



On Lowballing and Being a Professional

When I was a photographers' rep, I encountered lowballing all the time. Clients would say, "This guy came in at under half what you want. We have to go with him." Now that I'm a consultant, I still hear from agencies that say that they often get bids from creative professionals that are incredibly low and/or that include all rights. While we all want to think that a freelance creative professional is chosen for his/her abilities, often the reality is that a client can find good creative for an incredibly low price...thanks to lowballers who are ruining the industry.

So, just what is lowballing and why is it really bad for all of us?

Many people define lowballing as the act of charging less than your competition. That's not an accurate definition. Lowballing is charging less than the fair market price. The difference between those two definitions is enormous.

Think about it, if you are a photographer, what's the difference between losing a gig to a shooter whose estimate on a \$10,000 project was \$500 less than yours, and one who is willing to charge \$1000 for the whole gig, including all the rights? In both situations, you didn't get the work, right? However, in the first case you know that the other shooter was probably chosen because his/her style was more appropriate, or s/he has a long-standing working relationship with the client, or s/he brought something else to the project that worked better for the client. In the second case, it's all about the money.

Lowballers usually rationalize their actions by saying that they work more days than other, more "expensive" freelancers, and it provides them a living. They say that they have lower overheads, which permit them to charge less and that if others want to compete, they'd better reduce their overheads and lower their rates. They live via "volume" sales like their work is some sort of commodity and not a creative service, and they see themselves as in competition with all others in their field.

The problem with those lines of thinking is that lowballing isn't about competition; it's about desperation and fear. They fear that if they don't charge less, they won't get the job and thus won't be able to feed their families. They have to work more days in order to make that living, and worry that losing any project can be a threat to survival. If they restrict usage, they're afraid they might lose a job.

It's all about working from the negative. And it's all about thinking about oneself only, forgetting that the actions of each of us in our industries affects all of us. We need to remember, and to remind lowballers, that we need to stick together to continue to have good paying projects over the long term and that by working together as colleagues we don't need to be so concerned about the "competition."

Let me explain. At this point in time, there are still a lot of projects out there that have good budgets. Agencies call creatives for their bids (in the ever-popular triple-bid system), and have plenty of money to spend. Two of the bids come in close to each other and one comes in at less than half the price. Who gets the project? Very often the middle or the highest bid. The

choice between those two is based on which is the best creative match for the project. The lowest bid is simply ignored.

Surprised? You shouldn't be. Agencies and clients can still see the value in the higher bids. They know that those bidders have respect for the value of their work and the importance of the project. The higher bidders won't waste money, but will spend it where needed to ensure the best quality solution they can provide; and they most definitely will not cut-corners trying to make do with less than they need to produce the best solution, as a lowballer would to try and make a profit.

It's win-win-win for the freelance creative, the agency, and the client. And that is the way most of the business is. One of the best results of this business approach is that creatives are no longer in frantic competition with each other. By that I mean that when price is no longer the most important issue, the right creative is selected for any particular project because s/he is the best match for the project. It frees the creative to focus on doing the best creative work s/he can do and that will bring in more and better work—so you won't need to panic if you don't get that one project.

Unfortunately, lowballers don't see this. They don't seem to understand the value of, well, value. But it shouldn't be that difficult of a concept. For example, when you buy a car you know that a BMW is going to cost more than a Kia. Why? Because the BMW is a greater value—it has a higher resale price, it has a good reputation and will last, it's better designed (both inside and out), and it gives others the impression that you are more successful. For that value you pay considerably more than for the Kia.

Agencies and clients aren't stupid—they want to save money, of course, but they also understand that spending money for value is a good business decision. If they are spending \$10Million on ad placement (media), they understand that the visual had better be compelling and the right visual for the ad. They're going to want to work with someone who understands the importance of that investment and who will give them the visual that they need. Someone who bids \$5000 to create that visual does not show that they understand the value of the ad and the value of their own work--and they will not be awarded the project. Someone who bids in the six-figures shows that they do understand these concepts and they will get the project. Remember, \$100, 000 is only 1% of that \$10Million media buy—this is not an unreasonable number.

How many lowball projects will it take to earn that \$100,000?

Now, unfortunately, because of the lowball mentality, those of us in the creative industries are facing greater, more organized threats to our livelihoods. We need to be aware of these threats so that we can face them, choose not to support and/or use them, and educate other creative professionals to do the same.

In the case of photography there are companies like OnRequestImages.com, which claims to provide "custom stock" (an oxymoron) at a low rate. Photographers who work with OnRequest are freelancers who, essentially, shoot projects on spec, with no guarantee of getting any project or even making up their expenses. Even when they do "win" the project, the money is way too low for the rights granted.

On the design side, there is eLance.com. This site has companies post projects (from IT to creative) then the “service providers” bid on those projects. Usually, lowest bid wins. If you take a look at their listings, they have over 3000 graphic design providers...and growing.

Some agencies, especially low-end ones, love these services because they are saving buckets of money on their creative budgets. And who can blame them?! If they can give their clients strong enough creative for less than half the cost of using a traditional designer or photographer or illustrator, they are compelled to do so. As the quality of the product produced by the creatives who are providing their services via these companies improves, more and more agencies and end-clients are going to use them.

But who is going to make money—the creatives? No way. These “service” companies will. Hand over fist. Large, impersonal, corporations who care little for the creativity but will squeeze a penny until Lincoln screams if it means increasing the share price.

Eventually, if we continue down the current path, we will be left with creative services bought and sold as commodities for the most part, and an elite few (VERY few) in each discipline who will be able to command large sums for their work.

We can stop this from happening. We need to contact these “creative service providers” and educate them (forget about the “services” themselves as all they care about is the bottom line). Explain to these creatives how they are hurting the industry and, more importantly, how they can make more money and work less by running their businesses in an ethical manner. Show them the example I gave above. Share real world numbers with them. Let them see how they can earn more because they are worth more. Encourage them to strive for something better than being busy creative serfs, and keep them from working for these “services” like OnRequest and eLance. Help them find their spirit—what it was that made them become creatives in the first place.

Also, share this information with student creatives. So many graduate from art programs with little to no coursework in business. They are the future of our industry and we need to take the time to make sure they understand how it works and what they can do to continue to improve the financial and creative aspects of their careers.

Lowballing, whether the “old fashioned” variety or couched in these new “services,” brings down the fair market value of any creative service. And that, in the end, hurts the lowballer as well as the rest of us. Once the bar is lowered to the lowballers’ level, there will not only be no raising of it (no matter how we try), but also, sooner or later, someone else will lowball the lowballers and the downward spiral will continue. We need to put a stop to it now.

In order for creativity to continue, for it to be given the space needed to explore new possibilities and to grow, we need to keep the financial bar raised. Will we be able to change everyone? No, of course not. But we can change many people’s attitudes and by doing so ensure that we all have healthy businesses in the future.