

How to be an interpreter or translator and not go broke

Outline

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Business models

There are several ways interpreters provide their services:

As solopreneurs: They render all their services personally through direct contracts or as a subcontractor of one or more contractors (prime contractors). As prime contractors, they could build teams with like-minded individuals to provide services to complete the package the client needs such as providing a booth, editing services, desktop publishing... They do the core work of the business themselves. See the description from the [Solopreneur Institute](#).

As a small language service company or a boutique language company. They generally specialize in a particular field and work in up to five languages. The owner renders some services directly in the languages he or she is qualified, and subcontracts other services to individual providers.

Larger language service company (more than 5 languages). The person who runs this company has less time to interpret and has to spend more time finding work for other interpreters and interfacing with clients.

IRS categorization of workers

- **Independent Contractor:** Covers their own expenses and risk for work provided.
- **Employee:** Employer covers all expenses and covers risk for work provided including travel time and mileage.
- **Statutory employee:**
- **Statutory nonemployee**
- **Government worker**

See this [IRS listing of types of workers](#).

Being an independent contractor or an employee is a determination made by the IRS. It is based on facts from the following categories:

1. Behavioral: Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. Financial: Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
3. Type of relationship: Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

When in doubt, Form SS-8 can be filed with the IRS to make the determination.

A worker's type of employment will make a difference on what deductions can be listed in the tax forms. Independent contractors have business expenses. Employees don't. I hire a CPA to help me with that. The [Tax Policy Center Briefing Book](#) has useful information.

What is a business plan?

A written document that describes in detail how a new business is going to achieve its goals. As solopreneurs, we assume we want our business to end the year in the black, not in the red!

A business plan will lay out a written plan from these viewpoints:

- marketing,
- financial, and
- operational.

Sometimes a business plan is prepared for an established business that is moving in a new direction.

A business plan includes

- a description of a company or small business,
- its services and/or products and
- how the business will achieve its goals.

The plan includes

- the overall budget,
- current and projected financing,
- a market analysis and
- its marketing strategy approach.

In a business plan, a business owner

- projects revenues and expenses for a certain period of time and
- describes operational activity and costs related to the business.

The idea behind putting together a business plan is

- to enable owners to have a more defined picture of potential costs and drawbacks to certain business decisions and
- to help them modify accordingly before implementing these ideas.

<http://www.investopedia.com/terms/b/business-plan.asp>

Marketing – What is our business?

Get credentials that are highly respected in the United States:

For translation

- ATA or WA DSHS certification for translation
- NYU certificate in translation
- MA in translation, etc.

Get credentials that are highly respected in the United States:

For interpreting:

- State court interpreting certification

- National certification as a medical interpreter (CCHI, National Board)
- State certification as a medical interpreter (Oregon, Washington)
- RID certification for ASL interpreters

Consult with experts!

SCORE is a national network that provides low cost education and mentorship to entrepreneurs.

SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. We have been doing this for over fifty years.

Because our work is supported by the U.S. Small Business Administration (SBA), and thanks to our network of 11,000+ volunteers, we are able to deliver our services at no charge or at very low cost.

<https://www.score.org/about-score>

Marketing – be good and look good

Write well. Some examples of poor writing.

- The deadline **have been** extended.
- We don't want our fans to forget nuggets we have share before.

Correct renditions:

- The deadline **has been** extended.
- We don't want our fans to forget nuggets we **have shared** before.

When we write poorly, we do not look professional.

- Your writing is your permanent, memorable image. If they can't trust what they can see, what about what they can't see?
- Dress like a professional.
- Show up on time.
- Answer the phone.
- Be polite.
- Deliver on time. No excuses. If necessary, negotiate deadlines.

Invoice like a professional

- Exactly what you negotiated.
- Following your client's payment practices.
- Promptly. Within a day of doing the work, so the client remembers what the invoice is about.
- With a professional-looking invoice. I use QuickBooks Online, which allows for online payments.
- Do not send a reminder for an invoice they already paid!

Marketing – showcasing our product

- Develop a nice website. Have the people from SCORE critique it. Hire a professional. Designers are even better if they represent our target clients.

Here is a link to my site: <http://www.gauchatranslations.com/>

- Get good business cards. Have them reviewed by SCORE.
- Develop a business plan. SCORE can help with that too. <http://www.score.org/>

Marketing – finding clients

Where do we find business?

How do we establish a relationship with a client when we find one?

Marketing – Networking

- Start local, with your local Chamber of Commerce. Even if you don't get a lot of business initially, you get comfortable with the business world and the networking.
- My local Chamber has “how to network” events.
- Your local Chamber members are an encouraging group that wants to see you grow.
- Translators and interpreters don't show up: there is no competition!
- Be committed: keep your relationship-building appointment no matter what.

Go where the clients are.

- Chamber of Commerce. In Hillsboro, Oregon, we have this group: www.hillchamber.org
- There might be a Spanish network in your local Chamber.
- If your language is German, join the German-American Chamber of Commerce, or research their members!
- See how a Russian colleague is developing connections in the chemical field: <http://ata-sci-tech.blogspot.com/2014/05/how-not-to-attend-professional.html>

Negotiation: it is about meeting the client's needs

- Start by getting to know your prospective client.
- How does your product add value to their business?
- How can your product solve problems their business is facing?
- If they don't need your services now, they may know someone who does.
- Leave the discussion of money for last.
- Don't forget [opportunity costs](#) in your negotiations!

ASTM – creating a framework for teamwork

- See my ASTM-based chart for discussing a relationship with a client
- Translation worksheet
- Interpreting worksheet

Both worksheets are on this page:

<https://www.gauchatranslations.com/business-and-ethics/business-practices/>

Accounting: what to keep track of

Tracking resources and expenses to make sure resources aren't stretched too thin.

Two limited resources:

- Time
- Money

Not tracking these resources leads to not being able to keep our word.

Fixed expenses: Cost of doing business

- Having a car
- Training
- Dictionaries
- Smartphone
- Taxes
- Health insurance
- Errors and omissions insurance
- Tax preparation
- Office supplies
- Business cards
- Notepads
- Internet service
- Travel to the country where our language is spoken every few years
- Costs to set up for remote interpreting
- Opportunity costs
- This is not an exhaustive list!

Activity-based expenses

- Mileage
- Parking
- Extra travel time
- Travel, lodging, meals
- Other costs

These activity-based expenses can be calculated by the contractor and added to the base rate of the product. Negotiations can then take place on an objective basis.

Expenses: Vehicle expenses

Cost of ownership – Consumer Reports

<https://www.consumerreports.org/car-maintenance/the-cost-of-car-ownership/>

Over 10 years of ownership, cars have a monthly cost of ownership that varies between \$315 and \$1125 for maintenance and repairs according to Consumer Reports.

Cost of ownership – Kelly Blue Book

<http://www.kbb.com/new-cars/total-cost-of-ownership/?r=867527046085658400>

Vehicle expenses

Cost of ownership per mile

<http://www.getrichslowly.org/blog/2006/05/31/the-true-cost-of-car-ownership/>

In 2013, the American Automobile Association (AAA) said that, on average, it costs 52.2 cents to drive one mile.

The 2013 federal mileage rate for business was 56.5 cents/mile.

The 2017 federal mileage rate for business is 53.5 cents/mile.

<https://www.irs.gov/tax-professionals/standard-mileage-rates>

Time: Non-billable work

The following items are non-billable but are part of the 40-hour week for a contractor. They often take at least 8 hours a week.

- Networking
- Billing
- Following up on clients
- Negotiating
- Training

Time: Personal

- Non-billable work during personal time leads to
- Distracted work during work time, leads to
- Not keeping work commitments, leads to
- Poor quality work, leads to
- Losing clients

Target income

Two approaches:

- What would be the take home pay of someone in an equally prestigious/interesting job?
- What bills do I want to be able to pay?

Why check a target?

If we don't know where we're going we will never know whether we got there.

Salaries of comparable professions

From the Occupational Outlook Handbook list of comparable professions.

<http://www.bls.gov/ooh/media-and-communication/interpreters-and-translators.htm#tab-8>

What is the total cost of employment of people in employee situations?

The actual amount paid for all employee wages and benefits. This includes wages, salaries, commissions, employer match of taxes such as social security and Medicare, employer paid insurance premiums and pension deposits as well as the cost of all other fringe benefits.

Read more: <http://www.businessdictionary.com/definition/total-employment-cost.html>

According to some calculations, the [total compensation package](#) is generally about 30% higher than the gross salary the employee declares in taxes.

Salaries of translators and interpreters according to the Occupational Outlook Handbook

<http://www.bls.gov/ooh/media-and-communication/interpreters-and-translators.htm#tab-5>

Please note that the OOH states that “about 1 in 5 were self-employed in 2014.” However, the ALC survey of 2015 states that 89% of the work is done by freelancers.

<http://www.ata-divisions.org/ID/review-of-the-alc-2015-industry-survey/>

Cost of living in your city

Check what the median income is and what it costs to make a living and rent or own a home in the city where you live. Will you make it at your current rate?

<https://www.gobankingrates.com/making-money/economy/cost-to-live-comfortably-biggest-cities-us/>

This tool will help you find the area median income in your area quickly.

<https://ami-lookup-tool.fanniemae.com/amilookuptool/>

Subsidized housing and other government benefits are assigned based on these numbers.

Market research

2010 Interpreting Marketplace:

- 73% of interpreters provide written translation
- 50% are ATA members
- Average annual reported income expected \$33,515 in 2010. The largest group earns less than 10,000/year.

These numbers are from the InterpretAmerica survey of 2010.

Court Interpreting Research survey by Robert Joe Lee:

<http://www.courtinterpretingresearch.com/>

IMIA compensation survey of 2010

http://www.imiaweb.org/uploads/presentations/2010_45.pdf

MMA compensation survey of 2006

<http://www.imiaweb.org/about/compensationsurvey.asp>

ATA compensation survey of 2006

https://www.atanet.org/docs/compensation_survey_2007.pdf

Two ways to figure it out:

- Start from your target
- Start from what you know of the market

The translator's rate is subject to mainly three factors:

- How much money the translator wants to earn in a period of time
- How many units the translator can process in that time
- What amount the client is willing to pay

http://wiki.proz.com/wiki/index.php/Determining_your_rates_and_fees_as_a_translator

Proz.com resources

Rate calculator:

<http://www.proz.com/translator-rates-calculator/>

Average rates charged

<http://search.proz.com/employers/rates>

Proz wiki article on determining rates and fees:

http://wiki.proz.com/wiki/index.php/Determining_your_rates_and_fees_as_a_translator

Translator math

My personal spreadsheet: a simple way to set a target rate

It is under rate rationale on this page:

<https://www.gauchatranslations.com/business-and-ethics/business-practices/>

Expected translated words/hour: 300

Expected reviewed words/hour: 1000

CalPro, published by the ATA:

Can go from your target or from what the market will bear.

http://www.atanet.org/business_practices/calpro_us.php

Interpreter math

1 hour for:

- Driving to each appointment,
- Getting in and out of each parking lot, and
- Time for each appointment to run late

Realistic appointments:

- 8 am, ending at 9,
- 10 am, ending at 11
- 12 pm, ending at 1
- 2 pm, ending at 3
- 4 pm: administrative time (not an appointment) – can be swapped for another block
- 4 appointments/day x 5 days/week = 20 appts / week
- 4 appointments/day x 5 days/week = 20 appts / week
- 80 appts/month
- 800 appts/year
- (10 months/year, discounting vacations, slow times of year, holidays, time for conferences, etc.)
- The two months off are because summer and Christmas are slow times for interpreters in any field, with schools, courts and businesses on slow schedules.

Washington interpreter spreadsheet

| HOURS PAID | MILES |
|------------|---------|
| 78.00 | 1717.77 |

This is a two week report from an actual interpreter.

| | |
|--|-----------|
| HOURS PAID | |
| Hours of interpreting | 78.00 h |
| Time driving 1717.77 at 35 mph (this counts as time at work) | 49.08 h |
| Admin time | 10.00 h |
| Total time worked: | 137.08 h |
| Hours/day (137.08 hours/10 days for two weeks of work) | 13.71 h |
| \$32.50/interpreting hour | \$2535.00 |

| | |
|---|-----------|
| \$/hour worked (total dollars divided by total hours worked) mileage money reimburses for car expenses, so it is not included as income | \$18.49/h |
|---|-----------|

He's on track to making \$60,000/year.

Is it worth it? Is it sustainable?

Taxes

IRS quarterly estimated tax payment form at <http://www.irs.gov/pub/irs-pdf/f1040es.pdf>

What if the numbers don't add to what we want?

If we can't make the income we want, we can hone our skills and credentials

Professional associations list trainings on their sites.

- www.atanet.org
- www.najit.org
- www.imiaweb.org
- www.ncihc.org

If we can't make the income we want, we can find another job

Worksource Oregon says, on its website:

WorkSource Oregon, the state's public workforce system is here to help you get a job, increase your skills, and explore training options. Oregonians looking for work should visit their nearest WorkSource Oregon Center to find staff and services dedicated to helping Oregonians get back to work. The Job Seeker Resources on this website are additional online resources to assist you.

<http://www.worksourceoregon.org/>

When profits don't meet expectations

- We start to work longer hours
- We accept lower rates to get more work
- We aren't available to network to find better clients
- Our accounting suffers
- We get in trouble with the IRS
- We start to work weekends
- We lose quality because we aren't fresh

Material gleaned from conversations with colleagues.

Accounting: How to keep track of it

- There are several accounting systems on the market. I use Quicken and QuickBooks.
- The issue isn't what product we use. It's just a question of choosing a product we find useful, and sticking with it consistently. An accountant can guide us in that decision. SCORE consultants are available to guide entrepreneurs in these steps.

Professional help

The value of an accountant:

- They set up your accounting software properly
- They know how to reduce our tax load

I had an accountant set up QuickBooks, and I run it myself on a daily basis. A bookkeeper checks my accounts every month to fix problems I have, and a CPA does my taxes. For me, this means I have help when I need it, and I do the daily work without burdening the accountant with the details.

The value of delegating:

- A professor at my teachers' training school gave us this advice:

Don't delegate the work that must carry your imprint, your voice.

Delegate the work that others can do better and will distract you from what must carry your imprint and your voice.

I added this:

- Delegate the administrative work others can do for you so you can do your art, and try to make sure the delegated work helps you generate work that pays better than what you paid!

How to keep a client coming back

We asked these questions in the Negotiation step:

- How does your product add value to their business?
- How can your product solve problems their business is facing?
- Are you meeting your commitment to quality?

It's about the client!

- Clients start small. It can take a few years to develop a good client.
- Small clients that are very connected with the community are very important clients. They give referrals!

Other resources

Blog by Corinne McKay. Post: What is "the right rate" for your translation services?

<http://thoughtsontranslation.com/>

ATA Savvy Newcomer blog

www.atasavvynewcomer.org

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Resources at:

www.gauchatranslations.com

<https://www.gauchatranslations.com/business-and-ethics/business-practices/>