



Give Me Liberty...

The Road to Independence

by *Ralph F. Rumpf, Watermark Editor*

At some point in your writing career, a very peculiar question may come to your mind: "What am I doing here?"

For one reason or another, we all come to a point where we feel like we need to change what we are doing. Some of us opt to change our career path, moving into another area of technical writing, or leaving the field entirely. Others opt to leave the ranks of the employed and make their own path as an independent (or freelance) writer.

Many different reasons can exist for choosing to go the independent route. Many come to mind:

- Layoff, or Reduction in Force,
- Job or personnel changes,
- Company changes,
- Personal life-style changes.

With the exception of the first item, each of these items could encompass a large number of reasons. But all of them are the result of a personal choice to leave a job. Layoffs and RIFs are often unexpected and can never be totally planned for by the impacted employee. I will tell you first off, stepping into the independent arena following either of them would not be my personal choice. (Having started my business that way, I know.) You can probably live on your separation package for a while (if you get one) and perhaps you can draw unemployment for a

while. But in all likelihood, you will run out of money before you can establish a reliable relationship with a client base. That means you either tap into retirement accounts (if you can) or you live without money. Neither are good choices and I personally believe you should NEVER tap into a retirement account to start a business.

Changing into an independent role really requires a great deal of self-evaluation and research. What I will try to do in the pieces I present in this newsletter is to give you a solid idea of what you should consider and why that effort makes a difference.

I will largely be drawing on my own experience and that of other independents I have worked with over the past dozen years. So, admittedly, this will largely be one person's point of view. However, remember that experience is a great teacher and wisdom is gained through experience. Not that I am wise, but I think I may have learned a few things that could be of use.

What you choose to do with the information is up to you. But I highly recommend you at least look it over if you are seriously giving consideration to an independent career. It can be a challenging and rewarding career; but the road can be bumpy, so be prepared.

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WEBSITE: www.stc-sjvc.org

President's Column

Spring is when nature forces us out of our dull, gray wintery moods into admiring the beauty of flowering trees, blue skies, and brilliant perennials. Perhaps each season change is spectacular because it is a movement of one contrast to another in plant life and weather extremes.

Is your work moving like the season from the repetition of overcast days into a period of rebirth and renewal? When was the last time you did an assignment you felt really showcased your talent? Something that made someone say to you, "That was great!"

Don't let your work get stuck in one season. Your work, like life, will have periods of dormancy and sameness. Habits and comfort zones offer us reassurance and safety that we all need from time to time. Maybe spring is just nature's habit. But maybe not. Maybe – after the monotony of winter, nature is ready to throw herself into painting us her most startling canvas in hopes that we'll take notice and admire her handiwork.

Come to the next meeting to find out how to infuse your photographs with new life. And, more broadly, how our St. Joseph Valley Chapter could better showcase your talents.

– Kirsten Klassen

Congratulations, Perry!

Perry Ballard, founder of Perry Ballard, Inc., of St. Joseph Michigan, a well known and successful area advertising firm, has been granted Senior Member status in the STC. Please take time to offer Perry your personal congratulations the next time you see him.

STC Mission Statement

The mission of the Society for Technical Communication is to improve the quality and effectiveness of technical communication for audiences worldwide.

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What's First?

Assuming you have already made the decision to try the independent road, what do you need to consider first?

Take Another Look

The first thing you should consider, is what you are about to give up. As an independent, you will lose all of the benefits that you take for granted as an employee. Health benefits, insurance, 401k, educational benefits, dental, vision, what have you. All gone.

True, you can replace these, or most of them, but now instead of being partially paid for by your employer, you will pay for everything you get. Some things you may choose to forego for the short term, but health insurance and retirement are essential, especially if you have a family.

Be forewarned, health insurance can be expensive, especially with prescription coverage. If you are healthy you may be able to do without the coverage for a while, but if you become ill, your productivity and your income will drop. And if you have a family, you probably shouldn't give it up.

So, first on the list, check into medical costs. Look for a decent group rate that will provide the coverage you need when you leave your employer. Some sources you might investigate for different coverages include:

- Blue Cross & Blue Shield
- National Association for the Self Employed
- STC

These are just a beginning. Don't forget the Internet; many companies keep updated coverage package information on-line.

You Are Not Alone

A word of caution. If you are married, or planning to get married, keep your partner involved in all of your decisions. The stress you encounter getting your business going will be reflected in your partner. If he or she is not 100% on board with your plans, go back to the drawing board. Dealing with a business start-up is enough stress for one

person, having an unhappy stressed-out partner won't help.

Locating Customers

It almost goes without saying that market research is key to any successful business. Not only when you start a business, but at periodic intervals along the way.

Knowing your market will provide you with the information you will need to decide how to market your business to prospective clients and what services you will provide. Also, it will help you determine what additional services you may need. So what is involved?

First, be aware of what businesses are in your area or are near enough to commute to, and what services they need. Serious market researchers use some sophisticated data bases that are very expensive. But you can do something similar with a little hard work.

- Use the telephone book for your community and others in your commute range. List all the businesses that might require the services you are thinking about providing.
- If you can, obtain business directories for these communities. Typically, they are available from the Chamber of Commerce, but there may be a catch. Many chambers now require membership in order to get a copy of the directory. Membership fees can be quite expensive, especially if your budget is limited.
- Networking is always of great value, both to meet prospective clients and to market your business.
- The Internet is also a good tool that is relatively inexpensive for searches and gaining an insight to the needs of specific businesses.

Of, course, these are just a few ideas, you will no doubt develop more. But everything is predicated on one predominate law of Real Estate: Location, Location, Location.

You may have a great business idea, a great marketing plan and support services, but without clients, you won't last very long. You need to realistically take a hard look at your

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May Meeting Details

ATTENTION ALL SHUTTERBUGS!

Are you involved in photography? Would you like an honest appraisal of your efforts?

If you missed last April's meeting and have been kicking yourself since, you can stop now. Studio A's in-house photographer, Kathy Mull, has agreed to an encore visit.

Kathy will take advantage of her 20+ years of experience to offer critiques of your work from the eyes of a professional. Bring along your best work and see how it holds up in the eyes of a professional.

Date: Wednesday, May 25, 2005.

Location: Honkers Family Restaurant

Time: 6:15 Social, 6:30, dinner and informal discussion. (Note: All times are Indiana.) Dinner is from the menu.

Reservations: Make your reservation by May 23, contact Kirsten Klassen at 533-9511 or (800) 348-7468, Ext. 432, or

kirsten.klassen@mma-online.org

Directions:

Refer to the map below, or visit the chapter website: <http://www.stc-sjvc.org> for additional information.

Quotable Quotes

“If all do not join now to save the good old ship of the Union this voyage, nobody will have a chance to pilot her on another voyage.”

— Abraham Lincoln

SEE NEXT PAGE

CORRECTED MEETING LOCATION

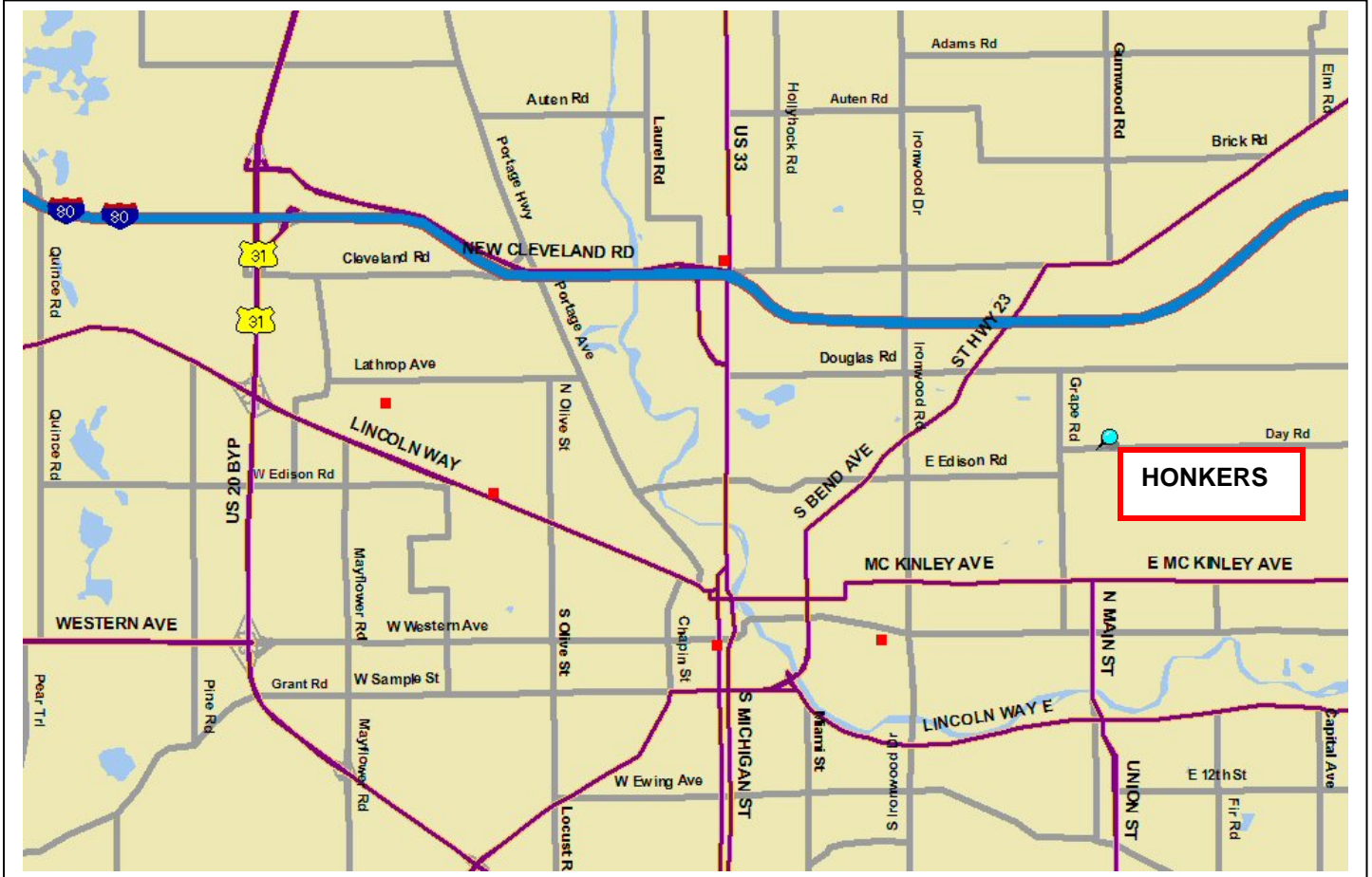
May 25 St. Joseph Valley STC Meeting

Honkers Family Restaurant

211 East Day Road

Mishawaka, IN. 46545

(574) 259-3000



First (continued from page 3)

location. Is it growing or declining? Will it continue or change?

In our present economy there seem to be three strong business corridors for writing services: the East Coast, the West Coast and segments of the Midwest. But if one thing is true of business, it is change. Out-sourcing, offshore, changing requirements, all of these and a dozen more will impact your business as time goes by.

But for now, presuming you have located at least three times as many businesses as you could possibly service, what is your next move?

Qualifications

Well, what are you going to sell these business? Are you a writer, an editor, a web content developer? Do you specialize in content, desktop publishing, help files? What about associated services such as content integration, graphic arts, digital photography, image manipulation? Make your head swim?

I hope so. Because at one time or another you may be asked to provide any, or all, of these services to a client. If you cannot, you should not even consider bidding on a project, let alone attempting to do the job. Remember, studies show it takes ten times as much effort to get a new client as it does to keep one. I can guarantee you, if you do a less than professional job for a client, you can eliminate them from your prospect list. Take a serious look at yourself

- First, take a serious assessment of your technical qualifications. What are you skilled at, what are your shortcomings? Be brutally honest, your business will depend on it.
- Based on the market prospects you have uncovered, what services can you provide now, and what services would require additional training, or even other freelancers to provide?
- If you cannot provide all the services you need to make the business work, can you obtain them from other sources? Or would

it be wiser to take additional training while you still have a steady income?

- How are you with people? Your interaction with your business prospects and the relationships you build will mean as much to your business as what you can provide in a technical sense.

Again, the basics. But these are areas you need to take an honest hard look at. The future of your business is at stake.

Other Considerations

Depending on what you think you can do, there are any number of other skills you may need to develop. How are you at designing business cards or preparing a sales brochure or a sales letter? How about organizing a direct call campaign? What about preparing a project proposal? How do you plan to estimate a project? Those are only a few of many, many possibilities.

How about business practices? There are State and Federal regulations that will apply to your business. You may also have to deal with zoning ordinances, city and county codes. What about bookkeeping? Maintaining accurate business accounts is critical to your business for many reasons. Least of all is dealing with the IRS. Your business records must be accurate and current, an open book, if you will.

Then there are the taxes. No business in America operates without dealing with tax obligations. Depending on the business form you choose to work under, your taxes could be different. If you hire employees, you have a whole different set of regulations to deal with besides the taxes.

I am not trying to scare you off, but statistics show that most small businesses don't make it five years. The reason is a lack of adequate planning and preparation. That is especially true if you are changing roles from employee to self-employed.

If you are not prepared for what you will encounter and have solid backup plans in place, your world will spiral out of control in a heartbeat. And once you are down, getting back on your feet may be more difficult than you think.

Getting Started

In this section we will take a look at some of the basic considerations for setting up and running a business.

Location, Location, Location

As I mentioned before, real estate is not the only category location applies to. In the case of the small business person, it has two primary aspects: business prospects and office space.

For many types of technical writing, the business is largely seasonal; work comes and goes depending on client business cycles. So you need to be located in an area where you have enough prospects to keep your business going.

While the technology is more than adequate to support a virtual office, the business mentality is not. Managers, in general, do not appreciate contractors and see them as a necessary evil. Therefore, they must be kept under close control for the company to get what it pays for. You can assuage this view by your professionalism and work ethic, but it will take time. So unless you have a pilot's license and can commute sizeable distances to your clients, it is better if they are near you.

The second consideration is office space. Many free-lancers operate quite successfully from a home office. However, if you are not willing to entertain clients in your home, then you are going to need office space. An office gives your business a more "professional" face, but it also means additional expenses such as rent and utilities, insurance, and possible employee expenses.

Business Forms

When you set up a small business, you must select which legal business form you will use. Each has its own advantages and disadvantages.

A Sole Proprietorship is the simplest form; you ARE the business. There are no employees, so you wear all the hats: marketing, sales, accounting, customer service, IT department, etc. It can be quite daunting because it requires a fair amount of time to do

all the tasks you need to do. It also requires a fairly strict discipline level to allot the necessary time to each function and keep at it.

A sole-proprietorship has one distinct disadvantage, you are liable for everything. You have no legal protection for your personal assets if you are sued by a client.

Corporations offer legal protections for your assets, but they are more expensive to set up and require adherence to many different federal regulations. The two most popular corporation formats for small business are the S-Corporation and the Limited Liability Corporation (LLC).

Under Federal regulations, Owners of an S-Corp can file their income under their personal taxes. And some states permit an LLC to be set up by one person. But there are rules and regulations to be followed and you will probably need legal counsel to set the corporation up correctly. If you plan to have employees, you should give a corporation serious thought.

One parting note, Be aware of the IRS regulations when you select your business model. Many companies will not contract with a sole proprietor because the IRS regulations scare them. The issues of employee/contractor status are often contested by the IRS. If the IRS determines that a contractor was actually an employee (by the IRS rules) it can be quite expensive for the company. If they contract with a corporation or an agency, they are protected. You should visit the IRS website, <http://www.irs.gov/> and review the requirements thoroughly. If you follow the IRS guidelines, you should be fine.

Rates

You can contract with a company in many different ways: by the hour, by the project, by the milestone, or whatever the you and your client decide is agreeable. Your goal, however, is to make a living, not provide free services. So how do you come to a fair rate?

In order to determine a rate, you must consider several aspects of your current financial situation.

Current Salary: Seek to maintain your

current salary if you are employed. If not, you can check the STC salary surveys to make an estimate.

Living expenses: what does it cost you for housing, food, utilities, clothes, entertainment, recreation, etc. on a yearly basis? Remember, you want to maintain the status quo, not get rich overnight.

Medical expenses: If you are going to lose your insurance coverage when you leave your employer, you are going to need to do some serious research here. If your spouse can pick up the difference without too much trouble you may be able to forego this expense. But if there is no other source, you have no alternative.

Insurance: You need to maintain life insurance coverages, or get new ones. You also need to look at business liability insurance and disability insurance. Depending on your anticipated business segment (the market you intend to serve) you should give liability insurance serious consideration. Some companies require contractors to have it and if you are dealing in a high-risk area such as medical or security, it is a necessity. Likewise, if you are the only income earner in the family, disability insurance is a necessity. If anything happens to you, there could well be no income at all.

Retirement: Leaving a company means a possible roll-over of your retirement accounts. That DOES NOT mean it is accessible money. You need to maintain your retirement planning, so ALWAYS consider that money as belonging to someone else. You will need to find and fund a plan to maintain your investment. Some plan contributions are tax deductible, so keep that in mind.

Miscellaneous: If there are any other expenses, that are recurring, like auto expenses, private schools, etc. list them. You will also need to consider business equipment costs (computers, printers, Internet) and office expenses, if you have an office outside the home.

Once you have all your finances listed, take another look. Be honest. Is there anything you can really do without? If there is, remove it. Also consider what you could give up for a

couple months if the business was slow. Don't remove them now, but know what they are.

Once you are comfortable with the list, add it all up. That is what you need to make on an annual basis to maintain your current lifestyle.

Now divide that figure by 2048, the average hours in an annual 40 hour work week. The result is the hourly rate you will need to charge to make it all work.

The critical question is this: "Will the market you intend to service support the rate you need to charge for your services." You can make a trial pitch to a number of prospects to see how a proposed cost will be taken. If the market will not support it, you have a problem. You could lower the rate and work more hours, but 60 hour weeks every week will take a lot out of you and your family. You will have to do it occasionally, but try not to make a habit of it unless you are single and intend staying that way.

Legalities

Well, if you get this far, you are entering the home stretch. Now you need to look at some of the practical realities.

Licenses: Most parts of the country will require that you obtain a business license to open the doors. They are not free, but are not usually very expensive. To apply you will need a name for the business, so you need to do some investigative research to make sure the name you want to use is not claimed by someone else.

EIN Number: If you have employees the IRS requires you to have an Employer Identification Number (EIN). This number is also useful if you have subcontractors. In general, having the number makes you look more business like and they are free. You can go to the IRS website to apply.

Zoning Restrictions: All commercial and residential areas are zoned. Zoning laws establish what you can do within a structure within a certain zone. If you operate your business from your home and maintain an office in the home, be sure you know how they apply to your business.

The IRS: The IRS maintains a pretty simple list of guidelines that define a small business operation. If you meet all of these requirements, you can consider yourself in pretty good shape. If you run close to the edge, you could be leaving yourself open for problems. The IRS often offers courses at local Small Business Administration (SBA) offices for small business start ups. Attend them.

Business Plans: Many small businesses think a business plan is only necessary to raise serious money for the business. While this is true, they do have another application. A business plan allows you to set up goals, then review your progress. At that point you revise your plan for another period of time, usually five years. Without a plan and a periodic review you can easily get off track and miss opportunities you originally planned to pursue. This is also a great time to review your market and adjust for trends.

Hopefully, by now, you have realized that starting your own business is a lot of work. Not just to run one, but to get it going in the first place. My intention was to skim you across the surface of some of the more obvious considerations. If you take any time to look into these, you will find that many will get a lot more involved, depending on your business.

If you decide to operate a sole-proprietorship from a home office, may I offer a word of advice? Consider a back up plan.

My business has been in operation for 13 years. I have had great years and very poor years, but I have never been able to level out the roller coaster. When there is a lot of work, you are doing great. But when the market slows down, and it will, things can become difficult. This requires prudent and careful financial management and budgeting. It also requires another business.

I would highly recommend starting a second operation that provides income for all, or almost all, of the year. Managing your finances will be a lot easier. Use the same principles you are already familiar with to select and start the business. Then, when the income from the primary business drops to a trickle, you still have a regular income.

Resources

It has not been my intention to provide a how-to guide here. But if you need one, you can probably find one. The available resources are considerable.

The Internet is the first source I go to when I need information. A simple google search netted the following examples:

www.sba.gov/ - The Small Business Administration

www.irs.gov/businesses/small/ - The IRS

www.entrepreneur.com/ - Entrepreneur Magazine

www.inc.com/ - Inc Magazine

www.allbusiness.com/

www.businessweek.com/smallbiz/

Most business related websites offer advice as well as links to other sites. Bookmark your favorites and keep them in your favorites folder.

Books are a great resource. A simple search on any book sellers site will net some hits. The following are from Amazon.com:

[**The Unofficial Guide to Starting a Small Business**](#) — by Marcia Layton Turner

[**Legal Guide for Starting & Running a Small Business, Seventh Edition**](#) — by Fred S. Steingold, Ilona M. Bray

[**Self-Employment: From Dream to Reality! : An Interactive Workbook for Starting Your Small Business**](#) — by Linda D. Gilkerson, Theresia M. Paauwe

[**What No One Ever Tells You About Starting Your Own Business: Real Life Start-Up Advice from 101 Successful Entrepreneurs \(What No One Ever Tells You About...\)**](#) — by Jan Norman

[**Business Start-Up Kit**](#) — by Steven D. Strauss

Books are a great resource, but don't go overboard. Search for well reviewed works that are applicable to your situation and refer to them often.

But perhaps the best resource is the Small Business Administration (SBA). They offer planning guides, financial advice, loan programs, training and mentoring services, to name but a few. Be certain to check out what is available in your area.

So there you have a very broad description of what it takes. Still interested?