



## A Must-Read for Clients

**The Freelance Exchange (FX) of Kansas City** serves as a virtual *Yellow Pages* of advertising and marketing talent for area businesses and agencies. Most of our members are experienced, self-employed individuals who work within a variety of industries, mediums and with clients of all types and sizes.

While the common perception of a freelancer may be of one who's between jobs, *most in FX are career freelance professionals* ('permalancers', 'solopreneurs') and choose to do this for a living. We provide valuable, affordable services to ad agencies and design studios, large corporations, media outlets, small businesses and more. Yet we are different than our agency or corporate counterparts in that, as business owners, we do much more than what each of our disciplines or specialties imply.

For example, a copywriter does more than just concepting and writing. Freelancers juggle the roles of receptionist, account executive and researcher. We do our own billing, sales and marketing; we are CEOs, CFOs, COOs and Strategic Planners all in one. And many of us have spent years working on national accounts and are well-versed in the best practices of the industry as well as today's marketing strategy.

The competitive advantage of hiring a freelancer is getting comparable talent and insight of an ad agency for a fraction of the marked-up cost.

### FIND THE RIGHT FREELANCER

*Do your homework* before buying one's service... even if a freelancer came highly recommended. Check out several for your particular job before making a decision.

#### Conduct a bit of research

Inquire about the professional you're interested in. Investigate their professional background, reputation and dependability. (Note that many freelancers will also do this in return to determine fit and ensure timely payments.)

There are plenty of ways to effectively find the right freelancer for you. Aside from flipping through this fancy directory, you can access our up-to-date and searchable online member listings (complete with portfolio samples) on our Web site or send out a help-wanted email ad to our membership (see [kcfreelanceexchange.com](http://kcfreelanceexchange.com) for details).

In addition, FX offers an annual Portfolio Showcase each spring in which area businesses and advertising agencies are invited to view our members' work, all in one setting, all under one roof.

Visit [kcfreelanceexchange.com/showcase](http://kcfreelanceexchange.com/showcase) for details or send an email to [events@kcfreelanceexchange.com](mailto:events@kcfreelanceexchange.com) to get on the mailing list.

Whichever route you choose, consider taking the following steps to best determine which of our many talented freelancers are right for you:

#### Read their bio or résumé

Many have these available on our Web site and/or on their own sites. If not, you should be able to obtain one with a simple request.

Be sure to note their specialties, mediums they work in, industries they're familiar with, and any awards they may have won. If it's not provided, consider asking for a client and account list, too.

#### View portfolio samples

Especially when looking for creative talent, a portfolio of work samples will give you a sense of one's style and approach. Many freelancers have these available online, but a simple request can get you your own copies. Study their work and determine whose pieces you admire and which styles might best fit your project.

#### Meet them in person

If time permits, invite a prospective freelancer in for a face-to-face meeting to view their work. This can additionally help in determining character, compatibility and personality. Ask them to bring samples of pieces similar to what you're looking to achieve, like brochures, logo designs, etc., as well as those that were completed within budgets similar to your own.

#### Determine considerations

*Is a freelancer's location important to you?* While most work nowadays can easily be conducted over the phone and Internet, many clients appreciate the value of face time. If you feel this is essential to the success of your project and working relationship, consider using a freelancer who is close in proximity to your business or one who is willing to travel the distance.

*Is a freelancer's availability during the workday essential?* A handful of FX members freelance part time or moonlight on the side of other jobs.

If your project requires a freelancer to be available for meetings, brainstorming sessions, or to work on-site during standard business hours, availability might be something to additionally consider in your selection process and ask your prospects about upfront.

#### Consider a virtual agency

Because FX caters to so many different disciplines (designers, copywriters, photographers, etc.), you can easily form a virtual ad agency by teaming up a group of individuals from different specialties. You could pair up two or more on your own, or ask one who they'd refer or prefer to work with, as many already work within their own teams.

#### Bring us in as soon as possible

Oftentimes, clients will begin working on a project and then pull in a freelancer later. This may be inefficient as many decisions may have already been made that could've required the freelancer's professional input. The earlier you can bring us in on the process, the better it is for us to produce an effective solution to achieve your goals. We can provide a fresh perspective, strategy and viewpoint that can affect the project's overall success and perhaps even lower final costs.

### KNOW WHAT TO EXPECT

Just like other business entities, freelance professionals may provide you with paperwork to protect themselves *and their clients* in business matters, such as:

#### Estimate

Before asking for an estimate or proposal, discuss with the freelancer specific directions about the project, and include any limitations, such as budget, deadlines and any elements (research, photographs, charts, etc.) you can provide.

Once the scope of a project is determined, the freelancer may issue a cost estimate or proposal that might itemize the project deliverables, cost for each delivery date and method. This estimated cost may appear as a range and is often based upon how much time it might take to complete a project as well as the complexity of the project.

Allowing for a 10% plus or minus leeway to the estimated cost is standard industry practice. If the scope of the project changes (even after the project has begun), it's common for the freelancer to issue a revised estimate and inform the client of additional costs that may incur.

Typically, an estimate will also include a round or two of revisions (not entire re-do's) and should be signed by the client. Some may also include a disclaimer that the estimate is only good for a certain amount of time, such as 30 days, to account for any possible schedule and/or rate changes for the individual and, potentially, their subcontractor, printer or paper supplier.

### Contract

Many freelancers use a *legal and binding* contract, working agreement, confirmation form, or letter of intent to protect both themselves and the client. Agreeing on terms is vital to the freelancer/client relationship. *Be sure to read the contents of a contract thoroughly.* Items addressed may include:

- length of service
- project description
- billing and payment terms
- deposits
- deadlines
- project cancellation or termination policies
- produced samples of the finished work
- approval process
- original artwork
- copyrighted property
- usage rights
- default/legal expenses
- indemnification
- and more

Be sure to note which rights are given to use the finished product the freelancer created (photographs, artwork, logos, etc.) in other applications. Don't assume you're purchasing a product for a flat fee and have the right to reuse or manipulate the product without the permission of the freelancer. Work out any licensing agreements, royalties, and exclusive vs. nonexclusive rights upfront and be prepared to pay for usage. (Before asking to purchase an image out right, consider licensing options as opposed to ownership of an image to save money.)

Each freelancer has his or her own policies and uses them in the negotiation process to help eliminate possible conflicts before they arise. Many will not work on projects without a signed agreement or deposit upfront. It is helpful for both parties to maintain professionalism throughout the negotiation process in order to work out a win-win situation.

Once an agreement is reached, both parties should sign and date the document and maintain a copy; scans or faxes are okay. *Note: only an authorized employee of the client company should sign a binding contract.*

### Other Forms

Photographers, illustrators and designers might present additional forms that are also created to protect all parties involved, as well as the work, including:

- terms and conditions
- image contract
- property, model, minor or nude releases
- rights
- usage
- reproduction
- reuse and resale
- copyrights and trademarks

### Creative Brief

A creative brief is helpful for both the freelancer and the client, and should be put together by the team leader, whether it's the client or freelancer. A brief summarizes the client's desires, project specifics, and helps keep the workflow organized. Items that might appear in a creative brief include:

- current situation assessment
- assignment/vehicle
- target audience/demographics
- objectives
- barriers
- strategies
- desired results
- creative considerations and specifications (logo, color scheme, etc.)
- products/offering
- call-to-action
- look and feel
- tone and voice
- legal requirements
- time frame

### Invoice

Invoices may be emailed or snail-mailed to you and are typically due within 15 or 30 days. If your company has a longer payment policy (i.e., 45 days), be sure to let your freelancer know this *upfront* so there are no surprises down the road. *Payment is expected when the bill is due, not when you get paid by your client or other third party.*

Line items on invoices (and estimates, too) may vary from freelancer to freelancer. For instance, some may charge for meetings or travel time while others do not. And some (like photographers) may have to account for rented items while others may already own certain props or lighting. Oftentimes, it will depend on creative concept and execution.

Clients should notify the freelancer of any purchase order or job number that needs to appear on the invoice. If an invoice should be submitted to someone

other than the freelancer's contact in the agency or business, it is the client's responsibility to inform them of the appropriate person and protocol.

### RATES & BILLING PRACTICES

The following should help navigate through these freelance subject matters.

#### Rates & Fees

Rates tend to vary based upon specialty, skill level, demand and experience. Some freelancers charge by the hour (anywhere from \$30 – \$130+) while others charge by the project. Some (like photographers) may charge by the day or in half-day segments, or by the word or page (like editorial writers).

Rates are typically devised based on the following direct and indirect business costs: office space (if not home-based), utilities, administrative time, advertising and marketing, outside professional services, office and art supplies, transportation, invested capital, software, training, equipment, insurance, taxes, client entertainment and other expenses, as well as to account for non-billable work (billing, self-promo, etc.) and downtime.

It can get tricky for clients to try and determine final costs based solely upon an hourly rate. Try to get a complete proposal or estimate before making a decision, if cost is the biggest determining factor. Take these other factors into consideration, as well:

- talent level
- discipline or specialty
- skills required
- experience
- availability
- speed
- work/product/service value

As a general rule, a freelancer's work should be judged for its value, just like the services of an experienced consultant or advisor are, rather than by the time they might spend on the project, such as that in working with a vendor.

#### Billable Items

These tend to vary as well. It's best to work out a fee and the terms before starting any project. Obviously, writing, or designing, or whatever-the-discipline time is billable. But additionally, the following may be, too, depending on the freelancer's policies:

- travel
- tolls and parking
- materials
- postage, shipping and courier services
- client meetings, consultations and communications

- research time
- subcontractors' fees
- digital output, file preparation and storage
- photo usage and rights
- rentals, models, props, expendables, etc.
- printing, paper and print management (press checks, etc.)
- excessive client alterations

Some items may be marked up to account for the time it takes to manage all entities in an effort to ensure that all work is done to the correct specifications and quality standards.

### Discounted or Different Rates

Some freelancers are willing to discount their rates if working on-site with a client, for guaranteed, ongoing work, or when working with nonprofits. Some also charge different rates for different tasks, such as production work and graphic design.

Some may even discount the total amount due as an incentive for timely payment (i.e., within 15 days). However, *the operative word here is some*. And in many cases, it may very well depend on the freelancer's schedule and how good of a relationship they have with each client.

### Rush Fees

Many will charge a rush fee or inflated rate anywhere from 50 – 100% more than their standard rate when work is requested on a much-abbreviated schedule or during unreasonable working hours, such as when a client asks for a project to be completed:

- same day
- overnight
- over a weekend
- over a holiday (federal, religious or other)

### Finder's Fees

When clients request that a freelancer find other talent to help complete a project (i.e., a designer finds a copywriter), it is not unusual for the freelancer to charge a commission or finder's fee. This may be a flat rate or a percentage of the project's estimated cost. This is typically a one-time fee for the initial project and is good for any other projects the newly introduced party may work on for the client in the future.

### Common Billing Strategies

The following are commonplace for freelancers in the advertising/marketing industry:

#### Deposits

It's not unusual for a freelancer to request a deposit or initial payment before starting work. Deposits are commonplace, especially with a new

relationship or large project, and may non-refundable. The amount of the deposit requested could be anywhere from a third of the estimated cost to half or more and is applied towards the final bill. If, for some reason, a client won't pay a deposit upfront and the freelancer agrees to do the project, they may add in a termination clause in their contract. (See **Contract**.)

#### Advances

Some (i.e., photographers) may ask for an advance of production costs upfront to ensure there are no excessive out-of-pocket expenses for any overhead they might have to spend on production. This also gives them the ability to defer payment to a producer.

#### Milestone Billing

Some freelancers do milestone billing, where – for instance – clients pay a third upfront, a third when a concept is approved, and a third upon the project's completion. Sometimes, this is broken out into even more segments.

#### Retainers & Progress Billing

If it's ongoing work, a large project, or a project that takes an extended period of time to complete, a freelancer may bill a standard retainer or do 'progress billing,' such as on a monthly basis. This keeps cash flowing for the freelancer and avoids a large lump sum bill for the client when it's all said and done.

#### Vendor Payments

Many times, in the course of completing projects, there are costs outside of a freelancer's time that are incurred, such as printing, production costs, or the purchase of ad space. While many freelancers will help facilitate this process, the responsibility of the cost ultimately falls back on the client. It is not unusual for freelancers to require clients to pay these vendors directly. If a client prefers the freelancer help manage the payment process, the freelancer will often ask for payment in full before the project is executed.

#### Late Fees & Collections

Freelancers are legally entitled to charge – and collect – late fees (often 1.5%) for any payment not made within 30 days of the invoice date and every 30 days subsequently thereafter. *This is a legally accepted practice* in Kansas and Missouri. If your company has a longer payment period, i.e., 45 days, it is essential to let the freelancer know this upfront to prevent any surprises or late fees down the road.

Payment is due to the freelancer whether or not you are completely satisfied with the end product (see **Cancellation & Kill Fees**), you've yet to be paid by your client

(as with ad agencies), or are experiencing cash-flow problems. In such cases, it's essential to communicate your position with the freelancer in order to best find a solution, whether it's agreeing on a new due date or offering up a payment plan.

Many freelancers know their legal rights when it comes to collections. We'll try to prevent a sticky situation by getting all parties to agree upon payment terms upfront, but when deserved payment is not made, we may try a variety of collection strategies:

- sending a late invoice notice, often with late fees
- emailing or calling the delinquent party
- mailing a certified demand/final attempt letter, final invoice, or letter of intent
- turning over the invoice to collection services
- filing in small-claims court
- reporting to the Better Business Bureau

Clients should consider the repercussions of being late on a bill and/or choosing to disregard late fees. When this happens, freelancers are usually quick to decide whether or not they'll work with them again or, instead, seek out other clients who will pay on time. (Additionally, see **Word Gets Around**.)

#### Cancellation & Kill Fees

Some freelancers offer a cancellation fee as an option to reimburse them for time reserved to work on a project that was agreed upon. For example, a freelancer may have set aside several hours to work on a project that gets postponed, suspended or canceled. When this happens, it's difficult for them to go back to other clients who were turned away and ask to get back the missed work in order to fill the downtime the canceled project created. A cancellation fee is simply a way to protect the freelancer's commitment of time and holds the client accountable for promised work.

If you are ever unsatisfied with the work or your relationship with the freelancer goes sour, a rejection or kill fee may be offered to terminate the relationship. This may appear in the form as a nonrefundable deposit (see **Deposits**), or – if time spent on the project goes above and beyond what the deposit covers – an amount that would cover the cost of the total number of hours spent on the job, plus any expenses incurred.

Determining whether a project is canceled or killed may become a matter of common sense and negotiation. A freelancer's contract should provide direction on this matter and note any policies as such

upfront. *Note: killing or canceling a project gives up any agreed-upon copyright transfers and future use of the work is subject to renegotiation.*

## WORKING WITH A FREELANCER

Advertising and marketing freelancers are hired to communicate ideas and promote products and services. It's our responsibility to transform a client's desires into a persuasive piece of communication. In turn, we ask that you give consideration to the following:

### Professional Courtesy

Freelancers are just like any other professional vendor or business associate you might deal with and, therefore, should be treated as such... with dignity and respect. All parties involved should strive to keep all correspondence and discussions calm and businesslike, without letting emotions get in the way.

### Work vs. Home Life

Many freelancers work from home and establish office hours in order to separate work from personal life. A phone call at 10 p.m. or fax at 5 a.m. could be startling and disruptive to the freelancer (and their family). For most, this separation is essential and applies to weekends and holidays, too. If you require special attention or last-minute service, try and make arrangements before close of business and be prepared to pay a higher rate. (See **Rush Fees**.) Otherwise, try and keep calls and faxes limited to normal business hours (8 to 5-ish, M-F) and understand that emails may not be returned until the next business day.

### A Little Info, Please

After the estimate and contract are signed, it is helpful (and can help keep your costs down) if you can provide as much background information as possible. This could be samples of previous marketing efforts, what the competition is doing, and pieces you like or don't like. In addition, research information, such as target audience demographics, and anything that might be pertinent to the product or service you intend to promote would be very helpful.

### Work Samples

It is a courtesy for clients to provide their freelancer with samples of the finished work in its completed form (often called a tear-sheet) to be used for self-promotion purposes. Freelancers reserve the right to show completed pieces in their portfolios (online and/or in print) unless a client refuses this in writing.

### Scheduling

Often, freelance professionals' schedules can be booked for days or weeks at a time. The more lead time you can provide on

a project, the better. Of course, you may tend to seek outside help only when you're overloaded and advanced lead-time may not be an option. If that's the case, know that it never hurts to call and ask, as some might be able to fit you in or offer a referral as an alternative solution.

Asking a freelancer to produce work during unreasonable working hours begs for additional compensation to be paid. Freelance professionals might offer special after-hours, holiday or last-minute service, but charging a rush fee is the expected rule of thumb. (See **Rush Fees**.)

### Spec Work

Speculative work (sometimes requested as a trial project or to compare talents) is not common in the freelance community, especially if it's not paid for. Our time is valuable, and it's important that we spend our time wisely. What we decide to spend our time on, billable vs. non-billable hours, can be crucial to our business' success.

Furthermore, oftentimes when a prospective client asks for spec work, there's not enough information shared to be able to truly create a successful piece of work simply because a true partnership has not been created due to the tentative nature.

If you're not sure about hiring a freelancer, consider requesting portfolio samples of a like nature instead to help determine if his or her style will best fit your project's needs.

### Subcontracting

Freelancers may subcontract or outsource work they cannot complete themselves due to time constraints or ability (i.e., not all designers are illustrators, or they may need to hire writing or photography). The freelancer and client should determine who would be the point of contact and direct payer to the subcontractor(s). Payment is due to these subcontractors in a timely fashion, no matter when the freelancer or client (like in the case of an ad agency) receives payment from their client or other third party.

### Revisions/Dissatisfaction

If you're not pleased with the work (it happens at agencies, too!), be upfront and honest. Advertising and marketing is a very subjective business. You're paying for it and have every right to be satisfied. (Of course, viewing work samples upfront could very well prevent dissatisfaction.) Be clear and concise with your criticism and allow the freelancer to offer a solution. The earlier in the process you do this, the better.

Most freelance professionals want to be informed if they're on the wrong track and given the opportunity to correct the work, based on new direction and/

or clarification, in order to deliver as promised. *Note: it's to both parties' advantage if expectations and specifics are communicated – ideally in writing – before any work begins to prevent any misunderstandings.* As with any contractor, future assignments and referrals may very well depend on the finished piece and client satisfaction.

If all else fails, be prepared to pay for the individual's time spent on the project. As in haircuts and doctors, if you don't like the result or opinion, you're free to seek out a different professional, but you still pay for services rendered. The same holds true for advertising and marketing freelancers.

A kill fee is often established upfront and reserved for circumstances in which a project is stopped after the process is underway, or even when it's fully completed but not used. (See **Cancellation & Kill Fees**.) A project may be 'killed' for a variety of reasons – from budget cuts to upper management interference, or just a difference of opinion. But whatever the reason, freelancers account for time spent on a project, whether it's completed or not, and they are *legally entitled* to payment for their time spent.

### Word Gets Around

Freelancers are a tight-knit community. We frequently discuss both positive and negative experiences and may share those in a private or public forum. While it's in the best interest of a freelancer to deliver promised services in a timely fashion that best fulfill the client's needs, it's in the best interest of a client to provide frequent and effective communication throughout the process, along with timely payments for services rendered.

## FOR MORE INFORMATION

Freelance professionals are often the best way to get the job done well, on time, and on budget. The Freelance Exchange is here to help as Kansas City's Marketing Outsource Resource.

For more information on the issues discussed here, see the 11th edition of the *Graphic Artists Guild Handbook of Pricing & Ethical Guidelines* and its included Code of Fair Practice.