

“To be honest, when I started out I charged an hourly rate and I think hourly rates make sense for someone just starting out, someone with little experience and limited skill. But over time I established myself and my credibility, which led to great references. When that happens, you begin to outgrow the cost-plus pricing model of charging by the hour. So if you stay with that pricing model, you’ll find it very limiting.

“For example,” Karen continued, “since there are only so many hours in a year, it puts a cap on how much revenue you can collect in a year, and it means that the only way to make more money is to work more hours. These are limits...and the truth is, they are false limitations that lead to bad behaviors, like burning yourself out by working around the clock in an effort to earn more.”

“That’s me,” Steve said.

“Me too, when I first went out on my own, until I learned that a value-based approach to pricing your services is a powerful way to break through the time barrier and avoid the bad behaviors. But like a lot of people, I didn’t start from scratch, and neither did you. You started your business after many years