

How to Price Handmade Products Properly

A simple tote bag used as a real-world example

A free, practical starter Guide for anyone thinking about turning sewing into a small business

Who This Guide Is For

This Guide is for complete beginners to business who:

- Can sew confidently at a basic level (straight lines, seams, turning straps)
- Want to make and sell a **simple fabric tote bag**
- Are curious whether making bags could realistically make money
- Want to understand **pricing, time, and costs** without being overwhelmed

You do **not** need:

- A fancy sewing room
- Industrial machinery
- A business background

You **do** need:

- Honesty about time and costs
 - Willingness to work methodically
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Guide Overview

By the end of this guide you will:

- Have a clear tote bag design suitable for selling
 - Understand materials and sourcing
 - Know how to batch-make **10 bags efficiently**
 - Be able to calculate **true cost per bag**
 - Know how to set a sensible selling price
 - Understand the basics of selling legally and safely
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1 — The Product: Your Tote Bag

1.1 The Bag Specification (Keep It Simple)

This Guide is based on **one core product**:

Basic Shopping Tote Bag

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- Uses approx **0.5 metre of fabric** (140cm wide cotton or canvas)
- Fully lined *or* self-lined (folded construction)
- Handles made from the **same fabric**
- One small decorative feature (label, contrast pocket, applique, top-stitch detail)

Why this matters:

- Simple = repeatable
- Repeatable = profitable
- Complicated bags kill margins fast

1.2 Example Finished Size

(You can change this later — consistency matters more than size)

- Width: 38–40 cm
- Height: 40–42 cm
- Handle drop: 25–30 cm

This comfortably fits food shopping and daily use.

2 — Materials & Equipment

2.1 Fabric Choice

Good beginner fabrics:

- Medium weight cotton (150–200gsm)
- Cotton drill
- Light canvas

Avoid for now:

- Stretch fabrics
- Very heavy canvas
- Slippy fabrics

Fabric Quantity

- **0.5 m per bag** (based on 140cm wide fabric)

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- Buy extra for errors and testing
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2.2 Thread & Notions

Per bag usage (approximate):

- Thread: ~25–30 m
- Label / decorative element: optional

Keep decoration **fast to apply**.

2.3 Equipment (Starter Level)

Essential:

- Domestic sewing machine
- Scissors / rotary cutter
- Ruler & marking tool
- Iron (very important)

Optional but helpful:

- Walking foot
 - Edge-stitch foot
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3 — Production Thinking (This Is Key)

3.1 Why Batch-Make 10 Bags?

Making one bag at a time is inefficient.

A **mini production line**:

- Saves time
- Improves consistency
- Makes pricing realistic

This Guide assumes batches of **10 identical bags**.

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3.2 Breaking the Bag Into Tasks

Instead of thinking “make a bag”, think:

1. Cutting
2. Making handles
3. Sewing bag body
4. Attaching handles
5. Decorative element
6. Pressing & finishing

Each task gets timed.

4 — Time: How Long Does It Really Take?

Below are **realistic beginner-to-intermediate times** *per bag* when batch-making 10.

4.1 Cutting (Batch of 10)

- Lay out fabric once
- Cut all pieces together

Time:

- 10 bags: ~30 minutes
 - Per bag: **3 minutes**
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4.2 Making Handles (Batch)

Each bag: two handles, turned and pressed.

Time:

- 10 bags: ~70 minutes
 - Per bag: **7 minutes**
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4.3 Sewing Bag Bodies

Includes:

- Main seams
- Turning
- Pressing

Time:

- 10 bags: ~90 minutes
 - Per bag: **9 minutes**
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4.4 Attaching Handles

Accurate placement + reinforcement stitching.

Time:

- 10 bags: ~50 minutes
 - Per bag: **5 minutes**
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4.5 Decorative Element

Example: small applique, pocket, label.

Time:

- Per bag: **4 minutes**
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4.6 Final Press & Quality Check

Time:

- Per bag: **3 minutes**
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4.7 Total Sewing Time Per Bag

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Task	Minutes
Cutting	3
Handles	7
Body	9
Attach handles	5
Decoration	4
Press & check	3
TOTAL	31 minutes

This is realistic, not optimistic.

5 — Costing Your Bag (The Most Important Part)

5.1 Material Costs (Example Only)

You **must** insert your own figures.

Example Fabric Cost

- Fabric: £8.00 per metre
 - Usage: 0.5 m
 - **Fabric cost per bag: £4.00**
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Thread & Notions

- Thread, wear & tear: £0.20
 - Decorative element: £0.30
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Materials Total Per Bag

Item	Cost
Fabric	£4.00
Thread	£0.20
Decoration	£0.30

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Item	Cost
Total materials	£4.50

5.2 Labour Cost (Pay Yourself!)

Decide your **hourly rate**.

Example (starter level):

- £12 per hour

Time per bag:

- 31 minutes $\approx$ 0.52 hours

Labour per bag:

- $\text{£}12 \times 0.52 = \text{£}6.24$
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5.3 Overheads (Often Forgotten)

Spread these over each bag:

- Electricity
- Machine servicing
- Needles, scissors wear
- Packaging
- Workspace costs (even at home)

Simple starter method:

- Allocate **£1.00 per bag**
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5.4 True Cost Per Bag

Cost Type	Amount
Materials	£4.50
Labour	£6.24

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Cost Type	Amount
Overheads	£1.00
TOTAL COST	£11.74

This is your **absolute minimum**.

6 — Pricing for Sale

6.1 Wholesale vs Retail Thinking

If selling directly (markets, online):

- Typical markup: **2× to 2.5× cost**

Example:

- Cost: £11.74
 - Retail price:
 - Low: £23.50
 - Safer: **£24–£28**
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6.2 Reality Check

Ask yourself:

- Would *you* buy this bag at that price?
- Does it look and feel worth it?

If not, don't panic — adjust the **balance**, not just the price.

Try:

- **Reducing time** (simpler construction, batch processes, fewer steps)
- **Reducing material cost** *or* deliberately increasing it if it saves time
- **Rethinking decoration** — a more expensive iron-on or label may cost more in materials, but can **save labour time**, reducing overall cost and increasing profit

Pricing is a trade-off between **time and materials**.
Sometimes spending a little more can earn you more.

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Do NOT cut your labour to zero — that isn't a business, it's a hobby that burns you out.

7 — Selling Basics

7.1 Where Beginners Sell

Good starter options:

- Craft fairs
- Local shops (sale or return)
- Etsy / Shopify
- Social media DMs

Start with **one channel**.

7.2 Legal Basics (UK)

Turnover matters, not profit.

- In the UK there is a **£1,000 trading allowance**.
- This is based on **Turnover** — the total money from sales — **not profit**.

If your turnover is £1,000 or less in a tax year:

- You do **not** need to register as self-employed
- You do **not** pay tax on that trading
- You should still keep basic records

If your turnover goes over £1,000 in a tax year:

- You must **register as self-employed with HMRC**
- You must complete a Self Assessment tax return
- You are taxed on **Profit**, not turnover

VAT is **not relevant** until turnover is very high (£90,000+).

A Very Simple Accounting Explanation

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You do not need accounting knowledge — just clarity.

- **Turnover** (incomings) - all the money that comes in from sales
- **Expenses** (outgoings) e.g fabric, thread, labels, packaging, electricity, fees, wages (you pay to helpers)

Turnover – Expenses = Profit

what is left *after* all outgoings are deducted –

That **profit** is:

- What you declare on your tax return
- What income tax and National Insurance are calculated on

Always keep records, even if you are under the £1,000 threshold:

- Money in (sales / turnover)
- Money out (costs and expenses)

This protects you if you grow and stops nasty surprises later.

If you are a **sole trader**:

- You and the business are **the same person** for tax purposes.
- There is no PAYE salary unless you set up a limited company.

So:

- **Money you take out of the business is not a wage**
- It is called **drawings**
- Drawings are taken **from profit**, not deducted to create profit

HMRC does **not** care how much money you withdraw.

They care what the **profit** was.

NB: When you include “**labour cost**” in your pricing calculations:

- This is a **business planning tool**
- It is **not** a tax deduction for a sole trader
- It exists to make sure the business is viable and worth doing

Wages *are* an expense if...

- You pay **someone else** to help you
- You hire staff or casual workers

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- You run a **limited company** and pay yourself via PAYE

That's a different structure and a different level of admin, which we are not currently covering here.

8 — Scaling (Or Not)

8.1 Making More Without Burnout

Ways to improve margins:

- Buy fabric on rolls
 - Cut faster
 - Standardise everything
 - Drop slow decorative steps
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8.2 It's OK If This Is Small

A bag business can be:

- A side income
- A confidence builder
- A stepping stone

Not every business must become huge.

FINAL THOUGHTS

A successful sewing business is:

- Mostly **maths!**
- Mostly **time management**
- Only partly sewing

If your numbers work *on paper*, you have a chance.
If they don't, change the product — not your worth.

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You now have a complete starter framework.

The exact product doesn't matter. Whether you're making tote bags, teddy bears, dresses, cushions, or any other sewn item, the basics are the same:

- break the product into steps
- time each step honestly
- cost materials properly
- pay yourself
- add overheads

Change the product, the fabric, or the style — but the framework still works.