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How To Set Your Copywriting Rates: Part 3

By veteran copywriter and
copywriter's coach

In the first installment of the article series, "How to Set Your Rates," I showed you how to determine what your hourly rate should be.

In the second installment, I told you about primary industries that use copywriters, and how they differ in their pay conventions.

And in the third and final installment of "How to Set Your Rates," I'll show you the various ways you can structure your pay.

How to structure your pay

As discussed in an earlier installment, you can work on an hourly rate, but that's advisable only when you have a very small job, such as editing, that takes just a few hours.

Much preferred, and much more common, is working on a "flat rate." In the end you'll earn more by working on a flat rate (assuming you did a good job of estimating your time). That's because the better you get at copywriting, the faster you'll get, and that allows your earned hourly rate to go up.

For instance, in my early years of freelancing I set my hourly rate at \$75. Based on that rate I calculated a flat rate of \$3,000 for a sales letter and outer envelope (OE) concept.

But I finished the work so quickly, and revisions were so light, that my hourly rate came in at over \$200 per hour. When you work on an hourly rate instead of a flat rate, you deny yourself the natural increased earnings from becoming a better and faster writer.

Another way to structure your pay is with an Estimate. I've had to go this route a few times because the job was difficult to define (or very large), and therefore difficult to estimate.

This is an uncomfortable way to work because you're always focusing on the money rather than the job. Most writers intensely dislike the fee agreement process, and working under an Estimate agreement ensures

you'll be dealing with the subject of money more than once throughout the job.

Many years ago I got the job of writing a new catalog for Reebok. I wanted \$9,500. They wanted to pay me \$7,500. I suggested they pay me \$7,500 and if I went over in time, then they would pay me an hourly rate. In the end, they paid me the \$9,500. This example illustrates the truism that when it comes to how you get paid, you can be flexible, agreeable, and creative, while still being smart about your earnings.

Although most businesses are comfortable working with flat rates, there are a few categories that offer flat rates plus royalties. Normally these are very large order generating mailers who direct mail to hundreds of thousands of prospects, or even in the millions.

If you get work from one of the more "enlightened" publishers, who view you more as a salesperson than a writer, you can earn a very nice flat rate in the \$10,000 (plus or minus) range, plus a royalty of about 2 to 3 cents per piece mailed on rollout. If rollout is to 1 million names, then that's an extra \$20,000 or \$30,000 in your pocket. (Some heavy hitters are able to negotiate 5 cents per piece, but this is rare.)

What's more, every time your piece mails, you get a royalty. That's why the "top gun" copywriters who work this way continually refine their mail order package for free; they want it to stay in the mail as long as possible.

In some cases, the order-generating package can be converted to an online sales format. In that case, the copywriter can negotiate a royalty in the range of 2 percent net or 3 percent gross.

Royalties are most common in the world of publishing, but just because a publisher is large doesn't mean they pay royalties. There are very strong attitudes on both sides (royalty vs. no royalty). But mailers who mail very large quantities — including health supplement manufacturers and some collectibles and consumer goods companies — are most likely to agree to this type of pay arrangement.

Although not technically a "payment," new writers sometimes find themselves asked to write for small, entrepreneurial operations. It's not uncommon for the entrepreneur to offer a product, such as their home study course or books or marketing system, in lieu of pay. Often, the retail price is high enough to make the offer an attractive one.

And finally, if you are entrepreneurial, experienced in all of the other important aspects of creating a successful mail campaign (list selection, killer offer development, strategy, and financial projections), you can negotiate a pay arrangement that will — hopefully — pay you more than you'd get with a flat rate.

Currently I'm working with a software company that pays me 3% of net profit from each new client obtained, based on the new client's spending over the course of a year. Since we're dropping three mailings (one drop every six weeks), commission checks could start coming in as soon as the first new client spends money, and last until the final 12th month of the last new client obtained from the 3rd mailing.

But a word of caution here. If you go this route, trust must be foremost. Not only did I check this company out thoroughly, reviewing its most private internal papers as well as researching it "from the outside," but I also sought character references of the CEO. It also helped that she was referred to me via Richard Rosen, my former agency "boss" who is known internationally as a leading DM expert.

So before you go entrepreneurial and risk the value of your skill and talents (and the holiday turkey), you must have seasoned knowledge of the entire process of direct marketing — not just the copywriting. And you must have complete trust in your client, who is now more correctly called your "business partner."

A final point on pricing

I've found that clients are more willing to pay you what you're worth if you think of yourself less as a copywriter and more as a salesperson. And because of that, my email signature file now says Chris Marlow, Sales Writer, instead of Chris Marlow, Copywriter.

Sales drives the profitability of every business...so telling your clients that you can get sales for them will get their attention more than anything else.

ROI — Return On Investment — that's what they're looking for, and that's the promise you can make with your sales writing ability.

And finally, I invite you to take a look at your own marketing materials from the eyes of your prospects and clients.

Start with your Web site, which is an essential business tool. Do you make promises that a prospect wants to hear?

What about your sales letter? Do you tell me what you can do to lighten my load? To make me a hero in the eyes of my boss?

And what does your email signature file say about you? Are you taking advantage of this no-cost opportunity to sell yourself?

Your writing earns money for your client, and you should be paid accordingly. The first step to a better paycheck is making sure your prospects and clients know that you'll earn them more than you cost.

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