

Profitability Guide for Translators

by Luis R. Cerna

The following article is a revised and completed version of the article that was first published in FORUM 2/2000 entitled "Rentabilitätsberechnung im Übersetzerberuf".

In addition to the article "Rentabilitätsberechnung im Dolmetscherberuf" (Profitability guide for interpreters) published in FORUM 1/2000, the article at hand tries to present existing material as well as its utilisation in a way that allows translators, who have no experience in business management, to use this helpful material as a rule of thumb for preparing professional decisions. The market analysis presented here, is from the perspective of freelancers working in the Federal Republic of Germany.

The countless responses we received indicated that no reliable price lists for linguistic services have been created to date. I tried to catalogue all translation services in order to come up with the figures, procedures and conclusions described below. Responses will show, whether the figures used are realistic or will need some modification.

All considerations that simplify the process of decision-making in Germany are based on the following alternative: The translator sells a service under a) a *dienstvertrag* or b) a *werkvertrag*. According to German law, the *werkvertrag* serves as a binding contract for the translator (service provider) to deliver an agreed upon contractual object, while the customer is contractually obliged to pay the agreed amount (BGB [German Civil Code] Art. 631). It is important to note that with a *werkvertrag* the service provider promises certain success; how he manages to provide said, is up to him/her.

A practical example:

Shovelling snow in front of a house can be part of a *werkvertrag* and the success is a pavement free of snow. Thus according to the *werkvertrag*, the service provider might be obliged to shovel snow 24 hours a day in order to be successful. In contrast, if the service provider is bound by a *dienstvertrag* (BGB [German Civil Code] Art. 611), he/she is contractually obliged to perform services for a definite or indefinite amount of time/calculation unit for the agreed price.

Shovelling snow under a *dienstvertrag* would mean that the service provider would be obliged to shovel snow for up to 8 hours a day. The service provider is neither responsible for managing the removal of all the snow within this period of time, nor is it his problem if more snow falls, once his/her contractually defined obligation is fulfilled.

Prerequisites

Qualifications

Usually graduates of university or with similar higher education (often multiple degrees).

Hours of productive time

In order to come up with figures that can be compared with other professions, it is necessary to convert usual rates per word/line/page into rates per hour. You will have to take into consideration however, that the calculated rate per hour is a virtual one. No professional translator will ever be able to exclusively charge by the hour.

A collective agreement for technical translators does not exist. Employees are grouped into the agreements used by the company in question or, if applicable, integrated into the specialised levels of the company's collective agreements (usually into the rate of pay for commercial employees).

These guidelines are problematic, since such figures - be they published or confidential - are useful only, if they contain all surcharges and if they are based on a set number of working hours.

A translator employed in Germany earns between 1,534.00 Euro (K1 = salaries, junior level) and 7,670.00 (AT = salaries, senior level) Euro, calculating into an hourly rate of approximately 10.23 Euro to 51.13 Euro at 150 hours per month. Having been employed in a company for six years, a translator should be rated as AT (= salaries, senior level).

I have had about 100 responses from freelance colleagues, who work in the specialised fields like medical/ pharmaceutical and chemical translation. The survey was undertaken between April 1999 and March 2000. The average resulting annual salary amounted to 101,236.00 Euro. With respect to working hours, the average was 44.4 hours per week (or 1,953.60 hours per year). The average hourly wage amounted to 51.82 Euro. This corresponds to a productive hourly rate of approximately 101.24 Euro.

A translator can produce in average of approx. 5 to 16 pages of text per 8-hour working day. In contrast, a proof reader corrects approx. 20 to 60 pages per day.

Please see for yourselves if you or your company can profit from these figures.

Annual income and number of hours

For those colleagues, who haven't read my first article or just haven't got it handy, I will repeat the same observations here that I made for interpreters: The annual income of an employee ranges from 27,610 to 61,356 Euro when s/he works 1,650 to 1,900 hours per year. A translator should not place him-/herself below that. Thus the minimum figure would be 51,130 Euro per year (a freelance translator has to pay social security etc. from his/her own pocket, therefore needs more money) excluding project-related extra costs and general costs (c.f. Peter Oehmig: "Was darf es denn kosten?" ((What should it cost?)) in: technische kommunikation 3/00, ISSN 1436-1809, pages 15-18).

After an initial start-up phase, a freelancer should not work more than 2,000 hours, because otherwise his/her family and health will suffer.

A gross working time of 2,00 hours per year includes time for project canvassing, professional training, organisation and maintaining one's work place. According to P. Oehmig (op. cit.), a freelancer should divide this time as follows:

Percentage	Duty	Hours
50%	Production	1.000
25%	Canvassing	500
15%	Organisation and maintaining work place	300
10%	Professional training	200

51,130 Euro divided by 1,000 hours of production make 51.13 Euro per productive hour.

Calculation Units

In 1975 we were happy with the fact that private sector customers allowed for charging full line price for incomplete lines. That was the happy time before the use of word processors. From 1985, private sector customers rejected our proposal to charge by character or by character divided by a given factor.

A rate per words was more willingly accepted. Today the most common units to charge by are: word, line and page, if we don't take charging by the sheet of paper (DIN format A0) into consideration. In order to be able to bring these units into an approximate relation to one another, I would like to define the following key factors: 1 standard page contains approx. 30 lines with approx. 55 characters or approx. 30 lines with approx. 7 words. This results in the following concordance for my system:

1 standard page corresponds to

approx. 1,650 characters with spaces(30 lines x 55 characters = 1,650)	approx. 30 standard lines	approx. 210 words(30 x 7 = 210)
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However, in 1994 the EU-page standard was defined to be slightly less, namely 1,500 characters or 30 lines with 50 characters.

Examples of calculation:

Price per word of 0.05 Euro - price per page of approx. 10.50 Euro.

Price per word of 0.10 Euro - price per page of approx. 21.00 Euro.

Price per word of 0.38 Euro - price per page of approx. 79.80 Euro.

Price per word of 0.46 Euro - price per page of approx. 96.60 Euro etc.

(0.38 Euro and 0.46 Euro correspond to 0.50 US\$ and 0.60 US\$ respectively, taken from http://www.businessweek.com/smallbiz/content/sep2004/sb20040928_3743_sb006.htm, calculated according to exchange rate dated March 1, 2005 provided by BMF [German Federal Ministry of Finance]).

Price per page of 30.90 Euro - price per word of approx. 0.15 Euro.

Price per page of 46.20 Euro - price per word of approx. 0.22 Euro, etc.

Amount of annual production to be sold

According to these suppositions, the budgetary levels for the translator calculate as follows:

Model of annual income depending on daily production

5 pages/day on 125 days/year	Annual income
At 30.90 Euro per page (corresponding to 1.03 Euro per line)	19,312.50 Euro
At 46.20 Euro per page (corresponding to 1.54 Euro per line))	28,875.00 Euro
At 61.50 Euro per page (corresponding to 2.05 Euro per line)	38,437.50 Euro
At 81.90 Euro per page (corresponding to 2.73 Euro per line) On average very hard to achieve	51,187.50 Euro
8 pages/ day on 125 days/year	Annual income
At 30.90 Euro per page (corresponding to 1.03 Euro per line)	30,900.00 Euro
At 46.20 Euro per page (corresponding to 1.54 Euro per line)	46,200.00 Euro
At 61.50 Euro per page (corresponding to 2.05 Euro per line) On average only achievable for highly specialised material	61,500.00 Euro
At 81.90 Euro per page (corresponding to 2.73 Euro per line) On average very hard to achieve	81,900.00 Euro
10 pages/day on 125 days/year	Annual income
At 30.90 Euro per page (corresponding to 1.03 Euro per line)	38,625.00 Euro
At 46.20 Euro per page (corresponding to 1.54 Euro per line) On average achievable	57,750.00 Euro
At 61.50 Euro per page (corresponding to 2.05 Euro per line) On average only achievable for highly specialised material	76,875.00 Euro
At 81.90 Euro per page (corresponding to 2.73 Euro per line) On average very hard to achieve	102,375.00 Euro
16 pages/day on 125 days/year	Annual income
At 30.90 Euro per page (corresponding to 1.03 Euro per line) On average achievable	61,800.00 Euro
At 46.20 Euro per page (corresponding to 1.54 Euro per line) On average achievable	92.4000.00 Euro
At 61.50 Euro per page (corresponding to 2.05 Euro per line) On average only achievable for highly specialised material	123,000.00 Euro
At 81.90 Euro per page (corresponding to 2.73 Euro per line) On average very hard to achieve	163,800.00 Euro

The most common figures are represented in blue. Using this model, every reader can easily calculate further figures.

Every colleague will have to decide for him-/herself in how far s/he is willing to grant any discounts. It should, however, be taken into consideration that repeated words, fuzzy matches etc. lead to the fact that every article can only be charged once. This might sometimes seem perverse since the customer asking for discounts usually does not provide the translator with the necessary software. Although the

possibilities for a market-specific product design are rather limited, and the resulting distribution channels are not transparent - neither for the supplier nor the customer - the translator is able to realize significant improvements and cost reductions through technological developments. This added value belongs to the translator exclusively or has anyone heard of a surgeon or dentist offering his/her services for less because s/he has acquired new equipment, which allows for an increased output and quality under the same conditions? Our colleague Wolfgang H. complains "that there are some wild-goose chasers who first spend their money on software, and then offer their translations for even less."

In addition to the price per page, extra costs and VAT are charged. The translator easily reaches the given minimum with rates between 30.90 and 61.50 Euro per page. The service thus costs at least 1.03 to 2.05 Euro per line.

Catalogue of translation services

It is only fair to act according to the motto: 'Pay for what you get!' Here is a statistical evaluation of responses from approx. 100 freelancing colleagues between April 1999 and March 2000:

Services

1. Translation plus extra costs: per word per standard line per standard page	 starting at 0.18 Euro starting at 1.43 Euro starting at 42.95 Euro
2. Translation full price*: per word per standard line per standard page *(1 printed copy sent by mail)	 starting at 0.22 Euro starting at 1.69 Euro starting at 51.13 Euro
3. Proof-reading per hour	 starting at 69,02 Euro

Extra costs

1. transcribing/formatting costs per standard page (running/flow text)	starting at 2.94 Euro
2. Copies (BW) per A4 page (210 x 297 mm)	starting at 0.15 Euro
3. CD ROM/sending via e-mail in file format	starting st 11.25 Euro
4. Burning a CD (per CD)	starting at 29.66 Euro
5. Fax page	according to time involved and tariffs
6. Telephone costs per unit	starting at 0.14 Euro
7. travel expenses per km	starting at 0.59 Euro
8. Travel time per hour	starting at 69.02 Euro
9. Express order, surcharge due to level of difficulty, or weekend/holiday/overnight work	50,00% each
10. Travel expenses	according to prices for 1st class
11. Dispatch costs	starting at 3.58 Euro

Other expenses will be charged where necessary.

All prices plus VAT.

Prices for services not directly connected with translation (these are more often than not imposed on translators, if they let themselves be taken to the cleaners) like scanning, graphics, logos, post-production, text production, printing, copying, exposure, graphic production (2D, 3D, perspective, isometric etc.) have not been taken into consideration for this article but can be provided at any time if necessary.

As a technical writer, I experience on a daily basis, how willingly all extra costs (like those for writing and copying) are accepted by the customer and, on the other hand, how difficult it is for the translator to make the customer pay for them.

Once more I would like to remind the reader how difficult it is to demand higher prices from a customer, once the first project has been completed. This means that the translator will have to work longer hours and canvass more work, thus endangering his/her family life and personal health.

There is a definite need for an evaluation system, which encompasses all economic, technical, organisational and personal aspects in order to be able to conclusively argue with sales representatives of prospective clients about the efficiency and profitability of translation services. This article was not intended as a conclusive discussion of such a system. Within the structure of a larger project for TEKOM, a criteria catalogue for translation quality assurance is being prepared, which will offer some answers to these questions. It will be published in 2005.

The extensive collection of data by some agencies knows no bounds, and leaves a nasty taste in some translators' mouths.

With regards to agency prices, I hasten to mention that there are also fair partners among agencies.

Some examples:

"Force majeure will entitle both the translator and [Agency XX] or the client or agency to withdraw from the project, but in any event, [Agency XX] on one of its own projects, and the client or agency on theirs shall undertake to pay the translator for work already completed."

"We never ask translator to work for less than their stated rate in the database."

"[Agency XY] offers the translator what is stated by the [XXX] in the database as the rate per word for 1,000 words of general commercial text. Where translation work is obviously more technical, we get a quote from the translator."

In conclusion, I would like to point out that translation costs as a rule do not amount to more than 1 to 5% in relation to the product. A relative increase in costs may be expected with translation into multiple languages; however, a translation-friendly text format reduces these costs. When it comes to translation, customers usually try to realise savings in the wrong place. This results in higher customer service efforts, more questions from end customers, a damage to the company's image, loss of market shares, recourse claims due to product liability and last but not least: even human lives!

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We would like to thank Bellinda, who volunteered for proof-reading, and Luis, who gave us permission to translate and publish his article. Also, we would like to invite everybody to take part in our discussion about prices and rates.