

# CakeFlix

## Pricing Cakes - What do you need to charge?

In order to work out what you NEED to charge to make your cake business profitable, first you need to pour a coffee and answer the following key questions as accurately as you possibly can:

1. How much do you NEED to earn a week to survive?
2. How many cake decorating hours can you give every week?
3. How many cakes can you make within those hours?
4. What are your weekly overheads?
5. What are your Cost of Ingredients?

Taking points 2 and 3, it makes things easier if you look at each cake and allocate a number of hours to decorate. That way you can ensure that whether its a quick and easy cake or 7 tier masterpiece, that your pricing is consistent and you know that it will be profitable.

The numbers given below are to provide some content to the formula, but your number will likely vary hugely;

1. How much do you NEED to earn to survive? **\$500**
2. How many cake decorating hours can you give every week? **35**
3. How many cakes can you make within those hours? see above for how to better breakdown those hours
4. What are your weekly overheads? **\$130**
5. What are your Cost of Ingredients? **30% of the price of the cake**

To give a cake decorating hour a value; say a cake at **\$120** takes **3 hours** of your **35 hour** week.

### Pricing Chart Based on a 35 hour Decorating Week

		PRICE	PER HOUR	
Cake	3 hours	\$120	\$40	
Ingredients	30%	\$36	\$12	
PAY	\$500	week	\$14.29	
Overheads	\$130	week	\$5.71	
			\$8.00	Profit

The two main components when it comes to pricing cakes are ingredients and time (your pay) so you need to develop a pricing chart that assesses both.

Our Pricing Chart would have Bands as the column headers, which were time orientated and the cake size, which are ingredient cost orientated, as the rows. When you produce your pricing chart it shows the customer very clearly what they are paying for and you'll know that you are pricing for profit.

For more information on this and for effective marketing techniques along with invaluable, straight talking, business information check out our [BUSINESS TUTORIALS](#).