



# Be your own boss

How to set your rates

2023

# About IPSE

## One community, one voice

Whether you identify as self-employed or as a freelancer, a contractor or a business owner, an entrepreneur or a gig worker, we are the one voice that represents all. Whatever you call yourself, we represent you and guide you on your journey ahead.

IPSE is...

- **Your credible and trusted voice:** The self-employed are stronger together. That's why we bring you together, to champion and advocate on your behalf to government and industry.
- **Run by members, for all the self-employed:** We are driven by the strength of our members. We provide you with a safety net and a community, as well as striving to create a better environment for the UK's 5 million self-employed.

## Our members:

- Value freedom and flexibility
- Take risks to pursue rewards
- Are passionate and brave in what they do
- Strive to be experts in their fields
- Celebrate the diversity of self-employment
- Are stronger together, through a united voice to industry and government.

Working for yourself doesn't have to mean working alone.

Being part of the UK's largest community of freelancers and self-employed professionals gives you the safety net, support and inspiration you need to thrive, wherever you are in your self-employed journey.

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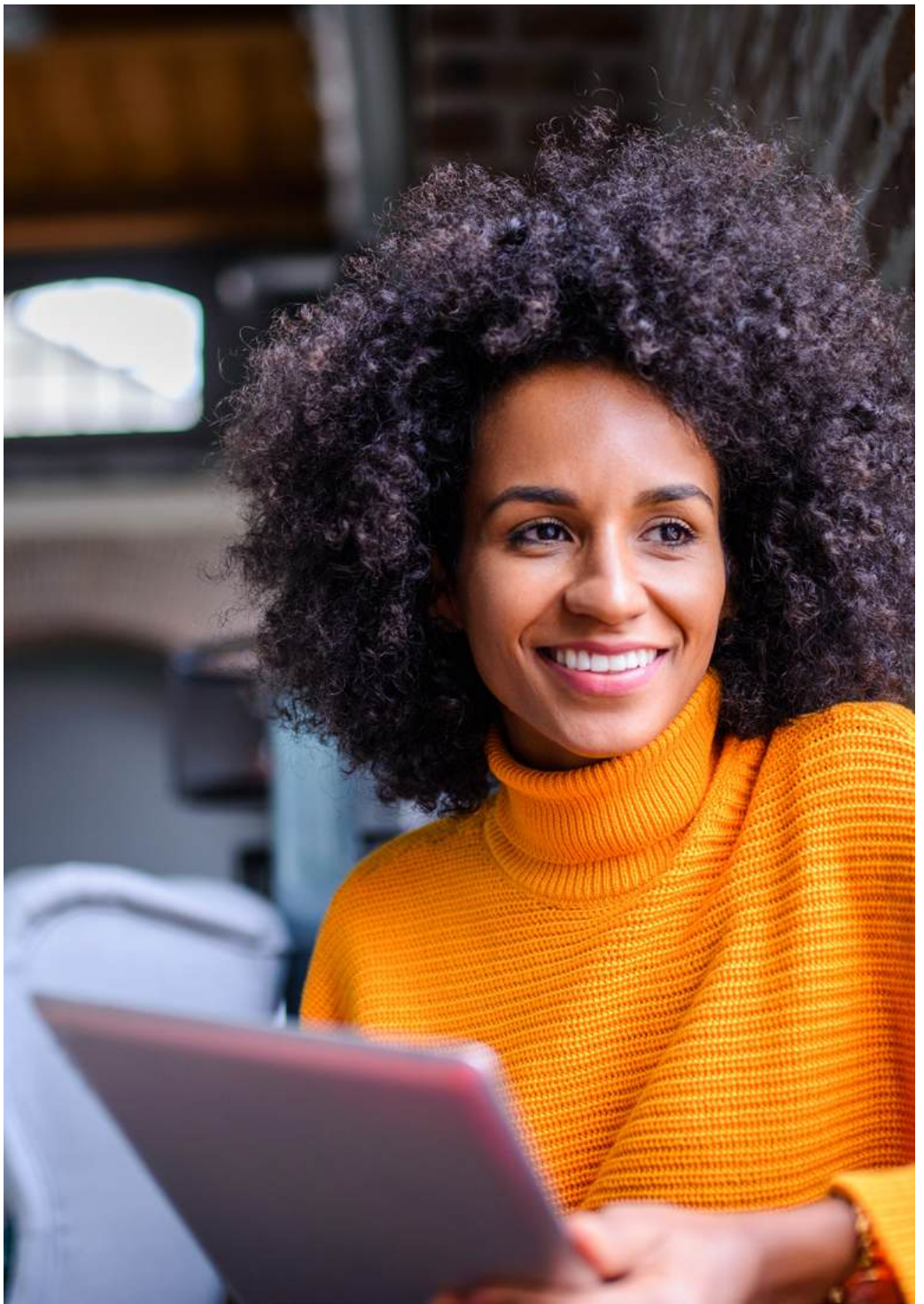
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# The questions

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## “What’s your day rate?”

### Have you ever been asked this?

If you haven’t already, you almost certainly will at some point in your freelance career.

It can be a tough one to answer because it puts you on the spot.

Before responding, consider this:

### Who says you have to charge by the day? And why only have one rate?

Many clients expect freelancers to have a fixed daily or hourly rate, but this isn’t the only option.

There are lots of ways to design a list of tariffs for your services.

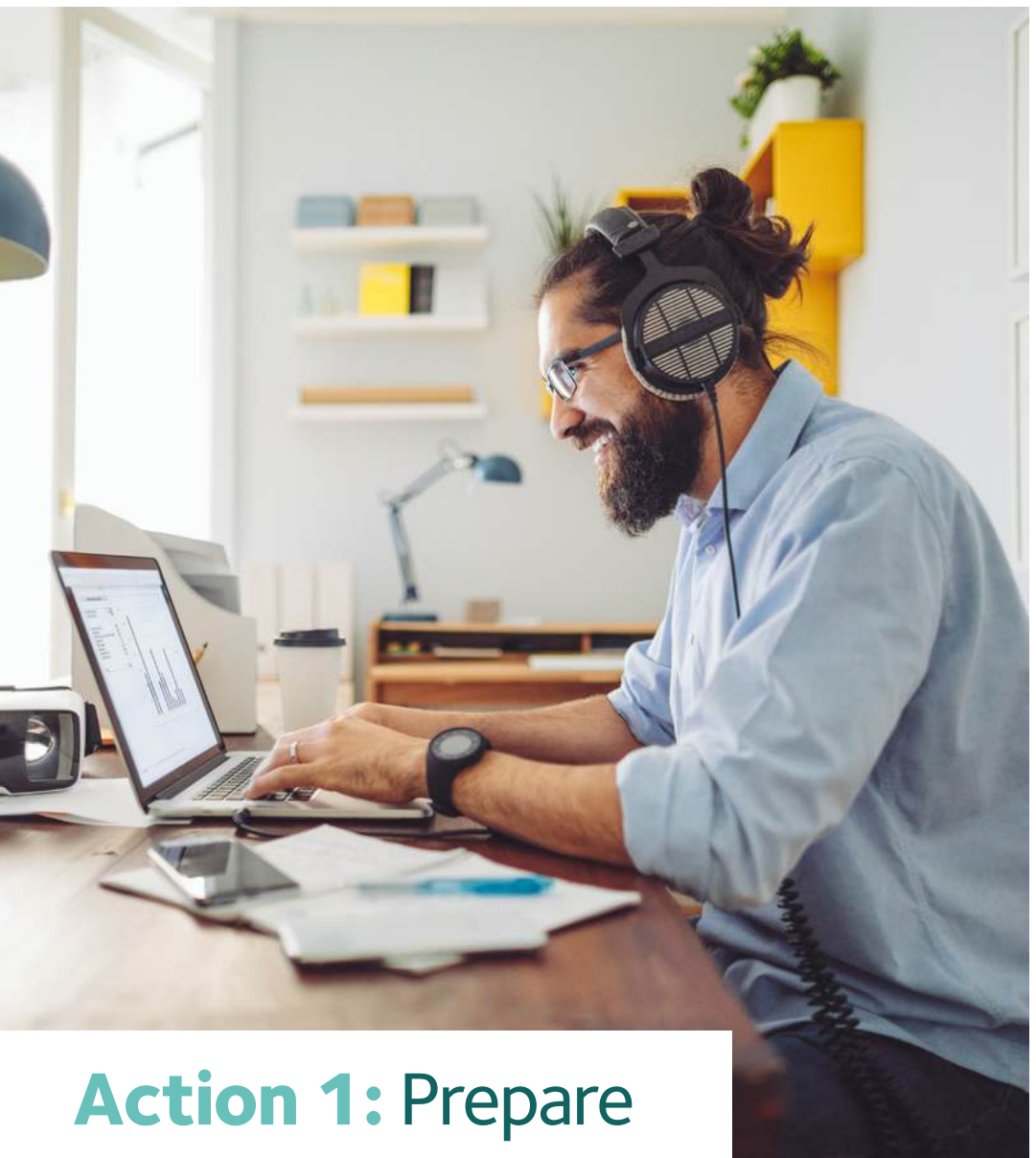
This guide will help you do that.

It will help you prepare a convincing answer, by working through these four actions:

1. Prepare
2. Package
3. Price
4. Persuade

So next time you’re asked the question, you’ll be ready to answer it proactively, guide the conversation and close the deal.

It’s important that when the client signs on the dotted line, you don’t feel hard done by. This guide will inform your pricing strategy so that it will become one of those exhilarating moments that makes freelancing so satisfying!



# Action 1: Prepare

Let's start by scoping out what the market looks like.

Prepare yourself by doing some initial research. This will help you figure out the right pricing strategy for your freelance business.



# How much do others charge?

To begin with, it's useful to understand what other freelancers are charging at the top, middle and bottom of the market.

## Average day rate charged by those in self-employment less than five years

Occupation	Average day rate
Actuary, economist or statistician	£900.00
Advertising accounts manager or creative director	£185.00
Arts officer, producer or director	£220.00
Author, writer or translator	£311.00
Book-keeper, payroll manager or wages clerk	£168.00
Building or civil engineering technician	£350.00
Business or financial project management professional	£528.00
Business or related associate professional	£185.00
Business or related research professional	£668.00
Business, research or administrative professional	£250.00
Buyer or procurement officer	£959.00
Chartered or certified accountant	£549.00
Chief executive or senior official	£750.00
Civil engineer	£475.00
Construction project managers or related professional	£298.00
Counsellor	£495.00
Dental practitioner	£120.00
Design and development engineer	£329.00
Education adviser or school inspector	£288.00
Electrical engineer	£380.00

Engineering professional	£643.00
Environment professional	£500.00
Finance and investment analyst or adviser	£1530.00
Finance officer	£270.00
Financial accounts manager	£200.00
Financial administrator	£742.00
Fitness instructor	£100.00
Further education teaching professional	£120.00
Graphic designer	£214.00
Health and safety officer	£477.00
Health professional	£1040.00
Health services and public health manager or director	£490.00
Higher education teaching professional	£250.00
Human resource manager or director	£586.00
Human resources administrator	£200.00
Information technology (IT) and telecommunications director	£781.00
Information technology and telecommunications professional	£686.00
IT operations technician	£555.00
IT business analyst, architect or systems designer	£615.00
IT project or programme manager	£586.00
IT specialist manager	£554.00
Legal professional	£825.00
Management consultant or business analyst	£784.00
Manager or proprietor in other services	£210.00
Marketing and sales director	£467.00
Marketing associate professional	£145.00
Mechanical engineer	£447.00
Natural or social science professional	£600.00



Personal assistant or secretary	£120.00
Photographer, audio-visual and broadcasting equipment operator	£289.00
Programmer or software development professional	£552.00
Public relations professional	£433.00
Public services associate professional	£480.00
Quality assurance or regulatory professional	£698.00
Quality control or planning engineer	£450.00
Sales accounts or business development manager	£300.00
Teaching and other educational professional	£246.00
Transport and distribution clerk assistant	£177.00
Vocational or industrial trainer/instructor	£208.00
Web design and development professional	£296.00

## Average day rate charged by those in self-employment for 5 years+

Occupation	Average day rate
Actor, entertainer or presenter	£192.00
Actuary, economist or statistician	£700.00
Advertising accounts manager or creative director	£400.00
Arts officer, producer or director	£220.00
Architect	£635.00
Author, writer or translator	£238.00
Book-keeper, payroll manager or wages clerk	£165.00
Building or civil engineering technician	£350.00
Business or financial project management professional	£729.00
Business or related associate professional	£855.00

Business or related research professional	£990.00
Business, research or administrative professional	£205.00
Buyer or procurement officer	£950.00
Chartered or certified accountant	£502.00
Chief executive or senior official	£1 390.00
Civil engineer	£413.00
Construction project managers or related professional	£297.00
Counsellor	£338.00
Dental practitioner	£120.00
Design and development engineer	£520.00
Education adviser or school inspector	£613.00
Electrical engineer	£575.00
Engineering professional	£748.00
Environment professional	£500.00
Finance officer	£270.00
Financial accounts manager	£200.00
Financial administrator	£728.00
Fitness instructor	£67.00
Further education teaching professional	£120.00
Graphic designer	£334.00
Health and safety officer	£464.00
Health services and public health manager or director	£490.00
Higher education teaching professional	£250.00
Human resource manager or director	£937.00
Human resources administrator	£200.00
Information technology (IT) and telecommunications director	£827.00
Information technology and telecommunications professional	£703.00
IT operations technician	£555.00

IT business analyst, architect, or systems designer	£599.00
IT project or programme manager	£637.00
IT specialist manager	£678.00
Legal professional	£825.00
Management consultant or business analyst	£776.00
Manager or proprietor in other services	£599.00
Marketing and sales director	£777.00
Marketing associate professional	£546.00
Mechanical engineer	£278.00
Natural or social science professional	£600.00
Photographer, audio-visual and broadcasting equipment operator	£321.00
Programmer or software development professional	£576.00
Public relations professional	£438.00
Public services associate professional	£480.00
Quality assurance or regulatory professional	£731.00
Quality control or planning engineer	£450.00
Teaching and other educational professional	£482.00
Transport and distribution clerk assistant	£142.00
Vocational or industrial trainer/instructor	£500.00
Web design and development professional	£728.00

The average fee across each of these disciplines can change regularly, and if you want to compare freelance pay rates across Europe, [try this](#).

If your chosen freelance skill doesn't appear in any of the above lists, then another place to look is [www.peopleperhour.com](http://www.peopleperhour.com). When you search for the relevant skill, it will give you a wide range of fees.

To narrow it down, click on price. This will allow you to see how many freelancers are in each price bracket and what kind of services they offer for the price.

Alternatively you could try the [professional association](#) for your line of work, or ask other freelancers in the IPSE community.

Bear in mind that rates vary by industry, which brings us onto the next point...

## Which industries are most appealing to you?

Now that you have a sense of how much other freelancers are charging, consider which industry to target, as this will also affect your rate.

Apart from your freelance skill, is there a specific industry that you know a lot about?

Focusing on a specific industry can be a powerful strategy.

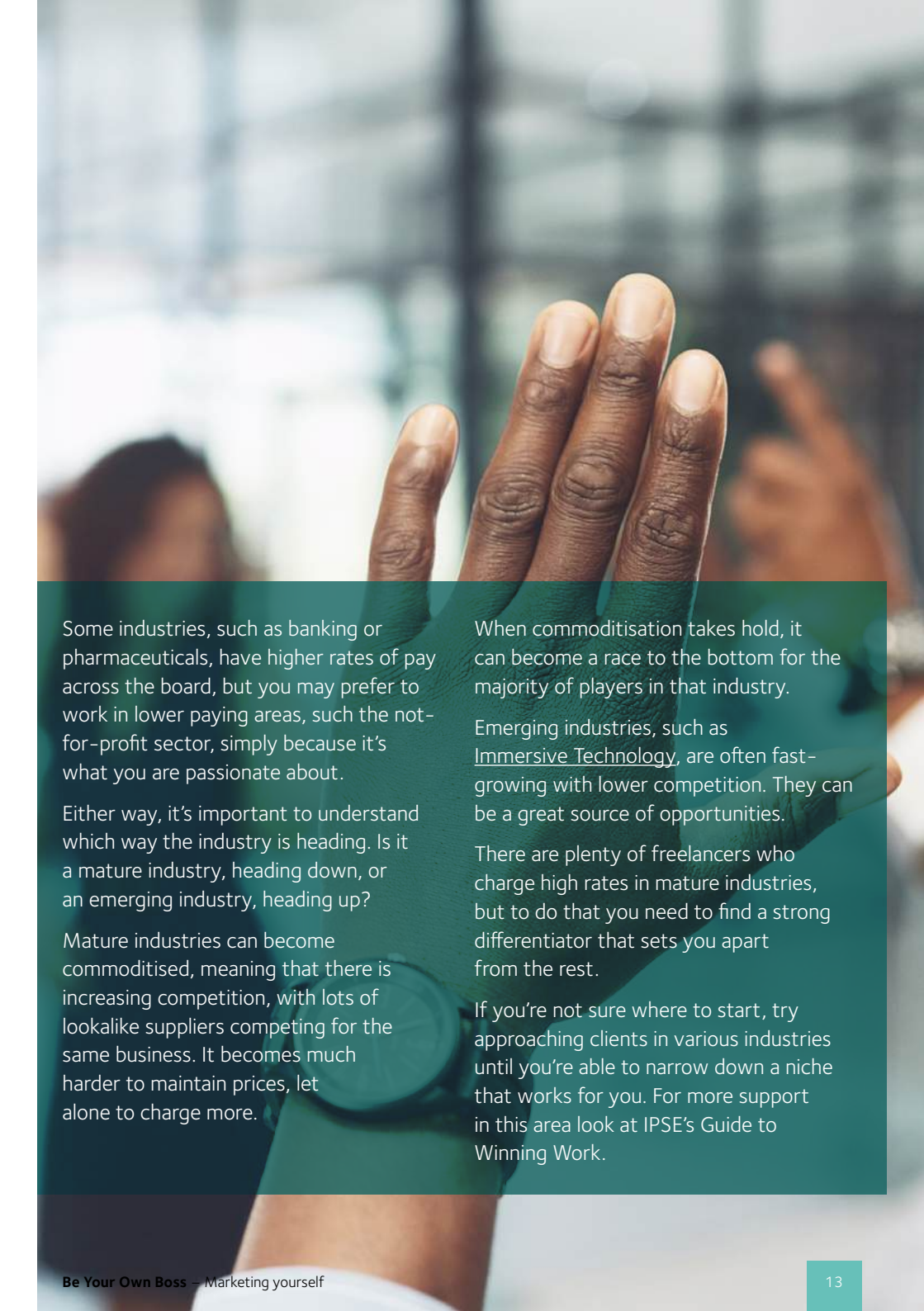
Every industry has its own quirks, and when you become familiar with them, it makes it easier to increase your rate over time as you extend your know-how and network within that niche.

For example, a graphic designer working in the fashion industry has a better chance of building a strong reputation in those circles than a graphic designer who works across a wide range of industries.

If you haven't developed an industry niche yet, not to worry, that can come later.

If you're at the early stages of your freelance career, ask yourself:

- a. Which industries am I curious or passionate about?
- b. Which ones could I make a decent living in?



Some industries, such as banking or pharmaceuticals, have higher rates of pay across the board, but you may prefer to work in lower paying areas, such the not-for-profit sector, simply because it's what you are passionate about.

Either way, it's important to understand which way the industry is heading. Is it a mature industry, heading down, or an emerging industry, heading up?

Mature industries can become commoditised, meaning that there is increasing competition, with lots of lookalike suppliers competing for the same business. It becomes much harder to maintain prices, let alone to charge more.

When commoditisation takes hold, it can become a race to the bottom for the majority of players in that industry.

Emerging industries, such as Immersive Technology, are often fast-growing with lower competition. They can be a great source of opportunities.

There are plenty of freelancers who charge high rates in mature industries, but to do that you need to find a strong differentiator that sets you apart from the rest.

If you're not sure where to start, try approaching clients in various industries until you're able to narrow down a niche that works for you. For more support in this area look at IPSE's Guide to Winning Work.

# What is your base level rate?

The final piece of preparation is to understand your base level, in other words the lowest that you could possibly afford to charge without making a loss.

This enables you to draw a line in the sand. Never charge less than your base level rate.

## How to work out the base level rate

Add up the following:

### A. Personal costs

Include everything you need to live, such as rent/mortgage, food, social life, holidays, childcare, personal savings/insurances, etc.

### B. Business costs

Include the items you need specifically to run your business, such as stationery, business insurances, equipment, etc. It's also a good idea to factor in a financial buffer to give you a few months' grace if you find yourself with no work coming in.

### C. Tax and NICs

Allow about 30% of A+B.

Next, decide how many days per month you think you could devote to paid work. Some freelancers spend up to half of their working hours on marketing and improving

their business in order to keep a regular supply of projects coming in.

So if you follow that principle, that means you have ten paid days per month (assuming you don't work weekends) and you would spend the other ten weekdays on marketing and innovation.

If you take four weeks' holiday every year, that would give you 110 billable days per year. In those 110 days you would need to earn enough to cover the costs of A, B and C.

### Example

A. Personal costs	£24,000 per year
B. Business costs	£6,000 per year
C. Taxes and NICs	£9,000 per year
<b>Total</b>	<b>£39,000 per year</b>
Base level rate	£39,000/110
	<b>£354.50 per day</b>

In the next section you'll see that charging a day rate isn't the only way to package your service. However, even if you choose a different method, the base level rate helps you gauge what each day of your time is worth to your own business.



## Action 2: Package

The next thing to work out is how to package your service.

You need something to attach the price tag to.

What is your basic unit? (i.e. the price you charge for the most basic level of your offering, for example if the minimum offering is a day, the price per day is your basic unit.)

**Here are some alternative ways of packaging your freelance services:**





## Units of time

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Freelancers often sell units of their time, hours, days and weeks, because they are easy units to measure, and it reduces the risk of undervaluing your work.

If you're not sure how long something will take to complete, this method enables you to bill for all the work you do, like a taxi meter. It can also form the basis for retainers or ongoing contracts, for example by offering your consultancy services for two days per week.

However, in the same way that it reduces the risk for you, it can increase the risk for the client, so they will probably want to get an idea of the expected outcome.

Roughly what can you deliver in a day, an hour or a week?

It doesn't have to be exact. Just enough to provide some structure and clarity about what you can achieve for the client.

This will make it easier to justify the fee that you're proposing to charge.



## Bespoke projects

To reduce the risk to them, some clients prefer to work on a project basis, rather than by time.

If you choose to work on this basis, the client may ask you to submit a budget, which means you'll need to estimate how long it will take you to deliver the project plus any additional costs you may incur.

What you put in the budget is what you will invoice, even if it takes you longer than expected, so make sure you leave enough margin for any unknowns.

If it's a big, costly project, it's probably safer to break it down into mini projects or phases, each with a defined outcome. Invoicing for each mini project before committing to the next one helps to limit your risk.

Also, make sure you define the scope of the project in as much detail as you can, and draw up a contract that specifies this.

Measure anything that can be measured. For example, if you have allowed one day for amendments based on the client's feedback, specify how many rounds of amendments are included in the budget, and also a timeline for the client to submit feedback (for example a couple of weeks).

If there are any unknowns, make them explicit. An example could be the cost of travel, which you won't know until you make the booking. List these unknowns in the contract and specify that they are excluded from the budget.

# Products

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Another useful technique is to package your service as a product.

Virtually any service can be packaged as a product.

If you are a writer, your product could be a 1000-word blog post or a 10-page publication.

If you are a designer, it could be a three-page sales brochure or a web page.

If you are a consultant, it could be a 20-page report.

Thinking creatively: you can create a whole suite of products.

The great thing about this method is that it moves the focus away from your rate. Instead of thinking “how much can this person do in this amount of time,” clients focus on the value they get from the product.

Whilst this could also be true for bespoke projects, products have an additional advantage, that your ability to create them gets better over time. When you define a format, such as a 20-page report, you can develop templates and repeatable systems for creating those reports. Eventually, you learn how to deliver the product in much less time, while still charging the same fee.

Adam Smith, founder of [hsqproductions.com](http://hsqproductions.com), describes how he packaged his video production service as a product:



“I knew there was high demand for video, but also that it was a very competitive market. I therefore needed to offer something with a difference.

I have a background in journalism and was used to fast turnaround projects. So I adapted those techniques to design a unique workflow that enabled me to shoot and edit a finished video in one day.

This formed the basis for my most popular package, Done in a Day.

Done in a Day has become a brand in its own right, reinforcing the overall brand of the company, HSQ Productions, which stands for High Speed Quality.”



# Results

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Some freelancers charge a success fee if they achieve a certain result for the client.

This can be a powerful differentiator because it shows you're willing to put your money where your mouth is. It also gives you the chance to share in the success you helped to create.

## **But of course, it's risky.**

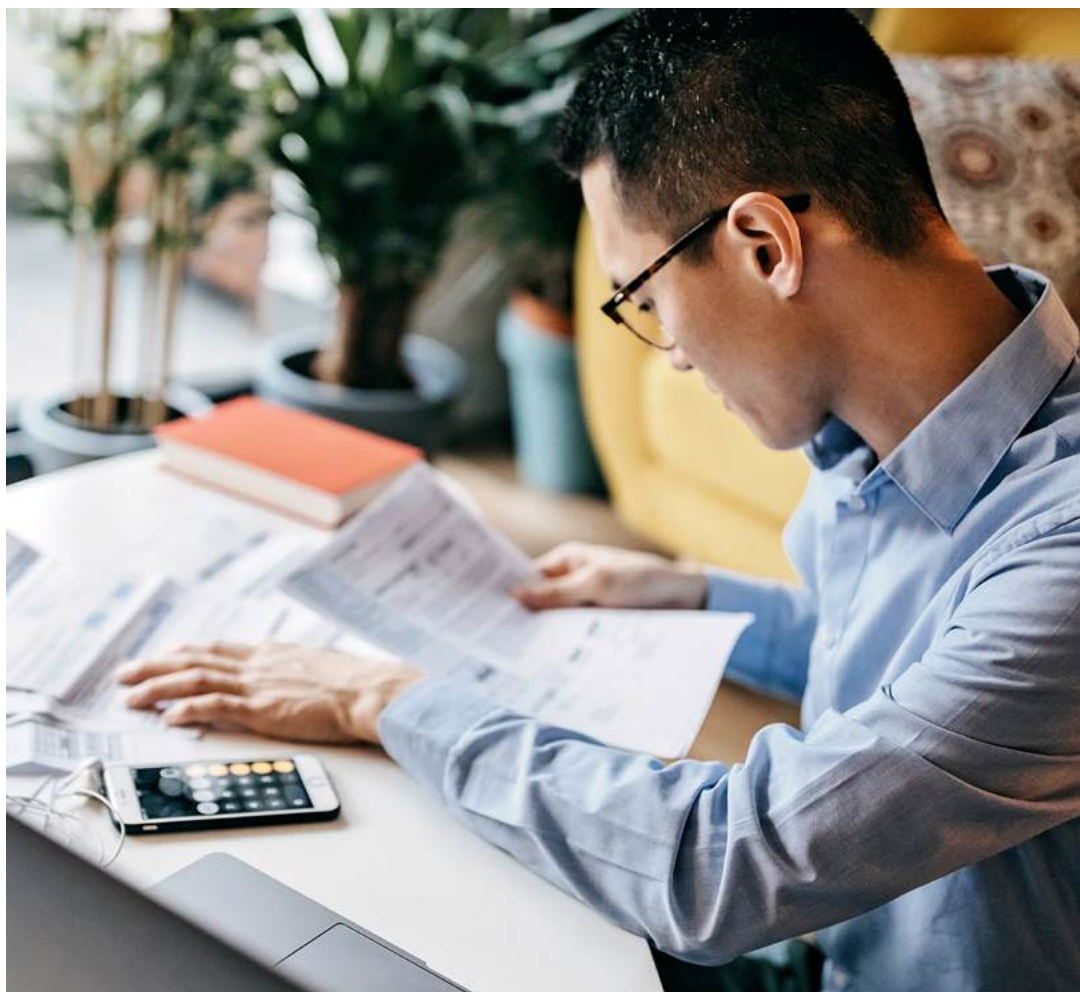
To reduce the risk, you could offer the client a discounted rate plus a success fee if you achieve the specified target.

## **There are lots of targets you could choose, for example:**

- Cost saving
- Waste reduction
- Turnover/profit increase
- Column inches or influence scores
- Uplift in web traffic
- Cost per lead, per acquisition, or per click
- Customer satisfaction or Net Promoter Score

Whichever target you choose, make sure it's measurable and that you define it in the contract so that you and your client know when the target has been reached.





## Action 3: Price

Now let's attach a price tag to the package you offer.

Having got a sense of the range of fees charged by other freelancers in your space, it's time to decide where to position yourself in that range.

Should you aim high, undercut, stick in the middle, or mix it up?

Consider which of these strategies sound like a good fit for your business...



# Aim high

There's a theory that if you double your rate, you double your business.

The idea is to stand out by being more expensive. It can actually make you more desirable, because clients associate you with quality.

But does it work in the real world? After all, why would clients pay twice as much as the going market rate?

Ruth, a freelance writer, tried it out. This is what she found:

“A sales coach once told me that clients might be willing to pay quite a lot more than I thought.

He said the only way to find out was to be bold. If I wasn't losing around 20% of pitches due to price, it meant I was pitching too low.

He urged me to double my price tag next time I was asked to quote.

So I did. And when I heard myself utter the number, it sounded outrageous!

But to my amazement the client accepted and I landed a year-long contract, which was renewed again the following year!”



## So that's one story. But what does the research say?

A study by [Hinge Research Institute](#) surveyed 130 consultants and segmented them into five levels. Those on level 5 were able to charge 14 times more than those on level 1.

## What was the difference between them?

Level 5 consultants were globally recognised, whereas level 1 consultants were only recognised by their immediate circle of clients and colleagues.

## This shows the importance of visibility and reputation.

A visible and well-recognised brand is one of the most powerful ways to stand out from the crowd, enabling you to charge a lot more than the majority. To build a strong

brand usually involves publishing or sharing your knowledge consistently, either via a blog, online portfolio, public speaking or even a book. It's hard work and takes an awful lot of discipline.

So if you have a strong brand, make sure you're not underselling yourself. You could try doubling the figure you feel comfortable charging, just like Ruth did.

And if you haven't yet developed a strong brand in your industry, now is a good time to start! In the meantime, it still makes sense to test the ceiling. Remember the 20% rule!





# Undercut

What if you did the opposite?

Could you offer the cheapest service?

Surprisingly, it can be profitable, as long as you go about it the right way.

The wrong way is to offer exactly the same service as your competitors, for less money. That is likely to lead to poverty, particularly if you're up against competitors all over the world who can offer really low prices.

To make the undercutting strategy work, look out for areas where your competitors are making the solution more elaborate than it needs to be.

Clients don't always need or want all the bells and whistles. Sometimes they just need something good enough.

It's a powerful concept, good enough. In fact, it's one of the key ways that well-known brands get disrupted by new competitors.

So imagine this...

Let's say you're offering video production services. There are three other production companies in your area. They make top-quality films using professional crews and high-spec camera, sound and lighting equipment. The videos look amazing, but they're time-consuming and expensive to make.

Then you come along and offer to shoot videos on your phone. You create a massive volume of content, very quickly, at a fraction of the price that it costs to produce the elaborate videos your competitors are making. Your clients publish your videos on all their feeds and their social media engagement goes through the roof thanks to the increased content output.

Could you apply this idea to whatever it is that you do? Are there any similar opportunities in your market?



## Stick in the middle

Going for a mid-range price is the safe route.

If a client has to choose between paying £200, £300 or £400, they'll quite often go for the freelancer who charges £300.

For that reason, most freelancers position themselves in the middle.

So what does that mean for you if you do the same?

It means it's harder to stand out.

If you charge an average rate, then you won't be able to use your rate as a differentiator and you'll need to come up with other ways to set yourself apart from the competition.

As long as you can do that, this could be the way to go, particularly if you don't want to risk rejection by charging a premium rate.

# Mix it up

What if you were to vary your rates depending on the circumstances?

This is called dynamic pricing.

It's what airlines do – increase the prices as demand goes up.

It can work just as well for service-based businesses.

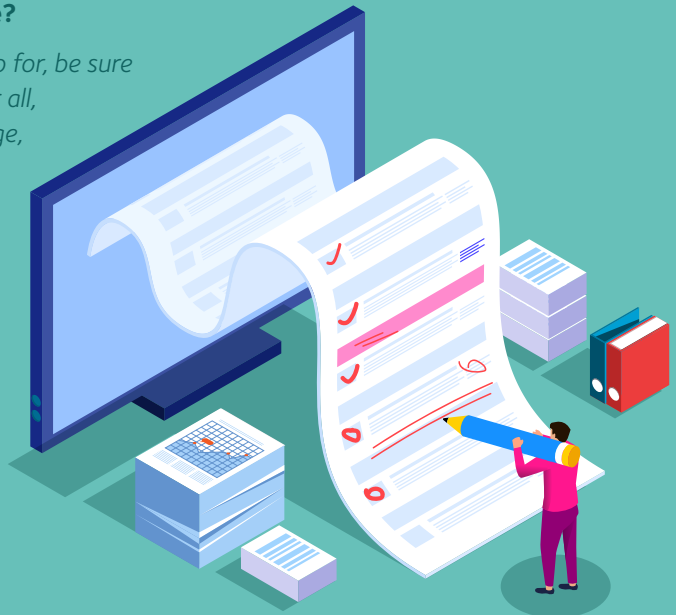
For example, freelance accountants often struggle with the rush of clients who want to get their tax return done at the last-minute before the deadline.

Using a dynamic pricing strategy, these accountants can charge a higher fee to the latecomers and offer a discount to the early-birds.

So have a think about the natural peaks and troughs that occur in your market.

## Any opportunities there?

*Whichever strategy you go for, be sure to review it regularly. After all, markets are liable to change, and the value of your service should also increase as your skills and experience evolve.*





## Action 4: Persuade

The previous three actions helped you determine what your freelance service might be worth.

But as the saying goes: something is only worth what someone is willing to pay.

The final action is to persuade clients to pay what you're charging.

Only then, can you really know for sure what your rate should be.

In order to convince the client, get your story together ahead of time. You'll be in a much stronger position to negotiate if you can.

# Provide proof

Make sure you really understand the prospective client's challenges and how you can solve them.

If you don't understand their challenges yet, do your research. Ask as many questions as you can, either directly to prospective clients, via agencies, or via other colleagues who understand the sector.

Then, assemble as much proof as possible that you have the perfect solution. This could be a portfolio of case studies that show how you have solved the problem for other clients. You can structure case studies using the STAR method. This stands for:

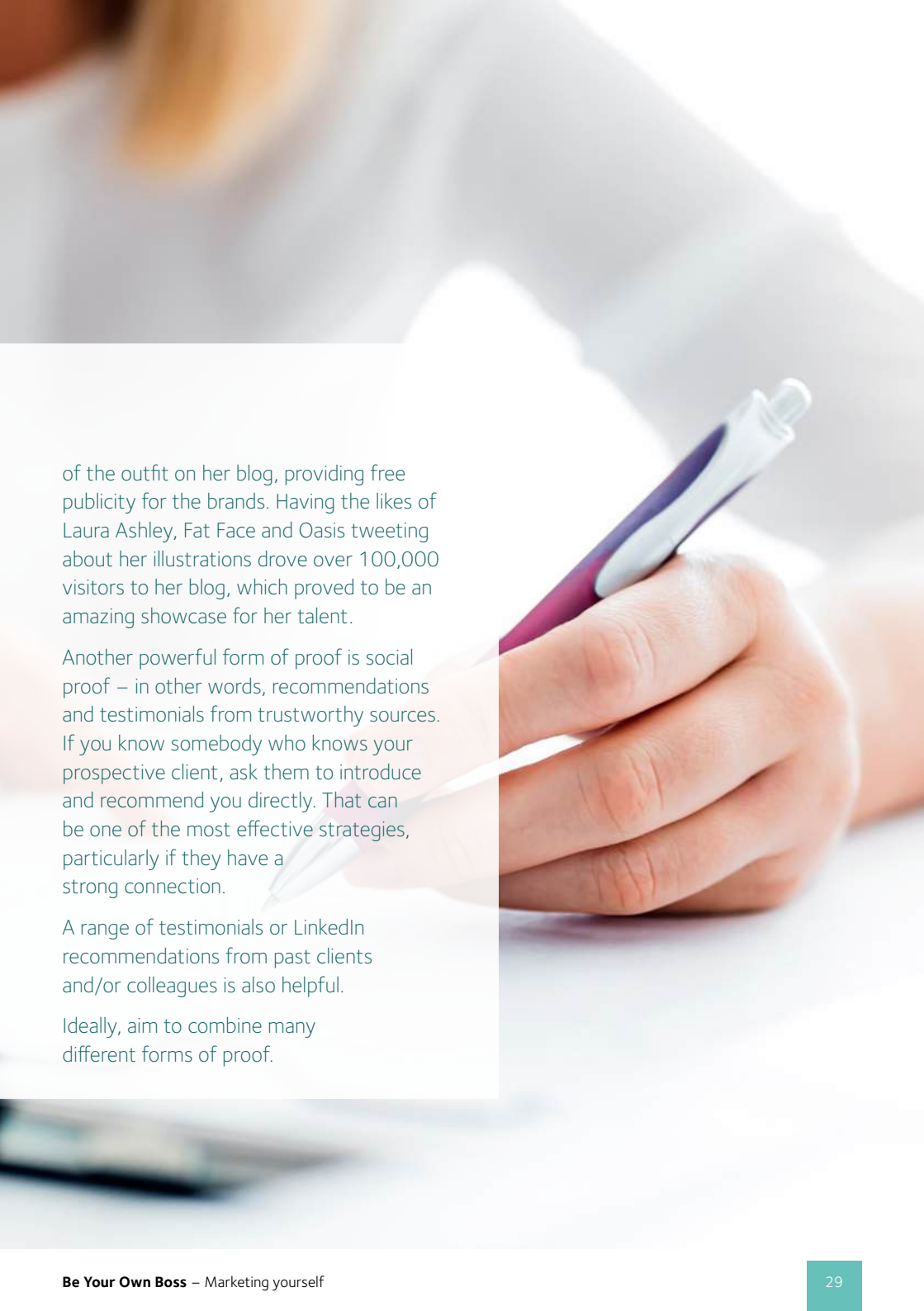
- Situation:** the client's challenge
- Task:** what you were asked to do
- Action:** what you did in practice
- Result:** the outcome you achieved for the client

Where possible, include tangible results as well as any qualitative ones. In order to do that, it's important to measure your results. For example, if you're an email copywriter, what open and click-through rates have you achieved? If you're an SEO expert, what traffic uplift did you generate? How did this affect the client's bottom line. If you don't know, ask them!

If you don't have a portfolio yet, you could write some articles or reports explaining how you would tackle the problem.

The important thing is to back up the fact that you know what you're doing.

There are many creative ways to do that. For example, illustrator Emmeline Pidgen asked several high-profile fashion brands to let her model their outfits. Every day, for one month, she published an illustration



of the outfit on her blog, providing free publicity for the brands. Having the likes of Laura Ashley, Fat Face and Oasis tweeting about her illustrations drove over 100,000 visitors to her blog, which proved to be an amazing showcase for her talent.

Another powerful form of proof is social proof – in other words, recommendations and testimonials from trustworthy sources. If you know somebody who knows your prospective client, ask them to introduce and recommend you directly. That can be one of the most effective strategies, particularly if they have a strong connection.

A range of testimonials or LinkedIn recommendations from past clients and/or colleagues is also helpful.

Ideally, aim to combine many different forms of proof.



# Reverse the risk

There is always the chance that at some point in the negotiation, a prospective client will suddenly pull back.

This happens when the client's risk radar zeroes in on everything that could go wrong.

At that point, you need something up your sleeve to neutralise their fears and one way to do that is to offer some kind of a guarantee.

## How far are you prepared to go?

You could offer a full refund if they're not 100% satisfied, or charge 50% upfront and the remainder once they're 100% happy?

Whichever guarantee you decide on, be sure to include it in your contract and specify the steps you expect the client to take for the guarantee to be valid. After all, they also need to honour their side of the agreement, for example by following the approval process you discussed.

Think about any other ways that you could address the worries they might have.

Are they worried you could lose all the work, get hacked or compromise their security? Tell them about your back-up and security systems.

Are they worried you might vanish half-way through the project? Tell them about any insurances or contingencies you have in place if you get ill or can't continue for some reason.

Are they nervous about letting you know their trade secrets? Suggest signing a confidentiality agreement.

Anything you can put in place ahead of time to pre-empt a potential objection will stand you in good stead.

# Sell the sizzle, not the steak

When preparing your pitch, don't make it all about you.

Instead, paint an inspiring picture of the end result.

For example, if you're an email copywriter who achieves 40% open rates, how much business could you generate for your client if they let you loose on their 100,000 email contacts?

If you get the chance to speak to clients before you quote, find out what they really care about.

What is the context surrounding the project or contract? What does a win look like?

Does his or her boss feel the same way? Who else has an influence on this?

If you can't speak to the client beforehand, at least try to get a sense of what the general concerns are for clients in your market. You could run a market research survey, or speak to similar people at networking events, to understand their world without trying to sell them your services.

It's also worth remembering that your prospective clients might care about things that you didn't expect. Maybe they don't care that much about the end result and it's more important to them that you're fun to work with.

Think about how you'll create a unique experience and communicate that from the outset. For example, a London-based graphic designer bought a barge on the Thames and converted it into a living and work space.

Not only did this enhance his quirky image, which is what clients bought into, but it also gave them yet another reason to choose him. Clients loved taking time out of the office for creative brainstorms on the river.

The more unique your service, the scarcer you become, and the scarcer you become, the more you can charge!

**ipse**  
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Independent Professionals  
and the Self-Employed