

"The Business of Freelancing"

by Liz Leight and Pranali Pathare

Thursday, September 6, 2018 at 6:00 p.m., CJ Muggs in Webster Groves

1) **Business Structure** (Excellent resource from AMWA: Unlock the Secrets to Freelance Success webinar series)

a. **Sole proprietor**

- Most common structure for freelance medical writers
- One person, operate under your SSN
- Quarterly taxes/all income is personal income
- Pros: simplicity/ no paperwork needed
- Cons: This is not a business entity. No legal protection for personal assets.

b. **LLC**

- Three types: single member, partnership, S-Corp (employee)
 - Formation needs to be determined within the first 75 days of operation or within first tax return (3/15)
- Pros:
 - Protects your personal assets
 - Quick and easy to set up; MO Secretary of State website: <https://www.sos.mo.gov/business/startBusiness.asp>
 - Pay quarterly taxes/income
 - Low cost (\$50 online fee)
- Cons:
 - Potentially higher self-employment taxes (Social Security, Medicare)

c. **Corporation** (S-Corp; C-Corp (not recommended for single owner))

- Make yourself an employee of your own company
- S-Corp Pros:
 - Personal asset protection
 - Taxed at the shareholder level
 - At the end of the year, you can give yourself a bonus (avoid Social Security and Medicare taxes on this bonus-i.e.15.3% tax savings)
- S-Corp Con:
 - High carry cost (annual fee in MO)
- C-Corp Pro:
 - Healthcare insurance costs charged before salaries (reduce taxable income of the company)
- C-Corp Cons:
 - double taxation (personal and corporate)
 - Estate issues if one owner dies and successor not designated

*Recommendations:

- Establish a clear separation of business and personal accounts (separate bank accounts, credit cards, computer, etc).
- Purchase General Liability and Professional Liability (i.e. Errors/Omissions) Insurance as these are requirements for some clients.

2) Marketing ideas

- Network with other freelance writers (join and participate in professional organizations: AMWA, local chapters like STLTech writers). Be included in their email lists. Handout business cards (Vistaprint, inexpensive and good quality). Join networking groups and tell them what you do.
- Advertise (for a fee) your services in professional organizations, like AMWA that has a freelance directory.
- Set up your website. Invest in a good website designer or design your own website using sites like WIX.com. Keep it simple but engaging. Make sure the website represents who you are. Include background, services, testimonials, and samples. Some people even include a short introductory video.eg.
- Provide a service that takes little time, but draws people to your website. For example, provide helpful links to useful information that other freelancers or potential clients can use, like AMA manual styles, FDA-approvals in a certain area, job sites, etc.
- Have a good online presence: LinkedIn, Twitter, blogs.
- Cold call/cold emailing. Target potential clients or editors and write to them. I have found client emails by reaching out to them on LinkedIn and asking them to connect. Write a short email directed to the specific person telling them what you do and ask if they need freelance help. Include website address. Always send follow-up emails.
- Referrals from current/past clients and colleagues.
- Keep your current clients happy, so they come back. Do your best work and exceed their expectations. Keep in touch with your clients: send periodic newsletters and blogs, if relevant.

3) Contracts

- a. Sign a contract before you start work with any new client. Templates available online (eg. AMWA website).
 - Typically, a contract includes a **scope of project** from your client so you know exactly what your responsibilities are, what the client will provide, what the freelancer will deliver, project deadline, how many rounds of revisions and price/payment terms. It is also important to note what services will not be provided.
 - Make sure you understand exactly what your contracts says and make sense to you. Do not get confused by legal jargon. Have an attorney look at it, if you are not comfortable. Pay attention to the **indemnification clause** of the contract.
 - Example:

“All writings, works of authorship, photographs, drawings, illustrations, artistic renderings, and other work product of any nature whatsoever created, prepared, produced, authored, edited, amended, conceived or reduced to practice by Contributor, whether individually or jointly with others, in connection with Contributor’s provision of the Services constitute the work product (“Work Product”). Contributor shall defend, indemnify, and hold harmless Company X, its affiliates, and its and their respective officers, directors, employees and agents from and against any losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of any kind (including amounts paid in settlement and reasonable attorneys’ fees) arising out of or related to any third party claim, suit, action, or proceeding against Company X in connection with a claim that the Work Product or any portion thereof (including any Third Party Materials), or any use of any of the foregoing by Company X, infringes, violates or misappropriates the Intellectual Property Rights or other rights of a third party.” **Don’t sign!** This clause is extremely broad & you could be liable for the entire work even if you only wrote a small portion.

- Make sure the contract includes when and how you are going to be paid (eg. 50% on first draft submission and 50% after completion, etc.)

b. Hourly vs Project rates (reference: Freelance Medical Writing by Emma Nichols)

Hourly rate

Advantages:

- Set rate—no hidden surprises from underestimating the amount of work involved in a project.
- Suitable for projects that have a lot of back and forth revisions.
- The best method if you are very slow at getting your work done.

Disadvantage:

- The hourly rate you will want to charge (\$100+) will likely be higher than the staff employed.

Project rate

Advantages:

- If you are experienced and efficient, then you will make a better rate than if you charge by the hour.
- Your client is clear from the outset how much a project will cost—no hidden surprises. You don't have to think about keeping track of hours, although it is good practice to do so. That way you can go back to your client and ask for more money and can feel justified in doing so.
- A project rate of \$2000 is for some reason much more palatable to a client than \$200/hr, even though it's possible that \$2000 will generate a rate of \$200/hr and sometimes more.

Disadvantage

- You make a much lower hourly rate if the project turns out to have a lot of unexpected revisions.

c. Getting Paid

- I use an invoicing software (QuickBooks) to send invoices to my clients.
- My invoices always include my company name, client's name, date, breakdown of the work I did for them, amount they owe me.
- It also states how I want to be paid. For example, "Please make your check payable to X" with the address.
- I also include the term net 30 to ensure that the client pays within 30 days of receiving the invoice, or they get charged extra.
- Some people retain copyright to the material, till the client pays them.

Helpful Resources:

- Unlock the Secrets to Freelance Success: the 3-Part Series available at http://amwa.mycrowdwisdom.com/diweb/catalog/item/id/1335143/q/n=1&c=185&q=freelance*2
[Osuccess](#)
- The Accidental Medical Writer series:
<https://www.theaccidentalmedicalwriter.com/>
- Nontraditional Careers for Chemists: New Formulas in Chemistry, by Lisa M. Balbes, published by Oxford University Press (2007).
- Freelance Medical Writing (Books 1 through 6), by Emma Hitt Nichols

Feel free to contact us if you have any questions or comments:

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