

5 must-do business practices for freelancers

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Of the approximately 28 million small businesses in the United States, around 22 million of them are one-person enterprises. With the sharing economy being enabled by technology, there will likely be even more entrepreneurs making their own way.

While being a freelancer or solopreneur has many benefits, there are a number of challenges with being a one-man -- or woman -- band. Below are five ways to make sure that your freelance business adventures end up more American dream than nightmare.

1. Focus on cash management.

Because of the project nature of many freelance jobs, freelancers often find themselves in a feast or famine cycle. When things are going well, cash is aplenty, but what happens when a dry spell happens?

As a freelancer, make sure to put away a portion of any cash that comes in to help float you during the down times. This means that any time you get a check, put a portion into a special business savings account at the same time that you pay your bills, so that you can cover your overhead during times with little work.

Also, shorten your cash cycles by offering terms to get cash in as quickly as possible, while you lengthen the terms that you use to pay your own bills and vendors -- I call this "cash flow yoga." You may want to use a credit card to pay vendors as well, to give you another full billing cycle to use your cash on hand.

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2. Manage the “ sell and do cycle.”

As my friend Les McKeown talks about eloquently in his book , the freelancer often gets caught in a cyclical trap. They sell their services, and when they get clients, they focus on providing those services. However, while they are busy providing services, they often are so consumed in “ doing” that they forget to keep selling to generate a pipeline of future projects. Then, when the current projects come to an end, the pipeline of new projects is bare.

Being aware of this issue is only part of the battle. Take action by getting sales help via a part-time salesperson or joining a freelancer platform. Also, make sure that you schedule time for networking or just plain selling your services during the time when you are working.

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3. Create structure and discipline.

When you work for someone else, you have accountability. Often, freelancers don't have this and some aspect of their businesses suffer -- whether it's marketing, project execution or something else.

Find a system or someone to be accountable to if you don't have that discipline. Maybe it's another freelancer who you can check in with you every few weeks. Or use technology, such as a calendaring system or project management software to help keep you on track.

4. Embrace -- or at least tolerate -- accounting.

Many freelancers are sloppy on the accounting front, as it is hard enough to run a business without having to worry about the numbers. However, doing regular accounting is critical to keep a freelance business successful.

Keeping separate accounts, personal and business, lets you keep track of revenue and expenses and ensures that you don't get penalized by the government for mixing your business and pleasure.

Also, regularly track billings to make sure that you get paid properly and accurately. This is also easily done with technology and helps you to ensure that when you receive your 1099 at tax time, your clients have reported the correct amount of revenue to the IRS.

Paying estimated taxes quarterly not only helps you to manage your cash flow when tax time comes (so you don't find yourself trying to come up with a huge chunk of cash at once), but also helps to avoid penalties for underpayment throughout the year. If you use the first tip, you should have the cash on hand to send in these payments each quarter. To help you sort out exact amounts, ask your accountant.

Also, seek your accountant out to make sure that you are getting the benefit of special retirement plans only available to entrepreneurs. Depending on how much you make, you can go past a traditional IRA, Roth IRA or 401k, to a plan like a defined-benefit or defined contribution plan that can allow you to put six-figures away per year on a tax-deferred basis for retirement.

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5. Don't always fly solo.

Freelancing may seem like a solo activity, but that doesn't mean that you can't get help to make you more successful.

Think about subcontracting out the execution of the work while you sell -- if selling is your forte' -- or vice versa, as suggested above. If you have more work than you can do, refer it out for a fee, and try to find partners that will refer work back to you.

Also, leverage technology to make your overall business more seamless. Whether using the cloud or other technology to share documents, devices that allow for more flexible working will make your freelance endeavors more efficient.

Lean on service providers, from lawyers, bankers and accountants and more, to help you in everything from getting new clients to finding savvy ways to savemoney.