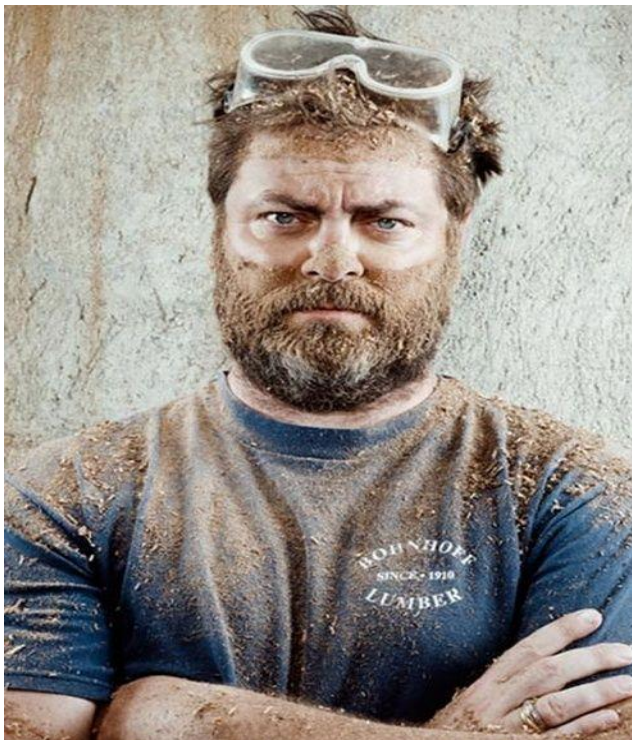




Woodworking Business - Learn To Control Your Costs



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Any form of business needs one to know how to calculate the costs if you want to get the profits. You need to have a proper way of calculating the costs. At times, one may put a final price on the product with the mind that they are making money only to find out that they are making losses. You have to have a defined way of calculating the costs so as to get the best out of the business. Here are some of the things that you should put into consideration if you want to earn good income.

1. Cost of materials

The cost of material will be inclusive of all the materials that you use on the project. You need to always jot down all cost incurred when you purchase material. Start with the obvious costs like cost of lumber, hardware and plywood among others. Please take your time and include the costs of the materials that you may otherwise consider as miscellaneous. Such costs can be the cost of varnish, sandpaper and more.

2. Labor Costs

Are you supposed to include the cost of your own personal labor? Yes, you should include it. To get a good cost of your labor, you need to put into focus the amount that you would pay an employee to do the work and put that onto your labor. Make sure that the quality of work done reflects on the labor costs. The easiest way of getting the labor costs is to calculate it as a percentage of the material costs.

3. Overhead Costs

The overhead costs include all the other costs that you incur even when you do not work. Such costs are things like rent, office expenses, advertising, insurance, among other things. Make sure you also include the costs of shop supplies that are too minor to track separately.

4. Profit Margin

You need to make sure that you make a profit. It is important to make sure that the profit margin is different from other costs. In fact, your profit is quite different from the labor costs. Your profit margin ought to be the amount that you deserve for taking the entrepreneurial risk.

Finally, if you are going to cater for shipping costs, make sure that you include the costs for the same on the product. If your products are of high quality then you will get good customers that will not complain of the price of the product.

Don't Start a Woodworking Business Until You've Seen This...

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