

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

Laura Davis: [00:00:00] In today's show, we are talking all about what you actually need to do when coming up with the price to put on your next proposal.

Laura Moore: Welcome back to another episode of JFDI with The Two Lauras. This is the weekly show where we talk to you, the freelance social media managers about all sorts of things from pricing to winning clients, to doing the do, to creating content to inspiration for what to do in your business. All sorts of things.

Sometimes we have the occasional rant. I'm sure today will be one of those days because we tend to have a rant when we're talking about pricing. Um, we also sometimes go down a rabbit hole. I can see that happening as well. So before we dive into today's show where we're gonna be talking about how you can actually set your fees, like how to know the actual number that you're gonna put on a proposal or put on a sales page if you're selling something, I just wanna remind you that we are always hanging about on Instagram.

We would love to chat with you, so come over and say hello. We are @thetwolauras over there. [00:01:00] But yes, today's show is all about how to figure out what to charge because that is the fastest way to hit your income goals, right? To actually make sure you know what you're gonna charge the right number on your, on your proposal.

So often we have people jumping into our DMs or coming into our communities and saying to us, I dunno what to charge or asking what other people are charging. So we're gonna talk it all through, tell you exactly how to work it out, and we're gonna give you a little resource as well that will help you to really nail this and do all the work for you.

So, Laura, where do you wanna start?

Laura Davis: Well, I was just thinking, it was just reminding me of the conversation I'd overheard in the gym I was at the other day.

Laura Moore: Can I just say, your gym sounds so dodgy 'cause you hear so many dodgy conversations in there. Is it a fancy one?

Laura Davis: It's, it's a fancy one, I think, but it, it obviously attracts a lot of, uh, marketing people because the conversations have been enlightening and somewhat frustrating, but.

Just what, when you were doing the intro, then [00:02:00] it made me think about them again. You know, there were two young lads I'd have said, in their twenties and were trying

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

to figure out how much to charge for their client. And we don't need to kind of go into the specifics, but they were basing it on the time it was gonna take them and the outcome, and that was it. And the number they came up with was so low. So low because they hadn't –

Laura Moore: What, like low, as in you wouldn't get out bed for it?

Laura Davis: I would not get out of bed for that. No. Absolutely not. And it just made me think they aren't doing any of the things right that I'm gonna talk about on this podcast and I would put money on the fact that those two lads sat in that gym.

In Bromsgrove, Worcestershire, were not the only people who price like they do. So hopefully if you're listening to this thinking, well I price based on how long something's gonna take me, then, or the outcome as in [00:03:00] three posts, this and one story and what have you. Then hopefully you'll think, hang on this podcast is, is for me because we're gonna make you think a little bit differently about how you need to approach your pricing.

Laura Moore: And if you do go to David Lloyd in Bromsgrove. Just be careful what you're saying if you're sitting near Laura, 'cause you may end up on a podcast.

Laura Davis: Don't, I purposely don't talk about what I hear at the gym on my Instagram because they follow me, so I have to keep it to our account.

Laura Moore: Um, oh, I love it. Love it.

Laura Davis: Obviously the gym follows me, not those two people, although actually maybe they do.

Laura Moore: Maybe you do. If you do and you're listening, welcome, welcome to the show.

Yes. Hopefully you'll learn something about how to set your prices for your next client. Okay. So I think the very, one of the things I said in the intro was about your monthly like. Your income goals and a lot of times we'll look at our income goals from like a, an annual perspective, a quarterly perspective.

And we definitely need to look at it as well from a monthly perspective. 'cause we need to break it [00:04:00] down, don't we? If we wanna like, I dunno, say you wanna make 50 grand in a year, it's no good just saying, I wanna make 50 grand a year. And then hoping that happens, you need to break it down into have a plan, what actually is that in a month?

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

Um, so you can be figuring out your rates and all of those things. And I think a lot of people. Probably don't do that. And that is really important when it comes to figuring out your base rates. Like what do you actually wanna earn this month or next month or the month after, whatever month it is that you're pricing this client for.

Laura Davis: Yeah. I think 'cause people will often go, rather than, what do I want to earn? What do I want to pay myself? People will often go, what can I afford to pay myself based on the numbers that are already coming in?

Laura Moore: Yes. Yeah, they do. They get the money in and then they're like, well, what's left over for me? And that is so the wrong way to do it.

Laura Davis: Yeah. You need to go, you know what? I wanna be able to pay myself. A thousand pounds, 5,000 pounds, 10,000, whatever [00:05:00] it is, and there's no, doesn't matter what it is. I, I don't care whether you wanna earn 500 pounds or 5,000 pounds, but you need to understand that this is your, your, your plan. Like this is your aim.

You want to be able to pay yourself this 'cause, as you have rightly said, Laura, if you don't have that. In your mind, you therefore can't have a plan to achieve it. Yeah. And then if you don't have a plan, it will not happen.

Laura Moore: And it's almost like you need to think about yourself as a team member or a member of staff that has to be paid.

You have to pay that person their salary, you know? Because if you did have a team member, you would have to pay them. So why are you any different? Why shouldn't you be paid when you're doing all this hard work? So you have to figure out what is like, and think of it in terms of a salary. What is the salary you wanna take out of your business every month? And that's the the number you need to work to.

Laura Davis: It can be, I want to have and we'll come onto profit, but it can be, I want to pay [00:06:00] myself x amount a month. And it's, you know. It's fairly low number and that's fine, but then at the end of the year, you wanna give yourself a massive, great big bonus that's gonna pay, you know, however you wanna do it.

That's fine, but you do need to understand what you are literally paying out of the bank each month for you to then pay your mortgage or do whatever else you need to do with it.

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

Laura Moore: Yeah, exactly. And like there might already be money coming into your bank coming in for other clients you might already have.

You might be figuring out a, a price for a new client, but you've already got two clients, so you already know some money that's coming into your bank, some money that's coming into your business that can go towards that salary. So you can consider that when you're doing your maths. You don't have to consider it. 'cause you might just think, actually I wanna make more. Um, but you, that is one of the numbers that you can consider.

Laura Davis: Yeah, absolutely. And then the, a big one here, which I think there's elements this people forget about. [00:07:00] You need to be aware of your monthly expenses in your business, but there are kind of two areas of that.

Obviously there's the things that you're paying for your, you know, schedulers, maybe memberships you are in, that's all fine. So you need to make sure they are on a spreadsheet. If you've got The Social Media Managers' Toolkit, you can use the spreadsheet that I still use now to this day that my husband, who's an accountant, created for me to make sure that they're always in there.

Make sure that you are updating those each month if the pricing changes or if you added new tools in there. There's often people will say, when it comes to tools. Oh, well, I, I want a free this. I'm looking for a free that. You shouldn't be working like that. No. You should be putting in the tools that you want to be able to use and need to use to do a good job for your business.

They need to be included in the, in the math, so you can then come up with a price in that proposal, which means that your clients are contributing to the tools that you want in your [00:08:00] business.

Laura Moore: Yeah.

Laura Davis: It shouldn't be that you forget about the tools. You win a client and then you kind of think, I don't wanna spend the money coming in my business on tools, so I'm looking for free things. It shouldn't work like that. You are a business.

Laura Moore: No, because I think a lot of times people are thinking that's coming out of their salary. Yeah. That they're taking, like if you had said to yourself, I wanna take a

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

thousand pounds salary, uh, then you're thinking that those tools are coming out of that. No, they should. You should be adding that on –

Laura Davis: On top of that.

Laura Moore: If the salary's a thousand pounds and you've got to spend a hundred, then you know that you need at least 1,100 coming in. Right? Yeah. So you need to think about it on top of that. For sure. Yeah. And also just on to, on that topic with tools, if you are taking on clients that need tools that you don't, that you are not using with other clients.

So for example, maybe you're taking on a client and you've discussed lots of competitor analysis, right? So you're gonna need a tool like Social Insider, something like that you need to be thinking about and going and researching, what is this tool that I need? How much is it gonna [00:09:00] cost before you ever think about putting that proposal in.

'cause you need to know those numbers. So even if you're not using them now. If you're gonna use them for a future client, you need to figure that out now.

Laura Davis: Yeah, absolutely. Yeah. Every single expense in your business needs to be in this spreadsheet. Any spreadsheet. Yeah. If you've got your own spreadsheet, that's fine.

They just need to be somewhere so you know. How much you're spending. But you also, in addition to that kind of, the second part of this is that you need to be putting away money each month for future expenses. So maybe you've, um, want to invest in a copywriter in a couple of years time to help you with your website and you know, roughly that's gonna cost you X.

So you could say, say for argument's sake is gonna cost you 1200 pounds. So you could say, right, I'm gonna be putting aside each month a hundred pounds. Because in the future I'm going to need to invest in that. Or [00:10:00] maybe you wanna go to a couple of conferences next year and you know that they're gonna roughly cost X.

So you want to put aside money each month to be able to build up this pot of money to be able to spend it when you need it. 'cause you always, we've talked about this on other podcasts, but you always want to have, zero in your bank shouldn't be the number zero. So there's a number in our bank account that I will never let our.

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

Account go below because I know I need to know to make me sleep well at night. That if I was to wake up tomorrow and something was to happen and I needed to invest in something or, or pay us or pay Carrie or then we have money in the business. We should all work like that. Now, obviously our zero, our new zero is going to be higher than other people's because we've got staff and probably bigger outgoings.

But for you, in my [00:11:00] freelance business, there was always an amount that my business balance would never go below because I always needed that safety net. Like what happens if a, a subscription goes out and I haven't been, my client's late paying me. I don't wanna have to default on payments. So I always had to make sure that there was this kind of buffer.

Laura Moore: And I think, I think as well, that that money, it's not your money, it's the business's money. Yeah. So you need to think of it as not your Oh, oh, there's 200 quid in there. I could have that out. No, no. That's your business's money. You need to leave that in there for what's gonna happen, like Laura's just said,

Laura Davis: And you want to build to that. So you don't need to start off by going, say you want to, say you want a thousand pounds in the bank, and that isn't the price I'm telling you to have 'cause everybody's is gonna be different. But just for ease. You want a thousand pounds, but you've just started. I'm not saying right, just go and your first a thousand pounds you earn, you're just gonna keep in your bank, but you want to chip away at that.

You want to, it's like, it's like savings essentially. [00:12:00] You just want to be chipping away at this new zero that you have in your business. 'cause it's just gonna protect you financially, should kind of the shit hit the fan. So when you are thinking about your expenses, you are thinking about things that you are already paying for.

Things that you want to pay for, for, or need to pay for to be able to deliver the service for your next client. Things that you need to be putting money aside in your business because you want to invest in in the future. Whether it be tools, people. Memberships, conferences, whatever it is, you want to be chipping away.

So you, again, having some savings to be able to invest in those things in the future. But you also, especially if you are new to business or haven't done this in the past, you want to be putting money aside that you are going to create you that business buffer, that new

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

zero. And I think when you start to put all these down, and again in this spreadsheet, you [00:13:00] then start to think shit.

I'm actually not earning any money. When you think I'm only charging a client 200 quid, but your outgoings, you know, 200 quid a month, but your outgoings are 300 pounds a month, you suddenly start to realize, hang on, I'm not making any money. I'm not gonna be able to pay myself. And we've not even finished with the list yet.

No, no. So it's really, really important that you consider. Everything. Yeah. So what your actual spending is, and what your forecasted spending is going into the future.

Laura Moore: And then obviously you've also gotta think of tax, like what is the percentage of tax that you're gonna have to pay? And so like I, I used to put away more than my tax.

Yeah. So that I could build up that buffer that you've just talked about. So whereas some people would put away 20% tax, I would put away 25, 30% if I could, so that I knew that then. You know, I had enough, I had enough to, for my tax because that's not my money, not allowed to spend it. That doesn't belong to me.

But also there [00:14:00] was extra there if you know, like, so in the UK sometimes you have to pay money on account for the following year, and that can be really annoying if you haven't got enough money. So you need enough money for that. You need enough money. Like Laura just said, if you need to have that buffer.

So I used to do it rather than being like, oh, I'm gonna put an extra a hundred pounds in. I would just do it every time I put my tax away. I would put a, a higher percentage away from my tax, but you need to account for your tax. And if you are, um, a regi-, a limited company, you also need to have put away, sorry, if you're VAT registered, you also need to put away your, um, VAT as well. Or corporation tax, depending on how big your business is, as well, of course.

Laura Davis: And on a like slightly slight tangent, this is why we use, and this, this is not sponsored by them. I wish it bloody was, but this is why you use Starling Bank because they have spaces within your bank account. So it's like a little filing cabinet.

So we've got one for VAT and we've got one for tax. And we've got one for a [00:15:00] little bonus that we wanna pay each other at the end of the year. We've got it. If we've

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

committed to something, say we've just signed to work with a new freelancer, we move money into a space so we know that we've got that project costs or you know, so we use, we, you know, got spaces galore because then I know.

We cannot spend that money because it's in that space and it's kind of, um, already spent kind. Yeah, yeah, yeah. It's out the way, it's out. The main account can't be touched. And then whenever we need to pay somebody or pay the VAT bill or what have we just, we just can transfer it into the main pot and then pay it out.

So yeah, if you are someone who is. Worries about money and worries about having the right amount of money in the account and keeping money aside. And you know, I wouldn't be able to just have a balance in my bank account and always be thinking, right, my outgoings this month are this, I've also gotta remember this.

I've also gotta do this. I just wouldn't be able to do that, so spaces for me in my brain and [00:16:00] how my brain works is brilliant and it just means that we never, yeah. Like we've never not been able to pay anyone, whether it be in our freelance businesses or obviously our business now because we've just kind of been a little bit organised.

So we highly recommend Starling Bank for your business bank account. And also on that note, to have a business bank account. There's lots of people. Who will just have it paid, their earnings paid into their personal account. And I just think things get like really messy there. Like how can you be really clear and then it, that whole mentality of that all the money that comes into your account is your money and you can go away and spend it in, you know, Zara or.

Sainsbury's or whatever, but it's not So having a business bank account, even if you're a sole trader, you don't technically have to have a business account, but we highly recommend you do just so you can be really organised.

Laura Moore: Or even just having a separate account. It doesn't have to be a business account. Just a separate one is fine.

Laura Davis: Yeah. An account for your business, [00:17:00] whatever that you know, technically is.

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

Laura Moore: The other thing we do, and this is on a slight tangent, is that we have a business credit card, so most of our expenses we put on the credit card. For, uh, various reasons, but the main reason because we then get benefits points.

So like, you know, my husband has one of his, his business, he gets cash back every month. Uh, we get air miles. It depends what, you know, there's so many benefits to having a business credit card or even a personal credit card that you just use for your business, for paying for all of these expenses that you.

Then get rewarded for so long as you've then set up some way in your business account that will then pay off that credit card in full. So you're never paying off paying any in, uh, interest on it. Yeah, I think, yeah, I think that's an important point. That could be a really good, good business move too. So you can add, like, especially if you've got a cash back one, you can be adding more money into the account because of the cash back.

Like perfect.

Laura Davis: Yeah. Yeah. Just always make sure you're paying off that balance each month

Laura Moore: In full! As Martin Lewis used to say.

Laura Davis: Did he?

Laura Moore: Yeah, all the time. [00:18:00]

Laura Davis: Okay.

Laura Moore: Um, although I think I sounded a bit more like the bloke off of Bullseye then, anyway. Probably too young –

Laura Davis: Bully's special prize!

Laura Moore: In one! A cruise ship! Yeah. Anyway.

Laura Davis: A speed boat! Um, the other thing that people never, ever seem to take into account, which like kind of is kind of baffling. Is the profit that they wanna make. So they've thought about the salary of how much they wanna take out. They've thought about all the expenses. Maybe they've gotta have, they maybe have even thought about the buffer to put in the bank, but they've not thought about any, any profit.

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

And if you're a business owner, you don't just want a salary, you want your profit too. And that profit can be used for all sorts of, like, you can go put it in your pension, you can go and make investment. There's so many different things you can do with profit. If you're not adding that into your fees when you're setting them up, you won't have any profit. So you have to think about that as well.

Laura Davis: Yeah, and you can have, and again, people, you know, you might be listening to this thinking Jesus Christ, you know, this way I'm gonna have to be charging like thousands and thousands [00:19:00] and thousand pounds.

Laura Moore: Well, you should be.

Laura Davis: But even to just plan to add a small amount of percentage profit into your business, like a tiny percentage is fine.

As you start off like 1%, it's literally better than nothing. And as your business grows and your income grows and your availability of potential profit grows, then you can obviously. Add to that, and you know, we all know freelancing isn't this nice trajectory of increased income. It goes up, it goes down, it's, you know, it's definitely a bit of a rollercoaster.

So, you know, make hay while the sun shines. When things are good, maybe put more money aside for profit, because that's the kind of thing, these profits are the things that are gonna help you when. Things go down. Yeah. So yeah, don't go, yay. I am making more money. I'm just gonna take more money out. Try to have a business head on your shoulders when you're making these kind of decisions.

Laura Moore: Yeah, definitely, definitely. Um, we've actually got a calculator that will help you to do all of this [00:20:00] stuff and help you to see like what your base rate should be and how much you could make if you're offering other services as well.

Laura Davis: Yeah.

Laura Moore: Um, so definitely go and grab that. If you go to thetwolauras.com/pricing, you will be able to put in all the numbers that we've just spoken about.

So you could put in what, how much you want to take in terms of a salary. You can put in how much you've already got from existing, your existing clients. You can add your, your expenses, your tax percentage, you can put your profit in there as well. Um, and it will tell

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

you like the minimum rate that you should be charging for that next client coming along, which you can then obviously use as a base rate, add more money on if you wanna increase that percentage so you can make more.

But at least then you know that you, what you're gonna have coming into the bank and that you've got the right amount coming in to pay you, et cetera.

Laura Davis: And that's just to reiterate that point. Whatever the calculator tells you that you need to charge, that's like the minimum. The minimum you need to charge for your business to make it, to build a profitable business.

That doesn't need to be the [00:21:00] number that you actually put on your proposal for your next client, because we know that those prices have to be bespoke to. What they want, the, the size of the account, the deliverables that they need, the value that you are bringing, all of that, and that's variable and that's bespoke to your client. What this is, is giving you that absolute bare minimum that you need to charge.

Laura Moore: And just as a guide, right? I've just, I've got this calculator open on my screen. If I was saying to myself, I want to take home a thousand pounds a month. Even if I've got zero income coming in and I've got zero expenses, which spoiler alert, you won't, you won't have zero expenses.

If I do the maths to take home a thousand pounds a month and I wanna have 5% profit in my business, I need to charge over 1300 pounds, and that if you're charging low fees now, that might seem like a lot of money. In reality, for a social media manager, for social media management [00:22:00] services or for an ads manager, what have you, that is not a lot of money for a business to be spending out.

They'll be spending more than that on an employee doing like the most basic jobs that they're doing in their business, and what you are delivering will help them to make more, more money, bring more sales into their business. So just, just always remember that social media management is a four figure service.

It should never be below a thousand pounds. In my opinion, it should be a lot more than that. So when you are using this calculator, if you're looking at going, God, that's steep, just, that might well be steep in relation to what you are currently charging, but it isn't steep in the grand, big, grand kind of scheme of things.

**THE TWO
LAURAS**

172 - Pricing Your Services to ACTUALLY Make Money as a Social Media Manager

You have to remember that.

Laura Davis: Yeah. And there are people probably doing the exact same things that you, you are with your clients, but charging 3, 4, 5. Sometimes 10 times what you are charging. So if they can do it, so can you.

Laura Moore: Yeah, absolutely. Absolutely.

Laura Davis: Okay, so hopefully that will have been an eye-opening podcast for some of you, [00:23:00] just to give you that link again, if you are after that calculator, it's thetwolauras.com/pricing. So come and have a like type all your numbers in. And hatefully. It will give you a nice base rate for you to put on your next proposal.

And yeah, if you are really struggling with this and you're struggling to find these kind of four figure clients and win them and work with them, then do check out The Social Media Managers' Toolkit as well, which is all about helping you to do just that. So the link will pop in the show notes, and that is thetwolauras.com/toolkit. So that's it. We will be back... next week?

Laura Moore: You had to think about it then.

Laura Davis: Yeah, I did.

Laura Moore: Like it's, it's always the same. Always on a Tuesday, every week.

Laura Davis: It's always next week.

Laura Moore: But yeah, you have a think about it.

Laura Davis: Yeah, next week, we'll see you next week.

Laura Moore: Have a good week. Ta-ra!

Laura Davis: Ta-ra! Bye!

**THE TWO
LAURAS**