

# Exploring Freelance Business Practices

*By Dorothee Racette*



**Did you know that** freelance translators and interpreters account for more than 70% of ATA's membership? Yes, the entrepreneurial spirit is alive and well in our association...or is it? Time and again, ATA's Business Practices Education Committee hears from independent contractors who are learning business management skills through the school of hard knocks. In an increasingly open and competitive market, these mistakes are costing them dearly.

Earlier this year, the Business Practices Education Committee surveyed ATA freelancers to zero in on their management needs. Our short questionnaire was designed to look at marketing, time management, job-related organization, accounting methods, tax and insurance issues, legal matters, and collections. With a good understanding of where members stand on these basics, ATA will be able to offer specific workshops, publications, and services that could truly have a positive impact on a freelancer's business performance.

Exactly 1,077 individuals participated in ATA's Business Practices Survey this spring. The survey responses drew an interesting portrait of the typical business conditions and practices of ATA members working as independent contractors. There were some surprises—who would have guessed that pencil and paper is still the most popular scheduling method, or

assist in planning for future ATA business skills workshops and publications.

## **1. Marketing and Client Selection**

Focused marketing and client selection go hand in hand and can contribute much to the development of small translation businesses. Questions concerning these areas of

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that more than half of the survey-takers had no collection problems in the past two years—and some anticipated results.

## **Assessing Priorities**

After analyzing the responses, a list of priorities was developed to

freelance business practices were an important part of our survey.

Not unexpectedly, the responses revealed that many ATA freelancers would like to learn how to market themselves more effectively. Approximately 42% of the respondents indi-

cated that they have no long-term marketing strategies, and 38.4% said that their marketing skills are in need of improvement.

The survey results also demonstrated that without successful marketing, many freelancers cannot afford to be overly selective in their choice of clients. What many do not realize, however, is that this scenario can set them up for difficult customer relationships and payment problems down the road. In the long run, it simply does not pay to accept work without looking at who is offering the job. This is a crucial lesson to learn.

But there is more. In a comment echoed by many other survey-takers, one freelancer noted, “It would be useful for freelance translators to place more emphasis on building a clientele of direct clients.” This statement points to the critical role that client selection can play in keeping a business afloat. It

## Survey Results Snapshot

### Business Training

66.3% of respondents indicated they had **no formal business training**.

### Workflow and Office Management

**Pencil and paper** is still the most popular organizing and scheduling method, used by 52.1% of respondents, followed by **software programs** (38.9%), and **no method at all** (18%). The majority (47.4%) reported that they spent less than 10% of their work time on administrative and business tasks.

### Working Hours

50.9% of respondents reported that they **occasionally** accept weekend assignments, while another 46.7% work on weekends **regularly**. Only 2.4% indicated that they categorically decline such work and **never** work on weekends. For the majority, **7-8 hours** of translation work a day is normal.

### Retirement Planning

71.2% of respondents have a **retirement or investment account** set up, but only about three quarters are able to make regular contributions to the retirement account. 43.6% hope to retire in less than 20 years from now.

### Collection Efforts

The vast majority (92.7%) of the respondents said they handle their own collection efforts for overdue accounts. Just over half of the respondents (56.8%) reported **no overdue accounts** in the past two years, but almost the same number (50.9%) said they had to **give up on a payment** in the past.

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is risky for any independent contractor to depend on just one income stream. Good marketing can bring in enough clients to allow the freelancer to diversify revenue through careful selection.

### 2. Client Management

A good deal of client management can be accomplished through client selection—more specifically, by checking out a potential customer before accepting an assignment. While this practice cannot

eliminate all issues that come up during the business relationship, it can certainly go a long way toward the most crucial one—getting paid.

A little more than 10% of survey respondents conceded that they never perform background checks on their clients. Another 15.7% admitted that they were unsure how to go about performing a check.

Poor payers will certainly not go away, and the increasingly global

nature of our business is making collections even more difficult. It is essential for freelancers to learn effective strategies for identifying “black sheep,” and to recognize this as their first step in client management.

Of course, there is more to client management than just vetting customers. Retaining the client and building a word-of-mouth referral network is every bit as important. After landing the assignment, it is all about understanding and providing customer service—from smart project management practices and communication to knowing how to make the most efficient use of the time allotted for the assignment. It is this last one that can undo all your best laid plans and make you rethink your independent contractor status! This seems to be a fact that many survey-takers realize as they noted that learning good time management skills ➡

### Exploring Freelance Business Practices Continued

was one of their most important goals.

#### 3. Insurance Issues

With the cost of insurance growing substantially each year, it has never been more important to understand what each type of insurance plan covers and what it contributes to a business. Our survey showed that health insurance remains a major concern for ATA freelancers, and many of the free-text comments underscored the need for affordable and functional health insurance. Consistent with the statistics for middle class professionals quoted by the media, 12.1% of survey respondents indicated that they do not have any health insurance.

ATA currently offers its members discounted professional liability, small business, life, and long-term care insurance plans. Health insurance plans are also available to members through an agreement with Mutual of Omaha's broker network, but clearly this is not enough. There is a huge need for assisting members with information on the pros and cons of various insurance options and the avenues for getting health insurance coverage.

## There is a lot ATA and its members can do to assist our colleagues in acquiring business management skills.

#### 4. Accounting in Foreign Currencies

As a consequence of the increasing internationalization of the industry, many of us are working for clients in multiple countries. In all, 49% of survey respondents indicated that they received at least some foreign currency payments

for their services. Online banking has made it feasible for independent contractors to maintain bank accounts in other countries, thus allowing their clients the option of paying in their own currency. Still, ATA freelancers note

problems in the process, not the least of which are the fees associated with wire transfers and how to account for the income earned abroad. The Business Practices Education Committee will be looking into basic education in accounting and taxation for freelance business owners.

# Top Priorities for ATA's Business Practices Education Committee

#### Marketing

Respondents to the Business Practices Survey ranked marketing/advertising as their number one interest, and ATA's Business Practices Education Committee has put ongoing education in this area at the top of their planning list.

#### Client Management

Priority number two for 33.3% of survey respondents and for ATA's Business Practices Education Committee is learning client management skills and the basics in "business self-defense" strategies.

#### Insurance

The third priority for the Business Practices Education Committee is to assist members with information on the pros and cons of various insurance options and the avenues for getting health insurance coverage.

#### Accounting in Foreign Currencies

Cash flow is crucial to any business. Therefore, the fourth priority on the Business Practices Education Committee's planning list is basic education in accounting and taxation for freelance business owners.

#### Summary

Thanks to all the individuals who participated in ATA's Business Practices Survey this spring, four specific areas of business performance were identified as top priorities for a majority of ATA freelancers.

There is a lot ATA and its members can do to assist colleagues in acquiring these business management skills—online discussions, publications, and workshops all have the potential to reach a broad audience. In the year to come, look for updates on the Business Practices Education Committee's endeavors in these areas and for ways to contribute your knowledge to this effort.

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