



How to Price Your Services

Cost-plus vs value-based, why underpricing is the costliest mistake, and how to raise prices well.

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Ask a room of small-business owners how they set their prices and most admit the truth: they looked at a couple of competitors, knocked a bit off to be safe, and have barely touched the number since. Pricing is a growth lever, not an afterthought — a few percent on your price flows almost entirely to profit.

1. Know your true costs

You can't price a service until you know what it genuinely costs to deliver — direct costs, a fair share of overhead, and your own time. Get the floor wrong and everything above it is wrong too.

2. Choose a pricing method

There are two honest ways to a number. Cost-plus sets a floor (your cost divided by one minus your target margin). Value-based finds the ceiling — you price on the outcome to the customer. Strong businesses use the first to set a floor and the second to find the ceiling.

3. Position & justify the price

Bundle and tier (good/better/best), show proof, and remove risk. The same price feels very different depending on how it's presented and what it's anchored against.

4. Review & raise

Put prices up deliberately and periodically. Give notice, lead with value, and accept that losing a few of the most price-sensitive customers is usually a good trade.

Signs you're undercharging

You win **nearly every quote**

Customers **never flinch at the price**

You're **always busy but never comfortably profitable**

Your prices **haven't moved in years**

This guide is general information from CM Beyer Limited, a UK marketing and business-management consultancy — not advice tailored to your specific situation; figures are illustrative starting points. Read it online, with the interactive tools, at cmbeyer.co.uk/resources/.