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When Clients Don't Pay, Pay Late...and Other Anomalies of Freelancing

By Melissa Brewer

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It's something that freelance writers don't like to talk about or hear about, but it happens more often than we like to admit.

The Scenario: The perfect project — the one with a decent budget, and a wonderful project manager or editor, has finally been completed. You send an invoice to the person in charge, who promises to forward it to the accounting department. The contract stated "payment on acceptance/ completion", and you have their signature on file, so you're pretty sure there is nothing to worry about. Besides, they sent you a deposit. Of course they'll want to send you the remaining balance as soon as possible.

A week goes by and the check hasn't arrived. You hear the sirens going off in your head, but you decide to give your client the benefit of the doubt. The check is in the mail, you're sure, and the new Anthrax-prevention equipment at the post office sure has slowed the mail down.

Week two sets in. Your bills are arriving on time in the mail, so you decide that your client may have cut the checks late. You promise yourself that at the beginning of next week, you'll make sure you give a friendly reminder call — if the check isn't here. When you call, your contact person isn't there to take it. You leave a message for them to call you — you don't want to sound like a collection agency!

Days go by with no return call. You send an email that goes unanswered. Alarm bells are going off in your head. Did you do something wrong? Are they going out of business?

How can you retain your client relationship AND get paid?

1. First Things First: An Ounce of Prevention

We all like to think the best of our clients and new projects, and sometimes, in earnest, we gloss over some of the fine details.

It's important to "check out" our clients before we begin working for them. Retailers and goods suppliers always do a credit check before taking on a customer. Most freelancers can't afford the time or money to do this. However, if the company is publicly traded you can always

look them up on the web. In fact, always do a quick check on the search engines for any press releases the client has put out, bad publicity, etc. If your client is a day away from bankruptcy and you're their last hope, they're not going to tell you that! If something looks unstable, go with your gut and ask for a larger deposit or pass on the job. It will save you much frustration at the end!

You can also check the following warning reports for writers and consumers to see if other writers have had problems with your client in the past. If they're listed, steer clear!

Writer's Weekly Warnings Report

<http://www.writersweekly.com/warnings/iaq.html>

The Rip-Off Report

<http://www.ripoffreport.com>

Writers Alerts

<http://www.sfwa.org/beware/general.html>

National Writer's Union Alerts

<http://www.nwu.org/alerts/alrthome.htm>

A legally binding contract is an essential **MUST** for any freelancer. You can change the contract to reflect the time allotted, deposit, and completion date. I always include the number of allowed revisions, a "kill fee", and a statement explaining that the copyright for the project transfers **AFTER** I receive the final payment. Here are a few links to contract resources you can use when "sealing the deal":

Sample Contract

<http://freelancebank.com/resource.asp?id=14114>

When is a Contract a Contract?

<http://freeagent.com/advice/legal/makesacontract.asp>

2. When the "Pay by" Date Comes and Goes: Nudge Them!

Nothing makes me, as a freelancer, want to panic more than an unpaid invoice from a company. The thought of Ramen noodles and Tang are terrifying – or, at least, humbling – and I must admit my cash flow is still somewhat limited some months!

Approaching your client about a delinquent account, initially, isn't too difficult; you can send a "thank you for the project" email and a short note saying, "By the way, the check hasn't arrived in the mail yet, I was wondering when you mailed it?" If you don't get a

response, call the main office phone number and ask for the fax number to the Accounts Payable department. Send a polite note to the AP office explaining that, "I'm afraid that this invoice may have been lost in the shuffle. It's several days past due. Please update me on the status when you have time." Usually, this will do the trick, and you'll get a polite phone call or email with a notation about the "paid" status. Make sure you note all of the dates and times you've called and keep copies of all of your correspondence.

3. When the Client Ignores You Completely: Nudge Harder

What if your client won't return your email or phone calls and the Accounts Payable department only has a voice mailbox? (This is a sure sign of trouble!)

Make sure that your contact person is actually in town! I've had editors leave for three weeks without any notice and the Accounting department couldn't pay freelancers without approval from the Editor. If this is the case, you'll have to call (or leave a message for) the accounting department and fax them a copy of the invoice and initial contract. Explain that the copyright doesn't transfer to their company until you're paid and that the signature on the contract authorizes your payment. (It's a matter of CYA for them...Cover Your Assets)

If you're still being ignored, and it's almost been a month, it's time to get serious. Before you go report them to the Better Business Bureau, or decide to sever your relationship, make sure it's worth

losing their business in the future.

Try sending a "friendly" past-due postcard from this collection agency website: <http://www.madagency.com/postoffice.html>. (I've used one of the "light" postcards twice and didn't lose either client!)

Make sure you note all of the dates and times you've called and keep copies of all of your correspondence. If you work for this client in the future, make sure that you ask for a larger up-front deposit, just in case.

4. When the Client Is No Longer a Client: They're a Debtor

Once you've figured out that you're NOT getting paid without some outside interference, don't panic, harass, or spread vicious rumors about your client. There *are* steps you can take, but if you're owed a lot of money, it's wise to tread lightly and remain civil to stay out of court.

If you're a member of the National Writer's Union or another organization for writers, it's time to make a phone call. Your union

representative can help mediate disputes with clients. If you're not a union member, you can try contacting Angela Hoy at Writer's Weekly. She regularly "goes after" non-paying clients in front of an audience of 67,000 readers/writers!

Report to Writer's Weekly

<http://www.writersweekly.com/forms/report.html>

If your client is a member of the Better Business Bureau, you can contact their local branch. You may also want to consider hiring a collection agency. If you handled transactions solely online, you can also consider reporting them to the FBI's Internet fraud department at www.fbi.gov. You can also start sending snail-mail collection letters with 30, 60, and 90 days "past due" notices.

You can download some sample collection letters here:

http://www.toolkit.cch.com/tools/letter_m.asp

Sometimes, however, no matter what you do, your client won't pay. They may "skip town" or go directly into bankruptcy, absolving themselves of debt. Unfortunately, as a freelancer, you can't write this off as a "loss" in your taxes. What you CAN do is go to court and try to collect what ever you can. As long as you keep records of

all of your correspondence, you'll have a decent court case. However, even if you go to court and a judgment is entered against them, the chances are slim that you WILL get paid.

The only certainty about a non-paying client is that you'll learn from your mistakes. It's a painful lesson, but at least you can go back to the warnings boards listed in the first section of this article, and share them with your fellow freelancers.

Luckily, the paying clients usually outnumber the non-paying and the late-paying clients about 30-to-1. And they're the ones who make freelancing worthwhile, anyway.

Melissa Brewer is a full-time freelance writer and author of *The Writer's Online Survival Guide*, available at <http://www.webwritingbuzz.com>. She hosts a website for professional freelance writers and she publishes a free weekly newsletter, *The Web Writing Buzz*, featuring articles on freelancing, writing jobs and publishing news from around the web.

Gut Check: Quitting Your Full-time Job for Your Freelance Career

By Yuwanda Black

It's 6:00 p.m. You're dead tired, but instead of an early night, you go to your "second job" -- your freelance business.

Between writing articles, researching new assignments and invoicing for completed work, it will be well past midnight before you can even think of going to bed. How much longer can you keep this up, you wonder? If this sounds familiar, maybe it's time to quit your job and focus on your freelance career full-time.

One of the best ways to ensure success as a freelancer is to start part-time while holding a full-time job. However, when do you know it's time to let go of your job?

The following checklist will help you decide if it's time to make the leap from employee to full-time freelancer.

1. Money: If you started freelancing with the intention of one day quitting your full-time job, then that plan should have included setting income aside for this day.

Do you have six months to one year of expenses set aside? Is your business bringing in steady income? If you were able to devote 15-20 more hours per week to it, could you at least double what it brings in now?

Looking back over one to two years of numbers should give you enough data to do some smart (read,

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conservative) projections. Don't have at least 12 months of income data to analyze? Then my advice is not to quit — unless the business is exceeding all expectations and you are really raking in the profits.

Bottom line: If you have six to twelve months worth of expenses set aside and won't have to depend on your freelance income to pay you anything during this period, then maybe it's time to consider quitting, or at least switching roles (ie, working your job part-time and freelancing full-time).

2. Time: Do your freelance duties take up more than four hours a day? Do you work six to seven days a week just to stay on top of your workload?

If this is true and you have a steady stream of projects already lined up, then maybe it's time to make the move.

Note: Freelancing is an up and down business. Just because projects are lined up does not mean they will come to fruition. If these are steady clients that almost always come through (ie, they do an annual report every year and you have been doing it for the past two years), then you can "safely" count on the income.

However, be careful that the bulk of your income is not coming from 1–2 clients. Get 6, 7, 8 or more,

steady clients — and constantly market to acquire new ones — before you even consider making the move.

3. Quality of Life: If the quality of your life is suffering because there are only 24 hours in the day and you need 56, then it's definitely time to consider quitting.

If you're working all the time and not spending time with family and friends, then both streams of income will start to suffer. If your freelance business has been humming along on training wheels for a while, then maybe it's time to make a real go of it.

What exactly does this mean? It means that you get up and put in a solid 8, 9, 10 hours (at least) a day to expand. I'm reminded of the quote, "An entrepreneur [freelancer] works 16 hours for himself, so he won't have to work 8 for someone else."

If you decide to make a go of freelancing full-time, then this is where the gloves come off; where the real work comes in. Here are some general guidelines to observe as you make the transition:

Leave your job on good terms: That means handing in proper notice, offering to train a replacement, be on call for finishing up any special projects — whatever it takes to let your previous employer know that you are a professional and won't leave them in the lurch.

After all, you never know if/when you will need to return or if your company will be able to refer clients or become a client themselves.

Prioritize: Managing yourself is a lot harder than being under someone else's tutelage. Develop the

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habit of writing a list of things to be accomplished. What works for me is at the end of every day, writing in my day planner what I need to accomplish the following day. It usually doesn't work out that way, but at least I have a plan if I start to stray, or feel like, "Now what do I do?"

Eat right and exercise: After all, if you don't take care of yourself, it jeopardizes all of your income.

Good luck!

May be reprinted with inclusion of the following: Yuwanda Black is an entrepreneur, author, speaker and syndicated small business columnist whose focus is controlling your destiny through small business ownership. Her most recent e-books, *How to Really Make a Living as an Editorial Freelancer* and *Advice from Successful Freelancers: How They Built Their Careers & How You Can Too!* are available for immediate download at

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