



Be Virtual Assistant Wise

Knowledge + Partnership = Success

Determining Rates

Establish your Value

Disclaimer: The information contained herein is made available as an example and may not reflect the realities of an actual project. The intent of the information is to help you create your own documents and business processes. We use illustrative numbers only and we cannot and do not make results guarantees or give professional or legal advice. Using this information does not guarantee you will get results or earn an income.

11 Factors That Can Influence Rates

3 "Bread-and-Butter" Pricing Factors

The "Bread and Butter" factors are the most important factors and must be incorporated in determining a minimum rate to ensure you've covered all your costs and are able to operate a profitable business. (See attached a calculation sheet for determining rates)

3 "Bread and Butter" factors:

- 1) The **Costs** to Run your Business
- 2) The Number of **Billable Hours** you can charge for
- 3) The **Profit** you want.

8 "Make-or-Break" Pricing Factors

The "Make-or-Break" factors are mostly intangible, but all of them can influence you rates.

9 "Make-or-Break" Factors

- 1) **Opportunity Costs** - what you "have to" give up in order to become a VA.
- 2) **Market Demand** - the total demand for the specific services you deliver.
- 3) **Industry Standards** - the "going rate" what other VAs charge for the same services you offer.
- 4) **Skill level** - skills that can differentiate you from others.
- 5) **Experience** - previous experience can affect how much you charge.
- 6) **Business Strategy and Target Market** - business strategy and target market can impact on how you price your services - price can often vary for different clients.
- 7) **Services** - Different services require different rates due to different / specialised skills involved.
- 8) **Intensity of the Job** - How much effort is required to complete the job.

Calculating Rates

PLEASE NOTE: The rates calculation below is a basic calculation and populated with estimated figures to assist you with determining your billable hours per year and your annual expenditure to arrive at an **AVERAGE** hourly rate.

Use the “Rates_CalculationSpreadsheet.xls” in the Documentation Pack for full details to calculate your own hourly rate based on your own information.

Step 1: Determine Number of Billable Hours

TOTAL NR OF ANNUAL BILLABLE HOURS (<i>Available hours – Non-Billable hours</i>)	988 hours
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Step 2. Determine Costs

Total Annual Labour Related Expenses	95 340.00
Total Annual Operating Expenses	R 40 780.00
TOTAL ANNUAL Expenses (<i>Labour Expenses + Operating Expenses</i>)	R 136 120.00

Step 3. Determine Minimum Hourly Rate

MINIMUM RATE/HOUR	R 172.22 / hour
<i>(Minimum Rate per Hour With Profit = Total Cost + Profit ÷ Total billable hours)</i>	

Step 4: Compare calculated rate/hour with going rate charged by competitors.

Remember: The above calculated rate/hour is the **minimum** hourly rate to charge to ensure you will cover all your costs

If it is much higher than competitors, you can look at 3 things to bring it in line:

- 1) Increase the number of billable hours
- 2) Lower overall costs
- 3) Lower the % profit wanted.

Vice versa: if it is much lower than competitors

- 1) Increase % profit
- 2) Decrease nr of hours/week worked