Twitter Thread by **Tom Hirst**





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Everything I've learned.

A thread.

Having one pricing strategy that you can apply to every real-world engagement is often a fallacy.

Learn these pricing methodologies:

- Hourly billing
- Daily billing
- Retainers
- Fixed-pricing
- Value-based pricing

Understand their pros and cons.

Understand your circumstances.

Understand the project.

Choose appropriately.

Charging by the hour doesn't work in favour of freelancers.

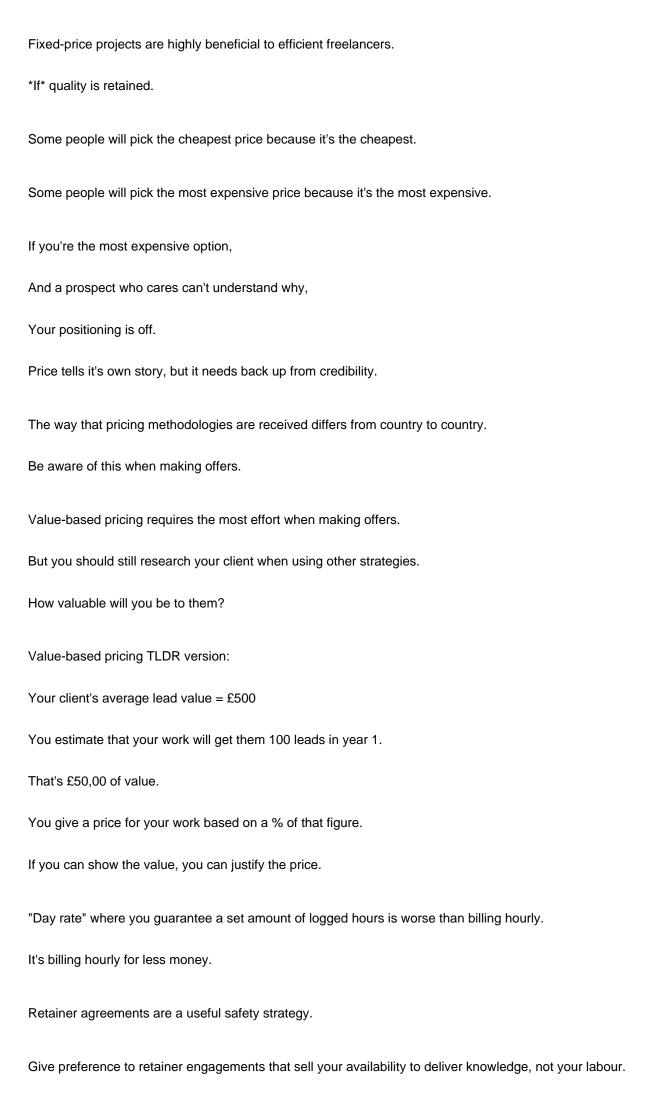
If you need to use it to get started,

Stop using it as soon as you can.

Hourly billing is by far the worst pricing methodology to use for profit.

Hourly billing is by far the worst pricing methodology to use for efficiency.
Do you want to avoid:
Estimating every small task?Filling out timesheets?Sending tons of invoices?Having to justify every time you go "over"?
Avoid hourly billing.
If you're instantly available, expect to be asked to lower your price.
There are two ways to bill daily:
1 day = 8 hours
Or
1 day = 1 day
Always use the latter.
The former robs you of your autonomy.
If you want to raise your rates in future,
When billing by the day,
Max out at selling 4 days per week to clients.
Give yourself time to grow your own business.
If you bill your client daily, you're giving them a day's work.
Nothing else.
It's a rolling engagement for a reason.
Day rate can't come with a guarantee of completion.
You can't charge a premium if your individual value isn't obvious.
Things that increase perceived value and thus project price:
- The scarcity of your time (availability)

- What you've done before (credibility) - The project price itself
Proposals > estimates
Don't get tricked into sharing tons of project specific information in a proposal.
If you can't write a proposal without research then you need a pre-project.
Discovery work has value and should come at a price.
You don't have to use the same pricing methodology for every engagement.
Client 1: Day rate
Client 2: Fixed priced project Client 3: Ongoing retainer
Use the strategy that fits the work best.
Sometimes pricing a freelancing project can be as simple as :
Freelancer: "I'm happy to do the work for this price".
Client: "I'm happy to pay this price for the work completing".
Rules for fixed-price projects:
1. Get a deposit
2. Get a fixed scope
3. To reduce the price you must reduce the scope4. Don't use estimated days x day rate = price
5. Add a minimum 20% contingency
6. Price high enough to make a profit after you've paid yourself
Get.
A.
Deposit.
Remember that when you give a fixed-price for a scope of work,
You are guaranteeing completion.
Going back to the table for more money at this stage leaves a bad taste.



Estimates are never accurate.				
Fixed-price terms are nearly always best.				
When a hard deadline is introduced to a fixed-price project,				
Add 20%.				
If it's most risky for you to work with the client the price should be higher.				
If it's most risky for the client to work with you the price will be lower				
Price mirrors risk.				
Never use your bottom line as your price.				
Negotiate on terms, not price.				
Reducing your price means reducing your perceived value.				
If you don't also reduce scope.				
If you think there's a chance you might kick yourself for not charging enough,				
It'll probably happen during the project.				
Add 20%.				
Pricing freelancing projects is tough				
There's no 1-size-fits-all solution				
Understand each method				
Have your preferences				
Be aware of your position				
Gauge what your clients are most likely to accept				
Apply the most appropriate strategy to get the job at a price you're happy with				