

8 Negotiation Strategies for Freelancers

An analysis by Flexjobs reports that 47% of their 1,000 freelancer respondents find clients on job sites. That includes [freelance websites](#) such as Upwork and Fiverr. The study also indicated that 37% of the respondents use social media to get freelance work. Those statistics imply that you have abundant opportunities to grow your clientele as an aspiring freelancer.

However, you should know that growing your clientele doesn't precisely start by finding clients. In actuality, it begins by sealing deals with clients through careful negotiations. Of course, we would certainly want you to make it big in freelancing. It's a great career choice, one that can offer financial security and work-life balance if you play your cards right. So for that reason, we'll show you eight strategies to negotiate excellent deals with your future clients.

Don't Negotiate with a Questionable Client

First of all, when you receive proposals from multiple clients, don't get too excited to entertain all of them. Yes, it's indeed an honor to hear email notifications from clients offering work, but you have to be careful about who you'll be dealing with. You don't want to waste your [schedule](#) meeting the wrong clients, right? Well, in that case, make sure to research the client first. If they don't fit the bill, decline their offer right from the get-go.

Sometimes the best strategy is not to negotiate, especially if the client has a history of paying late and having unrealistic demands. Save yourself from the hassle of negotiating and working for an unreliable client. Negotiating with a few right clients is way better than negotiating with too many clients.

Calculate Your MAR

As a freelancer, you have to know your lowest possible hourly rate, which is called your Minimum Acceptable Rate (MAR). The importance of calculating the estimate of your MAR isn't to know how much a client must pay you hourly. The essence is to know the amount of your lowest possible hourly rate and not go below it during your discussion with a client regarding payments.

The formula to determine your MAR is this:

$[(\text{personal expenses p.a.} + \text{business expenses p.a.}) / \text{yearly working hours}] + \text{tax}$. The "p.a." stands for per annum, which means per year.

To help you understand, we'll give you an example. Let's assume you spend \$20,000 p.a on personal expenses and \$15,000 p.a on business expenses. Add the two of them, and you spend a total of \$35,000 p.a. Let's say you work eight hours a day for each year's forty-eight weeks, excluding weekends, that's 1,920 hours in total. Now, you need to divide your total annual expenses by 1,920, and the result is 18.23. This time, let's say you charge 20% for tax. To get your MAR, you now have to add 20% to 18.23. Twenty percent of 18.23 is 3.65, which means your MAR is \$21.88.

$[(\$20,000 + \$15,000)/1920 \text{ hrs.}] = \$18.23 + 20\% \text{ tax} = \mathbf{\$21.88}$

Let Clients Pay Per Project

Aside from charging clients per hour, you should also consider charging per project. If you solely rely on your hourly rates, you might receive a lower income for projects that take only an hour to complete. Charging per project is the approach of many freelancers, no hourly rates, and they're enjoying a [steady income](#). Plus, you can base your rate depending on the project's scope, not on the number of hours you'll work on it. Remember that if a project has a vast scope, it doesn't always imply that it'll take you many hours to complete it, especially if you have tools and materials that quicken your [productivity](#).

Consider the Value Your Work Brings

No matter how small the client's project is, if it can bring him or her large sums of profit, you deserve the credit for it. Even though the agreed payment amount was small, a client has to pay you more money if the value of their small-scale project brought them many benefits. So during your negotiations with clients, make sure to bring this matter on the table and let them take note of it.

Let's cite a real example to let you understand what we mean by this.

Nike's Swoosh logo, which is their trademark check logo and is branded on all of their products, was designed by Carolyn Davidson in 1971. Nike only paid her \$35 for the logo design, which is quite fair considering how simple the Swoosh logo is. But despite its simplicity, the Swoosh logo put Nike on the map. Without the Swoosh logo, Nike probably wouldn't have the popular identity they have today. The Swoosh logo didn't just become Nike's brand, but it also became a symbol of athletic superiority and culture. Because of that, Nike's net worth culminated to \$29.6 million in 2017. As you can see, Carolyn Davidson's contribution was largely undervalued at that time. But fortunately, a decade after she designed the logo, Nike rewarded her with a stock in the company, which is believed to be worth \$1 million today.

Start at the Highest Possible Price

Without a doubt, among your freelancing goals are to increase your income, optimize your [quotation](#) rates, and [earn more money](#). To achieve that, make it your game plan to start at the highest possible price when negotiating about payments. As a freelancer, you should do your best to maximize your earning per client. Remember that you're not just a freelancer; you're also a businessman. A good business person should stand firm in boosting the revenue of his or her business.

Don't Agree with Discounts

You might be thinking that discounts can win you the favor of clients. Well, you're not wrong. Who wouldn't want to choose a cheaper item with quality? And, offering discounts is one way to boost the promotion of a business. So, yes, you can win more clients and referrals if you agree with their request for a discount, but that's not good for your finances.

That being said, it's best to disagree with a client's bid for a discount. You need all the money you can get as a newbie freelancer. You can grant discounts to a select few clients once your freelance business is well-established and garners a strong online reputation.

Always Seek a Win-Win Situation

The golden rule in client negotiations is to always settle for a win-win situation. You and your trusted clients must benefit from your partnership equally; fair and square. The more work they give you, the more money they should pay you. Never settle for a win-lose and lose-lose situation. If you don't see any way to obtain a win-win scenario with a client, then it's reasonable to cut your ties with them before it worsens.

Arrange a Contract

In every good negotiation you make with a client, make sure to seal the deal on a [contract](#). In that way, there's an assurance that your client will keep his end of the bargain. He or she has to provide you with enough [budget](#) for the project and pay your salary on time. Contracts are legally binding. If one party doesn't fulfill the agreement, lawsuits will be filed against that party. With that in mind, you'll have protection from damages caused by your client's possible inability to fulfill the agreement.

And that's a wrap! As you may have learned by now, negotiations can either make or break your freelance business. So make sure to put everything we taught you on your checklist. You'll experience the many [benefits of freelancer careers](#) if you have excellent negotiating skills. [Prepare your portfolio](#) now and start tracking great clients in the freelance economy.