

week::six

Knowing What to Charge

Realities

Reality Number One

- Pricing is NOT the most important factor in the success of your business.
 - More work at a lower pay does not bring success.
- Why?
 - Too much work can lead to “creative burnout”.
 - A low-price reputation tends to attract low-end work and high-maintenance clients.

Reality Number Two

- Cost is always a factor, but for good clients with good work, it's not the ONLY factor.
- Mike says: *Compete on quality, value and fit. Negotiate on price—don't compete on it.*

Reality Number Three

- Remember that what you do doesn't cost the client money—it *makes* them money.

What affects rates?

Type of firms

- Freelance; Small or large firm; Ad agency
- Some pricing is based on the client's *perception* of size

Level of service

- Full-service vs. Freelance vs. Niche service

Quality of portfolio/experience

Equipment you own

- Your overhead costs
 - Keeping up with your overhead is sometimes called “feeding the machine”

So, What's a Good Rate?

- For starting freelancers or recent graduates, no less than \$50/hour.
 - There is no student rate.
- Market rates for established creative firms run between \$80–\$150+ an hour.
- Some approach \$200 an hour.
- The *Quick Reference* graphic is from Jessica Hische's *The Dark Art of Pricing* seminar.
- Another good reference is the *Graphic Arts Guild Handbook: Pricing & Ethical Guidelines*

Quick Reference:

Common hourly rates* based on professional experience:

5 years experience or less :	\$50-\$100/hr
5-10 years experience:	\$100-\$150/hr
10+ years experience:	\$150-350/hr+

Ownership of Work

- In the current environment for creative work (graphic and Web design in particular), clients expect to **pay** for the work you produce and **own** that work outright.
- There are always exceptions: Many photographers and illustrators negotiate usage rights contracts for their work.