

Budgeting, Rates, & Scoping

How do I budget a project? How do I plan the scope?

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Overview, Ethics, & Disclosures

Types of Rates & Rate Terms

In general most of these rates are *personal* rates. There are different rates when you budget a project that includes your rate, that's not what this section is about, though there are some principles that apply to both.

Like all things, presenting a rate to an existing or future client could kill a relationship or a potential project. So be careful and play the give-and-take negotiation game. First make them want you, then make them **need** you.

Day-Rate

Getting paid a flat rate for a day up to a certain amount of hours.

Flat Day-Rate - Getting paid a flat rate for a day even if it extends beyond a certain number of hours. This is generally something you should avoid unless you trust your client. Unfortunately, this is the most typical for long term contracts. Most of my clients that operate this way have been pretty good and honor comp time. Often, when someone says "Day-Rate" they really mean "Flat Day-Rate" - aka no overtime.

Week-Rate

Getting paid a flat week up to a certain number of hours.

Flat Week-Rate

Getting paid a flat week even if it extends beyond a certain number of hours. Ditto on trusting your client. A flat week rate should include payment for holidays as paid time off on long term contracts. This rate type is essentially a **salary** without a guarantee of benefits, paid time off for non-holidays, or ongoing employment.

Salary

Getting paid weekly or bi-weekly based on a total year salary. Typically, this includes benefits like **health insurance, paid time off, vacation**, and a **retirement plan**. I have not had a salaried role since 2014, but I have had consistent, full-time work, from a combination of regular clients.

Project Rate

Getting paid a flat rate based on a scope of work.

Comp Time

Crediting your hours/day based on hours you worked over a normal week. You don't get paid more, but you do get brokered "paid" time off.

Walk Away

When you aren't paid for your lunch hour

Rate Ethics & Considerations

Work vs. Work-Product

Again, not a legal expert, but here's how I approach things here.

Be ethical!

Your work can be bought, but your skills can not.

How you complete a project is yours, this is the "work." You're probably using techniques that you've developed on your own and then you're including them in the puzzle that is the "work-product." The client always owns the work-product, and they can own portions of the work - but not your approach to that work.

So here's a good example. I've developed a series of media templates for projection that I've honed over many years, on many jobs, with many clients. If I use my media template for Client B, they absolutely own the media produced in that template, and they own the working file it was produced in, but they don't own the template because you've brought that with you and refined it for them. Also: good luck figuring it out. If you bring a hammer that you've built yourself to a job and then paint it red with project money, does the client own the hammer? No.

What if you amend the template concept with a technique you developed while with client B? Do they own this concept? In my opinion, no, because this is like red paint on the hammer. Sure, they paid for the paint, but they didn't pay for the hammer. That said, you need to be careful here because there's an implication of proprietary code that's developed on a gig. The combination that makes up a Code can be protected, absolutely, but its many strings, as unique parts, cannot be. You can't trademark a number, or a letter.

What about a language - what if you develop a framework for a client? Then they own the framework and you cannot reuse it without clearance. Again, though, the framework won't exist in a vacuum. You only can develop that framework because of your knowledge of existing frameworks. They can't own the existing frameworks.

What about a piece of hardware - what if you develop a new type of projection lens? Applying the same principles here, they own the lens, but they don't own the skills that enabled you to design that lens. You can't take that lens and use it with another client, but you could probably get away with designing something similar. Think about a car designer who goes from Audi to BMW: they can't take trade secrets with them, but they can't unlearn aerodynamic physics.

Watching Out For Your Team

This is a tricky subject. I've never played a game with a client on behalf of my staff or friends, but I do think it's ethical to watch over your network and make sure they're being treated fairly. Through time and through experience, you'll learn when someone isn't getting a good rate, either because of market value or because they deserve more given their experience. In my opinion, you have a responsibility to help your colleagues get a fair rate, either by negotiating on their behalf, or by helping them negotiate.

As producers, we do this all the time for vendors - you might say something like "the budget needs to be no greater than X," and when you verify their budget and they've come under in certain categories, you let them know because the relationship is important to the job. This is true, too, for your colleagues. If someone asks you about a rate increase, I find the best thing is to be honest with them about what you believe is possible. This might not be what is actually possible, but it's a first step. Just be sure to caveat it!

This skill goes both ways. If your client is being had, it's up to you to let them know. Think strategically here. If a vendor is a necessary evil, you may want to address this carefully. Look for signs from the Executive Producer: how do they feel about this vendor?

Project Documentation

The only way you're going to get more work is by working with people who recognize your work, or know someone you know, or they've already worked with you in another capacity. Applications for gigs where you don't know someone (or something) in common, are sadly typically unsuccessful. At least in my experience.

To that end: you need to be able to share that you worked on a project. You need to be able to say to a future employer "I worked on the Windows XP rollout" and ideally, you have a showcase video of Windows XP in action so that you can share it, or include edits of it in a personal reel.

Some clients and/or client projects specifically prohibit you from doing this. Sometimes this is OK. If you're working with a client and you are white labeled and there's an NDA, there's nothing you can do.

However, when it's not that situation, you should be able to share a final version of a public project and say you worked on it. You should keep all project secrets to yourself (like a product roadmap, or your partner list), but you should absolutely be able to share that you worked on it. Generally speaking, unless you've been canceled, this is good for everyone. If the Client is hesitant to allow the sharing that you worked on a project, you should include it in your rate negotiation.

Always, always, always take photos and video documenting the project the whole way through. At worst, these images are used in private, internal wrap documentation and everyone will be pumped that you took the initiative. At best, you can share some of the finished product to future clients.

Rates

Rate & Rate Negotiation Pro-Tips

You always, always need to negotiate. If your client says “Yes” immediately, it generally means you low-balled yourself. It’s a delicate balance though, don’t go over the line because an immediate no is no-good either.

Aim a little higher than your target. That means you have some play to negotiate down to the number you actually need to hit.

Don’t aim much higher than your target, as you’ll likely immediately get rejected. “So nice to meet you!” A \$1000 day-rate for a junior developer who was born after 9/11 is probably not going to fly (until maybe 2028). There is still a hierarchy to years-of-experience, that frankly, is mostly correct.

Reverse engineer a typical day to get to a good rate based on the actual work you’re doing :

- An \$1000 day-rate might scare away your client, but if you follow production pricing, suddenly, it’s not so scary. \$70 / hour with 1.5x overtime after 10 hours and 2x overtime after 12 hours, with an overtime penalty if turnaround time is <10 hours. That means a 12 hour day is a \$910 day, and a 14 hour day (sadly, common in production), comes in at a hot \$1,190.
- So: breakdown your rate for them. “\$700 for a 10” is common language that is understood as \$700 for a 10 hour day, with pro-ratio/possible OT after 10. Delicately balance being specific *and* casual about your terms if they ask.

On a union production, If you work through lunch, you should count that towards OT, or your day should be shorter. Again, following production pricing, you need to be given breaks, and if you don’t, your client needs to compensate you for that. I mostly work through lunch and don’t count it towards OT. I’m told that the greatest financial-value white collar crime in America is wage theft. The silent killer!

On a long contract, with no OT, my opinion is that you must require comp time for overtime after a typical 40 or 50 hour week. This isn’t a legal requirement, but if your client doesn’t agree to this, it’s ethically dubious. Comp time means: you get paid days off equal to the time you worked over time. It's the right thing to do. It is rare that this isn't the case!

Stick to your guns on terms. You’ll be respected for it. Especially if you’re cool about it and you're not a jerk. I interviewed and hired someone a couple years ago who did this flex and I still think about how smart it was. Ended up being a good decision to work with them, too!

Rates

Personal Project Rates

Project rates are sort of the in-between rate – you're not getting paid against a time, and you're not budgeting an entire project, with multiple folks. Though, many principles from personal project rates apply to creating a budget for a wider project. But with personal project rates, you're estimating what you believe you should cost over the entirety of a project. If you know what to expect from a client and a project, the Personal Project Rate is actually a pretty good way to roll.

For **budgeting** project rates, I recommend estimating how much it would cost you to complete the tasks based on a day rate, multiplying it by 1.5x and calling that the estimate.

With a project rate, it's important to define terms – such as quantifiable deliverables, or timeline requirements. This can be casual, but should always be in writing.

For most of my post-production and VFX clients, I bill against an estimated project rate, and flag for overages as we go.

Per Diem

A per-diem is a flat rate you get each day to cover living expenses. Per-diem is standard when a project or production has you working outside of your typical geographic area, and the things a per-diem are meant to cover aren't included already. Per-diem rates are typically between \$50 and \$75. You can use per-diem money however you want, but generally they cover expenses for being away from home. You do not need to disclose how you use a per-diem. Whatever you don't spend is yours to keep.

Per-diems show up as a tax-exempt addition to your pay-check or are given to you separately on a check or in cash. This rate is untaxed as long as it falls below the federal standard (\$79 in 2024).

Example Uses of Per-Diem:

- Meals or Snacks at: Restaurants, Cafes, Bars
- Groceries
- Emergency Laundry
- Emergency Clothes
- Pharmacy things

Per-Diems do not cover expenses that should be covered separately or reimbursed by your client (aka "covered by the job"):

- Flights
- Taxis
- Luggage
- Shipping
- Tools
- Equipment
- Client Dinners
- Hospital Costs

If you are on a job and you are in a position where something that you need exceeds a normal per-diem allocation – say for example, you're working in a nightclub on an island and the only meal options are \$90 sandwiches, then you need to address this with your client. A quick text that says "the only meals here exceed per diem, I need to be reimbursed" will cover you, unless your client is not-very-nice. In my experience, even the worst clients will cover these kinds of things ("you should try the ceviche!"). It's an understanding.

Kit Fees

If you have a ton of hardware or software that you own or have a membership/subscription that you pay for, it is critical that your rate reflects a percentage of that. That said, I believe that the right thing to do is to have a kit fee.

You should have a high kit fee and indicate a significant discount in your kit fee invoice. This is one of those client psychology things that's annoying, but if the initial price is \$100 / week for your kit fee, they might freak out. However, if your kit fee is \$300 / week, but you're discounting your fee for this client to \$100 / week, they are more likely to accept it. I wish we could all just say the numbers are the numbers and not have to play this game, but alas, that isn't the reality.

Some Vanilla Kit rental costs that are more or less standard:

- A \$6000 computer rents at \$200 / week.
- A high-end DSLR camera package rents at \$170 / week
- Expensive DSLR lenses rent at \$50 / week
- A high-end camera monitor rents at \$100 / week
- A \$1000 Gimbal package rents at \$50 / week

A good rule is to charge for the big stuff and then "gratis" out the smaller things or things that you feel are a nice bonus to throw in for free. You always line item everything to show the sheer amount of items that are critical to the kit, and that you're hooking it up for your client(s).

I have a kit fee on about 50% of my jobs. It's something you should always address at the beginning of a job. I frequently forget to do this and kick myself for it later.

If you're unable to get a kit fee, be sure to keep track of gear that is consumed on the job and bill it back as a receipt at the end of the gig. This is generally acceptable, but ask first. Clients are usually receptive to: "you need this thing today, I already have it in my bag, but I will need it replaced or paid for." This is a good way to get rid of gear you don't want anymore, too.

Budgeting

Budgeting a Larger Project

If you followed the [personal project rates](#) budgeting and [scope concepts](#), then the effort to make it a project that is staffed by more than just you is pretty simple. You add lines for each member of your team and add in all of the relevant caveats. A lot of folks think things we'll take less time than it will actually take – everyone is guilty of this. Generally, this is because of communications. Back and forth with stakeholders like clients, or agency, or creative executives can take up a lot of time. For example, if someone says “it'll take an afternoon,” remember that work needs to be approved so you should hold time for revisions. Are there reviews? Are there support hours?

Be sure to wrap overhead costs or “fringe” on top of labor lines. You need to process their checks, etc. Make sure you're compensated for that. For smaller projects I usually just add 10% on top for safety. If you're a bigger company (or represent one), the overhead percentage is usually bigger because taxes and other factors need to be taken into account. Adding 25% is usually safe.

For the top-line: Just like personal rates, you want to aim for a number that is safely “enough.” Budget the job using industry prices, then throw on a contingency, and if applicable: a margin. Throughout the job, reallocate funds when you've come up with better, more efficient options. You're a Creative Technologist, it's part of why you're such a good member of the team!

On jobs that you won't make money on because you don't have a stake, add some of that leftover to your contingency, then you can “release” funds back to the general project budget: another department could use it. On jobs that you do make money on, add some of that to your contingency and hold the remainder. In some cases, it's appropriate to release the funds back to the client, but in other jobs, this becomes margin. I like to call it “Pizza Party” money. Regardless of how that money gets reallocated, know this: margin and contingency is leverage and gives you a place to negotiate.

Budgeting

Budgeting Your Personal Life

While this isn't an element of Creative Technology practices, budgeting your personal life is critical to success in your field. It's important to know what your regular personal expenses are. It's good to know how much you spend each month on things like rent, utilities, family stuff, car stuff, loans, food, booze, subscriptions, health. If you track yourself for a few months, you'll quickly learn what the categories are, and what you spend in each category. This will help you figure out how much you need to charge on a job in order to survive, and perhaps to thrive. It'll also let you know if you're spending too much money at the bookstore or at the bar or whatever. The first time I did this and saw that I had spent \$10,000 at restaurants and on delivery in a single year, I dramatically changed my habits. Worth doing this for sure, and it'll make you a better producer, too!

Scoping

Setting a Scope

In general:

- Establish a timeline – Projects to be completed between X and Y date.
- Establish clear deliverables – for example: 1 original draft, and 2 revisions. This concept is scalable. If you have multiple deliverables, either deliver everything at once or apply the “review round” concept to each. 1 original/2 revisions is industry standard. Be careful to include and breakout concept and wireframe and/or animatic rounds.
- Define the specifications of those deliverables – resolution, frame rate, codec, format, etc
- Propose a project timeline, knowing that there will be some back and forth there and there is a certain degree of acceptable flex that breaks the “final timeline.” I’ve never worked on a project where the timeline didn’t change constantly throughout the project.
- Include obvious, high-level, caveats in-line

Example Scope Breakout

You can use the model below for most projects and replace, add, or subtract elements to make it specific to your project. If you’re doing a Projection Engineering Design, for example, you might want to include rounds for drafting, or systems’ diagrams, or R&D, etc, etc.

- **Deliverables**
 - Boards 1 Original, 1 Revision
 - Animatic 1 Original, 1 Revision
 - Final deliverable – 1x 90s animation 1920x1080, Apple Pro Res 422, 24fps
 - 1 Original Draft, 2 Revisions
- **Timeline – August 1st through October 20th, 2024**
 - Project Kick Off August 1st
 - Boards R1 8/15, consolidated feedback due 8/19 EOD
 - Boards R2 8/30, consolidated feedback due 9/4 EOD
 - Animatic R1 9/10, consolidated feedback due 9/14 EOD
 - Animatic R2 9/20, consolidated feedback due 9/25 EOD
 - Animation R1 10/1, consolidated feedback due 10/4 EOD
 - Animation R2 10/10, consolidated feedback due 10/15 EOD
 - Animation R3 Final 10/20
 - Additional time or versions will be budgeted on a case by case basis
- **Assets**
 - Stock, Voiceover to be provided by client.
- Changes outside of defined review cycles will be handled case by case.

That last point there – notice how I’m not saying “change order?” People see “change order” and they get a bad taste in their mouths. Instead, I like to soften the language. Given the amount of reviews in this example, additional rounds are unlikely – and if it’s something minor, you generally give a pass. Read more about change orders [here](#).

Once you have this breakout clear in your mind, you can apply hours to each round and then create a rate based on those hours. Remember to add a wide margin on top as contingency (and as... margin). Then, track your project hours to make sure you’re on track and that you’ve budgeted appropriately. This skill is worth quite a few bucks and is worth getting good at!

Also, once you have an established and trusted relationship with a client this can become quite casual.

Scoping

Change Orders

Generally, you'll give your clients many freebies over the years. This is critical to good client-vendor relationships. They hook you up with being flexible about some aggressive deadline, and you are flexible with a word change here or there to the motion graphics.

Here's some boiler plate language you can use if the changes are significant:

"Hi Client,

Thanks for your notes. This change is significant enough for us to evaluate additional hours. I expect it to cost an additional \$X to \$Y. Would you like to move forward with the changes?"

Obviously, if timing is critical, **make this a phone call**. Be prepared with an estimate, or a range of costs. People don't like when things cost more than they expected! Good luck...