

When is the best time to become a freelancer? And how can you know when to leap? This article, reproduced here from The Age and Sydney Morning Herald *My Career* section, gives you some necessary pointers.



Leap Into Freelancing

by Monica Davidson

When economic times are tough and employees are facing job cuts, salary decreases and an insecure future, freelancing is a tempting alternative. When is the best time to jump, and how should you prepare?

Freelancing is not for the faint hearted. It certainly seems to attract a personality type, those of us who enjoy independence and like our own company. It requires discipline and self-motivation, an entrepreneurial spirit and a healthy dose of creativity. A sense of humour helps too.

Acceptance of the lifestyle is key. There is a joy in not being tied to the 9-to-5, working our own hours and having the freedom to spend time with family or travel. It can also mean working whenever a deadline looms, even public holidays, without overtime or bonuses.

The important thing about choosing to freelance is understanding that you're creating a business. A problem with freelancing is the feeling that we are endlessly running, hamster on the wheel, towards income. The fear of not working, and therefore not earning, propels us blindly from one gig to the next. Treating your freelance work as a business, and devoting time to the workings of that business, can make the difference between endless surviving and a profitable self-sustaining career.

Starting Out

All you need legally to begin freelancing is an ABN. It's free, and available under your own name as a sole trader. Visit the Australian Business Register at www.abr.gov.au to get one online. You'll be asked about GST when you apply, but you don't need to register for GST until your turnover exceeds \$75,000 p.a.

You can work under your own name if you wish, but if you'd like a separate business name you'll need to register one with Consumer Affairs. It must be unique in your state, and available. A business name registration costs around \$80 and lasts for three years.

The vast majority of freelancers work from home at first, and many of us stay there. Although not strictly necessary, a separate room is best for your home office. It provides you with privacy and a space to make your business work, and gives you greater advantages when it comes to tax deductions. The kitchen table is fine, though, if that's all you have.

Separating is also wise when it comes to finances. A dedicated bank account for your business income and expenses will make the record keeping much simpler and your taxes easier to calculate. Mixing personal money with business income is dangerous, and one of the early warning signs that an enterprise is in trouble.

A few simple marketing tools are also essential. You'll need at least a snazzy business card with all your details, and a website, even if it's a basic portfolio site. People will find you more trustworthy if you have the appearance of a proper business. After all, what business in this day and age doesn't have a website?

Money Worries

The insecurity of an irregular income is the freelancer's biggest worry, especially if you're giving up the comfort of a pay day and sick leave. Of course, this is still based on the notion that employment offers any security in the first place. When redundancies are common and there's no longer a job for life, that safe haven seems more myth than fact.

While there's certainly a lack of fixed employment in freelancing, that's part of the adventure. Any number of opportunities or disappointments could be just around the corner. If you feel nervous but excited about not knowing where you'll be in twelve months, freelancing could be ideal for you. If that notion makes you feel vaguely queasy, stick with employment. A love of unpredictably is essential to the freelance life.

Having said that, there's more regularity to freelancing than people realise. Most of us have that wondrous thing, the regular client, who helps keep the wolf from the door. There's also a rhythm to the year, and after a while you'll become familiar with the busy times and the quiet periods. We adjust, ramping up our marketing just before the rush, and concentrating on personal projects or business development in the hush.

Two financial safety nets can help in the decision to jump. Firstly, you can try moonlighting as a freelance and see if you can build up some work and contacts. This will mean long evenings, working weekends, and some serious juggling. If you have work lined up and client good will after a few months, you'll feel better about making the definitive step.

Secondly, if you have time to prepare, saving up a nest egg helps. Work out how much money you'll need to survive for a month. Save up that amount, and use it if that rainy day comes. Chances are you won't need it, but you'll feel braver knowing the safety net is there before you jump.

When to Leave

Freelancers can be impetuous people, and many leap into self-employment with no net, no plan and no idea. Some of us have been successful despite this lack of preparation, but it's best to keep a cool head when making such an important decision.

When deciding to leave employment, make sure you know your own strengths and weaknesses. Take time to write a business plan and figure out exactly what your goals are. Will freelancing meet your career and lifestyle needs? What will you do if it doesn't?

The good news is that freelancing will wait for you if you're not ready. You can always go back to employment. Spending time as a freelance doesn't necessarily jeopardise your chances of getting another job, either. In fact, it can show you've become more experienced and proactive.

Work out what you have to lose as your final decision tool. If freelancing doesn't work out, would you suffer? When the idea of failing completely as a freelancer is *more* appealing than staying where you are, it's time to give freelancing a go. The consequences could be far better than you imagine.

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