

Pricing Strategies for Freelance Medical Writers

by Laurie Lewis

Adapted from an article printed in the AMWA Journal, Vol 14, No. 2, 1999.

All freelancers have qualms about pricing. For those who recently took the plunge into self-employment, pricing anxiety accompanies practically every new assignment. Even seasoned freelancers experience uncertainties about their fees from time to time.

At its simplest, the pricing decision consists of two specific questions: What method of pricing should you use? What dollar rate should you assess? Beyond these two basic questions, which must be answered for every job, lurk other concerns. Are you asking enough for this particular assignment? Will you lose the job if you ask for more? Can you charge client A top dollar, because you know the corporate pockets are deep? If you charge client B, a small nonprofit operation, less than your usual rate, will you set a bad precedent? How often can you raise your rates? By how much?

Selecting the Best Pricing Method

Freelance writers have many options in pricing. The most common methods are to assess a flat fee or project rate, to charge by the hour, to work for a per diem rate, to arrange a retainer, or to be paid by the word or page. Most writers use several of these methods, each method having advantages and disadvantages, depending on the particular assignment, the freelancer's working style, and the idiosyncrasies of the client.

Project rate — A project rate can be the best choice or the worst choice for the freelancer. With project rates, you have to commit in advance to a fee, often before you know much about the job. If you set the rate high enough to cover all unforeseen disasters, the result can be more than satisfactory. On the other hand, if you agree to do a job for a flat fee and the project becomes bigger or more complicated than you were led to believe, the result can be horrendous.

Hourly rate — When you don't know enough about a job to set a reasonable project rate, an hourly fee may be the best pricing strategy. That way, if the assignment ends up taking 30 hours instead of the 20 that the client anticipated, you will get paid for all your labor. Also, hourly fees may be the best approach for freelancers who operate at a slow pace.

Per diem — Some freelancers like to charge a fixed rate per day, but I generally shun this method of pricing. The problem with a per diem arrangement is that the freelancer and the consultant have to agree on the definition of "day." Is it an 8-hour work day? Or 24 hours? Or until the job is done? The one time I think a per diem method of pay makes sense is for meetings, especially out-of-town affairs. Traveling takes time, and these are hours that might otherwise be billable. A per diem rate allows for compensation when attending meetings, for example, or when sharing a cab with a client.

Pricing Strategies for Freelance MWs

Retainer — A retainer works best if the freelancer does the same work in each payment cycle, whether that is defined by a period of time (such as a monthly retainer) or by a project (like an issue of a newsletter). Retainers can be poor arrangements if the work is unpredictable or if the client expects the freelancer to be available on demand, regardless of other commitments.

Page and word rates — Unlike many other methods of payment, the freelancer rarely sets the page or word rate; it is dictated by the client. The main caveat regarding the page-rate method, surprisingly, is the definition of “page.” Most writers assume that it is a double-spaced typed page, which usually translates in the US into 250 words. The client, though, may have another definition in mind: a single-spaced typed page (which means twice as many words), a double-spaced page typed in a small font with narrow margins (which may squeeze 350 to 600 words into a page), or a typeset page (even more words). If you agree to work at a page rate—or any other rate—that the client sets, be sure you are speaking the same language.

Narrowing Down the Going Rate

Whether you decide to bill by the project, hour, day, or some other method, you still need to determine exactly what rate to charge. In all probability, you will want to charge within the range of rates earned by your colleagues. If you ask much more, the client will probably look for another freelancer. If you ask much less than the going rate, the client will likely think you are not a professional and, again, will seek help elsewhere.

There are two ways to learn what the market will bear: ask the client, and ask the competition.

There are two ways to learn what the market will bear: ask the client, and ask the competition. Clients can be surprisingly reticent to reveal what they expect to pay for a job. They often insist that the freelancer suggest a price, hoping to save a buck or two if the figure is less than the budget. You may find it easier to learn the going rate from your colleagues. Get to know other EMWA members so you'll feel comfortable calling them for pricing advice. Also, encourage group surveys to use as starting points.

The last nationwide AMWA survey of freelance rates was part of the 1994 AMWA Salary Survey (see the *AMWA Journal*, vol. 10, no. 2, 1995). This survey assessed rates earned in 1993, so it is now quite dated. The results of the survey were presented in terms of hourly rates. The mean hourly rate reported by the 95 writers was \$64.50; the median was \$54.50. Rates were considerably lower for the 86 AMWA members who placed themselves in the “writing and editing” category: a mean of \$45.90 and a median of \$43.60.

In the spring of 1996, the New York AMWA chapter conducted an informal freelance rates survey, to which 40 members responded. Most often, hourly rates for writing ran between \$60 and \$70 (full range: \$25-\$125), while fees for editing centered around \$45 to \$50. The survey also collected information on project fees earned for the types of work we typically do. As shown in the following table, the rates reported by New York freelancers varied widely, even for pharmaceutical-sponsored work. (Anyone who

The Write Stuff

Pricing Strategies for Freelance MWs

has been in this business more than a month knows that drug companies and their agencies pay a lot more than book and journal publishers.)

The Write Stuff

Pricing Strategies for Freelance MWs

Project Rates Reported by AMWA-NY Members in 1996 for Pharmaceutical-Sponsored Writing

| Project | All Responses* | Most Common Rates* |
|------------------------------|-----------------------|---------------------------|
| Journal article | \$1,200-10,000 (22) | \$2,000-4,000 (12) |
| Monograph (40 ms pages) | \$1,500-25,000 (19) | \$4,000-6,000 (10) |
| Slide kit (20 slides) | \$1,000-10,000 (17) | \$2,000-2,500 (12) |
| Review article | \$1,500-15,000 (16) | \$2,500-4,500 (8) |
| Newsletter (8 printed pages) | \$1,000-8,000 (13) | \$2,000-3,500 (7) |
| Video script (20 minutes) | \$2,500-7,500 (10) | \$3,000-5,000 (6) |

*In the All Responses column, the number in parentheses is the number of writers reporting fees for this type of project. In the Most Common Rates column, the number in parentheses is number of writers reporting fees within this range.

This spread should convince freelancers that the notion of a “right fee” is a myth. The right fee is whatever you can get.

The Only Rules for Pricing

If fee-setting seems to have no bounds, rest assured that a few rules do exist. I limit the rules to two, both of which involve the same principle: Think before you talk to the client. I can't take credit for the first rule. It is advice that I heard the first time I ever attended a meeting of freelancers and wisdom I've heard repeatedly since. This principle has saved me (a notorious low-baller) on numerous occasions. *Rule no. 1: Never quote a price on the spot. Get as much information as you can about a job. Then take time to assess the project thoroughly and calculate the best rate.*

The second rule of pricing almost could be considered an extension of the first rule. I distinguish them only to emphasize the time period that should separate the conversations between client and freelancer. Rule no. 1 warns the freelancer not to answer impetuously when the client first inquires about the fee; rule no. 2 cautions against a rash reaction when the client responds to the bid. Rule no. 2: Before quoting a fee, determine the lowest acceptable rate—and the concessions you want if you have to go that low. Never agree to work for less than you know a job is worth and your services merit. Do not regret losing a job that pays less than it is worth.

You have much to do between your initial conversations with the client and presentation of a bid. What you do during this period will affect your pricing success. You won't receive financial compensation for this work, but you will be rewarded in the long run by obtaining the best possible fee for the job at hand.

***The right fee is whatever
you can get.***

Begin by reviewing everything the client told you about the job. Based on your experience, you will probably come up with a list of points that the client failed to mention. Consider the merits of different pricing strategies (e.g., hourly rate, project fee) for the particular job. Talk to other freelancers about the going rate for this type of job from this type of client. Then, based on all the information that you have garnered, calculate the fee. Use several methods, if possible, to arrive at the best price. Once you've figured out

The Write Stuff

Pricing Strategies for Freelance MWs

what you want, consider how low you are willing to go if the client won't meet your price. Decide what concessions you would like if you can't get top dollar: more time, for

Pricing Strategies for Freelance MWs

example, or asking the client to assume responsibility for part of the job (such as incorporating final-round changes). Only when you have thoroughly calculated the best and the lowest acceptable fee, as well as your negotiating strategy, are you ready to talk price with the client.

Getting the Most Mileage From Your Records

The secret to pricing success lies in the records you keep for each job you undertake. The most useful type of project log lists every task performed during an assignment and the amount of time each task required. For medical writers, common tasks include client meetings, background reading, interviews, preparing an outline, writing the first draft, editing the draft, developing tables and figures, and incorporating reviewers' changes. As you begin each task, list it on your project log. Note how long you spend on the task, adding to the tally whenever you return to that aspect of the job. Also include on the project log other information that will help you calculate your average speed in completing various tasks, such as the number of pages written. Keep this kind of record for every job, whether you are being paid by the hour, the day, the word, or the project.

When you have to price a job, list the tasks that will be involved in the new assignment, then scour your records of old projects that involved similar tasks. How long did it take you to do all of these tasks in the past? If you once spent 10 hours doing a comparable job, your fee should cover at least 10 hours of labor, preferably more. This is especially important when quoting a project rate or some other type of flat fee, such as a per diem. Some freelancers work with average time allowances, but I prefer to use ranges (best-case, typical, and worst-case scenarios) to get the best pricing option. Once you have calculated how long you can expect all aspects of a job to take, multiply the total number of hours by the hourly rate you would like to make. Augment the fee to cover expenses that won't be reimbursed. If working only with an average scenario, add a cushion to protect yourself in case the job turns out to be anything but normal. You now have a fee based on your own experience.

One reason I like task-oriented project logs is that they remind me that a writing assignment entails much more than writing. Sitting at the computer and producing words may account for only one third of the time spent on an assignment. A client who says, "You should be able to write this in a few hours," is not telling the whole story. It may take a few hours just to prepare for writing and several more to revise the work with the client's input.

Analyzing Your Fee-Setting Success

Re-examine your pricing strategy before filing a completed job. Begin by calculating how much you earned per hour, even if you didn't bill on an hourly basis. To calculate the "effective hourly rate," simply subtract nonreimbursed expenses from your total earnings and divide the difference by the number of hours logged. Compare the effective hourly rate with your standard hourly rate (if you have one), with the rate you hoped to earn, and with the amount you would have earned if you had charged on a different basis.

The Write Stuff

Pricing Strategies for Freelance MWs

Ask yourself relevant questions, such as:

- Would an hourly rate have been better than the agreed-upon project fee?
- Would per diem compensation have made more sense for this job?
- Is the word rate the client paid fair for the amount of work involved?

Compare your actual project log with the time-estimate worksheets you used to set the fee. How accurate were your estimates? Did you neglect to account for major portions of the work? Did the project grow beyond what your client led you to anticipate? Did you guess that certain tasks would be more time-consuming than they actually were, thereby earning yourself a heftier effective hourly rate than expected? Did you buckle under pressure and accept less than your estimates told you the job could be worth?

The results of each project analysis can be applied to make future work more profitable. Don't repeat past price-setting mistakes. Do stick with strategies that reward you well for your time and effort.

Another excellent time for analysis is the end of the year, when you are totaling your income in preparation for your final tax estimate. Take a few moments to analyze your income by client, by pricing method, and by type of work if you are a multitasking editor/writer/desktop publisher/whatever.

I am always amazed that many freelancers do not analyze their fee-setting practices. There's no better way to hone your pricing skills than to discover your mistakes and to replicate your successes.

Laurie Lewis
64 E 94th Street, Apartment 5F
New York, NY 10128 USA
Fax: (+001) 212 369 4434

Laurie Lewis has written a book, *What to Charge: Pricing Strategies for Freelancers and Consultants*. It is available from Aletheia Publications, 46 Bell Hollow Road, Putnam Valley, NY 10579. Tel: (+001) 914 526-2873. Fax: (+001) 914 526 2905. E-mail: AlethPub@aol.com. Web site: <http://members.aol.com/AlethPub>