



Thank you for requesting the companion handout to our Profitable or Volunteering Facebook Live! Gathering. What was shared at the event, plus this handout, will help you know exactly what you'll need to earn to be profitable.

To figure out your bottom line hourly number, you'll need to know:

1. How many **billable** hours you want to work per week
2. Your base rate/hour figure (how much you'll pay yourself) Find your level of professional expertise in this chart, and choose the median hourly wage; tweak it from there based on relevant experience you may have that would increase it: https://www.bls.gov/oes/current/oes_stru.htm If you're a VA, here's a shortcut to your section: https://www.bls.gov/oes/current/oes_stru.htm#43-0000
4. Budgeted indirect expenses
5. How much profit you want (generally 10-30%)

You'll also need amounts you *rationally might spend for these indirect expense categories:**

- Advertising/marketing
- Bank fees (fees your bank charges for your account(s))
- Books/magazines
- Dues/subscriptions (think professional associations and other groups, as well as referral services and things like that)
- Gifts/cards (If you give business gifts, the IRS states you can only spend \$26/year per person)
- Internet services fees (anything online you pay for that helps you with your business. Ex: Dropbox, Carbonite, web hosting, etc.)
- Insurance (business, health, life, disability, liability for **yourself** only)

- Investments (retirement plan)
- Licenses/permits
- Phone
- Postage/delivery
- Professional fees (attorney, accountant, coach, insurance agent, computer consultant, etc.)
- Printing (cards, stationery, flyers, ads, etc.)
- Professional Development (ongoing training)
- Supplies (computer and office)
- Support (contractors (not subs—those should be billed to the client directly) who help you with your own business—maybe a VA, or graphic designer, etc.)
- Third-party professional fees (fees you pay for the processing of payments your client makes to you online)
- Travel

*“Rationally” means that you budget for a sufficiency, but don’t go overboard. \$250/year is probably a rational book/magazine budget, but \$1000 wouldn’t be. This is about what’s rational/reasonable. It’s not meant to be funding the dream of owning an entire book library. 😊 You can also have your business cover your health insurance. You might make a case for your business paying a part of the insurance that covers your family, but you likely won’t make a great case for having your business pay for 100% of it. If you want to try, run the numbers and see where you land.

If you don’t take the Home Office Deduction, add these to the list above:

- Rent for a small office
- Electric,
- Insurance for the office
- Internet
- Maintenance/updates to the space

And you’ll need to deal with amounts to add in for the replacement of items you use, such as hardware, software, furniture, light fixtures, peripherals:

Replacement cost of item + tax +15% (inflation) / number of years until replacement item is bought = yearly amount to budget for that item

Example: Today, a MacBook Air is \$1200. Add tax (8%—may vary by state), pad that by 15%, and get \$1500 (rounded). I want to replace my Air every four years, so $\$1500/4 = \$375/\text{year}$ so that in four years, I can buy a new Air.

Next Steps

Pull together all the figures that you know for sure, and do research (may need to make a call or three to get quotes) to find realistic numbers for the others. Don't wimp out and create guesstimates. You need real numbers to get a real number, and to KNOW what you need to know.

The Formula

1. Billable hours/week X 52 weeks/year (you don't **work** 52 weeks/year, but you get paid for them to cover vacation, sick time, and holidays) = billable hours/year
2. Annual indirect costs divided by billable hours/year = hourly costs
3. Hourly costs + hourly pay + 10%-30% profit = hourly rate

Example: Suzie is an AssistU-trained VA with three years' experience FT in her business. She wants to work 28 billable hours each week. She does high-end client work, plus was an admin in the corporate world for 10 years, as a C-suite EA for the last one, so she's claiming \$23/hour as her hourly rate. Her indirect expenses are \$34K/year, and she wants a 20% profit. She's been through Gretchen Breuner's Speaker Training System to help her with her niche working with best-selling authors who are also speakers, and she's an AssistU Certified Professional Virtual Assistant. This year, she's attended/ing one high-end multi-day seminar and earned a social media certification as well, so she figures the increase in her skills will be well worth \$10 more per hour.

$28 \times 52 = 1456$ billable hours/year
 $\$34,000/1456 = \24 (rounded) hourly costs
 $\$24 + \$23 + \$10 + 20\% = \68 (rounded)

\$68/hour is her profitable base.

Plan to get there

- Either leap or hop!

To leap:

Clients are alerted that as of two billing cycles from now the new fee will be \$X (\$68 in our example).

Note: If your profitable number is less than \$10 more than your current fee, **always** leap with all your current clients, and any new prospects.

To hop:

Current fee is _____ (say \$45)

Profitable fee is _____ (\$68 in our example)

Next client is your current fee + \$5 (\$50)

Client after that is that fee + \$5 (\$55)

Repeat till you get to your profitable number; leap to the end when you get close!

Good luck with this! If we can help you, please feel free to reach out to us:
hq@assistu.com.