**Setting Rates and Preparing Estimates  
EAC Editing Goes Global 2015 conference session**Sunday, June 14, 2015 1:30 – 2:30  
Room 202A?

Hi everyone! Welcome to my session on how to set rates and prepare estimates. I feel a bit funny standing here, about to teach a session with *math* in it—few editors are more obtuse than me when it comes to math. But this stuff is so easy that anyone can learn it, and I’m proof that it works.

I hope I’ll have time to take questions after the session, but if there’s anything that’s really puzzling you during my talk, please feel free to stick your hand up. Suzanne will pass out a handout—it’s a summary of my talk so you don’t have to take notes.

**1. Introduction.**   
So! This is a big topic, one that comes up often on Facebook, LinkedIn, and on other editing forums. There’s a lot of controversy and passionate opinion over   
how to set rates, what to charge per project, and how to prepare estimates. A particularly hot-button issue is whether to charge by the word, by the page, or by the hour. What I’m going to teach you today is a solid method and formula that’s based on charging by the hour. Once you know how to do that, you can easily convert your figures into a per-word rate or a per-page rate if those are what you prefer. Maybe even a per-character rate!

I actually developed this method for myself back in about 2003, and a couple of years later I took an EAC-BC seminar from the esteemed Peter Moskos on this very topic, how to set rates. To my surprise, Peter used exactly the same formula as I’d come up with, with a few refinements that I happily incorporated. I figured if such a venerated editor as Peter was also using this formula, it certainly would do for me.

**2. How to determine your hourly rate.**  
Okay! First of all, how do you set your hourly rate? There’s actually an easy formula for doing this. First, you need to determine what you want your annual income to be. $30,000? $40,000, $50,000? The simple formula is this: if you want to earn $30,000 annually, charge $30 per hour. $40,000 annually, charge $40 per hour. $50,000 annually, charge $50 an hour. And so on. Any British editors here, by the way? This formula works whether we’re talking about dollars or pounds. So let me explain how it works.

It’s widely recommended that an editor should work at actual editing no more than four or five billable hours per day. Anything more than that leads to burnout (trust me on this one—I’ve been there). The remaining hours should be spent on non-billable stuff like marketing, education, and administrative tasks. So let’s use the four-billable-hours-a-day figure for our purposes here.

DRAW on CHART: So you work 4 hours a day x 5 means 20 hours a week. 20 hours a week x 50 weeks is 1,000 billable hours of work a year. So, if you want to earn $40,000 a year, 40,000 divided by 1,000 hours is 40, so you charge $40 an hour. Simple! It’s a nice easy formula you can’t go wrong with as a starting point.

So next, how do you decide what to charge? Only you can determine that, but it’ll depend on your level of experience. If you’re a brand-new newbie, I suggest not going any lower than $30 per hour. Novices, $35; mid-level editors, $40 or $45, and if you’re a very experienced editor, you can change $50 or even $55 or higher.

One thing I need to note is that I’m coming from the perspective of a freelance editor of mostly self-published books. If you do corporate or government work, you can charge more—I’ve heard of rates as high as $90 an hour and more for an experienced editor. Interestingly, big-name publishers like Penguin often pay a little less than average. I mentioned in my session yesterday that a higher income can be one of the advantages of working with self-publishing authors.

**3. Editing speeds.**So now you’ve set your hourly rate. Next, let’s look how you determine how much to charge for each individual project. It all depends on how fast you can edit a particular manuscript, and that depends on both your skill as an editor and the quality of the writing. Usually, newer editors will edit more slowly than experienced editors. So if you’re new and you want to be competitive, you may have to work longer hours and/or lower your rate. But for the purposes of my discussion, I’ll talk about what the average editor can do in any given hour.

I’ve come up with a set of editing-speed guidelines that are more or less in line with those of the Editors’ Association of Canada and some of the major publishing houses. Depending on the quality of the writing, your skill as an editor, and the type of editing needed, editing speeds can range widely between projects—anywhere from one to twenty 250-word pages an hour. These guidelines are as follows:

* Developmental, substantive, structural editing, rewriting—one to three pages per hour
* Heavy/medium copy editing and stylistic editing—four to six pages per hour
* Medium/light copy editing and stylistic editing—six to eight pages per hour
* Proofreading—nine to eleven pages per hour
* Manuscript evaluations—twelve to twenty pages per hour. With these, your critical reading speed can vary widely depending on the quality of the writing, complexity of the subject matter, the degree of critical analysis applied, and the number of comments and notes made throughout. You’ll probably spend at least three hours writing up a final report, which should be factored in to the total hours.

When you do your estimate, keep in mind that often you’ll be working on several of these editing levels at once, increasing the amount of time you spend per page. For example, I almost always do a simultaneous combination of stylistic and copy editing, with some substantive editing mixed in.

**4. The estimate formula.**  
Finally! We get to the fun part—how to do estimates. I used to call this the magic formula, but it’s very simple—there’s really nothing magic about it. To arrive at an accurate estimate, you’ll need two things: First, a sample of about 1,500 or more words from the middle of the manuscript, and second, the total word count.

**[[Don’t read.** If anyone asks about getting a word count from a PDF, there’s a free tool called Translator’s Abacus. http://www.articpost.com/how-to-count-words-in-pdf/**]]**

The first thing to do is to perform a sample edit on the sample the author’s provided. Time yourself on the sample for one hour, then count the number of words you were able to edit in that hour. You may want to do only a half-hour of editing, and if that’s the case, just double the word count you’ve edited.

Now, take that figure of how many words you’ve edited per hour—let’s say it’s 2,000 words—and divide it by the standard manuscript page count of 250 to get the number of *pages* you can edit per hour. In this case, it’s 8 pages per hour. 2,000 divided by 250 is 8. This is a fast copy editing speed, by the way.

Next, you’ll extrapolate from the total word count to determine the total number of hours the editing will take.

Let’s look at an example. Let’s say you’ve timed yourself on a sample of a 100,000-word manuscript. First we’ll get a total page count.

**(write on board: 100,000 words per manuscript page = 400 pages)**

You’ve determined that you can edit at that eight-pages-per-hour speed, so put that figure into the formula. Divide 400 pages by 8 pages per hour:

**(write on board: 400 pages ÷ 8 pages per hour = 50 hours)**

So you get 50 hours. Here’s where we factor in what I call project management time, or administrative time, at an average of 15%:

**(write on board: 50 hours x 15% project management time = 7.5 hours)**

So you get 7.5 hours. Add that to the 50 hours for your total hours:

**(write: Total hours = 57.5)**

And multiply by your hourly rate. Let’s say that’s $40 per hour:

**(write: 57.5** **x $40 per hour = $2300.00)**

For a grand total of $2300. See how easy that is? The formula is on your handout, so you can practice it on your own work at home.

**5. Project management time.**  
Now let me talk a bit about project management time. This is the one line item I didn’t have on my invoices when I first started, and something I learned from Peter Moskos. I always add 15% of the total hours for project management time. You can call it project administrative time or anything you like, but the fact is there’s always extra time needed beyond strict line-by-line editing time for things like: e-mail queries, possible phone calls, Internet lookups and fact-checking, making notes and track changes comments, back-and-forth work in the manuscript, Canadianization, formatting so the manuscript is ready for design and typesetting, a final spelling and grammar check in Word, a final consistency check with PerfectIt, a final scroll-through for consistency, writing final comments, and other administrative tasks like invoicing.

15% for p.m. time is my default. I always try to get a read on the client in the introductory e-mails to see whether they’re going to be high maintenance or not. For a recent client, I charged only 10%; for other clients I’ve charged as high as 25%. Also keep in mind that if you’re working on a shorter document like a short story, the project management time percentage may be skewed. For example, 15% of three hours is just 25 minutes, and I guarantee you won’t be spending that little time on things outside of editing—the first few e-mails you exchange will alone take 25 minutes or more. So for short projects, either increase the p.m. time or just set a flat fee that *includes* project management time.

**6. Editing by the word or page, and case for an hourly rate.**  
Now let’s move on to a rather controversial issue—whether to charge by the word, page, hour, or project. The argument over which method is best goes on year after year and continues to bring out passionate opinions in many editors.

I always show the complete breakdown of my editing costs in my advance invoice to the client. I show them the exact formula I’ve given you here. I also write out what the project management fees include, just as I’ve described them to you. I don’t want to seem like I’m hiding anything; I want the client to know exactly how many hours I’m working on their edit so they can see the value they’re getting. Sixty or 100 hours is a lot of hours! If I charge by the word or page or by the project, the client can’t easily see how many hours go into the work of editing. Transparency and showing the client how I account for my time is one solid reason for charging by the hour.

But if you really feel more comfortable charging by the word or the page, then do so!—but ***after*** you’ve done your sample edit and the calculations with the formula I’ve described. To get a per-word rate, take your total cost of $2300 (as in my example here) and divide by the number of words. In this case, it’s 2.3 cents a word.

**(Write: $2300 ÷ 100,000 words = 2.3 cents per word)**

***Or*** to get a per-page rate, divide the total cost by the number of pages (400). In this case, it’s $5.75 per page.

**(Write: $2300 ÷ 400 pages = $5.75 per page)**

You’ll see that it doesn’t matter how you charge—by the page, word, or hour—it still always comes down to knowing how much you want to earn in an hour (or a week, or a year).

Also, one of the problems with quoting a per-word or per-page fee is that by necessity the figure changes with every project you do. Some projects might be a jumble of unintelligible words while others might be smooth and polished, so it’s pretty obvious you can’t charge the same per-word or per-page rate for every project. This constantly changing rate means there’s no firm or consistent figure you can put on your website, and you won’t have a ready answer when a client asks how much you charge.

And then there’s the project fee. If you want to give a project fee, well, then just give the flat fee. But I’ve found that clients really appreciate a detailed breakdown of fees so they know where and how their money’s being spent.

One colleague told me, “I don’t think in terms of hourly wage. I think about how much money I feel my work on the project is worth—or better yet, how much money I want to earn on the project—in total.” Well, my argument to that is that, yes, you absolutely need to know how much your work on a project is worth in total, but how else can you can know that except by figuring out the total number of hours it takes? A 50,000-word project will hardly be worthwhile if it takes 200 hours. So it all comes down to an hourly rate anyway. Another argument she made was that clients might disappear if they knew she was charging $80 an hour. So she’d rather hide her hourly rate behind a 4-cents-per-word rate—which is what my above example comes out to.

**(Write on board: $80 per hour ÷ 2,000 words = 4 cents per word)**

But clients aren’t usually that gullible. They don’t have to go far on the Internet to see that 4 cents a word is an extremely high rate for copy editing. Clients can do math too, and they will, so I’ve found it’s best just to be transparent up front.

Also, editors I know have gotten in trouble when charging by the *page*, when, too late, they discovered that the client had a whole different idea of how many words constitute a page. So, if you want to charge by the page, make sure to agree on the number of words per page at the outset so there are no surprises down the road. As I’ve mentioned, the standard is 250. I’ve heard tales of editors being blindsided because they *assumed* a page was 250 words, but the client thought it was 300 or 400 or even 500, so the editor ended up working at half the rate, or double the speed.

There *is* one valid argument to charging by the project, and that’s if you’re a really fast editor. If you can get twice as much work done in 40 hours than I can, then it makes sense to charge by the project—you’ll make more money that way. I get that, but I’m not one of those editors. I work at the average editing speeds I’ve given you, as do most newer and intermediate editors.

The bottom line is that however you charge—by the hour, page, word, or project—it only makes good business sense to figure out how much you want to earn annually, monthly, weekly, and hourly. And if you set an hourly rate, you can stick by that no matter what kind of editing you do—you don’t have to change your rate for every project and every level of editing. An hour is an hour is an hour. And an hour means the same thing to clients throughout the world—it’s the most transparent, consistent form of preparing estimates for potential clients.

**7. Almost done! Two more tips.**

**First tip.** Should you charge for sample edits? The answer is, “It depends.” Are you a novice in need of work? Then do the sample edit for free. Are you a more experienced editor who has plenty of work, but you really, *really* want this particular job? Then do the sample for free. But as a rule, make it a policy to charge a small amount—maybe an hour or two of work—for sample edits. You’ll end up doing a lot of these, and after a while, you’ll start to feel resentful if you’re always doing them for free.

**Second tip.** Always give a range when doing estimates. Provide the client with a range of about a one-page-per-hour difference in editing speed. For example, a range between five and six pages per hour, or between six and seven pages per hour. Sometimes my ranges are even wider than that. This gives you some breathing space and pad in case you get underway with the editing and find you’ve underestimated—and trust me, that happens a lot, even to experienced editors.

So I’m finished! Any questions?

**Questions?**