SOFTBILLO GUIDE

Pricing Your Work Without Flinching

A framework for setting a rate you can defend, and the clauses that stop scope creep being free.

A SoftBillo guide for freelancers and small studios. Work out your real floor, choose a pricing model, and say the number out loud without discounting it first.

Start with your floor, not the market

Most people price by looking sideways at what others charge. That tells you nothing about whether the number works for your life. Start from arithmetic instead.

The floor calculation

1. Add up what you need to earn in a year, after tax, to live the life you have agreed to.
2. Add business costs: software, insurance, equipment, accountant, workspace.
3. Add your tax percentage back on top.
4. Divide by billable hours — not working hours. Most full-time freelancers bill 900–1,200 hours a year, not 2,000.

Line	Example
Take-home needed	$60,000
Business costs	$9,000
Tax at 28%	$26,800
Total to invoice	$95,800
Billable hours	1,000
Floor rate	$96 / hour

That is a floor, not a price. Anything below it means the year does not work, no matter how busy you are. Once you know it, discount conversations become factual rather than emotional.

> The most common error: dividing by 2,000 hours. Selling, admin, invoicing, proposals and sick days are all unbilled. Assume roughly half your working year is billable until your own records say otherwise.

Choose the right model

Hourly is the default and rarely the best fit. Pick the model that matches how the value shows up.

Model	Best for	Watch out for
Hourly	Open-ended or unpredictable work	Punishes you for getting faster
Day rate	On-site or block-booked work	Half-days that become full days
Fixed project	Well-defined deliverables	Needs a tight scope and a change clause
Retainer	Ongoing access or maintenance	Define what is included per month
Value-based	Work tied to measurable client gain	Requires evidence and confidence

Moving off hourly

Price the next similar project as a fixed fee using your own time records: estimate the hours, apply your rate, add 20% for the parts you always forget. If you deliver faster than estimated, you keep the difference — that is the reward for expertise that hourly billing removes.

Write the estimate so scope stays honest

Scope creep is not a client failing. It is what happens when the document does not say where the work stops.

Three clauses to add to every estimate

1. What is included. Concrete deliverables and quantities: "two rounds of revisions", "up to five pages", "one 90-minute workshop".
2. What is not included. Name the obvious adjacent things you will otherwise be asked for free — extra rounds, new pages, ongoing support after handover.
3. What happens if it changes. "Additional work outside this scope is quoted separately at $X per hour and agreed in writing before it starts."

Those three paragraphs convert an awkward mid-project conversation into a reference to something already agreed. You are not renegotiating; you are pointing.

Deposits and staging

Ask for 30–50% up front and tie the remainder to milestones. It is standard practice in every established trade, and clients who object to it are telling you something useful early.

> Say the number and stop talking. The silence after a price is normal. Filling it with a discount teaches every future client that your first number is negotiable.

Raising your rate

Rates do not rise on their own. Plan the increase; do not wait to feel entitled to it.

A schedule that works

- Review your rate every twelve months, on a fixed date.
- Raise new-client pricing first. Test the number on people with no reference point.
- Give existing clients 60 days' notice, with the new rate applying to new work.
- Expect to lose some clients. Losing the lowest-paying 10% while raising everyone else by 15% is a good year, not a bad one.

The notice, in three sentences

"From 1 June my rate moves to $120 per hour, the first change in two years. Everything already scheduled stays at the current rate. Happy to talk through what that means for the work we have planned."

When to raise sooner

- You are booked solid and turning work away.
- Nobody has questioned your price in the last ten proposals.
- Your costs have risen and your rate has not.
- You have added a capability clients specifically ask for.