
NEW YEAR, NEW CAREER?

A guide to launching your freelance career in 2021



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The start of a new year can be a time of reflection for many. You may be considering what goals or changes you hope to make in 2021, and often that includes your professional goals and work life. Many professionals want to work for themselves, have flexibility, and find more fulfillment out of their work.

Working for yourself as a freelance consultant can provide these benefits, but many don't get started because they're not sure if they can do it, it seems intimidating, or they just don't know how to get started.

If you're just starting your freelance career or you've been too nervous to start your self-employment journey, Mylance is here to support you and jumpstart your business. We've compiled a checklist to get you started, so you can find the fulfillment in your work that you desire.

What is freelance consulting?

As opposed to being hired as an employee and thus a W-2 worker, freelance consulting is when you're hired by a company with a contract, or 1099. Generally, a company brings on an independent contractor to work on a specific project (with opportunities for extension), and has expectations for key deliverables. While freelance consultants often have a contract with a company, they are considered self-employed.

Freelance consultants are not classified as W-2 employees. This means you work for yourself with many incorporating their own LLC for legal protection. Further, when paid as a 1099 contractor, the company will not withhold taxes from your income, meaning you get paid the full amount, and then need to withhold taxes yourself and remit them to the IRS on a quarterly basis.

When you're employed by an employer, the company withholds taxes from your paycheck. They withhold your regular income tax based on your income bracket, then send it to the IRS each quarter. As a self-employed individual, you need to do this yourself.

Many love freelance consulting because of the freedom and flexibility to choose your own hours, your projects, your clients, and earn your true value in the market (no waiting for that end of year raise or promotion that might never come!).

However, it comes with a lot of uncertainty and challenges that you'll need to navigate, as you'll be fully in charge of your own business, clients, books, taxes, etc. If you're self-motivated and handle uncertainty well, it can be a great path for you.

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Freelance consulting by industry and type

Many professionals have the impression that only engineers and designers can become freelance consultants. This is simply not true. There are millions of people across the globe consulting in sales, product, operations, marketing, legal, business development, and more. If you have good experience and a unique value-add, you can work as a freelance consultant.

Skilled freelance consultants are professionals who work in an industry that provide any type of skilled service. This is not limited to technical fields. There is a skilled freelance workforce in industries such as business consulting, writing, marketing, and operations.

Not all freelance consultants dedicate their full time careers to freelance work. While there are millions of professionals who do this, there are also self-employed freelance consultants who have a W-2 job and do freelance work in the evenings and weekends. Additionally, some skilled workers will take on part-time projects on an as-needed basis to supplement other income.

Freelance consulting in the United States

According to a 2020 study from Upwork and Edelman Intelligence, 59 million Americans freelanced in the past year. This is 36% of the total US workforce, and accounts for \$1.2 trillion in annual earnings in the United States alone.

Due to the effects of COVID-19, the unemployment rate in the United States has increased significantly. This has led to more skilled workers considering self-employment as freelance consultants. Additionally, organizations that were formerly hiring full time W-2 employees, are now opening roles to independent contractors in order to mitigate the long-term risk and costs associated with a full time employee. Since the beginning of the pandemic, 12% of the US workforce has started freelancing.

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Starting your career as a freelance consultant

Making the decision to start your self-employment journey can feel daunting and prevents many from getting started. We're here to break it down and make it easier for you. Here are 9 steps to get started with your freelance business:

Create a legal entity

We recommend setting up an entity, likely an LLC, where you're the 100% owner. The LLC acts as protection in case you were to get sued. This way, if set up correctly, the client would sue your LLC, not you, and thus would not come after your personal assets. For more detail on this process, check-out [our guide](#) for your proper business set-up.

Separate personal and business expenses

Even if you don't set up a separate entity, you're now operating as a sole proprietor, and you need to keep track of business and personal line items separately. This includes income (business bank account) and expenses (business credit card). Within expenses related to your business, track which expenses are reimbursable by the client vs. paid for by you - this matters for accounting purposes at the end of the year.

Keep track of your books

You pay taxes on your "taxable" income. You can lower your taxable income by taking the correct deductions, specifically on expenses related to your business, but there are other ways as well. For this, you'll want to keep careful records including receipts of your expenses, and consider finding a bookkeeper to take this off your plate. While it costs some money monthly, it'll pay for itself and then some. We offer this at Mylance - please email info@mylance.co if you're interested in a free consultation.

Pay quarterly taxes

Taxes happen four times per year (April 15 for income before April 1, June 15 for income April 1–May 31, Sept 15 for income June 1–Aug. 31, and Jan 15 for income after Aug 31), and apply to both federal taxes and state taxes. Calculating this can be complex and you'll likely want an accountant to help you out. Again, we can do this for you! Shoot us a note at info@mylance.co.

Determine health insurance

Not having your health insurance employer-sponsored is maybe the biggest drawback of being a freelancer. The good news here is it's really just about money. It costs you money, but you can get just as good of a plan. By answering some simple questions on your state's marketplace site, you can browse the different options for health insurance and pick the one that works best for you. When budgeting costs, expect health insurance to cost at least a few hundred dollars per month depending on your needs and your plan.

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Develop a proposal template

Once you find a potential client, you'll need to send them a proposal of your services. You'll want to include a brief description of yourself that includes your background and experience, a description of the services you offer, and the amount you charge. Spend some time on this process to help you stand out amongst the crowd. Where are you 10x better than everyone else? If you want more reading, check out our detailed [blog](#) on honing your niche.

Ensure you have a contract

No agreement is safe without a contract in place. Do yourself a favor and use a contract, no matter how friendly your client is or seems - there's no reason not to and it can protect you in the rare case something goes wrong.

Consider purchasing business insurance

If the work you're doing is potentially risky or you're risk averse, you'll want to look into getting insurance for your business. This is up to the individual and optional, but worth looking into if you're worried.

Find clients

Once you're set up, it's time to find clients! We've found clients in many different ways. The main ways we recommend are leveraging your network, doing direct outreach to companies, and utilizing contractor platforms.

Finding your niche

An important step in beginning your freelance career is finding your niche and clearly communicating your value to potential clients. We recommend taking the three steps below to hone your niche prior to drafting your proposal:

List your professional accomplishments

Look back at your career to date, and write down the accomplishments that you're most proud of and enjoyed the most, in this format:

At [Company X], I [tangible verb or phrase] that accomplished [accomplishment or result here] and [additional accomplishment here if applicable].

Identify your tangible concrete skills and superpowers

Start by listing the skills that helped you achieve the accomplishments you listed above. Use this formula.

I'm an expert at [area of expertise] that enables me to [value add to a company or outcome for a company].

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Develop this in to your winning pitch

Take the lists you made in steps one and two, and turn them into your niche. As you talk to potential clients and write proposals, you can use these side-by-side to communicate your value.

(Step 1) *"I'm an expert at..."* + (Step 2) *"I accomplished X at Y company and delivered on Z value."*

When you're talking to a potential client, you now have a clear, concise introduction that highlights your value.

Signing your first client

Now that you have honed your niche and developed your pitch, it's time to sign your first client. To do this, you must determine how you will structure your agreement.

What will you charge?

Do a calculation that includes your previous or necessary salary, benefits, stock compensation, and a conservative estimate of hours worked. Consider adding a buffer to account for additional costs you'll incur as a consultant.

What will the part or full-time project look like?

Ensure that the project aligns with the company's objectives, their challenges, and how your work will help them overcome them. Be clear in the project arrangement, and how you'll help meet the organizational objectives.

How will you bill? Hourly? Monthly? Project-based?

Many freelance consultants will discuss a monthly retainer agreement. This aligns individual incentives with the clients. It also prevents you from having to complete a timesheet for tracking your work.

Do you expect equity in the company? How will you structure this?

Have a discussion with the company about the value of a share between the 409a value and the latest preferred (investor) round. Ask what you would normally get as an employee, and divide it by the number of hours you're expected to work. This results in a number of shares per month, which vested every month.

It's important that you determine your rate prior to signing a contract. When showcasing your value proposition, it's important to consider the worth of your work, but also the costs of your business expenses. By baking these costs into your rate, you ensure that you're making a sustainable profit.

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Two of the most common challenges for freelance consultants are fear and imposter syndrome. Fear never goes away, it only gets managed. Anyone who is in a leadership position and doesn't feel some fear is either lying to themselves or lying to others.

Managing Imposter Syndrome

Imposter syndrome is extremely common, and not just for newer consultants. It causes people to doubt their accomplishments while facing a persistent fear of being exposed as a fraud. It's amazing how many smart, talented, hard-working people tell themselves, "I'm just lucky," or "Anyone can do what I've done." This is rarely objectively true. We tend to downplay our own accomplishments, which holds us back.

Two things are key to combating fear and imposter syndrome. First, it helps to know that almost everyone faces these fears. That alone can be enough to let us move forward with less self-doubt. Second, it helps to see our accomplishments through others' eyes. Simply hearing someone else read our resume aloud can help us to see ourselves in a new light. That's why group coaching (like we do in the Bootcamp) is so effective. Our Director of Coaching, Austin Bauer, shares more on the topic [here](#).

In closing, we know that this may seem like a lot. When creating Mylance, we wanted to develop a space for skilled freelance consultants to have the tools and community they need to launch and grow their freelance consulting business.

With our Bootcamp, membership, and bookkeeping services, we offer a comprehensive platform that helps you be successful in your freelance consulting journey. In our cohort-based Bootcamp, attendees work with a group of peers and experts to launch and scale all aspects of their businesses. [Learn more and apply here](#).

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