

Maria Piscopo



Pricing Your Creative Services

Pricing creative services is something many freelancers approach with fear, doubt and some anxiety. After all, you are not pulling products down off a shelf and handing them over. Not only are you creating what they need, you are also selling it. You have overhead, equipment, experience and personal expertise that must be factored in because they can't always be immediately seen by clients—especially new clients. Everything you say about pricing at the beginning of a new client relationship will be carved in stone and very difficult to change later. The first conversation about price

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—Peleg Top

sets the stage. Improving your dialogue about pricing will make you money and keep you in business. It is time for an upgrade. To develop a clear strategy and solid tips to get it right from the beginning, we talked with Peleg Top, founder and principal of Top Design (www.topdesign.com). After fifteen years in the business, Peleg has grown his company into one of the leading design firms in Los Angeles. Though they have had many different types of clients, today they specialize in marketing and brand development for nonprofits and corporate philanthropy. In addition, and as a way of giving back for all he's gained from the design industry, in 2004 he co-founded Marketing-Mentor (www.marketing-mentor.com) with his business partner Ilise Benun to teach "creative solopreneurs"—their term for designers, illustrators, photographers and writers looking to market and promote their work.

Let's start at the very beginning. How do you know what to charge for a project? Peleg takes you through his process, "The first step is figuring out my life's overhead. How much do I need to bring in a year? Be realistic! Then I can proceed to calculate my true hourly rate. I know how much I must charge so I can figure out how much I should charge. Having a good idea of what the 'must charge' is allows me to have a

minimum fee to start with. Then based on estimating the amount of hours it takes to do the project, I calculate the hours by the hourly rate and get a project 'fee' number to start with. Most of the time the number that I will provide the client will be much higher and based on the value of the project. I never give an estimate that is hourly based; the hours are used for budgeting purposes only. The idea is that the faster and more efficient I am on a project, the higher my profit margin. It may take me only ten hours to complete a project but I will never charge for ten hours as that would devalue the work. The higher value number that I will charge the client comes from being well positioned in what I do. Clients don't generally question our fees because they know they are getting expert work."

Regarding getting a client's budget, sometimes you feel that you need dancing lessons just to keep up with the way some clients whirl around this question. Freelancers find it hard to bring up the question, but you must find a way to get that information before starting a project. Peleg handles the situation professionally but with a soft-sell approach and offers some advice about voice control, "I generally start the conversation in a casual way that shows that I am relaxed and confident talking about money. I often hear designers voices flutter when they start talking about money. That only tells the client that you are not sure of your worth or what you base your fees on. So suck it up and pretend like you are confident! What I simply say is: 'OK, let's talk about money.' That opens up the door to the discussion and brings you to that playing field."

Note his use of the partnership-making phrasing of this question, "Let's talk." Peleg also feels your specific language and the words you choose are critical here, "The next question that I usually ask is, 'What kind of budget did you allocate for this project?' Notice that I didn't ask, 'What's your budget?' If I did that then the client simply hears 'How much money do you have for me to take?' and the client is probably thinking: 'If I tell him how much money I have to spend, he will probably take it all!' Positioning the question in this manner implies that we assume the client did their homework and came ready with a number in mind."

Of course that is not always the case so

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you should be prepared to negotiate. Peleg explains, "My negotiation process starts the moment money is brought into the conversation, so it's important that every question I ask is strategic and that I learn to listen for answers between the lines. The technique that works often is when I ask, 'What will you be comfortable spending? As little as \$5,000, as much as \$15,000 or up to \$30,000?' Giving the client three numbers in this range (low, medium and high) generally makes it easy for the client to give you an idea of where they fall within that range. That's what you ultimately want to get out of the conversation, a range they are comfortable with. One of those numbers will either hit a hot button, which will result in a reaction, or the client will tell you which number they are most comfortable with."

What about the client that finds your price range still too high or has unrealistically low price expectations? It is important to recognize that there are clients that not only do not know what really is involved to complete a design project; they also may simply be inexperienced with the value in working with a creative services firm. Here's how Peleg handles this delicate and all-too-common situation, "I would ask the client what they are basing their budget on and let them know that, in my experience, it's not possible to complete a project of this scope for this (low) number. My general rule is if they want to pay less, they get less. And sometimes it's OK to walk away from a project if it's not a good financial fit. Saying 'No' is OK. It actually positions you to look more desirable."

He also describes a successful negotiation, "The most successful negotiation is always where both parties feel like they are getting what they want in a fair way. We all negotiate on a regular basis, not only with clients, but also with our spouse, our kids, our employees, our vendors. So in order for the negotiation to be a success we start the process keeping both parties in mind. The most successful negotiation is when there is the least amount of back and forth on getting what you want!"

Finally I asked him to focus on one important lesson to remember about pricing your creative services, "Every project will have different costs depending on who is doing it. During my marketing and pricing workshops, we go through the process of pricing a project and we always get a different number from everyone in the room. There is never a standard price across the board. And that's OK. Every designer brings different skills to the table and everyone has different financial needs. At the end of the day, the ones who get the project with the highest fees are the ones who are well-positioned and who are specialized in the client's industry or the product they are producing. I teach my mentoring business clients to get rich in a niche, and that's a good place to be!" ☺

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