

# The Independent Perspective

Newsletter of the Consulting and Independent Contracting Professional Interest Committee

**STC** society for technical communication

## The 250 Percent Solution

by Solon Economou

It doesn't take Sherlock Holmes to deduce that a consultant needs to earn more money than a salaried employee in order to prosper. But how much more?

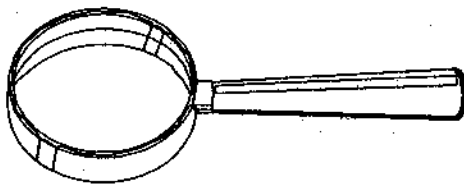
At the end of a recent presentation to the STC James River Chapter I stated that the difference between a salaried employee and an independent contractor (IC) is a factor of 2.5—a prospective IC would have to earn 2.5 times his employee salary in order to maintain an equivalent living status. For example, a salaried technical communicator earning \$30,000 would have to bill \$75,000 as an IC, and one earning \$40,000 would have to bill \$100,000. This statement sent some potential fulltime ICs into a state of shock. I left them hanging and promised I would follow up on this. Well, friends, here it is.

### Employee Benefits

Let's start with the obvious: bennies. Benefits that you usually receive as an employee, fully or partially paid by the company, include medical and dental insurance, life insurance, disability insurance, company pension and 401(k) plans. Let's not forget worker's compensation insurance, one half your FICA contribution, and state and federal unemployment insurance (you may not pay unemployment insurance as an IC, but you have to support yourself during the times you don't work). Add to that nine or ten days of paid holidays, plus

paid vacation and sick leave. What do we have? According to a Bureau of Labor Statistics analysis made some years ago, 48.5% of your salary. Since then, with the increase in costs, especially medical insurance, this amount will easily exceed 50%.

Using the 50% figure, the employee now making \$40,000 would have to bill \$60,000 as an IC to cover his bennies. OK, you'll buy that. But what about that other \$40,000?



### Marketing

Reflect for a moment. Who brings in the business that pays your corporate salary? Some type of marketing staff. In addition, the company pays for advertising, promotional materials, press releases and all that other good stuff. On your own, marketing and its attendant expenses are all yours.

See Solution, page 5

### in this issue:

C&IC PIC in Atlanta	2
From the Editor	3
Independents' Issues	3
CMC's Computer Notes	4

## Membership Update

Consulting and Independent Contracting Professional Interest Committee (C&IC PIC) membership now stands at 1,234 members. This is rapidly approaching 10 percent of STC's total membership.

Last summer the membership committee mailed information about the C&IC PIC to 2,000 STC members whose applications had indicated interest in consulting and independent contracting issues. This mailing added between 400 and 500 members to the PIC.

Verification of current membership in STC, a requirement for membership in the C&IC PIC, was completed recently. Of the 180 discrepancies found, many turned out to be typing errors. If your name or address appears differently on C&IC PIC mailings from the way it appears on STC mailings, please contact C&IC PIC Membership Coordinator Rob Reynolds at (313) 486-1260.

Benefits that you usually receive as an employee, fully or partially paid by the company, include medical and dental insurance, life insurance, disability insurance, company pension and 401(k) plans. Let's not forget worker's compensation insurance, one half your FICA contribution, and state and federal unemployment insurance (you may not pay unemployment insurance as an IC, but you have to support yourself during the times you don't work). Add to that nine or ten days of paid holidays, plus

Reflect for a moment. Who brings in the business that pays your corporate salary? Some type of marketing staff. In addition, the company pays for advertising, promotional materials, press releases and all that other good stuff. On your own, marketing and its attendant expenses are all yours.

See Solution, page 5

Verification of current membership in STC, a requirement for membership in the C&IC PIC, was completed recently. Of the 180 discrepancies found, many turned out to be typing errors. If your name or address appears differently on C&IC PIC mailings from the way it appears on STC mailings, please contact C&IC PIC Membership Coordinator Rob Reynolds at (313) 486-1260.

Benefits that you usually receive as an employee, fully or partially paid by the

Reflect for a moment. Who brings in the

Verification of current membership in

## C&IC PIC in Atlanta

### STC's 39th Annual Conference, May 10-13, 1992

Consulting-related issues will be the topic of a number of activities at this year's Annual Conference. Intercom reported in the December 1991 issue that because there has been a high degree of interest in these areas at recent annual conferences, there will be "a heavy emphasis on the topics of quality and consulting." That is especially good news for consultants and independent contractors!

Here are just a few of the things you can expect to find this year in Atlanta:

#### Monday, May 11, 1992

10:30am to Noon:

##### **Independent Contracting: Building a Business—Staying Motivated**

MG 2B

Workshop Leader: Judith L. Glick-Smith.

##### **Independent Consulting: Methods for Success**

MG 2C

Moderator: Mary St. John. Speakers:

Laurel R. Simmons, Therese M. Ensley, Sally A. Nereson.

How strategic planning, self-management, self-leadership, and information gathering have an impact on successful consulting.

2:00pm to 3:30pm:

##### **Consulting & Independent Contracting Progression**

MG 3C

Speakers/Presenters: David Bolton, Marjorie Borchard, Louis Constanzo, Therese Ensley, Betsy Frick, Beth Gallob, Thomas Knecht, Dave Luciano, Sally Nereson, Fred O'Hara, Laurel Simmons, Tom Underwood, Caroleen Vaughan, Cordell Woods, Joyce Woods, and Chris Juillet.

A wide variety of topics includes writing contracts; setting rates; running an in-home office; marketing consulting services; getting started; making cold calls; and managing time, money, and clients. Held in the Henry/Grady Room Atlanta Weston Hotel.

#### Tuesday, May 12, 1992

8:30am to 10:00am:

##### **Kicking Doors and Taking Names: Marketing Your Consulting Service, Part 1**

MG 5A

Workshop Leader: Chris Juillet.

Hands-on methods for handling such marketing issues as prospecting, pitching, and closing. Includes role play, making cold calls, and working trade shows.

10:30am to Noon:

##### **Kicking Doors and Taking Names: Marketing Your Consulting Service, Part 2**

MG 6B

Workshop Leader: Chris Juillet.

Builds on ideas presented in Part 1.

##### **Two Minutes: We've Never Done it This Way Before...**

MG 6C

Moderator: James G. Prekeges. Speakers: John P. Barr, Deanna Bethky, R. John Brockmann, Saul A. Carliner, David B. Dobson, Roger A. Grice, JoAnn T. Hackos, Jeffrey L. Hibbard, William K. Horton, Gunther Marx, Ernest D. Mazzatenta, Jonathan R. Price, Frank R. Smith, Stephanie L. Rosenbaum, Edmond H. Weiss.

2:00pm to 3:30pm:

##### **Finance for Freelancers, Part 1**

MG 7A

Workshop Leader: Patricia Caernarven-Smith.

How to negotiate your rates and contracts with client companies.

##### **C&IC Planning Meeting**

Addresses what is going on in the C&IC PIC and develops plans for the next several years.

4:00pm to 5:30pm:

##### **Finance for Freelancers, Part 2**

MG 8A

Workshop Leader: Patricia Caernarven-Smith.

How to keep your own financial records and/or negotiate with accountants, banks, and the IRS.

4:00pm to 5:30pm (cont'd):

##### **Professional Presentation Techniques**

ET 8B

Workshop Leader: A. Rhodes-Marriott. New presentation products and tricks of the trade to make you more effective.

5:30pm to 6:30pm:

##### **C&IC PIC Reception**

Held in the Tower Room of the Atlanta Weston Hotel.

#### Wednesday, May 13, 1992

8:30am to 10am:

##### **Risky Business—Your Own**

MG 9B

Workshop Leader: Caroleen L. Vaughan. Examines the basic steps you must take to start your own business, including typical start-up costs and sources of help.

##### **Managing Conflicting Groups**

MG 9A

Workshop Leaders: Teri Houck and Thomas M. Knecht.

Recognizes conflict in groups and deals with it constructively to enhance performance, creativity, and satisfaction.

10:30am to Noon:

##### **Planning and Executing Effective Presentations**

ET 10A

Workshop Leaders: Joe S. Mabry, Jr., and Joyce Stein.

Effective techniques when speaking in front of an audience and when preparing materials for presentations.

2:00pm to 3:30pm:

##### **Business Plans for the Independent Contractor**

MG 11A

Workshop Leader: Therese M. Ensley. Establishing a mission, direction, and goals as an independent contractor.

*See Atlanta, page 3*

Atlanta, from page 2

2:00pm to 3:30pm (cont'd):  
**Consulting Practice: Results of the  
C&IC PIC Business Practice Survey**  
MG 11E

Catherine A. Kolecki will present the results of the survey and will have copies of survey results for the participants.

**CYAing: Strategies for Successful  
Writing and Consulting**  
ET 11C

Workshop Leader: Christine Barabas.  
Emphasizes the importance of CYAing in writing and consulting. Includes hypothetical cases and exercises.

Please consult your conference program and the bulletin board at the hotel for any changes in time or session number.

All in all, there is a lot to offer those of us who make our own way. The listings here show just a sampler. This will be a wonderful opportunity to sharpen our skills and meet each other. See you there!

## From the Editor

Over the past few years, I've noticed that pricing strategies and marketing are themes common to most C&IC PIC meetings, conferences, and informal networking sessions.

There are probably as many ways to approach setting prices as there are accountants on Wall Street. In this issue, you'll find an article and a new column each focused on this theme. First, Solon Economou (Williamsburg, VA) has written a delightful article sharing his ideas and has promised us a future article as well. Thank you Solon. Second, Alan Korwin (Scottsdale, AZ) proposed that we start an "Independents' Issues" column, and he supplied a question which he would like to see discussed. Thank you Alan. Let's make this new column a success. Please share your ideas and questions.

Marketing has proven to be my personal stumbling block. In this issue, I've presented one of my methods toward making this unpleasant task less so. I hope this will help some of you in your efforts.

What themes would you like to see covered in the IP? Do you have ideas you'd like to share with the group? Do you want help with a pet project or problem? As always, please keep weighing down my mail carrier with your cards, letters, and articles. My mailing address is: 27 Kings Road, Morgantown, WV 26505.

Charley McWha (304) 291-0878

## Independents' Issues

Welcome to our newest column. You've seen the format before: one issue there's a question; next issue there are answers you agree with and answers you want to throw darts at... We're hoping to get everyone involved; please jump in.

We'd like to hear what you have to say. Please send your responses, for possible inclusion in the Summer issue, to: Charley McWha, 27 Kings Road, Morgantown, WV 26505.

Alan Korwin of Scottsdale, AZ, sent the following question:

A client wants a report on Subject X, an internal matter in the company. The report should be under thirty pages and is due in a month. How do you quote the job—hourly, per page, package price, other? What do you do if the job takes far longer than you thought it would, through no fault of the client? What if the client didn't fairly represent the task and it takes longer than expected? What if the job is bigger than either of you expected? Or much simpler and hence shorter?

The bottom issue is really, how do you estimate your costs and give quotations? In particular, it would be useful to hear about strange, anomalous, misleading, crafty, or worse situations where a bid can get you burned, how to spot them coming, and how to deal with the pitfalls.

*The Independent Perspective* is published quarterly by the Consulting and Independent Contracting Professional Interest Committee (C&IC PIC) of the Society for Technical Communication.

Editor—Charley McWha  
Copy Editor—Kevin Sunderman  
Layout Designer—Susan Witter  
Production Coordinator—  
Hugh Templeton

Deadlines for submissions are:  
Winter issue—October 25  
Spring issue—January 25  
Summer issue—April 25  
Fall issue—July 25

Copyright ©1992 STC.  
All rights reserved.  
Printed in USA.

# CMC's Computer Notes

by Charley McWha

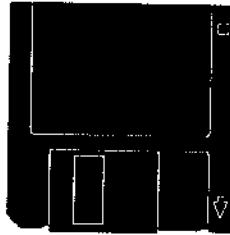
Marketing my services is probably my least favorite task. I really like to work—to write, to teach, to solve problems. Calling for new work is something I tend to put off, because I'd rather have a *better* excuse to call. But keeping in touch is necessary, so I've combined what I like to do with what I need to do.

To help my clients with their everyday computing (PCs and compatibles only) tasks—and to keep my company's name in their minds—I regularly send them *CMC Tip Sheets*. I produce my tip sheets on company letterhead and box each logical division with plenty of space around each box. When I visit my clients' offices, I frequently find my Tip Sheets on the wall near their computer monitors. Now I know they won't forget me entirely and I have a reason to call: to see if they received the tip sheet and to ask if they have any questions. It's a really short stretch to then ask about what else is going on in their offices.

Occasionally I'll share my tip sheets with the IP. Please feel free to copy them for your clients—just remember that your clients may not know very much about the basics, so please copy them carefully and completely.

## Formatting Floppy Disks

### 3-1/2" Diskettes



### 3-1/2" Double Density Diskettes

When you want to format a 720k 3-1/2" double density disk in a 1.44Mb (high density) drive, type the following two commands:

```
cd\ dos [ENTER]
format b:/n:9/t:80 [ENTER]
```

Note: If your 3-1/2" drive is the A-drive, the command is:

```
format a:/n:9/t:80 [ENTER]
```

To return to the root directory type the following command:

```
cd\ [ENTER]
```

### 3-1/2" High Density Diskettes

When you want to format a 1.44Mb 3-1/2" (high density) disk in a 1.44Mb (high density) drive, type the following two commands:

```
cd\ dos [ENTER]
format b: [ENTER]
```

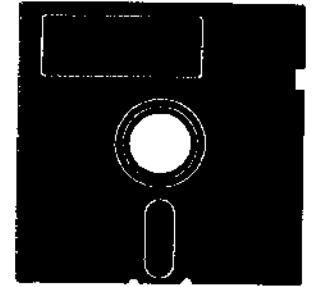
Note: If your 3-1/2" drive is the A-drive, the command is:

```
format a: [ENTER]
```

To return to the root directory type the following command:

```
cd\ [ENTER]
```

### 5-1/4" Diskettes



### 5-1/4" Double Density Diskettes

When you want to format a 360k 5-1/4" (double density) disk in a 1.2Mb (high density) drive, use the following two commands:

```
cd\ dos [ENTER]
format a:/4 [ENTER]
```

Note: If the "format a:/4" command doesn't work on your computer, try:

```
format a:/n:9/t:40 [ENTER]
```

To return to the root directory, type the following command:

```
cd\ [ENTER]
```

### 5-1/4" High Density Diskettes

When you want to format a 1.2 Mb 5-1/4" (high density) disk in a 1.2Mb (high density) drive, use the following two commands:

```
cd\ dos [ENTER]
format a: [ENTER]
```

To return to the root directory, type the following command:

```
cd\ [ENTER]
```

See Computer Notes, page 5

This CMC Tip Sheet usually generates some questions as many people don't know there is more than one formatting possibility. They tend to use whatever their company supplies without really knowing what it is. They also tend to believe that the format command should be smart enough to know what diskette it is in the drive. Even the savvy computer user seems to appreciate a quick reference guide for those hectic moments when brain-lock sets in...

Charley McWha established CMC Consulting & Writing Services in 1987. Since then she has been owned and operated by the business: offering writing, training, and problem solving support to businesses using IBM-PC and compatible computers. She is active in the West Virginia Chapter of STC and in the C&I PIC.

## Office & Travel

You'll have to pay your own auto and travel costs, attend professional conferences at your own expense, pay your long distance phone, fax, and postage fees. You'll probably hire a telephone answering or voicemail service. As an employee, your company provides you with an office. As an IC you have to provide, furnish, and support your own, even if it's a home office.

## Equipment

The biggest cost item is equipment: basic are a computer, laser printer, copier and telephone. Add perhaps a fax machine and modem. OK, you've got some of that already. You'll still have to upgrade. (I've gone from one computer and one printer to three of each, including a laptop and a laser printer. Soon I plan to add a scanner.) And how about repairs and maintenance, as well as backup, on all that equipment? It will break down at the worst possible time, as any Murphy disciple knows. And what about supplies such as paper, toner cartridges and the like?

## Software

OK, you'll accept bennies, office and hardware expenses. What about software? You sly devil, as an employee you've been illegally "borrowing" it from your company for years. Cost is nil, right? Wrong! Now you have to buy it. And you can't just upgrade your version of WordPerfect to the new version for \$99, either, because you can't show proof of purchase or a license for the old version, which you pirated. So now it's \$400 to \$500. Add desktop publishing, business and tax software, and so on.

## The 2.5 Factor

And what about the extra income you'll need to pay any additional taxes you may incur? And how about a little profit for your risk-taking and for future expansion or emergencies? Everything that the corporate umbrella covered you now have to provide yourself. You're out in the cold. Welcome to the real world of the IC!

In my case, a detailed projection (and I did not include anything fancy like a color laser printer—just the basics) showed that, as a full-time IC, I would have to bill, not 2.5 times, but 2.7 times my current salary in order to support myself in the modest manner to which I've become accustomed.

Which brings us to the next shocking point. If you've had your calculator out, you've probably determined that, working productively 60% of the time (1248 billable hours out of the 2080 normal annual work hours), you'll have to charge about \$80 per hour for your services! Imagine walking in to talk with a \$100,000-per-year executive (who makes \$48.07 per hour) and saying, "Hello, I want to do some work for you, and I charge only \$80 per hour..."

Remember to grip your portfolio tightly as you travel through the closed door and hear, above the sound of splintering wood, something about "... and the horse you rode in on!"

You say your locale isn't exactly L.A. or New York. Can you charge rates like that? Sure, but not with that approach. I'll address a strategy for setting rates in a future discussion.

Solon Economou enjoys the best—and worst—of both worlds. He is a video scriptwriter and interactive courseware writer for a Fortune 100 company and is also an independent scientific/engineering writer. He is a member of the C&I PIC.

Do you have a new address or  
telephone number? Let us know  
by sending it to:

C&IC PIC  
Post Box 1725  
Ann Arbor, MI 48106