

## The Well-Fed Freelancer: A Survival Guide In 24 Easy Lessons

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## Why Listen To Me?

- ❖ I've been a full-time freelancer since 1998.
- ❖ I have written about this topic in *Secrets of the Game Business* (Charles River Media, 2003) and *Game Developer's Market Guide* (Premier Press, 2003).
- ❖ I have hosted the Freelancer's Roundtable at GDC from 2001 to 2003.
- ❖ I haven't starved to death.
- ❖ Yet.

## Section A

### Living Better

#### Lesson 1: Some People Are Not Meant To Be Freelancers

- ❖ Do you find your coworkers interesting?
- ❖ How about *Days Of Our Lives*?
- ❖ Do you hate talking to strangers?
- ❖ Strangers who owe you lots of money?
- ❖ Have you been late at your own wedding?
- ❖ Will you develop an ulcer if you go three months without receiving a check?
  - ❖ If you answered "yes" to any of the above, you *may* want to rethink your move.

## Lesson 1: Some People Are Not Meant To Be Freelancers

- ❖ However, one question to which you *must* be able to give a positive answer is...
- ❖ Do you have your spouse's permission?
  - ❖ Make sure you do before you hang up your shingle in the den...
  - ❖ Unless you want to sleep there, too.

## Lesson 2: Set Your Own Priorities...

- ❖ The #1 reason why people go freelance is to be their own bosses...
- ❖ But what does that mean, really?
- ❖ It means you are now responsible for defining the criteria by which you will measure the success of your career.
  - ❖ Employee's criterion: Is the boss richer than he was last year at the same date?
  - ❖ Freelancer's criteria: Depends on what matters to you; be honest with yourself!

## Lesson 3: ... And Stick To Them!

- ❖ Your goals, and your goals alone, should determine whether your business is a success or not.
- ❖ Everyone else's opinion is irrelevant.
  - ❖ Except for your spouse. Maybe.
- ❖ Stick to your goals, even if it means making sacrifices in matters of secondary importance to you.
- ❖ Even when it comes to money.

## Lesson 4: Postpone Procrastination

- ❖ The #2 reason why people go freelance is to stop wasting time in commutes, pointless meetings, etc.
- ❖ Indeed, home-based free agents can easily save 1-3 hours a day. Maybe more.
- ❖ So, make sure you spend this extra time well.
  - ❖ "Well", in this context, meaning: "In ways that further your goals."
  - ❖ Thus, for some people, watching *Days Of Our Lives* counts!

## Lesson 5: Balance Is Paramount

- ❖ When you work at home, it's hard not to take work issues home with you.
- ❖ Make sure work doesn't invade every waking moment.
  - ❖ Otherwise, not only will you burn out, you will deliver bad work to your clients.
- ❖ But don't procrastinate all the time, either!
- ❖ If you have to build an electric fence around the TV and the fridge, so be it!

## Section B Planning Your New Business

## Lesson 6: Know What You Sell

- ❖ Full-time staff (FTS) sell time, expertise, trust and ability to learn. What about you?
  - ❖ Time: Definitely your most precious commodity.
  - ❖ Expertise: Yes, whether it's specialty, versatility or wisdom.
  - ❖ Trust: Yes, especially since you're not under direct supervision all the time.
  - ❖ Ability to learn: NO. The client expects you to be effective right away, and to have learned all you need on your own dime.

## Lesson 7: There Is No Such Thing As Bad Income

- ❖ Unless it has a better than 50-50 chance of landing you in prison.
- ❖ Realistically, not every assignment you will receive will be wonderfully stimulating.
- ❖ So offer services that you like to perform, but know what you can endure in a bind.

## Lesson 8: Know Whom You Are Selling To

- ❖ Your first target should be people who already know and trust you.
  - ❖ Past employers and coworkers.
  - ❖ Producers are especially valuable.
  - ❖ Producers who can't stay in place are even better.
- ❖ Then, be visible - but don't expect visibility to generate income fast, reliably or even in measurable fashion.
- ❖ Mid-sized companies are the most likely targets.

## Lesson 9: Know How Much You Need To Bill Every Year

- ❖ First, determine your target net income.
  - ❖ Depending on your goals and priorities, your target income can be much higher or much lower than what you are earning now!
- ❖ Then, fill a tax return in reverse.
- ❖ Then, make a budget for business expenses.
  - ❖ 25% of sales, +/- 5%, is typical.
  - ❖ Anything above 50% of sales is an IRS magnet.

## Lesson 10: The Rule Of 1,000

- ❖ How many hours a year are you actually going to be able to bill to your clients?
  - ❖ 52 weeks X 40 hours is 2,080, but...
  - ❖ ... Don't forget to subtract vacation time, holidays, sick days, school holidays, ...
  - ❖ ... And time you spend at trade shows, maintaining your skills, marketing yourself, upgrading the computer, sending invoices ...
- ❖ Most people end up with about 1,000 billable hours a year.

## Lesson 11: The Rule Of 800

- ❖ Nevertheless, you should base your typical hourly rate on no more than 800 billable hours a year.
  - ❖ Assignments don't stream in regularly.
  - ❖ The rule of 800 gives you a contingency margin.
- ❖ For example:
  - ❖ Target sales: 60,000\$.
  - ❖ Hourly rate (rule of 800): 75\$.



## Section C

### Managing Your Operations

#### Lesson 12: What Matters

- ❖ Within the boundaries of your business, this is what matters:
  - ❖ Delivering quality, on time.
  - ❖ Generating new business.
  - ❖ Managing your money.
  - ❖ Maintaining your skills.
  - ❖ Nothing else.

## Lesson 13: Always Deliver

- ❖ If you fail, even one measly little time:
  - ❖ No repeat business - and no referrals.
  - ❖ You may burn the market for every other freelancer on the planet.
  - ❖ That's a lot of people pissed at you.
- ❖ So don't promise more than you can deliver.
  - ❖ The client may be willing to wait until you are available.
  - ❖ If not, refer a trustworthy colleague and you will have *two* people indebted to you.

## Lesson 14: Paranoia Is Good

- ❖ When dealing with a new client:
  - ❖ Be up-front about your rates.
  - ❖ Keep the first project small.
  - ❖ Charge an initiation of service fee.
  - ❖ Document everything, especially if multiple deliverables and/or IP are involved in any way.
- ❖ If any client accounts for more than 25% of your annual income, look for more clients.
- ❖ If the figure reaches 50% or 75%, you may

## Lesson 14: Paranoia Is Good

- ❖ Make your payments stop-and-go milestones.
  - ❖ It's very hard to collect bad debts, so minimize the weight of any potential loss.
  - ❖ A milestone every two weeks at most - and only based on your own deliverables.
- ❖ Keep an emergency fund equal to at least three months of income.
  - ❖ Sometimes, you are just too busy to go looking for that next assignment.
  - ❖ Touch it only as a last resort.
  - ❖ And then restore it ASAP.

## Lesson 15: Avoid Fixed Prices

- ❖ Charge by the hour, not at a fixed price per deliverable.
  - ❖ Otherwise, the client has every incentive to abuse your time.
- ❖ If you must accept a package deal:
  - ❖ Build a comfortable safety margin into it - and tell the client you are doing so.
  - ❖ Specify, in detail, the work to be done, the revisions the client is entitled to, and when requests for revisions must be made.

## Section D

### Sustaining Your Business

#### Lesson 16: Instruct Clients

- ❖ Fact: we're in an Internet-obsessed industry, but most companies can't fathom integrating the Internet into their business practices.
- ❖ If you want a company to hire you as a remote contractor, demonstrate that:
  - ❖ You will be cheaper and more effective than regular FTS.
  - ❖ Hiring you as a remote contractor is *infinitely* cheaper than hiring you full-time.

## Lesson 17: Marketing Is Expensive

- ❖ Time is your most precious commodity.
- ❖ Time spent looking for assignments can't be sold, so don't overdo it:
  - ❖ Aim for 75% repeat business the 2<sup>nd</sup> year.
  - ❖ Cold calls are, by and large, a depressing waste of time.
  - ❖ Make your marketing fun: speak at IGDA events, write for a magazine, or con your way into a free speaker's badge at GDC.

## Lesson 18: Some Companies Are Beyond Help

- ❖ Remember: They're your clients, not your children.
- ❖ Don't waste your time on people who:
  - ❖ Say that all collaborators must relocate to their Baghdad offices.
  - ❖ Are consistently late on projects.
  - ❖ Only pay in equity and royalties.
  - ❖ Demand free "trial periods" before they'll start paying you.

## Lesson 19: Dare To Be Greedy

- ❖ Don't be afraid to ask for a high rate.
  - ❖ Clients who balk at \$100 an hour will balk at \$50 (or at \$20) too.
  - ❖ It's easier to get 500 hours of work at \$100 apiece than to get 1,000 hours at \$50.
- ❖ Resist the temptation to lower your price during short, lean periods.
  - ❖ That's what the emergency fund is for.
  - ❖ Time you sell cheap today is time you can't sell at a premium tomorrow. Do it only in extreme cases.

## Lesson 20: Plan For Flexibility

- ❖ On the other hand, the Rule of 800 does give you a margin for negotiation in special cases:
  - ❖ A long, reliable stream of income can justify a lower hourly rate - you don't have to pay for all that marketing time any more.
  - ❖ Some assignments are just too much fun to pass up, even if they pay poorly.
  - ❖ And sometimes, you can accept lower rates in exchange for better deadlines.

## Lesson 21: Undercutting = Bad

- ❖ If you price yourself cheap, you need to bill more hours to meet your goals.
- ❖ If you can only meet your goals if you bill 3,000 hours a year, your business is unsustainable.
  - ❖ When compared to 1,000 hours billed at 50\$, what do 2,000 hours billed at \$25 look like?
  - ❖ 1,000 hours of unpaid overtime!
  - ❖ There are plenty of bosses who will gladly give you jobs like that.

## Lesson 22: Dare To Be Cheap

- ❖ You wine and dine clients when you have a corporate expense account - not when you're a one-man band.
- ❖ Offering gifts in exchange for business is called a bribe. Any assignments you get that way reek of sulphur.
  - ❖ And if the client has that kind of ethics, good luck getting paid.

## Lesson 23: Downtime Is Good

- ❖ To a freelancer, a six-week period with few or no assignments is a godsend, not a calamity.
  - ❖ It gives you time to catch up on your self-training.
  - ❖ It recharges the batteries.
  - ❖ It gives you time to look for unforeseen opportunities.
  - ❖ It gives you time to start your own projects.
  - ❖ It really pisses off your FTS friends.

## Lesson 24: Dare To Live Well!

- ❖ Conventional wisdom says freelancers must work harder than FTS. Don't buy it.
- ❖ Any boss who demands unpaid overtime is a @#&☹%£. You are now your own boss.
- ❖ None of your clients will go out of business if you take a two-week vacation.
  - ❖ Or if you're that important to them, they aren't paying you enough.
  - ❖ Any assignment you miss because of vacation has to be a) very small, or b) a nightmare.



## Summary

- ❖ Make sure that freelancing is right for you.
- ❖ Set goals you truly believe in, make a plan to reach them, and hold course through thick and thin.
- ❖ Learn as much as you can.
- ❖ Market yourself relentlessly - not foolishly.
- ❖ You can't be too conservative with your money.
- ❖ Always deliver.
- ❖ Freelancing is supposed to make your life

## Thanks For Coming!

- ❖ For more information:
  - ❖ Read *Secrets of the Game Business*.
  - ❖ Read *Game Developer's Market Guide*.
  - ❖ Read *Free Agent Nation*, by Daniel Pink.
- ❖ To give me all your money:
  - ❖ Contact me at [francoislaramee@videotron.ca](mailto:francoislaramee@videotron.ca)