



How to Price Your Services in North America

A plain-English pricing guide for US & Canadian small businesses: cost-plus vs value-based, sales tax, selling across state lines, and raising rates.

Pricing is the fastest lever you have. Raise a price 10% and, if customers stay, almost all of that flows straight to your bottom line. Yet most small businesses in the US and Canada set prices by guessing, copying a competitor, or quietly hoping nobody pushes back. This guide walks through a more deliberate way to land on a number you can defend.

A word on tax before we start: in North America, advertised B2B prices are almost always shown pre-tax. US sales tax is added at the point of sale and varies by state and even by city or county; Canada layers on GST/HST and, in some provinces, PST. So the price you quote and the price the customer pays are two different numbers — we'll keep this guide focused on the pre-tax price you actually control.

1. Know your true costs

Before you can price anything, you need a clear picture of what it costs you to deliver. That means direct costs (your time, subcontractors paid on a W-9 / issued a 1099, software, materials) and a fair share of overhead (rent, insurance, tools, your own benefits). If you're a one-person shop, pay yourself a real salary in this math — not whatever is left over. A price that doesn't cover fully-loaded cost plus a margin isn't a price, it's a slow loss.

2. Understand what the work is worth

Costs set your floor; value sets your ceiling. Ask what a successful outcome is worth to the client — more leads, saved hours, a problem that stops costing them money. A marketing project that reliably adds US\$50,000 in revenue can command far more than one priced by the hour. You won't always have hard numbers, so ask discovery questions about the cost of the status quo and price against that, not against your stopwatch.

3. Read your market — and your region

North America is not one market. Price tolerance in a major metro like New York, Toronto, or the Bay Area is wildly different from a smaller market in the Midwest or the Prairies. Research two or three real competitors at your tier, but resist anchoring to the cheapest one — matching a low-cost competitor usually just trains clients to expect low-cost work. Position on the value you established in stage 2, then sanity-check against what your specific region will bear.

4. Package, present, and add tax correctly

Quote a clear pre-tax price and state plainly that applicable sales tax (US) or GST/HST/PST (Canada) will be added at invoicing. Offer a small number of packages rather than an open-ended hourly rate where you can — tiered options let clients choose and quietly raise your average sale. If you sell across state lines, check whether you have economic nexus (the post-*Wayfair* rules) in the buyer's state, because that can create an obligation to collect and remit their sales tax.

Most healthy businesses blend these rather than picking just one.

Approach	Best for	Watch out for
Cost-plus	Predictable, deliverable-heavy work where costs are easy to total	Caps your upside — ignores what the result is actually worth to the client

Approach	Best for	Watch out for
Value-based	Outcome-driven services (marketing, consulting) with measurable impact	Needs real discovery and confidence; harder to quote on the spot
Market/competitor	Crowded, comparable services where buyers shop around	Easy to anchor to the cheapest player and erode your own margin
Hourly vs fixed	Hourly for open-ended scope; fixed for defined deliverables	Hourly punishes efficiency; fixed needs a tight scope to avoid creep

Common questions

Should I show prices with or without sales tax?

For B2B work in North America, quote pre-tax. US advertised prices almost never include sales tax — it's added at the point of sale and varies by state, county, and city. In Canada, show the price plus applicable GST/HST/PST. State clearly on your quote that tax will be added, so the final invoice is no surprise.

Do I have to charge sales tax when selling to clients in other states?

Possibly. Since the *South Dakota v. Wayfair* decision, a state can require you to collect and remit its sales tax once you pass an economic nexus threshold there (often a dollar or transaction count), even with no physical presence. Services are taxed differently state to state, so check the rules in each state where you have meaningful sales, or ask your accountant.

How and when should I raise my prices?

Raise prices when you're consistently booked, your costs have climbed, or your results have clearly improved. Give existing clients reasonable notice, tie the increase to value rather than apology, and consider grandfathering your best long-term accounts for a period. Small, regular increases land far better than one big jump after years of holding flat.

A competitor is undercutting me — should I match their price?

Usually no. Competing on price is a race you win only by losing margin, and it trains clients to see you as a commodity. Instead, sharpen what makes your work worth more — results, reliability, specialism — and make that case. If you genuinely can't differentiate, the fix is your positioning, not your price tag.

Should I charge for discovery or strategy calls?

A short qualifying call to see if you're a fit should be free. But deep discovery — an audit, a strategy session, a detailed scope — is real work and worth charging for, often as a paid mini-engagement that can be credited toward a larger project. Charging filters out tire-kickers and signals that your expertise has value.

Is hourly, fixed-price, or a retainer best?

Hourly suits open-ended or unpredictable scope but penalizes you for working fast. Fixed-price rewards efficiency and gives clients certainty, but only with a tight, written scope. Retainers smooth your cash flow and deepen relationships for ongoing work. Many firms use all three — fixed for projects, a retainer for the ongoing relationship, hourly for anything outside scope.

Read the full interactive guide, with a free tool, at cmbeyer.com — or ask Bea to build a package for your business.