

# Pricing for your Machine Quilting Business

By Cindy Roth

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When you purchase a quilting machine, whether it's a longarm or midarm machine, a question which is usually asked is, "Are you going to quilt as a business?" For many people, starting a machine quilting business IS the only way they can afford a quilting machine. No matter which quilting machine you have, if you are going to quilt as a business, the other question asked is "How much do you charge for your quilting services?" Pricing for your machine quilting can be one of the most difficult things you have to decide at the start of your professional machine quilting business and it can be a difficult issue to confront if you have been in business for a while.

Note: for this article, a **professional machine quilting business** is defined as a "legitimate" business that has all required local, county, state and federal licenses. The professional machine quilting business also documents, reports and collects all appropriate sales and other taxes. For this article I am assuming that your quilting machine is located in a home studio.

Many times, when starting a new professional machine quilting business, the quilter will call other professional machine quilting businesses in their area and find out what they are charging. The new quilter will think, "I'm the new kid on the block and I have to charge less." The new quilter (and many experienced quilters) has no idea of how much it actually costs to put a quilt on the machine, nor do they have any idea of how long it takes to quilt each quilt that comes into their business!

I hope to show you a different way of figuring out your pricing so that you, as a professional machine quilter CAN make a profit while working in the business you love!

Before we can figure out what to charge for your quilting, you need to know how much it costs (expenses) to put a quilt on to your quilting machine. You may ask why is it necessary to know this. The simple answer is: If you don't know what your expenses are, you may be LOOSING money on every quilt you complete – even though you may have cash or a check in your hand!

Here is a quick Expense Equation that you can use: Business expenses + cost of machine + taxes = total expenses per quilt BEFORE quilting.

**Business Expenses** - To figure out how much it costs to put a quilt on to the quilting machine, we need to start with a list of business expenses. If you have been quilting for a while, you should be able to find out what your expenses are from your accounting system. If you are a new quilter, you may have to make some assumptions about you potential expenses or track your business expenses for a few months for an accurate amount.

Here are some of the business expenses you may have:

**Computer Charges** – the monthly fees for an on line service, software expenses

**Bank Charges** – monthly service charges, over limit fees, credit card processing fees (if you accept credit cards)

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**Dues and Subscriptions** – Guild dues, magazine subscriptions

**Use Taxes** – talk to your tax professional about this

**Fabrics** – not related to a specific project, but fabrics to be used in your business. Fabrics for personal use should not be in this category.

**Meals** – you are out delivering quilts or at a quilt related meeting, you get hungry and buy a sandwich or lunch.

**Business Insurance** – note: most homeowners insurance does NOT cover home based businesses. Talk to your insurance person about this **NOW!!** Each insurance company and each state have different requirements.

**Marketing** – Christmas Cards, small gifts for your best customers, imprinted pencils or pens

**Miscellaneous**

**Books and Patterns** – we need our patterns/pantographs and books which are directly related to the quilting process or our business

**Copies**

**Professional Fees** – CPA, Accountant, legal fees

**Small Equipment** – usually one time fees, such as a digital camera, new gadget for your machine, new fax machine or equipment that is too inexpensive to depreciate.

**Studio and quilting supplies** – costs directly related to having a Longarm quilting business; needles, marking utensils, rotary blades, pins, etc.

**Office Supplies** – computer paper, printer cartridges, paper clips, pens, etc.

**Telephone** – you may have a dedicated phone line or cell phone for your business.

**Rent and Utilities** - especially if your business is in a retail location or away from your home.

**Vehicle expenses or Mileage** – for example, when you are driving to and from business meetings, guild meetings, delivering quilts, etc., keep track of your mileage in a notebook that you can keep in your vehicle. Some vehicle expenses such as fuel, repairs and vehicle insurance may be included. Again, talk to your CPA/ Tax Professional about this.

Note: I am not including batting, backing fabrics or threads in this expenses list. These items, in my opinion, should be sold separately and are considered inventory and they are accounted for in a different part of an accounting system.

Let's assume that your expenses total \$5,400 per year. To find the average expenses per month divide \$5,400 by 12 (months) = \$450 worth of average expenses per month. We want to break this number down even further to find how much this would be per quilt.

Chart #1 below shows the average expense per quilt if you completed 10, 12 and 15 quilts per month.

Quilts per Month	Business Expenses per Month	Average Business expenses per quilt
10 quilts	\$450	\$45
12 quilts	\$450	\$37.50
15 quilts	\$450	\$30

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If you complete more or less quilts per month your average business expenses per quilt will change.

As you can see from the chart above, for the first part of the Expense Equation, depending on the number of quilts you complete, \$45 - \$30 of the price of each quilt you complete is needed for the expense of doing business.

Note: I find that completing 10 Queen Size quilts per month allows me the time to be creative with my quilting and also enough flexibility to "have a life" at the same time. You may complete more or less quilts in your business. If you are a new quilter, I would recommend using a lower number of quilts completed per month in your calculations. If you complete more quilts per month then this is a bonus to you and your financial situation.

**Cost of the Quilting Machine** - The second part of the Expense Equation is recovering the cost of your quilting machine. This is not an IRS depreciation, (you need to talk to your CPA/Accounting Professional about this) but a way of "getting back" the money you spent on your machine. Let's assume that your quilting machine cost \$15,000 (if applicable, include total interest costs in this number) and you would like to recover the cost of your machine over 8 years.

Here is the math: \$15,000 divided by 8 (years) = \$1,875.00 per year, divided by 12 months = \$156.25 per month. For ease in calculation, I am rounding this number to \$156. Chart 2, below, shows the cost of your quilting machine per quilt if you completed 10, 12 and 15 quilts per month.

Quilts per Month	Cost of Quilting Machine per Month	Average Cost of Quilting Machine per quilt
10 quilts	\$156	\$15.60
12 quilts	\$156	\$13
15 quilts	\$156	\$10.40

If your machine cost more or less, or if you want to recover the cost of your machine in a longer or shorter amount of time, your numbers will be different.

As you can see from the chart above, the second part of the Expense Equation, depending on the number of quilts you complete, \$15.60 - \$10.40 of the price of each quilt you complete is needed to recover the cost of your quilting machine.

**Taxes** - You have to include taxes into the Expense Equation. These taxes are self employment taxes and any other taxes that are not sales taxes. (Sales taxes, if collected by your state, are usually added when the quilting is completed.) I am not a CPA or authority on taxes and cannot give specific information about your tax situation. This is something you **NEED** to talk to your CPA/Tax Professional about this. For this example, I am going to add \$15 for taxes in our

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expense equation. Again, this number will be different for each person and you need to do the research for your own business situation. Chart 3, below, shows the completed Expense Equation if you completed 10, 12 and 15 quilts per month.

Quilts per Month	Average Business Expenses per quilt	Average Cost of Quilting Machine per quilt	Taxes per quilt	Expense Equation Total per quilt
10 quilts	\$45	\$15.60	\$15	\$75.60
12 quilts	\$37.50	\$13	\$15	\$65.50
15 quilts	\$30	\$10.40	\$15	\$55.40

According to Chart 3 above, every time you put a quilt on the machine, it will cost \$75.60 to \$55.40 in total expenses **BEFORE the quilting process even begins!**

There are many different ways to figure the price of your quilting services. For this article, I am going to give you a very simplistic way to calculate your quilting price per each quilt.

**A Simple Pricing Equation** - Amount of \$\$ needed each month, divided by number of quilts completed per month + total expenses = suggested price per quilt.

**Amount of \$\$ needed per month** – How many \$\$ do you need per month to earn? If you are a full time professional quilter who supports themselves, and possibly their family, with their quilting business, this number will be higher than someone who is a more “casual” professional quilter. YOU need to determine how much YOU want to make per month. Let’s assume you are a full time quilter and you NEED to earn \$3,000 per month with your quilting. Chart 4 below shows the minimum price you should be charging per quilt to earn the \$\$ you need.

Earnings needed per month	Quilts completed each month	Earning needed per quilt	Expense Equation Total per quilt	Minimum Price per quilt
\$3,000	10 quilts	\$300	\$75.60	\$375.60
\$3,000	12 quilts	\$250	\$65.50	\$315.50
\$3,000	15 quilts	\$200	\$55.40	\$255.40

With the information from Chart 4 above, you will need to charge a minimum of \$375.60 to \$255.40 PER QUILT to cover your expenses and bring in the \$\$ you need.

Let’s assume you have a more “casual” quilting business and you need to earn \$2,000 per month. Chart 5 below shows the minimum cost per quilt you would need to charge to cover your expenses and earn the \$\$ you need.

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Earnings needed per month	Quilts completed each month	Earning needed per quilt	Expense Equation Total per quilt	Quilting Fee per quilt
\$2,000	10 quilts	\$200	\$75.60	\$275.60
\$2,000	12 quilts	\$166.66	\$65.50	\$232.16
\$2,000	15 quilts	\$133.33	\$55.40	\$188.73

With the information from Chart 5 above, you will need to charge a minimum of \$275.60 to \$188.73 PER QUILT to cover your expenses and bring in the \$\$ you need.

I know that this is a very simplistic way of determining what to charge for your quilting services and does not take any variables, such as size of the quilt, complexity of the quilting designs, the time needed to actually complete the quilt, nor does it include thread, batting, backing fabrics, binding, etc. These are all things that need to be taken into consideration and they need to be addressed in future articles.

As one professional quilter to another, I urge you to look at your pricing structure, do the research for your business (taxes, insurance, etc.) and see if your pricing comes close to meeting your monthly income needs for your business.

For a more detailed discussion about pricing for your machine quilting business along with other important business information including marketing, finding customers, basic business structures and much more, go to [www.LongarmClassroom.com](http://www.LongarmClassroom.com) sign up for the **Pricing for Your Longarm Quilting Business** online class.

Please feel free to contact Cindy Roth at [longarmu@aol.com](mailto:longarmu@aol.com) if you would like to make a comment about this article.

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## Cindy Roth Biography

Cindy Roth has been a professional machine quilter for over 17 years. In that time she has seen machine quilting become a recognized and accepted alternative to hand quilting. Cindy is the founder and director of Longarm University [www.longarmuniversity.com](http://www.longarmuniversity.com), teaches machine quilting classes across the country, at major machine quilting conferences and in her home studio. Along with teaching regular machine quilting classes Cindy has made it her mission to teach other machine quilters how to run their businesses profitably and keep their quilting fun. Cindy now has machine quilting classes online at [www.longarmclassroom.com](http://www.longarmclassroom.com). Cindy Roth was a Professional Quilter Magazine 2006 and 2009 Teacher of the Year nominee.