

# **FREELANCER'S BUSINESS BULLETIN**

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Welcome to the debut issue of Chris Marlow's  
FREELANCER'S BUSINESS BULLETIN.

In this issue you'll learn how to negotiate more effectively so you can add hundreds of dollars — or even thousands — to your income this year.

Most freelancers hate to negotiate. Some are even so bad at the money end that they don't invoice, leaving the paper trail up to the client. (My favorite Webmaster is one; he won't invoice me, so I have to do it for him!)

Because dealing with money is such an important part of freelancing, this month's issue focuses on the art of successful negotiation. Believe it or not, most clients don't want to get a "great deal" at your expense; they simply want an agreement that's fair to both parties. Because when both parties feel there's a fair exchange, it opens the door to a continued and mutually profitable relationship.

So if you've kicked yourself in the past for coming in way too low on price...if you've hated a job you'd have enjoyed if only you were paid more...then print this article and keep it handy for your next negotiation. By understanding how the negotiation process is supposed to work, and by effectively playing the part you're supposed to play, you can literally add hundreds of dollars each month to your bottom line.

## **THE FIRST RULE OF FREELANCE NEGOTIATION**

I'm convinced that the foundation of a good business relationship rests on fairness and integrity. By starting from a place of honesty and fairness, you can spend your energy on arriving at an agreement rather than trying to be the winner, as some misguided "old school" negotiators do.

That said, let's get to the details of how you can become a good (or even better than you already are) negotiator.

## ESTABLISHING YOUR "BASELINE"

Have you ever felt bewildered in the initial phase of a negotiation because you didn't know where to start? The problem may be that you don't really know how much time it takes you to complete a particular type of job...which makes you unsure about what to charge.

In an advertising agency, filling out your timesheet is an every day occurrence, so getting adept at estimating jobs is a fairly quick process.

When I left the agency and went freelance, however, I wanted to get estimating down to a science. My friend, master designer Steve Colich, told me about StopWatch, an inexpensive timesheet software. So I bought it.

Using StopWatch helped me keep track of my time and gave me a huge advantage (and loads of confidence) when it came time to submit a bid. Knowing how much time it will take you to do a job is the strongest negotiating "tool" you can have in your freelancer's bargaining kit.

## PHASE 1 OF YOUR NEGOTIATION: PREPARATION

Assuming you have a pretty good idea of how much time a particular project should take, your next job is to size up your potential client, and consider your current situation as well.

Factors that will determine what you ultimately ask for include:

- Is the client a mid-size or large company that's used to paying professional rates? Or is it a small, local Mom & Pop stretching finances to get a simple brochure?

If you want to work with the Mom & Pop shop, you'll need to take their tiny budget into consideration. Conversely, if you're providing copy for a large company that's mailing fifty-thousand, five-hundred-thousand, or a million pieces...then obviously you shouldn't be paid peanuts for your work and expertise.

- Are you new at copywriting and trying to build a portfolio? It may be more important to add a sample to your portfolio than to get top dollar.
- What's the economy like for your client's industry? If it's been a tough year, you may be viewed as insensitive if your rates don't accommodate tighter budgets. Not surprisingly, some technology writers have reported a depressed market over 2003. I'm betting that they, like me, looked for ways to service their technology clients at a lower cost.
- What is the client's actual budget? Because talking about money intimidates most freelancers, many don't ask what the budget is. But as copywriting guru Bob Bly points out, if you ask what the budget is, many times the client will tell you. Now all you have to do is consider how long it will take you to do the work, and submit your bid within the budget's range (if it is indeed, a reasonable budget).
- How badly do you need the job? If you really need the job, then you're at a serious disadvantage in the negotiation process. It's tough to deal with the tension, and very tempting to come in low on price in order to get the job...and some anxiety relief.

The problem is, once you've done a job on the cheap, your client will expect the same price again. If you're faced with a situation where you really want the job, try to strike a deal where you do the first job at a discount, but all subsequent jobs are at "market rate." Position yourself as giving a one-time discount, and — this is important — get it in writing.

This may seem like a lot to do in the "preparation" phase, but there's still a few more things you should know, such as...

- Determine what you'd like to get for the job, know what the absolute minimum is that you would accept happily, and determine the price you want to start with.

In our culture (and in many others), the purchaser assumes

the seller will start high so there's room for the customary bargaining. You have an expected role to play, and if you err in the first round by coming in too low, you have nowhere to go but down, potentially putting yourself between a rock and a hard place if your client is a strong negotiator.

- Know what you're worth and be prepared to defend your position. Recently the CEO of an Australian software company balked at my hourly rate for Americanizing their marketing materials. He felt he was very knowledgeable about the price of writing because he was also the CEO of a worldwide language localization and translation company.

In order to appease him I reduced my hourly rate by \$25 Per hour. But it was still much higher than the figure he Threw out. So I explained that because I'm a direct response copywriter, his materials will become much more powerful, with new headlines and captions where ever I find room for improvement.

I explained that the work I would give him was worth more because he was getting much more than just editing and Americanizing. And to make the difference "real" to him I offered to farm the work out to another writer, for a lower rate. He quickly agreed to my rate, and we both felt good about the outcome.

## PHASE 2 OF YOUR NEGOTIATION: THE DANCE BEGINS

At some point the potential new client is going to bring up the subject of price. If not in the first conversation, surely in the second.

If you're not careful, you can make a fatal mistake at this point. Loosely throwing out a ballpark figure can come back to bite you if you don't have a real handle on the amount of work to be done. I've made this mistake and I'm sure thousands of other freelancers have too.

The best way to handle a premature discussion of money issues is to have a few stock phrases tucked away in your back pocket. With the right words you can push the subject out until you have more time to study the requirements —

and determine your role — in the project.

For instance, will you be expected to fill out a Project Brief, or will the client handle that necessity?

Will you handle creative direction, or just hand in the copy?

Is there a huge learning curve on the product? Does your client want high-level concepts or just a teaser on the envelope? Who is going to hire the designer, you or the client?

Making assumptions at this stage of the game can cost you money. You want a clear picture of the job before you start throwing out numbers.

When I want to avoid stating a dollar figure or a price range, I have a few stock phrases that work well for me. One is, "I'm not the cheapest, but I'm also not the most expensive"...and then I follow that statement with benefits I bring to that particular client.

Another statement that buys me time is, "Whatever your budget is, I'm sure we can find something that works for both of us." This reassures the client and the conversation usually moves on to another topic.

It's at this stage of the negotiation that you'll spend time "getting your arms around" the project. It pays to take your time and really think it through. By being very specific about the scope of the job, you get clear on what it is you have to do and how much you should charge. Collecting detail also helps you sell the client on your price by showing them visually, on paper, what you'll be doing for them.

For instance, consider a Fee Agreement that says "\$4,000 for one lead-generation package." That's pretty naked and the price can seem high.

Now consider a Fee Agreement that says "\$4,000 for one lead-generation package consisting of 3 concepts with rationales, one 6 x 9 envelope, one 2-page letter, one

standard brochure, one 8-1/2 x 11 order form, and offer development." Both approaches take the same amount of work, but the second approach offers a realistic picture of what the job entails...and also clarifies expectations on both sides.

## THE WAITING GAME

Once you've submitted your fee (I always do so in a formal Fee Agreement that includes contractual terms), there's often a period of silence while the client considers your offer. The bigger the project, and the higher the fee, the longer it can take to get feedback.

This is where the freelancer can go a little crazy, wondering "Did I ask for too much?"..."What's wrong? Did they decide not to do it?"...and "I blew it. They hate me. I'm dead."

Rarely is there a problem, outside of the fact that the client is taking their time. After all, you're asking them to sign a contract.

My personal threshold for waiting lasts about three working days. If I haven't heard back, I send an email asking if they received the Fee Agreement. In fact, this just happened last week.

A client I've been trying to land since January 5 had not responded to my submitted Fee Agreement. Because of the volume of work, the Agreement ran three pages (remember, be specific!).

Three days later I sent an email asking if he'd received it. It turned out he'd been sick, and he hadn't even looked at it yet.

A day later he sent requests for a few changes that I did not like. I expressed concern and we set up time for a phone meeting. In the end, he gave a little and I gave a little, and the Fee Agreement got signed.

While this negotiation took nearly one month to complete, most take only a matter of days. The important thing to

remember is to have patience when you're negotiating with a potential new client.

With a well paced, thoughtfully considered negotiation, where both parties feel their interests have been served, you have the foundation for building a lasting — and profitable — client relationship.

#### OTHER IMPORTANT STUFF:

- Send this exciting new newsletter on to your freelancer friends! THE FREELANCER'S BUSINESS BULLETIN was conceived for copywriters, but contains the same information any business freelancer can use to build their business. And it's FREE!
- Become part of the Survey Team for THE FREELANCER'S BUSINESS BULLETIN. You'll be among the first to get information on the business of freelancing that exists nowhere else! Send an email to [chris@chrismarlow.com](mailto:chris@chrismarlow.com) and put "survey" in the subject line. In the body, state what kind of business freelancing you do (e.g., "copywriter," "designer", "white paper writer.")
- Got a burning question about freelancer marketing? Send it to [chris@chrismarlow.com](mailto:chris@chrismarlow.com) and it may become a Survey topic!
- If you'd like to check out the StopWatch timesheet software I mentioned above, visit DesignSoft at <http://www.designsoft.com/products/stopwatch.html>
- Did a friend send THE FREELANCER'S BUSINESS BULLETIN to you? Get your own subscription at <http://www.chrismarlow.com>

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See you next month!

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