



A Beginner's Guide to **Freelancing**

What to Consider Before Jumping
Headfirst Into the
Gig Economy

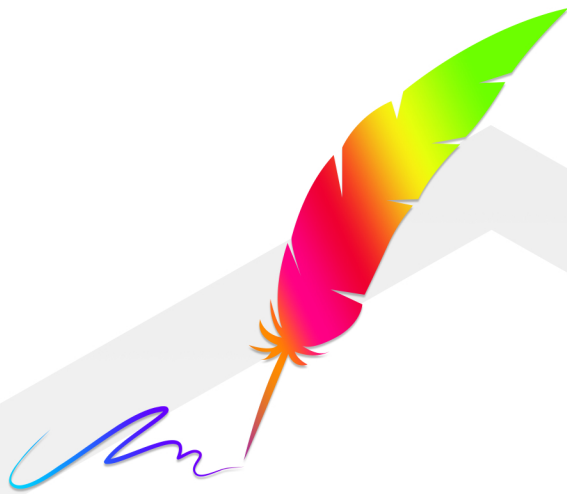


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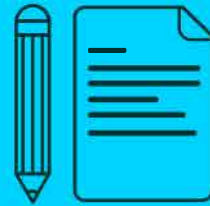
So you've been living that full-time, nine-to-five life for awhile now. You've got some solidly marketable skills, an entrepreneurial spirit, and you're craving a new challenge, so you're seriously thinking about getting out of the grind and going for it on your own.

Gulp.

It's a big step! Many people crave the stability of working the same job for the same company year in and year out. But increasingly, freelancing is becoming the popular choice when it comes earning an income. And why not? Freelancers make their own schedules, choose which projects they want to work on, and can often work from anywhere in the world, all while earning a livable income. Sounds too good to be true, right?

It's not, but freelancing comes with its own unique set of challenges and considerations, so we put together a list of factors to consider if you're thinking about going into freelancing full-time.

YOU NEED A CONTRACT.
REPEAT: YOU NEED A CONTRACT.



Working for yourself means you're going to have to start thinking about contracts. A lot. As a best practice, you'll want a contract for every freelance project you take on, and there are a few reasons to take this part of the freelance lifestyle seriously.



First, a solid contract will give you and your client a nice framework for getting the project lined out, and for getting all the portions of your agreement on the table. As you put together contracts, you'll also get accustomed to thinking about every element of the project, which will help you quote your prices more accurately. It'll also give you a leg to stand on if a client starts demanding extra work that wasn't initially included in your quote.

In your contract, you'll also add financial details like the total cost of the project and the payment timeline. On top of that, a contract should include language that protects you if you need to cancel or back out of a project due to an emergency, and language that will make sure you get paid if the client cancels.



If you can afford to have a lawyer check out your contracts, awesome. Contracts, even simple ones, often contain a ton of legalese, so if you can get your hands on a legal consultant who can help translate, you'll be ahead of the game.

YOU'LL HAVE TO PICK A STATUS: ARE YOU A BUSINESS OR A PERSON?

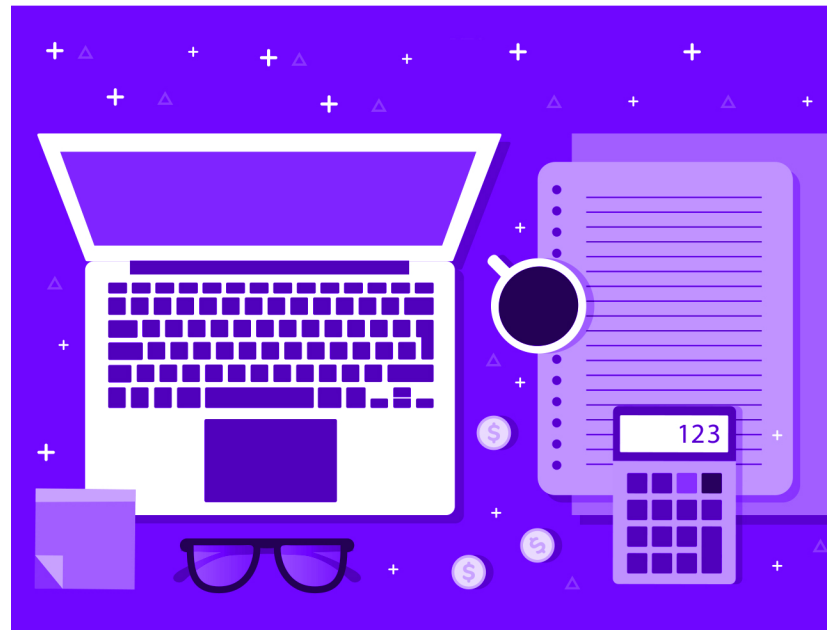


When you start freelancing, it's important to figure out what kind of entity you'll be, and there are pros and cons to each.

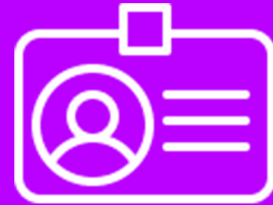
If you're going to run your business as a person, there will be no separation between your personal and business assets. That means you won't be able to get a business loan, and you could be personally liable if someone decides to sue your business. On the other hand, running a business as a person is simpler, so if litigation doesn't concern you, or if you don't need a loan, person-status might be the right choice for you.

But if you'd like that extra layer of legal protection, or if you already know you're in need of a business loan, it might be worth it to form an official business structure (by becoming an LLC or corporation). That way, your business functions as an entity independent of you as a person (which means it can build its own credit, too. Bonus!).

The entity you choose will be entirely dependent on your business needs and goals, but it's something you'll need to consider if you're going to start freelancing full time.



YOU'LL HAVE TO DECIDE WHAT NAME TO WORK UNDER -- YOUR OWN, OR A BUSINESS NAME.



Whether you freelance under your own name or a business name is something you'll want to put a good amount of thought into before you start your full-time freelance career. If you're an on-your-own kind of freelancer and don't foresee expanding your business or hiring staff, working under your own name is a perfectly good choice. If your goal is to start on your own and then scale, or even if scaling is not your plan right now but it might be someday, branding yourself under a business name might be the choice for you.

Deciding which name to work under can go hand in hand with deciding what kind of entity you'll be (see above). When you form an LLC or corporation, you have to register a business name, anyway. Essentially, it'll all come down to the scope of your freelancing ambitions: are they self-contained, or do you have big dreams of growing far beyond yourself? Answer that question, and you'll have a better idea of which route you should take.



WHEN YOU WORK FOR YOURSELF, YOU'RE THE ONE WHO DEALS WITH UNHAPPY CUSTOMERS.



Dealing with unhappy customers is an idea you'll just have to get used to if you're going to go into business for yourself. If you've already got tons of experience resolving professional conflicts or providing customer service, great! That means you've already got a supplementary skillset that'll help you jump into your new, HR-free lifestyle.

But if you haven't had to deal directly with unhappy or hard-to-please customers before, or even if you have, but you're not that into it (and who is, really...) remember: you can always fall back on your contract. Be sure to line-out the entire scope of the project when you prepare each contract, and don't be afraid to set a limit on number of revisions and timelines. A hyper-detailed contract gives you recourse if your client is unhappy with your work, and if the project extends wildly beyond its original scope.

Pro-tip: Once you're a full-time freelancer, you'll want to be extra aware of how you comport yourself in social situations. Remember -- freelance work can come from anywhere, and casual conversations can turn into lucrative business arrangements. So be nice!



YOU'RE GOING TO HAVE TO BECOME A BOOKKEEPER.



Saying goodbye to traditional full-time work can sound like a dream: you can pick your own hours and you won't have to fight traffic during the morning commute. Heck, you probably won't even have a morning commute most of the time. But striking out on your own also means saying goodbye to the Finance department, and saying hello to keeping your own books.

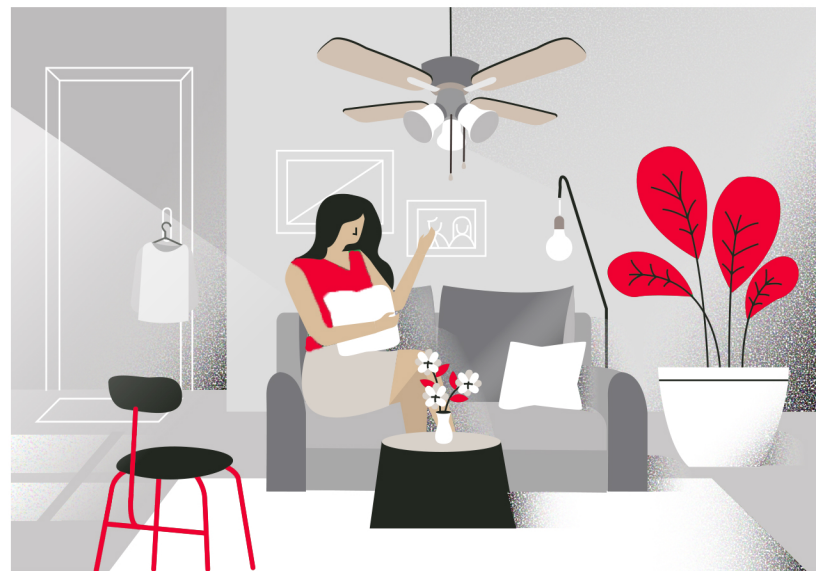
If that's not your thing, think hard about how you'll tackle finances once you're working for yourself, because it's gonna be a thing. Some freelancers use a simple spreadsheet to track income and expenses, and some invest in software like Quickbooks for a more comprehensive financial management process. Which method you choose will depend on the scope of your work, your ambitions for the future of your business, and the complexity of your finances. However you do it, you'll need to prioritize bookkeeping, because it's a major factor to consider as you jump into the role of an independent contractor.

WORKING FROM HOME CAN BE HARDER THAN WORKING FROM AN OFFICE.



Skipping the commute and working in your pajamas probably sounds like a dream, but it might actually be a lot harder than you anticipate. One major benefit to working full-time in an office (or restaurant or hospital or wherever) is that you're forced to leave your the comfort of your home. In an office, distractions don't disappear, but they're of a different variety. Working from home, especially on your own schedule (as opposed to a full-time remote gig where you're expected to be engaged during set hours), can make non-work tasks look tempting. After all, if you're on your own schedule, why not stop working and wash the dishes, catch up on your favorite show, or go shopping? You can work later! But procrastinating and giving in to distractions can bomb your business ambitions.

The good news is that with the increase of fully remote and contract-based workforces, co-working space has become widely available. That's great, because if you're someone who is susceptible to distraction, you'll be able to get out of the house and do your work in a space where you won't get derailed by the dishes or Netflix.



IT CAN BE HELPFUL TO PICK A NICHE.



While it's totally possible to freelance as a jack-of-all-trades, it might be more sustainable to pick a niche and stick to it. Most full-time freelancers or contract workers pick a specific service or industry, and niche down even further from there. For example, if you're a writer, it might be tempting to offer your services carte blanche, but picking a specialty like cold emailing or conversion copywriting might serve you better.



Picking a niche will help you build a strong portfolio and excellent reviews, and it might prevent you from the burnout that comes with casting too wide a net and struggling to keep up with a huge variety of assignments. And, the more you do one specific kind of work, the more efficient you'll get at it, so you can get tasks done faster and enjoy more of the free time that comes with well-managed contract work.

But if variety is your thing, sites like Upwork and CrowdSource are excellent platforms for finding odd jobs and making contacts.

IT'S HARD TO AVOID THE "YES" TRAP.



This is one to watch out for, especially when you're just getting started. As an ambitious freelancer looking to build out a queue of excellent projects and contacts, you'll naturally feel the urge to take on every project that comes your way. And why wouldn't you? Taking on more work now feels like the obvious thing to do, especially in the feast or famine market of freelancing.

But pace yourself, especially when you're just starting out. Taking on too much too fast is an excellent way to burn out, miss deadlines, and wind up with disappointed (or even angry) clients, and you could ultimately set yourself back instead of making gains.

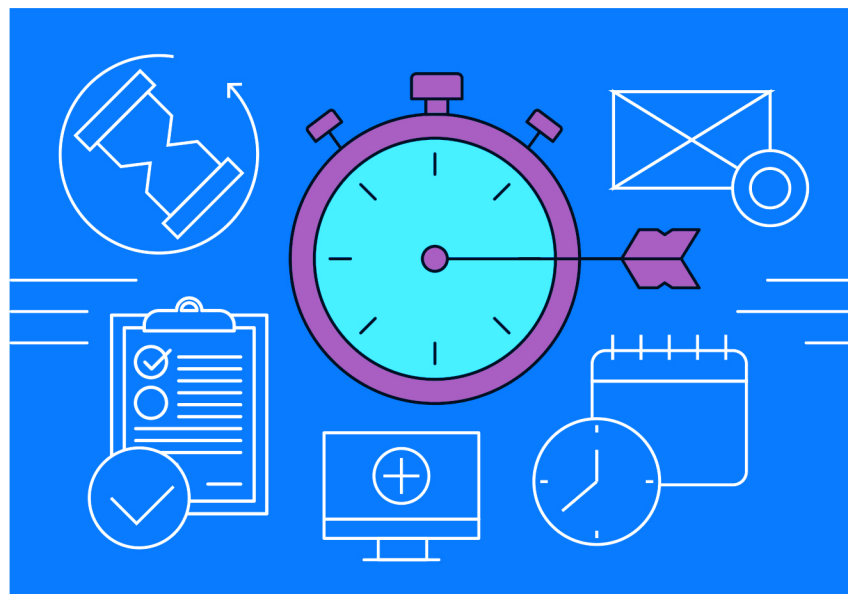
Pro-tip: Figure out a way to stay organized that works for you. That could mean you plot out all your hours and projects for the week or a month and rigidly stick to that plan, or you might decide to take on just one or two projects at a time to avoid getting overwhelmed. Bottom line: the better you are at staying organized, the better you'll fare in the gig economy.

YOU WILL HAVE TO PROTECT YOUR TIME
FROM YOUR CLIENTS, AND ESTABLISH
YOUR HOURS OF AVAILABILITY.



This is another one of those contract items you should file in the “not to ignore” category. While freelancing might seem like being your own boss, it's actually more like having many bosses, and without firm, well-communicated boundaries, your dreams of working for yourself could blossom into a full-on, 3-a.m.-calls-from-demanding-clients nightmare. Setting yourself up for success as a freelancer is going to require you to establish (and stick to) firm boundaries, hours of operation, and communication guidelines.

The good news is that you already understand the gravity of a thorough contract, so you'll be sure to line all the details each and every time you prepare one. Just remember, though: establishing communication guidelines and hours of availability requires you to follow your own rules, which might mean unplugging more often or rejecting those out-of-hours calls you feel compelled to pick up.



DIP YOUR TOE IN FIRST, AND HAVE AN EXIT STRATEGY BEFORE YOU LEAVE YOUR DAY JOB.



If you're at the end of your rope with the whole 9-5 grind, it might be tempting to drop your day job without a plan in place. And while that might work for some people, sometimes, it's probably not a good idea. If you're serious about quitting your day job to take up freelancing full-time, dip your toe in first. Take on a couple projects and see how it feels: there are a lot of great benefits to the freelance lifestyle, but it comes with trade-offs, too, and you'll want to get a sense of whether you actually like that kind of work before you jump right in. After you've done that, start to accumulate enough initial projects so that you'll realistically be able to support yourself when you take the deep dive into freelancing. It's going to be a hustle, but the experience is invaluable, and having a plan will hopefully keep you from an expensive, failed attempt at a gig-career.



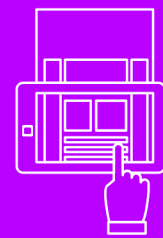
MAKE SURE YOU'VE GOT FINANCIAL PADDING.

Freelancing, if you haven't gathered by now, is all about planning ahead and approaching your new gig-career with open eyes and a plan of attack. And, ultimately, the most basic measure of your success is whether you can actually make enough money to survive. It's most definitely possible to own the gig-based career game, and even to make plenty of money doing it, but the most successful freelancers are the ones that go into it with a clear plan.



To get started, make two budgets. In the first budget, line out all of your expenses, and include the “nice to have” items. This will be your minimum income guideline for when times are good and money is flowing. And then make a budget for the lean times. In this one, list out your non-negotiables like rent, food, and other required expenses. This is your actual, for real minimum income, and it’s the actual least amount you can afford to earn. Having a realistic idea of these two numbers will help guide your decision-making process as you step into your new lifestyle. Also, that thing they say about freelancing, that it’s feast or famine? That’s a real thing, so make sure you’re mentally prepared to use both budgets. (It doesn’t hurt to sock away a little money for the slow times, either.)

TAXES ARE A THING



Most employers take care of the whole tax thing behind the scenes, and often traditionally employed workers only see the end result as a snippet on their paystub. As a freelancer, though, that’s all on you. Being your own boss means doing your own taxes, and that can be a murky prospect if you’re not that into accounting. Plus, without an employer automatically withdrawing federal and state taxes from your paycheck each week, you’re on your own for that, too. At the end of the year, you can count on paying in to cover your portion of taxes, and poor planning could feel like a sock in the gut when April 15th rolls around.



The good news? There are tons of resources out there for gig and contract workers who don’t happen to also be trained accountants, so you don’t have to blindly forge your own path. Check out Skillcrush’s tax guide for freelancers -- it’s super helpful, and hopefully it’ll quell some of that anxiety that comes from even thinking about being audited.

YOU'LL NEED TO VALUE YOUR SERVICES ACCORDINGLY.



Before you launch head-first into the gig economy, take a little time to do some research so you can value your services appropriately. Many freelancers make the mistake of undervaluing their services when they first start out because they're afraid to ask for a rate that seems like "too much," or because they simply don't know how to start putting a price on their work. There are lots of factors to consider when you start setting your rates, and it's easy to forget that you'll need to add taxes and operating expenses as you set your rates.

Fortunately, there are lots of resources available that'll help figure out your market value, so you're not left guessing. Knowing your market value will help you put together proposals that benefit both you and your client, and it'll help you create a sustainable, lucrative business.



YOU'RE GONNA HAVE TO ASK FOR THE MONEY, SOMETIMES.



There are tons of great fringe benefits to freelancing, but there are drawbacks, too, and one of the big ones is getting paid. Once you exit the daily grind of a 9-5, you'll also say goodbye to getting paid reliably every two weeks. Contract and gig money can be great, but when you're not on payroll, you'll need to be prepared to wait for the money to come in, or even hunt it down, if it doesn't. Your clients will likely have a thousand things going on at once (who doesn't?), and your paycheck might not be at the top of their list, so you're going to have to get comfortable with asking for your money.

If that's not your thing, you can try to get a thumb on the whole process by discussing a payment date while you negotiate your contract with the client, and by writing it into the contract itself. No matter what you do, though, you might end up waiting on a paycheck for way longer than you expected to, so you'll want to make sure to plan ahead by reserving some funds so you can get by while you wait.

YOU'RE GOING TO NEED A THICK SKIN



Rejection is a thing in the world of gig and contract work, so you're going to need a thick skin. It's likely that for all the bids you win, you'll lose at least the same number. And that's ok, it's all part of the game. Creative-types are often well-seasoned when it comes to rejection, but if getting turned down isn't something you're used to, jumping into the freelance scene might take some getting used to. Come up with a plan for coping with rejection, try not to internalize every single lost bid, and try to remember that it's not personal.



So, still think you want to freelance full-time? If the answer is yes, awesome! It can be a great opportunity to make money and totally change your lifestyle, and most people who successfully make the transition say they'd never go back. Go into it with eyes wide open, and that could totally be you.