PRICING FREELANCE PROJECTS

Using value realistically to know what to charge and get paid what you're worth.

Tom Hirst

Pricing Freelance Projects

Using value realistically to know what to charge and get paid what you're worth.

Everything I've learned in a decade of pricing real-world freelance work.

Tom Hirst

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Please send any questions or feedback to hello@tomhirst.com.
I'd love to hear what you think of the book!

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Synopsis

Pricing Freelance Projects is a book that I've always wanted to write.

Chance and demand accelerated its existence.

In June 2020, I wrote a Twitter thread summarising my knowledge of pricing from the perspective of a freelancer, and it went viral.

At the time of writing, it's received 37,000 likes and 11,100 retweets.

My message has been seen over 3,000,000 times by people.

The thread's content has been re-worked and re-posted around the world.

I received countless messages of thanks for sharing my condensed version of 11 years in pricing freelance work:

From freelancers, people thinking about going into freelancing, consultants, companies of one, entrepreneurs, people running small-agencies, graphic designers, illustrators, web developers, software engineers, writers, journalists, marketers, SEOs and beyond.

I'd already thought about writing a book on pricing for freelancers and this response to my thinking became the catalyst to start.

Alongside the wide-reaching positivity, the thread received questioning too.

Many people requested a level of expansion on my mindset and methods better suited to a longer-form medium.

This was the moment that I knew I had to write the book that you're reading now.

I've made it my mission to understand pricing deeply throughout my freelancing career to get paid what I'm worth.

This book contains everything that I've learned. Let's begin.

Introduction

"What would someone pay for this?".

As my much younger-self removed each Pokémon card from its protective plastic sleeve, this thought ran through my head.

My Dad and I, often with my sister in tow, would head out to car-boot sales on a weekend.

Most of the time we'd look, sometimes we'd sell.

What was first something cheap, easy and junk-freeing for the family to do, became my first business venture.

While jaunting across Yorkshire's fields searching for bargains and buying tat (more often than not), I spotted an opportunity.

The Pokémon card game was a phenomenon.

Kids in school were trading daily, playing games on their lunch hour and even using the cards as currency.

After selling a handful of "shinies" for a few pounds and swapping more for snacks, it became evident that some of these pieces of paper held greater value than others.

Now and again you'd have someone present an ultra-rare card and the whole school was wowed.

As a collector myself, I'd regularly search the internet for these cards.

The Japanese and American markets would often launch exclusives that weren't commonly available in England.

Everyone wanted them.

A Focus On Value

The Meaning Of Value

When starting, I saw things like diamonds and gold to be valuable, not necessarily my skills as a service provider.

I knew that my skills could get someone from point A to point B, but I never understood the true upward impact that I could have another person's business.

The Oxford dictionary defines value as, "The regard that something is held to deserve; the importance, worth or usefulness of something".

This definition is directly relatable to your services as a freelancer.

The "regard" in which your services are held in the eyes of your clients, advises their value.

The "importance," "worth" and/or "usefulness" of you to them professionally, advises value too.

The package that you offer around your service has a big effect on the price that you can command.

Not necessarily "the package" in terms of the additional services that you throw in to sweeten a deal, but "the package" of you; the set of complementary skills and knowledge that you, and you only, bring to the table.

From my vantage point of building websites as a freelance web developer:

Every freelance web developer's service starts with their client's idea for a website and ends with the delivery of the final product.

Alongside the quality of this final product, the things that happen before, during and after the process are what illuminate the ultimate value of your service.

Value For Freelancers

Your primary goal as a freelancer is to be a high-value service provider.

Being able to increase, maintain and detect value within project scenarios underpins this.

Increasing Baseline Value

Baseline value is the confidence that others have in you to deliver the service that you're selling.

Take a prospect who's searching for a "freelance web developer".

They need to find someone who can solve their web problem with code.

Upon finding you, they make a judgement call on whether your skills look up to the task at hand.

If your skills are obvious, your baseline value is high.

If your skills aren't clear or are notably poor, your baseline value is lower.

Your baseline value is increased by when you are perceived to have a high level of skill in your core capability.

It comes down to the trust that people have in you to get the job done.

The prospect who's looking for a web developer will view a freelancer who can present a back catalogue of websites with more trust over a freelancer who simply says they can do web development with nothing to show for it.

Concentrate on the craft and articulation of your primary competency to increase your baseline value as a freelancer:

- Continue to study your skill
- Show proof of successful work

Value For Clients

After running my freelance business for a few years, I was started to hire additional help to increase my capacity.

When someone came to me for the design and build of a website, I would bring on board a trusted design partner to collaborate with.

These situations gave me vital insight into the freelancer and client relationship from the side I wasn't used to being on.

It's helped me to understand what value means for clients as well as what it means for freelancers.

My experience of hiring freelancers myself enabled me to understand pricing based on value with greater empathy.

In many service industries, you'll come across two common types of buyer:

The first wants the job done as cheaply as possible as they can't see how one service provider could do a better job than the next.

The second wants a job well done, doesn't use cost as their primary decision making metric and understands that some service providers may offer them more value than others.

J. Smith wants a gardener who can cut their grass for the lowest price.

J. Doe wants a gardener who can cut their grass well at a price that they feel is reasonable for the quality of service provided and the amount of time it will look good for.

The latter scenario is where higher value engagements are formed because the worth of the work is under greater consideration.

Business Outcomes

Pricing Methodologies For Freelancers

In this chapter I'll explain each of the methodologies that I've used to price freelance projects throughout my career and how I utilised them with value in mind during real-world engagements.

Hourly Billing

Hourly billing, "billing by the hour" and "hourly rate" are common terms for the same pricing methodology.

When using this method to price work as a freelancer, an hour of your time has a price attached to it, for example, £50.

How It Works

When a prospect approaches you for freelance work, they'll ask you to present an hourly rate.

If you find a request for freelance work online with hourly compensation, the budget rate will commonly be included or discovered soon after registering interest.

Upon reaching an agreement with a prospect that you'll work for them, by the hour, incrementally, at a set rate, on the tasks that they specify, they become your client and work starts.

There is usually no long-term enforceable commitment from either party.

It is then your responsibility as a freelancer to track the hours that you've worked for the client and provide a brief description of what exactly was done during each hour.

Clients usually request that freelancers estimate tasks before they start working on them. This helps clients to determine the priority of tasks in line with the

Beyond The Method

When pricing freelance projects some things apply across whichever pricing methodology you're using.

Because you need to understand pricing deeply to be most effective, you have to appreciate what goes on beyond the method.

Your Bottom Line

Your bottom line in a freelance sense is the minimum amount that you need to receive for your services to be able to live off of the money retained.

This is important to know because if you give a price for a project that's going to cost you more than it'll make you, you're going to go out of business fast.

Some freelancers use their bottom line to help them work out how to price:

"If my monthly outgoings and expenses total £2,500, that's what I *need* to make."

With this mindset in place, you become anchored to your bottom line amount as opposed to the amount that the value you're providing could achieve.

Here's an equation:

Project price - Project costs = Project price retained

Project costs include things like:

- Software services purchased to assist completion
- Outsourced work purchased to assist completion
- Physical tools purchased to assist completion
- Tax payable

The resulting figure is the net income made from the project.

Getting Paid What You're Worth

Justifying Your Price

The first step towards price justification is justifying your price with yourself.

Many freelancers feel that their service can't be worth any more to someone than the cheapest alternative they might find elsewhere.

This is why freelancing with a value mindset is so important.

When you're clear yourself regarding the level of value that you can offer, it makes this easier to convey to your clients.

Questions to ask yourself for price justification:

- Can I deliver an appropriate level of value for the price being asked?
- Does my baseline value mean that I can produce a quality result here?
- What differential value do I bring to the table?
- Am I adding any value for the price given?
- Could I sell this work for this price to another client relatively easily?
- Are there other people waiting to hire me?

Items to present to clients for price justification:

- Potential tangible economic increases as a direct result of hiring you
- The experience that you have in your field
- The proven track record that you have of producing similar work
- The differential value that you bring to the table
- Social proof relaying experiences of high quality service delivered by you

Remember that price is personal and individuality holds value.

When one client feels that your price isn't value for money, another one will.

Credibility