



When not to cut your fee E6c-1

Ed Gandia: Hi, everyone. Ed Gandia here with International Freelancers Academy. I want to share with you an experience I had a couple of years ago when I was courting a large project for a new client. After a few conversations with this client, including an in-person meeting, my proposal for the work was up to \$12,500 and started much lower at about \$6000 for a web copywriting project.

But after getting my original proposal which they were fine with, the client decided they wanted to add a few brochures to the project. And they also figured this might be a good time to have a case study drafted. Of course, this is all music to my ears until I tallied up the numbers and saw the final figure of \$12,500. And I started to worry that we were now in a dangerous territory even though the fees I was quoting were very fair, because it's one thing to approve a \$6000 project. But \$12,500 is another animal.

And since it was a new client and we haven't worked together before, I was just nervous that we might not be getting the attention of people outside of the marketing department, including people who might not know what professional great copy in marketing consulting goes for these days. And frankly, I was afraid that some of these people would only remember the fact that my original quote was for \$6000 and here I was going up to more than twice that amount, never mind the fact that the scope of work had grown dramatically.





When not to cut your fee E6c-1

So my mind was just racing 100 miles an hour. And I started asking myself questions like, “Will I scare the prospect away? Will they be turned off when they see my quote? What if they put the project on hold or goes somewhere else to get additional estimates?” So what did I do? Well before even sending out the proposal or getting any indication from the prospect that this price range was out of line, I began to cut my fee. I trimmed wherever I could. And I justified it with, “Hey, we’re in a recession. We all have to make some sacrifices to win some work and win some projects.”

Fortunately, I never sent out this bargain basement a proposal. Instead I just put it away and I slept on it. I decided to wait until the next day. And I’m glad I did, because that very next day I realized the mistake that I had made. I had cut my fee based out of fear. And as a result, my total fee for the project was much lower than it should have been. It was actually significantly lower than what others charge for the same work even in this economy.

So I brought up my numbers back to where they should be. I emailed the proposal and followed up with the client a few hours later. And his response was very direct. All he said was, “Looks good, Ed. When can you start?” In fact that’s me on the left shaking hands with my client after we had agreed to move forward with the project. So very, very happy moment for me. So I don’t need to tell you what a relief that was to hear those words.





When not to cut your fee E6c-1

Here's basically what I learned that day and here's what I want to make sure you walk away with today. Number one. Take the emotion out of the quoting process. So when quoting work, base your fees on what the project is worth, not some flaky, "I think this might scare them off" approach that guilt you into quoting below market fees. And besides who are you to judge what the client is able to spend. Quote what it's worth and you'll always sleep well.

In my example with this new client, something I didn't know at the time is that the company had approved \$150,000 for this website and content refresh. And my fees were actually well within the client's copywriting budget. So all that worrying was completely unnecessary.

Number two. It's not your fault that the client wants more work done. So the reason this proposal doubled in value was that the prospect added to the scope. It had nothing to do with me and frankly no reasonable person would expect you to do twice the work for just a few dollars more.

Finally, it pays to develop a consistent way of pricing your work. That way you're always consistent. You're always fair. And you don't make pricing decisions solely on fear. Also





When not to cut your fee E6c-1

by having a consistent process, you'll be able to explain how you arrived at your fees should the client have any questions about them.

Okay. So I have an assignment for you. Go back to the last two or three proposals you sent out and ask yourself, how big a part did fear play in my decision to quote that fee? Fear that the client would balk at the price or fear that the client would feel taken advantage of. And be honest with yourself when you ask yourself these questions.

Next, how could you change your quoting process so that you introduce one or two more objective variables or filter into your process? One great way to do this is to develop and using master fee schedule, which is simply a list of the most common services you provide and what a fee range for each of those services.

We'll talk more about master fee schedules in upcoming training episodes. But one great benefit of using them early in the quotation process is that they introduce a very objective filter when pricing at your work. So for instance, if you're a writer and you know that most of the white papers you write will run between say \$3000 to \$6000, then you immediately have a starting point when quoting your next white paper project. That's the objective part of your process. Where exactly in that range your next quote falls depends on a number of variables, some of which will be fairly objective and others which would be more subjective and based on emotional factors.





When not to cut your fee E6c-1

So again take a look at your quoting process and see if you can introduce at least one objective measure or filter that will help you keep your pricing in check and ensure that you quote the fees that are worthy of the value that you bring to the project.

This has been Ed Gandia with International Freelancers Academy. Have an awesome day.

[END OF TRANSCRIPT]

