

IS YOUR  
**EMBROIDERY BUSINESS**  
**LEAKING PROFIT?**

HERE'S HOW TO STOP IT — FAST



Discover the 7 Biggest Profit Leaks That Keep Busy Embroidery Shops Struggling — and How to Plug Them So You Keep More of What You Earn



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The Embroidery Coach

## Introduction:

### Why You're Working Harder But Keeping Less

If you've been running your embroidery business for a while, you already know how much work it takes to bring in orders, keep customers happy, and produce beautiful embroidery.

But here's the thing no one talks about:

### **It's possible to stay busy all year... and still not have much to show for it at the end of the month.**

I talk to embroidery business owners every week who are working 10–12 hours a day, taking on every job that comes their way, and wondering why their bank account doesn't reflect all that hard work.

It's not that they aren't talented. It's not that they're not willing to put in the hours.

The real problem?

They've got **profit leaks** — money slipping away in places they've never thought to look.

The good news?

Once you identify these leaks, you can plug them quickly, and your bottom line changes almost overnight.

Here are the **7 biggest profit leaks** I see in embroidery businesses — and how to fix them



# Leak #1 — Underpricing Without Realizing It

## The Problem:

Most embroidery shop owners set prices based on what their competitors charge, what feels “reasonable,” or by using a basic cost-plus formula without fully calculating overhead and time. Every shop has different costs and you cannot successfully use the same pricing structure other shops use.

## Why It Hurts:

You can work all day, fill every slot on your production schedule, and still only breakeven — or worse, lose money — if your prices don’t cover all your true costs. There are many hidden costs that need to be added in and without these hidden costs you cannot successfully have a profitable pricing structure.

## Quick Fix:

- Calculate *true* job cost: materials + labor + overhead (rent, utilities, software, admin time).
- Add in the hidden costs over and above your stitch count costs.
- Add a healthy profit margin (at least 20–50%).

Stop apologizing for your price — your clients are paying for quality and service, not just stitches. You are not an unskilled laborer and you need to be paid for your skill level and expertise!

## Example:

You thought you made \$40 on that polo order... but after materials, machine time, and your labor, your net was \$8. Multiply that across dozens of jobs, and you see the problem.



## Leak #2 — Taking the Wrong Jobs

### The Problem:

Fear of turning down business leads you to take every order — even tiny, unprofitable, high-maintenance ones. Many times, a customer comes into your business and has a job that is an emergency. They need it right away but you may not have the time to squeeze in that job, but you feel like you cannot turn down any work.

### Why It Hurts:

Small, one-off jobs eat up time and resources you could use for bigger, more profitable orders. You may not have room in your schedule to do the job, but you tell the customer, OK, you will do it without considering what effect it is going to have on your other customers.

### Quick Fix:

Use the **4-Point Filter** before saying yes:

1. Is it profitable?
2. Is it repeatable?
3. Is it the kind of client I want to work with again?
4. Do I have room on my calendar without causing any delays with my other orders?

If it's not a "yes" on all four, pass — or price accordingly to make it worth your time. Add at least 50% more onto the price unless they want it next day and then double your price. If it is that important to them, they will be happy to pay for it.

### Example:

That one-off \$150 rush job might cost you \$200 in time, disruption in your schedule, and stress. Multiply that by several jobs that you have taken during the last 6 months and you will quickly see how much money you have seen go down the drain!



## Leak #3 — Overproduction & Redo's

### The Problem:

Unclear production order, mistakes, quality issues, or no client artwork or design approvals mean you're doing work twice for the same pay.

### Why It Hurts:

Redo's cost you time, materials, and wear on your equipment — and they're usually not billable.

### Quick Fix:

- Make sure the production order is clear with all instructions on it.
- Use a quality control checklist before every production run.
- Get client to sign-off on artwork or design proofs before starting.
- Standardize machine settings for common jobs to reduce variability.

### Example:

Redoing 10 jackets because the color of the logo was not correct cost more than some marketing campaigns. There are many extra steps that need to be taken when a job has to be redone. Either the garments have to be re-ordered and you are eating that cost, or you must spend hours removing the embroidery that has to be redone. Most often, you cannot remove and replace the new logo without leaving unsightly marks!

If you can remove it and re-embroider it in the same location, this is very time consuming and costly! You need to keep track of each one of those jobs that had to be redone and see how much they have cost you.



## Leak #4 — Inefficient Workflow

### **The Problem:**

Poor production room layout, Jumping between jobs, frequent setup changes, and no batching slows production to a crawl.

### **Why It Hurts:**

You waste hours every week taking unnecessary steps between each process, in unnecessary machine downtime, machine resets, and employee confusion.

### **Quick Fix:**

- Make sure your tools that you use for each process are stored in that area so you are not wasting unnecessary steps.
- Batch similar orders together.
- Prep all materials in advance.
- Assign work in a logical order to minimize hoop changes and thread swaps.

### **Example:**

Grouping three cap orders together can save hours in setup changes and troubleshooting. If you are a multi-head shop with several machines, you may dedicate one machine for caps only. If you are a single head shop, you can dedicate one day per week, or one week per month for caps only. This is a huge time save and increases your revenue.



## Leak #5 — No Client Retention Plan

### **The Problem:**

Most embroidery shops focus only on finding new customers — while their best, most profitable clients quietly drift away.

### **Why It Hurts:**

It's 5-7 times more expensive to find a new client than it is to keep an existing one and most embroiderers do not even think about that.

### **Quick Fix:**

- Make a list of your top 20% of clients by revenue.
- Reach out to them at least once a month with a thank-you, reorder reminder, or new idea.
- Keep track of their events, seasons, and product needs on a spreadsheet so you can anticipate orders.
- Send them a copy of their previous order the month prior to when you anticipate their order should be placed.
- Make sure you always offer high-quality embroidery.

### **Example:**

Keeping just one high-value corporate client for 3 years is worth far more than chasing 10 new one-off customers.



## Leak #6 — No Quoting System

**The Problem:** Telling a customer, you will have to get back to them when they ask for a quote. This is very unprofessional. When are you going to get back to them?

### Why It Hurts:

If you cannot give a prospective or current customer a quote immediately when they are asking for it, they lose confidence in you and your business. While you are trying to figure out the job in a day or so, the prospect or customer is already looking for the same quote from another business. If they can give them a quick quote, you have lost the business

I learned this the hard way. I really did not know how to figure out a quote and this really hurt my business!

### Quick Fix:

- Have a complete pricing system created to make it easy to quote.
- Have your quoting tools handy so you can give them a quote immediately.
- Give your customer a written quote on a Quote Form.

### Example:

A customer came into my shop asking for a quote for 24 caps. Not knowing how to quote it, I pulled a figure out of the air and gave him a price because I wanted that job. The price that I had given him was far too low and when I ran the order, I lost \$3.00 per cap.



## **Leak #7 — No Time-Saving Order-Taking System**

### **The Problem:**

Not having a system in place to help you quickly wait on a customer when they come into your shop so that you can get back to production quickly.

### **Why It Hurts:**

You had an order in production running that was going to be picked up by a customer at the end of the day. A customer came in and wanted to place an order and he really did not know what he wanted. You end up spending a lot of extra time trying to help the customer place their order. This increases your stress level knowing that you need to be on your embroidery machine finishing up the order for your current customer.

### **Quick Fix:**

- Have your Order-Taking system in place and easy to use.
- Have Sales Tools all created so that you can quickly take their order.
- Have Order-Taking Packets on hand and ready as soon as the customer comes in.
- Try to have your production done at least one day ahead of scheduled time.

### **Example:**

The job that was in production was not ready when the customer came in to pick it up and he was not happy. As a result, this embroiderer lost this customer for future orders.



## Closing: From Leaks to Profits

Even sealing *one* of these leaks can make a dramatic difference in your bottom line.

Seal all seven, and you'll feel the results in your bank account, your stress levels, and the quality of your workday.

"If you've spotted one or more of these leaks in your business, the good news is you can fix them — and you don't have to do it alone."

I've helped embroidery business owners seal their leaks, double their margins, and build consistent, profitable orders... without working more hours.

If you'd like my help creating a custom roadmap to take your embroidery business from stressful and unpredictable to profitable and consistent, click the link below and apply for a free strategy call.

We'll identify your biggest opportunities, map out your path, and see if we're a fit to work together.

Send me an email to [joyce@theEmbroideryCoach.com](mailto:joyce@theEmbroideryCoach.com) and we will set up a free **"Discovery"** call. During this call we will map out the steps that will help you move from **"Misery Island" to "Freedom Island!"**





**Joyce Jagger, The Embroidery Coach**, is well recognized in the area of Embroidery Business Education. She passes along her 40 plus years of experience and knowledge to her students, offering on-line training, webinars, workshops, as well as, personal coaching on and off line.

By simplifying the business of embroidery into easy to understand lessons, Joyce gets the new embroiderer off to a fast start and helps the current embroiderer improve their skills so that they can provide higher quality embroidery and increase their profits! Joyce gives the direction, the right systems, approach, and tools that an embroiderer needs to succeed.

By adding The Rapid Start Embroidery Coach Training Center, Joyce is able to offer hands on training in a controlled atmosphere that is conducive to quality work and embroidery business success.

She has the longest running [Embroidery Training Program](#) online. She also has many different workshops to help the embroidery community.

She enthusiastically helps embroiderers at all levels; from the person just starting out of their home, to large corporations, well known designers, and fulfillment houses, to everyone in between.

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