

# MODULE #5: WHAT TO CHARGE AND HOW TO WORK

## IN THIS MODULE:

This week, we'll be digging into the key parameters of your freelancing business – including the tricky question of what to charge, how to price your services, and how to receive money. We'll also look at issues like the hours you work, the way your business is set up and more.

Even if you've not yet set up your website or gathered any past experience and testimonials, you can work through the materials here. We're going to be looking at how you run your business itself: depending on your past experience, this might seem quite straightforward or it might all feel very new.

As usual, we'll take everything a step at a time – and you can always come over to the Facebook group if you get stuck or have questions at any point.

Before we start digging deep into issues like “what to charge”, I wanted to address some worries that might be cropping up for you by this point. Because pretty much every freelancer has, at some point, felt anxious that they're not good enough.

## It's Normal to Have Doubts

Perhaps when you saw the title of this module, you started to think things like:

- I'm not ready to start charging yet!
- I'm not good enough to charge for my writing.
- No one will want to pay me anyway.
- I can't start a business, there's just too much to deal with.
- If I do get a client, I'll mess it up somehow.
- I've been paid for my writing in the past, but that was just a fluke.

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These fears are normal and common. They are no reflection whatsoever on your actual abilities as a writer and a freelancer.

Freelancers at all levels worry about not being good enough, or not “deserving” their pay. To be honest, even after ten years of freelance writing, I still have days when I feel that what I’m doing seems a bit like spinning straw into gold – I tap away at the keyboard, and I get paid for it! It’s exciting but sometimes that little voice is still there at the back of my head, asking “how can you charge *that much* for *this*?”

So if you’re hoping that, a few weeks or months into freelancing, you’ll never doubt yourself again ... I’m sorry to say that might not be the case! **The good news is that doubts don’t have to cripple you.**

Most freelancers will confess to having had some or all of the same worries you have – and yet they managed to prove their doubts wrong and build a successful business.

**Of course, if you’re feeling unruffled and confident, that’s absolutely fine too!** You’ve probably got the ability to assess your work objectively: to see that, while it may not be absolutely perfect, it’s of real value to your clients.

If you are struggling with doubts, please do come and share in our Facebook group. No-one’s going to laugh at you (I’m sure we’ve all had similar worries, at one point or another), but hopefully we can inject a bit of realism and hope!

Here are a couple of things to keep in mind as you work through the rest of this module:

- **Once you do get paid, it’s incredibly validating.** And once you’ve been paid by more than one client, it’s more so: clearly it wasn’t just a fluke! People wouldn’t hire you and pay you if you weren’t a good writer.
- **We’re often very hard on ourselves, perhaps even holding ourselves to an impossible standard.** If you’re questioning your abilities, ask yourself what you’d say to a friend who had the exact same qualifications, experience, and skills as you.

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## Setting Up the Legal Side of Things

Before we go too much further with the course, it's important that we address the legalities of freelancing. As a freelancer, you'll need to pay taxes – and that means registering with your government in an appropriate way.

**Very important disclaimer: I'm in no way qualified to give legal advice! I'll be telling you about my experience here as a freelancer in the UK. How you do things may well be different based on your own preferences and your home country.**

It's important that you do register your business in an appropriate way for your country, ideally before you start making (much) money freelancing.

In the UK, a freelancer could set up their business as:

- Sole trader
- Limited company
- Business partnership (*if starting a business with one or more other people*)

I went with the simplest option for Aliventures – I'm registered as a "sole trader", which just means I'm self-employed. I pay personal rather than business tax on my income, and file taxes annually. I don't need to prepare accounts (beyond the ones I use for my own purposes) or get anything audited. **I'd recommend this as the simplest option for other UK freelancers.**

The US equivalent of being a sole trader is called "sole proprietorship". If you're in the US, you'll also need to get the appropriate licenses and permits for your state. If you want to trade under a business name, you'll need to complete a "doing business as" form. I've included some links in the resources

Here in the UK, you have until October 5<sup>th</sup> in your business's second tax year before you *have* to register (i.e. you won't get a fine if you register before then). However, the government recommends registering as soon as possible, and there's no reason to put it off.

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## Things to Keep In Mind When You're Starting Out

These are my views, and other freelancers might have different opinions. But I feel that, when you're just getting started:

- **You don't need to hire an accountant.** Go with the simplest appropriate option in your country, and register yourself. You can always phone the appropriate contact (e.g. your local tax office) and get help and guidance if you need it. Here in the UK, the HMRC are surprisingly helpful!
- **You do need to keep sensible records** – like copies of your invoices, and details about whether or not they were paid. I'd strongly recommend setting up a PayPal account and bank account that you *only* use for business transactions. (We're going to come onto that later in this module.)
- **You shouldn't panic about needing to fill in forms.** Plenty of people in your country are successfully self-employed – and some of them may really struggle with writing. You're a writer! You can get those forms filled in: they'll probably be much more straightforward than you imagine. These days, it's likely that everything you need to fill in can be done online.
- **You should put money aside from tax as soon as you start earning.** Otherwise, paying your tax bill can be a major stress (every January and July in the UK, quarterly in the US) – so make sure you're prepared well in advance.

While this might sound a bit obvious, do make sure you're aware of how tax works in your country – and have a good grasp on what you'll have to pay when.

I've heard a few real horror stories about freelancers and tax – like one freelancer who thought that she didn't have to pay tax for the first five years of being in business. (Needless to say, she did!) I'm sure you're considerably more clued up than that, but do look online for a guide to how tax works for self-employed people in your country.

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If you're stuck or unsure how to move forward, please do come into the Facebook group – while my own experience is only within the UK, we have members from the USA and Australia too, who may be able to help point you in the right direction.

## Making Sure You Can Easily Get Paid

As soon as you have paying clients, you'll need an easy way for them to actually pay you. I've had a few personal clients pay by cheque, but the vast majority of my clients pay either by bank transfer or by PayPal.

When I started out freelancing, I used my personal PayPal account and personal bank account. You could do that too ... but it can be problematic because you end up with all your personal expenses muddled in with your business ones.

I'd suggest that you:

**Set up a new bank account that you use for business income and business expenses.** I use Smile (an online-only bank in the UK) for this. Note: you probably don't need an account that's labelled as a "business account". A normal current / checking account should be fine.

Unless you rarely use PayPal for personal expenses, **set up a new PayPal account and link it to your new bank account.** This lets you keep personal purchases separate from business ones. I'd suggest creating a "Business" account for this (it doesn't cost you anything, and it allows clients to pay by credit card if they want to).

You can withdraw money from your accounts whenever you like, but by channelling all your income and expenditure through them, you'll make it much easier to keep track of things and to sort out your taxes.

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## Do You Need a Standard Contract?

One of the things I worried about when I started was whether I should get clients to sign a contract or not, whether I should ask for half the money up front, and so on.

As it's happened, I've mostly taken on gigs with clients who I've already got to know (through guest posting or mutual contacts). I've been comfortable with just getting payment details in writing by email, only signing contracts if the client wants to do so.

**In ten years, I've had exactly *one* client who didn't pay in full** (one of the very few who I didn't know at all before I started doing paid work for them), and I've never had any significant issues with clients' expectations not matching mine.

If you do prefer to use a contract, though, you could:

- Consider asking each client if they have a standard contract for this type of work. If they're a business client, they may well do. (If they're, say, a first-time author, they probably won't.)
- Use a template contract – there are plenty online – and modify to suit you. This "[Letter of Agreement](#)" could work fine if you don't want anything too formal, or freelancer Dan Mattia [supplies his sample contract online](#) here.

If you're not using a contract, do make sure you have things in writing. Here's an email you could use: modify it to suit you, your client, and your job.

To make sure we're both on the same page, here's what I'll be delivering:

A weekly blog post of approx. 800 words.

Replies to comments, where appropriate, within 24 (working) hours, for a week after the post goes live.

I'll invoice you at the end of each month for posts written during that month (regardless of when they're published), and payment is due within 30 days.

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Once a post is paid for, you can republish it as you please, and I will never use it elsewhere. Please keep my name on the post, though, unless we agree otherwise.

Any questions, just let me know.

## How to Send an Invoice

Many of my clients are happy with a PayPal payment request rather than a more formal invoice. One of them doesn't even ask for that: he just sends my pay monthly.

Of course, not all clients will use PayPal, and those who pay by cheque or bank statement, or those who pay me an hourly rate and need a timesheet, get an invoice.

[Here's my invoice template](#) (Word 2007 document) – it's basically unchanged since I started freelancing six years ago. Feel free to use and modify it however you like.

I used to type details of work done and time spent directly into the invoice, and add up the time with a calculator. That rapidly became a pain! Now, I just keep a spreadsheet for each client with the details, and copy that into their invoice. [Here's a version you can use](#) (Excel document).

## When to Send Your Invoice

I send out invoices at the start of the month, normally on the first Monday, for work done the previous month. If it's been a particularly slow month for a specific client (e.g. they only needed one blog post), I don't bother invoicing them that month – I just add the work to their next invoice.

If you're generally working on bigger projects, just send the invoice when you turn in the final part or revision.

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## How Much Should You Charge?

This is a question that many freelance writers and editors *agonise* over. Sometimes, your client will have a set rate they pay – e.g. \$50 for a 800 word blog post – but quite often, they'll ask what you charge.

This can be a real conundrum. Ask too little, and you're missing out on money they'd have been happy to pay. Ask too much, and you won't get the job. (And if you ask *way* too little, that can raise doubts about your abilities.)

It also doesn't help that:

Most freelancers don't put their rates on their sites – so you can't easily find out what other people are charging.

Many advertised freelancing gigs are at very low pay rates (the better paid ones don't tend to ever get advertised) – this can give you a skewed idea of what's "normal" in the industry.

**I can't tell you what every single freelancer out there charges, but I can give you some idea of what I've successfully charged over the years.**

When I started out freelancing at the very start of 2008, I was being paid \$20 per post. That didn't last long: within a few months, I was up to \$40 per blog post. (E post took me about an hour.) I gradually increased my rate – and these days, I charge \$70 per post.

To set your own rates, you might think about:

What's the minimum wage in your country? You should charge *at least* twice this per hour, because a lot of your work hours will be taken up with admin (emails, etc) and marketing (blogging, social media) rather than paying work.

In the UK, for instance, the minimum wage (outside London) is £7.83. That means charging at least £15.66 per hour (\$20.61).

But you should see this as an *absolute* minimum. Most freelancers charge far more, and you could ask for at least \$30/hour or more even if you're only just



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starting out. You'd want to look at getting that up to \$40-\$50/hour within your first few months, too.

## Should You Quote a Price Per Hour or Per Project?

When a client asks "what do you charge", you have two potential ways of answering them:

- "I charge \$50/hour." (Your "per hour" rate.)
- "I charge \$50 for a 800 word blog post." (Your "per project" rate.)

There is loads of advice out there on the internet on how to price, and the general consensus is that pricing per project is best, because:

- **You'll probably get faster at freelance writing as you do more of it** – meaning you'll make more money for every hour you spend on your client's projects (without having to raise your rates).
- **Clients like to know exactly what they'll be paying for a specific result** – they don't really care how many hours it took you!

There are some drawbacks to pricing per project, though. Mainly:

- **It can be very tricky to estimate how long something will take**, especially when you're starting out. So that project you think will take 10 hours might end up taking 20 – and you'll be making much less per hour than you planned.
- **You might be working with clients who have quite varied needs.** For instance, maybe (like one client of mine) they want a weekly phone call, short daily blog posts, and regular social media updates. Having them on an hourly rate probably makes most sense here, as then they can see exactly where your time is going.

So my advice is to have an hourly rate in mind, but to quote a project rate where applicable (for work that's regular and generally takes roughly the same amount of time, like blog posts, or for work that's clearly defined in scope up-front, like editing someone's novel).

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To get better at estimating how long projects take you, keep track of exactly how long you spend on (e.g.) writing a blog post. Include things like the time spent coming up with ideas, planning, sourcing an image (if needed) ... not just the writing time.

## Should You Include Your Rates on Your Website?

**Many freelancers don't mention what they charge on their website – and there can be a variety of reasons for this.** Sometimes, they're worried that their rates might put off potential clients (but that once someone's in touch, they'll be more willing to pay).

Often, though, it's because they want the flexibility to vary their rates based on what exactly a client needs. If the client is clearly going to be quite high-maintenance, for instance, they might up their rate accordingly!

I think it's a good idea to give at least an indication of your rate on your website (e.g. "my standard rate is \$70 for a blog post of up to 1,000 words") as frankly, there's no point you wasting your own time with people contacting you who are only willing to pay \$10 for a blog post.

If you're offering editing services, it's quite normal to give a range rather than a precise number – as some manuscripts will need a lot more editing than others! You might want to write something like "I typically charge \$1,000 - \$1,500 for a full-length novel manuscript". Ask for a sample of the work before providing a more precise quote: that should give you an idea of what you're taking on.

## Setting the Parameters of Your Business

Most freelancers begin freelancing around other responsibilities, whether that's a day job, academic studies, or caring for small children. So, it's perfectly normal not to be available at your desk from 9 – 5 every day.

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It's useful for both you and your clients if you have a clear idea of the hours you work, though. Maybe you have the mornings free while your youngest is in preschool, for instance, or maybe you check emails each evening.

You definitely don't need to tell your clients every detail of your schedule, but it's often helpful to be able to say things like:

- "I'll get back to you by the end of Thursday."
- "I'm available to talk on the phone on Tuesday or Wednesday morning. Let me know what time would suit you."
- "I'll have the first 10,000 words to you for review by the end of next week."

To be able to make these promises with confidence, you need to have set hours when you're able to work. Plus, it's all too easy for freelancing to end up taking over every bit of your day if you don't have fixed hours for it – leading to overwhelm and burnout.

When you're setting your schedule, you might need to think about what would be *ideal* and what would be the *minimum* you need in terms of working time.

I'd highly recommend that you:

- **Don't** cut back on sleep to freelance. You might want to shift your sleeping time (e.g. some people find that going to bed early and getting up early to write works for them) – but don't try to manage on less sleep than you need.
- **Do** talk to your spouse / family members about your schedule. Get them on board. In our family, we find it's easiest to have our working/childcare schedules on the fridge, so we always know who's doing what when!
- **Don't** expect everything to go perfectly. Allow some spare time each week where you can catch up if you missed an earlier freelancing session. If you're starting on a new schedule, allow a couple of weeks for you (and your family members, if applicable) to get into the swing of it.

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- **Do** think about the times of day when you're at your best (or not)! I try to keep evenings clear of any work-related writing so I can use that time to relax – I'm much more focused in the mornings.

I know there's been quite a lot to take in this week, and perhaps some tricky decisions to make. If you get stuck, do come over to the Facebook group and ask for help:

[facebook.com/groups/startfreelancing2018](https://www.facebook.com/groups/startfreelancing2018)

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## Your Module #5 Assignment

### ASSIGNMENT

Your assignment this week is in four parts. You can tackle as many of them as you want:

#1: Look into how to register your freelancing business appropriately in your country. Pick an option (I'd go with the simplest – e.g. sole trader / sole proprietor) and fill in the appropriate forms.

#2: Set up a new bank account and/or a new PayPal account for your freelancing.

#3: Decide on what you're going to charge per hour (and come up with a corresponding per-project rate, if you already know the types of projects you'll be working on).

#4: Figure out set hours for your freelancing work, so that it can fit around the other demands of your life.

Once you've completed as many of these as you want, come and "check in" on Facebook and you'll get your reward stamp for Week 5. If you're willing to, please tell us what you did and how you got on.

[facebook.com/groups/startfreelancing2018/learning\\_content/?filter=407288876470582](https://www.facebook.com/groups/startfreelancing2018/learning_content/?filter=407288876470582)

If you prefer not to use Facebook, you can email me ([ali@aliventures.com](mailto:ali@aliventures.com)) with "Module #5 check in" or similar in the subject line.

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## Module #5: Further Reading

*All of the further reading is optional, but if you want to find out more about something we've covered, it's highly recommended! If you find other useful resources, you're very welcome to share them in our Facebook group.*

### **Working for yourself, Government guidance (UK)**

This straightforward webpage, plus the links in the page and on the right hand side, explain what constitutes self-employment, how to register as a sole trader, and more.

### **Self-Employed Individuals Tax Center, Government guidance (USA)**

This page explains what tax you need to pay (including "self-employment tax") and how to file your annual return and make your quarterly payments.

### **Working as a contractor, Government guidance (Australia)**

This page is a very brief introduction, but it includes lots of useful links to information on getting an ABN and understanding your tax and super obligations.

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## What's Coming Up Next Week:

Well done on reaching the end of this week's module. Remember, if you have questions at any point, please do ask in our Facebook group. If it's something you'd prefer to discuss privately, you can send me a message via the Facebook group or you can email me at [ali@aliventures.com](mailto:ali@aliventures.com).

Here's what to expect in our final module, Module 6:

### MODULE 6:

Next week, from Monday 19<sup>th</sup> November, we'll be looking at where exactly to find writing gigs (and some red flags to watch out for). As well as looking at good online sources of leads, we'll also cover other ways to get writing gigs, and the pros and cons of each.

We'll cover the process of pitching editors – with templates and real-life examples to help you – and we'll also look at how to keep a relationship going after you've had a pitch accepted.