

HOURLY RATE WORKSHEET FOR VAs

		<i>Example</i>	<i>Your Worksheet</i>
LABOR	<i>a.</i>	Your salary goal	\$36,000
	<i>b.</i>	Employee wages/subcontractor expense	\$0
	<i>c.</i>	SUBTOTAL LABOR (a+b)	\$36,000
EXPENSES	<i>d.</i>	Health insurance premiums	\$3,500
	<i>e.</i>	Self-employment tax (15% of a)	\$5,400
	<i>f.</i>	Rent	\$0
	<i>g.</i>	Telecommunications	\$1,200
	<i>h.</i>	Auto Expense	\$0
	<i>i.</i>	Utilities	\$200
	<i>j.</i>	Professional advancement	\$600
	<i>k.</i>	Website design and maintenance	\$500
	<i>l.</i>	Advertising & promotion	\$1,000
	<i>m.</i>	Office supplies	\$600
	<i>n.</i>	Repairs/software and hardware upgrades	\$1,200
	<i>o.</i>	Miscellaneous	\$1,000
	<i>p.</i>	SUBTOTAL EXPENSES (d through o)	\$15,200
	<i>q.</i>	TOTAL OPERATING COSTS (c+p)	\$51,200
<i>r.</i>	Your profit goal (5% of q)	\$2,600	
<i>s.</i>	TOTAL REVENUE REQUIRED (q+r)	\$53,800	
<i>t.</i>	Divide by billable hours in year (from worksheet below)	924	
<i>u.</i>	HOURLY BILLING RATE (s ÷ t)	\$58	
	<i>Figures a. through s. are rounded to the nearest \$100, figure u. is rounded to the nearest \$1.</i>		

NOTES:

- a. \$36,000 is a sample derived in May of 2004 from using the category of Administrative Assistant III on <http://www.salary.com>. Median salaries from some representative cities: Anaheim CA \$40M, Appleton WI \$35M, Boise ID \$34M, Chicago IL \$39M, Frankfort KY \$35M, Gulfport MS \$34M, Little Rock AK \$34M, Lowell MA \$37M, New York NY \$42M, Orlando FL \$34M, San Francisco CA \$42M, Santa Fe NM \$34M, Tucson AZ \$34M.
- b. Most VAs start out with no employees, and many remain that way. But here is where you would enter expenses for employee wages or amounts paid to subcontractors, if you plan to have them.
- d. \$3,000 is an approximation of the annual health insurance premium cost for a single individual through an employer group health plan, and \$7,600 for a family plan. *January 2003 edition of AIS's Employer Health Benefit Facts, Trends and Data.*
<http://www.aishealth.com/MarketData/DataSummaries/Employer3.html> Cost for a non-group health plan purchased by an individual is generally higher.
- e. <http://taxes.about.com/library/weekly/aa122902a.htm> has a helpful explanation of self-employment tax.
- f. If you are renting office space, enter your amount here. Most VAs operate from home and don't pay an extra amount for rent, so we have left the sample data at zero. However, it's important to consider the value of the space you're using for your business. For instance, if you weren't running your business there, could you rent space to a tenant? Are you paying a fee for storage elsewhere that could be eliminated if you could store stuff in the space you use for your office?

- g. Include charges for land lines, cell phone, long distance, fax, DSL/cable/dial up.
- h. Because VAs rarely travel to client's sites, we have left this at zero. If you intend to travel on behalf of clients, you should enter here the amount of auto expenses you expect to incur, unless you plan on charging a mileage fee in addition to your hourly fee.
- i. Include water, power, gas. If operating from a home office, enter only the amount attributable to your business.
- j. Include meetings, seminars, education, and membership dues of professional organizations.
- k. Based on an assumption of 10 hours per year at \$50 per hour. Cost could vary greatly depending on the complexity of your website and what your website designer charges. If you yourself do some or all of your own website's design and maintenance, your amount might be significantly less.
- l. Include any advertising and promotion costs other than those related to your website: yellow page ads, print ads, mailings, printing of brochures, cards and other business literature, etc.
- r. This is the amount of profit over and above your salary that you want to reinvest in the business for its health and growth. 10% is a good profit goal for which to strive.
- s. This is what you must make in gross revenue to meet your salary goal and profit goal.
- t. See the hour calculation table below to calculate this number for your situation.
- u. This is the hourly rate you need to charge per hour to meet your salary goal and profit goal.

BILLABLE HOURS WORKSHEET FOR VAs

	<i>Example</i>	<i>Your Worksheet</i>
Hours you intend to work per week	40 hours	hours
Number of weeks per year	<u> </u> x 52 weeks	<u> x </u> weeks
	2,080 hours	hours
Sick time allowance of one day per month	– 96 hours	hours
Federal holidays — seven days per year	– 56 hours	hours
Vacation allowance of two weeks per year	<u>– 80</u> hours	hours
	1,848 hours	hours
Non-billable time @ 50% *	<u> </u> 924 hours	hours
Billable hours in a year	924 hours	hours
<small>*The SBA publication "Pricing Your Products & Services Profitably" (http://www.sba.gov/library/pubs.html#fm-13) recommends that one-half of the total normal yearly work hours be considered as overhead (non-billable). 50% non-billable time is frequently cited as a guideline in the VA/business support industry, although estimates of non-billable time for a single-person service business often range from 30%-60%. Don't underestimate!</small>		

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 or to request a page of links to helpful pricing resources)

For more information on pricing office support services, see <http://www.ninafeldman.com/resources.htm>