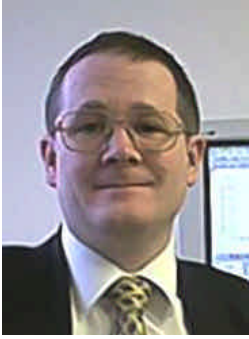


Business strategies



Business Strategies for Freelancers and Small Businesses

by Adam Jacobs

The title of this article is taken from one of the lunchtime discussion sessions at the recent EMWA conference in Prague. Our table consisted of nine medical writers with their own businesses, or those who were thinking of starting one, and we spent a pleasant lunch discussing all the things you have to do to run a medical writing business when you're not doing the medical writing.

One thing that we all agreed is absolutely, desperately and thoroughly important is to find a good accountant. This is probably the first thing that any would-be freelancer needs to do. I speak from bitter experience here, as I started out with a bad accountant, who charged me a lot of money without doing anything demonstrably useful in return. I now have an excellent one, which has made a huge difference. Personal recommendation of an accountant by someone you trust is probably the only reliable way to find a good one.

A good accountant should be able to make sure you are not paying any more tax than necessary and advise you on appropriate book-keeping procedures. Streamlining things like book-keeping is extremely important, as we mostly found ourselves spending more time than we would like on administrative tasks, sometimes as much as a whole day each week. Your accountant will also help you to make that tricky decision that faces all

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new freelance medical writers: whether to operate as a sole trader or to set up a limited company. We had a mixture of sole traders and limited company proprietors at our table, reflecting the fact that there are advantages and disadvantages to each way of doing things. Being a sole trader has the advantage of simplicity. There is a non-trivial amount of paperwork to go through to set up a limited company, and then there is the requirement to

send annual returns to Companies House. All this can be avoided by being a sole trader. On the other hand, there are various advantages to having a limited company. One of them is that it can substantially reduce your tax bill, as you can pay yourself a very small salary and take the rest of your income as dividends on the company profits, which attract a lower rate of tax than salary and crucially, no national insurance contributions. One possible worry about being a sole trader is that it might make you appear less professional in the eyes of potential clients, although the sole traders at our table didn't find this to be much of a problem in practice. A potential advantage of having a limited company is that the company has, as the name suggests, limited liability. This means that if it all goes horribly wrong and one of your clients sues your company for millions, then you simply declare the company bankrupt and walk away, without having to lose your house or have the Ferrari repossessed. A remote possibility, of course, but it's still comforting to know.

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Another thing your accountant can advise on is VAT registration. In the UK, you must register for VAT if your annual turnover exceeds £55,000, but registration is optional below that threshold. Not registering keeps life simple, and also means that your prices are lower for any clients who themselves are not VAT registered. However, almost all clients can claim back VAT, and being registered means that you can also claim the VAT back on most of your business expenditure. Not all freelancers choose to register for VAT, but with the right book-keeping software, the extra work involved is more than offset by the money you save.

Once the legal structure of the business is established, the next thing you need is an office. For most freelancers, this probably means the spare bedroom. If you have the space in your house and the self-discipline to separate home and work despite their coexistence in the same building, then that is a great way to keep costs down. However, if you only need an office for one person, renting office space needn't be prohibitively expensive, and can bring enormous benefits in reducing the clutter in your home.

Wherever you set up your office, you need to equip it with the tools of the trade. Besides the obvious requirement for a computer, you also need a phone, fax machine, and an internet connection. Please don't make the same mistake with fax equipment that I did. I naively assumed that since my modem had a fax facility, I could send and receive all my faxes via my computer. Well, theoretically it is possible, and I even made it work at times, but not without much wailing and gnashing of teeth. I don't normally believe in conspiracy theories, but I swear that even Microsoft couldn't make faxing software that unreliable simply through incompetence. They must have some secret desire to eliminate all computer-based faxes. When I finally gave in and bought a fax machine, the sheer joy of being able to send faxes at the touch of a button was indescribably wonderful.

Getting a reliable internet connection is essential. Now that broadband internet prices are falling, broadband is becoming an attractive option even for a lone freelancer, and makes using the internet so much easier than a dial-up modem. However, choosing an internet service provider (ISP) requires some care: most of us at the table had experienced much pain and suffering at the hands of poor ISPs. I would love to be able to recommend a good ISP, but the position changes so rapidly that if I told you what I thought while I am writing this article it would almost certainly be out of date by the time you read it. Just choose your ISP carefully, listen to what other people have to say about theirs, and look at some of the websites set up for reviewing ISPs.

An office at home is a great way to keep costs down if you have the space in your house and the self-discipline to separate home and work despite their coexistence in the same building

Now you are ready to go out and find some clients. We all agreed that by far the best way of doing this is by using personal contacts. Our clients were mostly former colleagues, clients of former employers, people we had met at EMWA conferences, and so on. It was much less common for clients to be found by advertising. Nonetheless, the general consensus seemed to be that it was probably worthwhile having a website. Nobody's website generated very much business, but the costs of setting up a website do not have to be great, especially for someone with the finely honed presentation skills of a medical writer. A website only has to attract one new client to pay for itself.

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Of course, it is always nice if your clients like you so much that they come back regularly, but there is a danger if any one client likes you too much. It is not a very healthy business strategy to spend too much of your time working for just one client, as you then become very vulnerable if that client suddenly vanishes. This can easily happen no matter how much they like you, if for example the department you dealt with ceases to exist in the latest merger. More than one of us had found ourselves uncomfortably over-committed to a single client, but it is a hard situation to avoid: you really don't want to turn work away from your best client. You just have to work assiduously at getting more work from your other clients.

By far the best way of getting clients is by using personal contacts

Running the business doesn't stop when you have found the clients and written your wonderful documents for them. You have to get paid as well. Thankfully, bad debts seem to be almost unknown in the medical writing world, which says good things about the integrity of pharmaceutical companies. However, we had all had problems with clients who take a long time to pay. Sometimes it can take months to get paid from some of the worst clients, and we all agreed that late payment could be a real problem when running a small business. Opinion was divided on whether it was sensible to take advantage of late payment legislation. Under UK law, and I believe that this is similar elsewhere in Europe, small companies are legally entitled to charge interest on late payments. Some of us were wary of this, feeling that it might just antagonise clients, although others felt that this wasn't a problem as it was likely only to antagonise finance departments, who don't usually have much say in whether your business relationship continues. If anyone has any thoughts or experience of this, or any of the other issues raised in this article, I'd love to hear from you, or maybe you could even write a letter to *The Write Stuff*.

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