

Freelancers - Get Your Money

By Rachel Goldstein

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Great! Wow! Hooray! You just finished your first project ever! Hey, when are you getting the dough you were promised?

Getting paid is the single most important aspect of being a freelancer, so make sure that you take your time and do things right. If you don't, you might land up getting screwed in the end. Just because you have completed a huge profile job and you are looking to receive big dough in return, doesn't mean that the client is going to pay on time or even pay at all. There are many strategies to deal with delinquent clients, but there are also many precautionary measures that you should take when initiating a relationship with your client.

1. CHECK CREDIT REPORTS –

If you are taking on a substantial project that is going to occupy a big chunk of your schedule, you should spend the money on a credit report. The most reliable website to find this sort of information is Experian. Their reports include credit status, legal filings, collection agency filings, payment behaviors and trends, and company background information.

Experian -

Searching the database is free. When comprehensive information is available, Experian will provide a full Snapshot report, including a credit risk category, for \$14.95. When little information is available, a limited report without the risk category costs \$5. Of course, if Experian has no information about a business there is no charge.

2.CONTRACT / LEGAL AGREEMENT –

A legal agreement is the most important step in the whole process of getting paid. Make sure on your contract to specify the time schedule, price for your service, and terms that were agreed upon mutually between you and the client. I was screwed out of getting paid on my first freelance gig because I didn't insist on a contract. If for some reason a client won't sign the contract, then they aren't a trustworthy company to work for. So learn from my mistakes and find a contract to use in your freelance business. **MAKE SURE THE CLIENT SIGNS AND SENDS TO YOU A COPY!!!**

On AllFreelance.com there is an entire section devoted to contracts, which can be found at

<http://allfreelance.com/contract.html> .

**Get Ideas for Your Client Contracts from a Contract Swipe - <http://provider.com/contracts.htm> - This swipe file is filled with example contracts that you can use. My suggestion is to take a little from one and add to another until you have a perfect contract. These contracts are meant for web developers but can be used for any profession with a little change on your part. Remember, it is always a good idea to have a lawyer look over your contract.

3.DOWN PAYMENT / RETAINER –

I always have clients pay \$100 - \$200 up front to show they are good for the money. Also, this enables me to have at least some money in case they back out of the contract early. Don't forget to take the retainer amount out of the last invoice amount. I know that one of my associates ask for a 20% retainer to help pay for the upfront costs that he pays to printers and other vendors. This is a wise system to follow for you if you also have many out-of-pocket purchases.

4.TERMS –

Make sure to use net 30 on your contracts. What this means is that your client has 30 days to pay up the money that they owe you. Since many companies routinely pay 30-90 days late on all invoices, I would never make your terms net 60 or net 90. You might also want to consider implementing a late fee, but I would suggest instead raising your fee a little bit and then offering a 5% discount if your client pays on time.

5.SCHEDULED PAYMENTS –

It is easier for a client to remember to pay if you have a schedule for his payments. Also, if you break up the payments into smaller invoices, you can always refuse to continue if you aren't receiving the money that you are owed. Most clients won't risk falling behind schedule and they will pay up. Think of it this way ... your clients won't have very much to lose if you ask for all of your money at the completion of the project, because they already received the completed work.

But, Rachel, I have implemented these measures and STILL my low-life client isn't coughing up the money. What is a poor freelancer like myself to do?

1.SEND OVERDUE NOTICES IN WRITING –

You should always send something first to the client in writing stating their delinquent status. I find it helpful to both email and snail mail overdue notices.

2.CALL / EMAIL REGULARLY –

Call regularly and make an annoyance of yourself. Make sure not to use vulgarity, curse words, or threaten violence to express yourself – this is illegal. Keep things professional, but DO make a huge fuss over the matter. Email works well too.

3.MAKE IT PERSONAL –

Tell your client how much this payment means to you. You rely on this payment to pay your bills, to pay for medical care, to feed your children. Tell your client that you are a real person, and that you can't make ends meet and feed your children if you don't get your "paycheck". This might put a face on the bills that have been sitting on your client's desk.

4.USE EMBARRASMENT TO WORK FOR YOU –

Draw phone calls out to embarrass the client, making sure to bring up previous conversations that negate his or her comments. There is nothing more embarrassing than being called a liar.

5.COLLECTIONS –

If your collection efforts have all but failed, you can try to hire out a collections agency. You don't have to pay collection agencies out of pocket. The way it works is they take a percentage of whatever they win back for you. It usually is about 20%, but I have seen it as high as 45%. Shop around and find a collector that doesn't charge too much.

6.SMALL-CLAIMS COURT –

If you have a signed contract like I recommend, winning your case should be quite easy. File a complaint with your local small claims clerk. Unfortunately it isn't easy. Form after form is awaiting you. But if you want to get that money, or even if you are suing out of anger, it will be worth it to you. The best part of small-claims court is that there is **NO LAWYER NECESSARY**. In addition, usually once a client sees that they are being sued, they pay up. It is easy as that...you don't need a lawyer in small claims court. For more advice on small claims court, check out this article.

If you still cannot get your money back, all you can do is use your experiences as a learning experience. Think about what you might have done wrong and do things differently with your next client. Good Luck!!

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