Getting The Price Right
Pricing Your Jewellery For Profit

Getting the price right for the home based workshop

If you are in a home based set up, you'll likely have few, if any commercial overheads, so for now we can just focus on making sure we're covering our costs, paying ourselves and making a profit to help build a future proof business (if this is the goal). It may not be the long term goal, and that's fine too! Everyone's goals and plans will be different, so do what's right for you, take what you feel you need and tailor it to your own requirements.

The Spreadsheet Explained

SKU – Stock Keeping Unit. Enable you to manage your stock. Assigning a SKU to your items means you can link photos and track sales/unsold items.

Description – the name of the piece.

Materials – silver/stones/beads/findings and anything else you need that ends up as a part of your finished item. Price up for the piece of metal you buy for the Item you are making. The offcuts are a perk for you as well as the lemel etc

Consumables – things you'll use to make your item, that will eventually deplete/expire. So things like white nylon brushes, emery paper, solder, polish etc. These costs all add up and need to be factored in!

A bit of data collection is the easiest way to figure this one out – don't guess if you don't have the answers, your bank balance won't thank you for it! The quickest way to arrive at a figure for consumables is add up the cost of everything used per week, and divide by the number of pieces produced. This will give an average consumables cost per item. Use a white board for example. Write down the amount of white nylon brushes you buy, for example, and then write down how many you have thrown away. Then you know how much they have cost you.

A tally chart is useful here, or our Time tracker book, every time something is expired/depleted, record the cost. This will need to be reviewed fairly regularly (as cost change and new products appear on the market regularly) to make sure you're covering these expenses. Be REALLY honest with yourself here! Working out an average cost per item means you can apply this for each piece, but please keep an eye on this – review your consumables cost regularly.

Tracking these historically means you can compare costs, tracking where increases have occurred (you might think about changing suppliers of consumable items, for example if you notice an increase in the cost). Data is the key to everything, so you might be surprised by how useful retaining your spreadsheets are in the future.

Hourly rate – the cost of your time, per hour. Working out what your time is worth can be a really tough one, and it's a very personal question. Unfortunately, there's no magic formula to help. It may be useful to research bench jeweller jobs in your area to give a guideline, and remember as your skills and experience grow, perhaps so should your hourly rate. Remember – ours is a skilled, specialist, time consuming and often labour intensive occupation, so please don't succumb to the dreaded imposter syndrome here: acknowledge those feelings, talk to someone you trust and build a network of supportive people around you.

Time – the time taken to complete your item, start to finish. Add this in minutes. Keep a log or time sheet, so that you start to become more aware of how long a job really takes.

Labour cost – time x hourly rate works out the cost in labour, and the spreadsheet will work this out for you.

Packaging costs - boxes or pouches that you put your jewellery Into. This has to Include tissue paper and labels along with jiffy bags and postage if you send Items In the post.

Outsourcing costs – occasionally, you may enlist the help of a specialist, for example an engraver or a specialist stone setter. You can factor this cost in here. It's a good idea to track these costs to identify potential training opportunities, for example perhaps investing in training to upskill may be more cost effective if you find you are regularly outsourcing the same skills.

Weight – the weight, in grams of your item. This is relevant if your item requires hallmarking, which incurs an additional cost.

Assay £ - the minimum weights at which hallmarking becomes a legal requirement are 7.78g for silver, and 1g for gold. These thresholds and costs are factored into the spreadsheet.

Cost Price / Production Cost – the cost of making your item. All costs associated with producing the item is included here: materials, consumables, labour cost, packaging, outsourcing, and assay costs. If you don't include your time (labour cost) here, you are essentially working for free. Without your time, the item does not exist, so it is integral to the cost. Your time is NOT your profit.

W/sale (Wholesale) £ - the price the item would sell to a retailer, for example a gallery. This is the cost of the item x 1.5, a standard wholesale markup. Here we have removed the assay and packaging cost, marked the item up, and then added the assay and packaging costs back on, to avoid marking up these accessory costs.

Retail £ - the price the item sells to your customer. Retail cost x 2.5 is a standard markup. Again, we have removed the assay/packaging costs prior to marking up, and added them back on after the markup. This is factored into the spreadsheet.

Review AT LEAST Annually

Market research – costs of materials etc. We use minimal packaging for sustainability reasons, but this also helps us to keep our costs down, which means we can transfer this saving onto the end user. If you notice anything more cost effective elsewhere, please get in touch etc.

What if it's too expensive?

Firstly, who said it's too expensive? If it's someone who would NEVER likely buy your products anyway, then who cares? This is not your customer. There are a few ways to respond to these people who say your work is too expensive.

Firstly say nothing as you don't have to defend your self. Don't take what they say personally either.

You can always say, "Yes", because you have spent years and a lot of money learning your trade and what you produce is unique and high quality and built to last.

Ask them what makes them say that and then respond in positive ways, explaining why your piece is superior. Explain some of the techniques involved, become the educator.

Is it your customer saying it's too expensive or you? Make sure that you are dealing with the facts and figures and not with your own worries or insecurities about the value of your work.

Perhaps they are right? Perhaps you need to look at ways to reduce costs. Look at ways to speed up production? Buy items in larger quantities to get a cheaper price? Make items below the Assay marking weights?

Do some market research. Check Etsy, etc and you may be surprised to find out that it's pretty much in line with the market.

You may consider accepting narrower margin on higher value items or try selling ear rings and the matching necklace and then offer a discount. Two sales at a slightly lower margin is better than one sale.

At The Bench absolves itself of any responsibilities, liabilities or losses taken by the use of our spreadsheet and worksheets supplied. None of the information in this handout or spread sheet is intended to be legal or financial advice.
Please use your own good judgment in determining your costings and if in doubt then please seek professional advice.