

MODULE #5: REACHING FINANCIAL SUCCESS AS A FREELANCER

IN THIS MODULE:

We'll be focusing on how to make good money as a freelancer, keeping track of your income, avoiding the "feast or famine" cycles, and raising your freelancing rates regularly.

You might not have huge ambitions, money-wise, with your freelancing. Maybe you went into freelancing because you love writing and you enjoy the flexibility of working for yourself. That's fine!

Or maybe you hope to make a great salary – perhaps \$100,000 or more – from your freelancing. You might find that the financial rewards are more of an incentive to you than enjoying the writing. That's also fine!

Wherever you stand, the money side of freelancing definitely matters.

Even if you love what you're writing, it'll quickly exhaust you if you have to work 60-hour weeks just to make ends meet.

It's all too easy for freelance writers to end up making a lot less than they could, for a variety of reasons. That's what we're going to be addressing in this module.

And if I could just give you a single tip on this front ...

Track your daily and/or weekly income.

I'm embarrassed to admit that I didn't do this consistently for *many* years of freelancing. If you're not tracking what you're earning, every day, you'll get to the end of the month and realise you've not done nearly as much billable work as you thought.

Now, I note down next to each task in my planner exactly how much I'm making from it. Then, I add up what I've made at the end of each day, and at the end of each work week. It makes it so much easier to see if I'm on track with where I want to be in terms of my freelancing income.

Keeping Track of Your Income

Recording your income might be one of the more tedious tasks in your work week, but you're going to have to do it at some point.

If nothing else, you'll need to track your income for taxes. I know how easy it is to leave this till near a tax deadline, but it's much less stressful if you can do it month by month – or at least well ahead of time.

You'll also need to track the work you've done so you can invoice clients. Tracking your income, or your expected income, is easily done alongside this.

Here's what I currently do with my freelance income tracking. You might want to use elements of this, or you might come up with a different process that suits you and your work perfectly.

- **At the start of (most) work weeks, I set a specific income goal.** How much do I want to earn from my freelance work that week? I try to take into account any days or part days that I'm not going to be able to work.
- **When I plan out my day, at the start of each workday, I jot down how much each task should pay.** For instance, if I'm writing a 3,000 blog post for my client who pays \$0.14/word, I know that task should net around \$420.
- **At the end of each day, I aim to add up my income from the work I've done.** I don't invoice daily, of course – but this helps me see that I'm on track for my invoices at the end of the month.
- If I miss adding up my income during the week (which happens sometimes, as I currently work part-time hours and sometimes have child/household things to deal with even during those hours), then **I add it up at the weekend before doing my review of the past week.**

Your method might look different, but I'd definitely recommend that you at least keep track of your income on a weekly basis. You could do this using a spreadsheet, physical planner, app, or a calendar on your wall – whatever works for you.

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Keeping track in this way can also help you to spot patterns in how your freelancing income fluctuates over time.

For instance, I knew my freelancing income would dip significantly in August this year, as I was taking two full weeks off to spend with my kids. I hadn't realised, until tracking my income, that this would lead to a dip in late September and part of October – when I'd caught up with tasks and hadn't been pursuing extra work a few weeks ahead of time. Next year, I'll be prepared for a September/October dip.

Which leads me on to...

Avoiding “Feast or Famine” Cycles

Many freelancers talk of a “feast or famine” cycle in their work. For a few weeks, they'll have plenty of work – perhaps more than they can comfortably handle. All their marketing has paid off, and now they're reaping the rewards.

Then, a quiet spell will come. Their clients may need time to review the current work before assigning more – or a project might have come to a natural end. The freelancer has been so busy doing the work on their plate, they haven't been reaching out to past or new clients to get more opportunities booked in.

Now, this isn't necessarily always a bad thing. When I first outlined this module in late September 2022, I had a couple of very quiet freelancing days for pretty much the first time since early in the year. One of my clients was travelling, a second client had wrapped up a big project with *his* client that I'd been working on, a third was slow getting back to me with a new brief after I'd completed a piece, I'd completed two pieces for a fourth client earlier in the week, and my fifth client had sent a lower volume of work than usual.

But this wasn't altogether a bad thing. Yes, I could have reached out to my sixth and seven clients ahead of time to line up some extra work. (Clients six and seven pay a little less than the rest, so I only take on work for them when my higher-paying work runs dry!) But the additional time meant I could get caught up with various other, non-freelancing, projects.

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Of course, it helped that I'd had a great year (my best yet!) for income up till that point.

Feast or famine becomes a problem when it affects your personal cash flow. If you're relying on the money you make *this* week to pay your rent *next* week, then a quiet week is far more stressful.

So how can you avoid this?

- **Use a business bank account, as I recommend in Start Freelancing.** It doesn't necessarily need to be a formal "business" account – I just have a current account (checking account) with a separate bank from my personal finances.
- **Draw out a regular salary from your business bank account into your personal bank account.** Aim to make this salary a bit less than your expected or average monthly income. For the past few months, I've been averaging around £5,500 - £6,000/month, so I aim to draw out £5,000/month (that £5,000 includes the money I put aside for my personal taxes).
- **During "feast" times, you'll be building up a reserve in your business bank account.** During "famine" times, you'll then be able to draw on that reserve. If all goes reasonably smoothly, you should be able to draw the same salary each month – even if you've had a quiet month without much client work coming in.

Of course, I realise this is all a lot easier said than done, especially if you're still in the fairly early stages of your freelancing career.

In my first year of freelancing, I was making something like £1,500 - £2,000 per month. There wasn't a lot of wiggle room for leaving extra money aside (and besides, I hadn't even been organised enough to set up a separate bank account at that point).

If you're in that situation, or if feast and famine cycles are happening more regularly than you'd like, you'll need to bring in some new work. Carve out time – even during busy periods – to send out pitches and line up new work.

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From my experience, the absolute fastest way to get a new assignment is to email a client you've worked with in the past. They already know you and (hopefully!) like your work, so you don't need to sell them on the benefits of working with you.

Here's an example of an email I sent (which then led to five assignments, each at \$200 - \$250). I know the editor well, having worked with him over a couple of years now, and our emails tend to be very informal, so I wanted to include this one to show that you don't need to write anything long or complicated to land new work!

Hey [editor],

September ended up a little busier than predicted ... but last week, one of my projects went on hiatus for a few months, so I have some time for [your blog]. Yay! :-D

*I'd love to take on any posts you've got going that I might be a good fit for. :-)
And very happy to work with your editors-in-training, no problem at all.*

Cheers,

Ali

Building Other Sources of Income

Another option in dealing with feast or famine is to build other sources of income.

Some freelancers do this by selling ebooks, online courses, or other downloadables. These might be aimed at an audience of fellow writers or at the freelancer's target clients.

I sell a number of digital products through my Aliventures blog (which I suspect you already know, as you're reading one of them). Over the past few years, my attention has been on my freelance work rather than on my products – but they're an easy and effective way for me to bring in extra money beyond my freelancing income. If I hit a dry spell with freelancing, I can always run sales, create new products, and so on.

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You might want to create something to sell, or you might look for another source of income. In my very first year of freelancing, when I was still building up a client base, I spent a couple of afternoons each week childminding. The extra money was really helpful in those early days, and helped give me the stability to build a freelancing career while studying for my Masters degree in Creative Writing.

Raising Your Freelance Rates Regularly

At some point in your freelancing career, you're going to need to raise your rates. In fact, you'll almost certainly need to do this multiple times.

Over time, prices go up. During 2022 in the UK, prices have increased a lot, and consumer price inflation is almost at 10%. Understandably, as the cost of living goes up, businesses and freelancers need to raise their rates too.

Another huge reason to raise your rates over time is because your writing skills are improving month by month and year by year. Perhaps you've become much better at incorporating SEO keywords naturally, or nailing your introductions, saving your editor a lot of time.

There's no rule on how often to raise your rates – but I'd recommend at least reviewing them every year. If more than two years have gone by since you last increased your rate, then it's definitely time to bump it up a little.

Your rate might be per hour, per word, or per piece. My own preference is to charge per word: it's simple and straightforward. Charging per hour doesn't incentivise you to work fast and efficiently – whereas if you charge per word, your hourly rate will likely increase anyway as you get faster at what you do.

Are You Charging Too Much or Too Little?

One worry that some freelance writers have is that they're not sure if what they're charging is about right, or if it's too much or too little.

The range of pay rates available for freelance writing is *huge*.

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I've seen gigs that pay \$0.02/word (avoid those!)

I've also seen gigs that pay \$1+/word (great if you can get them – these are likely to require specialist knowledge and will usually be very competitive).

Your rate is likely to fall somewhere in the vast area between \$0.02/word and \$1/word.

So how do you know if you're charging the right amount?

- If you're solidly booked with work and never have a quiet spell, you're almost certainly not charging enough. Start raising your rates.
- If you can't ever seem to land a gig at your desired rate, or you're desperate for more clients, your rate is probably a bit high. Try lowering it a little – at least until you build up a solid client base.

You could also talk to other freelancers about what they earn for different types of projects – this can give you some clues, but keep in mind that *they* may not be charging enough (or, alternatively, they may be able to command a high rate because they've been freelancing for many years).

Raising Your Rates if a Project's Scope Changes

One situation in which you may need to raise your rate is when a client changes the scope of a project.

This has happened to me a couple of times recently with blog post clients. In both cases, the clients wanted me to start using SEO software to optimize my blog posts before submitting them.

I was very happy to do so, but that type of optimization was adding 15 minutes or more to the writing of each post. So, I let my clients know I'd need to start charging a little more (for one, I raised the rate by \$0.01/word; for the other, I raised it by \$0.02/word, as their optimization requirements were a little more stringent).

When this happens, it's easy to feel a little awkward. But clients will completely understand that they're asking you to do more work – and it's going to cost more.

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I found that it was most comfortable for me to:

- Let clients know I was happy to use their SEO software, but it might mean my costs would go up. I'd keep their next 2 pieces on the old rate while I assessed how much extra time the optimization would take.
- Then, once I knew how much extra work it was, I let them know what the new rate would be, going forward. In both cases, they were happy.

Raising Your Rate as You Take On New Clients

The simplest way to raise your rate is to gradually increase it as you take on new clients. Let's say you have four steady clients who all pay \$0.10/word. When a new client gets in touch, you can give them your rate as \$0.12/word.

There's not much risk attached to this – if the client decides not to work with you, you still have your four existing clients.

This also makes it easier to raise the rate for your current clients. Let them know, a month or two ahead, that you'll need to raise their rate. I usually do this at the end of a year to apply from January.

You don't need to offer any justification for charging more, but you may want to mention that you're bringing them into line with your newer clients – and that they've been benefiting from your old rate up until this point!

Here's a template email you can use:

Hi [client],

It's been great working with you during [YEAR]. I wanted to give you a heads-up that my rate will be increasing from [\$0.XX/word] to [\$0.XX/word] from 1st January onwards. I've kept you on my old rate for a while, but I'm bringing all my clients into line now at [\$0.XX/word].

Hope that works okay for you, and of course all work billed during [MONTH] will still be on my old rate.

Best,

[Your name]

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What If a Client Pushes Back?

Sometimes, I've told a client that I'd need a certain amount to keep working for them, and they've told me that's out of their budget range.

In those cases, I've always expected that would be the case. This has only happened when, say, a client has been paying \$0.05/word and I would only be interested in continuing if they could increase that to \$0.10/word.

With this type of situation, generally the client works with multiple freelancers and pays them all roughly the same rate. You might be able to negotiate a small increase (e.g. a few years back, I got that client up from \$0.05 to \$0.06/word). But if you want a big increase, they'll just use other freelancers.

Obviously, if you're really short of work and you need to keep up a \$0.05/word gig alongside gigs paying \$0.10-\$0.20/word, then you may have to put up with it while you seek higher-paying work. But for me, I had plenty of better-paying gigs and was happy to ditch the low-paid one altogether.

What Does Financial Success Look Like?

What would "financial success" look like for you, with your freelancing?

We all have different ideas of "success". Perhaps you want to make enough to cover bills, with a bit left over, so you can pursue novel writing on the side. Or maybe you want to shoot for a six-figure salary every year.

You might also reach one level of financial success and build on that to accomplish more.

For me right now, I'm very happy with where I am with my freelancing. I've reached what I, and most people, would consider success. I'm easily making enough to support my family's needs (my husband's income mostly goes towards extras, like holidays and days out) and for the April 22 – April 23 tax year, I'm expecting to make enough to pay higher rate tax. That will put me

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into the top 16.2% of taxpayers in the UK. I also very rarely work more than 20 hours/week at present, giving me lots of time for my kids.

It's worth noting, though, that it's taken me fifteen years to build my freelancing career to this point.

When I began freelancing, this level of success was pretty much unimaginable for me! I was happy to just be covering my rent and bills, and I was working more like 30 - 40 hours a week around my studying commitments. And when my children were very small, my freelancing income didn't cover much more than the childcare I needed in order to keep my business going.

Wherever you are in your freelancing journey, what would "success" look like to you, in the next couple of years? You might want to put an actual figure on this – e.g. \$40,000/year – and then break that down to figure out what you need to be billing every week.

Don't get caught up in someone else's definition of success, though. You might be happiest – like me – freelancing part-time, even if that means sacrificing some of the money you could otherwise make. Or, you might want to prioritise freelancing gigs you really enjoy over the ones that pay well.

You're in control – so make sure you design your freelancing life the way you want it.

How the Assignments Work

For each module, you have an assignment to carry out. Obviously you don't *have* to do it – this isn't school! – but you'll get the most out of the course if you work through the assignments along the way.

Each assignment has a suggested length (e.g. 30 minutes) to give you a rough idea of how long it's likely to take, if you do it in full. Don't worry if you only have a little bit of time to spare: even 10 minutes is well worth doing.

ASSIGNMENT

Your assignment this week is in two parts:

#1: This week, when you plan your day, work out how much each gig is going to pay. (This may need to be estimated, e.g. a 2000 – 2500 word blog post that pays per word.)

Then, track how much income you make per day, and record your income for the week.

#2: Consider raising your rates – for new clients, at least, if not for your existing ones. If you haven't raised your rates for over a year, it could well be time. If it's been more than two years, it's definitely time!

Module #5: Further Reading

All of the further reading is optional, but if you want to find out more about something we've covered, it's highly recommended.

[How \(And Why\) to Raise Your Freelance Rates](#), Rachel Pelta, Flexjobs

This article has some good, practical advice on how to raise your freelance rates. There's also a template email here you can use to contact clients about raising your rates, if you're not so keen on the template one I've given in the module.

[Raising Your Freelance Rates: 7 Common Questions \(and Answers\)](#), Kat Boogaard, KatBoogaard.com

In this useful guide, Kat tackles some common questions surrounding raising your rates, including tips on when it's best *not* to contact your client about a rate increase. Again, there's a useful email template you can use, if you want.

[Pricing 101: How to Price Yourself as a Freelancer](#), Jake Jorgovan, CareerFoundry

If you're fairly new to freelancing or you haven't set any consistent prices yet, then this article is a helpful look at while project-based pricing is better than charging an hourly rate. There's some unorthodox (but, I think, very valuable) advice here that may challenge some of your assumptions about what and how you should charge as a freelancer.

What's Coming Up Next:

Well done on reaching the end of the fifth module. Remember, if you have questions at any point, please do pop into the Aliventures Club Facebook group. It's a really friendly place.

[facebook.com/groups/aliventuresclub](https://www.facebook.com/groups/aliventuresclub)

If it's something you'd prefer to discuss privately, or if you're having a technical issue with the course, the best way to get in touch is to email me at ali@aliventures.com.

Here's what you'll find in Module 6:

MODULE 6:

In the final module, we'll be looking at some tricky freelancing issues – and seeing how you can tackle them. We'll cover problems like what to do if a client doesn't pay (and stops responding), what you can do if a client isn't happy with your work, and how to handle things professionally if you're going to miss a deadline. We'll also run through some potential next steps for your freelancing career.