

INDEPENDENT PERSPECTIVE

society for technical communication **STC**

Newsletter of the Consulting and Independent Contracting Professional Interest Committee Summer 1995

Although I was not present at the Annual Consulting and Independent Contracting Conference, I did read Judy Glick-Smith's report in the Winter 1994/1995 *Independent Perspective*. As a new and rather successful independent consultant, I found William Horton's Consultant's Entrance Exam, discussed in the

artistic or decision-making freedom that you desire. Or maybe you have been in the field for so long that you are burnt out, cynical, and in need of a change. If these apply you should still consider becoming an independent. If you don't know, try freelancing first while you keep your current position.

siastically approach every interview (or potential one) as if it were your first. If you don't like interviews you won't be able to effectively sell yourself, and you probably won't last as an independent.

Consultant's exam—another perspective

Who hears
Horton?

by Valerie Kramer

above-mentioned report, to be overly discouraging. Some of his points are valid, but many are irrelevant or double-sided. Here is why, if you answered "no" to more than three of his questions, you may still be well-suited for a career as in independent.

1 Are you basically happy with your current job?

If you answered no, don't be distraught. This question has several valid answers. Maybe you like what you do, just not at the company where you do it. Maybe your present position does not offer you the

2 Are you good at office politics?

Who cares? How about, are you good at your job? Are you efficient? Do you act as a team player? Yes? Good. If you don't care to participate in office politics, or have never quite learned the art of "schmoozing," you might just be ideally suited for consulting. As a consultant all you need is to be polite, not make any serious *faux pas*, and do your job well. That is what they are paying you for, isn't it? Clients hire independents for fresh ideas, efficiency, or unique services.

3 Do you like going on job interviews?

Mr. Horton has a point here. As an independent you constantly sell yourself. You need to be good at and enthu-

4 Do you feel comfortable dining alone in an unfamiliar restaurant?

If not, take a newspaper along; or better yet, just pack a lunch that can be eaten at your desk (or in the office kitchen). If you choose the second option you can eat quickly and get right back to work, which could appear quite industrious to your client, especially if you are paid by the hour or are under a deadline.

5 Do you make important decisions without consulting your boss?

This is a loaded question. At some companies if you do this you will be seen as a self starter with the makings of a great leader. At others the same thing can get you into a heap of trouble for not getting the proper permission.

(See Exam, page 6)

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From the editor

On the skinny, over the course of my tenure as Managing Editor I have received a number of address change notices. Though we used to have a membership director who processed those changes, now we order mailing labels from the STC headquarters in McLean, VA. So if your address is changing, notify only the main office. The change will come to us on the next set of address labels. And if you miss an issue of the *Independent Perspective*, let me know. I have a collection of back issues, and if I don't have the issue you need I can always make a copy of my master set.

On a related note, I'm moving myself: only two streets away, from 2416 Henry to 2406 Williams, so the rest of the info re-

mains the same. But if you want posted mail to get to me efficiently, please note my new address in the masthead.

On the heavy, I find myself receiving some wonderful pieces of wisdom from more and more contributors in the form of articles and letters. Thanks especially to Karen Steele, who generated a lot of energy and response with her article on the cost of doing business last issue! I plan to use many of the articles to evolve a series of columns: technology advice, money issues, marketing, humorous insight, book reviews, etc. Is there another subject you'd like to see treated in *Independent Perspective*? Please let me know.

By the way, I have enjoyed the several responses via e-mail to

various aspects of the *Independent Perspective*: from some printed in this issue as letters to detailed suggestions for online distribution to requests for advertisements! I'm trying to answer all of them, but if you don't hear from me please don't despair. In part you bring up ideas that have not occurred to me and I'm still assimilating. Remember, my ID is SuznWitter@aol.com.

Susan

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Independent voices

Letters to the editor

See page 4 for a special section of letters on "The Cost of Doing Business"

Dear Susan:

I have just received and read the [Winter 1994-1995] *Independent Perspective*. I found the articles interesting and the newsletter is well put together. I even sent Chris Juillet an e-mail telling him how helpful and timely the tax article was for me. Thanks again for a great job!

Regards,

Raymond Urgo

Dear C&IC PIC members:

I am an editor and C&IC PIC member who needs help in identify-

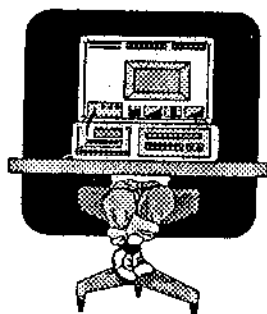
ing target magazines for a client's article. The client is drafting an article on spec about how to make local zoning ordinances more friendly to home-based businesses. I would appreciate your suggestions on possible outlets: what magazines do home-based business owners read?

Please call or mail your ideas to me at P.O. Box 30, Buckeystown, MD 21717, phone 301-874-5874.

Thank you.

Jim Stirewalt

Editorial Consultant



Tips on computer shopping for the independent

by Thomas Lenzo

In February, I bought a new PC for my consulting business. I had a 5-year-old 386 with a 100 megabyte hard drive in a slimline case with no room for expansion. While it was fast enough for my current applications, due to client requirements I needed a much larger hard drive, a sound card, and a CD-ROM player. Based on the age of the current system and the number of com-

ponents involved, I decided to replace the entire system rather than add or upgrade components.

What to buy

Based on my experience, here are some recommendations if you're buying a new computer. Since hardware changes rapidly and you won't read this for several months, I can't recommend specific brands. Read *PC World*, *Infoworld* and *PC Magazine* for specific models, components, and reliability surveys. Talk with friends and computer user group members regarding their experiences with brands and vendors. Take your time, but don't suffer from paralysis by analysis.

Since, as independents, we pay for our systems, I suggest the following minimums, buying more where you can:

- 486 DX4-75 CPU

- 16 Mb of memory with room on the motherboard to add more
- 750 Mb hard drive
- tape drive back-up
- 3.5"/5.25" combination floppy drive as it takes up only one slot
- a quad speed CD-ROM player
- 16 bit sound card and self powered speakers
- 17" .28 pitch flat screen color monitor and a graphics adapter board
- mini-tower with room to expand
- 14.4 bps external modem
- a surge protector.

To protect your investment, buy dust covers and install earthquake straps or anti-theft (anchor) pads on your PC and on anything that can topple onto it.

Remember, the day after you buy your system, you'll see faster, more powerful, cheaper computers. One PC manufacturer lowered the prices of most of its computers an average of \$100 between its December and January ads.

Where to buy

As for where to buy the computer, you have three choices: computer retailers, electronics or computer superstores, and mail order.

Regarding stores, follow the 5/15 rule: buy from a store that's been in business at least 5 years/within 15 miles of your home, and select a

store that does authorized repairs on site.

While the computer retailers may not have the lowest prices, shop where they'll spend time with you and help you design the system that meets your needs and budget. Don't have a retail store design your system, then turn around and buy it from a superstore or mail order.

As for the superstores, their low prices can mean high product turnover as well as high staff turnover, and at busy times, they may have little time for you.

Although I bought my 386 via mail order, this time I couldn't find a company that would sell me the system I designed. While mail order prices may be the lowest, they tend to sell systems bundled with software and hardware you may not need.

No matter where you buy, make sure your system will be delivered completely set up and ready to go. Unless you're very technically adept, adding components can be very frustrating.

Finally, pay via credit card. The credit card company should help you if there are any delivery problems and may also provide additional warranty coverage via a "buyer protection" plan. **IP**

Thomas Lenzo is an independent consultant, specializing in training and development.

Editor's Note: Letters about Karen Steele's lead article in the Spring issue still are arriving. Here are three that were on hand at presstime.

A flurry of feedback

Readers' comments and responses about "The Cost of Doing Business"

Dear Susan:

I would like to add a few considerations to Karen Steele's excellent article on the cost of doing business. For some of us, the costs are actually considerably higher.

First, the cost of the health plan Ms. Steele described will increase with age. For my wife and me—in our early 60s—\$320/month premiums equate to a \$2500 deductible, with no office visit or prescription coverage. Term life and disability insurance premiums go up or coverage comes down in a similar fashion with advancing years.

A 12% contribution to a retirement plan is more than most people will make. It is probably not enough. Estimate how many years you will be retired, multiply by the income you need, factor inflation (3 or 4% per year), then divide by the number of years until retirement. The result may shock you. My actuarial life expectancy is 16 years; this calculation says I need to have \$650,000 in retirement funds to retire today with a projected income need of \$30,000 per year in today's dollars. Guess why I'm still working?

I do my own account-

ing, since it is not difficult. To protect myself and my business, I have a lawyer review my corporate documents and contracts. Add another \$1,000 per year. It's worth it: my attorney saved me over \$3,500 the first year.

Skipping the individual's portion of FICA (Social Security) and income taxes gives an inflated sense of potential income. If the net after expenses is \$45,000, income taxes will take about \$9,000. Just as the "employer" portion of FICA would be almost \$8,000, so will the individual's portion. Deducting these leaves the individual with about \$28,000.

Consider incorporating. As an S Corporation, you can eliminate FICA contributions. Our hypothetical independent consultant thereby recovers nearly \$16,000 per year of income. If you put even half of this into secure investments, you will have far more at retirement than you would with Social Security. In addition, deductions for expenses are more liberal than they are under self-employment. Review this concept with your lawyer and tax attorney.

Consulting may be a way of making big money for some. For others, it is a preferred life style. It allows me to work my own hours, in my own office. It allows me much greater flexibility in projects: I write study mate-

rials and practice tests for state certification exams, patent abstracts, annual reports, technical brochures, and SAE papers, and I do some public relations writing for a Busch series racing team. I am making less money than I did as an employee, but I am much happier.

Sincerely,

David N. Parker

Dear Susan,

The front page story in the Spring 1995 issue is the kind of article the independents of the Sacramento STC need.

Thanks,

Barry Schoenborn

Dear Editor:

The recent article by Karen Steele, while very timely and informative, is also misleading in some respects.

First, an independent contractor (read self-employed) pays 15+% Social Security tax, not the 7.065% she stated. Moreover, that tax is paid quarterly along with the federal income tax, state tax, local tax, etc.

Second, a self-employed individual can elect to expense the use of a car either by using the exact expenses incurred, or by taking the allotted \$0.26 per mile (now increased to \$0.29). You cannot use both.

Third, a self-employed contractor can (and certainly should) establish a Keogh plan to save for retirement. Depending (See *Feedback*, page 7)

Starting a new PIC can be an exciting and rewarding process. Starting a C&IC PIC will provide you and every member of your local PIC with the basis for a productive network.

Starting your chapter's C&IC PIC

by Karen Steele

"Call on everyone you know who might be interested"

1. Begin by picking a date, time, and place to meet. Many PICs are able to meet in the conference room of a local business. Because most of your PIC members will be contractors or consultants, that might not work for you. Here are some suggestions:

Many restaurants will set aside a meeting room or a large table for a meeting if everyone orders food.

If your group is small enough, meeting at a member's home could be a solution. Attendees can bring some munchies and be casual.

Hotels will usually rent a conference room for \$20 to \$40 for 3 hours. This is what the Lone Star C&IC PIC does: we take up a collection of "donations"

from each attendee (\$2 for STC members, \$4 for non-members) to pay for the room. We do not furnish refreshments.

If you have some other ideas, pass them along!

2. Call on everyone you know who might be interested in belonging to the PIC. This will include all the contractors and independent consultants you know. Ask each person you talk with if they know of anyone else who might be interested. You'll never find a perfect meeting time and place for everyone, but the folks who come will be dedicated to the cause.

3. The first meeting should be used to form a loose organization. Who will be responsible for planning meetings? Who will collect money (if you are collecting money)? Who will call or mail notices to remind members of upcoming meetings and events?

4. An agenda for the next meeting should be set before the first meeting has concluded. Here are some topics that have been used successfully in the past:

Insurance coverage for the self-employed: what kind you need, how much you should pay, where can you get it?

Market comparisons: who's hiring, who's not

hiring. What kind of skills are clients looking for these days? Where can you get specialized training to meet new market demands?

How to market your services. Strategies for finding lots of new clients.

Have everyone bring samples of good and bad business cards, brochures, direct mail pieces, and other types of collateral materials to one meeting. What makes each piece good or bad? How could it be adapted to our field?

5. Don't forget to let the society-level C&IC PIC know what you're doing. Is there anything we can do to help? Do you need any brochures? How about forms to enroll your members in the international C&IC PIC? What kinds of services would you like the international C&IC PIC to provide? For help, contact me, C&IC PIC Manager, at P.O. Box 451002, Garland, TX 75045-1002.

6. Once a year or so, or when something interesting happens, write a short piece about your PIC for the *Independent Perspective*. Then send it to Susan Witter. **IP**

—Karen Steele

(From Exam, page 1)

As an independent, you probably need to be capable of making your own decisions without consulting a higher authority unless required.

6 *Do you fill out expense reports as soon as you can?*

As an independent you need to keep track of every penny. These things are best filed immediately, but if you have a system that allows you to deal with expenses only periodically, good for you. Your answer to this question may have more to do with who you are than with your employment situation.

7 *Were your parents self-employed?*

This question has no relevance to how well you will do as an independent. Few children follow in their parents' professional footsteps. You have an edge if your parents were self-employed only if you paid attention to their business dealings. If you weren't paying attention, then why does it matter what they did? Instead,

consider any of the following: How financially responsible are you? Can you balance your checkbook? Pay the bills on time? Meet a deadline? Work from home without being distracted? These will give you a better indication of how well you will manage consulting.

8 *Do you have a spouse employed full-time with great benefits?*

Granted, this may help in the beginning, but in the long run whether you have a spouse or not may not be relevant. If you have saved enough money to cover your usual benefits expenses (medical, dental, etc.) then go ahead and try consulting full-time for one year. Just be forewarned that you will need to make a budget and stick to it. You may make \$10,000 in May, but not get paid again until November.

9 *Has it been at least 5 years since you thought of divorcing your spouse?*

Unless you are currently going through a divorce and will be left without the standard of living you had as a married person, this question is irrelevant; see my response to question 8.

10 *Do you have the full and enthusiastic backing of your entire family?*

This is nice, but not necessary. It is only necessary that your family not make consulting more difficult than it already is for you.

11 *Do you have at least 6 months' salary in the bank?*

This is always a good idea in case disaster strikes, but to be an independent you don't necessarily need it. The ability to save six months' salary and the ability to earn it are two very different things.

12 *Are you a "well known expert" in your field?*

If you answered no to this question don't give up too fast on your desire to be an independent. All you need to get started are a few contacts, possibly from other positions, and for those people to be willing to pass your name on to others in need of your services. If you are an assertive self starter, you don't need to be a well known expert. You only need to be good at what you do and able to promote yourself. **IP**

When I decided to leave a lucrative position with a large oil company, and to continue my career as a freelance

The question of security

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by P.J. Rose

*"Her
reaction
...was more
like horror."*

technical writer, I was ecstatic. This is what I'd always wanted to do, and I knew that I could do it. Knowing that I was finally in complete control of my destiny, I attacked the initial setup and marketing tasks with a vengeance, often working 18 hours a day. Within four months I was working steadily, and have been ever since.

My wife is relieved. Her reaction when I announced that I was going to trade in a regular paycheck for personal freedom and self-reliance was not "ecstatic." It was more like horror.

Actually, her reaction was quite similar to that of many colleagues. "Do you know how many small businesses fail every year?" I was asked again and again. But the comment that was most telling was along the lines of "I wish I had the nerve to try doing that!"

That's the problem, isn't it? Many people, including my lovely wife and my concerned friends, have trouble with the idea of voluntarily giving up the security of full benefits and regular employee status. Of course, the job-jumping of the '80s and the downsizing of the '90s have jeopardized the traditional mutual trust of the employer-employee relationship, bringing into question how secure a full-time

position really is. Still, most people feel secure working for someone else, and they probably always will.

So what's different about those of us determined to make it on our own? What do we find so attractive about knowing that—win or lose—we will only have ourselves to blame? I know that security still means a lot to me, but that I want to trust myself to ensure it rather than trust my future to someone else.

But I also know that there are limits to risks that I will take. I'm only interested in keeping my family and myself comfortable. That is why I will always stay a one-man operation. I wouldn't feel secure trying to build a big corporation. **IP**

Feedback (from page 4)

upon the particular plan that is established, up to 15% of earnings can be saved, tax deferred. The contributed amount is then deducted from the taxable income for tax computation purposes, as is one half of the Social Security contribution.

The tax advantages of being self-employed are not difficult to assess, contrary to her statement. Virtually every dollar spent on conducting the business can be

tax-related. It is relatively easy to develop a spreadsheet to run a "What would happen if...?" analysis on any expense.

Ms. Steele's expenses may very well be what she stated, and her estimates of insurances are very reasonable, so her analysis is realistic (aside from those items mentioned above). Too, she rightfully points out that vacations, days off, etc., should be considered when establishing

an hourly or daily rate. It should also be recognized that during the contracting negotiations it is possible to ease the expenses by having the client assume some daily living expenses, meals, lodging, etc.

We need more articles such as hers; independent contracting is fraught with enough perils (read IRS) that any help others can contribute is welcome.

Sincerely,

A.F. Wiebe

Changes on the staff

This issue marks the last one designed by Cal Callahan, an STC Associate Fellow and

San Diego Chapter member.

Cal has been doing this for the *Independent Perspective* since the Winter 1992/93 issue—for about 2-1/2 years. If you save back issues you'll notice the dramatic difference, not only in the

paper color (from gray to ivory), but in the more upscale layout.

Cal has been a valuable resource we've counted on heavily: in addition to producing a more sophisticated design, he often composed subheads or alternate titles, found appropriate clip art to liven up the pages, and suggested editorial changes when he thought they were indicated. Along with this, Cal also managed to do his part

in a timely manner, no small feat for a person who has other responsibilities that actually pay money in return. On behalf of the IP staff and readers, I offer Cal our heartfelt gratitude and appreciation.

Our new layout editor, Marilyn Heinzl from White Bear Lake, Minnesota, will begin her work with the Fall issue. **IP**

—Susan Witter