

# Freelance Contracts

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1. Price must be carefully specified
  - a. They may quote the fee rates in many different ways, so you should be able to compare them with your standard rate as you talk to them on the phone. Prepare a table giving the equivalents for
    - i. Per working day
    - ii. Per calendar day (i.e. 7 days a week especially when working abroad)
    - iii. Per 22 day month
    - iv. Per nominal five-day week (you work 7 days, but they pay you five)
    - v. Per nominal six-day week.
  - b. Currency. Dollars or ECU are normal. Have a recent exchange rate table from the financial pages available. If you are working for another currency, you take the foreign exchange risk.
  - c. In international consultancy, the firm gets the full World Bank, EU, UN etc. daily subsistence rate. They should pass it on to you. Unscrupulous firms negotiate a fee with you then, as you are getting onto the plane, say that you are only getting half the daily rate. They may say you will be paid actual

expenses rather than a set rate which is OK with the World Bank or the Swiss, but not otherwise: inevitably you cannot produce receipts for most expenditure and you lose out.

- d. All work expenses, travel, taxi, typing, faxes, excess baggage, etc. must be paid by them. Obvious, but the unscrupulous will try to cheat you on this.
- e. Travel days are to be paid for, from the moment you leave your house.

2. What you are being paid for

- a. You are being paid for your labour. You undertake to do the job professionally. You do not undertake to be responsible for producing a report which is acceptable to the client.
- b. The other risks are born by the firm, out of their 45% margin. The terms of reference may be impossible. The company's proposal may have been unrealistic and have committed you to a lot of outputs which cannot be achieved with the resources available. The client is a nutter. You are only one of a team, and cannot take full responsibility for the output of the team. The client does what the report suggests, but refuses to accept it in order to avoid payment. The report cannot ethically suppress something that the client does not like.
- c. For short-term projects where you are the only consultant, it may be acceptable to be paid on acceptance of the report, though it is more usual to get half or two thirds on submission.
- d. In a team, you may get your final payment on acceptance by the team leader.
- e. In a longer term contract the company is invoiced monthly. It is not normal that invoicing is only permitted on acceptance of Inception Report, Interim Report, Draft Final Report, and Final Report. This is an unscrupulous firm ducking its responsibility.
- f. Payable within 30 days of invoice. Some firms have a chronic cash flow problem.

3. Suggest you fax your standard terms.

4. They will negotiate, saying this client always pays less, they are cutting to the bone, etc.
  - a. Some cite fees as % of rate charged, e.g.60%.
  - b. Some try and put in a totally different rate at the last minute.
  - c. Most are honest, but tough. If you ask for a low fee you get it. Some firms you do not work for twice, and your friends neither.
  - d. What do you do if they send you a completely different contract or rate at the time to go? This is dishonest. Both of you are under pressure. They may find it difficult to get a substitute. You may have no alternative job. Try *Getting to Yes*.
  
5. They may negotiate price when they telephone, or when the contract comes up. Record any agreement and confirm it in writing.
  
6. See paper on *Fee Rates*
  
7. Can you sue?
  - a. Non payment because of cash flow. Some firms have a chronic cash flow problem, not least because of late payment by clients like the World Bank. This sometimes turns into a strike by consultants on some projects. Sometimes the consultants join together to sue. Sometimes it is necessary to threaten to sue, because the people who are silent are paid last.
  - b. Non-payment because they have no money. If they are going broke you may have to sue to recover your money.
  - c. Non payment because of dispute. This puts you in a difficult position because they may disparage you to other consultancy firms... As long as they have been paid you should be.
  - d. Non payment because client does not like the output. Again difficult. See above for reasons that they may say that they do not like it.
  - e. The French Commercial courts are cheap and good. The British Small Claims court is ok for less than £5000, and you may even win.
  - f. The consultancy firms are closely knit, and you may find yourself blacklisted

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if you sue.

g. Clients may warn people off you if you sue.

h. Is it worse publicity for you than for them if it goes to court?