Start repeating to yourself, “I deserve to make good money!”

It is imperative that you think carefully about setting your price. Think about salaried people. When salaried people don't negotiate a high enough salary in the first place, they face the fact that all their future raises are based on where they started. They are always playing catch-up with their pay. The same principle applies for the self-employed. All your rate hikes are based on your current rates, so you must start at a high enough rate or you will forever feel behind. It is very frustrating to feel like you are always playing catch up.

**Set your rates high enough to begin with, and raise them regularly to keep pace with rising costs.**

Service-based businesses are expensive to run, though it may not seem that way on the surface. After all, the start-up costs can feel quite manageable. You may be working out of a home office and have very low overhead. But all you have to “sell” is your time. Therefore, you will need to keep your costs down and your rates sufficiently high. When all your income is derived from selling your time, it is extremely important to sell this

time appropriately. **If you give your time away or at too low of a price, you will not make enough money to stay in business.**

Fee setting can feel quite emotional—fears can arise when we contemplate setting or raising our rates. We may wish we simply didn't have to deal with this. But we do.

## **Exercise: Journal on fee setting**

What is my current rate or how much am I thinking of charging?

What is the most that I can charge without feeling guilty?

What is the least that I can charge and not resent my clients or my work?

What am I basing these numbers on?

How do I feel about my current fees? Do I think that I am charging fairly, and why do I think that?

If I had a friend who did the same kind of work as me, what would I recommend that she charge? Is there a disconnect between what I think others should charge and what I charge or am thinking of charging? Explore this.

Is it possible that I have a blind spot when it comes to setting my own fees? Where might this blind spot come from? Am I more comfortable helping friends set their rates? If so, why?

Am I waiting for something until I raise my rates? If so, what am I waiting for? A new Web site, more experience, more credentials, or something else? Is it possible that I am really waiting until my business is perfect? How does "waiting to be perfect" stop me from making more money?

## Chapter 1—Underearning

Before we jump into the mechanics of rate setting, let's discuss underearning.

Underearning is the pattern of earning less money than you need. A better definition is this: **Underearning is the pattern of earning below your potential.**

Everyone goes through times when their earnings are down. The reasons are varied. The economy turned down. You had to leave your business to care for small children. A service that you offered is no longer as relevant. The list goes on. But do you see a pattern? When you look back through your life, do you see a pattern of consistently earning below your potential? We all know that money is relative. What is "enough" to one person may be insufficient to someone else. In your gut, does it feel that you've consistently earned below your potential?

Underearning is not about underworking or underachieving. Underearners work very hard and may achieve great things for their clients, but their earnings do not match how hard they work and what they achieve. How frustrating!

What does this have to do with rate setting? These are the most common ways that self-employed people underearn:

- They set their fees too low when they start their business.
- They wait too long to raise their fees.
- When they raise their fees, they don't raise them by enough.
- They charge their clients for less time than they really worked (underbilling).

Does this sound familiar? If you have struggled with underearning, think carefully about setting and raising your rates. You deserve to make good money. Underearning saps your energy. When you underearn, you earn less than you need to enjoy your life and fear not having enough in the future. Setting your rates appropriately is really about taking care of yourself. If you spend a lot of time taking care of others, it is time to take care of yourself!

**Making sure that you are earning what you are really worth is a powerful form of self-care. If you are not going to take care of yourself, who is?**