

**EPISODE 441**

[SPONSOR MESSAGE]

[0:00:31]

**FT:** Can I ask you? How are you sleeping? We work hard all day and I know I look forward to getting my rest after a long day of meetings and business calls. That's why I'm excited to tell you about my latest sponsor, Casper Mattress. A brand sold directly to consumers. What does that mean for you? It means, you can get the Casper, an obsessively engineered mattress that's made in America at a shockingly fair price.

Casper combines springy latex and supported memory foams to create an award winning sleep surface with just the right sink and just the right bounce. Time Magazine named it one of the best inventions of 2015 and Casper shipped directly to you for free, in the US and Canada, returns are free too.

You can try it for 100 nights free in your own home and if you don't love it, they'll pick it up and refund everything. If you go to [Casper.com/somoney](http://Casper.com/somoney) and use my code, "somoney", you'll even get \$50 off any mattress purchase. Try Casper today for 100 nights in your own home and get \$50 toward any mattress purchase by visiting [casper.com/somoney](http://casper.com/somoney) and using my code, "somoney".

[INTRODUCTION]

[0:01:41.0]

**FT:** You're listening to So Money everyone. Welcome to the show, I'm your host Farnoosh Torabi. Today I have invited on a guest who is going to help us understand what we're worth in the marketplace, especially for artists and freelancers. Katie Lane is an attorney and negotiation coach, she's based in Portland Oregon, she's the creator of the very popular blog, Work Made For Hire and she is helping artists and freelancers protect their rights and get paid fairly for their work.

She helps her clients successfully handle all sorts of sticky conflicts like, how do I ask for more money? How do I ask for more resources? How do I know what to ask for in the first place because I don't know what my peers are making in this space? On her blog, Work Made For Hire, she also shares some of her negotiation and legal information and her favorite thing to do is to teach people who are intimidated by negotiation to get what they want with confidence while remaining calm. That is where we focus our conversation with Katie Lane.

Here we go. Take a listen.

[INTERVIEW]

[0:02:44.3]

**FT:** Katie Lane, welcome to So Money, master negotiator.

[0:02:48.2]

**KL:** Thank you, I'm really excited to be here.

[0:02:49.9]

**FT:** I have so many questions for you. Lately I have been obsessed with this theme of getting what you want through negotiation, it's one of my financial philosophies that you don't get what you deserve in life, you get what you negotiate.

[0:03:02.2]

**KL:** Exactly, get what you ask for.

[0:03:03.5]

**FT:** You get what you ask for. I think this is an important life skill that we should teach all children, it is something that can manifest itself in not only your financial life but your career, your relationships, if you plan on dominating the world through politics, whatever, it is universal this skill.

[0:03:22.2]

**KL:** Absolutely. Yeah absolutely. I have people who tell me, “I never negotiate so I don’t know how to do it.” I’m like, “Are you kidding me?”

[0:03:28.8]

**FT:** Why do you think — let’s start there.

[0:03:29.6]

**KL:** Do you have friends? Do you have a partner or have you ever tried to go out to dinner with more than two people and decide on a restaurant? Because if you have, you negotiate.

[0:03:42.2]

**FT:** You’re good at it, right. Give yourself more credit, exactly.

[0:03:46.3]

**KL:** You have skills, you just don’t realize you can apply those skills to the bigger negotiations or the negotiations that you’re identifying as intimidating.

[0:03:55.3]

**FT:** Ultimately, negotiating I think in a lot of people it is an emotional concept. This idea of “Oh, negotiating, it’s stressful.” There’s going to be a winner and a loser and you don’t want to be the loser.

[0:04:09.0]

**KL:** Right, you really have to protect yourself.

[0:04:11.7]

**FT:** Yes. Let's start there because I think there's an emotional barrier to get over. we are obviously negotiating all the time, we don't give ourselves enough credit for it. Why are we so adverse and so anti-negotiation?

[0:04:24.4]

**KL:** I think part of it is that win/lose idea which is part of the reason why the phrase "win/win" has become so popular. We want to build relationships with people, right? We're not interested in going in and destroying relationships with conversations. We're also really scared of what we can lose by asking for more. We tend to avoid those conversations as much as possible. But as we said in the beginning, you can't get things that you don't ask for. You are negotiating relationships and interactions all the time. So there has to be a balance. One of the things I try to remind people of is, you have a lot of skills and you're using a lot of skills that are going to help you with negotiation right now.

You don't have to start off doing the thing that's scariest for you, but you do have to be more intentional about trying negotiations, about identifying something and saying, "All right, that makes me uncomfortable but I think I can tackle it. So I'm going to take these skills that I had learned I know I can use well and I'm going to apply it to this negotiation and I'm going to see what I learned and then take that and apply it to the next thing that makes me a little bit uncomfortable." Eventually, you'll find, you're doing stuff that a couple of months ago, you would have never dreamed of tackling just because you've taught yourself that you can manage it.

[0:05:51.9]

**FT:** You work with comic book creators, authors, game designers, musicians, freelancers, not people necessarily working in a structured nine to five environment. What do you find are different themes, different issues, different problems, negotiation setbacks that people in the creative space have that you find yourself constantly helping people?

[0:06:15.3]

**KL:** I think the thing that's obvious, you get to negotiate your rates. Unlike having a salary where you know you're going to get a certain amount of money every month, every time you engage in a new project, you're in the position of having to renegotiate over money. One of the benefits of that is that you get more used to the idea of negotiating over money. A lot of times when you're working for yourself in a creative field or otherwise.

If you don't have enough information about the value you're providing to the other person and what other people are charging. You can really undervalue what you're offering and end up not asking for enough money. When I say, "not understanding the value that you're offering", people will tell me, "Oh I totally understand that I'm good and the product that I provide is really good." That's not quite it; it's understanding how the other person is proceeding your work.

How are they going to use it? What it's going to help them do that they can't do right now, and learning how to see the value to the other person and use that when you're pricing your work. I think the other thing that creative people can have a hard time with is understanding that one, they are small business owners when they're working for themselves and two, that means that they're the expert when it comes to understanding how to do what they do.

So one of the most important things that they can do to benefit their client relationship is to educate the client. Not to give in to demands that they know will hurt the worker, hurt the process but to educate the client as to what the process is and then once that education has been provided, to work with the client, to understand the interest behind the client's demand and see if there's another way of addressing that or if there is something that the client needs to see that will help calm that fear.

[0:08:15.7]

**FT:** What you're saying is completely clicking with me and I find that when sometimes a client comes to me. Let's say it's an institution, an organization, they want to perhaps promote financial literacy, they come to me and they say, "What's your hourly rate or how much if we have you come speak for an hour?" And they go, "Well, let's take a step back, what are your goals is what you're getting at?"

I don't like to think of myself as someone who just trades dollars for time. It is a freelancer's job and it is someone who considers themselves an "expert" in their field to show all the possibilities. Get your perspective client really jazzed about everything you can offer them.

[0:08:56.5]

**KL:** Yeah, absolutely. I think talking to the client is the thing that a lot of entrepreneurs, a lot of people who are working for themselves don't put enough time into. They do it to get the basics of the information but they don't go that extra mile to do exactly what you're talking about is, why are you excited about this? How is this helping you? What is the end goal? How do you want to use it? Why is that important to your business?

Because with that information, you can provide them something that really fits their goals and they're going to be excited about too so that the price tag on it makes sense to them, right? They're buying something and they want to buy something good with their money. So show them that by spending this amount of money, they can get what they want.

At the same time, if you understand your client's interest, what's motivating them and why they're excited about the possibility of working with you you can also offer different options so that if their budget doesn't meet what you would usually require, maybe you can offer something that is less than that's really easy for you to provide but allows you to get — make sure that you're not providing more value to them than what you're getting in return. I see that problem a lot. People will just discount their prices and that's not the way to go. You've got to balance both things and make sure that you're trading an equal amount of value.

[0:10:23.9]

**FT:** Win/win.

[0:10:24.8]

**KL:** Yeah.

[0:10:25.7]

**FT:** Well you bring up an interesting point about budget and I find that it does often come down to a budget. How do you broach that subject? How do you actually find out what the budget is? And as a freelancer, how do you find out what your peers, your other co-freelancers in your sector, in your space are commanding? Because that's very helpful if you're a traditional worker at a nine to five, you can easily look up that information through websites like Salary.com, Payscale.com but I find that's not as straightforward when you're in the freelance world.

[0:10:57.6]

**KL:** Yeah, both great questions. I'm going to tackle budget first and then I really want to talk about how to figure out what your peers are doing and how you can use that effectively because it's something that I'm a big proponent of and I'm very passionate about talking to people about. Regarding budget and your clients though, you just need to ask. You need to put on your expert hat and be in the role of being an expert and say, as you're gathering information, say, "Okay, what's the budget for this? And if it's part of a larger project, what's the budget for the larger project?"

Chances are, you're going to get some resistance, your job is to again, educate the client and help them understand why it is you're asking the question. Because you're not just asking the question because you want to make sure that what you propose magically somehow fits that same number of dollars that they have available to spend. You're asking because you want to provide solutions that actually work for the client.

One of the stories that I've heard that I reflect on regarding this topic is, when you walk in to buy a car at a dealership. If you don't tell the sales person what your budget is, how much you can spend on a car, they will show you the top model and spend a lot of time trying to put you in to a car that is more than you can actually afford and that you don't actually have any intention in buying.

By the end of that interaction, you've both wasted a lot of time doing something that's not helpful to either of you. But if you say, "I've got this budget," then you can focus your attention and energy on things that are helpful and that is likely to result in being able to work together. I think it's helpful to remind your clients of that and to really keep encouraging them to share information with you and if they're not willing to share actual numbers, one of the things you can always do is ask for a range.

For whatever reason, people are much more comfortable in providing a range than they are in providing a specific number. So understand that it's a little bit uncomfortable for them but that it's important for their success if you have this information and that they understand it's important for their success.

[0:13:18.7]

**FT:** You're right. You're approaching this, you want to ask question not because you want to figure out how much you can make, although that's kind of interesting too, but really you want to say, "It's important because I want to be realistic with you, I have experienced doing this sort of work but it would be more beneficial to all of us and a time saver if we just kind of understand really what are resources here."

[0:13:39.3]

**KL:** Yeah, absolutely.

[SPONSOR BREAK]



**FT:** Need a website? Why not do it yourself with Wix.com? No matter what business you're in, Wix.com has something for you. Used by more than 84 million people worldwide, Wix.com makes it easy to get your website live today. You need to get the word out about your business, it all starts with a stunning website.

With hundreds of designer made customizable templates to choose from, the drag and drop editor, there's no coding needed. You don't need to be a programmer or designer to create something beautiful. You can do it yourself with Wix.com. Wix.com empowers business owners to create their own professional websites every day.

When you're running your own business, you're bound to be busy, too busy. Too busy worrying about your budget, too busy scheduling appointments, too busy to build a website for your business and because you're too busy, it has to be easy and that's where Wix.com comes in. With Wix.com, it's easy and free. Go to Wix.com to create your own website today. The result is stunning!

[INTERVIEW CONTINUED]

[0:14:43.4]

**KL:** When you're working for yourself, you have a limited amount of time in which you can actually get things done and you have a limited amount of energy. You really don't want to spend it pitching something to someone that's going to fall flat because it happens to be outside of their budget or it appears outside of their budget because they don't have other options.

You've just given them that one option, so they think well, I can't do that. I'm going to say no and pass on this project whereas if you had a little bit more information, you may have been able to offer options where they could have said yes to something that maybe didn't provide them as much but was still beneficial for both of you.

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**FT:** So outside of pay, what are some other areas of struggle that you find is common with your clients and that you're helping them with?

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**KL:** One of the things. I do want to get back to that question you had earlier about how do you figure out what your peers are charging for similar work. Because I think that is one of the things that a lot of freelancers struggle with. When you're working for yourself, you tend to be in this bubble, right? You are head down and working really hard and feel like you can't stop to ask other people questions or that if you ask other people questions, you might appear as if you don't know enough about what it is that you're doing, which is not true.

It just means that you don't have that piece of information right now. So I really encourage people to either find a small mastermind group that they can be a part of or to seek out other creative professionals that are doing a similar type of work. I know here in, I'm in Portland, Oregon where we have a lot of people who work for themselves. I know there are a number of different organizations that meet on a monthly basis to talk about the work that they're doing and to share information about experiences that they've had with clients and how they've managed those experiences and to talk about, "I've got this opportunity to pitch this really big client and I have no idea where to start with pricing. Do you have ideas?"

So really building community and I think if you're not aware of community like that where you live, look into co-working spaces because those are great places to find other people who are also working for themselves but where you can really benefit from that "water cooler talk". You don't have to be alone in those situations, you can walk over to somebody else's desk and be like, "Hey, can I borrow your brain for 10 minutes? I am struggling with this particular problem and I'd really appreciate an outside perspective." So that is a huge issue that I think freelancers sometimes don't even realize they have because they're so focused on getting the job done, that they don't realize they're missing out on benefiting from relationships with their peers.

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**FT:** Don't work at Starbucks, go to a co-working space.

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**KL:** No, don't put the headphones at the coffee shop and head down. There's a really cool website, the founders here in Oregon, it's called Work From. It rates coffee shops but one of the things that they do for working, "it's got this many outlets, the Wi-Fi works really well". But one of the things they've been doing in town recently is they've been having meet-ups.

People from the online community say, "All right, we're going to be here on Thursday, everybody come to this place," and it's great because for those folks who can't afford a co-working space, they are at least intentionally engaging in a community and that's the most important thing you can do.

[0:18:27.9]

**FT:** Yeah, the answers aren't going to arrive at your door step, you have to go out there and just connect with the right people for sure. I'm in a mastermind and to say it's been a needle mover is an understatement in my world.

[0:18:39.3]

**KL:** Oh absolutely. I'm in one as well and I pitched at the end of the year last year I was like, "All right guys, I think this is going to be my next big project and I'm really excited about it and here's all of the research that I've done and the thinking that I've done," and three of them had tried that particular thing in the past in different ways, all of them had run in to problems. So I went back and I said, "Okay, I can take this part that I really like from it and this part that I really like from it and avoid the problems that they have identified." So I probably saved months of work and scratching my head as to why things weren't working out just by talking to other people and saying, "What do you think of this idea? Give me some feedback."

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**FT:** In your own personal career, what has been a big negotiation that you were maybe uncertain about going in but you researched it, you studied it and you negotiated well and you won?

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**KL:** So I used to work for a company and I managed their hardware, software, all their IT contracts, which meant I was part of a team that negotiated all of those deals and oversaw a couple of people who were contract managers who were responsible for maintaining the contracts. We had a software partner that the company bought quite a lot from on a semi regular basis and was going to continue buying software from them for the foreseeable future and we had a very limited budget but needed a whole lot of stuff.

I spent weeks preparing which for software negotiations, usually they happen pretty quickly, right? Because you were buying a thing and you need it for a reason but I spent weeks and weeks researching different prices that I could find and trying to reverse engineer some of the quotes that they were giving us to see how much of a discount was being offered. I made some horrible assumptions, which luckily we found out before we finished the deal.

But that was a really great experience for me because I realized that with preparation and digging into information and calling and talking to other people who had worked with this particular provider and working with the sales person on the other side and saying, "All right, I'm going to be really honest with you, this is what I need and this is why, this is the thing that is not going to be allow me to say yes to what you're asking." All of that came together and worked really, really well. I like that negotiation also because I screwed up. I made some assumptions about what they were providing me that were just wrong.

It's only because we had fostered a pretty open communication that I was able to say, "Hey, look, I think that this isn't very good because it looks like you're only giving us a discount of X," and they said, "Oh no, no, no, no. What were you looking at and made you think that?" I shared that with them and they said, "No, here's what we were actually starting from and this is how it works. Which was a very lucky conversation because it helped us change our perspective on what was being offered.

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**FT:** I'd love for you to also share your story of the transition you made from being a full time employee to now running your own business, you're straddling kind of both worlds at one point and there was a decision that you ultimately made to leave the job and do this full time. So I know a lot of listeners might be in that situation or dream one day of leaving the nine to five but of course, as much as you have a passion for something, realistically, it has to be financially feasible. So would love for you to share kind of the best practices for making that transition and how you did it yourself?

[0:22:44.7]

**KL:** Yeah. So I ran my business for about two and a half years before I left my day job. At the time, I had moved into a position where it didn't require a lot of overtime or late nights, it was pretty straight forward, it provided a nice income.

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**FT:** As an attorney?

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**KL:** It was actually, I was providing consulting advice on compliance with federal energy regulations. So internally to the company I was...

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**FT:** I won't ever remember that.

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**KL:** No, nobody will. Which is why it was actually kind of a perfect position for me to be in.

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**FT:** Under the radar.

[0:23:23.1]

**KL:** Under the radar, it was work that allowed me to use my skills, allowed me to use my negotiation skills and listening skills and advising but didn't require so much emotional or psychological attention that it limited me from being able to build up the business. So I did it, I originally told myself, "All right, we'll try it for a year part time and see if they're adding clients out there that needs this work." I had to pay, it's called professional liability insurance to be able to serve an attorney for individuals and I told myself, "Okay, if I can break even on that," because it was like. I think it was like \$3,500 for the year. "If I can break even on that, that's a success."

I ended up making like \$5,000 or something more than that over the course of the year. I was like, "Okay, I'm going to keep going, I'm going to do it for another year and see how things go," and as I went into the second year doing it part time, my wife and I sat down and said, "Okay, if I wanted to leave, what would we need to do financially to make the feasible?" Because she's a cartoonist so she is also self-employed and the idea of moving from a household income where there was a guaranteed amount of money every month, a flexible amount of money that was coming in that depended on what was going on.

It was kind of scary to make both of our incomes dependent on clients and work and what was available at the time. So we identified some debt that we wanted to pay down and then just totally get rid of and then a certain amount of money that we wanted to have saved in the bank that we felt could supplement our income for at least 18 months because we knew that we could expect a minimum amount of money every month based on my experience and her experience working.

She's been working for herself since 2009. So she had a lot more experience with it but we figured out the amount of money that we wanted to save and then we just head down and

worked on it. It was not always easy. I would read the articles online about “just quit your job and jump off the cliff and it will be great. Somebody will catch you.”

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**FT:** Click bait, those articles.

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**KL:** It was so frustrating to read that and to have to remind myself, “No, I’m doing this the smart way for my family.” This is what I — I can’t jump off that cliff. There are too many things that I’m responsible for, for me to just jump and hope that I’m caught. So it was a challenging time to balance those things and to get to that point too where you’re so excited about the business that you’re building and the people that you’re getting to work with and you can’t do it all the time.

You have to scale back and only pursue the projects that you really have the time for and keep that book of ideas in the background and say, “I’m going to get to you as soon as I have the time,” which can be frustrating but honestly, doing those things made the transition much easier and much less stressful. So I’ve been full time for just over two years now and I’m still learning things, I hope I always am. But I think the business is in a much better place than it would have been if I had left earlier and with less preparation.

[0:27:00.7]

**FT:** You're doing so much. We were connected through Terri Trespicio who has been on the show and she was at a speaking event, you were there, your blog is awesome by the way. Everyone check out [Workmadeforhire.net](http://Workmadeforhire.net). The blog — you met Brené Brown, what was that like?

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**KL:** That was awesome, I am a huge fan girl for Brené Brown because empathy is my jam. Meeting her was just...

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**FT:** Empathy is everything in a negotiation.

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**KL:** Oh absolutely. If you don't understand the other person and why they are there, I really believe that you can't come up with a good solution. You might come up with a solution but whether or not that solution is going to benefit the relationship or be sustainable long term is really questionable. So meeting Brené Brown was great. I was very nervous and she was very kind as one might expect.

[0:27:57.4]

**FT:** Well, I hope we get to meet one day in person and in the meantime, this was so much fun, thank you for teaching us. There's so much work that still needs to be done in this area, but I'm so glad that you're focused on it and you're helping so many people. Thank you so much Katie. Everyone check out [Workmadeforhire.net](http://Workmadeforhire.net).

Have a So Money day.

[0:28:14.3]

**KL:** You too.

[END]