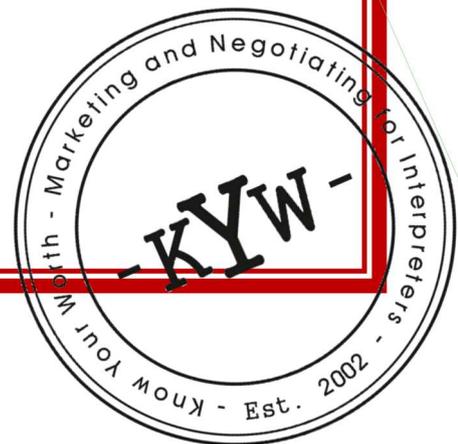


Know Your Worth

My Client Portfolio Workbook

by Julia Poger



My Client Portfolio Workbook



As interpreters, there are metrics we should continuously track:

How many days did I work last year and the year before?

How much did I earn during each of those periods?

How much did I spend during those periods?

And so on.

But in order to understand where you are going, first you have to have a full picture of where you are.

So let's take a snapshot of your client portfolio.

Understanding your client portfolio

Your first step is to make a list of at least 5-10 companies, venues, conferences, direct clients, agencies, colleagues or consultant interpreters for whom you work already.

Put in the details of what type of market the hiring agent is from, if this is a recurring client and how often, as well as the topics.

1. Med-Ex; Annual Med Equip conference, private, direct hire, past 3 years
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Now divide them up, as many ways as you can:

How many are direct clients? International organizations? Agencies?

How many from colleagues? From how many colleagues?

Are they all from the same sector – so private market, or international organizations?

Are they businesses? Government? Government hiring privately? Legal?

Do you negotiate your own fees?

Do you accept a set fee (you have a framework agreement with the entity that was negotiated by someone other than you – for example, fees for the UN were negotiated by AIIC)?

Are topics of meetings similar? Or all different?

Divide your list by hiring agent, by sector, by topic, by frequency... Star the category that you work most for.

Draw a mind map of these clients, and gather them into groups based on these answers.

This will help you determine the foundations of your market: are you working mainly for one client? In one field? Is this a snapshot you can live with? Or would you prefer to move into another area, or find different types of clients?

Now let's see if those areas are actually profitable for you.

CAC and LTV

Two key metrics

As business people, there are two essential metrics that we should track.

We hear about them whenever we watch Shark Tank and Dragon's Den, and any businessperson selling a product or service needs to know these numbers: CAC and LTV.

If you don't measure it, you will never know if you are making any progress, or even any profit.

CAC, or Customer Acquisition Cost, is a way to understand if your clients actually earn you money. The CAC is the cost of convincing a client that they want to buy your service.

Basically, the CAC may be calculated simply by dividing all the costs spent on acquiring more clients (marketing expenses) by the number of clients acquired in the period the money was spent.

For example, if a company spent 1000 X on marketing in a year and acquired 10 clients in the same year, their CAC is 100 X. [kissmetrics.com].

Marketing includes costs for business cards, emails, website expenses, graphic designers, transportation to meetings, the time you spent in meetings when you could have been earning, etc.

We can express the CAC in money - or in its time equivalent, depending on our daily fees.

For example, let's say we charge 800 X for a day of interpreting, which for our purposes is 8 hours long. If we spend 100 X on marketing to one client, that means that it has cost us either 100 X or 1 hour.

If you then compare that cost to how much you project to earn from that client for their lifetime with you, the **LTV** or Lifetime Value, you can know if that individual client is profitable, and then compare that client to others to see which is the most profitable for your business.

In other words, we can see who is helping us to cover our expenses, and who is not.

So, let's say it took you the equivalent of 4 hours to market to Client A before s/he agreed to sign a contract for 3 days (or 24 hours) of work.

Client A is profitable to the tune of 20 hours.

But if it took you 10 hours to market to Client B, who ended up hiring you for only one day of work, you lost 2 hours, and didn't break even.

Unless you get something else of value from Client B – a referral, a foot in the door of a new market, or lots of new work fairly soon – you probably shouldn't spend a lot of extra time actively marketing to this client.

I recommend doing this CAC/LTV exercise for your existing clients, remembering how much you spent on acquiring them, and how much you worked for them until today.

You can then guesstimate how much you may earn from them in the future – though we all know that those future projections can change at the drop of a hat!

Then do this same exercise for all your future clients as you win them. You will have a much clearer picture of how profitable (or not!) a client is in your portfolio.

CAC and LTV worksheet

Client	CAC	LTV	LTV-CAC	Org hours

Client: in this box, put whatever is most of interest to you. That could be the name of the end client. Or it could be the person who hired you for that particular job, whether that be a client representative or one of your colleagues. Or both. But whatever you choose, make sure to stay with the same methodology throughout the table.

CAC: this box should include all the marketing expenses that went into convincing this client to hire you. For example, how much overall did you spend on marketing this year and how many new clients did you win?

This can be a tricky one to figure out. Let me give you an example from my own life.

I met a colleague when she was still a student. I then had her as a direct (very gifted) student in another course. I was offered a job I thought she could handle well, and asked her for a quick recording to make sure that she was as good as I remembered, and then brought her on the team.

If I am her client, does she include in my CAC the hours I had her as both an indirect and direct student? Does it include only the time it took me to listen to the recording? Make sure that, whatever your decision, you use the same methodology throughout your table.

LTV: this box should include all the hours that you have worked for this client until now. For future clients, you can make an estimate when they first hire you.

LTV – CAC: this formula will show you how much money or time you have earned minus the amount you have spent in acquiring this client. Are you earning money from this client, or losing it?

Org Hours: you may want to add this to the CAC information, in which case the previous column would read $LTV - (CAC + Org\ Hours)$. Does your client require a lot of handholding or a lot of changes, and are you billing for that time you spend organizing? Do you charge a flat fee, and is it being eaten up by all of these extras? Do you need to change how you charge for organization time?



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