or the occasional favour. However you cannot expect these benefits if you are not there to fulfil the needs of that relationship, like being there for the other person, calling in on them occasionally, or listening to their problems.

Likewise in a client relationship, it is important to understand that you must identify and fulfil your clients needs in order to have a happy, working relationship with them and to reap the benefits that come of such a collaboration.

Finally you should remember that you too will have needs that must be fulfilled in order to have a happy relationship. Your needs might be things like receiving feedback, being paid on time, or consideration of the time and resources needed to complete a project. Some clients will intuitively know what to do, but sometimes you need to clearly express what you need from them. It may feel uncomfortable telling them that you need to be paid on time or that you need more feedback, but in the long run your client fulfilling your needs is just as important as you fulfilling theirs.

Highs and Lows

Every relationship has ups and downs and you should expect this from your client relationships also. At times your relationship might feel like it's going really well and at other times there may be problems. Don't get too worried when there are problems, just figure out how to fix them and do so. Whatever you do, don't try to avoid the problems by not communicating or leaving work on the back burner.

As with other types of relationship, a client relationship will require more effort and work at some times than at others. Since you should value all your clients, it is important to take time to work on your relationships by perhaps checking up on how they are going, making the effort to do something that isn't strictly necessary, or prioritizing their projects.

Beginning and End

Every client relationship has a beginning when you first meet the client, land the job and start working with them, and an end when your work is finished, or the client doesn't wish to use your services any longer. Both the beginning and the end is important in any client relationship.

The start of a client relationship is vital because this is when you set the tone and expectations of that relationship. Early on you should be clarifying what your needs are from your client, how you will work together and what they can expect from you. It is much easier to define these correctly when work commences than to define or change your expectations midway through a relationship or project.

When a relationship comes to an end it is important that you end amicably no matter what the circumstances are. It is never a good idea to burn your bridges as you never know when you may need to cross them in the future. Even if your client has effectively fired you from the job or replaced you with another freelancer, you should still maintain your usual high level of service right to the very last word.

Educating Clients

Freelancers often find themselves feeling frustrated by their clients. Whether it's because a client doesn't like the work you're producing, isn't providing you with the things you need to do their job or is just expecting the world from you for very little compensation, the reality is working with clients can be a bumpy road.

It is important to realise that many of these issues arise because your average client doesn't know much about what it is you do. Most clients who commission a website don't know the first thing about what is required to design and build one. Most clients who require photography live under the illusion that it's just a matter of pointing some impressive equipment and pressing a button. If a client is ignorant of the process, requirements and skills necessary for your work, they are unlikely to appreciate the time, costs, feedback and assets you require to complete the project.

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In short most clients need educating. Guess whose job that is?

That isn't to say that your client needs to know everything there is to know about your line of work. You should be aiming to give your client an overview of what processes are involved, why a certain method or outcome is better and why you are making the choices you are making.

By educating your client you will help them appreciate what you do and understand the rationale behind your costs, choices and timeframes. Ignorance can lead to unrealistic expectations and problematic relations.

Educating is not a hard task – after all you know the material inside out. The best thing to do is make sure you briefly and succinctly explain your actions and plans in laypersons terms. For example if you were showing some mock-ups for a job you might explain how and why you arrived at those designs, what it will entail to develop them further and what you require of your client in order to do so.

There are two fundamental aspects of a job that you will need to help your clients understand:

1. **What is involved in a project**
   Unless your client knows roughly what steps are taken in a project they will have a hard time understanding both your price and your timeframe. Some clients may take it on faith, but it is always better to give them a rough idea of what you need to do in order to complete their project.

2. **What impact certain project choices have**
   As a client there is nothing worse than being told by a freelancer that something has to be done a certain way because they say so. As a freelancer you should have a good reason why a project needs to be completed in a certain way. You should explain this to your client. If a certain choice means the job will cost less, will take less time to complete,

or will just make more sense for their business, then your client will both understand and want what is best for the job – provided you explain why. Educating your client on the impact of project choices also enables them to make informed decisions. They may still ask that you do things a different way, but you can relax in the knowledge that they are aware of the consequences and have taken them into account.

By slowly, incrementally educating your client at each stage of the project, you can help them understand what it is you do, and what to expect for any future projects.

Availability

A simple way of impressing your clients is to always be available and quick to respond. It is surprising how often freelancers fail to provide service levels that larger firms would see as mandatory. Being available means answering your phone, attending meetings on time and responding to emails within a few hours.

This also means that for larger or more corporate clients you will need to match your hours to regular office hours. Although freelancing affords a lot more freedom, clients will generally want to communicate as they would with another organization.

Answering Machines and Away Messages

Since you won't be available to answer the phone every second of the day, you're going to need a message service for your landline and cell phone. Give yourself a friendly, professional voice message and make sure you call everyone back as quickly as possible.

If you are taking a vacation or are away from work due to illness, add a special message to your message service and an auto responder to your email so that your clients know where you are and when they can expect to hear from you.

Instant Messaging

Instant Messaging (IM) services such as *MSN, Skype,* and *AIM* are becoming more and more popular, especially when dealing with overseas clients. IM can be a great way to stay in touch with the ease and recording of email, but responsiveness of a phone conversation. Additionally you have the added facility of being able to send files back and forth and discuss them instantly.

Despite these benefits IM is also a good way to get distracted from work. If you communicate with your clients this way, keep it brief and stick to mostly business so you don't set a dangerous precedent for later distraction.

Managing Clients, Projects and Assets

Over your freelancing career you will work on many projects and it is important that you establish a way to manage client details, their projects and assets:

Managing Clients

In business, managing your clients is often called Customer Relationship Management (CRM). As a freelancer CRM translates to storing contacts and details of different clients, keeping track of what has been said to whom and when.

Good CRM will help your business. You can contact old clients when you're looking for new work, or keep records of decisions made in active and past projects. CRM will not only help you provide a thorough service to your clients, it will support you in the event of a disagreement over a project outcome.

There are two ways you can approach CRM. One is through a commercial solution such as *37Signals' HighRise CRM product* - http://highrisehq.com, and the other by simply having a system of good practice for your address book and email. The important thing is to be systematic.

You should be aiming to:

1. **Maintain accurate and up to date contact details for all your clients.**

2. **Keep easy to browse records of communications with your clients.**

3. **Keep track of possible client leads.**

Managing Projects

Inevitably you will find yourself working on multiple projects at any one time. Juggling clients, deadlines and tasks can quickly get out of control if you take on too many projects at once. For this reason it is important to maintain some sort of *Work In Progress* (WIP) record.

Your WIP records might simply be a sheet of paper, a to-do list or an excel spreadsheet. The idea is to list all your current clients, their current projects and their stage of development. When you only have one or two clients you can do this in your head, but in busy periods this can get out of control and you may find yourself forgetting items, missing deadlines and feeling stressed that you might forget something.

Some alternatives to keep your WIP are:

- A whiteboard next to your desk with a list of current clients and projects,

- A spreadsheet with each client, project, task and its urgency,

- An online to-do list manager to keep track, or

- A simple pad of paper on your desk.

Managing Assets

During your interactions with a client you will inevitably gather assets for their projects. Whether it's digital assets such as photos, past work and files, or physical assets such as briefing notes, negatives, samples or documents, you will need to have a reliable system of storage.

- **Job bags**
  If you've ever worked in a large agency, chances are you've been exposed to the job bag system. If you haven't, a job bag is basically a big envelope with the project title, the start date and clients name written on it. You can buy special job bags, but many agencies just use C5 envelopes. Every single thing the client has given you (discs, proofs, notes, scribbles etc.) goes into the job bag so you can refer to it later if needed.

  It can be handy to find a job bag that will fit into your filing cabinet so you can store them easily once the job is completed. You should be keeping your job bags at least a couple of years after the job has been completed.

  For large jobs with a lot of paperwork or revisions, you may need to have a series of job bags. In this case you should date their beginning and end date, and number them chronologically.

  Job bags may seem a bit inefficient, but for freelancers they can be a life saver if a client disagreement arises or you lose data and need to recreate part or all of the project. You don't need to spend lots of time sorting or organizing each job bag. Just make sure everything is in there so if the worst happens you can delve in and find what you need.

- **Filing cabinets and storing important documents**
  Every freelancer needs some kind of filing system. Although most of us spend most of our working lives online, we still need a place to keep all the physical documents thrown at us all the time.

  Although cabinets can be expensive, a good one will be very valuable for not only storing documents but job bags and archive discs. If you can get one that is fire resistant and has a strong lock you can feel comfortable that all your important documents are safe from natural disasters and robbery.

  Either label your categories very carefully or buy a label maker. Label makers are cheap and you can use them for all sorts of organizational tasks so we recommend buying one.

  Organize your cabinet into at least three sections – current jobs, archives and business.

  - **Current projects**
    This section has your job bags that are still in play. It's generally a good idea to file your job bags up by client, and keep those in alphabetical order. So put in all your clients beginning with 'A' and for each client, put in all their job bags. Then do the same for 'B' and so on.

  - **Archives**
    This section has job bags from completed projects and your archive discs.

  - **Business**
    This category has everything that relates to your business itself – things like accounts, receipts, legal documents, and contracts.

Email

Emails are a fantastic invention, but they need to be organized. To keep your emails under control, try the following:

1) Divide your folders into *Personal* and *Work*.

2) Set up a folder for each job and put every work email you receive into one. You never know what might be important down the track, and it takes just as much effort to place an email in the folder as to press the delete button.

3) Have set times for email each day. Reading and responding to emails as they come in is distracting and inefficient.

4) Create a *Still In Play* folder where you can put emails that you need to refer back to but have already been responded to. Having an empty inbox is a wonderful feeling.

Desktop Folders

When you're working on a project with a series of surprise revisions, it is easy to find yourself with a desktop full of files and no idea which is the most recent version. The secret is implementing a naming system and sticking to it.

There are a few different ways of categorising your files, and you'll probably tweak your system to suit you as time goes on. Here is a basic set-up to start with.
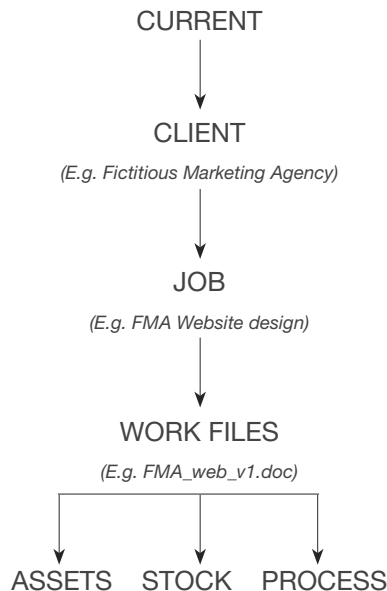
On your desktop you should have two folders – *Current* and *Archives*. Within *Current* you have a folder for each client, and within them a folder for each project.

Begin each file with a code for the client and job. The easiest coding is the initials of the client followed by the name of the project. For example, if you were working with a file for *Fictitious Marketing Agency* for the new website design, you could call the file *FMA_web.doc*.

It is recommended that rather than saving over files when a revision is made, to instead 'save as' and create a new version. This is handy when a client is unhappy with a result and asks you to go back a step, or you make an irreparable mistake on a file. When you are working with many versions of one file you need a good way to distinguish between them. We find the easiest way is to work with versions, i.e.. *FMA_web_v1.doc*. Keep all your versions in one folder.

You should also keep any assets from the client in your project folder as well. If you have any stock photography or the like for the project you should keep it in a sub-folder called *Assets*. Finally, any development work you did before you began the main project (such as preliminary drafts or inspiration) should be kept in a folder marked *Process*.

So, in effect your folders look like this:

CURRENT

↓

CLIENT

(E.g. Fictitious Marketing Agency)

↓

JOB

(E.g. FMA Website design)

↓

WORK FILES

(E.g. FMA_web_v1.doc)

↓   ↓   ↓

ASSETS   STOCK   PROCESS

As soon as you've completed a job you can move it into your *Archive* folder. If you need it, you may also wish to have a *Personal* folder (for anything not work related) and a *Business* folder (for anything relating to running your business – such as accounts or contacts.)

If you follow this system you'll never have more than four folders on your desktop, and your files will always be easy to keep track of.

Providing Good Service

You must never forget that as a freelancer you are in a service industry. Together with the quality of your work and your price, service is one of the three elements that will decide whether you win projects and retain clients.

Good service is hard to define abstractly but something a client instinctively recognizes. Here are some tips for providing good service:

The Right Manner
As we discussed earlier in the chapter it is important to be warm and friendly with your clients and leads. Having the right manner is about language and attitude:

- **Be clear and informal (but not necessarily casual)**

- **Not abrupt, not verbose**
  There is nothing friendly about a one line email. Even if there isn't much to say, it can still be said with more than a line.

  OK, got it

  Could be:

Hi Bob,
Thanks for sending that through. I will contact you
tomorrow with an update.
Many thanks,
Cyan

The other extreme can be just as bad. Long, rambling emails can also give the wrong impression. Remember your clients are busy, so be efficient and effective with your communications.

- **Be personal, warm and friendly**
  Courtesies like writing an email to say "Thanks" or "We really appreciate your input" will make a great impression on your client. Remembering details of your conversations with them or inquiring about their interests or hobbies will show you are interested and personable.

- **Be helpful**
  There are many classic service lines that we hear again and again because they epitomize good service. Questions like *"Can I help you with anything else?"* and *"How can I be of assistance?"* are common because they show a client that you are interested and capable of solving any problems they may have.

2. **Being timely**
   Responding quickly is one of the easiest ways to deliver good service. Think about the last time you were at a restaurant or cafe and had to wait to give or receive your order. Even if the food is delicious, the waiter friendly and the price reasonable, if the wait is long enough you will probably not go back.

   Timeliness is vital to good service.

When you respond quickly, clients perceive that you are ready and waiting to help them. Conversely there is nothing worse than having to wait many hours or days to hear back from your freelancer. It is all too easy to take your time with emails or to not return calls until it is convenient – especially if you're facing a deadline or unexpected emergency.

Equally important to being timely is to make deadlines. Hitting the timeframes you specify to your client will build your reputation and keep clients happy. When deadlines aren't met it robs the client of their ability to make decisions and plans on the basis of your projected timeline. Being perceived as unreliable will often deter a client from working with you again.

3. **Being available and reachable**
   We've already discussed this previously in the chapter, so suffice to say that no-one is going to say you provide a good service if they can hardly ever get a hold of you.

4. **Looking after your clients**
   Feeling looked after is another important aspect of perceived service and value. You should aim to take care of your clients beyond what is absolutely necessary.

   This might take the form of a piece of extra work you do for them on the house, it might be a Christmas thank you card, it might be giving them a good price because they've been loyal, or it might be going out of your way to source resources or information for them. The intention should always be that your client feel special and appreciated.

Good to Great

These four elements of service – *manner, timeliness, availability* and *attention* – will make the difference between an ordinary freelance service and a great one. Execute all four AND be good at what you do, and you will retain clients, get referrals and be able to charge a premium rate for your services.

Dealing with Disagreement

From time to time you will run into disagreements with your clients. Unfortunately this will happen to even the most service oriented and skilled freelancer occasionally. The disagreement may lie in how a project should be executed or might be caused by a misunderstanding about payments, deadlines or terms of service.

Below are some tips to consider when that inevitable disagreement occurs.

Document, Document, Document!

If you keep records of emails, meetings and phone calls you will always have something to fall back on when a disagreement arises.

As mentioned in previous chapters you should always write up any instructions given or agreements made in meetings or over the phone, and ask your clients to approve them via email. This way you can minimize misunderstandings and have evidence that you followed client instructions if needed.

Is the Client Always Right?

We always hear that "the customer is always right". Does this rule also apply to freelancing? The answer is... sometimes. Remember that in retail a single transaction might be worth a few dollars, but when freelancing a client project could be worth many hundreds or thousands.

There will be times when it isn't worthwhile to disagree with a client. For example it is not worth arguing over small points of taste or unusual client requirements that don't really effect you. However, it is important to speak up if a client is jeopardising a project, creating large amounts of additional work, or disputing your entitlements.

So don't sweat the small stuff, but if a client is trying to bully you, or through ignorance is causing problems, then it is important to assert your requirements or professional opinion.

How to Disagree

There are most definitely right and wrong ways to disagree with a client. The wrong way is to get emotionally involved in the situation and become angry or defensive. In this state of mind you will be unable to hide your feelings and you will damage your relationship, even if a client sees your point of view.

Rather you should:

- **Consider whether you might be wrong**
  From experience we know that occasionally the client has been right, even when a disagreement is in our own area of expertise. Keep in mind that a client probably knows their industry better than you, and may have a good reason for a request that may not make sense to you. Ask a client to explain their reasoning before you start disagreeing with the request. There is nothing worse than being in the wrong yourself and staking your professional expertise on an assumption.

- **Provide clear reasoning for your case**
  Whether it is explaining how a client decision will negatively impact the project and their business, or why you are owed the amount due, clearly explain your case in an unemotional and patient manner.

- **Give your client a way to save face**
  It is surprising how often people will cling to their views if only to avoid admitting they are wrong. Give your client a way to change their position without having to admit that they were wrong. For example you might say something like *"Maybe that email didn't get through and that is why you thought …"* or *"Perhaps I didn't explain that very well the first time"*.

Identifying and Dealing with Problem Clients

Not all clients are the same, and with experience you will find you become adept at recognizing clients who may be difficult to work with.

Below we have included some indicators we've found effective, but you may find that yours are very different. Picking and choosing clients is easier when you're a seasoned freelancer with a large client base than a rookie freelancer. Even if you're new to freelancing you should listen to your instincts, as a nightmare client can end up costing you time, money and a great deal of stress.

Here are some of the signs we've learned to watch out for.

1. **Clients who are overly protective of themselves**
    Sometimes clients will ask you to sign legal documents, such as non-disclosure agreements, terms of supply agreements, and contracts. Often these documents are acceptable, as long as you understand and agree to the terms. However, always keep in mind that any legal document a client asks you to sign will have been drafted by their accountant to protect their interests. Any document which leaves you financially liable if the project goes badly should not be signed by any freelancer who wants to stay in business.

    Clients who are too focused on protecting their interests should probably be working with a large agency who are equipped to handle their requirements. For a freelancer the risks can be too great, and the client should probably be avoided.

2. **Clients who ask whether they will need to pay for your work if they don't like it**
   This is a common misconception in the design business. A client will believe that if they don't like the outcome of a project then they shouldn't need to pay for your work. This can indicate that the client does not value your time, does not trust your service, and almost always means they will be hard to work with.

3. **Clients who have had many bad experiences with other freelancers**
   Sometimes clients really have worked with unprofessional or unskilled contractors in the past, however sometimes they were the problem themselves. In a string of bad business relationships the common factor might just be the client themselves.

Paying attention to these and other warning signs may help you to protect yourself against unnecessary trouble. Remember that when meeting new clients, it is a two-way interview. Not only are they deciding if you are the right freelancer for them, you should be assessing whether they are a good fit for you.

Always remember that every client is different and there are no hard and fast rules. Try to give your client the benefit of the doubt if you are not completely sure. Use your instincts to judge whether to work with a client or not. Often simply seeing whether you like them as a person will help you make your decision.

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Getting Paid

You've done all the work and now it's time for the good stuff – the money! In this chapter we'll take a look at invoicing, cash flow, book keeping and strategies to combat clients failing to pay up!

Invoicing

An invoice is the bill for your work that you present to your client. It can be generated in a number of ways:

- You can write one up using *Word*, *Excel* or some other document program,

- You can use an accounting package (such as *MYOB*), or

- You can use a web application such as *FreshBooks* - http://freshbooks.com.

An automated system such as a web application or accounting package is advantageous because everything is tracked, invoice numbers are generated automatically and some systems such as *Freshbooks* even help clients issue payment.

Typically an invoice will include the following:

- An invoice reference number,
- Your logo,
- Your business name,
- Your registered business address,
- Your business registration number or details,
- The clients name, address and details,
- The project or job details,
- An itemized account of charges (if applicable),
- Any taxes payable,
- The total amount payable,
- Your payment terms, and
- Payment options (cheque, bank transfer, *Paypal*, Credit card).

Sample Invoice

A sample invoice is included on the next page for your reference. How you format your invoice and what you need to include depends

Tax Invoice
Reference Number: **INV_xxx**

good.

Invoice Date:
(date)

Attention:
(Clients name)
(Company name)

Consultant:
(My name)
(My email)
(My mobile/cell number)

Good Creative:
(my office number)

Our address

Our Website address

Our ABN (Business number)

Item	Cost
(the work I did)	$
SubTotal	$
Tax	$
Total	$

Please find payment terms & methods overleaf.
If you have urgent work waiting on payment of this invoice, please
forward a reciept or notification of payment to your consultant.

Thank you for working with (our business name)

Page 1 of 2

Sample invoice page one
NB. This invoice was used in Australia and should be altered to suit your business.
This model should be used as a rough guide only.

Payment Information
Terms of Invoice & Payment Methods

Thank you for choosing to work with (our business name). Please find methods for making your payment below. If you have any queries please contact your consultant.

Terms of Invoice
(Here I put my terms: when payment needs to be made, what rights we maintain, how they can find out about our full terms and conditions, if and when we charge late fees, and if and when I require deposits or milestone payments).

How To Pay
(Here I outline how clients can pay their invoice. Yours might be different, but here's an example:)

Cheque	**Direct Deposit**	**Credit Card**
Send cheques made out to:	Our Account:	Visit our website:
(Our company name) (Our postal address)	(Our account name) (Our bank name) (Our account details)	(Our URL) and click on "Client Tools" to use the Paypal facility to quickly and securely pay by MasterCard or Visa. (FreelanceSwitch has a tutorial on how to do this on your website: http://free-lanceswitch.com/money/making-a-pay-pal-form-tutorial/)
(Accompany the cheque with your Reference Number found at the top of your invoice "INV_")	(Label your transaction with your Reference Number found at the top of your invoice "INV_")	(You will be required to enter your Reference Number found at the top of your invoice "INV_")

Quick Turn-around
If you have any urgent work waiting on this invoice to be paid, please forward a reciept or notification of payment to your consultant as this will help speed up the process. We appreciate your assistance.

Page 2 of 2

Sample invoice page two
NB. This invoice was used in Australia and should be altered to suit your business.
This model should be used as a rough guide only.

on your own preferences and the legal requirements of your region. For example, we freelance in Australia, and in this country invoices must include an *Australian Business Number (ABN)* as well as *Goods and Services Tax (GST)*. You will see these on the sample invoice, however in other countries these may not exist and requirements will be different. Check with your local government of accountant for guidance if you are unclear.

Payment Terms

The time within which a client has to pay you is referred to as your payment terms. Often you will specify your payment terms in your initial quote or in a contract. Payment terms are usually in one of the following formats:

- **Within X days**
  This would mean the client has a certain number of days to pay. For example 90 day terms means the client has to pay the invoice within 90 days.

- **Cash on Delivery (COD)**
  COD means that the client must pay the invoice on delivery of the final work.

- **Prior to Delivery**
  Alternatively you may decide to not release the final work until full payment has been made. This is a very safe way of working, though it may alienate some clients.

Be aware that some clients, particularly larger ones will have a standard payment term that they give their contractors. Usually it is fairly unfavourable to the freelancer – 60-90 days is common. They do this because it is better for their cash flow or they have a complex accounting system.

Any negotiation on terms should be completed *prior* to commencing the project and should be included in any contract you or your client draws up. If you try to enforce your own payment terms at the conclusion of the project they may be ignored or cause dissension.

Deposits and Milestone Payments

It is often a good idea to take a deposit before you commence work on a project. This will lessen the risk you take in spending time and effort on a client who you may not yet trust.

Deposits are typically between 10% and 50% of the final amount payable.

If you are taking a deposit you should send an invoice for it prior to commencing the project and state on the invoice that work will commence *after* the deposit has been paid. You should also state the circumstances under which a full or partial refund will be possible. Possible scenarios might be if you are unable to work on the project due to illness or some other unforeseen circumstance, or if the project as a whole is cancelled for some reason before you commence work. It is up to your to define your terms, but having them will give your client peace of mind that they will see their money again if you cannot fulfil your commitment for some reason.

Similarly if you have set up a series of milestones for a project you will need to invoice at each milestone for an agreed amount. Of course you should not proceed with work until each milestone payment has been made.

Cash Flow

Cash Flow is a term you hear a lot in business. It is a simple but important concept. Cash Flow refers to how money comes in and goes out of your business. When you have lots of money coming in and not much going out, then you'll be in a great position. If the reverse is true then you're headed for trouble.

As a freelancer you will be primarily billing for jobs *after* you have completed them, and sometimes you may not get paid for a long period after the invoice has been issued. This means that at any one time you will usually be owed a sum of money from your various clients.

Having money owed to you isn't the same as having it in your account. If you need to pay bills or cover living expenses and the money you need to do that is still owed to you, then you have a cash flow problem.

Unlike a regular job, freelancing does not result in a regular steady pay cheque. Some weeks you'll be riding high after receiving payment from a few big jobs you did the month before, and other weeks you'll be running dry awaiting clients to pay you, or worse not having any projects coming in.

Planning for these ups and downs is essential. Here is a simple way to plan your cash flow:

1. First, work out your estimated expenses over a year. Categorize them into weekly expenses and one-off or irregular expenses. Don't forget to include things like credit card repayments and taxes even if you're just guessing.

2. Next, write out the weeks of the year in a spreadsheet.

3. Create a column for regular expenses and enter the sum for regular weekly expenses (living, rent, gym membership etc.) in each week.

4. In the next few columns plot in the irregular and one-off expenses. So for example if you know that your taxes have to be paid in September, that's where that figure should appear. If you need to buy office equipment at the beginning of the year, pick a point when you will do it and write in a cost estimate for the equipment at that point. If you know you'll be spending more over the holiday periods then be sure to include those extra expenses too.

    Your aim is to plot where you will need to spend more over the course of the next year as accurately as you can.

5. In the next column you can list how much cash you will need

to spend each month at the beginning of the month. It may be a good idea to add 20% or so on top for unforeseen expenses. So if during February you will have $5000 of expenses, you'd know that at the *beginning* of February you are going to need at least $6000 in the bank to be able to pay for it all and cover anything you haven't thought of yet.

You will now have begun to get a good idea of when you are going to need money.

6. In the final column you should write out an estimate of how much you expect to be making each month. Until you have started freelancing, this is quite hard to do, but it's worthwhile making an educated guess. Keep in mind that in most countries the period over the new year will be a quiet time for freelancers, and you may need some cash reserves from the months before.

7. Because you won't actually receive money for a period of time after you have completed a project, you should adjust this column so that all the figures are moved down 1-2 months. So if January is your first month freelancing then you can assume that your first pay cheques won't arrive until February or March.

This exercise while not precise, is intended to give you an idea of what vulnerabilities you may have with cash flow so that you can plan to have enough reserves to cover shortfalls and keep you in the black.

Reserves and Lines of Credit

Having a cash reserve is essential for any freelancer. There are so many situations where a cash buffer may be required. For example clients might not pay or might take a very long time to pay. A project might go badly and you have to cover the difference, or a client might ask you to pay for resources on their behalf but not bill them until the end of the project. There are a thousand situations where a cash reserve will afford you peace of mind and might even save your business.

In every instance having a cash reserve ensures that you can cover expenses while you await your income. Of course a cash reserve will not save you if you're not making enough money to cover your expenses. You still need to make more than you spend, but having a cash reserve will help make sure that you don't accidentally fall in the gaps between project and payment.

Another tool in your arsenal should be a line of credit such as a business credit card (or personal one reserved for business expenses). While you should not rely on a credit card, they are an easy way to cover small cash flow problems. Make sure you find a card that charges a low interest rate and as with any form of loan, you must be disciplined with repayments.

Stabilizing Cash Flow with Steady Income Streams

One of the main drawbacks in freelancing is the unpredictable nature of income. However you can stabilize your cash flow somewhat by creating steady secondary income streams.

Depending on your skill set the sorts of things you might attempt differ, but examples include selling stock files, selling an e-Book, or running advertising on a blog.

Having a secondary income stream will create a reliable source of cash flow which will mean while you still have highs and lows, you will know you will always have some money coming in. For more information about passive income, check out the *FreelanceSwitch Passive Income Guide* at http://notbythehour.com.

Bookkeeping and Accounts

Most freelancers shudder at the thought of accounting, however it is essential and there is no escape for any freelancer who wishes to remain in business.

Get an Accountant

When embarking on your freelancing career you should spend some time finding a qualified accountant who you trust. An accountant will explain what is required of you in your country or state for tax and accounting purposes. They will also be able to recommend either a good bookkeeper or the right bookkeeping software for you.

A bookkeeper can maintain your day to day accounting records (they keep your books), while an accountant oversees everything, files your taxes, provides advice on how to reduce your tax and expenses, and puts together profit and loss statements. Every freelancer should have an accountant, but it is up to you whether you also take a bookkeeper.

In most instances freelancers don't have particularly complicated records and with a little effort you will be able to save on a bookkeeper and complete them yourself. If you choose to create and update your own records you will need to use appropriate bookkeeping software such as *MYOB* or *Quickbooks*. Accounting software systems can take some time to learn, but you can check in with your accountant regularly to see if you are keeping your records correctly.

When choosing an accountant, it pays to work with someone who comes recommended by a friend or colleague. Accountants, like any other service, come in varying shapes and sizes. Some are very expensive, some cheap, some specialize in larger businesses, some in small, some have very little time for freelance businesses, and others will specialize in your area. Find the right person even if it means paying slightly more, because having a good accountant makes freelance life a lot less stressful!

Day to Day Accounting

Whether you have a bookkeeper or not, there are some things you should do on a day to day basis to keep your freelance business running smoothly:

(1) **Keep solid records**
Recording money coming in and going out is the foundation of your accounts. That means keeping and filing copies of invoices, receipts, bank statements and credit card statements. These documents should be filed separately from your non-business records.

(2) **Use a petty cash book**
A petty cash book is something you can pick up from most newsagents and is simply a book to record small, day to day expenses. At the end of each month you can collect all relevant receipts and note down your cash expenses according to category. You can either staple the receipts directly into the book or keep them in a series of envelopes which you file. Always keep your receipts in case you are audited. If you are unsure how to fill out your petty cash book take it along to a meeting with your accountant or bookkeeper and ask them.

(3) **Update your accounts at *regular* intervals**
Accounts get exponentially harder the longer you leave them, so it is important to update your records on a regular basis. Whether you do them yourself or you hire a bookkeeper to come in at regular intervals, it is vital that you keep your accounts up to date so that you do not create an insurmountable task for yourself. Regular record keeping will also give you insight into your business' financial position. The government takes your accounts and particularly your taxes very seriously and there can be severe consequences should you not fulfil your duty to the tax department of your region.

(4) Track tax-deductible expenses

When you own your own business many expenses suddenly become tax deductible. At the end of every year you have earned an amount of money that the government will tax you on. If some of that money has been used for business expenses like transport, resources or equipment, you will not be taxed on that money It is in your best interest to discover what is tax deductible in your region and always collect receipts. Those receipts will directly translate to a smaller tax bill, and they all add up over time.

Of course you should never try to cheat the government, but these tax laws have been created for a purpose and it is your right and responsibility to claim all possible deductions.

Taking Payment

These days a lot of freelance work is conducted online, and often without you and your client ever meeting face-to-face. Thanks to the web we now have access to an international client pool. However this can present a whole raft of new issues around legal rights, trust and payments, as each country has different rules and regulations.

Bank and Cheque Processing Fees, and Effort!

When it comes to taking payment from international clients, your number one enemy is processing fees. It differs around the world, but certainly here in Australia processing a cheque from overseas or receiving a bank transfer can incur significant fees. For example recently we processed a US$100 cheque at a local bank, the total of fees we paid came to AU$33 which is about US$25. So basically close to a quarter of the cheque went to the bank.

On top of losing a quarter of the value of the transaction, the whole experience took ages. The teller looked at the cheque, looked a bit confused, sent us off to a special desk where we had to wait for 10 minutes, then we were kept waiting another 10 minutes while the

processing was handled. So the whole expedition cost us about 30 minutes of our time as well. After spending a quarter of the total PLUS half an hour of our time, all of a sudden this cheque was proving quite the waste of effort.

Bank transfers aren't that much better. On the occasions when we have received an invoice payment wired to our bank it usually takes at least a week to arrive, the client will often have trouble making our bank account numbers work in their internet banking systems and again we usually lose a big chunk of money to "processing fees".

In short, the situation with banks and cheques is lousy. It may be marginally better for other regions, but for us at least, we find myself looking elsewhere.

Using *PayPal* (or *Moneybookers*, *PayPay* and others)

These days there are a growing number of trustworthy online payment solutions and chances are you've used one or more before. *PayPal* - http://paypal.com is our own personal choice, however this service is only available in some countries. Good alternatives to *PayPal* include *MoneyBookers*- http://moneybookers.com and *PayPay*- http://paypay. com, which offer similar services.

All three services have a basic payment facility where you can invoice your client by simply sending them an email requesting them to visit the *PayPal* (or other) website and make their payment using their choice of credit card or other payment option. With *PayPal* you can either use the basic "Request Money" tool or send an email invoice. And there's integration with *Outlook* and *Quickbooks* as well.

The main advantage is that the client doesn't need to actually have a *PayPal* account themselves. They can simply pay by credit card. When you receive payment in your account you can transfer it from there to your bank account. Transfers to and from bank accounts take between three and five days.

What's the Catch?

There are some drawbacks to using these systems. The main one is fees. *PayPal* takes about 2.5% of your takings, so on a $100 transaction you'd lose $2.50 to fees. However if you have a $10,000 transaction, that number will be more like $250 which is quite a lot more. These fees come from credit card processing and are unfortunately somewhat unavoidable. Make sure to work transaction fees into your quote at the beginning of the project.

You can find a full *PayPal* rate schedule at http://paypal.com. It works in a slightly more complicated fashion than a flat percentage.

Another catch is that when you take payment from a credit card you become vulnerable to charge backs. If a transaction is disputed and you don't have a signature and physical documentation, the money can be refunded back to the card holder. This isn't a common problem for freelancers bit it is worth being aware of. *PayPal* has a payment resolution centre to deal with issues like this. *Paypal* is not a perfect system, but it is the best available at this time in our opinion.

Escrow

So far we've discussed ways to make payment easier and incur less fees and charges. However there is another important issue with international dealings – trust.

When you've never actually met a client and you don't know anything about the country they are contacting you from (or even if that's really the country they are in) there can be some very real trust issues.

Fortunately there is a service that caters to this market too. *Escrow* - http://escrow.com works as an neutral third party in your transaction. They are like the Switzerland of internet transactions. Here's what happens:

1) You and your client agree on the amount the project is worth,
2) The client pays that amount to *Escrow* who holds the funds,
3) You complete the project and send it to the client, then
4) The client confirms that work is completed and *Escrow* releases the funds.

As the contractor you can be sure that the client really is prepared to pay, and the client knows that you won't receive payment until you've handed over the work. You both know that if something goes wrong *Escrow* has a system of investigation to find out which party is in the wrong.

There are some additional fees for the *Escrow* service which you can choose to split or have one party pay. Generally for a freelance transaction that would come from the client. You can find information about the fees at http://escrow.com. Fees usually come to about 3 to 4 percent.

We've used *Escrow* only once (as a buyer) and our experience was positive. You have to jump through a few hoops to identify yourself, but this process affords a great deal of security for both parties.

For a large project with an unknown client *Escrow* is probably the safest option.

Getting Clients to Pay

Unfortunately during your freelance career, there is a good chance you will find a client who either refuses to pay, tries to reduce their payment or delays payment for as long as possible. These clients can cause significant problems for a small freelance business, particularly if their job makes up a large portion of your billable work during a specific period.

Before we discuss ways to ensure you get paid, it is worth noting that for this very reason it is a good idea to always keep a cash reserve in your business or personal account to weather such times. Not having enough cash to pay your daily costs while you wait for bills to be paid - also known as cash flow problems - is a major cause of small businesses closing down.

When a client refuses to pay, you generally find yourself looking back to the original quotes, emails and invoices for assistance. It is a good idea to have clear, itemized quotes so that you can show that you have completed the work you were commissioned for. It is also a good idea if your invoice has a clear payment date that you can point to. If you have emails that show the client was satisfied with the work, this will also help to state your case.

So lets look at three common scenarios:

Client takes as long as humanly possible to pay

On your quote and later your invoice you will have written your 'terms of payment', or in other words the length of time after your invoice is issued that payment must be made. This ranges from cash on delivery to 90 day terms. Clearly giving the client 90 days to pay your invoice really favours the client and for a freelancer we wouldn't advise such generous terms. Rather most freelancers should be looking at 0 - 30 day terms. Large companies can manage long waits for payment, you cannot.

If a client delays their payment outside your terms, it is your responsibility to begin reminding them that payment is overdue. Remember the only people who should be embarrassed by this are the people who haven't paid, so you should feel no sense of about regularly calling or writing about money.

A weekly or even daily (in extreme situations) reminder about an overdue payment almost always does the trick. There is an old saying 'the squeaky wheel gets the grease' and this is particularly true when it comes to receiving payment. If the client does get annoyed with you for asking to be paid, consider that this is part of their strategy to avoid paying you. If this is true then they may not be a client worth working with again.

One other strategy to guard against late payments is to institute a system of late fees. This may take the form of something like 1% late fee when a payment is overdue and a further 1% for every calendar month after that. Do not set a late fee that is overly high. Generally you should not charge more than about 12-15% of the outstanding amount per calendar year - similar to a credit card's rate of interest. Ensure that you have outlined your late fee system in your terms and conditions if you choose to use them.

Late fees can be effective, however many clients will bristle at them. They can create animosity, particularly if you are stringent and issue a late fee the moment an invoice becomes overdue. Similarly if you issue a late fee for a client who has always been good to you, there is a good chance you will receive an angry email or call! Often the idea of a late fee is enough to encourage a client to make immediate payment, so it is often good policy to not actually insist on late fee payment unless they are a repeat offender.

Client tries to reduce payment somehow

In this scenario a client might accuse you of not delivering everything they asked for. For this reason that it is so important to have a clear and itemized quote. It is wise to ask your client to 'sign off' on a quote - i.e. you have a printed copy with the client's signature. If you don't have a signed copy, a deposit payment or a some sort of written go-ahead will most often suffice to show that the client had accepted the quote.

The best thing to do in this situation is to visit the client in person. Rather than take an adversarial stance, go in with two thoughts in mind: (a) You wish to ensure your client's needs have been met and that if they are asking for reductions it may very well be for a good reason; and (b) You will not cave in simply to please the client, and you must ensure that you are firm without being aggressive.

Seeing the client or speaking over the phone is the best way to clear up whatever issues have caused the problem. If you feel the client is simply trying to worm out of paying then point to the quotes and any other documentation showing that you delivered what was requested. If the issue cannot be resolved - which is unlikely - then you have escalated to the following scenario.

Client refuses to pay outright or avoids you

When a client outright refuses to pay an invoice, it is time to seek legal counsel. Every situation is a little different and laws in different countries vary on how this plays out. Generally speaking you should always have a lawyer that you have some contact with so that in a situation you can call on their services.

You may also consider hiring a debt collector. Debt collectors take a percentage of the amount they are hired to collect and are usually very experienced at extracting money from rogue clients by both persistence and threats of legal or financial ramifications to their actions.

There are unfortunately times - particularly for small sums of money - where it's easier to write off a loss as a cost of doing business and avoid both that client and similar sorts of clients in the future. Sometimes legal and debt collection costs outweigh the amount of money owed. It is frustrating and upsetting but sometimes it is just simpler to learn from the experience and leave it behind you.

Having said that, most clients will be trustworthy and will honour their word. You'll also find that most often your instincts about a person will be right, and as long as you're sensible you will probably not have problems with payment.

It is important to do your best to take emotion out of your business. Even if very occasionally you receive less money than you're owed, that is a very small cost of being able to live and work as a freelancer.

10

Marketing Yourself

Jobs are the lifeblood of freelancing, so finding them is an essential skill for any good freelancer. To do so requires some marketing skills. In this chapter we'll discuss how to position yourself to appeal and attract clients, how to devise a marketing plan, promote and market your business.

Positioning Yourself

The first step in marketing yourself is to define your target market. Knowing your audience means you can tailor your marketing and promotions to appeal to them, giving you the best chance of success.

Ask yourself what kind of clients you want. Are you chasing companies or small business? Is there a particular industry that you want to work with such as the music industry, retail or corporate? What other characteristics do your target clients share?

Be as specific as possible. You may be happy to work with just about anyone, but who specifically are the clients you want to be marketing to? Some of the factors you might wish to think about when deciding are:

- Do you have any particular experience, style or skill that would fit well with a certain type of client or project?

- Is there a class of client that is under served? In other words are there any untapped niches that you could corner?

- Are there types of projects or client that pay particularly well?

- Are there types of projects or client which would give you great personal satisfaction to work with?

- Do you have particular contacts or any other type of 'foot in the door' with a certain industry?

You will find that there are a few types of client or project that would suit you. Your aim is to refine down from 'everybody' to something more specific.

As you work as a freelancer you may find that you inadvertently end up serving a particular niche of client that may not have been the type you were chasing. For example you might get one client in retail who

refs you to more clients in retail until all your work is in that area. If this happens, run with it.

Targeting specific types of client or niches means that you develop expertise, contacts and an in depth knowledge of those industries. This makes it easier to pitch and win new clients as you draw on previous experience and can position yourself as an expert. Often clients across an industry will have similar needs and aims, similar budgets and even use the same vocabulary or 'industry-speak'. It is a great asset to already be familiar with all these.

Aiming Your Pitch

Once you have identified your target market you can decide how to present yourself so as to best appeal to that market. Here are some things you might do to pitch your service to your target market:

1) **Target your portfolio and client list**
   Although you can't make up who you have worked with before or what work you have produced, you can decide what to leave out. If you are aiming for corporate clients you might want to emphasize what relevant experience you have and leave out any controversial work when meeting clients. If you want to work in web design you might leave out some of your print design work so that your portfolio looks more balanced. If you want to write for a gossip magazine you might not emphasize your high-brow, literary clients.

   In other words tweak your portfolio and your client list to match the type of *work you want* to have not what you have already done. This can be difficult to do and may take a while as you build up the right work to show, but keep at it.

2) **Tailor your pitch**
   When you go into a meeting, send an email off, or just find yourself talking to a potential client, you will find yourself pitching your work and services. It is important that you perfect your pitch. You should be able to describe your work

and your services in such a way as to appeal to the type of client you want. While you may alter this pitch when speaking to other types of clients, for the occasions that matter the most – i.e. speaking to your target market – you should be saying the right things.

Tailoring your pitch is a matter of making it suit their needs and wants. If you know that pricing is important to your target market, you might discuss how you provide value in your services. If your target market is concerned with trends you might mention how you keep up to date with trends and fashions.

Consider what your target market wants to hear, and how you can best help and serve them. Then sketch out what you want to say and practice it so that when the time comes it's second nature.

3) **Tailor the way you dress and speak**
How you dress and speak can make a big difference with certain types of clients. The general rule is to loosely match yourself to your target market. If you are chasing large corporate clients and meeting them in their offices it is best to look professional. If you are after indie record labels, wearing something trendy and behaving casually might be a better approach.

In *Chapter 2 - Your Brand,* we discussed building a reputation. Your reputation will play a large part in how you are positioned in the market. If you are known for a certain type of work, clients may not see you as appropriate for another type of project. For example if you are a freelance photographer known for photographing indie bands, you may have a hard time getting corporate portrait jobs. Similarly if you are famous for corporate branding you may have a difficult time winning over non-corporate clients looking for an edgy style. You should always consider your target audience when working on building your public reputation.

Marketing Cycles

It can be hard to define which marketing strategies yield results, which is why a marketing cycle can be so useful. A marketing cycle works in three phases to help you define what works and what doesn't. These phases are planning, activity and review:

Stage 1: Planning

Using a word processor, pad of paper or planning application like *Basecamp* - http://basecamphq.com, define the following four categories:

- **Target market**
  Who is your target market? Who are the clients you are trying to net? Spend some time researching them and find out what needs they have, what media is best to reach them, and what competitors are doing to meet their needs.

- **Plan of action**
  How can you reach your target market? Consider what contacts you might have, what strategies would appeal to your market and methods you can use. Write out a list of things you will do. Later in this chapter we'll give you lots of ideas to choose from.

- **Timeframe**
  When will you execute each strategy? Consider and write out a timeframe for your marketing.

- **Marketing goals**
  Identify measurable goals for your marketing plan. Although your overall aim is to get work, it is **vital** that you plan out specific, measurable goals. A measurable goal is something like "Make contact with at least 6 leads" while a non-specific goal is something like "Get more work". Plan only a few actionable goals so that when you do get a positive result you can track it to one specific strategy.

It is important to define specific, measurable goals so that you can see whether you have achieved what you set out to do. In the review phase of your marketing cycle these actionable goals will be very important.

Stage 2: Action

Once you have planned your goals then it is time to put them into action! It's wise to set aside some time every week to focus on your marketing plan. It is important to set aside time as client work will always feel more important and pressing than working on your own business. Marketing now will help your business stay healthy and profitable in the months to come

Stage 3: Review

After you have executed your plan of action it's important to review their success and the lessons you have learnt. Was that the right target market? Did you approach them in the best possible way? Did you achieve your goals? Did your goals translate to more clients, a larger network, or any other benefit? What could you differently or improve upon?

Using this new knowledge begin again. Write out a new plan implementing what you learnt executing the first cycle.

Cycles

It is up to you to determine the length of each cycle. If you are desperately in need of work the cycles would be much shorter, more frequent and require more time and energy each week. If you have a comfortable number of current and upcoming projects you might take two or three months for each cycle. If your workload is very high you might space out a cycle over six months. It is best not to draw out your plans for much longer than six months as you will lose focus over such a long period. If it doesn't feel possible to do everything you want to do in less than six months, then you should lessen your number of actionable goals per cycle. It's better to have smaller cycles with different strategies than one long cycle with many. Shorter cycles will help you define what works and what doesn't quickly and easily.

Marketing Yourself in Person

As a freelancer you should always be ready to promote your business. In day to day life you never know when you might meet someone who would make a good client or knows someone who might be. Whether it's someone you meet at a party, a networking event or at your local coffee shop, you should always be ready and prepared to discuss your business.

Business Cards

A business card is an essential tool for any freelancer. Make sure you have cards that:

- Are clear enough to read when flicking through a business card holder,

- Spell out all the main avenues of contact,

- Are well designed and presented,

- Are a size that will fit into a business card holder, and

- Are crisp and unwrinkled (invest in a business card holder).

It is standard practice to give your business card to anyone you meet at industry events, networking functions, or in a professional capacity, so don't be shy to do so.

Remember that your business card is the anchor to remind your contact of you. They will carry it around and even if they forget you will be reminded of your service when they find it in their pocket or card holder. Your business card is in this sense your ambassador.

Your Manner

When talking about your business it can feel like you are 'selling' yourself. There is a natural inclination for most of us to speak humbly about what we do – but unfortunately this is not an effective strategy in business promotion. While sometimes it may genuinely be inappropriate, on most occasions people will be interested to hear what it is you do.

ROCK* QUOTE

Here's my elevator pitch from my freelance creative services business, which I used in a variety of networking situations: "Hi, I'm Janet Green, president of Green & Company Creative Services. I create professional, affordable marketing and promotional materials for small and home-based businesses. May I have your card? I'd love to send you samples of my work, and discuss ways I can help you with your marketing efforts." It was short and sweet, and communicated immediately what my business was all about.

Janet Green
Marketing Agility Course: You Can't
Strike Out With These Pitches
MarketingIdeaBlog.com

When you meet someone new you will invariably be asked profession you are in. When you are, you do not need to spend lots of time describing your business. Have a brief 'elevator pitch' ready – no more than three sentences to describe succinctly and confidently what it is you do. Answer any questions they may have, and after that just get back to socializing and enjoy their company as you would anyone else.

Networking

It's an oft-quoted saying that 'it's not what you know, it's who you know'. As a freelancer it's essential to get out there and network. The more people you know and know you, the more likely that new projects will get sent your way.

People are always looking for someone they know and trust to take care of them. What you view as a work opportunity to them is a problem they need to deal with. No one wants to go through the phone book to find someone, which is why

it's so important that you be the contact they think of when a project comes up.

You should consider going to places and events specifically to network. From conferences, to user groups, to tradeshows, to industry or small business association events, think about both where your potential clients might be and where you can meet contacts.

The Idea Bank

Marketing in person of course is only one way that you might promote your services and attract jobs. There are numerous other options and below you will find a list of ideas for marketing which was published on FreelanceSwitch as *101 Ideas to Get More Freelance Work and Generate New Client Leads*.

1) **Word of Mouth**
   Reaching leads by word of mouth is a particularly potent marketing strategy because it implies a recommendation by a trusted third party. For more on referrals, see *Chapter 4 – Getting Your First Jobs*. Some ideas:

   • Enlist your family and friends to spread the word about your services.

   • Send out an email to everyone in your address book, announcing what you do, where you are and what you can offer.

   • Ask your satisfied clients for referrals.

   • Offer free consultations to new referrals.

   • Consider a referral or finders fee.

2) **Clients**
    Many of your clients will need to commission more than one project, so marketing to current and past clients can remind them of your service and what you can do for them. Some ideas:

    *   Get in touch with past and current clients when you have a new service to offer them.

    *   Get in touch with past and current clients when you have completed a flagship project.

    *   Start a newsletter.

    *   Take advantage of every outgoing email by using your email signature as a marketing tool.

    *   Send promotions for services with your invoices.

    *   Ask your clients to place a credit on your work in web, video or print.

    *   Make a calendar featuring your work for clients to put up in their offices.

    *   Make a poster for your client to hang up on their office wall.

3) **Networking**
    Strategic networking is identifying how you can mingle with people likely to be potential clients and people who might refer you to potential clients. Some ideas:

    *   Attend industry events - conferences, association meetings, seminars.

    *   Go to events in your client's industry.

- Sponsor a client event.

- Join your local Chamber of Commerce and get involved.

- Do some *pro-bono* work for a charitable organization with industry links.

- Get involved in social groups you're connected to (church, school, university).

- Join an industry organization and get listed.

- Contact people you used to work with and ask them to send you any run-off work they might have.

- Offer to give a seminar to a local business group.

- Practice an elevator speech about what you do and have it ready to go wherever you are.

- Participate on online forums (using the forum signature line to outline your services).

- Comment on blogs to draw people back to your freelance site.

4) **Promotions**
Not every job is the result of a referral or word of mouth. Potential clients may find freelancers via advertisements, directories or marketing materials. Some ideas:

- Get car signage.

- Get t-shirts made with your website address printed on them and wear them.

- Try location based *Google Adwords*.

- Advertise in a niche magazine or trade publication e.g. a magazine for the restaurant industry.

- List yourself in business directories or the *Yellow Pages*.

- Research websites the your clients visit and buy advertising there.

- Advertise in online directories.

- Take out an ad out in a local newspaper.

- Participate in a trade show.

- Holidays are your friend! Send a clever holiday greeting to clients that showcase your service.

- Promote a free first consultation service.

- Have a gimmick that makes you stand out.

- Give something away for free with any consultation.

- Place an advert in an industry newsletter.

- Offer branded pens and paper at industry events.

5) **Be an industry expert**
   Positioning oneself as an expert means not only getting more work, but being able to charge more for your services. Although expertise is a prerequisite, generally speaking being known as an expert is often a matter of decision. Some ideas:

- Pitch an article to an industry publication.

- Pitch a story to a blog or resource website.

- Offer to speak at industry and networking events.

- Start a blog.

- Submit tutorials or how-to's to websites.

- Write an e-Book or Report for your target market and promote it online.

- Enter your work into competitions and awards.

6) **Job Boards**
Many freelance gigs are in fact advertised, and though you will be competing against other freelancers, this can still be a an effective avenue to finding work. Some ideas:

- Keep an eye on online job boards.

- Check out *CraigsList* - http://craigslist.org for your city.

- Keep an eye on offline job boards.

- Pin up a little advert on boards in your local area or community.

7) **Cold calling potential clients**
Contacting out of the blue does not offer the success rates you might get from other strategies, however if you look at every rejection as an increment towards making a sale, then it can be a lucrative way to find clients. Some ideas:

- Find out how you could improve a potential clients' business and profits and cold call them with your pitch.

- Mail promotional postcards to potential clients.

- Mail fun promotional items to potential clients (calendars, toys, posters).

8) **Get Found**
   By being listed in search engines and directories, your leads will come to you even when you aren't working on your marketing. Some ideas:

   - Search-optimize your website and get *Google* traffic.

   - Have a follow up conversation with all potential leads.

   - Make sure you're listed in the *Yellow Pages* and *White Pages* business section.

9) **Get in bed with local business**
   Other local businesses are a rich source of work for many freelancers and are a great place to find and establish contacts. Often times they are particularly amenable to networking as well. Some ideas:

   - Contact your local internet service provider or printing house and offer them a commission if they refer work.

   - Establish contacts in larger agencies that can refer their run-off work.

   - Keep in touch with freelancers that will offer clients a complementary service to yours and throw each other work.

   - Create a local business directory and use it to get to know other business owners who might later need your services
   - Cross promote with other businesses.

   - Ask if you can put your business cards or brochure in local stores.

- Rent office space shared with other businesses or freelancers.

10) Industry Specific Ideas

And here are some ideas that are tailored to particular industries:

Photographers

- Enter your work into a gallery or run an exhibition.

- Submit some work to stock agencies to attract attention.

- Do a personal project so you have a reason to show your portfolio to old contacts.

- Send in your photography work to industry magazines to make a name for yourself.

- Start an online photo journal.

- Photograph an event or series and pitch it to a newspaper or magazine.

Programmers and Developers

- Write a small web application like *Ta-Da List* - http://tadalist.com or *Jobpile* - http://artypapers.com/jobpile.

- Answer technical questions on forums and use a signature that says you offer freelance coding services.

- Enter a programming contest like *RailsDay.*

- Contribute to open source efforts.

Illustrators and Animators
• Start a comic strip blog.

• Do stock illustrations for a site like *iStockPhoto* -
http://istockphoto.com and link to a portfolio site offering
custom illustrations.

• Write to popular blogs and offer to do a cartoon strip.

Writers, Bloggers, and Journalists
• Submit articles to article banks for sale.

• Write opinionated, witty pieces and get them publicised on
  Digg - http://digg.com with a blurb at the bottom about
your services.

• Pitch article ideas to editors, online and off.

• Contact popular blogs and offer to guest post.

• Write a book and publish it with *Lulu* - http://lulu.com.

Designers
• Submit work to design compilation books and magazines.

• Design a great website and submit it to design galleries.

• Build a great portfolio and submit it to design portals.

• Start a magazine, design portal or blog.

General Tips

Marketing your business is a practice that will become second nature over time. Here are a few extra tips for marketing:

Follow Up

Often after all the hard work of promoting and marketing we don't take that final step to close and land a new job. Following up on leads dramatically increases your chances of success as clients are looking to be taken care of. By showing initiative not only do you remind them that your services, but you also show that their project is important to them.

Be Persistent and Don't Take Rejection Too Personally

There will likely be as many rejections or more than successes in your marketing campaigns, and so it is important not to take them to heart. A useful trick to learn is to think of every rejection as a step towards a successful close. So for example if you find that one in every five leads pans out to a job, consider each rejection as getting 1/5 of a job, bringing you closer to that next project.

Get Past the Fear

Although it's much easier said than done, it is possible to get past the fear of putting yourself out there. The best way to do so is to practice. The more times you pitch your work, get out there to meet new people, call potential leads and market yourself, the easier it will get.

Expansion

For many people, freelancing is an end in itself and you could easily spend your entire working life as a professional freelancer. But for some freelancing will be a stepping stone to growing a larger business. Whether you choose to hire more freelancers and staff, partner with other freelancers or branch out entirely, in this chapter we'll discuss what it takes to expand your business.

Subcontracting

When someone hires you to do freelance work, they are contracting you. If you then hire someone else to do some of that work, you are subcontracting. At some point almost every freelancer gets into one of two situations that easily lead to subcontracting:

1. **You get more work than you can handle**
   No matter how skilled and efficient you are, one person can only do so much work. So what do you do when there are more projects than hours in the day? One option is to turn jobs away, but another is to subcontract to another freelancer with your same speciality.

2. **You win a project that includes work you don't know how to do, or don't want to do**
   Many clients will have jobs that are multi-dimensional. For example a web designer might have a client who needs both a website and written copy to populate it, or a photographer might have a client who needs both photos and graphic design work. In this instances one option is to tell the client that you will handle the whole job and then subcontract out to a freelancer with a different speciality.

The obvious question is whether it is worthwhile to subcontract projects. Here are some of the pros and cons of subcontracting:

Benefits of Subcontracting

Here are the three major benefits of subcontracting:

1. **More income**
   The immediate benefit of subcontracting is the potential for more income. One person can only do so much work, but if you have one or more other freelancers working on a project, you can earn a commission on their hourly fees. If all goes well you can invoice for a higher sum each month.

2. **Client doesn't go elsewhere**
    If you don't have a strong client list, turning away a client can be risky when you need every contact you can get. Even if you do have a strong client list, you may not wish to turn a client away if they are someone you'd really like to do work for (perhaps they have an exciting project, or perhaps they have a large budget). In this instance subcontracting means you don't need to say 'no' to them.

3. **Stepping stone to growing a business**
    Another good reason to subcontract is that it is a good way to expand your business. Since the other method of taking on more work involves hiring a permanent staff member, this is a *much* less risky way to grow as you don't need to commit to a long term salary.

ROCK* QUOTE

Outsourcing isn't for everybody. Some people just don't like outsourcing, for a variety of reasons; they like to do the work themselves, find the management of contract staff too difficult, or have been put off by one or two bad experiences.

Then there are others who swear by outsourcing and view it as the path to significant profit and growth. I'm one of those guys, but there are a few hurdles to overcome on the road to success.

No one makes a fortune working for themselves -- it's always about leveraging what you have or what you offer in the most effective way.

Brendon Sinclair
Outsourcing for Great Profits
Sitepoint.com

Drawbacks of Subcontracting

Here are four of the main drawbacks of subcontracting:

1. **A lot of extra work**
   Although it may sound easy to subcontract work, the reality can sometimes be very different. There are inevitably extra meetings, dramas, administration and extra work that land in your lap. For instance a web designer who contracts out a writer to put together some copy may find they need to facilitate the meetings between the client and writer, liaise through email, pay the writer's invoice, or provide extra quotes.

   One way to counter this is to charge a project management fee for taking on these larger projects.

2. **You are responsible for someone else**
   It's easy to be responsible for yourself, after all you know the hours you keep, the workload and capacity you have and when things go wrong, you can always pull all-nighters to make up for it.

   Being responsible for a subcontractor can be risky. What happens if the subcontractor is late with their work? What if it is of poor quality? What if the client hates it? As the client's contact, you have to front whatever service or product your subcontractor produces. This means that you are laying your reputation on the line and taking a monetary risk as you may find yourself paying for a second subcontractor to redo work that wasn't good enough.

   To minimize these problems you should only ever subcontract to freelancers that you know and trust. This minimizes the risk of them not delivering in some way. Additionally, always charge a premium to cover yourself in the event that the job goes badly and extra revisions are needed or work needs to be fixed by some new.

3. **Cash flow problems**

   As you will know by now, many clients will take their time paying you, and though you can take measures against this (as we discussed in *Chapter 9 - Getting Paid*), the reality is you need to factor in that payment for a job won't come in until some time after completion. On the other hand you will have subcontractors to pay who you might need to pay promptly. This might be because you know them personally, you know they need payment, or they might have given you short payment terms and as a fellow freelancer you feel you have to respect them.

   Whatever the reason is, paying subcontractors *before* you have been paid yourself can lead to big cash flow problems if you aren't prepared or the subcontractor's fee is large.

   To counteract this risk you should ask for a deposit or milestone payment from the client with which you can pay your subcontractor. Alternately you can simply make sure you have a lot of cash in the bank to cover the shortfall.

4. **You may lose the client anyway**

   While you may have decided to subcontract a job out in order not to lose a client, you may wind up losing them anyway. This is particularly the case when you are too busy to do the job yourself and hire another freelancer of the same speciality to do the job. Many freelancers will have professional ethics that prevent them from stealing another's clients, but even in that instance, the client may simply decide to cut out the middle man and go straight to the source of their work, thereby undoing the whole point of subcontracting.

   To prevent this from happening, you should whenever possible ask your subcontractor to act as another member of your own business. This means giving them a special email address so they can communicate directly and asking them to behave appropriately in meetings and phone calls (i.e. not

start handing out their own business cards). It may also mean not letting your client and subcontractor ever deal directly with each other, though this can create a lot of extra project management time for you.

Quoting and Estimating

When you have subcontractors involved in a job your quoting or estimating process will be a lot trickier than when it is just you. In this case you need to ensure two things happen:

1. **Make sure the subcontractor is briefed FULLY**
    It is often the case that your subcontractor will not attend the client briefing with you. This is because in many cases you may not realise you will need a subcontractor until you are being briefed, or you may only decide you are too busy for the job after you have been briefed, or for a multitude of other reasons.

    Whatever the case may be, it is YOUR job to make sure the subcontractor is briefed fully and understands the job. If the client tells you something important and you forget to tell your subcontractor who then underquotes, you will eventually find yourself holding the shortfall in your own pocket. Remember you are responsible for the subcontractor. As far as the client is concerned when they brief you, they are briefing whoever you give the work to as well.

2. **Make sure you get their quote before you give the client yours**
    In some cases you may be tempted to give a price for work you are going to subcontract out, thinking you know how much it will cost. This happens particularly when you are subcontracting out to a freelancer who does the same type of work as yourself. This is *never* a good idea as freelancers can charge very differently to one another. Always find out what it's going to cost you before you tell the client what it's going

to cost them. The same principle applies for timelines. Be sure to agree on the timeline with your subcontractor before committing to one with your client.

Managing Subcontractors

Managing freelancers boils down to one thing: **communication**.

If you have a subcontractor on the job you should be in constant and clear communication with them. This is not to say that you should be calling them all the time, but rather that you have an open line of communication to check on the project, how it's developing and that it is running on schedule.

When working with subcontractors it is important to add buffers to their commitments. This is particularly true for timelines and schedules. For instance, if your subcontractor tells you that a milestone will be completed by Monday, you should tell your client it will be ready at least a few days later. If your subcontractor really does deliver on Monday then you can make a good impression with your client, and if they don't then you can work closely with them to make sure they hit the real deadline. You are responsible for your subcontractor, so have a plan of action if things don't run to schedule or go badly.

Disagreements

From time to time you may experience disagreements with your subcontractor about the quality of their work, what direction they are taking or how they are working. Remember at all times that to them, *you* are the client. This means that you should be able to ask for the same service that you provide your own clients. Additionally since it is your reputation that is on the line, you may stress that work should be done in the way you see best. Having said this, remember also that you should try to treat freelancers as you would want to be treated, and that is to respect their opinions in the areas they know best.

In fact subcontracting work can provide some very good lessons for you in how to freelance as you find yourself sitting on the other side of the fence in the freelance-client relationship. This in itself is a good reason to try subcontracting out a job at least once.

Partnerships

A less stressful alternative to subcontracting is to partner with other freelancers. There are a variety of different arrangements that fall under the term 'partnership':

1. **Loose association**
    The simplest form of partnership is to have a network of other freelancers who you know and have worked with. When a client with a big job comes along you can ask one of these freelancers to attend the pitch and briefings with you. You put in quotes for your parts of the project separately and though you aren't strictly partners, you will work effectively together on projects.

    Every freelancer should try to maintain this sort of association with other freelancers as it can lead to more work for you, and help you take on larger and more diverse clients.

2. **Mutual understanding**
    A more formal type of partnership is to get together with one or more freelancers and come to an understanding on how you will work together. This might mean that you share contacts, submit quotes together and generally help each other out. You might even use a trading name to work under without necessarily registering yourselves as a business together.

3. **Formal partnership**
    At this level you will in fact be establishing a business together with another freelancer. Once you do this, you are technically no longer a freelancer, and you should only enter into such a partnership once you have a full understanding of the legal implications of doing so. Entering into business with someone can be complex as you need to work out how revenues are split, who owns what, and what happens if one partner is working more than the other.

As a partner you will have a greater capacity for work, an ability to take on jobs you might not be able to otherwise, and importantly you will not be alone in your work. You may also gain access to new contacts you didn't have previously and learn new skills and methods of work from your partner.

When choosing a partner, look for:

1. **Reliability and trustworthiness**
    To protect your reputation and so that you can sleep better at night, you should only ever partner up with someone you know you can rely on. There is nothing worse than being let down by your own team.

2. **Complementary strengths and weaknesses**
    Although it can be good to have more of the same in your partnership, it is even better if you can compliment each others strengths and weaknesses. This happens naturally in partnerships where each partner has a different profession – e.g. a web designer and graphic designer – but even where the partnership is between two freelancers of the same profession you can still find complimentary strengths and resources. For instance, you might have two web designers, one whose strength lies in the design process and one whose strength is in coding. Or you might have two programmers, one whose strength is client liaison and one whose strength is in project management.

Hiring Staff

If you want to expand quickly, you may decide to hire one or more employees to augment your capabilities. This is a big step because you will be permanently responsible for another person whether the work comes in or not.

Hiring staff and building a business are complex subjects that are beyond the scope of this chapter, however here are a few pieces of advice from our own experience of hiring staff to build a freelance business.

Systems of Work

Businesses work when there are set systems in place for any desired outcome. Whether it's how you manage your contacts, files and assets or simply how you track your time, you need to have a set way to take any action. When it's just you in your business you can be a little haphazard about things, but when there are multiple people, your systems need to be formalized.

Before you hire, sit down and work out how everything is going to work together. Think about things like who will be responsible for what, how you are accountable, how things will work, and where information is stored. Then document it so that when you have your first employee you can ensure that you are both on the same page.

Corporate Culture

Every business has a culture. A corporate culture is a pervasive atmosphere and attitude. The service you provide, attitudes to work and clients, stress levels can all be affected by corporate culture. A business' corporate culture is passed on and shared between all employees of a business. Moreover it is created early and is hard to change. With this in mind, you should set a positive culture in your business with your very first employee.

Think about what kind of business you want to build, what ideals and values your business will have and how you can encourage your employees share your vision.

Employer - Employee Relationships

When you have staff it is important that there is a level of authority and separation between you and your employees. This is not to say that you have to be completely removed or isolated, but rather that you shouldn't undermine your own authority by becoming too much of a buddy to the people you have give direction and criticism to.

You can achieve this by maintaining some level of discipline, having clear boundaries of what is acceptable and what is not and enforcing them. If your employee is often late, not doing their work, not providing the right level of service, arguing with you or performing poorly in some capacity, it is your job to make it clear what is expected from them. This can be difficult, particularly if you are not an assertive person, but it will get easier with time and practice. Failing to act quickly undermines your authority and is debilitating for any business.

Remember that while being lax or letting things slide with your employees might seem easier, often small problems will only get bigger if not kept in check.

Extra Management Time

It is easy to make the mistake of thinking that two people will have double the output of one freelancer. Unfortunately if you decide to hire someone you will find there is a whole new class of work generated that did not exist previously.

Where before work was simply what the client gave you, now you will need to manage projects too. This might be checking up on your employees, briefing them, relaying client changes, and administering their pay checks and taxes. Someone has to pay for all this extra work, and it will need to be accounted for in your client bills and planning.

Additionally as you expand your team, this management work will grow to become an entire job in itself. Thus many freelancers who decide to grow their businesses find themselves increasingly disconnected with the day-day client work they used to do.

Administration, Legal, and Accounting Responsibilities

There are a range of extra responsibilities that hiring entails. Depending on where you are in the world these might include:

1. **Payroll**
   How and when you pay your employees and how it is recorded in your accounting systems.

2. **Retirement or superannuation funds**
   In many countries you will need to make payments to a retirement fund of some sort for your employees. You may even need to open an account for them.

3. **Taxes**
   You will need to withhold money for your employees' taxes which will have to be paid to the government annually or in instalments. This means planning ahead and not spending money that needs to be paid out later.

4. **Insurance and workers compensation**
   Often you will need to insure your business against injury and damages to your employees.

5. **Contracts**
   When hiring you should always use some sort of contract that specifies duties, pay, entitlements and terms of employment.

6. **Holiday pay and sick leave**
    Employees need to be paid not just when they are work,
    but also for annual leave and sick days. Depending on what
    country you are in there will be legal requirements for what
    employees are entitled to.

It is important to know exactly what is required *before* you hire
your first employee. Planning ahead for all the extra costs and
responsibilities is essential for a smooth transition from one-person
business to multi-employee company.

Building a Business

As a freelancer, your business is all about one person – you. Your
business depends on your skill set, your personality and your name. If
you go on a holiday, get sick or decide to quit, your business ceases
to function.

If you want to build a larger business, you need to work on
disentangling yourself from your business. You might still work there,
but it is important to work towards a point where you could easily be
replaced by someone else. Until you have accomplished this, you are
essentially a freelancer on steroids.

Hiring more staff is one part of building a business like this, but there
is much more to it. You must work towards having systems in the
business, assigned roles and tasks for people working in your team
and a management role which doesn't depend on you being the
manager.

A very good book to read on this subject is *The E-Myth* by Michael
E. Gerber. It is a great guide to growing a small business, how you
need to think, and what steps you need to take. Details of the *E-Myth*
and other good business books are included in the Further Reading
section of this chapter.

Freelancing as a Springboard

One of the great advantages of freelancing is that it gives you the flexibility of income and lifestyle to start another business. This is how we started the company that we now work for – *Eden Creative Communities* – http://eden.cc. There are many other examples of companies that have grown this way, such as 37Signals, who make web application software that many freelancers use.

Starting a company can take a lot of capital, investment and risk, much more so than becoming a freelancer. You can counter this though by using a freelancing income to work on the business you are building. This is particularly attractive to those freelancers working in web industries who might even have the skills to build the assets they need themselves.

In our case we teamed up with another freelancer and together build a website called *FlashDen* - http://FlashDen.net. We hired a developer using savings we had from freelancing, and then continued taking client work for a year after starting the business so that we didn't need to draw salaries from our fledgling business. When FlashDen and the other sites that make up the Eden network eventually started paying their own way we slowly closed down our freelancing businesses and concentrated solely on Eden work. If *FlashDen* had failed we would have always had the fall back of freelancing and the knowledge that we hadn't gone into debt in the venture because we had been working the whole time.

The drawback to this of course is the massive amount of work and stress that it takes. Although it is easy for us to look back now and explain what we did easily, at the time it meant working up to three months at a time without a day off, constantly balancing client work and our own work and trying to get by with as little money as possible.

Nonetheless if you have a good business plan and are committed to it, then using freelancing as a springboard to launch a larger business can be very rewarding.

Further Reading

Expanding out of freelancing is well beyond the scope of this book and you should lean more before jumping into an expansion plan. If you do decide to use freelancing as an opportunity to build a larger business you may wish to read some of these books which we found very helpful:

The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It
By Michael E. Gerber

The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything
By Guy Kawasaki

The Ten-Day MBA: A Step-By-Step Guide To Mastering The Skills Taught In America's Top Business Schools
By Steven A. Silbiger

The 4-Hour Workweek: Escape 9-5, Live Anywhere, and Join the New Rich
By Timothy Ferriss

Conclusion

Freelancing is amongst the most rewarding things we have ever done. In our own lives, freelancing has helped us express creativity, make valuable connections, and has vastly improved our skillset. It even funded the internet startup where we work today.

For some of you reading this page you'll be about to begin your freelance career, for others you'll already be well on your way. Wherever you are in your path, remember that like anything in life freelancing has its ups and downs. Stay confident in your abilities, and stay sharp by continually improving, innovating and thinking about your service and business.

And most of all, have fun! You are your own boss now, so make sure you treat your employee well!

Collis & Cyan Ta'eed