

Essential tips for independent contractors and consultants

As a consultant, you face the challenges of meeting clients' needs, soliciting new business, keeping your skill sets current, and many other daily activities. It's not easy, and some days it probably seems overwhelming.

To help you along, we've compiled a group of articles written by Meredith Little, a frequent contributor to TechRepublic. She works as a self-employed technical writer, documentation specialist, trainer, and business analyst. We think you'll agree she's well qualified to address issues facing IT pros who work independently.

If you're just beginning to explore the notion of becoming an independent contractor, the first article in this series will help you determine whether you have what it takes. Next, Meredith explains what separates consulting and contracting, and offers tips on deciding how to classify yourself. Finally, a three-part series on protecting your own interests in your contracts presents pointers on ensuring that you never get burned again.

We hope you enjoy them. If you'd like to comment on these columns, please drop us a note at <mailto:itconsultant@techrepublic.com?subject=Meredith>

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Do you have the right personality to be an independent contractor?

Almost every business depends on computers and networks, so there's a huge demand for IT professionals in all types of organizations. When you hear the rumor that your company is paying a contractor brought in for a three-month project almost as much as you make in a year, it can be easy to think, "Hey, why not me?"

But if you're thinking about quitting your day job, you can't think only about the money you could make—you need to think about whether your personality and expectations are a good fit with the contracting life. Before you look too far ahead, examine some of the more personal factors in going out on your own.

Take a good look at your personality

Can you keep smiling when everyone else is grumbling? Are you prepared to constantly network and market yourself?

As an independent contractor, you must keep in mind that you are not a regular employee. Part of your goal with every contract is to leave with a stellar reference that will help you land future contracts. This means you can't do a lot of things you may have done as an employee.

Don't gossip

For example, you are no longer at liberty to engage in office gossip. Besides, why would you want to? Because you negotiated a contract that includes certain provisions, you don't need to worry about the latest rumors or who the next VP will be. Although you should speak to the right person if a situation is preventing you from doing the task you were hired to do, it's never appropriate to get too involved with your client, the people who work there, or how the company chooses to run its business.

Aim high

Your standards have to be higher as a contractor. It's more important to be on time, all the time—whether it's to a meeting or turning in a project. It's not as easy to get away with having a bad day. To some extent, you're constantly selling yourself, even after you start a project.

Be outgoing and hardworking

You don't have to be an extrovert to go out on your own, but it sure helps. If you're a true independent, working without a full-service agency, you'll have to market yourself, make contacts, and meet with prospective clients. Sometimes, you'll have two jobs at once—your current contract *and* your efforts to land the next contract—and you may need to work overtime so that neither suffers.

What about dealing with change and insecurity?

As they say, change is the only constant. Every project will have different goals and expectations, and sometimes you won't have any work at all.

New people, new rules

Does the thought of walking into a new office, with new coworkers and a new manager, several times a year make you want to pull the covers up over your head? An outgoing personality can help here too. Of course, you don't have to (and shouldn't) make friends with everybody; you just have to work with them. But if you dread new situations, you'll find the start of each contract very stressful.

When the well runs dry

Will you be tearing out your hair the second week you don't have work? What about the first month? Although the savings you stockpiled before starting out will cover your bills, it can still be nerve-racking not to know exactly when or where you'll work again.

Of course, this dilemma has two sides. How many people do you know who have been laid off or downsized in the past five years despite the booming economy? Perhaps it has even happened to you. The difference is that as a contractor, you're prepared for change and insecurity; as an employee, you risk being blindsided by it.

Finally, are your expectations realistic?

If you think freelancing means taking a vacation whenever you want, never having another bad boss, and working at home in your pj's, you're wrong.

You aren't exactly your own boss

It's possible that instead of one difficult boss, you now have two—the measure of your own high standards and the jerk in charge of your current project. The good news is, unlike with a job, there's an end in sight when dealing with an unpleasant or unreasonable person.

As for vacation time, one fellow writer I know has been in business solo for nearly three years now and has yet to take a week off. When you no longer have paid vacation, how will you balance the fear of "out of sight, out of mind" with the necessity of taking some time for yourself?

Don't throw out your suits yet

In IT, it's unlikely that you'll do much work at home. But if it's feasible to do some work offsite and you want to do so, insist on it. A key part of being a contractor is that you say when and how you work—in fact, that's the IRS litmus test on defining an independent.

If you're disciplined, you may actually get more done at home. Plus, you don't need permission to take an hour or two to see your child's school play, or just go to the gym before it gets crowded. You just have to be willing to make up the time later.

Ask yourself why you really want to do this

Being an independent contractor is about more than money. Being in business for yourself can be incredibly rewarding. Don't rule it out even if you aren't always an outgoing, punctual, ultra-disciplined person who's totally impervious to stress. Resourcefulness and flexibility are important, too. You'll be surprised at how much you learn about yourself and what you can accomplish when you have to when you're working for yourself.

The difference between contracting and consulting, and why it matters

Any businessperson knows that one of the keys to success is good marketing. If you're a self-employed IT professional, do you call yourself a contractor or a consultant? It may sound like an issue of semantics, but what you call yourself can make a big difference.

Contracting vs. consulting

While you're likely to get a different definition of consulting and contracting from every person you ask, I basically define each this way:

- **A contractor** essentially acts as a temporary employee. The contractor works under the manager's supervision, probably with other employees, to help complete part of a larger project. He or she is told what to do, how to do it, and when it needs to be done.
- **A consultant** is brought in when the company has an urgent need and either isn't able or doesn't know how to take care of it—and doesn't have time to figure it out. The consultant analyzes the problem and decides how to solve it, often using methods or tools that the client hasn't even thought of. The consultant is self-directed and does whatever it takes to deliver the solution that meets the client's needs.

How do you think of your business? Really, it comes down to whether you simply offer your time or you market *solutions to problems*.

There are lots of talented programmers, network folks, tech writers, and so on out there who can follow directions and do what someone else tells them to do in order to create good work. But that's a far cry from having the experience, creativity, and initiative to assess a client's needs, determine the best way to solve the crisis (remember, companies don't usually call for help until the problem is already on fire), and implement and deliver the solution. Plus, a consultant does all this without handholding—saving management the time and hassle of hiring, training, and supervising.

Why you should care

You may be wondering why what you call yourself matters. The bottom line about whether you're a consultant or a contractor is the bottom line. Generally, a consultant is paid higher fees than a contractor. Of course, this depends on a lot of factors, such as the demand in your market, your skills, and the client's need, but this is true more often than not.

- **A contractor** generally bills based on time spent performing services. Invoices detail the number of hours worked multiplied by the set fee per hour. Contractors generally work onsite under direct supervision. They often work through agencies and don't find their own work.
- **A consultant** most often bills by project, charging for designing and implementing the solutions offered. Consultants rarely work through agencies, and they're often responsible for drumming up their own work, either by networking or marketing. A consultant sets pricing based on the quality of the solution and the demand for it, not just on time. As a consultant, you can bill by project and increase your hourly rate breakdown by working faster and more efficiently. In addition, many clients like this approach because they know what they'll end up paying for the project, and they know there's no incentive for you to drag out the work.

Case in point

You may have heard this story before, and although it may not be strictly true, it still illustrates my point: A company was having problems with its systems crashing. It seemed they wouldn't stay up more than an hour or so before another crash would idle all their people. So they called in a consultant. The consultant listened to the description of the problem, went to an admin computer, and did some work there for five minutes. One reboot later, the systems came back up and stayed up. The consultant was in and out in less than an hour.

However, when accounting received the invoice, they were shocked to find that the consultant billed them for nearly a thousand dollars. Accounting called the consultant and asked for a new invoice detailing the expense. The second invoice read:

- Fixing computer crash: \$50
- Knowing how to fix computer crashes: \$925

But don't get burned...

If you're new to working for yourself, you might start out as a contractor and gradually work toward being a consultant. **It's important not to bid work by the project until you're confident that you can estimate projects with enough accuracy that you don't get burned.** After all, the point of consultant billing is that you're in control of what your hourly rate turns out to be. If you're wrong about the scope of a project, you could end up making far less money than you would have by billing hourly.

But what if you are faced with a consultant-type project—the client needs you to design and implement the solution with minimal client input or supervision (but you can't estimate the scope well enough to feel comfortable bidding on a project basis)? You could make your bid high enough to cover all possible contingencies and changes in scope. Unfortunately, that number might be so high as to price you out of the project.

Another option is to bill an hourly rate justified by your consulting role. For example, in one of my projects, the client company contacted me for a bid on a project that spanned multiple groups and managers. The scope of the project and its deadlines changed from meeting to meeting. The contacts didn't seem to have a clear picture of what they wanted.

Obviously, this was a consulting job—they needed me to shape their vague but urgent needs into something concrete and deliverable. On the other hand, there was no way I could make any reasonable estimate of how long this project would take. So, I quoted the client two rates: one was a consulting rate for a period of time in which I would assess their needs and deliver a detailed plan for the solution, followed by a somewhat lower rate for the time in which I would complete the projects scoped in the first phase. It would have been nice for both the client and myself to have been able to plan on a fixed, per-project price, but the project was so vague that one of us would have almost certainly ended up losing money.

Walk the walk

Of course, the moral of the story here is *not* to gain maximum profits from your client's desperate situation. Nor is it to charge the most money you can get away with just because you call yourself a consultant. Whether a consultant or contractor or whatever your role is in the IT industry, your reputation and references are key to landing the next contract. If you consistently wow your clients by developing and delivering innovative solutions to their tough problems, you should be compensated for your expertise, experience, and creativity while you're also working hard and using an ethical approach to running your business.

Attention independent contractors: Make sure your contract protects your interests

When you're a contractor, your contract is what defines your relationship with your client. Although you or the client may be eager for the project to begin, you should never start work without an agreement that clearly defines the terms of the assignment.

Whether you're a programmer, trainer, writer, or consultant, be sure to include certain clauses. In fact, it's a good idea to have a standard contract that can be modified to fit any particular project.

Why you need a written contract

When things go well, you'll rarely need to refer to your contract. Yet a contract is something you can't afford to go without. At best, it forces you and the client to scrutinize the project ahead of time.

While agreeing on the contract's terms can prevent a lot of disputes, you'll also have a well-written contract for reference in the unfortunate instance when you and your client disagree.

Of course, many verbal agreements are binding and can be upheld in court. But you really don't want to go there.

Title and preliminaries

Obviously, your contract needs a title, something like *Independent Contractor Agreement* or *Consulting Service Agreement*. Just don't use the word employment anywhere as this term contradicts your independent status.

After your title, specify that the contract be between you and the client. Use your name, (your business name if you have one or *Sole Proprietor* if you don't), and the address of your place of business. Never use the client's address as your place of business (even if you will be doing significant work there) and add the same information for your client.

Scope of work

This is the clause your work will be judged by, so make it as specific as possible. In as much detail as possible, spell out what you're supposed to do, the deliverable milestones and dates, and the requirements for each milestone. The only thing you don't want to specify is *how* the work will be done. The client has the right to accept your finished work but not how you will do it.

You do want very detailed specifications of what will constitute an acceptable finished product and you should be able to show that your finished work meets these specifications. You may want to provide this clause as an attachment to the contract that's more like a detailed proposal based on your analysis of the client's needs.

Here are two examples:

- **Bad:** Contractor will perform programming services for client.
- **Better:** Contractor will develop a database back-end solution using Application X that will interface with client Application Y to perform Goal Z. Review schedules and dates, and the exact fields, keys, and data elements to be included are specified in Attachment A of this agreement.

Revisions and changes

If you've started with a standard contract that your client uses, you might find a phrase like "contractor will make all revisions required by client." Don't use this! It's so vague that the client could completely change the scope of the project six months in and expect you to scrap all your work and start over at no charge. This could devastate your pocketbook if you're working on a flat fee.

Ideally, you want to include the following points regarding project revisions:

- The Client is entitled to one revision within the original scope of the contract at no charge.
- The Client will compensate Contractor for additional revisions at an hourly rate of \$x or a flat fee to be negotiated.
- Revisions outside the original scope of the project (as defined in the Scope of Work clause) will be negotiated separately.

You're probably beginning to see the importance of that Scope of Work clause! If your client wants you to increase the number of revisions, don't agree to more than two or three. Don't give ground on the third point unless you enjoy working for free.

Client responsibility

If you rely on certain input from the client, be sure to specify that any delay in receiving it will affect your deliverable items or dates. You may want to stipulate that an extended period of non-responsiveness is grounds for you to terminate the contract.

If the project is lengthy and you've built in review periods (which I highly recommend), specify the following:

- The name of the person to whom you'll deliver the work and who has the authority to accept or reject it (make sure this person literally signs off on every review).
- The time in which the reviewer must accept or reject the review.
- Work submitted for review will be considered accepted unless it's rejected in writing within the time period specified. In the rejection notice, Client will clearly spell out all changes required.

Payment and terms

Be sure to have in writing not only what you'll be paid, but when. If you're to be paid a flat fee for the project, get at least a fourth to a half of the fee up front. You could get the next fourth halfway through and the last half or fourth on completion.

If it's a very long project, you may want to receive 10 or 20 percent up front and another 10 to 20 every month. Only agree to payment on completion for very short projects, such as writing a magazine article.

If you will be paid on the basis of a unit of time, specify what that unit is (hourly, weekly, monthly) and the period for which you will bill. For example, if you bill hourly, specify whether you will submit an invoice weekly, twice a month, or monthly.

Note that if it comes up, the IRS is more likely to question your independent status if you bill based on unit of time rather than on a flat fee. If it's standard for your trade, that's okay. However, as long as other conditions support your status, do what's right for you on the project. For example, if you don't believe at the time of signing the contract that you can sufficiently define the scope of work, you'll probably be more comfortable stipulating payment by the hour. You may want to add an option to renegotiate once the scope becomes clearer.

Independent contractors: Make sure your contract protects your interests, part 2

A well-written contract helps establish your credibility with a client. It can also be a selling point—you are able to provide a document that shields you both from risk.

In the first part of this series on contracts for the self-employed or freelancer, I outlined how a contract should address scope of work and method of payment. This second article presents additional clauses that should be a standard part of the contract as well.

Independent contractor status

Clearly state your independent status. This clause should simply come out and say something along the lines of, "Contractor is an independent contractor and is not an employee of Client."

Beyond that, here are the other salient items that establish you as an independent. You can bullet these under the "independent status" clause or list them separately, if a project requires greater detail on any particular point.

- **Control:** Contractor has sole discretion to determine how, when, and where to perform services required to achieve the final result specified in the Scope of Work clause.
- **Non-exclusive:** Contractor has right to perform services for other clients during the term of the contract.
- **Assignment:** Contractor has the right to use employees or subcontractors to perform some or all of the duties required. (Your client has a right to know who will be performing the work, so this may raise eyebrows. If so, address it in a separate clause that retains your right of assignment but also notes that the Client has the right to approve subcontractors or employees who perform significant services.)
- **Taxes:** Client will not withhold any income or FICA taxes from any payments to Contractor. Contractor is responsible for paying all applicable state, federal, and local income taxes.
- **Insurance:** Client does not provide workman's compensation or unemployment insurance for Contractor.
- **Benefits:** As an independent contractor, Contractor is not eligible for and has no claim to medical benefits, profit sharing, vacation pay, sick pay, or other benefits offered by Client to employees.
- **Expenses:** Contractor is responsible for expenses and materials necessary to perform services required in Scope of Work. (If you anticipate large expenses, such as travel or expensive software, you should factor these into your bid and make sure you'll charge enough to cover them. However, if you meet most other independent status conditions, you could stipulate that the client will reimburse you for certain large expenses.)
- **Training:** Client will not provide training to Contractor or employees or subcontractors of Contractor.

Why independent status is so critical

As you can see, the independent status concept largely serves to establish to the IRS that you are not an employee of the company. If the IRS decides that the relationship is employee/employer instead of contractor/hirer, you'll both suffer.

For starters, the hiring firm will be hit with back taxes and penalties. As the contractor, you'll have to re-file your tax returns for the period covered by the contract. You won't pay additional taxes, but you'll lose the right to deduct your business expenses for that period. In addition, your client is unlikely to want to continue working with you, given the hassle.

In addition to clarifying matters for the IRS, these stipulations also spell out your status as an independent to any company that may not be used to working with contractors. Especially on longer

contracts, a more management-prone client may begin treating you as an employee. Your contract establishes your expectations up front and can serve as a gentle reminder if necessary.

Term of contract and termination

When does the contract begin and end? Under what circumstances can either party terminate the contract before that end date? What, if any, obligation does the terminating party owe to the other? Unlike declaring your independent status, there's no set formula for addressing these questions.

Instead, the scope of the project should dictate the term. Don't make the term extremely long—it leans toward an employee relationship. For a long project, you could specify a six-month term with the option to renew. (This also can provide a window for either side to renegotiate certain terms of the contract if desired.)

Generally, termination of a contract is for cause—there's a reason for ending it before the end date. It otherwise can look more like an employee relationship (yes, contractors have more rights than employees). However, you can specify the reason:

- **Breach of contract:** If either party does not fulfill their obligations under contract, the other party should be able to terminate immediately without further obligation.
- **Nonpayment:** If the client doesn't pay you within a specified period of time, you should be able to terminate the agreement.
- **Any business reason:** For greatest flexibility, you can specify that either party can terminate the contract for business-related reasons, which essentially means any reason. Specify a minimum 30-day period of notice to avoid looking like an employee.

Kill fees

If you're working on a project for a set fee, you may want to stipulate a "kill fee" for early termination. For example, if the client terminates the agreement in the third month of a six-month project, the client will pay you 50 percent of your total compensation minus any payments you may have already received.

This may be unnecessary if you've set up an incremental payment schedule, such as 20 percent up front and 10 percent monthly. This shouldn't be a punitive clause. Instead, you simply want to avoid a situation in which a client can cancel a project toward the end and pay you almost nothing for the work you've completed.

Standard legal stuff

The following points should be included in any contract as standard legal fodder. These clauses are the ones that are least likely to change from project to project. Your best source for their wording is to find a standard contract and lift them as necessary.

- **Exclusive agreement:** This is the complete and only agreement between Contractor and Client. (You may want to stipulate that any modifications to the contract must be in writing, signed by both parties, and attached to the original agreement.)
- **Liability:** What are the limits of liability for you and the client? A full discussion of this clause is beyond the scope of this article, but try to limit your total liability to no more than your compensation for the project.
- **Resolving differences:** Specify resolution of disputes. You may want to specify that mediation is to be pursued prior to litigation. You may also want to consider who pays legal expenses.
- **Applicable law:** What state's law will govern the agreement? Usually, this is simply the state where you and the client do business. If you're doing some work out of state or you and the client are located in different states, pick one or the other state, preferably your home state.
- **Confidentiality:** The client has a right to expect that you will keep private information confidential. It makes you look more professional if you include this clause up front.
- **Work-for-hire:** As above, you should use this clause to assure the client that the client will own the work you do for them. You do this by defining the work you produce under the agreement—

whether it's a database, a manual, or a set of training materials—as a work-for-hire: The client will retain title and rights to the work you create for client.

- **No partnership:** State that neither party has the authority to enter into agreements on behalf of the other party.
- **Notices:** Are notices to be delivered in person (to whom?), in the mail, via e-mail, or so on? Basically, what constitutes a notice as being delivered?
- **Enforceability:** State that if any one clause of the contract is found to be unenforceable, all other clauses remain binding as they are.

What else?

This contract belongs to both you and your client. If you believe your project warrants clauses that I haven't discussed, go for it.

However, some clauses may not be legally enforceable, even if you both agree. For example, you might stipulate a late fee if your client doesn't pay an invoice within a certain amount of time. You won't be able to collect, however, if this rate is considered excessive (the legal term is "usurious") in your state. Check your state usury laws, or simply keep this rate close to what banks charge for loans. For example, one percent monthly interest annualizes to 12 percent, which is generally reasonable.

Resources for creating your own independent contracts (part 2 of 3)

In the first two parts of this series on contracts for the self-employed, I've discussed the types of information you want to include in any contract. If you'd rather not write your own contract from scratch, in this last article I'll point you toward resources where you can find complete contracts.

Of course, any generic contract will be broad in scope. With all the resources I'll cover here, be sure to check any contract against the information presented in the earlier articles and adapt the contract as necessary to ensure that it meets your specific needs.

Book resources

Several books on the market address contracting for the self-employed. The two I'll discuss here are excellent resources, and both have a disk containing several types of contracts that you can adapt to your specialty. You can find them at either online or well-stocked local bookstores.

Consultant & Independent Contractor Agreements

Stephen Fishman's [*Consultant & Independent Contractor Agreements*](#) (ISBN 0873374576, \$24.95) is part of the Nolo Press' do-it-yourself law library. This easy-to-use book provides several contracts, each in two versions: one for use by the hirer and one for use by the contractor. Both flavors are similar and seem fair to both sides, but each is slightly weighted toward the interests of that party. The contracts are easy to understand and they avoid redundant legalese.

Although a few of the contracts are not relevant, several contracts are quite specific to the IT industry. You'll find agreements tailored to the following:

- General independent contractor
- Consultant
- Software consultant
- Creative independent contractors

Most of the clauses in every contract present two or more options, allowing you to keep the one most suitable and delete the others. The text of the book offers guidance to help you decide which option is right for you.

The Complete Guide to Consulting Contracts

Herman Holtz's [*The Complete Guide to Consulting Contracts*](#) (ISBN 0793106702, \$29.95), published by Enterprise-Dearborn, provides an enormous and helpful amount of detail on contracts. Of all the books I reviewed, this one is undoubtedly the most comprehensive, and its well-organized index makes it easy to find the information you need. It isn't as specific to the IT field as Fishman's book, but you should easily be able to modify the contracts for your use.

If you run your own business, this book offers helpful advice over and above writing the contract with your client. Its information includes:

- A discussion of standard legal terms you may encounter and what they mean
- A guide to reading contracts that clients may present
- Advice on avoiding potential hazards and disputes, such as examples of ambiguous wording that could cause misinterpretation of the contract

The forms and contracts included with this book cover the following and a whole lot more:

- A short letter of agreement, for projects that don't require a lengthy contract
- A service contract with attachments for specifying term, payment, and expenses
- A "task order" consulting agreement, to be used when contracting by task and setting out the terms of service as needed for smaller projects

- A contract for temporary employment, which you can use either with an agency or with a client when the terms are such that you are a temporary employee (an agency will probably want to use its own contract, but this can help you know what clauses to negotiate)
- Partnership and joint venture agreements
- A form for notice of breach of contract

One last helpful form provided by this book is a request for credit references. Based on feedback I've seen from other articles I've written on contracting, several contractors have been burned by clients who don't pay. Get two or three vendor or contractor names from your client and send them this form to find out whether this client pays on time. If your client doesn't want to give you any names, think twice before doing any work for them. After all, you are essentially extending the client a loan by providing your services without being paid all the money up front. Under these circumstances, it's reasonable to ask for credit references.

Web resources

If you don't need the kind of detail and reference that a book provides, you can find contract resources online at the following links.

Nolo.com

You can find forms and helpful information from the Nolo Press Web site, Nolo.com. On the left of that page, click on the Working As An Independent Contractor link to go to a page where you can download an eFormKit for \$10.80 immediately after online purchase. (You can also order via an 800 number.) Along with the contract, the kit contains an invoice form, a contract amendment form, and a couple of IRS forms. You can order the Nolo Press book mentioned above from this site as well.

A free contract

You can find a free online contract from the Business Owner's Toolkit Web site. Here you'll download an RTF document that you can customize as necessary. It also provides an appendix that allows you to further specify the duties, term, and compensation for a project.

If you use this contract, you'll probably want to change the payment terms, currently specified at 30 days. I personally always try to have the client agree to pay sooner, within a week or two after receipt of invoice if possible.

Legaldocs.com

To print a customized contract, go to the Legaldocs Web site and click on the Employment link. To use their Independent Contractor Agreement, you answer a questionnaire and the site fills in the blanks of the contract based on the information you supply. After viewing the summary of your information, you order and print the contract (this one is \$9.50) directly from your browser. The most useful thing here was viewing their sample completed contract; I use contracts enough that I'd rather have a contract on file that I can reuse, customize, and print as necessary.

A last word on contracts

Regardless of which of these contract resources you use, you should always feel free to customize the contracts for your needs on any particular project. If you have the potential to incur great liability, it may pay to have a lawyer look over whatever you use. You want to be sure you're adequately protected and the provisions are enforceable.

How independent contractors can avoid getting burned by too many client revisions

When you're a contractor, client revisions can be among the most frustrating aspects of any project. Depending on the payment terms you've worked out, round after round of revisions can reduce your profit on that project to a fraction of what you expected.

However, you are contractually obligated to deliver what your clients want. Let's take a look at how to handle requests for revisions that are beyond the scope of your contract or—much worse—are incredibly time-consuming but not necessarily outside your contract.

What does the contract say?

One of the defining conditions of any independent contract project is that the client doesn't control how you perform the work, but instead, has the right to accept or reject the finished result. How clearly your contract defines that end result can make or break you as a contractor. But what do you do when the contract is already written and signed? When faced with a request for a revision that you think is unduly burdensome, first refer to your contract.

In-scope versus out-of-scope

The most important clause in the case is the one defining the scope of work. The more detailed and precise you made this clause when you signed the contract, the more guidance you will have when dealing with revisions.

If the revision is clearly beyond the scope of the contract, you can offer to perform the additional work for additional compensation. If you find that the revision is clearly within the scope of the project—either because your work is deficient or because the scope wasn't clearly defined—you pretty much have to do the work or risk breaching the contract.

If the revision falls in a gray area, you'll have to weigh what doing the revision will cost you in terms of time and your payment terms, and proceed from there. If you're paid by the hour, it may be no big deal. However, if you've bid on the project for a fixed fee, you may be less inclined to perform every change.

Types of revisions

It's important to point out that you should always expect some client revisions, and you should have factored that into your bid. The client has a right to receive the work they expected. Requesting one or two revisions is probably reasonable, but six probably isn't.

If a change relates to the inherent quality of the work, you need to revise as often as necessary. For example, if a document is rife with typos and errors, you should fix them at no charge. On the other hand, if the client wants you to rewrite a document according to AP style instead of Chicago style, that's clearly out of scope unless the client specified AP style in the contract. Therefore, you may choose to seek extra compensation.

Changes to the software

A big factor in many IT projects is changes to the software that you are developing, documenting, or dependent on in some way. The bad news is, unless the software is finished and stable, it will change. The good news is that you may have some wiggle room regarding software revisions.

If you were hired to develop some or all of Version 7 and now the client wants you to start on Version 8, this is almost certainly beyond your contract even if the version wasn't specified. If you didn't know about upcoming versions at the time you signed the contract, you shouldn't have to work on them.

Similarly, if the client makes wholesale changes to the specifications of Version 7 after signing the contract, coding those changes may be out-of-scope as well. Be warned, though, it may be difficult to convince the client of this, and you may have to do it anyway or risk litigation.

Offer to write up a contract extension

If the work is clearly out of the scope of the contract, you can say to your client, "No problem. I'll write up a contract addendum and cost proposal for your review." When the client realizes that the change is going to cost more money and take more time, they may decide they don't want it. Or, they may accept your offer and pay for your extra work.

Head 'em off at the pass

Let's say that you're faced with a situation in which the contract is already written and you realize now that you're approaching a situation in which, contractually, you may be forced to do a lot of extra work for no extra money. You can try to prevent the situation by incorporating certain processes into your work now, before the fact. Or, if you're already in the midst of the situation, you can simply approach the client and attempt to appeal to their sense of fairness.

Start using status reports and a review process

Not running your work by the client until the very end of the project is a great way to set yourself up for endless revisions. At certain deliverable milestones, whether they're in the contract or not, apprise the key person on your project of your progress to date. Especially if your scope of work is not well defined, meet with all the key people on a regular basis and make sure everyone is in agreement about what's been done so far and where you're going from here.

You can also incorporate a review process into your work at any point. Reviews are a great way to get both feedback on the project and written assurance that your work to date is satisfactory. At intervals or in sections, submit your work to the key person on your project *and* make sure that that person signs off on it. You don't need a new contract for this—just a cover sheet that says something like "I have reviewed Jane Shane's work and found that it meets our goals for this phase of the project." It should have a space for the reviewer's signature and date.

Unless it's in your contract, this may not be legally binding. (Litigation should be a last resort anyway.) It won't necessarily avoid revisions later on down the road, but it's strong evidence that the work was already accepted and approved to some degree. This can help you negotiate to either keep revisions to a minimum or to be paid for extensive revisions.

For both status reports and reviews, make sure you're dealing with the person or people who will be making the final decision on the project. It won't do you any good to have 25 signatures and enthusiastic reviews from folks who aren't ultimately in charge of approving or rejecting your work.

Attempt to reach a compromise solution

In a worst-case scenario, you may have to simply throw yourself upon the mercy of your client. If it's Month 10 of what you bid as a six-month project, you can attempt to renegotiate the contract, either reducing the scope of the work or increasing the compensation. (This is viable only if the delay is through no fault of your own—something other than poor project estimation skills.) Don't renegotiate to make a bundle—you'll have to accept some loss in this situation. And if that doesn't work, finish up as quickly as possible and make your contract more specific next time.

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