

How to set hourly rates

I often ask people to quote an hourly rate. Some are able to do this, while others are not sure how. This document is intended to help them.

One simple way of putting it would be the amount of money for which you would be happy to sit and do nothing for an hour.

Some might say “Well I just wouldn’t do that”. But everyone has a price. If I was offering a million dollars an hour, most of those people would relent and agree to do it.

They would probably agree to \$0.5 million per hour, \$250k per hour, and so on down to a more realistic dollar amount, but there would be an amount below which they would start to think to themselves “This is ridiculous, I would be making more money translating at the moment”, and that is exactly the point I would like to reach.

I would like to know the amount of money you *know* you are happy making when you have quoted a job, and no less. In other words when you quote a job (per word or per the whole job) and you get it right, and you make good money, and you look back and say “That was good money! I quoted this much and it only took this many hours, I wish every job was that profitable!”, *that* sounds to me like it should be your hourly rate!

In other words (I realise everything in this document is restated many times in other words) it is an amount of money per hour, that protects you from every unforeseen risk entailed in quoting and taking on the responsibility for a certain amount of productivity.

Wherever possible I quote fixed prices for my clients, and it always involves risk. But it is moral and rational that I take on all the risk instead of leaving it with my client. After all, I am the one making the public declaration that I am a professional translator, not them. By ‘professing’ in this way, I am claiming to possess all the knowledge required to best manage that risk, and the service I am offering to my clients is basically the opportunity to outsource all the risk attached to misunderstandings; not reaching their LOTE counterparts; translating badly or translating too slowly.

I am saying to them that, for a fixed price, they can relax and know that I will take full responsibility for ensuring clear understanding among all stakeholders regardless of language ability; accurately; faithfully and on time. That is the proper remit of a professional translator. If I fail, I don’t get paid.

But I don’t always manage to quote enough to make it worth my while! Life, and translation, is often unpredictable, and despite my best efforts and 30 years’ experience, I sometimes spend so much time on a job that in the end I made a miserable amount



per hour, sometimes even losing money! But that's my problem, not theirs. For precisely the same reason that my profit is not theirs when I get it right. If I get it wrong, all I can do is learn from the experience and try to improve my quoting skills in the future.

When I ask you for an hourly rate, I am offering to relieve you of all that stress, and therefore it is immaterial what the nature of the work is. In other words your hourly rate should protect you from the risk of taking on work without knowing what it is beforehand.

My aim when engaging the services of draft translators and casual interpreters is to create a space where they can remain in love with their work and are free to concentrate solely on the problem of language, and where possible develop their professional and life skills. I do NOT want people working for me to be unhappy with their choices and simply trying to rush to the end of the job because the money is so bad. That's a bad way to spend your working day. I've done it. I hated it.

Now let's get back to reality here. Most of the time I ask draft translators for a fixed rate per word. In that case I am also outsourcing risk to the draft translator. I am asking them to charge no more than they quoted even if they end up spending twice the amount of time on it than they expected.

But if I work with someone who finds that they underquoted and who end up making a paltry amount per hour, as long as they stick by their quote (as I would), I am very keen to help them improve their quoting skills and work out better rates for next time. I am perfectly happy for people to quote each job on its merits because that's exactly what I do. And if they get it wrong then I expect them to take responsibility for that. I am not asking anyone to do anything I don't do or haven't done myself.

But there are some jobs where we both know it is simply not possible to quote a fixed price because you can't know in advance how long it will take. When I am interpreting, I sometimes don't know if the job will end mid-afternoon or go until midnight, nor how many hours I might be obliged to sit waiting while the client sorts out their issues. So hourly rates are the only fair way for the client and I to make sure we are both supporting each other.

Similarly, I fully expect casual translators to be able to quote fixed word rates if they are working in their own workspace, which they have spent many years developing so that it enables optimum productivity, all the way from the keyboard to the kitchen. But if I ask a draft translator to come into our office to work (which often happens – we are not an agency) then I pay hourly rates, because there's no way I could expect them to hit the same productivity targets in a different office on different computers.



And of course, checking, editing, researching etc can only be priced by the hour. But again, that hourly rate should compensate the person to at least what they would be making on their best day as a translator working per word (why would I expect anyone to work for less?)

So that brings us to what *your* hourly rate should be. I italicise 'your' because it has nothing to do with what anyone else is charging. That would be to assume that these things are determined simply by an individual's membership in a class of people, which tends to erase everything about the individual member. That's called class theory and is designed to serve broad political movements rather than the economic interests of any individual ensnared within it.

To serve your economic interests you need to ask yourself "How much per hour could I be making right now?"

What is a job that you know you could go and get right now? Whatever that job pays per hour, you would be mad to settle for less than that. (Provided of course it was more or less equivalent in every other way: same number of hours work per week, same level of amenity, emotional and intellectual satisfaction, danger and inconvenience etc.)

Perhaps you are in the fortunate situation of having enough translation and interpreting work to keep you busy 40 hours every week. In which case subtract from your sales for three months all the outgoings required to generate those sales (known as "COGS" Cost of Goods Sold), divide by 480 (12 weeks x 40 hours), and there's your hourly rate! You can even add 10% because I *want* people to get ahead!

I have a spreadsheet that makes this calculation very easy and I am keen to share it and show people how to use it.

As long as you are making at least that much per hour, you can hardly complain. Again, this is the way I have always approached my hourly rate.

Some may say that I am foolish allowing people to charge per hour when I am not in control of what they are doing. But I have always trusted people and rarely been disappointed.

And by creating an environment that allows people to develop their love of translation and their associated skills, people will be motivated to set an hourly rate that is competitive.

And you do need to compete, because I always obtain more than one quote.